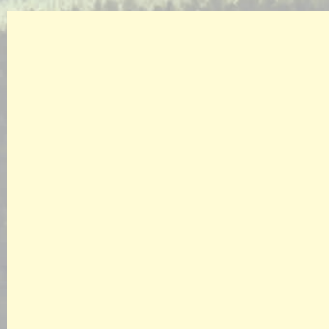
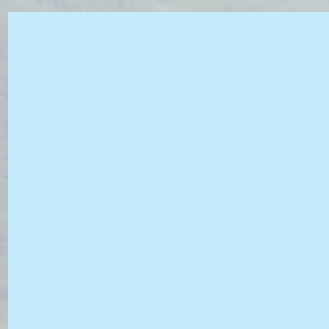
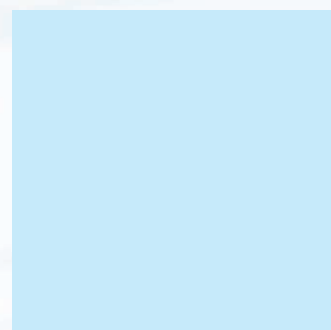


# Auriant Mining

## Annual Report 2015



# Content

<div>OVERVIEW</div> <div>04</div>	<div>Auriant Mining in brief4-5</div> <div>Significant events4-5</div> <div>Our strategy6</div> <div>Our values7</div>	<div>COMMENT BY THE CHAIRMAN</div> <div>09</div>	<div>COMMENT BY THE CEO</div> <div>10</div>
<div>GOLD ASSETS</div> <div>12</div>	<div>Tardan and Greater Tardan14</div> <div>Kara-Beldyr22</div> <div>Republic of Tuva24</div> <div>Uzhunzhul28</div> <div>Solcocon30</div>	<div>CORPORATE SOCIAL RESPONSIBILITY</div> <div>32</div>	
<div>Board of Directors37</div> <div>Management38</div> <div>Directors report40</div> <div>Auriant share42</div>	<div>CORPORATE GOVERNANCE REPORT</div> <div>46</div>	<div>FINANCIALS</div> <div>54</div>	
<div>COMMENTS BY THE CFO</div> <div>57</div>	<div>NOTES</div> <div>69</div>		
<div>Board assurance104</div> <div>Auditors report105</div> <div>Additional information106</div>			

# Auriant Mining in Brief



Russia's focused gold miner



Listed on NASDAQ OMX First North Premier



1 producing mine



3 exploration properties



517 employees



2015 production of 823 kg of gold (26,468 oz)



# Auriant Mining in Brief



Gold production 2012-2015



Approximately 2,500 shareholders



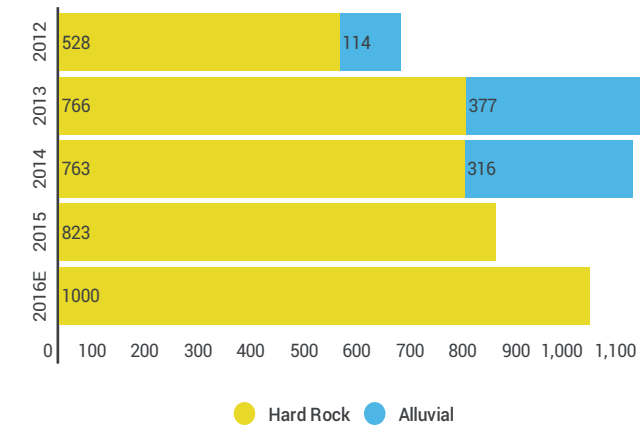
17,802,429 ordinary shares issued



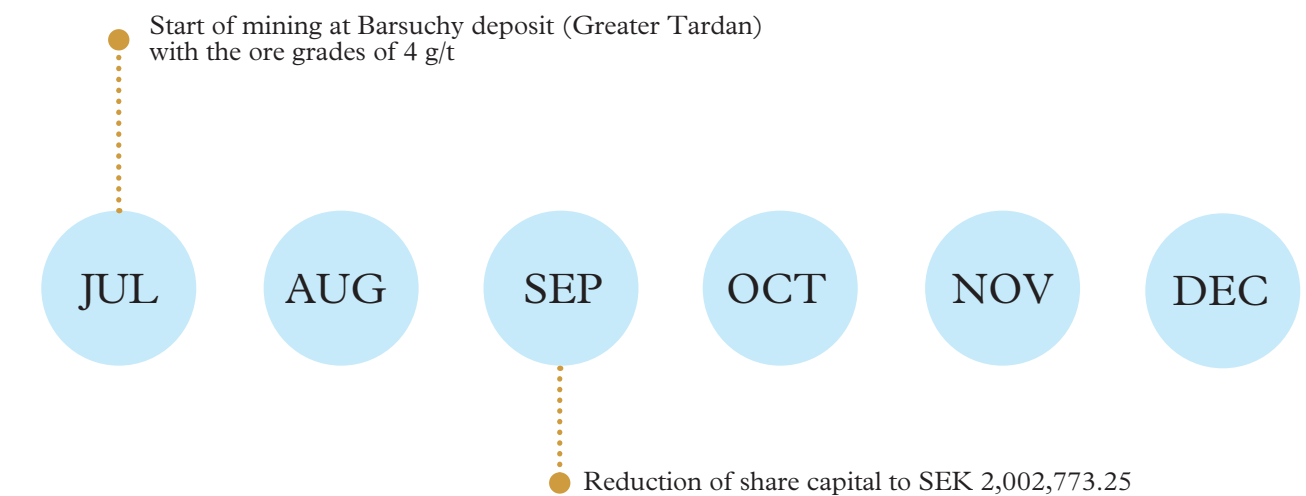
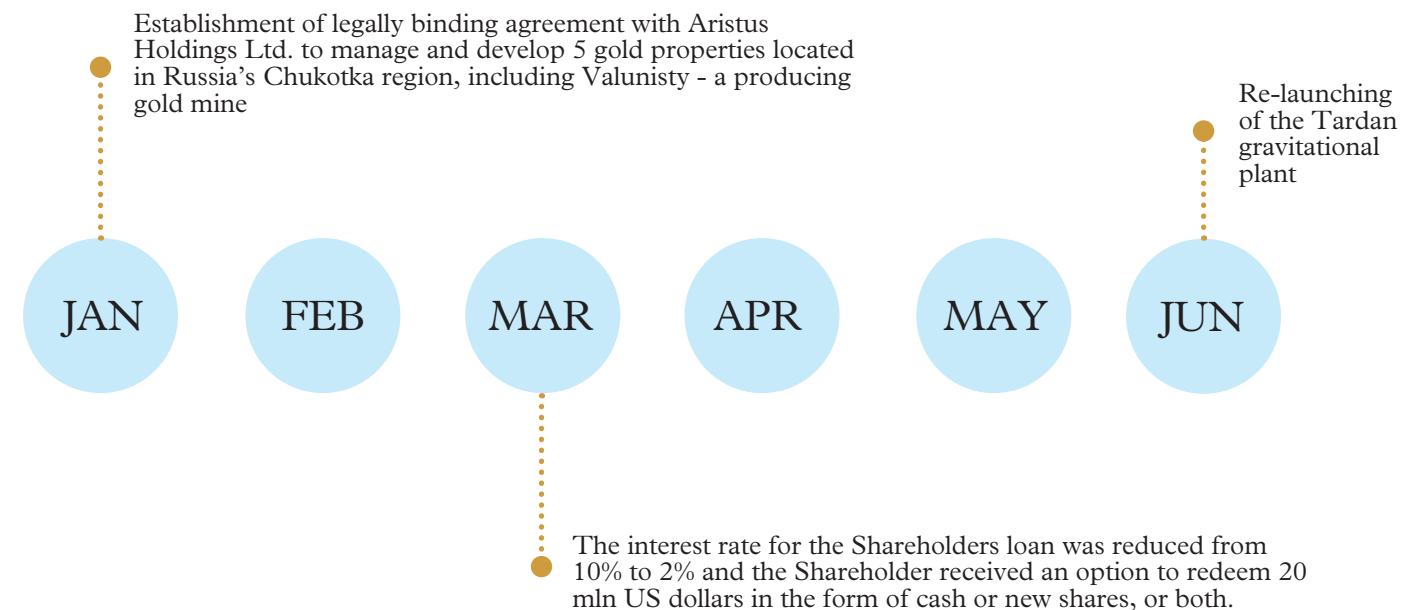
Market capitalization of approximately MSEK 33.1 (equivalent to US\$ 4 m)



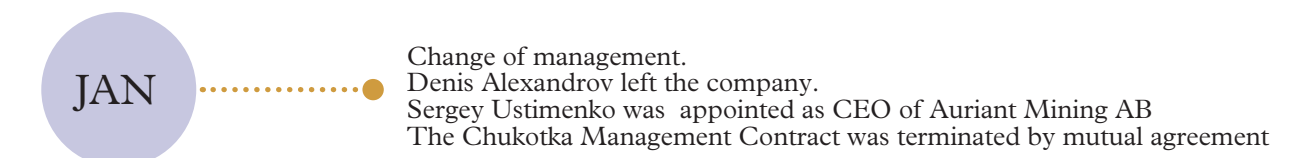
Official Russian State Reserves Committee (GKZ) reserves of 756 000,000 troy ounces (1 oz = 31.1 g) in the C<sub>1</sub> and C<sub>2</sub> categories and 500,000 troy ounces in NI 43-101 standard



## Significant Events During 2015



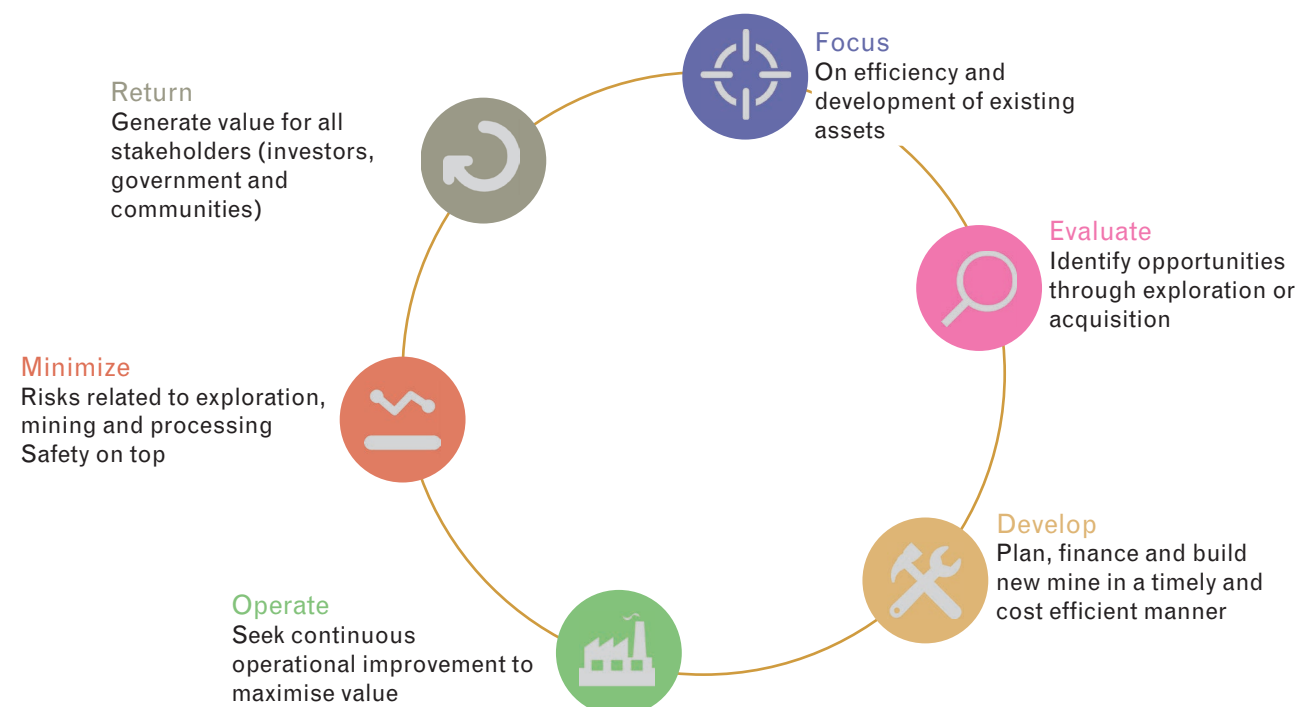
*Significant events post period end*





## Our Strategy

Our long term goal is to become a leading, sustainable and efficient medium sized gold producer



## Our Values



### Safety

People are our most important asset. Our mines are built and operated by our employees and it is our highest priority to create and maintain a safe and healthy working environment for them. We are constantly searching for new and innovative methods to ensure the safety of our employees.



### Social Responsibility

We are actively engaged in the local communities in the areas in which we operate by, among other things, supporting and contributing to education and infrastructure and by prioritizing the local population when employing staff. More about our CSR program you can read on page 32.



### Respect

We are committed to providing a positive working environment free of discrimination and harassment in all of our activities. We act and treat each other with dignity and respect. We believe that employees who are treated with respect have a higher level of professional performance. All of our employees are given equal opportunities for career development. We reward and encourage teamwork, creativity and innovation.



### Responsible Mining

Environmental responsibility is a central issue in a company with operations involving environmental risks. The majority of the our activities are carried out in areas which are sensitive to the impact of mining operations. Auriant understands that there are people living close to our operations and, therefore, seeks to minimize the negative impact of our operations on the environment by focusing on adopting innovative technologies, continuously optimizing resource utilization and decreasing waste.



### Integrity

Auriant's success is dependent on trust and support from all stakeholders, including shareholders, employees, suppliers, contractors, Government, and local communities, which is why we are committed to the highest standards of integrity and sustainability. We have zero tolerance for corruption and aim to have the maximum level of transparency in our dealing with Government authorities, defending our interests in court when necessary.



### Corporate Governance

We genuinely believe that good corporate governance adds shareholder value and, therefore, the majority of our Board is composed of non-executive, independent directors with extensive experience in mining and in running public companies. We intend to further strengthen our corporate governance in order to deliver maximum shareholder value.

Corporate Governance section is located on page 46.



# Dear Shareholders



Auriant successfully managed these Chukotka assets and earned the maximum possible management fee under the agreement. In this, the management team demonstrated its ability to operate across Far East Russia and successfully achieve ambitious targets. The management contract was terminated in 2016 by mutual agreement and was taken on by a company with close ownership links to those of the Chukotka assets.

In October 2014, Auriant purchased the 70% interest in Kara-Beldyr from Centerra Gold for 3,5% NSR on future production. This now takes Auriant's ownership to 100%. Kara-Beldyr is a very promising gold deposit located in the same region as Tardan. During 2015, we worked on developing a feasibility study, and in 2016 a Reserve report will be approved by GKZ. We expect to add 20 tonnes of gold reserves to our existing resource base.

In 2015, Auriant Mining made significant progress at its flagship mine at Tardan. In 2015, the company brought a new deposit, Barsuchy into operation and as a result, produced 817 kg of gold in the year. This was mainly due to significant increases in grade and throughput.

*The increase in production, the reduction of operating costs and the effect of the Russian Rouble depreciation against the US Dollar, resulted in significantly improved operating results*

The increase in production, the reduction of operating costs and the effect of the Russian Rouble depreciation against the US Dollar, resulted in significantly improved operating results: the Company's EBITDA in 2015 amounted to \$10.3 m compared to negative EBITDA of \$4.1 m in 2014, an increase of \$14.4 m year on year. Cash flow from operating activities also increased by \$10.4 m compared to the previous year.

We expect that grades will further improve and that Tardan will produce 1 tonne of gold in 2016.

Due to the low level of production and high cost of mining at Solcocon, this mine was taken out of operation in 2015. The Board is currently looking at various options for Solcocon, one of which is disposal.

In 2014, we secured a management contract for a number of Chukotka gold assets, including the producing Valunisty mine. During 2015,

As part of the cost reduction exercise, our major shareholder agreed a reduced interest rate on his shareholder loan from 10% to 2% per annum. A portion of the loan has a convertible option for Auriant shares, which is obviously very beneficial to Auriant and confirms the support that we have from our major shareholder.

Our key objectives for 2016 remain to increase profits and further enhance cash flows. We will continue to develop Tardan and are excited about the opportunities at Kara-Beldyr. We remain committed to growth and becoming a leading intermediate gold producer.

*Peter Daresbury*

Lord Daresbury (Peter)  
Chairman of the Board



# Dear Stakeholders



In 2015, we focused on improving operational performance at our producing mine, Tardan, and achieving profitability.

## TARDAN

In 2015, Auriant focused on mining higher grade ore and on strip-ping work to provide better access to this ore.

In 2014, reserves were increased at Tardan, including a new satellite deposit – Barsuchy, located within 10 km of the existing mine. The final C<sub>1</sub>-C<sub>2</sub> reserves (suitable for open pit mining) approved by GKZ at that deposit amounted to 2.5 tones

of gold. We started mining at Barsuchy in mid 2015, which allowed us to increase average grade on the heap leach and gravitational plant.

In 2015, average grade in ore mined at the main Tardan deposit and Barsuchy increased to 3.03 g/t compared to 1.77 g/t in 2014 (+71%). High grade ore processed through the gravitational plant rose from 13,000 tonnes in 2014 up to 46,000 tonnes in 2015, with an average grade of 6.5 g/t. The average grade of ore stacked for the heap leach increased from 1.5 g/t in 2014 to 2.6 g/t in 2015 (+73%). Total production of gold in 2015 exceeded expectations and amounted to 817 kg, an increase of 21% compared to 2014. In 2016, we plan a further increase in grade, up to 3.5 g/t. We expect to have enough high grade ore to supply the gravitational plant throughout the year and increase volume of ore processed by at least 40%. As a result, we plan to increase production at Tardan to 1000 kg in 2016.

Total cash costs at Tardan were reduced by 25% to \$798/oz (\$1,060/oz in 2014). This is a result of our cost reduction programme, increased grades and the effect of the Rouble depreciation against the US Dollar.

## CHUKOTKA MANAGEMENT CONTRACT

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

## KARA-BELDYR (KB)

In 2014, Auriant acquired the outstanding 70% stake in the Kara-Beldyr asset, our 30/70 joint venture with Centerra Gold, for a 3.5% net smelter return (NSR). Auriant now owns 100% of this project.

Kara-Beldyr is a gold deposit located in the Tyva region, approximately 200 km from Tardan, and although it will be developed as a stand alone mine, there will be some management synergies, as the existing team at Tardan will manage it.

In 2015, Auriant completed a feasibility study and prepared information for the approval of a reserve re-

port with GKZ. The reserve report is expected to be approved in 2016.

## SOLCOCON

In 2016, the Solcocon mine produced 6 kg of gold out of ore stacked in the previous year and then was taken out of operation. A decision has been made to discontinue operations at Solcocon. As a result of this, we recorded an impairment of the Solcocon assets of \$16.0m. In 2016, we aim to sell off Solcocon and focus on our assets in the Tyva region. Selling off Solcocon could result in a partial reverse of the impairment provision in the future.

## CORPORATE DEVELOPMENTS AND SOCIAL RESPONSIBILITY

As part of our commitment to achieve profits in 2015, we have negotiated a reduced interest rate on the shareholder loan from 10% to 2% p.a. effective from March 1, 2015. We also granted an option to convert \$20 m of that loan into Auriant Mining shares during the term of the loan.

Our corporate overheads decreased in 2015 compared to the previous

year by \$1.2 m (24%). In 2016, we will continue to focus on controlling costs and further reduce overheads.

Our growth depends on the support of all our stakeholders, including local communities, regional governments, our employees and their families, as well as contractors, banks and the business community. While this support is hard to measure or quantify, we value our relationships with stakeholders and will continue to improve them through open, direct, and frank dialogue. Despite limited budgets, we continue to operate as a socially responsible company, providing direct help and support to local communities. In particular, we have supported children from low-income families and made donations to local performing arts societies.

## CASH FLOWS

A reduction in cash costs at Tardan, increased revenue from the management contract and the terminating of operations at Solcocon have resulted in a significant improvement in our operating cash flows, an increase of \$10.4 m, compared to 2014 (\$5.1 m operating

cash inflow as compared to \$5.3 m outflow in 2014).

## OUTLOOK

We have several important goals ahead of us in 2016. Turning Auriant Mining into a profitable gold mining company continues to be our number one priority. This will be achieved through a further increase in gold production at Tardan, supported by increased grades, and a focus on cost control at the corporate level. In 2016, we will focus our exploration efforts on further development of our resource base at Tardan in order to extend the mine life. We will also focus on the development of our Kara-Beldyr deposit. All of this would not be possible without the strong support we have from our major shareholder, members of our Board and all our other investors.

Sergey Ustimenko  
Chief Executive Officer





# Auriant's Assets





# Tardan and Greater Tardan

**LICENSE: TARDAN DEPOSIT**

**3.3 KM<sup>2</sup>**

**VALID UNTIL: 2028**

**LICENSE: GREATER TARDAN**

**540 KM<sup>2</sup>**

**VALID UNTIL: 2032**

## GKZ - COMPLIANT GOLD RESERVES

	Alluvial/ Hard Rock	C <sub>1</sub>				C <sub>2</sub>				C <sub>1</sub> + C <sub>2</sub>			
		Ore, 000 t	Au g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au g/t,	Au, kg	Au, 000 oz
Tardan deposit	Hard Rock	754	4.2	3,160	102	301	5.0	1,493	48	1,055	4.4	4,653	150
Greater Tardan	Hard Rock	350	5.9	2,082	67					350	5.9	2,082	67
<b>TOTAL</b>		<b>1,104</b>		<b>5,242</b>	<b>169</b>	<b>301</b>		<b>1,493</b>	<b>48</b>	<b>1,405</b>		<b>6,735</b>	<b>217</b>



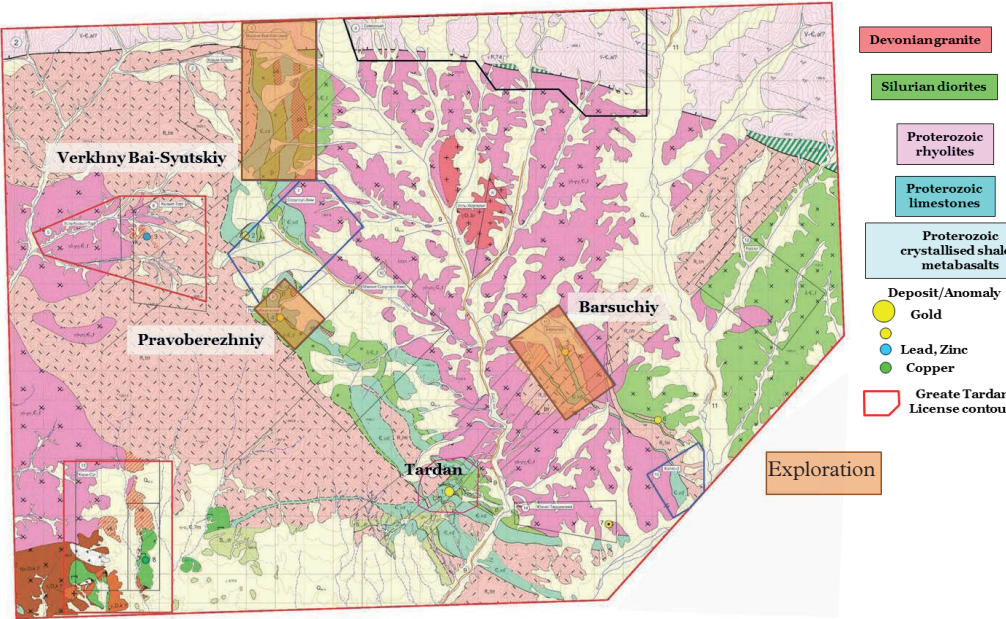
Geology&Exploration

GEOLOGY

The Tardan deposit is a block bounded by tectonic fractures which are a part of the Baisyutskiy shear fracture and which are located at Tardansky graben. The width of the graben varies from 590 m in the vicinity of ore zone 1 to 460 m in the northeastern part.

Within the Greater Tardan area, there are several gold mineralization types: gold bearing skarns, which include Tardan and Barsuchy deposits, Pravoberezhny, V.Bai-Syutskiy and other occurrences; porphyry copper-gold ore bodies, mostly in the area of Kara-Sug; gold black shale mineralization, mostly in the area of Severny

Tardan&Greater Tardan map



PRAVOBEREZHNIY

Geology

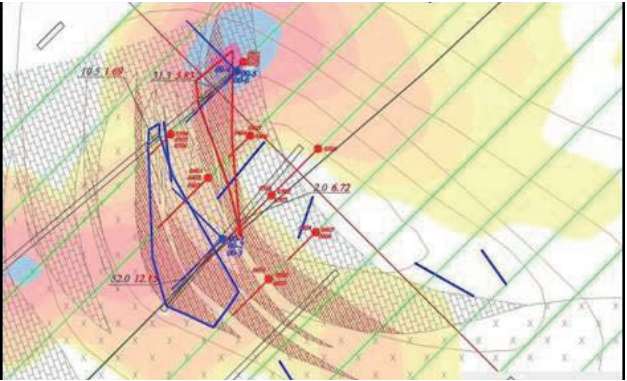
The geological situation at Pravoberezhniy is similar to that of the Barsuchy deposit – skarns are found in the contact zone of diorites with limestones, contrast gold soil anomalies, magnetic and IP anomalies.

Exploration

In 2015, exploration work was performed at Pravoberezhniy. We are planning to announce the drilling results in 2016 and to continue exploration work in 2016.

The scope of works includes:

- Trenching – 841.2 m,
- RC drilling – 600 m
- Core drilling – 750 m.



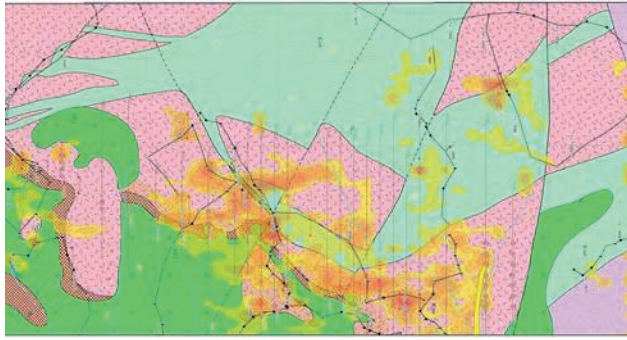
BAI-SYUTSKIY

Geology

The Bai-Syutskiy site is distinguished by the presence of lithochemical metamorphic zones of gold and alluvial gold mineralization at the head of the Bai-Sut stream. In geological terms, intrusive rocks (diorites) and limestone are also developed on the site, where contact zone skarns have been found.

Exploration

In 2014, geophysical exploration was performed on the site and it is planned to continue geophysical exploration in 2016. This will include mining of trenches and the drilling of post-mounted holes in the amount necessary to obtain category C<sub>2</sub> and C<sub>1</sub> reserves. Scarn-type deposits comparable to the reserves in the Barsuchy deposit are expected to be found at the site.



BARSUCHY

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

The Territorial Reserves Commission in 2014 has approved the classification of 466,000 tonnes of ore and 2,517 kg of gold as C<sub>1</sub> reserves, and has officially acknowledged the opening of Barsuchy as a gold deposit.

In the second half of 2015, we commenced mining ore at the Barsuchy deposit and as a result of this combination of higher grades at Barsuchy and in the Tardan deposit we could re-launch the gravitational plant.

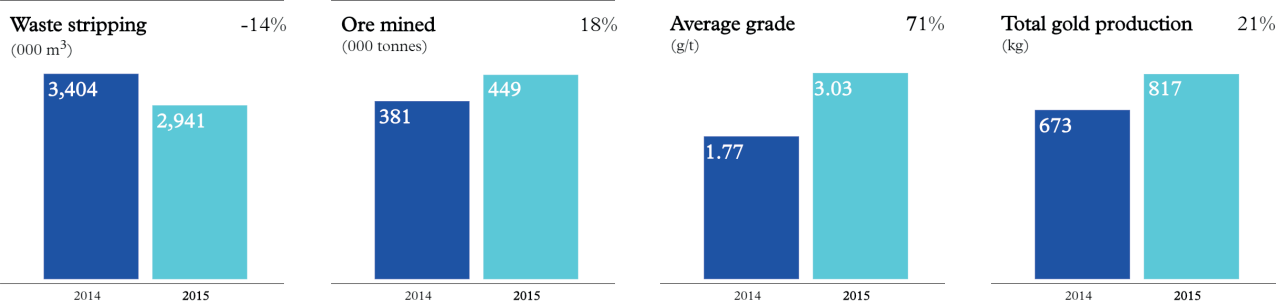
Tardan 2015 Production

In 2015, the Tardan performance improved considerably compared with the previous year with an increase in the production and the grade. Gold grade and volume of ore mined at Tardan significantly increased in 2015 to 3.03 g/t (2014 – 1.77 g/t). The volume of ore mined at Tardan in 2015 increased by 18%, compared with 2014, up at 449,000 tonnes. Tardan gold production increased by 21% to 817 kg (26,275 oz), compared with 673 kg (21,628 oz) in 2014.

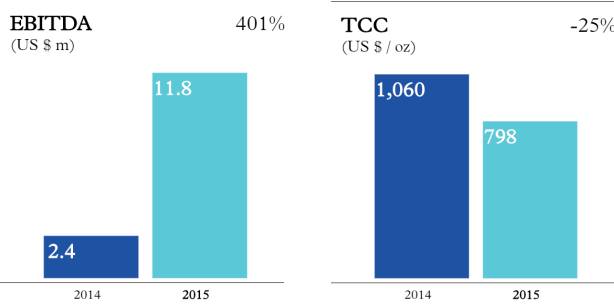
In 2015, we successfully re-commissioned the gravitational plant at Tardan. Operations at Tardan have almost reached full capacity, gold grades are improving and the volume of ore mined is increasing. All of this gives us confidence to confirm our expectations of producing 1 tonne of gold at Tardan in 2016.

		12m 2015	12m 2014		Change
<b>Mining</b>					
Waste stripping	000 m3	2,941	3,404	(463)	(14%)
Ore mined	000 tonnes	449	381	68	18%
Average grade	g/t	3.03	1.77	1.26	71%
<b>Gravitation</b>					
Throughput	000 tonnes	46	15	31	207%
Average grade	g/t	6.55	6.27	0.28	4%
Recovery	%	30%	36%	(6%)	(17%)
<b>Gold produced</b>	<b>kg</b>	<b>90</b>	<b>34</b>	<b>56</b>	<b>165%</b>
<b>Heap leach</b>					
Crushing					
Ore	000 tonnes	428	352	76	22%
Grade	g/t	2.60	1.53	1.07	70%
Stacking					
Ore	000 tonnes	428	352	76	22%
Grade	g/t	2.60	1.53	1.07	70%
Tailings	000 tonnes	66	88	(22)	(25%)
Grade	g/t	3.06	2.61	0.45	17%
<b>Gold produced</b>	<b>kg</b>	<b>727</b>	<b>639</b>	<b>88</b>	<b>14%</b>
<b>Total gold produced</b>	<b>kg</b>	<b>817</b>	<b>673</b>	<b>145</b>	<b>21%</b>

OPERATIONAL HIGHLIGHTS



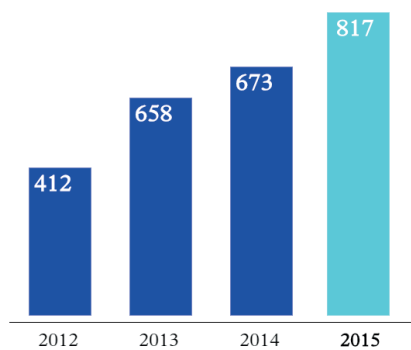
FINANCIAL HIGHLIGHTS



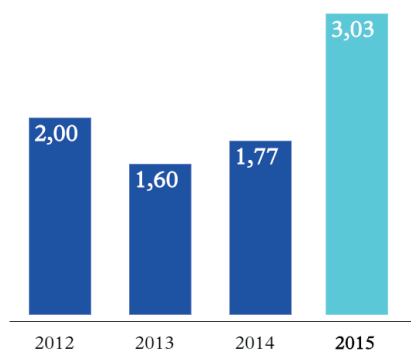


## Tardan: Case of Success

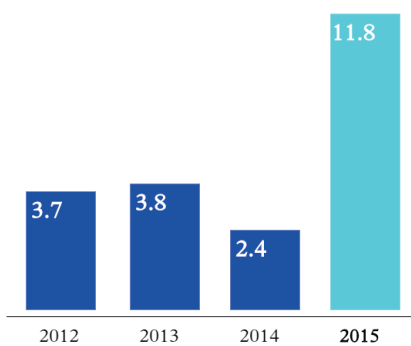
### Gold production (kg)



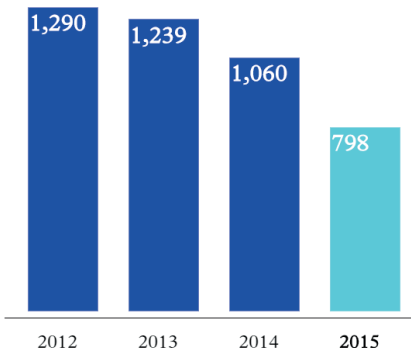
### Au grade in ore mined (g/t)



### EBITDA (US\$ m)



### TCC (US \$ / oz)



*The Tardan mine has been a case of great success and we would like to pose a couple of questions to its' General Mine Manager (served between 2012 and 2015) Sergey Baykalov, in order to find out more information about this well-performing asset.*



### Could you comment on the results for 2015?

In 2015, we acquired access to the high-grade ores. We are confident that our goal to produce one tonne of gold per annum will be accomplished.

### Sergey, you became General Mine Manager at Tardan almost four years ago. What were the most interesting and ambitious goals at Tardan during these four years?

In 2012, I visited Tardan mine for the first time. Since then, we have faced many challenges and as a result of this, have improved our business and production processes. In 2012, we implemented a crisis management programme for Tardan. We had to organize all the works at the mine from the very start. A professional team was required to manage and develop the mine and I can proudly say that we've managed to build an efficient, sustainable and performing asset.

Firstly and most importantly, we had to increase Tardan's productivity from the following elements: reserves, gold grades in ore, stripping, transportation of ore, technology, equipment and human resources. All these components had to work well and cost less.

We also had to enhance our knowledge of existing reserves, so we spent time and money on additional exploration work.

Regarding stripping and transportation: we had to increase the capacity of the pit. We hired contractors for ore transportation which helped us to increase the volume of ore mined and stacked. In 2013 – 2014 we enlarged our vehicle park which allowed us to transport the ore using primarily our own vehicles.

We have also implemented some cost saving technologies during the last few years. We have built a hydrometallurgical plant, launched fuel-power complex; obtained a new rotary crusher and in 2015 started mining operation works at Barsuchy deposit. We also re-launched the gravitational plant and made some other small, but significant changes, to increase profitability and efficiency of the mine. As a result of these changes we have increased productivity.

### What were the main issues that you had to work through when you started working on the Tardan project?

Aside from the challenges mentioned earlier, we faced recruitment difficulties. Qualified and motivated staff are a key element for any company, especially so in the mining sector. We work in remote areas with harsh climate where people have to overcome themselves, everyday problems and hardships, while at the same time making steady progress in their work. However, we've managed to employ professional and efficiently working staff, and now we are sure that our employees are capable of realizing our ambitious plans.

### What is a specific of Tardan project?

The Tardan deposit has a complex morphology of ore bodies. Such deposits contain small and seldom medium-sized ore bodies, which are distributed sporadically. As the quality of such mineral resources can vary significantly, it is crucial to react immediately to every change in the production process.

### And what can you say about the Republic of Tyva?

It is very interesting to work in Tyva. Although this is an underdeveloped area and organization of business processes can be quite challenging.

Our company is the biggest hard rock gold producer in Tyva, so our stakeholders pay particular attention to the company's business activities, which are essential for the development of the region.

Working in Tyva means collaborating not only with governmental authorities, but also with local people. We communicate openly and honestly with the locals as the Tuvans are very reverent in the matters of mineral resources, lands and forests and we maintain a healthy dialogue with the government.

### As acting COO of Auriant Mining from 2015, could you say a couple of words about the company's prospects? What are they?

Our most promising asset is Kara-Beldyr. At present, we are working on developing a feasibility study and proving our reserves at the State Commission on Reserves (GKZ). At the same time, we are searching for contractors for engineering and construction works.

We are also planning to maintain geological prospecting and exploration at Uzhunzhul license area.

In Tardan, we are drilling at another promising deposit called Pravoberezhny located at Greater Tardan and we expect that this deposit will be similar to Barsuchy (discovered previously), and will be a substantial addition to our reserves in 2016.

In 2015, we announced our goal to produce one tonne of gold per annum and I believe that this target will be successfully achieved. There is no doubt that Tardan will prosper in the future.

### Tell us about you experience before coming to Auriant Mining?

Before I started working at Tardan I worked for international mining companies in Guatemala and Guinea. Employees of international companies think differently and management follows different environmental, health and safety requirements. So as General Manager at Tardan and COO in Auriant Mining, I'm trying to implement high safety and health standards using my previous experience.







NI 43 – 101 STANDART

	Alluvial/hard rock	Measured&Indicated					Inferred		
		Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz
Kara-Beldyr									
	Hard rock								
<b>TOTAL</b>		<b>3,790</b>	<b>2.4</b>	<b>8,989</b>	<b>289</b>	<b>3,354</b>	<b>2.0</b>	<b>6,563</b>	<b>211</b>

LICENSE:KARA-BELDYR

34 KM²

VALID UNTIL: 2027

Kara-Beldyr

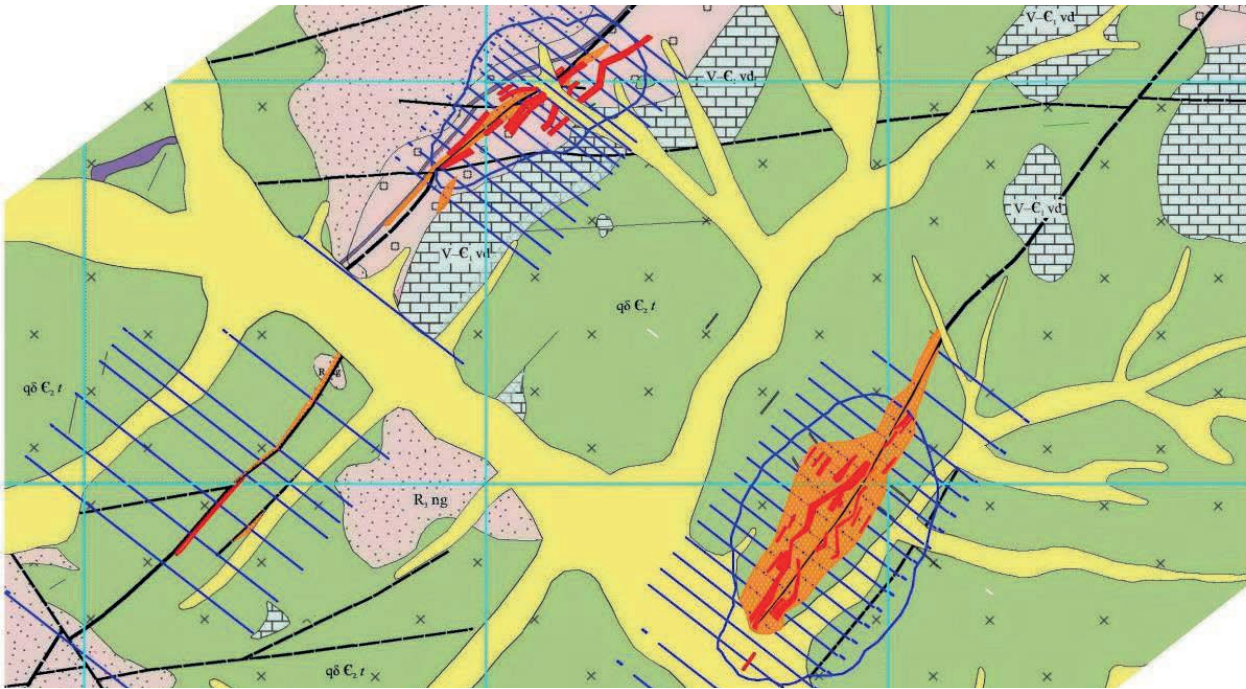
GEOLOGY&EXPLORATION

The Kara-Beldyr prospect is located in the eastern part of the Altai – Sayan Orogenic belt and the western segment of the Mongol – Okhotsk belt.

Gold mineralization is associated with quartz diorites. Two mineralogical types were identified: gold-scarn and gold-beresite. The ore-hosting rocks are hydrothermally altered scarns in the former case and metasomatites

(beresites, beresitized rocks) in quartz diorites in the latter. Mineralization favours zones with major north-east-striking

Since Kara-Beldyr is our most promising asset, we are working on developing a feasibility study and in 2016, new reserve calculations will be submitted to the State Committee on Reserves (GKZ) for approval.



GORDEEVSKOE

Geology

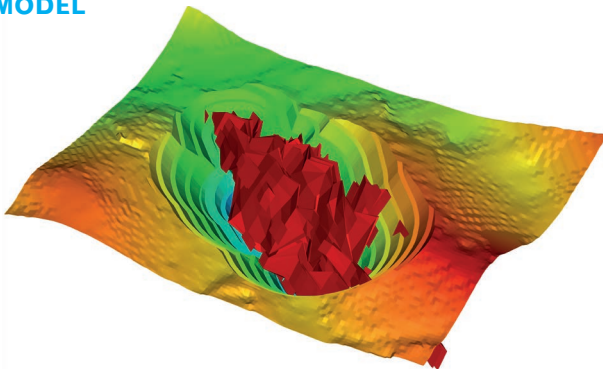
The Gordeevskoye prospect is gold-beresite. The total ore zone length is 960 m, 1 - 16 m wide, and the average gold grades are up to 3.9 g/t. Primary ores are formed by pyrite, chalcopyrite, sphalerite, galena, arsenopyrite, enargite, arsenoferrite and sometimes by fahl ore and bismuth minerals. Free gold is observed only in quartz veins in the form of individual grains not more than 0.5 mm in size, as well as in the form of microscopic gold precipitated inside and around the pyrite grains.

LAGERNY

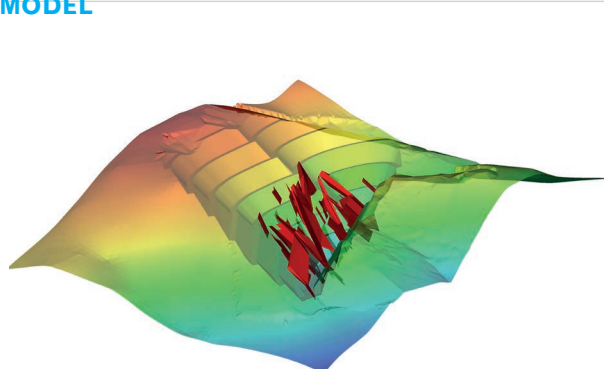
Geology

The Lagerny prospect is gold scarn. The total ore zone length is 600 m, and the ore bodies' average width is 1.8 m, and the average gold grade is 7.4 g/t.

MODEL



MODEL





# The Republic of Tyva

## HISTORY

The Republic of Tyva (Tuva) sits at the southern edge of Siberia and borders the Altai Republic, the Republic of Khakassia, Krasnoyarsk Krai, Irkutsk Oblast, and the Republic of Buryatia in Russia and Mongolia to the south. The area counts 170,500 km<sup>2</sup>. Population: 312,000 (2012).

Tyva was conquered by the Mongol armies of Chinggis Khan around ad 1207 and was subsequently administered by a series of Mongol rulers. In the 1750s, Tuva's Mongol rulers were defeated by the Manchu Qing dynasty that had conquered China during the previous century, and the area passed under Manchu rule until the fall of the Qing dynasty in 1911. The Russian Empire declared Tyva its protectorate in 1914 (a holiday dedicated to the anniversary of uniting Tuva and Russia is celebrating since 2014, and it is called the Day of National costume).

Between 1921 and 1944 Tyva was nominally an independent country under the name of the Tuvan People's Republic; in 1944 Tyva became an autonomous republic within the margins of the Soviet Union (unlike Mongolia, which continued to be independent). That was in 1944 when thousands of Russian settlers arrived to the region to work the land and construct factories and coal and gold mines.

Tuva is located in the very middle of Asia. The city

of Kyzyl is the capital of the republic (the city was previously named Belotsarsk (lit. 'White Tsar's town') in honour of the last Emperor of Russia Nicholas II (called the 'White Tsar').

The Tuvan capital claims to be located exactly in the geographical center of Asia, and this spot is marked by an obelisk 'The Center of Asia' located on the picturesque bank of the Yenisey River, where the Small and Big Yenisey Rivers join into the Great Yenisey.

The republic is covered by mountains for more than 80% and the most typical landscapes are alpine ones – mountain meadows and taiga forest (although valleys contain steppe and semi-desert areas as well as a limited amount of arable farmland).

The climate is dry and sharply continental: winters are long and very cold, with January temperatures sometimes dropping as low as –61°C (–78°F). Summers are short and hot, with June temperatures reaching 43°C (109°F). Tuva is rich in wildlife, particularly bear, fox, mountain goat, snow leopard, wild reindeer, wolf, squirrel and antelope. Vegetation varies widely. Grasses and wormwood trees are common in the mountain meadows and steppe valleys inhabited by cattle-breeders. Larch, cedar, fir, and birch forests appear in the northern and eastern areas occupied by hunters and reindeer herders. Sparse grasses and shrubs are found in the semi-desert areas south of the Tannu-Ola mountain range.



## CULTURE



The Tuvans (the Tyvans) were known for their manufacture and sale of reindeer felt, wood products, as well as iron implements and tools. Metalworking is a trade which goes back many centuries in most of the Altai region. Tuvan sculptural art of small statuary of Noyon is also famous, and its origins are recorded in the ancient nomadic world. Gold and silversmithery also have a long tradition.

The Tuvans are a mixture of Turkic and non-Turkic ethnic groups who speak a Turkic language because of their proximity to and long historic interaction the Mongols. They are divided into two distinct ethnographic groups: the western Tuvans (Tuvans proper), the Tuja Tuvans ('Tuvintsy-todzhintsy' in Russian).

Falcon hunting among Tuvans is an ancient tradition, and is considered to be a particular honor. The skilled falconer is highly respected within their tribe, and there are only a handful of falconry masters left. The disappearing art of hunting foxes and wolves is passed down through generations for survival and still the environment, hunting and fishing is of great importance.

The Tuvans sense of community is structured around reindeer. The reindeer and the Tuvans depend on each other so heavily that some Tuvans say, if the reindeer disappear, so too will their culture. The reindeers are treated with great respect like as if they were their family members.

Tuvan culture is known for its rich oral epic poetry and especially for its music. There are more than fifty different traditional Tuvan musical instruments.

The throat singing (also known as 'harmonic' singing

when one person can sing from two to four musical notes simultaneously) is an unofficial symbol of the republic and is known worldwide and is Tuvan musical heritage. This is a remarkable technique for singing multiple pitches at the same time, in which a low, throaty voice – usually a drone lasting up to thirty seconds, sung after a melodic line of text – is accompanied by a 'second voice' – that is, harmonics of the drone – produced by the same singer contorting his lips, tongue, soft palate, and throat muscles.

Overtone singing is practiced almost exclusively by men and it has at least five styles – from 'whistling', to 'rattling'.

## RELIGIOUS BELIEFS AND PRACTICES

Three religions are presented in Tyva: Orthodoxy, Shamanism and Buddhism (Tibetan Buddhism).

The original religion of the Tuvans was Shamanism, the second major religion is Buddhism.

In the 1930-1940s of the twentieth century lamas and shamans were subjected to strong pressure from the government. Nevertheless, both religions did not die out completely, and perhaps even reinforced.

### Buddhism

The city of Kyzyl is a typical Russian provincial town but it has one peculiarity – a Buddhist temple, called the Tsechenling temple. According to sociologists, 52% of Tuva's people count themselves as Buddhists. Tyva counts 17 Buddhist temples and one Buddhist Monastery. In this region religion is not a matter of dispute, as the Russians are common to get Buddhism, while the Tuvans sometimes become Orthodox Christians, and even if they do not join the Orthodox Church they do visit it.

### Shamanism

Unlike most of the people living in Siberia, the Tuvans had modified their original shamanistic beliefs drastically before the arrival of the Christian Russians.

Mongush Borakhovitch Kenin-Lopsan born April 10, 1925 is a living treasure of shamanism. The Supreme shaman of Tyva is also known for his shamanism researches, some other writings (his book Shamanic Myths of Tuva was even published in German), for the poetry, and historical and archaeological works, he is also a famous folklorist and ethnographer.

### Orthodoxy Christians

Old Believers began to settle in Tuva at the end of nineteenth century. There are several villages in the upper part of the Yenisey river where they live. Their characteristic attributes are following: long beards for the men, and long dress and a kerchief for the women. They tend to limit communications with other people and they do not buy anything in shops except for the most necessary things like salt, matches and kerosene. Their main occupation is farming and hunting.





### CHALLENGES

The main barrier for the region with a big territory rich in economic resources on the way toward development is the absence of infrastructure which is necessary for realization of output. The proximity of the Republic of Tyva to Mongolia favours the development of trade, economic as well as cultural and ethnic relations between the two regions although this part of Russia is a rather isolated and hard-to-reach area.

It takes about 5 hours to get to the Abakan city and then it's approximately 6 hours by car to get to Kyzyl. That is how the Auriant Mining's workers get to their production unit.

### THE TUVAN GOLD

In the National Museum of the Republic of Tyva you can see not only traditional expositions presented by ancient costumes, animals and reliquiae, but it also has one separate room with armoured door where you can find 'Treasury of the Tuvan tsars': lots of items which were used by the ancient nomad tribes such as gold forehead decorations for the tsarist horses, masks with the figures of huge fish, etc.

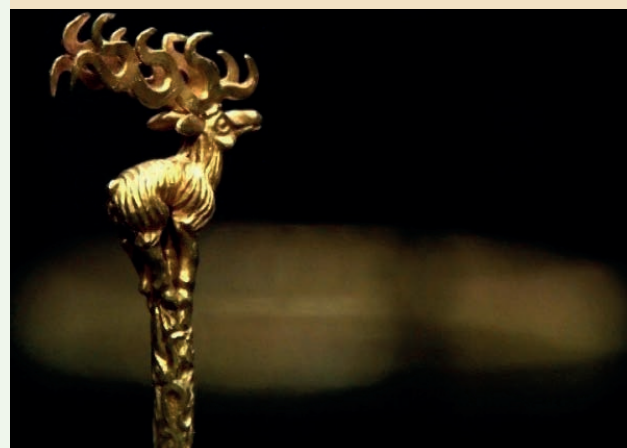
The weight of 'casual' gold accessories of the Tuvan tsarinas, according to the calculations of the scientists, was approximately 13 kg.

Tuvan princesses (tsarinas) decorated with gold almost everything. In the National Museum you can also find the famous gold accessory (gold hairpin) with a reindeer which served as prototype for the obelisk 'The Center of Asia' located in the city of Kyzyl.

### INTERESTING FACTS

In 1941 at the beginning the Great Patriotic War the independent Republic of Tyva was the first official ally of the USSR. Tyva anticipated the Great Britain as Winston Churchill's speech addressed to the Soviet nation was announced on June 22nd only at 11 pm while the same message from Tyva was broadcast in the morning.

The Republic donated its all gold reserves to the USSR (35 million of rubles on that time). At that very period the Soviet Union obtained the right to recover gold in Tyva. Money collected by the Tuvan people helped to create three squadrons and two tank brigades. Since 1941 to 1944 the Republic donated 50,000 horses. With the help of Tyva the Red Army obtained 10,000 of short fur coats, 20,000 of gloves, 16,000 of pairs of felt boots, 52,000 of pairs of skis and 67,000 tonnes of fur. The Republic also provided the Red Army with bread, fish, meat, flour, melted butter, honey, medicines, wax, resin, etc. Total support of Tyva was estimated in almost 70 million of the Soviet rubles.



The picture of the wild cat manul (also known as the Pallas's cat) was taken near the Tardan mine area



# Uzhunzhul

## GEOLOGY&EXPLORATION

The Nemir-Chazygolskoye ore field, which covers the eastern part of the license area, is located on the south-east flank of the Uyбатыsky gold bearing area. The Yurkovsky, Vostochny, and Paraspan occurrences were discovered within the Uzhunzhul license area. In addition, the license area features placer deposits of gold.

Within the license area, sulphidic metasomatites are located within fault zones, developing along contacts with granite massifs and are characterized by intensive pyrite mineralization and silicification. The depth of the oxide zone is 130 - 150 m from the surface.

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

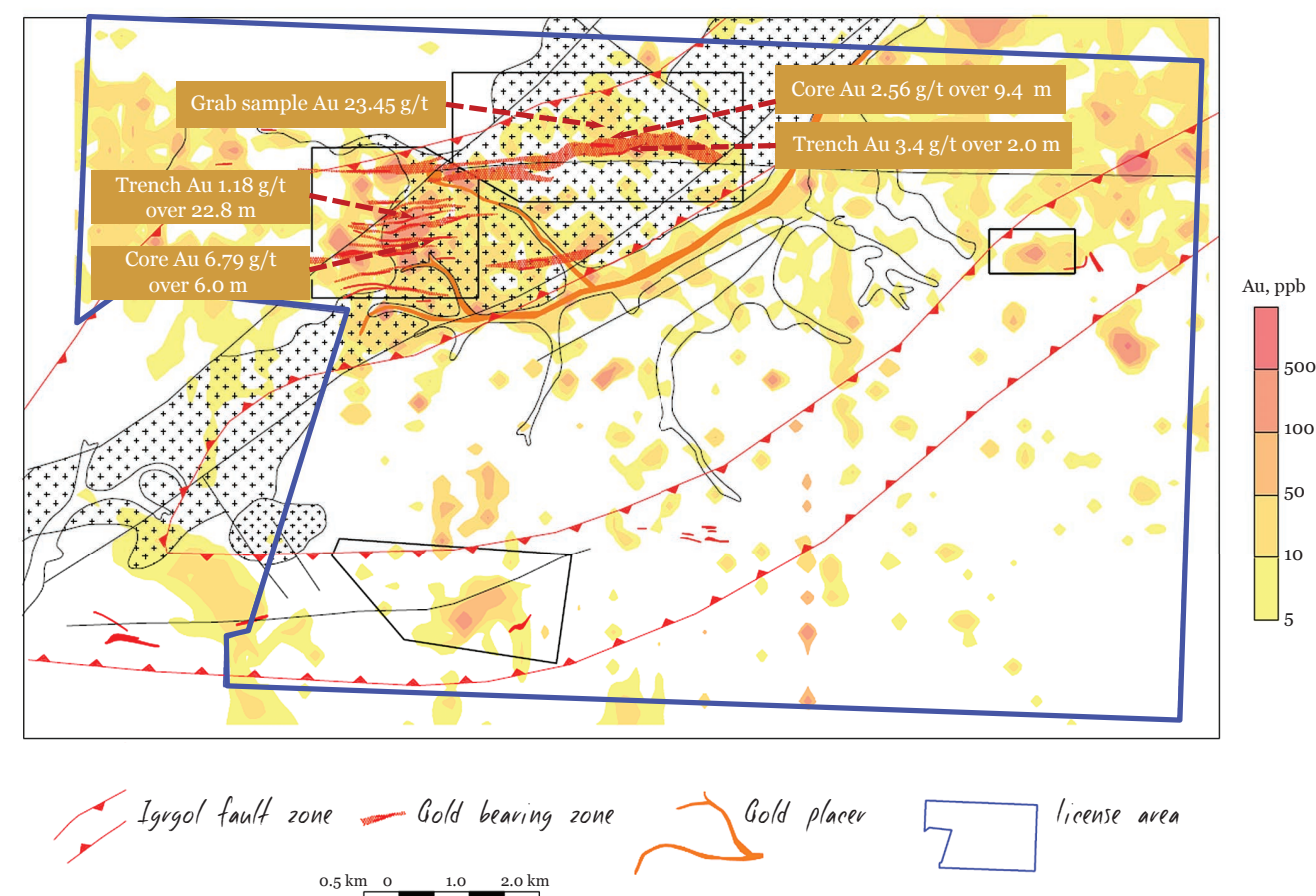
The maximum gold grade in the ore bodies is 150 g/t, with averages from 3.0 up to 35.3 g/t depending on the zone.

2) The Vostochny Flank occurrence incorporates ore bodies with widths varying between 4.2 m and 47 m, and lengths up to 520 m. The gold grades vary up to 4.8 g/t.

3) The Paraspan occurrence has grades up to 30 g/t.

### Exploration

We plan to start exploration in 2016 with forthcoming results in 2016/2017



**LICENSE: UZHUNZHUL**

**134 KM<sup>2</sup>**

**VALID UNTIL: 2031**



# Solcocon

## GKZ - COMPLIANT GOLD RESERVES

		C <sub>1</sub>					C <sub>2</sub>					C <sub>1</sub> + C <sub>2</sub>				
	Alluvial/ hard rock	Ore m <sup>3</sup>	Ore, 000 t	Au g/t, (g/ m <sup>3</sup> )*	Au, kg	Au, 000 oz	Ore m <sup>3</sup>	Ore, 000 t	Au g/t, (g/ m <sup>3</sup> )*	Au, kg	Au, 000 oz	Ore m <sup>3</sup>	Ore, 000 t	Au g/t, (g/ m <sup>3</sup> )*	Au, kg	Au, 000 oz
<b>Staroverinskaya</b>																
Kozlovskoye	Hard Rock		218	9.3	2,030	65		841	7.8	6,585	212		1,059	8.1	8,615	277
Bogomo- lovskoye	Hard Rock							1,933	3.7	7,060	227		1,933	3.7	7,060	227
Borzya	Alluvial	396		0.8	333	11	505		1.5	757	24	901		1.2	1,090	35
<b>TOTAL</b>		<b>396</b>	<b>218</b>		<b>2,363</b>	<b>76</b>	<b>505</b>	<b>3,099</b>		<b>14,402</b>	<b>463</b>	<b>901</b>	<b>2,992</b>		<b>16,765</b>	<b>539</b>

**LICENSE: SOLCOCON**

**220,4 KM<sup>2</sup>**

**VALID UNTIL: 2029**

Mining at the Solcocon mine was suspended in 2015, whilst exploration work was undertaken in the hard rock and alluvial deposits. Auriant Mining will not recommence hard rock gold production at Solcocon in 2016, but will focus on the further development of Tardan. The sale of Solcocon is in progress.



# Corporate Social Responsibility

The company is fully committed to continuous improvement as regards all aspects of Corporate Social Responsibility and complies with safety, health and environmental standards meeting local regulatory requirements and practices in order to prevent accidents, to ensure a favourable working culture and to maintain mutually beneficial cooperation between the local residents and our management team.

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

## ECONOMY

Business activity and subsurface resources management foster economic growth and have an influence on the social indicators within the region. The production volume at Tardan increases each year. The company's share in the total volume of gold mined in the region increased to 44% in 12 years of industrial production. As a result, the company pays more obligatory taxes and undertakes extrabudgetary funding, invests more in regional development programmes, and the company's business activities provide employment for the residents.

We have made significant investments in the budgetary system and non-budgetary organizations since launching operations at the deposit. Major investments were realized in 2006-2007 and in 2010-2012, during the construction work.

## ECOLOGY

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

We are focused on choosing the most efficient methods of gold recovery and, we are, at the same time, responsible for seeking out corresponding practices as regards the environment and in order to prevent pollution, while increasing the efficiency of gold recovery. We use modern equipment at Tardan which guarantees industrial and ecological safety and makes the efficient use of natural resources possible.

All of the buildings and construction at Tardan have been subjected to state inspection, according to which they were recognized as ecologically safe.

The Tuvans pay special attention to nature. This is the reason we use special waterproofing covering to mini-

mize the environmental impact while adding chemical agents to the heap leach pads (the heap leaching technology) in order to prevent toxic reagents from penetrating into the subsoil water and surface water due to water drainage. We use residential water treatment systems and we are constantly working on elaborating an efficient cyanide management system and neutralization facilities.

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

## SOCIAL RESPONSIBILITY

Within the margin of realization of the Corporate Social program, the company invests a fixed sum on annual basis on sponsoring, social activities and people's welfare in the region.

Tardan takes part in regional projects, and collaborates with district and rural administrations located in the neighboring to Tardan's production units and organizes some other events (e.g. supporting of selective governmental arrangements and organizations).

## OUR PEOPLE

People engagement is an important element of every business process. Our people are our team. We are striving to encourage our employees in their career and professional development, providing safe and healthy working conditions and continuous education. Tardan is focused on employing local people and improving life in the region of Tuva, and the company's social program has a direct, positive effect on economic indicators in the region.

Tardan's activities in the field of human resources management are defined by its corporate approach based on principles of sustainable development and focused on the following aspects: motivation of professional growth, training of staff, improvement of social conditions, including financial and non-financial incentives, and creation of safe working conditions.

Out of 517 employees currently 224 are residents of Tyva.

# Cooperation With the Region

## DEVELOPMENT OF THE REGION

We take part in the social and economic development of the Kaa-Khemsky district and we provide urban amenities for the Kundustug village. Our main activity concerns electrification works, water supply, fire-safety measures, heating boilers supply, removal of domestic waste and refuse, etc.

## CULTURAL EVENTS

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



The most significant events in which we took part were the following: the anniversary of Tuva becoming a part of Russia and the anniversary of the founding of the city of Kyzyl, the children's national vocal competition 'Voice of Asia', and the beauty contest, 'Miss Studentship', in the Kundustug village, the International festival of throat singing 'Khoomei' in Central Asia; some other events.



## CHARITY AND SPONSORSHIP

We collaborate with the Youth Theatre in accordance with our internal Programme and we support young and talented children by sponsoring them and by making national costumes.



We pay special attention to the vulnerable segments of the population, support orphans in Tyva and children from low-income families in the Kaa-Khemsky district. We buy toys for orphanages, New Year gifts, prizes for the childrens' painting contexts; we develop children playgrounds, etc.



We have a Disability Support Programme. We buy bedding sets for the psychoneurologic residential care home located in the Kaa-Khemsky district and, at the same time, we support the All-Russian Society of the blind, as these bedding sets are purchased from this Society.

## PUBLIC AND PRIVATE PARTNERSHIP

We collaborate with public organizations and social communities and promote the company's transparency. We also provide transport and certain other facilities to the governmental authorities, etc.



# Our People

## REMUNERATION POLICY AND FINANCIAL MOTIVATION

The average monthly salary in 2015 was twice as high as the average salary in the Kaa-Khemsy district of Tuva, and is 17% higher than the average salary in the region.

Tardan works with the support of the development of its employees' professional and social skills, and we also pay special attention to the non-financial motivation of our staff and to the development of corporate values. In order to encourage our employees in this context, we have organized a series of events.

## CORPORATE EVENTS

We promote national sports events, such as the game Tevek, the national fight Khuresh (the most adored ancient sport for Tuvans) and some other sports events, such as: volleyball, tug-of-war, mini-football, annual Spartakiad among our employees. We also carry out competitions among excavator-drivers and bulldozer operators to choose the most skilled employees.



We promote ethnic cuisine at Tardan by organizing a Day of Ethnic Cuisine. As in 2015, it coincided with the Day of the Tuvan Constitution.

We promote national culture. In 2015, we've celebrated the Tuvan national New Year (the Shagaa) and this was accompanied with throat singing and a competition of national costumes.



## WORKERS' ASSOCIATION COUNCIL



*An interview of Sergey Malinin, Chairman of Workers' Association Council:*

At Tardan, we have an employee representation body, Workers' Association Council. We created this organization in 2014. This is an elective body where employees can get the feed-back from the company's management, represent and promote their interests, settle various matters, including resolution of disputes and conflicts and negotiate measures to increase the motivation of the staff. Acting on behalf of Workers' Association Council is much easier and more efficient than solving any labour matter on an individual basis.

The Council operates on a permanent basis. Scheduled meetings are held not less than once a quarter. Since 2014, a total of 6 scheduled and 11 extraordinary meetings were held and we have successfully solved 30 issues, among them: amendments to the labour agreement, discipline matters, arrangement of corporate events (sport events and holidays), and as regards certain other specific areas for improvement. Although, we cannot implement all of the proposed innovations, our employees have the possibility to receive an answer and more detailed information on the issues they've touched upon straight from the employer. Consequently, such mechanism of collaboration between the employees and the employer favours the development of friendly labor relations and social partnership.



Tardan is fully committed to continuous improvement across all aspects of social responsibility, not only in the company's production units but also in the region of Tuva as a whole, and is, at the same time, focusing on more efficient and cost-effective business processes. We have already established our social responsibility programme for 2016, as we expect to create comfortable and attractive workplaces for the employees and to maintain sustainable and mutually beneficial cooperation with governmental structures and NGOs. We work on improving engagement mechanisms and seek opportunities to contribute to local development.

If you would like to know more about the way we support local people and how we interact with our employees, please don't hesitate to contact us on [pr@auriant.com](mailto:pr@auriant.com)



# Board of Directors

## LORD DARESBUURY (PETER), CHAIRMAN OF THE BOARD



Board Member since November 27, 2012 and Chairman of the Board since May 13, 2014. Peter is a citizen of the United Kingdom, born in 1953. He has held many senior positions in the mining industry, including Directorships in Sumatra Copper & Gold Ltd (2007 – 2012); Evraz Group S.A., Russia's largest steel producer (2005 – 2006), as well as Chairman of Kazakhgold Group Ltd (2005 – 2007), and Chairman of Highland Gold Mining Ltd (2002 – 2004). Peter is currently Chairman of Stellar Diamonds plc, Nasstar plc and Timico Technology Group. Current directorships include Bespoke Hotels Ltd and Rasant Ltd, a Russian antimony miner. He is Chairman of The Jockey Club's Haydock Park Racecourse, having held the same position at Aintree Racecourse for 25 years.

As of 31.12.2015, shares in Auriant Mining AB: 0 and share options in Auriant Mining AB: 140,000.

## PRESTON HASKELL, MEMBER OF THE BOARD



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

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

As of 31 December 2015, shares in Auriant Mining AB: 9,314,968 (52.3% of outstanding shares) and share options in Auriant Mining AB: 0.

## INGMAR HAGA, MEMBER OF THE BOARD



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

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

As of December 31, 2015, shares in Auriant Mining AB: 0 and share options in Auriant Mining AB: 120,000.

## ANDRE BEKKER, MEMBER OF THE BOARD

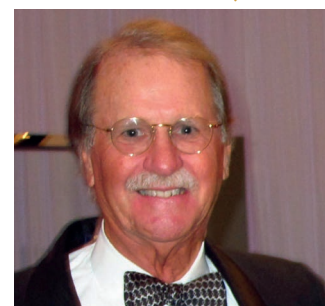


Board Member since November 27, 2012. André is a citizen of South Africa, born in 1959.

He is one of the most respected geologists and mining executives in Southern Africa. Previously he was an Executive Officer at Sylvania Platinum (2011 – 2013). His previous experience includes Technical Director at Amaria Holdings (2006 – 2010); Senior Operations Manager of Royal Bafokeng Resources (2005 – 2006); Head of Mining at the Industrial Development Corporation of South Africa (1991 – 2005); as well as serving as the Assistant Resident Geologist at a major Anglo American South African gold mine, and geologist of Rand Mines (1983 – 1986). André has completed a BSc degree at the University of Free State and a degree in Management at Unisa. He is a member of the Geological Society of South Africa.

As of 31 December 2015, shares in Auriant Mining AB: 0 and share options in Auriant Mining AB: 120,000.

## JAMES P. SMITH, DEPUTY MEMBER OF THE BOARD



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

As of 31 December 2015, shares in Auriant Mining AB: 0 and share options in Auriant Mining AB: 0.



# Group Management

## SERGEY USTIMENKO, CEO



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

As of December 31, 2015, shares in Auriant Mining AB: 0 and stock options: 90,000.

## VLADIMIR CHURIN, CHIEF GEOLOGIST



Vladimir is a Russian citizen, has more than 30 years' experience as a gold geologist in gold exploration and deposit discovery. He joined Auriant Mining as Chief Geologist in October 2012. His previous experience includes working as Chief Geologist of Altynalmas in Kazakhstan, Exploration Manager Oxus Resources in Uzbekistan, and Deputy Chief of the Russian Federal Geological Agency in the Republic of Buryatia. Besides, he worked as Exploration Manager of Severstal Resources (now called Nordgold, a major Russian gold producer), Ilmenit, and Kinross Gold. Vladimir graduated from the Leningrad Mining Institute with a MSc degree in Geology with a concentration in Exploration Geology.

As of December 31, 2015, shares in Auriant Mining AB: 0 and options: 70,000.

## SERGEY BAYKALOV, ACTING COO



Sergey is a highly qualified as Director of Mines with over 22 years' mining experience. He joined Auriant in 2012 as CEO at the Tardan mine. Previously he worked as mine director at a Solvay ferronickel mine in Guatemala, as Head of Mining Department at Rusal in the bauxite mine in Guinea. His experience in Russia includes Manager at a large gravel sand quarry in Kaluga oblast, Manager at a limestone quarry in Kaluga oblast, Deputy Head of Mining Department at a large coal mine in the Republic of Khakassia, and Director at a Sovrudnik gold mine in Krasnoyarsk. Sergey obtained a diploma in Mining at the Krasnoyarsk State Non-Ferrous and Gold Academy.

As of December 31, 2015, shares in Auriant Mining AB: 0 and options: 110,000.

## EKATERINA BABAeva, GROUP GENERAL COUNCIL



Ekaterina Babaeva is a Russian citizen, joined Auriant Mining in April 2012 as acting Group General Counsel and then was appointed Group General Counsel in August 2012. Previously, Ekaterina was Legal Advisor to Colliers International from 2004 to 2009, having previously worked as a lawyer in a company providing audit and legal advisory services. Ekaterina is focused on Russian and international corporate and M&A matters, and has experience in real estate and mining law. At present, in addition to her position at Auriant, Ekaterina continues working as Head of Legal Department at Haskell Group. Ekaterina graduated from the Lomonosov Moscow State University with a Degree in Law.

As of December 31, 2015, shares in Auriant Mining AB: 235,492 and warrants in Auriant Mining AB: 190,000.

## ALEXANDR BUCHNEV, ACTING CFO



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

As of December 31, 2015, shares in Auriant Mining AB: 0 and options: 0.

## MARINA BAYKALOVA, HR DIRECTOR



Marina Baykalova is a Russian citizen, has more than 20 years' experience in HR. From 2012, Marina has been Director of HR at the Tardan mine. Prior to that, she worked as the head of the HR department at the Solvay ferronickel mine in Guatemala. Marina has been Deputy CEO of HR at Gypsum Concrete and has been the head of the HR department in various companies in the mining industry, automobile production and banking sector. Marina graduated from the Krasnoyarsk Polytechnic Institute with a Degree in Engineering, and Moscow Finance Institute with a Degree in Management.

As of December 31, 2015, shares in Auriant Mining AB: 0 and options: 0.

## IRINA OLSSON, DEPUTY CEO



Irina is a Stockholm resident and a Swedish citizen. She joined Auriant in October 2013 as Head of the Stockholm Office of Auriant Mining AB. She is also the Deputy CEO. Irina has studied economics and business administration in Russia. She graduated from Kaliningrad Technical University. Before moving to Sweden she worked several years in the banking and finance sector in Russia. Subsequently, Irina obtained 9 years' experience in finance in Sweden; she also worked in several Swedish audit companies such as Sundbybergs Revisionsbyrå AB, Framtiden AB, BDO, and Global Redovisning AB.

As of December 31, 2015, shares in Auriant Mining AB: 0 and stock options in Auriant Mining AB: 0.

## AUDITORS



Öhrlings PricewaterhouseCoopers, Martin Johansson

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

Co-signing auditor from 2015 is Anna Rozhdestvenskaya.

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



# Directors Report

The Board of Directors and the Chief Executive Officer of Auriant Mining AB (publ) (hereafter referred to as "AUR AB") hereby submit the annual financial statements for financial year 1 January – 31 December 2015.

## GROUP STRUCTURE AND OPERATIONS

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

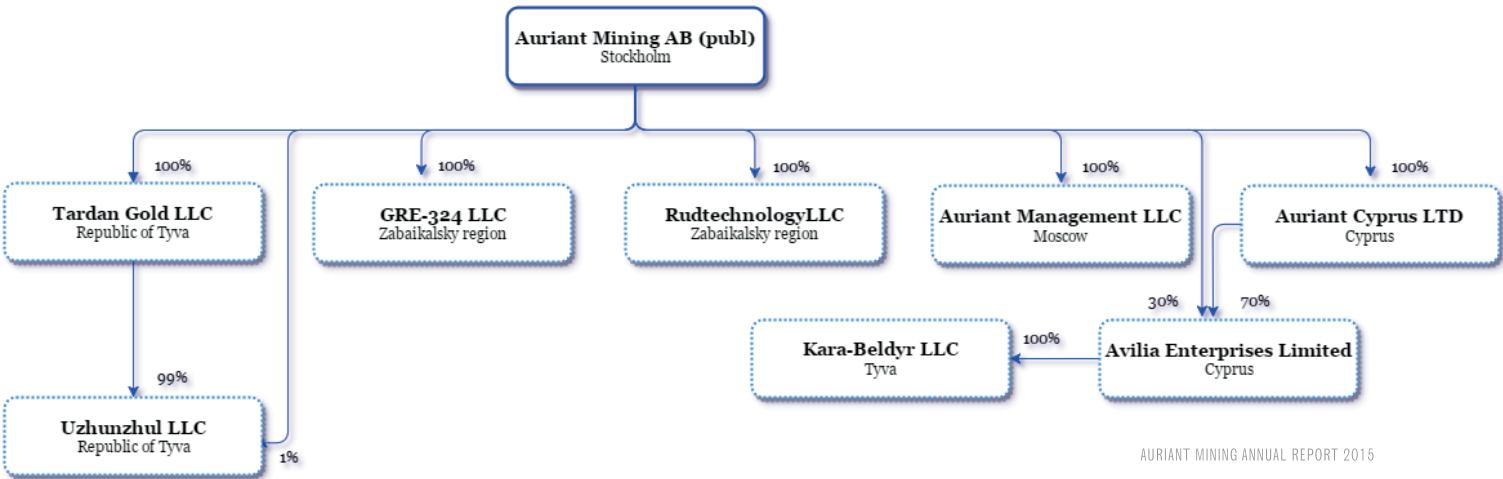
Currently, the Group is comprised of the Swedish Parent Company, AUR AB, which controls six subsidiaries in Russia and participates in two companies incorporated under the laws of Cyprus. The Russian subsidiaries are limited liability companies ("LLC"). The operations involve exploration and production of

gold, primarily in the Republic of Tyva, in eastern Siberia in Russia.

From March 29, 2005 until July 2010, AUR AB was listed on the Nordic Growth Market stock exchange in Sweden and since July 19, 2010, AUR AB is listed on the NASDAQ OMX First North Premier stock exchange in Sweden. The number of shareholders as of December 31, 2015 was approximately 2,500.

The operations of the Group are performed via the subsidiaries. The Group's main assets comprise a number of subsoil use licenses held by the various subsidiaries. The license areas operated are Tardan, Staroverinskaya, Uzhunzhul and Kara-Beldyr. All license areas are wholly owned by AUR.

Company	Location	Operations	Ownership
Auriant Mining AB	Stockholm, Sweden	Parent Company, supports the subsidiaries with financing, investor relations and strategic decisions, etc.	
SUBSIDIARIES			
LLC Tardan Gold	Kyzyl, Republic of Tyva, Russia	License holder and operator of production and exploration at the Tardan license area.	100% owned by AUR AB
LLC GRE 324	Chita, Zabaikalsky region, Russia	License holder of the Staroverinskaya license area.	100% owned by AUR AB
LLC Rudtechnologiya	Krasnokamensk, Zabaikalsky region, Russia	Owner and operator of the equipment and production at the Solcocon heap leaching plant.	100% owned by AUR AB
LLC Uzhunzhul	Abakan, Republic of Khakassia, Russia	License holder and operator of the exploration at the Uzhunzhul license area.	100%, owned by LLC Tardan Gold
LLC Auriant Management	Moscow, Russia	Management company for the Russian subsidiaries.	100% owned by AUR AB
Awilia Enterprises Ltd.	Limassol, Cyprus	Owner of the operating company, LLC Kara-Beldyr.	100% owned by AUR AB (directly and through Auriant Cyprus Ltd)
Auriant Cyprus Ltd.	Limassol, Cyprus	Co-owner of Awilia Enterprises Ltd. (holds 70% in Awilia)	100% owned by AUR AB
LLC Kara-Beldyr	Kyzyl, Republic of Tyva, Russia	License holder and operator of the exploration at the Kara-Beldyr license area.	100% owned by Awilia Enterprises Ltd.



AURIANT MINING ANNUAL REPORT 2015

## AURIANT MINING GOLD RESERVES AS OF DECEMBER 31, 2015

NI 43-101 KARA-BELDYR COMPLIANT GOLD RESOURCES										
Measured & Indicated					Inferred					
License	Ore Type	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	License expiration
Kara-Beldyr	Hard Rock	3,790	2.4	8,989	289	3,354	2.0	6,563	211	2027
Total		3,790		8,989	289	3,354		6,563	211	

GKZ - COMPLIANT GOLD RESERVES															
C <sub>1</sub>						C <sub>2</sub>					C <sub>1</sub> + C <sub>2</sub>				
Alluvial/Hard Rock	Ore, 000 m <sup>3</sup>	Ore, 000 t	Au g/t, (g/m <sup>3</sup> )*	Au, kg	Au, 000 oz	Ore, 000 m <sup>3</sup>	Ore, 000 t	Au g/t, (g/m <sup>3</sup> )*	Au, kg	Au, 000 oz	Ore, 000 m <sup>3</sup>	Ore, 000 t	Au g/t, (g/m <sup>3</sup> )*	Au, kg	Au, 000 oz
Tardan															
Tardan deposit	Hard Rock		754	4.2	3,160	102		301	5.0	1,493	48		1,055	4.4	4,653
Greater Tardan	Hard Rock		350	5.9	2,082	67							350	5.9	2,082
Solcocon															
Kozlovskoye	Hard Rock		218	9.3	2,030	65		841	7.8	6,585	212		1,059	8.1	8,615
Bogomolovskoye	Hard Rock							1,933	3.7	7,060	227		1,933	3.7	7,060
Borzya	Alluvial		396	0.8	333	11		505	1.5	757	24		901	1.2	1,090
Uzhunzhul															
	Hard Rock														
TOTAL		396	1,322	7,605	245	505	3,075	15,895	511	901	4,397	23,500	756		

\*(g/m³) applies only to alluvial gold at Borzya.

## ENVIROMENTAL POLICY

Environmental responsibility is a central issue in a company with operations involving environmental risks. In the case of Auriant Mining AB, risks can arise, for example when ore is extracted using heavy equipment or when explosives are used. In addition, the ore enrichment process employs various chemical compounds that carry environmental risk. In general Russian environmental laws applying to the mineral resources sector are quite strict and the environmental authorities carry out frequent inspections

of Auriant's operations. Any violations are dealt with by the issue of warnings, instructions or, ultimately, the stoppage of operations. In addition, the mining licenses contain detailed environmental regulations, including land remediation and recultivation measures following the termination of mining operations, which must be planned for years in advance. Auriant Mining AB is fully compliant with Russian environmental regulations.



# The Auriant Share

The number of outstanding shares as of December 31, 2015 was 17,802,429; the share capital was SEK 2,002,773 with a quotient value per share of SEK 0.1125. The limits of the share capital were a minimum of TSEK 2,000 and maximum of TSEK 8,000.

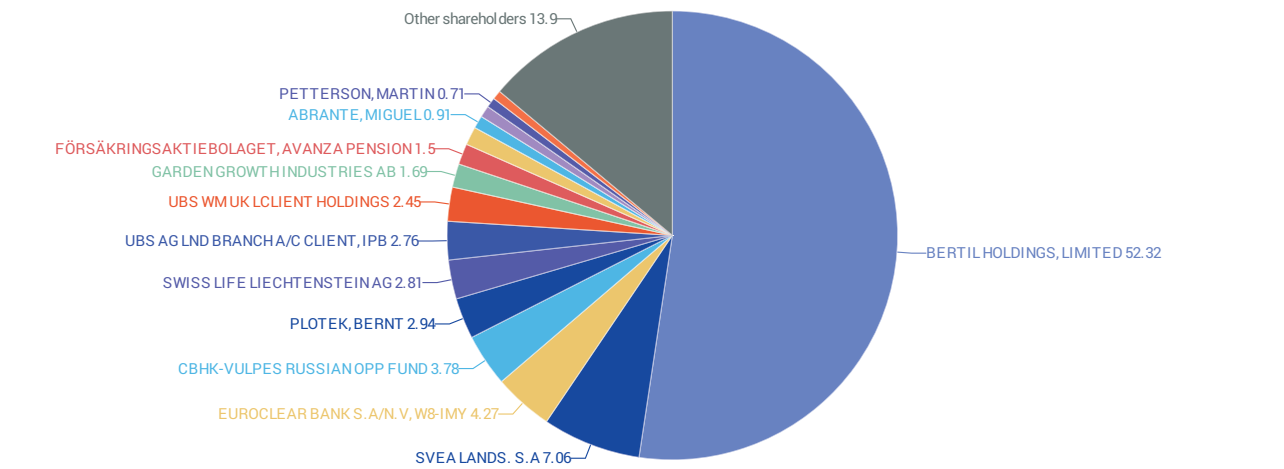
## STOCK OPTIONS AND WARRANTS

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

of the Group, as the regards the Company’s and its subsidiaries development, and to ensure that these important employees share the goal of generating profitable and value creating growth, and to motivate continuing employment in the Group.

As of December 31, 2015, there were 2,520,935 outstanding warrants & employee stock options in the Company with the right to subscribe for the same amount of shares. Following termination of employment of Denis Alexandrov, Sergey Shumilov and Igor Pashkov outstanding warrants & employee stock options will be changed in 2016.

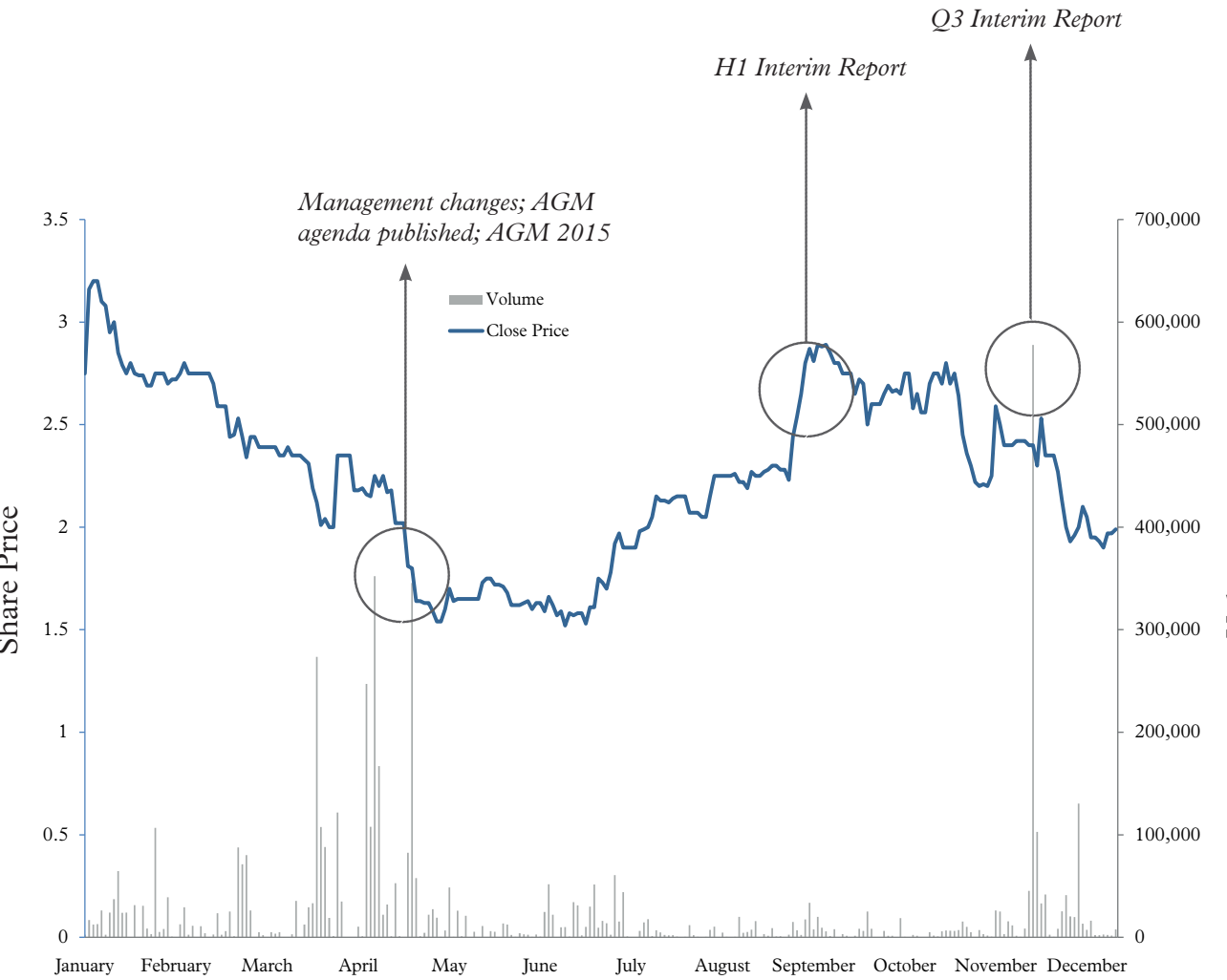
LARGEST OWNERS		
The 15 largest shareholders in Auriant Mining AB as of December 31, 2015		
Shareholder	Number of shares	% share of ownership
BERTIL HOLDINGS, LIMITED	9,314,968	52.32
SVEA LANDS. S.A	1,256,723	7.06
EUROCLEAR BANK S.A/N.V, W8-IMY	760,000	4.27
CBHK-VULPES RUSSIAN OPP FUND	673,096	3.78
PLOTEK, BERNT	524,010	2.94
SWISS LIFE LIECHTENSTEIN AG	500,000	2.81
UBS AG LND BRANCH A/C CLIENT, IPB	491,309	2.76
UBS WM UK LCLIENT HOLDINGS	435,442	2.45
GARDEN GROWTH INDUSTRIES AB	300,000	1.69
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	266,877	1.50
BABAEVA, EKATERINA	235,492	1.32
ABRANTE, MIGUEL	162,000	0.91
LOOSTROM, JONAS	150,000	0.84
PETTERSON, MARTIN	126,150	0.71
EKLUNG, MATZ	115,273	0.65
Subtotal number of the 15 largest owners	15,311,340	86.01
Other 2,498 shareholders	2,491,089	13.99
Total number of shares outstanding before dilution	17,802,429	100



## AURIANT SHARE PRICE

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

### AURIANT MINING AB SHARE PRICE, SEK





## CHANGES IN SHARE CAPITAL

Event	Date	Change in number of shares	Outstanding number of shares	Quotient value/ share	Offer price/ share	Change	Closing share capital
Formation of the company	24.02.2004	1,000	1,000	100	100	100,000	100,000
New share issue*	13.07.2004	2,000,000	2,500,000	0.2	0.4	400,000	500,000
New share issue	20.09.2004	88,774	2,588,774	0.2	0.4	17,755	517,755
Issue in kind	20.09.2004	85,500,000	88,088,774	0.2	0.4	17,100,000	17,617,755
New share issue	15.11.2004	50,000,000	138,088,774	0.2	0.4	10,000,000	27,617,755
New share issue	16.03.2005	25,000,000	163,088,774	0.2	0.48	5,000,000	32,617,755
New share issue	20.06.2005	36,000,000	199,088,774	0.2	0.57	7,200,000	39,817,755
New share issue via share warrants	12.07.2005	36,756	199,125,530	0.2	0.6	7,351	39,825,106
New share issue via issue of warrants	03.10.2005	5,483,272	204,608,802	0.2	0.6	1,096,654	40,921,760
New share issue	13.10.2005	24,000,000	228,608,802	0.2	1.21	4,800,000	45,721,760
New share issue via issue of warrants	17.01.2006	2,143,677	230,752,479	0.2	0.6	428,735	46,150,496
New share issue via issue of warrants	22.06.2006	6,000,000	291,196,923	0.2	0.4	1,200,000	58,239,385
Offset share issue	06.07.2006	54,444,444	285,196,923	0.2	1.44	10,888,889	57,039,385
New share issue	03.10.2006	75,000,000	366,196,923	0.2	2.02	15,000,000	73,239,385
New share issue	01.02.2007	36,000,000	402,196,923	0.2	1.86	7,200,000	80,439,384
Offset share issue	07.05.2007	10,013,147	412,210,070	0.2	2.03	2,002,629	82,442,014
New share issue	24.07.2008	117,774,304	529,984,374	0.2	0.55	23,554,861	105,996,875
New share issue via share warrants	03.10.2008	135,388	530,119,762	0.2	0.55	27,078	106,023,952
New share issue via share warrants	04.11.2008	7,314	530,127,076	0.2	0.55	1,463	106,025,415
New share issue via share warrants	11.12.2008	660	530,127,736	0.2	0.55	132	106,025,547
New share issue	15.12.2008	497,264	530,625,000	0.2	0.2	99,453	106,125,000
Reduction of quotient value	17.03.2009	–	530,625,000	0.05	–	-79,593,750	26,531,250
Issue in kind	17.03.2009	3,000,000,000	3,530,625,000	0.05	0.06	150,000,000	176,531,250
Reversed split	15.07.2009	-3,512,971,875	17,653,125	10	–	0	176,531,250
Reduction of share capital	01.09.2010	–	17,653,125	1.125	–	-156,671,484	19,859,766
New share issue	01.09.2010	139,492,384	157,145,509	1.125	1.6	156,928,932	176,788,698
New share issue	14.09.2010	1,732,616	158,878,125	1.125	1.6	1,949,193	178,737,891
New share issue	08.10.2010	1,291,742	160,169,867	1.125	1.7031	1,453,210	180,191,101
New share issue	08.10.2010	3	160,169,870	1.125	1.125	3	180,191,104
Reversed split	20.10.2010	144,152,883	16,016,987	11.25	–	–	180,191,104
New share issue	28.07.2011	1,600,000	17,616,987	11.25	17.50	18,000,000	198,191,104
New share issue via issue of warrants	12.04.2013	185,442	17,802,429	11.25	11.25	2,086,223	200,277,327
Reduction of share capital**	18.09.2015	-	17,802,429	0.1125	–	-198,274,553	2,002,773

\* Reduction of par value per share to SEK 0.20

\*\*Following the decision of Company's Annual Board Meeting (May 12th, 2015), Auriant Mining has informed that its share capital has been reduced by SEK 198,274,553. Reduction of share capital took place for transfer to a fund and is effected without retirement of shares. Upon the registration by the Swedish Companies Registration Office on 14 September 2015, the share capital of the Company amounted to SEK 2,002,773.25





# Corporate Governance Report 2015

Corporate governance concerns the regulations and structure established to govern and manage a company in an effective and controlled manner. Corporate governance is primarily aimed at meeting the shareholders' requirements with regard to returns on their investment, and at providing all interested parties with comprehensive and correct information about the company and its development. The Corporate governance of Auriant Mining AB (publ) is based on the Swedish Companies Act, the Swedish Corporate Governance Code, the Articles of Association and other relevant laws and rules. Auriant Mining AB (publ) (in this corporate governance report also referred to as "Auriant", the "Company" or the "Parent Company") is a Swedish public limited liability company with its registered office in Stockholm, Sweden and with business operations primarily in Siberia, Russia. Auriant was formed in 2004 and listed on the NGM Equity, Nordic Growth Market on March 29, 2005 under the name Central Asia Gold AB (publ). Since July 19, 2010, Auriant's shares have been listed on the Swedish stock exchange, NASDAQ OMX First North Premier. The shares are traded under the abbreviation "AUR". Auriant applies the majority of the rules of the Swedish Corporate Governance Code (the "Code"). Any significant deviations are detailed in the Company's corporate governance reports. The Code is based on the "comply or explain" principle, which implies that companies applying the Code can deviate from specific rules, but they must provide an explanation for such deviation. Governance, management and control responsibilities in Auriant are divided between the shareholders at the Annual General Meeting of shareholders (or any Extraordinary General Meeting), the Board of Directors and the Chief Executive Officer.

## THE SHAREHOLDERS' MEETING

The shareholders' right to decide on Auriant's business is exercised at the Shareholders' Meeting of the Company, which is the Company's highest decision-making body. The Board of Directors is appointed by the Shareholders' Meeting and the Chief Executive Officer is appointed by the Board of Directors. The Shareholders' Meeting has a sovereign role over the Board of Directors and the Chief Executive Officer. The duties of the Shareholders' Meeting include the election of Members of the Board, the approval of principles for the appointment of the Nomination Committee, the adoption of income statement and balance sheet, resolutions on appropriation of profits and discharge from liability for the members of the Board and the Chief Executive Officer of the company, the determination of fees payable to the members of the Board and to the auditors and the principles governing remuneration for

the Chief Executive Officer and senior executives, the election of auditor and, where relevant, the amendment of Articles of Association.

## SHAREHOLDERS

As of the end of 2015, there were, in total, 17,802,429 shares in the Company and the same number of votes. There were 2,513 shareholders in the Company as of December 30, 2015 and the largest shareholder was Bertil Holdings Ltd with 52.32% of shares. The second largest shareholding was that of Mr. Bernt Plotek and the company Svea Lands S.A. affiliated with him, which together held 10% of shares. There are no other shareholders representing more than one tenth of the voting rights of all shares in the Company. Upon the reduction of the share capital in accordance with the resolution of the 2015 AGM, the share capital of the Company as at December 30, 2015 totaled SEK 2,002,773.25.

## ANNUAL GENERAL MEETING 2015

Auriant's 2015 AGM was held on Tuesday, May 12, 2015 in Stockholm. The minutes from the meeting are available at [www.auriant.com](http://www.auriant.com).

The following principal resolutions were adopted:

- The Board of Directors and the Chief Executive Officer were discharged from liability for the past financial year.
- It was resolved that until the end of the next annual general meeting, the number of Board Members shall be 4 and the number of deputies shall be 1.
- Board Members: Andre Bekker, Peter Daresbury, Ingmar Haga, and Preston Haskell were re-elected to the Board for 2015 and James Provoost Smith Jr. was re-elected Deputy Board Member.
- It was decided that the Board of Directors would themselves elect one of them as the Chairman of the Board.
- Board fees were established for the Chairman of the Board in the amount of SEK 250,000, for the other ordinary Board Members in the amount of SEK 200,000 each, and for the deputy board member, in the amount of SEK 100,000. It was decided that remuneration amounting to SEK 25,000 per year and member shall be paid for participation in each committee established by the Board.
- It was resolved to re-elect PwC to serve as auditor with Martin Johansson as responsible auditor.
- The AGM approved the principles for appointment of the Nomination Committee in accordance

with the Nomination Committee's proposal.

- The Articles of Association were altered so that the share capital amounts to no less than SEK 2,000,000 and no more than SEK 8,000,000.
- The AGM decided to reduce the share capital by SEK 198,274,533 for transfer to a fund, without retirement of shares. It was resolved that upon the reduction the share capital would be equal to SEK 2,002,773.25.
- The AGM decided to raise a convertible loan via setoff in a nominal amount not exceeding USD 20,000,000 through a private placement of not more than 45,078,664 convertibles. It was resolved that the right to subscribe for the convertibles shall vest in Golden Impala Limited. The reason for not applying the shareholders' pre-emption rights was to improve the financial position of the Company through refinancing loans from Golden Impala Limited. The decision was made in accordance with the proposal made by a shareholder representing 52.32% of the shares and votes in the Company.
- The AGM approved the Board's proposal on adoption of the guidelines for the remuneration to members of the executive management.
- The AGM decided to establish the incentive program for the members of management and a number of other employees through the issuance of employee stock options and warrants, in accordance with the Board's proposal.
- The AGM decided to establish the incentive program for the Company's Board of Directors through the issuance of stock options and warrants, in accordance with the proposal made by a shareholder representing 52.32% of the shares and votes in the Company.

At the 2015 Annual General Meeting, a total of 11,286,260 shares were represented by 5 shareholders either in person or via proxies. The shares represented comprised approximately 63% of the total number of shares in the Company.

## ANNUAL GENERAL MEETING IN 2016

The Annual General Meeting of the shareholders will be held on Thursday, May 12, 2016, at Näringslivets Hus, Storgatan 19, Stockholm. The AGM will start at 14:30, and the doors will open at 14:00. The annual report for 2015 will be available on the Company's website as of April 21, 2016.

## NOMINATION COMMITTEE

The role of the Nomination Committee is to present proposals to the AGM for: (i) the election of AGM Chairman; (ii) the number of members of the Board; (iii) the election of the Chairman of the Board and other

Board Members; (iv) Board fees, allocated between the Chairman and other Members; (v) any remuneration for committee work; and (vi) the election and payment of auditors and alternate auditors (where applicable). In addition, the Nomination Committee shall make proposals for decisions regarding principles to be applied in establishing a new Nomination Committee.

The principles for the appointment of the Nomination Committee were approved by the AGM of May 12, 2015, as follows. The Nomination Committee shall consist of the Chairman of the Board and three other Members, each representing one of the three owners with the largest voting power. The selection of the three largest shareholders shall be made on the basis of the share register of the Company kept by Euroclear Sweden AB as of the last banking day in September 2015. At the earliest convenient date after the end of September 2015 the Chairman of the Board shall contact the three shareholders with the largest number of voting rights, as determined above, and will request that they each appoint a member to the Nomination Committee. If any of the shareholders decline their right to appoint a member to the Nomination Committee, the shareholder with the next largest voting power shall be provided with the opportunity to appoint a member. Unless the Nomination Committee members decide otherwise, the chairman of the Nomination Committee shall be the member representing the shareholder with the largest voting power in the Company. If a member leaves the Nomination Committee before its work is completed, and if the Nomination Committee deems that it is necessary to replace this member, then the Nomination Committee shall appoint a new member.

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

The Nomination Committee for the 2016 AGM has been comprised of Lord Peter Daresbury, Chairman of the Board, Erik Wigertz representing Bertil Holdings Ltd, and Bernt Plotek representing Svea Lands S.A. and himself. As one of the three largest shareholders decided not to appoint a member, an opportunity to do so was offered to the fourth largest shareholder, who did not respond to the request. The Nomination Committee was duly constituted by the three members appointed as above.

The Nomination Committee works in the best interests of all shareholders of the Company and focuses on ensuring that the Company's Board of Directors is comprised of members who possess the knowledge and experience corresponding to the needs of the Company.

It should be noted that the Company has had difficulties in establishing contact with shareholders because a number of large shareholders hold their shares through nominees. The Company encourages those shareholders who wish to appoint a representative to the Nomination Committee and believe that they may be entitled



to do so in accordance with the applicable rules, to contact the Group General Counsel at [general.counsel@auriant.com](mailto:general.counsel@auriant.com). The applicable rules can be found in the minutes of the most recent Annual General Meeting, which are available on the Company’s website.

BOARD OF DIRECTORS

In accordance with the Swedish Companies Act, the Board of Directors is responsible for the organisation of the Company and the administration of the Company’s business, and shall continually assess the Company’s and the Group’s financial situation. The Board of Directors deals with issues of material significance, such as business plans including profitability targets, budgets, interim reports and annual reports, the acquisition or sale of companies, significant property acquisitions or sales, the establishment of important policies, the structure of internal control systems, and significant organisational changes. Each year, Auriant’s Board adopts written rules of procedure for the Board of Directors, written instructions to the Chief Executive Officer, written instructions regarding financial reporting and a Chart of

Authority further detailing the division of work between the Board and the Chief Executive Officer. The rules of procedure regulate, among other things, the Board’s duties, the minimum number of Board meetings each year, the manner in which meetings are to be notified and the documents required to be distributed before Board meetings and the manner in which the minutes of Board meetings are to be drawn up. The written instructions regarding financial reporting regulate the reporting system in place, as the Board needs to be able to continually assess the Company’s and Group’s financial position. The written instructions to the Chief Executive Officer together with the Chart of Authority regulate the division of work, authorities, and responsibilities between the Board and the Chief Executive Officer.

According to the Articles of Association, the Board of Directors shall comprise a minimum of three and maximum of ten ordinary Members, and not more than five Deputy Board Members, elected by the Annual General Meeting.

CHAIRMAN OF THE BOARD OF DIRECTORS

At its first meeting after the AGM on May 12, 2015, the Board of Directors elected Lord Peter Daresbury as Chairman of the Board. During 2015, Auriant’s Chairman of the Board led the Board’s work and ensured that the Board fulfilled its duties. The Chairman of the Board has continually followed the Group’s business and development through contact with the Chief Executive Officer.

MEMBERS OF THE BOARD OF DIRECTORS

At year-end 2015, Auriant’s Board was comprised of four ordinary Board Members, Andre Bekker, Peter Daresbury, Ingmar Haga and Preston Haskell, and one Deputy Board Member, James Provoost Smith Jr., all elected by the Annual General Meeting on May 12, 2015. The members of the Board are presented in more detail in the Board of Directors section of the annual report, and the details of the members’ independence vis á vis the Company and its management are presented below.

THE BOARD’S WORK IN 2015

The Board held 18 meetings in 2015. Eight of them were held by correspondence, 6 by telephone and 4 meetings were held in person. The important issues dealt with by the Board in 2015, in addition to the approval of the annual report and the interim reports, and approval of the budgets, were as follows:

- The Company’s financial position and liquidity
- Strategic decision-making
- Approval of agreements on grant of powers of sole executive body of LLC “Valunisty Mine” and LLC “KAS” to LLC “Auriant Management” (the “Chukotka Management Contract”)
- Approval of the Call Option Deed in respect of 50% of shares in Tracey Investment Limited, which was to become the sole participant of LLC “Valunisty Mine” and LLC “KAS”, as well as LLC “North Subsoil”, LLC “Mangazey” and LLC “Nord-East Mining and Geological Company” (the “Chukotka Option Agreement”)
- Approval of USD 2.5 million credit line, provided by Promsvyazbank to LLC “Tardan Gold”
- Approval of other major contracts, in accordance with the Chart of Authority
- Preparation for the Annual General Meeting.

The Board during the year conducted an evaluation of its work under the guidance of the Chairman of the Board. Going forward the evaluation will be carried out on the basis of a self-assessment questionnaire. The questionnaire will be circulated to the Board in the beginning of the year. Each ordinary board member and deputy board member is to complete the ques-

tionnaire independently. Responses are to be collated by the Chairman of the Board who would then lead a discussion of the key points arising from the questionnaire, especially those areas which need improvement. This will normally be done at the last Board meeting with personal attendance before the AGM. Completed questionnaires are also to be provided to the Nomination Committee. The evaluation ensures that the basic intentions of the Code of Corporate Governance are followed.

BOARD COMMITTEES

Remuneration Committee

In 2015, the Remuneration Committee was comprised of Preston Haskell (chairman of the committee), Peter Daresbury and until May 12, 2015, Bertil Villard. The Remuneration Committee submits proposals for resolution by the Board regarding salary and other terms of employment of the CEO. The committee also approves proposals regarding salaries and other terms of employment of the Group’s management, according to the CEO’s proposal.

Finance and Audit Committee

In 2015, the Finance and Audit Committee was comprised of JP Smith, Peter Daresbury, Ingmar Haga and until May 2015, Bertil Villard. Mr. JP Smith served as Chairman of the committee. The members of the committee have the necessary competence and experience in the accounting matters.

Technical Committee

The Technical Committee was initially comprised of Ingmar Haga and Andre Bekker. Lord Daresbury became the third member of the committee on 12 May 2015. Mr. Haga continued to serve as Chairman of the committee. The committee’s task is to advise the rest of the Board on mining and technical issues.

The committees report to the Board on their work on a regular basis.

BOARD FEES

The Board of Directors’ fees are decided by the shareholders’ meeting. The following Board fees were approved by the shareholders’ meeting in 2015: for the Chairman of the Board in the amount of SEK 250,000 and for the other Board Members, in the amount of SEK 200,000 each. It was decided that remuneration amounting to SEK 25,000 per year and member shall be paid for participation in each committee established by the Board.

GROUP MANAGEMENT

As of the end of 2015, the Group’s management comprised the CEO, deputy CEO, CFO, Head of HR, Chief Geologist, and Group General Counsel. The manage-

BOARD MEMBERS’ INDEPENDENCE AND SHARES IN AURIANT

Board member	Shares in Auriant	Warrants in Auriant	Independent of the company and management*	Independent of the major shareholders*
Andre Bekker	0	120,000	Yes	No
Ingmar Haga	0	120,000	Yes	Yes
Peter Daresbury	0	140,000	Yes	Yes
Preston Haskell	9,314,968	0	No	No
James Provoost Smith Jr. (deputy board member)	0	0	Yes	No

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

BOARD MEMBERS’ ATTENDANCE AT BOARD MEETINGS IN 2015

Name	Position	Present
Peter Daresbury	Chairman	18/18
Andre Bekker	Member	18/17
Ingmar Haga	Member	17/18
Preston Haskell	Member	17 <sup>1</sup> /18
Bertil Villard <sup>2</sup>	Member	8/18
James Prvoost Smith Jr. <sup>3</sup>	Deputy Board Member	6/18

<sup>1</sup> Mr. Haskell refrained from participating in one Board meeting held by correspondence, due to conflict of interest. The deputy board member Mr. James Provoost Smith also had a conflict of interest in respect of that matter, therefore he did not participate in the decisions taken at that meeting as deputy for Mr. Haskell.

<sup>2</sup> Mr. Villard was a Board member until the 2015 AGM, where he did not stand for re-election in accordance with the Nomination Committee’s proposal.

<sup>3</sup> Mr. Smith participated in one Board meeting as deputy for Mr. Villard and attended 5 Board meetings held in person or by telephone, without participating in the decisions taken at those meetings.



ment of the Company as at the date of this report is presented on pages 38-39 of the annual report.

The Chief Executive Officer is responsible for the on-going management of the Company. The CEO's work is evaluated once a year. Following the departure of Denis Alexandrov in January 2016, the Company's then CFO Sergey Ustimenko was appointed Chief Executive Officer of Auriant Mining AB with effect from January 16, 2016.

In the event that the CEO becomes unable to fulfill CEO's duties, the deputy CEO shall substitute for the CEO until the new CEO is appointed. Such events are defined in the written instructions to the CEO, adopted by the Board. The Board of Auriant Mining AB appointed Irina Olsson as Deputy CEO of the Company in January 2014.

## REMUNERATION OF EXECUTIVE MANAGEMENT

The AGM on May 12, 2015 approved the following guidelines for remuneration of executive management.

### Guidelines

The guidelines shall apply to all employment contracts which are entered into after the meeting's resolution and in those cases where amendments are made to the existing terms and conditions after that point in time. The Company shall aim to offer a total remuneration, which is reasonable and competitive based on the circumstances in the individual country and in that respect shall also be able to offer a so-called "Sign on" bonus in order to recruit the best personnel. The remuneration shall vary in relation to the performance of the individual and the Group. The total remuneration to the Group Management shall consist of the components stated below.

### Fixed salary

The fixed salary ("Base Salary") shall be adjusted to the market and be based on responsibility, competence and performance. The fixed salary shall be revised every year.

### Variable salary

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

### Long-term incentives

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

### Insurable benefits

Old-age pension, healthcare benefits and medical benefits shall, if applicable, be prepared in a manner that reflects the rules and practice in the home country. If possible, the pension plans shall be premium determined. In individual cases, depending on the tax and/or social insurance laws which apply to the individual, other adjusted pension plans or pension solutions may be approved.

### Other benefits

The company shall be able to provide individual members of the Group Management or the entire Group Management with other benefits. These benefits shall not constitute a substantial part of the total remuneration. The benefits shall further correspond to what is normal on the market.

### Termination and severance pay

Notice of termination of employment shall be no more than twelve months upon termination initiated by the Group and no more than six months upon termination initiated by a member of the management. Severance pay may only be paid out upon termination by the Company or when a member of the Group Management resigns due to a significant change of his/her working conditions, which means the he/she cannot perform adequately.

### Derogation from the guidelines

The Board shall be entitled to derogate from these guidelines if special reasons exist in an individual case.

For more information regarding the remuneration of the Chief Executive Officer, senior executives and other employees, please see Note 4 on page 81 of the annual report.

## LONG-TERM INCENTIVE PROGRAMS

The Board regularly evaluates the need for long-term incentive programs. Currently, the following long-term incentive programs are established in the Company:

- the long-term incentive program for the Chief Executive Officer and the Chief Investment Officer of the Company, adopted at the Extraordinary General Meeting on November 27, 2012;
- the long-term incentive program for the members of management and a number of other employees, adopted at the Annual General Meeting on May 15, 2013;
- the long-term incentive program for the Company's Board of Directors, adopted at the Annual General Meeting on May 15, 2013 upon the proposal of the major shareholder;
- the long-term incentive program for the members of management and a number of other employees, adopted at the Annual General Meeting on May 13, 2014;
- the long-term incentive program for the Company's

Board of Directors, adopted at the Annual General Meeting on May 13, 2014 upon the proposal of the major shareholder.

- the long-term incentive program for the members of management and a number of other employees, adopted at the Annual General Meeting on May 12, 2015;

- the long-term incentive program for the Company's Board of Directors, adopted at the Annual General Meeting on May 12, 2015 upon the proposal of the major shareholder.

## AUDITOR

The AGM appoints an auditor of the Company. The auditor's task is to examine the Company's annual financial statements and accounts, as well as the administration and management by the Board and the Chief Executive Officer. The AGM of May 12, 2015 appointed, for a period until the 2016 AGM, PwC as the Company's auditors. The responsible auditor at PwC is Authorized Public Accountant Martin Johansson.

The audit is conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit of the annual accounts is conducted during the period from February to April of the following year, and also includes a review of the nine-month bookclosing in November of the financial year in question.

## INTERNAL CONTROL

Internal control is often defined as a process that is influenced by the Board, the company management and other staff, and which is developed to provide reasonable assurance that the company's targets are being met in terms of the business operations being both appropriate to the goals of the company and being efficient. Reasonable assurance is also to be provided as regards the reliability of the financial reporting and compliance with relevant laws and regulations. Internal control consists of various aspects: control environment, risk assessment, control activities, information and communication, as well as monitoring.

### Control environment

The control environment primarily consists of the organisational structure, the assignment of responsibility and powers, management philosophy, ethical values, staff competence, policies and guidelines, as well as routines. In addition to the relevant legislation, the framework within which Auriant's Board and management work is comprised of the owners' aims and the Swedish Corporate Governance Code. The formal decision-making procedure is based on the division of responsibility between the Board and the CEO, which the Board establishes each year in the form of written instructions to the Chief Executive Officer and the Chart of Authority. The CEO is able to delegate a degree of

decision-making to other senior executives. Two members of the Board have the authority to sign on behalf of the Company. Furthermore, the CEO, in his normal business activities, is also entitled to sign on behalf of the Company.

### Risk assessment

A structured risk assessment makes it possible to identify material risks having an effect on internal control with regard to financial reporting and where these risks exist within the organisation. Auriant's Board continually assesses the Company's risk management, by assessing the preventative measures needed to be taken to reduce the Company's risks. This involves, for example, ensuring that the Company has appropriate insurance and that the Company has the necessary policies and guidelines in place.

### Control activities

Control measures are required to prevent, detect and correct errors and discrepancies. Each quarter, Auriant Mining's Finance Department compiles financial reports providing details of earnings and cash flow for the most recent accounting period at subsidiary and Group level. Deviations from budget and forecasts are analysed and commented on. Documented processes exist for the compiling of the information on which the financial reports are based. Detected errors and discrepancies are analyzed and followed up.

### Monitoring

Financial monitoring is carried out on a quarterly basis for all profit centres and at Group level. In addition, Group management receives operational results on a weekly and monthly basis. Monitoring is, then, carried out in comparison with budgets. Auriant is a mining company in its early stages, which is why no earnings or sales forecasts are currently provided externally. Targets for the expected volume of gold production for the full year are initially set during the budgeting process at the end of the previous year. Normally, these targets are, again, reviewed and revised if necessary in the summer months when production has begun in earnest.

The Board on a weekly, monthly and quarterly basis receives the operational reports, including plan-to actual analysis, of the Group. Financial reports of the Group, including profit and loss statements, cash flows, and statement of financial position, are analyzed by the Board on a quarterly basis. The Board continuously evaluates the information provided by the Company management. Each month the CEO reports to the Board on the Company's performance with regard to the targets in the budget.

Given its size, the Company has chosen not to establish a separate internal audit unit. If the Board finds it appropriate, internal control will be further expanded. The issue of internal control and a separate internal audit unit is annually reviewed by the Board and will be discussed again in 2016.



A revised Swedish Corporate Governance Code (the “Code”) applies since November 1, 2015.

THE MAIN INSTANCES WHERE AURIANT DID NOT COMPLY WITH THE THEN APPLICABLE-CODE IN 2015 WERE AS FOLLOWS:

Code rule 1.1 provides that the date and venue of the annual general meeting are to be posted on the company’s website not later than in conjunction with the third quarter report.

The date of the annual general meeting 2015 was posted on the Company’s website on February 4, 2015 and not in conjunction with the third quarter report. It is considered that the shareholders were nevertheless given sufficient time to plan their attendance at the AGM, which was held on May 12, 2015. However the Company intends to follow Code rule 1.1 in future and has complied with it in relation to the 2016 AGM.

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

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

Code rule 9.2 provides that except for the Chairman of the Board who may chair the Remuneration Committee, the other shareholders’ meeting-elected members of the Committee are to be independent of the company and its executive management.

The Board member, Mr. Preston Haskell, who is not independent in relation to the Company and executive management in accordance with the criteria set out in Code rule 4.4, was a Chairman of the Remuneration Committee in 2015. Mr. Haskell’s involvement in the Remuneration Committee is considered to be in the best interests of all shareholders of the Company for the following reasons. Mr. Haskell is himself the largest shareholder in the Company, holding, through companies, 52.32% of its shares, and has significant knowledge and experience of executive remuneration issues. Mr. Haskell is not a member of the executive management of the Company since May 2012.

Code rule 9.7 (9.8 in the previous version of the Code) provides that share- and share-price-related incentive programmes are to be designed so that the vesting period or the period from the commencement of an agreement to the date for acquisition of shares, is to be no less than three years.

The Annual General Meeting on May 12, 2015 approved the long-term incentive program for the Company’s Board of Directors and the long-term incentive program for the members of management and a number of other employees. Each of those programs, as well as other existing long-term incentive programs listed above in this report, provide for a vesting period that is less than three years.

It was considered to be in the best interest of the Company and all of the shareholders to create a greater

participatory interest for the members of the Board of Directors, CEO and a number of other members of management and employees by offering incentive programmes with a shorter period for acquisition of shares and/or shorter vesting period, than the period recommended by the Swedish Code for Corporate Governance.

Code rule 9.7 (9.8 in the previous version of the Code) further provides that remuneration of non-executive Board members is not to include share options.

The Annual General Meeting on May 12, 2015 approved the long-term incentive program for the Company’s Board of Directors, which includes stock options. It was considered to be in the best interest of the Company and all shareholders to adopt such incentive program for the following reasons. The Company has been successful in recruiting non-executive board members who are highly qualified and experienced. For a company the size of Auriant to be able to attract such quality individuals, a key factor has been the potential offering of stock options. Furthermore, this method of reward will save cash for the Company, which, as a growing junior mining company, has limited free cashflow and thus, is not in a position to offer higher board fees or synthetic stocks to Board members. The ownership of these stock options will also align the interests of the non-executive board members to those of the shareholders.

PROPOSAL FOR LOSS DISTRIBUTION

The Group’s equity at year-end 2015 amounted to MSEK –353.8, of which the share capital is MSEK 2.003.

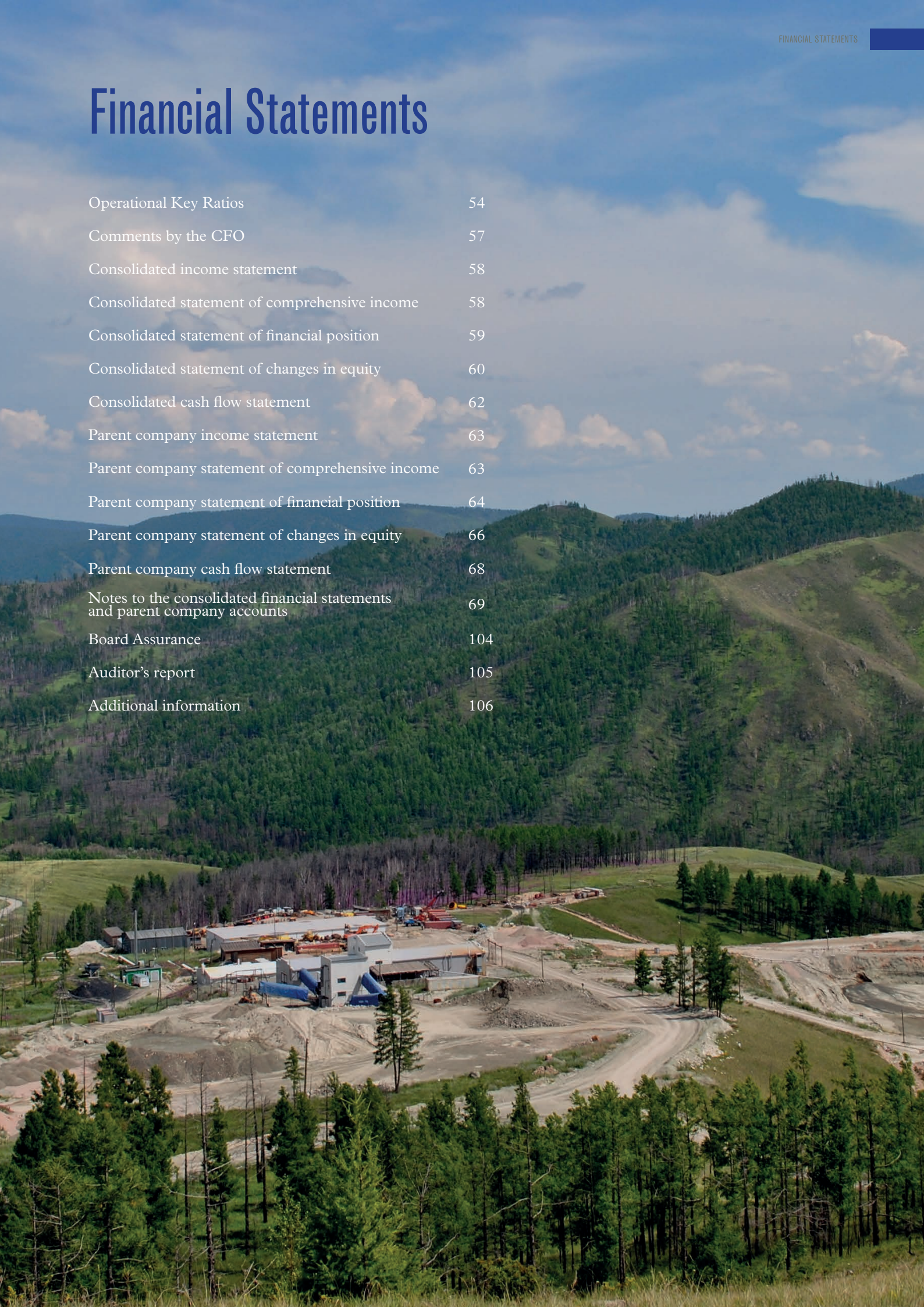
In the Parent Company the unrestricted shareholders equity amounts to:

	SEK
Share premium reserve	624,339,684
Translation difference reserve	-126,618,277
Retained earnings	-608,111,754
Net income for the year	71,957,695
Total unrestricted equity	-38,432,652

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

Financial Statements

Operational Key Ratios	54
Comments by the CFO	57
Consolidated income statement	58
Consolidated statement of comprehensive income	58
Consolidated statement of financial position	59
Consolidated statement of changes in equity	60
Consolidated cash flow statement	62
Parent company income statement	63
Parent company statement of comprehensive income	63
Parent company statement of financial position	64
Parent company statement of changes in equity	66
Parent company cash flow statement	68
Notes to the consolidated financial statements and parent company accounts	69
Board Assurance	104
Auditor’s report	105
Additional information	106





# Operational Key Ratios, SEK

	2015	2014	2013	2012	2011	Definitions
<b>Profitability</b>						
Ore processed, 000 tonnes	428	564	450	365	260	Quantity of ore processed
Tailings processed, 000 tonnes	66	88	142	54	5	Quantity of tailings processed
Gold sands processed, 000 m3	-	379	338	119	89	Volume of gold sands processed
Gold production, oz	26,468	34,689	36,716	20,641	13,182	Gold production obtained during the period (troy oz)
Gold sales, oz	25,698	34,273	36,779	19,837	12,417	Actual sold gold production during the period (troy oz)
Revenue from sale of gold and gold equivalents, TSEK	252,235	297,481	328,970	234,133	131,965	Revenue from sale of gold and gold equivalents
Average realized gold price, US\$/oz	1,161	1,244	1,373	1,700	1,610	Average price received during the period (USD/oz)
Revenue from management services, TSEK	30,606	-	-	-	-	Revenue from management of five gold properties located in Russia's Chukotka region and owned by Aristus Holdings Ltd.
Profit/loss before income tax, TSEK	-169,396	-194,779	-159,404	-105,672	-128,265	
Return on equity, %	-70.0%	-172.9%	-159.4%	-49.8%	-35.6%	Net profit/loss for the period as a percentage of average equity during the period, including minority holdings
Return on total assets, %	-29.2%	-19.7%	-21.6%	-17.3%	-18.9%	Net profit/loss for the period as a percentage of average total assets
<b>Capital structure</b>						
Equity, TSEK	-353,810	-156,268	7,459	154,380	270,806	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, TSEK	808,191	745,322	489,295	350,530	243,219	Total interest-bearing liabilities at the end of the period
Equity ratio, %	-66.9%	-22.5%	1.2%	26.5%	42.4%	Equity, including non-controlling interests, as a percentage of the balance sheet total
<b>Cash flow and liquidity</b>						
Cash flow before investments, TSEK	44,264	-32,967	-7,894	-20,142	-42,694	Cash flow from operating activities
Cash flow after investments and financing, TSEK	-1,938	-13,626	-10,557	11,346	-11,662	Operating cash flow plus cash flow after investments and financing
Liquid assets, TSEK	361	4,711	10,776	22,266	10,995	Bank deposits and cash at the end of the period
Total assets, TSEK	528,893	695,257	609,814	582,042	638,870	
<b>Investments</b>						
Capital investments, TSEK	3,942	19,510	60,114	55,683	141,727	Net investments in material fixed assets, less any disinvestments
<b>Employees</b>						
Average number of employees during the period	612	802	869	720	728	
<b>Share data</b>						
Number of outstanding shares before dilution	17,802,429	17,802,429	17,802,429	17,616,987	17,616,987	Number of shares issued at the end of the period, excluding the effect of outstanding warrants and any incentive options
Average number of outstanding shares during the period before dilution	17,802,429	17,802,429	17,802,429	17,616,987	16,652,603	Average number of shares at the end of the period, including outstanding warrants with a redemption price lower than the current stock exchange price
Number of warrants outstanding	2,520,934	1,730,101	1,306,768	1,057,210	510,650,000	Number of non-exercised warrants at the end of the respective period.
Quotient value, SEK	0.11	11.25	11.25	11.25	11.25	Proportion of total share capital per share
Earnings per share, SEK	-10.03	-7.23	-7.24	-6.01	-7.17	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, SEK	-19.87	-8.78	0.42	8.76	15.37	Total equity, including non-controlling interersts, in relation to the number of issued shares at the end of the period
Market price per share at the end of the period, SEK	1.85	2.74	8.45	15.5	22	Latest market price paid for the shares on the last trading day of the respective periods

# Operational Key Ratios, US\$

	2015	2014	2013	2012	2011	Definitions
<b>Profitability</b>						
Ore processed, 000 tonnes	428	564	450	365	260	Quantity of ore processed
Tailings processed, 000 tonnes	66	88	142	54	5	Quantity of tailings processed
Gold sands processed, 000 m3	-	379	338	119	89	Volume of gold sands processed
Gold production, oz	26,468	34,689	36,716	20,641	13,182	Gold production obtained during the period (troy oz)
Gold sales, oz	25,698	34,273	36,779	19,837	12,417	Actual sold gold production during the period (troy oz)
Revenue from sale of gold and gold equivalents, US\$ 000	29,829	42,627	50,502	35,934	20,254	Revenue from sale of gold and gold equivalents
Average realized gold price, US\$/oz	1,161	1,244	1,373	1,700	1,610	Average price received during the period (USD/oz)
Revenue from management services, US\$ 000	3,600	-	-	-	-	Revenue from management of five gold properties located in Russia's Chukotka region and owned by Aristus Holdings Ltd.
Profit/loss before income tax, US\$ 000	-20,378	-26,262	-24,471	-16,219	-19,686	
Return on equity, %	-74.5%	-196.0%	-159.4%	-49.8%	-35.6%	Net profit/loss for the period as a percentage of average equity during the period, including minority holdings
Return on total assets, %	-27.1%	-17.9%	-21.6%	-17.3%	-18.9%	Net profit/loss for the period as a percentage of average total assets
<b>Capital structure</b>						
Equity, US\$ 000	-39,656	-18,078	1,146	23,694	41,563	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, US\$ 000	96,818	95,057	75,179	53,799	37,329	Total interest-bearing liabilities at the end of the period
Equity ratio, %	-59.5%	-19.7%	1.2%	26.5%	42.4%	Equity, including non-controlling interests, as a percentage of the balance sheet total
<b>Cash flow and liquidity</b>						
Cash flow before investments, US\$ 000	5,113	-5,301	-1,212	-2,973	-6,553	Cash flow from operating activities
Cash flow after investments and financing, US\$ 000	-609	-1,823	-1,621	1,675	-1,790	Operating cash flow plus cash flow after investments and financing
Liquid assets, US\$ 000	43	603	1,656	3,417	1,687	Bank deposits and cash at the end of the period
Total assets, US\$ 000	66,652	91,709	93,696	89,330	98,052	
<b>Investments</b>						
Capital investments, US\$ 000	467	2,782	9,236	8,546	21,752	Net investments in material fixed assets, less any disinvestments
<b>Employees</b>						
Average number of employees during the period	612	802	869	720	728	
<b>Share data</b>						
Number of outstanding shares before dilution	17,802,429	17,802,429	17,802,429	17,616,987	17,616,987	Number of shares issued at the end of the period, excluding the effect of outstanding warrants and any incentive options
Average number of outstanding shares during the period before dilution	17,802,429	17,802,429	17,802,429	17,616,987	16,652,603	Average number of shares at the end of the period, including outstanding warrants with a redemption price lower than the current stock exchange price
Number of warrants outstanding	2,520,934	1,730,101	1,306,768	1,057,210	510,650,000	Number of non-exercised warrants at the end of the respective period
Quotient value, US\$	0.02	1.73	1.73	1.73	1.73	Proportion of total share capital per share
Earnings per share, US\$	-1.21	-0.93	-1.11	-0.92	-1.10	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, US\$	-2.23	-1.02	0.06	1.34	2.36	Total equity, including non-controlling interersts, in relation to the number of shares issued at the end of the period.
Market price per share at the end of the period, US\$	0.22	0.35	1.30	2.38	3.38	Latest market price paid for the shares on the last trading day of the respective periods



# Comments by the CFO

Dear Stakeholders,

I am pleased to present our financial statements for 2015.

In 2015, the Group demonstrated solid growth of financial performance compared with last year. The devaluation of the Russian Rouble against the US Dollar, ongoing efforts to control costs and resource quality improvement implied that we were able to deliver good financial results in 2015.

The Tardan deposit demonstrated a stable growth in the gold grade in the ore for the entire year. In the middle of 2015, the Group commenced minning on Barsuchy deposit in the Tardan area with gold reserves of 2.5 tones. We re-launched the gravitational plant as result of ore grade improvements at Tardan and due to higher grades at Barsuchy.

The ore grade mined at Tardan significantly increased, by 71%, in 2015 up to 3.03 g/t compared with 2014 - 1.77 g/t. The volume of ore mined at Tardan in 2015 increased by 18%, compared with 2014, up to 449,000 tonnes. The total production of gold at Tardan in 2015 increased by 21% up to 817 kg compared with the 2014 volume of 673 kg.

The Solcocon mine was temporarily terminated in 2015. The Group will focus on the further development of Tardan in 2016 with the planned production volume for 2016 at this site at 1 ton of gold. Hard rock gold production at Solcocon will not be re-started in 2016. As result, at the end of 2015 the Group recorded a non-cash impairment provision for the Solcocon assets in the amount of 16.0 mln US dollars, which was accounted for as item affecting comparability in the consolidated income statement. Auriant is looking at various options for Solcocon and these could result in a partial reversal of the impairment provision in the future.

In 2015, the Group managed five gold properties located in Russia's Chukotka region, including Valunisty - a producing gold mine (these properties belong to Aristus Holdings Ltd.). Auriant earned a total management fee of 3.6 mln US dollars as a result of the successful fulfillment of all KPIs specified in the management contract. The management contract was terminated by mutual agreement as of January 16, 2016. Revenue from management services in 2015 compensated for the absence of a net margin from alluvial production of 3.0 mln US dollars reported in 2014. In spite of the 7% decrease in the price of gold compared with 2014, the Group's consolidated revenue, net of alluvial costs, in 2015 did not change compared with the prior period, and amounted to 33.4 mln US dollars.

Average cash costs per ounce of gold produced declined by 25% from 1,060/oz US dollars in 2014, down to 798/

oz US dollars in 2015.

In 2015, Auriant reports a consolidated gross profit of 4.7 mln US dollars and positive EBITDA of 10.3 mln US dollars, which is a significant improvement compared to 2014 when the Company reported consolidated gross losses of -6.1 mln US dollars and a negative EBITDA of -4.1 mln US dollars.

General and administrative expenses decreased by 1.2 mln US dollars, or 24%, compared with 2014.

Effective from March 2015, the interest rate for the Shareholders loan was decreased from 10% to 2% and the Shareholder received an option to redeem the 20 mln US dollars in the form of cash or new shares, or both. Total Group interest expenses decreased by 23% compared with the prior period.

The Group gold production depends on seasonality and working capital is covered by short-term loans and borrowings. In 2015 the Company raised a short-term bank loan of 2.5 mln US dollars and repaid it by the end of the year. During the period, the Company also repaid a long-term loan of 0.7 mln US dollars and as of 31 December 2015, total bank debt was equal to 44.3 mln US dollars (31 December 2014 - 45.0 mln US dollars). The bank debt/EBITDA ratio significantly improved compared with the previous period and was 4.3x at the end of 2015.

We continue to report negative net income. According to Russian tax legislation, accrued losses are accumulated in the statement of financial position and can be offset against future taxable earnings. Based on the management forecasts, the Group will generate taxable profits that will enable the utilisation of the deferred tax assets of 6.3 mln US dollars in the future which are now reported at the end of 2015.

In 2015, Auriant made a net loss after tax of -\$21.5m (2014: -\$16.6m); this was significantly affected by the \$16.0 m impairment provision. Earnings per share before and after dilution for the period were equal to \$-1.21 (2014: \$-0.93).

Acting Chief Financial Officer  
Alexander Buchnev



# Consolidated income statement

		2015	2014	2015	2014
	Note	TSEK	TSEK	US\$ 000	US\$ 000
Revenue	1	282,841	297,481	33,429	42,627
Cost of sales	3	-241,615	-336,598	-28,683	-48,752
<b>Gross profit</b>		<b>41,226</b>	<b>-39,117</b>	<b>4,746</b>	<b>-6,125</b>
General and administrative expenses	5	-32,120	-34,080	-3,768	-4,976
Other operating income	2	8,060	5,195	953	769
Other operating expenses	2	-8,565	-6,339	-1,012	-919
Items affecting comparability (Impairment of assets)	6	-118,276	-	-14,216	-
<b>Operating profit/(loss)</b>		<b>-109,675</b>	<b>-74,341</b>	<b>-13,297</b>	<b>-11,251</b>
Financial income	7	5,092	-	602	-
Financial expenses	8	-64,813	-120,438	-7,683	-15,011
<b>Profit/(Loss) before income tax</b>		<b>-169,396</b>	<b>-194,779</b>	<b>-20,378</b>	<b>-26,262</b>
Income tax*	9	-9,201	66,114	-1,116	9,671
<b>Net loss for the period</b>		<b>-178,597</b>	<b>-128,665</b>	<b>-21,494</b>	<b>-16,591</b>
Whereof attributable to:					
The owners of the Parent Company		-178,597	-128,665	-21,494	-16,591
Earnings per share before dilution (SEK, US\$)	18	-10.03	-7.23	-1.21	-0.93
Earnings per share after dilution (SEK, US\$)		-10.03	-7.23	-1.21	-0.93
Number of shares issued at period end		17,802,429	17,802,429	17,802,429	17,802,429
Average number of shares for the period		17,802,429	17,802,429	17,802,429	17,802,429
Average number of shares for the period after dilution period after dilution		20,323,363	18,667,480	20,323,363	18,667,480

# Consolidated statement of comprehensive income

		2015	2014	2015	2014
		TSEK	TSEK	US\$ 000	US\$ 000
Net profit/loss for the period		-178,597	-128,665	-21,494	-16,591
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit or loss		-	-	-	-
Translation difference		-55,324	-37,840	-4,494	-3,055
<b>Total comprehensive income for the period</b>		<b>-233,921</b>	<b>-166,505</b>	<b>-25,988</b>	<b>-19,646</b>

\*Income tax expense in 2015 includes impairment of deferred tax asset of MSEK -14.718 (US\$ -1.762 m), refer to Note 6 for details.

# Consolidated statement of financial position

		31-12-2015	31-12-2014	31-12-2015	31-12-2014
	Note	TSEK	TSEK	US\$ 000	US\$ 000
<b>NON-CURRENT ASSETS</b>					
<b>Intangible fixed assets</b>					
Mining permits and capitalised exploration costs	10	163,601	242,165	23,081	33,928
<b>Tangible fixed assets</b>					
Buildings and land	11	77,643	86,750	9,296	11,091
Machinery, equipment and other technical plant	12	124,188	163,812	14,699	20,890
Construction in progress	13	4,256	18,031	511	2,181
		<b>206,087</b>	<b>268,593</b>	<b>24,506</b>	<b>34,162</b>
Stripping assets		19,505	24,936	2,335	3,192
Deferred taxes recoverable	9	52,375	80,441	6,270	10,298
<b>Total non-current assets</b>		<b>441,568</b>	<b>616,135</b>	<b>56,192</b>	<b>81,580</b>
<b>CURRENT ASSETS</b>					
Inventories	15	40,382	37,779	4,833	4,836
Accounts receivable trade	21	18,982	318	2,272	41
Other current receivables	16	24,774	31,029	2,974	3,972
Prepaid expenses	16	2,826	5,285	338	677
Cash and bank holdings	17	361	4,711	43	603
<b>Total current assets</b>		<b>87,325</b>	<b>79,122</b>	<b>10,460</b>	<b>10,129</b>
<b>TOTAL ASSETS</b>		<b>528,893</b>	<b>695,257</b>	<b>66,652</b>	<b>91,709</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	18	2,003	200,277	307	30,738
Additional paid in capital		397,634	162,982	59,838	24,997
Translation difference reserve		-146,269	-90,946	-15,714	-11,220
Retained earnings		-607,178	-428,581	-84,087	-62,593
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>		<b>-353,810</b>	<b>-156,268</b>	<b>-39,656</b>	<b>-18,078</b>
<b>TOTAL EQUITY</b>		<b>-353,810</b>	<b>-156,268</b>	<b>-39,656</b>	<b>-18,078</b>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax	9	13,339	17,530	2,224	2,719
Provisions	19	5,500	6,607	659	846
Long-term loans and notes	20	512,546	473,059	61,366	60,558
Other long-term liabilities		50,601	52,100	6,058	6,975
<b>Total non-current liabilities</b>		<b>581,986</b>	<b>549,296</b>	<b>70,307</b>	<b>71,098</b>
<b>CURRENT LIABILITIES</b>					
Trade and other accounts payable	22	29,465	27,588	3,525	3,532
Short-term loans and bonds	20	251,406	252,666	30,100	32,344
Other current liabilities	23	19,846	21,975	2,376	2,813
<b>Total current liabilities</b>		<b>300,717</b>	<b>302,229</b>	<b>36,001</b>	<b>38,689</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>528,893</b>	<b>695,257</b>	<b>66,652</b>	<b>91,709</b>
PLEGDED ASSETS	25	-	-	-	-
CONTINGENT LIABILITIES		-	-	-	-



# Consolidated statement of changes in equity

All amounts in TSEK	Attributable to the shareholders of the parent company					Total equity
	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings	Non-controlling interest	
<b>Equity as at December 31, 2013</b>	<b>200,277</b>	<b>160,204</b>	<b>-53,106</b>	<b>-299,916</b>	<b>-</b>	<b>7,459</b>
<b>Comprehensive income</b>						
Net profit/loss for the period	-	-	-	-128,665	-	-128,665
Warrants and options issue	-	2,778	-	-	-	2,778
Translation difference	-	-	-37,840	-	-	-37,840
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>2,778</b>	<b>-37,840</b>	<b>-128,665</b>	<b>-</b>	<b>-163,727</b>
Including transactions with owners, recognised directly in equity	-	1,489	-	-	-	1,489
<b>Equity as at December 31, 2014</b>	<b>200,277</b>	<b>162,982</b>	<b>-90,946</b>	<b>-428,581</b>	<b>-</b>	<b>-156,268</b>
<b>Transactions with shareholders</b>						
Reduction in share capital	-198,274	198,274	-	-	-	-
<b>Total Transactions with shareholders for the period</b>	<b>-198,274</b>	<b>198,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income</b>						
Net profit/loss for the period	-	-	-	-178,597	-	-178,597
Convertible portion of bond	-	35,156	-	-	-	35,156
Warrants and options issue	-	1,222	-	-	-	1,222
Translation difference	-	-	-55,323	-	-	-55,323
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>36,378</b>	<b>-55,323</b>	<b>-178,597</b>	<b>-</b>	<b>-197,542</b>
Including transactions with owners, recognised directly in equity	-	565	-	-	-	565
<b>Equity as at December 31, 2015</b>	<b>2,003</b>	<b>397,634</b>	<b>-146,269</b>	<b>-607,178</b>	<b>-</b>	<b>-353,810</b>

# Consolidated statement of changes in equity

All amounts in US\$'000	Attributable to the shareholders of the parent company					Total equity
	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings	Non-controlling interest	
<b>Equity as at December 31, 2013</b>	<b>30,738</b>	<b>24,575</b>	<b>-8,165</b>	<b>-46,002</b>	<b>-</b>	<b>1,146</b>
<b>Comprehensive income</b>						
Net profit/loss for the period	-	-	-	-16,591	-	-16,591
Warrants and options issue	-	422	-	-	-	422
Translation difference	-	-	-3,055	-	-	-3,055
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>422</b>	<b>-3,055</b>	<b>-16,591</b>	<b>-</b>	<b>-19,224</b>
Including transactions with owners, recognised directly in equity	-	226	-	-	-	226
<b>Equity as at December 31, 2014</b>	<b>30,738</b>	<b>24,997</b>	<b>-11,220</b>	<b>-62,593</b>	<b>-</b>	<b>-18,078</b>
<b>Transactions with shareholders</b>						
Reduction in share capital	-30,431	30,431	-	-	-	-
<b>Total Transactions with shareholders for the period</b>	<b>-30,431</b>	<b>30,431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income</b>						
Net profit/loss for the period	-	-	-	-21,494	-	-21,494
Convertible portion of bond	-	4,265	-	-	-	4,265
Warrants and options issue	-	145	-	-	-	145
Translation difference	-	-	-4,494	-	-	-4,494
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>4,410</b>	<b>-4,494</b>	<b>-21,494</b>	<b>-</b>	<b>-21,578</b>
Including transactions with owners, recognised directly in equity	-	67	-	-	-	67
<b>Equity as at December 31, 2015</b>	<b>307</b>	<b>59,838</b>	<b>-15,714</b>	<b>-84,087</b>	<b>-</b>	<b>-39,656</b>



# Consolidated cash flow statement

	2015 TSEK	2014 TSEK	2015 US\$ 000	2014 US\$ 000
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	271,694	297,481	32,042	42,627
VAT and other reimbursement	33,012	55,507	3,915	8,200
Payments to suppliers	-156,416	-259,529	-18,524	-37,735
Payments to employees and social taxes	-74,796	-96,117	-8,860	-14,022
Income tax paid	-107	-2	-13	-
Other taxes paid	-29,124	-30,307	-3,446	-4,371
<b>Net cash flows from/(used in) operating activities</b>	<b>44,264</b>	<b>-32,967</b>	<b>5,113</b>	<b>-5,301</b>
<b>INVESTING ACTIVITIES</b>				
Purchase and construction of property plant and equipment	-746	-17,736	-89	-2,687
Exploration and research works	-242	-4,790	-29	-703
Investments in JV	-	-1,113	-	-168
<b>Net cash flows used in investing activities</b>	<b>-989</b>	<b>-23,639</b>	<b>-117</b>	<b>-3,558</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowings, net	8,421	84,154	1,000	13,007
Repayment of borrowings, net	-6,329	-	-745	-
Interest paid	-36,130	-25,690	-4,535	-3,708
Lease payments	-10,867	-15,482	-1,288	-2,263
Other finance expenses	-309	-2	-37	-
<b>Net cash from/(used in) financing activities</b>	<b>-45,213</b>	<b>42,980</b>	<b>-5,604</b>	<b>7,036</b>
Net decrease in cash and cash equivalents	-1,938	-13,626	-609	-1,823
Net foreign exchange difference	-2,412	7,561	49	770
Opening balance cash and cash equivalents	4,711	10,776	603	1,656
<b>Closing balance cash and cash equivalents</b>	<b>361</b>	<b>4,711</b>	<b>43</b>	<b>603</b>

# Parent company income statement

	Note	2015 TSEK	2014 TSEK	2015 US\$ 000	2014 US\$ 000
<b>Income</b>					
Other operating income	2	90	44,317	11	6,462
<b>Operating costs</b>					
External expenses	5	-5,408	-5,690	-641	-830
Employee benefit expenses	4	-2,619	-2,848	-311	-415
<b>Operating result</b>		<b>-7,939</b>	<b>35,779</b>	<b>-941</b>	<b>5,217</b>
Financial income	7	124,914	15,477	14,809	2,257
Financial expenses	8	-45,018	-92,846	-5,337	-13,539
<b>Result after financial items</b>		<b>71,958</b>	<b>-41,590</b>	<b>8,531</b>	<b>-6,065</b>
Tax on this year's result	9	-	-	-	-
<b>Result for the year</b>		<b>71,958</b>	<b>-41,590</b>	<b>8,531</b>	<b>-6,065</b>
Earnings per share before dilution, (SEK, US \$)		4.04	-2.34	0.48	-0.34
Earnings per share after dilution, (SEK, US \$)		3.53	-2.34	0.42	-0.34
Number of shares at the end of the financial year		17,802,429	17,802,429	17,802,429	17,802,429
Average number of shares outstanding during the financial year		17,802,429	17,802,429	17,802,429	17,802,429
Average number of shares outstanding during the financial year after dilution		20,323,363	18,667,480	20,323,363	18,667,480

# Parent company statement of comprehensive income

	Note	2015 TSEK	2014 TSEK	2015 US\$ 000	2014 US\$ 000
<b>Net result for the year</b>		<b>71,958</b>	<b>-41,590</b>	<b>8,531</b>	<b>-6,065</b>
<b>Other comprehensive income</b>					
Translation differences		-26,011	-39,534	-4,472	-9,998
<b>Total comprehensive income for the year</b>		<b>45,947</b>	<b>-81,124</b>	<b>4,059</b>	<b>-16,063</b>



# Parent company statement of financial position

	Note	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2015 US\$000	31-12-2014 US\$000
<b>NON-CURRENT ASSETS</b>					
<b>Financial non-current assets</b>					
Investments in subsidiaries	14	342,744	402,702	41,035	51,716
Loans to subsidiaries	24	283,662	119,517	33,962	15,300
<b>Total non-current assets</b>		<b>626,406</b>	<b>522,219</b>	<b>74,997</b>	<b>67,016</b>
<b>CURRENT ASSETS</b>					
Other current receivables	16	181	175	22	22
Prepaid expenses	16	87	116	10	15
Cash and cash equivalents	17	73	705	9	90
<b>Total current assets</b>		<b>341</b>	<b>996</b>	<b>41</b>	<b>127</b>
<b>TOTAL ASSETS</b>		<b>626,747</b>	<b>523,215</b>	<b>75,038</b>	<b>67,143</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
<b>Restricted equity</b>					
Share capital	18	2,003	200,277	307	30,738
Statutory reserve		266,306	68,032	40,872	10,441
<b>Total restricted equity</b>		<b>268,309</b>	<b>268,309</b>	<b>41,179</b>	<b>41,179</b>
<b>Unrestricted equity</b>					
Share premium reserve		624,340	587,962	94,632	90,222
Translation difference		-126,618	-100,607	-23,804	-19,332
Retained earnings		-608,112	-566,522	-93,015	-86,950
Net result for the year		71,958	-41,590	8,531	-6,065
<b>Total unrestricted equity</b>		<b>-38,433</b>	<b>-120,757</b>	<b>-13,656</b>	<b>-22,125</b>
<b>TOTAL EQUITY</b>		<b>229,876</b>	<b>147,552</b>	<b>27,522</b>	<b>19,054</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans	21	345,788	340,422	41,400	43,578
<b>Total non-current liabilities</b>		<b>345,788</b>	<b>340,422</b>	<b>41,400</b>	<b>43,578</b>
<b>CURRENT LIABILITIES</b>					
Trade and other accounts payable	22	4,015	2,570	481	329
Short-term loans	21	46,466	31,938	5,563	4,088
Other short-term liabilities	23	602	733	72	94
<b>Total current liabilities</b>		<b>51,083</b>	<b>35,241</b>	<b>6,116</b>	<b>4,511</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>626,747</b>	<b>523,215</b>	<b>75,038</b>	<b>67,143</b>
PLEDGED ASSETS	25	381,823	498,562	45,714	63,822





# Parent company statement of changes in equity

(All amounts in TSEK)	Restricted Equity		Unrestricted Equity			Net income for the period	Total equity
	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings		
<b>Equity as at December 31, 2013</b>	<b>200,277</b>	<b>68,032</b>	<b>585,184</b>	<b>-61,073</b>	<b>-536,271</b>	<b>-30,251</b>	<b>225,898</b>
Profit/loss brought forward	-	-	-	-	-30,251	30,251	-
<b>Comprehensive income</b>							
Net profit/loss for the period	-	-	-	-	-	-41,590	-41,590
Warrants and options issue			2,778				2,778
Translation difference	-	-	-	-39,534	-	-	-39,534
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>2,778</b>	<b>-39,534</b>	<b>-</b>	<b>-41,590</b>	<b>-78,346</b>
Including transactions with owners, recognised directly in equity	-	-	1,489	-	-	-	1,489
<b>Equity as at December 31, 2014</b>	<b>200,277</b>	<b>68,032</b>	<b>587,962</b>	<b>-100,607</b>	<b>-566,522</b>	<b>-41,590</b>	<b>147,552</b>
Profit/loss brought forward	-	-	-	-	-41,590	41,590	-
<b>Transactions with shareholders</b>							
Reduction in share capital	-198,274	198,274	-	-	-	-	-
<b>Total Transactions with shareholders for the period</b>	<b>-198,274</b>	<b>198,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income</b>							
Net profit/loss for the period	-	-	-	-	-	71,958	71,958
Convertible portion of bond	-	-	35,156	-	-	-	35,156
Warrants and options issue	-	-	1,222	-	-	-	1,222
Translation difference	-	-	-	-26,011	-	-	-26,011
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>36,378</b>	<b>-26,011</b>	<b>-</b>	<b>71,958</b>	<b>82,324</b>
Including transactions with owners, recognised directly in equity	-	-	565	-	-	-	565
<b>Equity as at December 31, 2015</b>	<b>2,003</b>	<b>266,306</b>	<b>624,340</b>	<b>-126,618</b>	<b>-608,112</b>	<b>71,958</b>	<b>229,876</b>

# Parent company statement of changes in equity

(All amounts in US\$ 000)	Restricted Equity		Unrestricted Equity			Net income for the period	Total equity
	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings		
<b>Equity as at December 31, 2013</b>	<b>30,738</b>	<b>10,441</b>	<b>89,800</b>	<b>-9,334</b>	<b>-82,306</b>	<b>-4,644</b>	<b>34,695</b>
Profit/loss brought forward	-	-	-	-	-4,644	4,644	-
<b>Comprehensive income</b>							
Net profit/loss for the period	-	-	-	-	-	-6,065	-6,065
Warrants and options issue	-	-	422	-	-	-	422
Translation difference	-	-	-	-9,998	-	-	-9,998
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>422</b>	<b>-9,998</b>	<b>-</b>	<b>-6,065</b>	<b>-15,641</b>
Including transactions with owners, recognised directly in equity	-	-	226	-	-	-	226
<b>Equity as at December 31, 2014</b>	<b>30,738</b>	<b>10,441</b>	<b>90,222</b>	<b>-19,332</b>	<b>-86,950</b>	<b>-6,065</b>	<b>19,054</b>
Profit/loss brought forward	-	-	-	-	-6,065	6,065	-
<b>Transactions with shareholders</b>							
Reduction in share capital	-30,431	30,431	-	-	-	-	-
<b>Total Transactions with shareholders for the period</b>	<b>-30,431</b>	<b>30,431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income</b>							
Net profit/loss for the period	-	-	-	-	-	8,531	8,531
Convertible portion of bond	-	-	4,265	-	-	-	4,265
Warrants and options issue	-	-	145	-	-	-	145
Translation difference	-	-	-	-4,472	-	-	-4,472
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>4,410</b>	<b>-4,472</b>	<b>-</b>	<b>8,531</b>	<b>8,468</b>
Including transactions with owners, recognised directly in equity	-	-	67	-	-	-	67
<b>Equity as at December 31, 2015</b>	<b>307</b>	<b>40,872</b>	<b>94,632</b>	<b>-23,804</b>	<b>-93,015</b>	<b>8,531</b>	<b>27,522</b>



# Parent company cash flow statement

	2015	2014	2015	2014
	TSEK	TSEK	US\$ 000	US\$ 000
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	-	7	-	1
VAT and other reimbursement	565	823	67	121
Payments to suppliers	-4,978	-5,360	-590	-784
Payments to employees and the Board members	-2,581	-2,789	-306	-407
Income tax paid	-	-	-	-
Other taxes paid	-	-130	-	-20
<b>Net cash flows utilised in operating activities</b>	<b>-6,994</b>	<b>-7,449</b>	<b>-829</b>	<b>-1,088</b>
<b>INVESTING ACTIVITIES</b>				
Borrowings given	-11,640	-26,748	-1,377	-3,750
Investments in JV	-	-1,042	-	-157
<b>Net cash flows utilised in investing activities</b>	<b>-11,640</b>	<b>-27,790</b>	<b>-1,377</b>	<b>-3,908</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowings	17,999	43,471	2,129	6,252
Repayment of borrowings	-	-13,316	-	-2,029
<b>Net cash from financing activities</b>	<b>17,999</b>	<b>30,154</b>	<b>2,129</b>	<b>4,224</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-636</b>	<b>-5,085</b>	<b>-76</b>	<b>-771</b>
Net foreign exchange difference	4	38	-5	-21
Opening balance cash and cash equivalents	705	5,752	90	883
<b>Closing balance cash and cash equivalents</b>	<b>73</b>	<b>705</b>	<b>9</b>	<b>90</b>

# Notes to the consolidated financial statements and parent company accounts

## CORPORATE INFORMATION

Auriant Mining AB (publ) (“AUR AB”, “the Parent Company” or “the Company”) and its subsidiaries (collectively referred to as “the Group” or “the Auriant Mining Group”) currently engage in the exploration for and production of mineral gold in different regions of the Russian Federation. The Parent Company is a registered public limited liability company with its head offices in Sweden. The address of the head office is Box 55696, 102 15 Stockholm.

AUR AB was listed on the Swedish NGM Nordic Growth Market stock exchange on March 29, 2005 and has been listed on the Swedish stock exchange NASDAQ OMX First North Premier since July 19, 2010. At present, the company has approximately 2,500 shareholders.

The Board of Directors approved these consolidated accounts for publication on April 21, 2016.

## BASIS OF PREPARATION

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

The financial reports for 2015 have been prepared using the historical cost method and on accounting principles assuming that the Group will continue its operations during a period sufficient to carry out its objectives and commitments, and will not beliquated in the foreseeable future.

The Parent Company accounts are prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board’s recommendation RFR 2 “Accounting for legal entities”. The accounting policies for the Parent Company are the same as for the Group with a few exceptions. These exceptions are, were applicable, described under each section below.

## BASIS OF CONSOLIDATION

The consolidated accounts are prepared in accordance with the Group’s accounting principles and include the accounts of the Parent Company and all subsidiaries over which the Group holds the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable, or convertible, are taken into consideration in assessing whether the Group has a controlling interest in another entity.

Subsidiaries are fully consolidated from the date on

which controlling interest is transferred to the Group. They are deconsolidated from the date on which such controlling interest ceases. The Group uses the acquisition method of accounting to report business combinations. The consideration transferred for the acquisition of a subsidiary is comprised of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group reports any non-controlling interest in the acquired entity either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net assets. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. The accounting principles of subsidiaries have been changed, where necessary, to ensure consistency with the accounting principles adopted by the Group.

In the Parent company accounts, investments in subsidiaries are reported at cost less any impairment charges. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The excess of the consideration transferred the amount of any non-controlling interest in the acquired entity and the fair value on the acquisition date of any previous equity interest in the acquired entity exceeding the fair value of the Group’s share of the identifiable net assets acquired is reported as goodwill. If this amount is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Business combinations and goodwill

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



tions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Goodwill is initially measured at cost, comprising the excess of the aggregate of the transferred consideration, the amount recognised for non-controlling interest and the acquisition date fair value of any previously held equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The Group has no goodwill as of December 31, 2015 (December 31, 2014 - nil).

#### (b) Interests in joint ventures

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

After acquisition of 70% interest in Kara-Beldyr from Canada's Centerra Gold Inc. (see Note 26 for details) during 2014 the Group has no interests in joint ventures on the years ended 2014 and 2015.

#### (c) Translation of foreign currency

Functional currency and reporting currency

In 2014, the Group changed its functional currency from the Russian ruble to the US dollar. Starting from 1 January 2014 the carrying value of assets is accounted for in US dollars. The consolidated accounts are presented in Swedish Krona (SEK), which is the Swedish Parent Company's functional currency and the reporting currency.

Translation of foreign subsidiaries and other foreign operations

The earnings and the financial positions of all Group companies (none of which have a high-inflation cur-

rency), having a different functional currency than the reporting currency, are translated to the Group's reporting currency as follows:

- assets and liabilities for each of the statements of financial position are converted at the closing rate;
- income statements for each of the subsidiaries are converted at the average exchange rate (provided that this average rate constitutes a reasonable approximation of the accumulated effect of the rates applying on the date of the transaction, otherwise assets and liabilities are converted at the rate on the date of the transaction), and
- all exchange rate differences arising are recognised as a separate component of other comprehensive income and the cumulative effect is included in the translation difference reserve in equity.

Goodwill and adjustments to the fair value arising upon the acquisition of a foreign company are treated as assets and liabilities attributable to the operations and are converted at the closing rate.

#### *Receivables and liabilities in foreign currency*

Receivables and liabilities in foreign currency are valued at the exchange rate on the balance sheet date. Exchange rate differences for operational receivables and operational liabilities are included in operating income, while exchange rate differences for financial receivables and liabilities are reported in financial items. Unrealised exchange rate gains and losses relating to operational receivables and liabilities are reported net under other operating income/expenses.

At December 31, 2015, the closing rate of 8.3524 SEK per US\$ (7.8117 SEK per US\$ at December 31, 2014) was applied. As a result of the SEK depreciation against the US dollar, income and expenses were translated using the following average rates of SEK per US\$: Q1 2015 - 8.3365, Q2 2015 - 8.4212, Q3 2015 - 8.4789 and Q4 2015 - 8.4991 (2014: H1 - 6.5966, Q3 - 6.9448 and Q4 - 7.4065 SEK per US\$).

#### (d) Intangible fixed assets

The intangible assets of Auriant Mining Group consist of mining permits (licenses), exploration and evaluation expenditures and mine development costs.

#### *Licences*

Licences for mining permits are initially reported at acquisition value. Such licences are acquired in Russia (the Group's only area of operation at present) usually at an open, public licence auction, where the winning price in the auction comprises the acquisition value.

#### *Exploration and evaluation expenditures*

Exploration costs are reported in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources. The Group applies the so-called Successful effort method for its exploration costs, implying that all expenses for licensing, exploration and evaluation are initially capitalised.

Exploration work is reported at acquisition value and

includes various activities, such as drilling of various natural areas, geochemical and magnetic surveys and analyses in laboratories. Exploration work can, in addition, include salary costs for the staff conducting the work, for materials and fuel, depreciation on machinery and equipment and administrative expenses directly attributable to the sites subject to the exploration work. Borrowing costs directly attributable to exploration projects commencing after January 1, 2009, are included in the capitalised amount of exploration costs.

Capitalised exploration costs are reported in accordance with IAS 38, Intangible assets when it has been established that there is extractable ore at an individual mining or placer property and technical possibilities and commercial potential for extraction of the ore body can be proven.

Purchased exploration and evaluation assets are recognized as assets at acquisition cost or at fair value if purchased as part of a business combination. An impairment review is performed, either individually or at cash-generating unit level (license areas) when there is an indication that the carrying amount of the assets may exceed their recoverable amounts.

#### *Mine development costs*

Mine development costs are capitalised and include expenditure incurred to develop new ore bodies, to define future mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production, and also include interest and financing costs relating to the construction of mineral property.

Mine development costs are amortised, upon commencement of production, applying a unit of production method based on the estimated proven and probable mineral reserves to which they relate, or they are written off if the property is abandoned. The net carrying amounts of mine development costs at each mining property are reviewed for impairment either individually or at the cash-generating unit level (license areas) when events and changes in circumstances indicate that the carrying amount may not be recoverable. To the extent that these values exceed their recoverable amounts, such excess is fully recognised as expenses in the "Other expenses" line of the consolidated income statement in the financial year in which this is determined.

Costs for development of a mining property where production has commenced are capitalised if it is likely that such costs will produce additional performance gains in the mining property, resulting in the likelihood of prospective economic benefits, which includes future revenue from newly discovered gold, cost savings or other benefits resulting from the use of the asset in question. Should this not apply, these expenses are reported as production costs in the period in which they incur.

Intangible fixed assets are subject to amortisation according to the unit of production method. According to the unit of production method, amortisation is reported at the same rate as production. This means that the total expected production of gold from each license object is evaluated during the licence object's expected useful economic lifetime and amortisation in each period is carried out corresponding to the period's proportional share of the total expected production. The

amortisation of a license object begins to be reported when commercial production from that license object is underway.

#### (e) Stripping costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and are subsequently amortised over its useful life applying a units of production method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as determined by management.

Stripping costs incurred during the production phase are generally considered to result in two benefits, either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a stripping activity asset, provided the following criteria are met:

- Future economic benefits (improved access to the ore body) are probable
- The component of the ore body for which access will be improved can be accurately identified
- The costs associated with the improved access can be reliably measured

If not all of these criteria are fulfilled, the production stripping costs are charged to the statement of profit or loss as operating costs as they incur.

In identifying components of the ore body, the Group works closely with the mining operations' personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans and, therefore, the identification of components, can vary between mines for a number of reasons. These include, but are not limited to: the type of commodity, the geological characteristics of the ore body and/or the geographical location.

The stripping activity asset is initially measured at cost, which is comprised of the accumulation of costs directly incurred to perform the stripping activity improving access to the identified ore component, plus an allocation of directly attributable overhead costs. If incidental operations take place at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, then, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is applied to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production



measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is, subsequently, depreciated applying the units of production method over the life of the identified ore body component that became more accessible as a result of the stripping activity. Economically recoverable reserves are applied to determine the expected useful life of the identified ore body component. The stripping activity asset is, then, carried at cost less depreciation and any impairment losses.

As of December 31, 2015, the Group recognised the stripping assets in an amount of MSEK 19.505 (US\$ 2.335 m) (December 31, 2014: MSEK 24.936 (US\$ 3.192 m)).

#### (f) Tangible fixed assets

Tangible fixed assets consist of buildings, machinery, office equipment, tools, technical plants and construction in progress. All tangible fixed assets are reported at historical cost less depreciation. The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and the initial estimate of the restoration obligation. The purchase price or construction cost is comprised of the aggregate amount paid and the fair value of any other consideration provided to acquire the asset. Borrowing costs directly attributable to tangible assets acquired after January 1, 2009 are also included in the acquisition value. The capitalised value of a financial lease is also included within tangible fixed assets. Expenditure for improvement of the performance of the assets over and above their original performance increases the reported value of these assets. Expenditure for repair and maintenance is reported as an expense in the period in which it is incurred.

Russian legislation does not, yet, permit the ownership of land within the license area. Land owned by the company consists of plots at which office buildings or warehouses are situated. Land is not depreciated.

Construction in progress is represented mostly by new plant construction. The Group assesses the degree of completion of the plant under construction to determine when it moves into gold production. Upon completion of construction, the assets are reported as buildings or machinery, equipment and other technical plants. The assets' residual value and useful life are reviewed on each balance sheet date and adjusted when necessary. When an asset's reported value is deemed to possibly not be able to be recovered, an impairment loss is reported immediately reflecting its recoverable amount.

Gains and losses on disposals are determined by comparing sales revenues with their reported value. These items are reported under other operating income and other operating expenses, respectively, in the income statement.

At each reporting date, management assess whether

there is any indication of impairment within the categories of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and an impairment loss is recognised as an expense in the "Other expenses" line of consolidated income statement. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Tangible fixed assets are depreciated according to the particular asset's estimated useful lifetime (for details, refer to the paragraph "Depreciation and amortisation below"). If applicable, the asset's residual value is taken into account when establishing the depreciable amount of the asset.

#### (g) Inventory

Inventory is valued, with application of the weighted average method, at the lower of the acquisition value and the net realisable value on the balance sheet date. Pure gold and semi-finished products comprise direct manufacturing costs such as lining material, wages and, also, assignable production overhead costs. Borrowing costs are not included in the valuation. The net sale value is comprised of the normal sales price with deductions for usual selling expenses.

Auriant Mining manufactures, via its subsidiaries, gold concentrate at various advanced levels. The gold concentrate is usually smelted by the subsidiary into Doré class gold ingots prior to delivery to external refineries (smelting works) for final enrichment to sale quality (24 carat). This gold is designated as "finished goods". The consolidated statement of financial position also includes an item covering the spare parts, diesel fuel, etc. that is consumed during gold manufacture. This category of assets is referred to as "raw materials and consumables". Furthermore, the consolidated statement of financial position includes work in progress, such as preparation work (overburden, etc.) and ores, stored at the warehouses. Together "finished goods", "raw materials and consumables" and "work in progress" constitute items in the statement of financial position referred to as "inventory".

#### (h) Financial instruments

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

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

statement of financial position when the liabilities under the agreement have been fulfilled or, in any other way, rescinded.

#### Classification

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

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

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

##### b) Loans receivable and accounts receivables

Loans receivable and accounts receivables are non-derivative financial assets with determined or determinable payments that are not listed on an active market. Receivables arise when the company supplies money, goods or services directly to a customer without any intention of trading the receivable. These receivables are included in current assets, with the exception of items with a maturity date more than 12 months after balance sheet date which are classified as fixed assets. The Group's loans receivables and trade receivables consist of trade accounts receivables and cash and cash equivalents.

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

##### c) Financial assets available for sale

Financial assets available for sale are assets that are non-derivative and for which the assets identified as available for sale are not classified in any of the other categories. These assets are included in fixed assets if management does not intend to sell the asset within 12 months after the reporting period. Assets in this category are continuously measured at fair value and changes in fair value are recognised as other comprehensive income, and the cumulative effect is included in other reserves in equity.

##### d) Financial liabilities

Financial liabilities include trade creditors and bor-

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

#### Fair value hierarchy

When the fair value of financial assets and financial liabilities reported in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are obtained from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions regarding such factors can affect the reported fair value of financial instruments.

#### (i) Cash and cash equivalents

Cash and cash equivalents are defined as cash and bank balances, as well as short-term investments with a maturity of three months or less from acquisition date which can easily be transformed into cash.

#### (j) Borrowings

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

#### (k) Trade and other payables

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

#### (l) Value added tax

Gold production and subsequent sales are not subject to output value added tax. Input VAT is recoverable against income tax. Where input VAT is not recoverable, the VAT provision is reported in the statement of financial position corresponding with the statement of comprehensive income in the relevant period.

#### (m) Revenue recognition

Revenue comprises the fair value of the consideration received, or to be received, for the sale of goods in the ordinary course of the Group's activities. Revenue is reported net of value added tax and after elimination of inter-company sales. The Group recognises revenue when the amount of income can be reliably measured and it is probable that future economic benefits will flow to the entity.

##### a) Sale of gold

Revenue from the sale of gold is reported when a binding purchase agreement has been concluded and when



delivery to the buyer has been completed, usually to a Russian licensed commercial bank. Reporting is preceded by the semi-finished product that the Group produces, a gold ore concentrate, being delivered to a refinery that enriches the ore concentrate into the end product, 24 carat pure gold and a certain residual amount of silver. Sales are reported gross before the mineral resources extraction tax (MRET). The MRET amounts to 6% of the produced volume of gold, multiplied by the latest sales price. The MRET is, thus, directly related to the volume of gold produced, but not to the actual volume sold. Consequently, the MRET is reported as a production cost among operating expenses. The sale of gold is currently not subject to value added tax in Russia.

#### (b) Other income

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

#### (c) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

#### (n) Depreciation and amortisation

##### Intangible fixed assets

Intangible fixed assets are subject to amortisation according to the unit of production method. According to the unit of production method, amortisation is reported at the same rate as production. This means that the total expected production of gold from each license object is evaluated during the licence object's expected useful economic lifetime and amortisation in each period is carried out corresponding to the period's proportional share of the total expected production. The amortisation of a license object is reported when commercial production from that license object has commenced.

##### Tangible fixed assets

Tangible fixed assets are depreciated according to the particular asset's estimated useful lifetime. If applicable, the asset's residual value is taken into account when establishing the depreciable amount of the asset.

The straight-line method of depreciation is applied for tangible fixed assets, based on the following expected useful lifetimes:

Buildings	10 – 60 years
Processing plants	2 – 10 years
Machinery	2 – 10 years
Computers	3 years

#### (o) Employee benefits

All of the Group's pension plans are defined contribution plans, in which the Group pays fixed contributions into a separate entity. The Group has no legal or con-

structive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current period and prior periods. Wages, salaries, contributions to the Russian Federation state pension and social security funds, paid annual leave and sick leave and bonuses are accrued in the period in which the associated services are rendered by the employees of the Group.

#### (p) Employee incentive programs

In 2013 the Group has started to report employee incentive programs. Incentive programs consists of warrants and options to acquire shares granted to employees. See Note 18 for further details. The accounting treatment is based on the standard IFRS 2, "Share-based Payment".

Employee incentive programs are measured at fair value as at the grant date using the Black-Scholes model and the Monte-Carlo simulation model, depending on the program.

Programs are recognised in financial statements as personnel costs and related equity (additional paid in capital). Each program consists of three tranches with separate vesting periods, i.e. in accounting terms making up 3 separate programs running simultaneously (with a 1, 2 and 3 year vesting periods, respectively). The cost is, therefore, recognized linearly for each tranche over the vesting period. When acquired warrants and options are used by employees to acquire shares and the company issues new shares, this is accounted for as any other share issue.

#### (q) Leasing

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

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

#### (r) Provisions

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

ing period. The Group reviews its mine restoration provisions annually. The provisions at the reporting date represents management's best estimate of the present value of the future restoration costs required. Changes to estimated future costs are reported in the statement of financial position by either increasing or decreasing the restoration liability and restoration asset.

#### (s) Items affecting comparability

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

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

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

#### (t) Current and deferred income tax

The tax expense for the period includes current and deferred tax. Taxes are recognised in the income statement, except when the tax refers to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in the statement of other comprehensive income or in equity.

The current tax expenses are reported on the basis of the tax regulations determined on the balance sheet date or which, in practice, were determined in the countries in which the Parent Company subsidiaries operate and generate taxable income. Management regularly assesses the applications made in income tax returns in relation to situations where applicable tax regulations are the subject of interpretation. When considered appropriate, provisions are reported for amounts that are likely to be payable to the Tax Agency.

Deferred income taxes are recognised, applying the liability method, on all temporary differences arising between the taxable value of assets and liabilities and their reported values in the consolidated financial statements. However, deferred tax is not recognised if it arises as a consequence of a transaction constituting the initial recognition of an asset or liability that is not a business combination and which, at date of the transaction, affects neither the recognised nor taxable results. Deferred income tax is calculated applying the tax rates (and legislation) which have been determined or announced on balance sheet date and which are expected to apply when the deferred tax asset in question is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent it is probable that future tax surpluses will be available against which temporary differences can be offset.

Deferred tax is reported on the basis of the temporary

differences arising on participations in subsidiaries and joint ventures, except when the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

#### (u) Equity

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

#### (v) Cash flow statement

Cash flows from operating, investing and financing activities are reported using the direct method.

Interest paid and received is classified as financing activities in the cash flow statement.

Cash and cash equivalents are defined as cash and bank balances, as well as short-term investments with maturity of three months or less from the date of acquisition, which can easily be transformed into cash.

#### (w) Management of financial risks

##### Policy for the management of financial risks

The Group's activities expose it to a variety of financial risks: a) market risk (including currency and gold price risk, time lapse, translation exposure and interest rate risk), b) credit risk and c) liquidity risk including capital risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group attempts to mitigate the effects of these risks by ensuring that the Board and the management have the relevant competence. Consequently, the company works proactively by carrying out suitable measures to counteract and manage the risks and, in addition, the Group obtains advice from consultants, when necessary. The company does not use derivative instruments to hedge financial risks.

The Group's assessed risk exposure relating to financial instruments is further described in Note 21.

#### (x) Segment reporting

Operating segments are recognised in a manner complying with the internal reporting submitted to the highest decision-making function. At Group level, this function has been identified as the CEO, who is responsible for and manages the day-to-day administration of the Group in accordance with the guidelines of the Board.

Since the date of its formation, the Group has only extracted one product, gold, in one economic environment, Russia. An operating segment is a Group of assets and performed activities exposed to risks and rewards differentiating them from other operating segments. A geographical area is an area in which assets, goods or services are exposed to risks relating to a certain economic environment differentiating them from risks associated with activities in other economic environments. As a result, the group is only considered to have one operating segment.



## NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied, for the first time, certain standards and amendments in effect for annual periods beginning on or after 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but which has not yet come into effect.

Information on the nature and the effect of these changes is provided below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

### Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are associated with service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contribution is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group as none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

### Annual Improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these improvements for the first time in these consolidated financial statements. They include:

#### IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with the manner in which the Group has identified any performance and service conditions which are vesting conditions in previous periods. In addition, the Group did not grant any awards during the second half of 2014 and 2015. Consequently, these amendments did not impact the Group's financial statements or accounting policies.

#### IFRS 3 Business Combinations

The amendment is applied prospectively and specifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the

scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

### IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately in order that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Group during the current period.

### IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity providing key management personnel services) is a related party subject to the related party disclosures. In addition, an entity using a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

### Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

#### IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement

The Group is not a joint arrangement and, therefore, this amendment is not relevant for the Group and its subsidiaries.

#### IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

#### IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies

that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Consequently, this amendment did not impact the accounting policy of the Group.

## ESTIMATIONS AND EVALUATIONS IN THE FINANCIAL STATEMENTS

In order to prepare financial statements in accordance with IFRS, estimations and assumptions must be undertaken affecting the reported asset and liability amounts, as well as income and expenses and other information submitted in the annual financial statements. The evaluations and estimations made by the Board of Directors and the management are based on historic experience and forecasts of future developments. The actual outcome may differ from these estimations.

In particular, information about significant areas of uncertainty regarding the estimations considered by management in preparing the consolidated financial statements is described below.

### Ore calculation principles

The Group reports ore reserves in accordance with Russian geological standards. In brief, this means that, after the initial exploration period for a mining licence, all mineral licence holders in Russia most undergo an ore classification inspection (roughly equivalent to a western feasibility study) by the Russian State Committee on Reserves, GKZ, either in Moscow or at GKZ's appropriate regional office. This ore classification is performed once and can then be updated as required. If the ore reserves are approved, they are entered in the Russian state register of reserves and will provide the basis for production requirements that are, consequently, drawn up for the licence holder. The Russian principles for ore classification are similar, but not identical, to western standards.

The Russian registered ore reserves form the basis for the Group's amortisation of mining permits and exploration costs in accordance with the Unit of production method.

The registered ore reserves are, thus, established by an external, governmental body (GKZ), which is independent of the Group. The calculation of the reserves is based on a very comprehensive range of geological and financial data summarised in a Russian feasibility study. Ore reserves are not static, but may vary over time depending on factors such as the price of gold, new geological information, currency exchange rates and cost levels. A change in ore reserves can have a considerable impact on such matters as amortisation, restoration costs and the value of assets.

### Restoration costs

An obligation regarding future restoration costs arises when there is an environmental impact due to a mining operation in the form of exploration, evaluation, development or on-going production. The restoration costs are calculated on the basis of a restoration plan. The

Group reviews its mine restoration provision annually. Significant estimates and assumptions are made in determining the provision for mine restoration, as there are numerous factors affecting the ultimate liability payable. These factors include estimates of the extent and costs of restoration activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts for which current provisions have been reported. The provision at reporting date represents management's best estimate of the present value of the future, required restoration costs. Changes in estimated future costs are reported in the statement of financial position by either increasing or decreasing the restoration liability and restoration asset if the initial estimate was originally reported as part of an asset measured in accordance with IAS 16 Property, Plant and Equipment. Any reduction in the restoration liability and, therefore, any deduction from the reported restoration asset may not exceed the reported value of that asset. If it does, any excess over the reported value is reported immediately in profit or loss. If the change in the estimate results in an increase in the restoration liability and, therefore, an increase in the reported value of the asset, the entity is required to consider whether this is an indication of the impairment of the asset as a whole and is to test for impairment in accordance with IAS 36.

The amount of the restoration costs depends on the type of land in which the mining operation is located. If the mining operation is located within an area originally classified as agricultural, forestry or building land, the restoration requirements are more extensive. If, on the other hand, the land in question did not have any particular alternative use at the time of the initiation of the mining operation, the restoration requirements are more modest. At present, none of the different mining licences in eastern Siberia held by the Group are located on agricultural, forestry or building land.

See Note 19 for further details.

### Impairment of assets

The Group reviews each cash generating unit annually, in order to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell, and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash



generating units as comprising an individual mining licence, which is the lowest level for which cash inflows are largely independent of those of other assets.

An impairment test was carried out on the Group's productive gold assets as on December 31, 2015. The most significant portion of the intangible and tangible fixed assets relates to the Tardan and Staroverinskaya (Solcocon) license areas. For this purpose, a discounted cash flow model has been used extending over a 5-year period together with a consideration of the value of registered reserves. A number of variables are simulated in the model. Among the more important assumptions are the price of gold and the yield required. The base assumption regarding the price of gold during the period is a value of 1,100 US\$/oz and the yield required is 10% per year. A number of other assumptions are also important. The result of the base assumptions is that no impairment is required at year-end 2015 for Tardan.

In 2015, mining at the Solcocon was temporarily terminated, whilst exploration work took place in the hard rock and alluvial deposits. Auriant will not re-start hard rock gold production at Solcocon in 2016, but will focus on the further development of the Tardan mine. As a result of terminating production at Solcocon, Solcocon assets were impaired by MSEK 133.0 (US\$ 16.0 m) as on December 31, 2015 and recorded as Items affecting comparability in the consolidated income statement. The Group management is looking at various options for Solcocon and these could result in a reverse of the impairment provision.

See Note 6, Note 10 and Note 13 for further details.

An impairment tests of significant assets is also performed at the Parent Company level. The impairment test is based on a 5-year cash flow model forecasts prepared for Auriant's production units. Cash flows are discounted to their present value using a discount rate reflecting current market assessments of the time value of money and the risks specific to the asset. The net present value of the forecasted cash flow is compared to the book values of shares and loans provided by the Parent Company. Where an impairment indicator exists, i.e. the book value exceeds the net present value of the forecasted cash flow, an impairment provision is recorded at t year end. As a result of impairment tests performed as of December 31, 2015 at Parent Company level, there was a reversal of previous impairment of investments in Tardan in an amount of MSEK 291.1 (US\$ 34.9 m), partially offset by an impairment provision of the investments in Solcocon in the amount of MSEK 187.5 (US\$ 22.4 m).

#### *Recovery of deferred tax assets*

Judgment is required in determining whether deferred tax assets are to be reported in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecasted earnings from operations and the application of existing tax laws in each jurisdiction. To the extent that actual taxable income differs significantly from estimated, forecasted taxable income, the

ability of the Group to realise the net deferred tax assets reported at reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to secure tax deductions in future periods.

See Note 9 for further details.

#### *Inventories*

Net realisable value tests are performed at least once per year and represent the estimated future sales price of the product, based on prevailing spot metal prices at the reporting date, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by means of periodic surveys.

See Note 15 for further details.

#### *Fair value of financial instruments*

When the fair value of financial assets and financial liabilities reported in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions regarding these factors could affect the reported fair value of the financial instruments.

See Note 21 for further details.

## NOTE 1

### REVENUE

All revenue from the sale of gold of MSEK 252.235 (US\$ 29.829 m) (2014: MSEK 297.481 (US\$ 42.627 m) is generated by the Russian entities of the Group. No revenue is generated in Sweden. In 2015, the Group had a single customer for gold and gold equivalents – the Russian bank, Promsvyazbank.

During 2015, the Group also had revenue of MSEK 30.606 (US\$ 3.600 m) from the management of five gold properties located in Russia's Chukotka region and owned by Aristus Holdings Ltd.

## NOTE 2

### OTHER INCOME AND EXPENSES

	Group		Parent Company		Group		Parent Company	
	2015 TSEK	2014 TSEK	2015 TSEK	2014 TSEK	2015 US\$000	2014 US\$000	2015 US\$000	2014 US\$000
<b>Other operating income</b>								
Services to contractors (rent, accomodation services, other)	7,204	3,303	-	-	854	480	-	-
Stock-take surplus	123	1,059	-	-	15	154	-	-
Reversal of provision	-	371	-	-	-	54	-	-
Waiver of a liability to Tardan Gold LLC	-	-	-	44,317	-	-	-	6,462
Other	733	462	90	-	84	81	11	-
<b>Total other operating income</b>	<b>8,060</b>	<b>5,195</b>	<b>90</b>	<b>44,317</b>	<b>953</b>	<b>769</b>	<b>11</b>	<b>6,462</b>

#### Services to contractors

Services to contractors refers to property rental services to alluvial operator LLC Urumkan for the entire year 2015 and 2014 and to sales of materials, provision of accomodation services to major contractors of LLC Tardan, Group subsidiary. Other operating income increased by 24% mainly due to the growth in rental services provided to LLC Urumkan.

	Group		Parent Company		Group		Parent Company	
	2015 TSEK	2014 TSEK	2015 TSEK	2014 TSEK	2015 US\$000	2014 US\$000	2015 US\$000	2014 US\$000
<b>Other operating expenses</b>								
Penalties to suppliers and tax authorities	-2,546	-1,735	-	-	-302	-252	-	-
Provision for slow-moving materials	-2,249	-214	-	-	-267	-31	-	-
Reserve on tax court proceedings	-2,132	-	-	-	-253	-	-	-
Bad debt expenses, shortage of materials write-off	-534	-2,819	-	-	-63	-409	-	-
Bank fees	-191	-477	-	-	-23	-69	-	-
Write-off net assets of Gold Borzja	-	-629	-	-	-	-91	-	-
Other	-913	-465	-	-	-104	-67	-	-
<b>Total other operating expenses</b>	<b>-8,565</b>	<b>-6,339</b>	<b>-</b>	<b>-</b>	<b>-1,012</b>	<b>-919</b>	<b>-</b>	<b>-</b>

#### Provision for slow-moving materials

Provision for slow-moving materials mostly relates to LLC Rudtechnology gold production being put on hold.

#### Reserve on tax court proceedings

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

#### Write-off net assets of Gold Borzja

Net assets of Gold Borzja have been written off due to its liquidation in May 2014



NOTE 3

COST OF SALES

	Group		Group	
	2015 TSEK	2014 TSEK	2015 US\$000	2014 US\$000
External expenses	65,185	69,745	7,731	10,065
Materials	54,517	70,801	6,454	10,300
Employee benefit expenses	50,945	68,622	6,038	10,007
Taxes	18,598	25,379	2,199	3,637
Alluvial operator costs	-	64,221	-	9,223
Depreciation, amortization and write downs	78,056	48,859	9,323	7,099
Change in stock of finished and semi-finished goods	-26,918	10,892	-3,207	1,707
Change in stripping asset	1,232	-21,921	145	-3,286
<b>Total external expenses</b>	<b>241,615</b>	<b>336,598</b>	<b>28,683</b>	<b>48,752</b>

External expenses, materials, employee benefit expenses and taxes decreased by 34%, mainly as result of RUR depreciation against US \$. Alluvial operator (Uryumkan) costs referred to alluvial gold production in 2014. No alluvial production took place in 2015. Stripping works capitalised during year 2014 were amortized in 2015 as a result of improved access to the ore. Capitalized stripping works in the amount of MSEK 21.921 (US\$ 3.286 m) in 2014 refer to excess stripping at pit #1 and #3, respectively, at Tardan.

NOTE 4

EMPLOYEE BENEFIT EXPENSES

	Group		Parent Company		Group		Parent Company	
	2015 TSEK	2014 TSEK	2015 TSEK	2014 TSEK	2015 US\$000	2014 US\$000	2015 US\$000	2014 US\$000
<b>Salaries and remuneration in Sweden</b>								
Board of Directors	1,434	1,767	1,217	1,328	170	260	144	194
including stock options and warrants	218	439	-	-	26	67	-	-
Other employees	873	851	873	851	104	123	104	124
including CEO	384	384	384	384	46	56	46	56
	<b>2,307</b>	<b>2,618</b>	<b>2,090</b>	<b>2,179</b>	<b>274</b>	<b>383</b>	<b>248</b>	<b>318</b>

<b>Salaries and remuneration in Russia</b>								
CEO and Senior executives	8,172	10,207	-	-	969	1,503	-	-
including stock options and warrants	789	2,037	-	-	94	309	-	-
Other employees	48,415	61,011	-	-	5,737	8,901	-	-
including stock options and warrants	216	302	-	-	26	46	-	-
	<b>56,587</b>	<b>71,218</b>	<b>-</b>	<b>-</b>	<b>6,706</b>	<b>10,404</b>	<b>-</b>	<b>-</b>

<b>Total salaries and remuneration</b>	<b>58,894</b>	<b>73,836</b>	<b>2,090</b>	<b>2,179</b>	<b>6,980</b>	<b>10,787</b>	<b>248</b>	<b>318</b>
--	---------------	---------------	--------------	--------------	--------------	---------------	------------	------------

<b>Social security expenses in Sweden</b>								
Board of Directors	356	401	356	401	42	58	42	58
Other employees	173	268	173	268	21	39	21	39
including CEO	121	121	121	121	14	18	14	18
	<b>529</b>	<b>669</b>	<b>529</b>	<b>669</b>	<b>63</b>	<b>97</b>	<b>63</b>	<b>97</b>

<b>Social security expenses in Russia</b>								
CEO	695	467	-	-	82	68	-	-
Senior executives	666	848	-	-	79	124	-	-
Other employees	12,839	16,812	-	-	1,523	2,452	-	-
	<b>14,200</b>	<b>18,127</b>	<b>-</b>	<b>-</b>	<b>1,684</b>	<b>2,644</b>	<b>-</b>	<b>-</b>

<b>Total social security expenses</b>	<b>14,729</b>	<b>18,796</b>	<b>529</b>	<b>669</b>	<b>1,747</b>	<b>2,741</b>	<b>63</b>	<b>97</b>
---------------------------------------	---------------	---------------	------------	------------	--------------	--------------	-----------	-----------

<b>Total employee benefit expenses</b>	<b>73,623</b>	<b>92,632</b>	<b>2,619</b>	<b>2,848</b>	<b>8,727</b>	<b>13,528</b>	<b>311</b>	<b>415</b>
--	---------------	---------------	--------------	--------------	--------------	---------------	------------	------------

	Group		Parent Company	
	2015	2014	2015	2014
<b>Group – Board of Directors and CEO at year-end</b>				
Women	-	-	-	-
Men	6	6	6	6
<b>Group – Management at year-end</b>				
Women	2	2	1	1
Men	4	4	-	-

NOTE 3

COST OF SALES

	Group		Parent Company	
	2015 TSEK	2014 TSEK	2015 TSEK	2014 TSEK
External expenses	65,185	69,745	7,731	10,065
Materials	54,517	70,801	6,454	10,300
Employee benefit expenses	50,945	68,622	6,038	10,007
Taxes	18,598	25,379	2,199	3,637
Alluvial operator costs	-	64,221	-	9,223
Depreciation, amortization and write downs	78,056	48,859	9,323	7,099
Change in stock of finished and semi-finished goods	-26,918	10,892	-3,207	1,707
Change in stripping asset	1,232	-21,921	145	-3,286
<b>Total external expenses</b>	<b>241,615</b>	<b>336,598</b>	<b>28,683</b>	<b>48,752</b>

External expenses, materials, employee benefit expenses and taxes decreased by 34%, mainly as result of RUR depreciation against US \$. Alluvial operator (Uryumkan) costs referred to alluvial gold production in 2014. No alluvial production took place in 2015. Stripping works capitalised during year 2014 were amortized in 2015 as a result of improved access to the ore. Capitalized stripping works in the amount of MSEK 21.921 (US\$ 3.286 m) in 2014 refer to excess stripping at pit #1 and #3, respectively, at Tardan.



	Total 2015	of which woman	Total 2014	of which woman
<b>Number of employees</b>				
<b>Average number of employees</b>				
Parent Company in Sweden	1	1	1	1
Subsidiaries in Russia	611	112	801	141
<b>Total for the Group</b>	<b>612</b>	<b>113</b>	<b>802</b>	<b>142</b>
<b>Number of employees at year-end</b>				
Parent Company in Sweden	1	1	1	1
Subsidiaries in Russia	516	101	788	163
<b>Total for the Group</b>	<b>517</b>	<b>102</b>	<b>789</b>	<b>164</b>

#### Remuneration and other benefits of the Board\* and Senior executives

	2015 TSEK	2014 TSEK	2015 US\$000	2014 US\$000
<b>Board of directors</b>				
Lord Daresbury (Peter), Chairman of the Board	360	390	43	58
Preston Haskell	225	244	27	36
Ingmar Haga	306	360	36	53
Andre Bekker	281	335	33	49
Bertill Villard**	137	360	16	53
James Provoost Smith	125	78	15	11
<b>Total Board of directors</b>	<b>1,434</b>	<b>1,767</b>	<b>170</b>	<b>260</b>
including stock options and warrants	218	439	26	67

#### Senior Executives\*\*\*

<b>Senior Executives excluding Chief Executive Officer</b>	<b>3,853</b>	<b>6,528</b>	<b>457</b>	<b>958</b>
Including stock options and warrants	308	849	36	129
<b>Chief Executive Officer - total:</b>	<b>4,703</b>	<b>4,063</b>	<b>557</b>	<b>601</b>
Payroll	4,222	2,874	500	420
Stock options and warrants	481	1,189	57	181
<b>Total Senior Executives</b>	<b>8,556</b>	<b>10,591</b>	<b>1,014</b>	<b>1,559</b>

\*Board fees, remuneration of Chief Executive Officer and Senior Executives are approved by AGM.

\*\*Board members who left the board of directors of Auriant Mining AB in 2015.

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

An incentive program for the Group's Board of Directors, senior executives and employees has been established through issue of stock options and warrants. For a detailed description of the program, please, refer to Note 18 of the report.

## NOTE 5

### GENERAL AND ADMINISTRATIVE EXPENSES

	Group		Parent Company		Group		Parent Company	
	2015 TSEK	2014 TSEK	2015 TSEK	2014 TSEK	2015 US\$000	2014 US\$000	2015 US\$000	2014 US\$000
Employee benefit expenses	22,678	24,010	2,619	2,848	2,689	3,521	311	415
External expenses*	9,230	9,617	5,408	5,690	1,054	1,388	641	830
Depreciation, amortization and write downs	212	453	-	-	25	67	-	-
<b>Total general and administrative expenses</b>	<b>32,120</b>	<b>34,080</b>	<b>8,027</b>	<b>8,538</b>	<b>3,768</b>	<b>4,976</b>	<b>952</b>	<b>1,245</b>

General and administrative expenses relate to Management and Parent companies.

\* External expenses include audit services. For the remuneration paid to the auditors refer the table below:

#### Audit fees

	Group		Parent Company		Group		Parent Company	
	2015 TSEK	2014 TSEK	2015 TSEK	2014 TSEK	2015 US\$000	2014 US\$000	2015 US\$000	2014 US\$000
<b>PWC</b>								
Audit fees	1,035	1,035	1,035	1,035	123	151	123	151
Audit related services	330	179	330	179	39	26	39	26
Tax consultancy services	-	57	-	57	-	8	-	8
Other consulting services	86	148	86	148	10	22	10	22
<b>Total fees for the audit and related services to PWC</b>	<b>1,451</b>	<b>1,419</b>	<b>1,451</b>	<b>1,419</b>	<b>172</b>	<b>207</b>	<b>172</b>	<b>207</b>

#### Other audit firms

Statutory audit and related services	190	245	-	-	22	36	-	-
<b>Total fees for the audit and related services to auditing firms</b>	<b>1,641</b>	<b>1,664</b>	<b>1,451</b>	<b>1,419</b>	<b>193</b>	<b>243</b>	<b>172</b>	<b>207</b>

## NOTE 6

### ITEMS AFFECTING COMPARABILITY

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

Mining at the Solcocon mine was temporally stopped during the year, whilst exploration work took place in the hard rock and alluvial deposits. Auriant will not recommence hard rock gold production at Solcocon in 2016. As a result of terminating production at Solcocon, its assets had been impaired by MSEK 132.994 (US\$ 15.978 m), as at December 31st 2015; this is a non cash provision. Auriant is looking at various options for Solcocon and these could result in a partial reverse of the impairment provision in the future.



## NOTE 7

## FINANCIAL INCOME

	Group		Group		Parent Company		Parent Company	
	2015 TSEK	2014 TSEK	2015 US\$000	2014 US\$000	2015 TSEK	2014 TSEK	2015 US\$000	2014 US\$000
Exchange rate differences	5,092	-	602	-	-	-	-	-
Interest income from Group companies	-	-	-	-	21,351	15,477	2,531	2,257
Net income from reversal of earlier impairment of investments in subsidiaries	-	-	-	-	103,563	-	12,278	-
<b>Total financial income</b>	<b>5,092</b>	<b>-</b>	<b>602</b>	<b>-</b>	<b>124,914</b>	<b>15,477</b>	<b>14,809</b>	<b>2,257</b>

## NOTE 8

## FINANCIAL EXPENSES

	Group		Group		Parent Company		Parent Company	
	2015 TSEK	2014 TSEK	2015 US\$000	2014 US\$000	2015 TSEK	2014 TSEK	2015 US\$000	2014 US\$000
Interest expenses on loans and borrowings	-60,086	-64,150	-7,125	-9,336	-21,494	-37,659	-2,550	-5,525
Interest expenses on leasing	-3,366	-4,407	-399	-640	-	-	-	-
Other interest expenses	-1,361	-156	-159	-25	-	-	-	-
<b>Total interest expenses</b>	<b>-64,813</b>	<b>-68,713</b>	<b>-7,683</b>	<b>-10,001</b>	<b>-21,494</b>	<b>-37,659</b>	<b>-2,550</b>	<b>-5,525</b>
Exchange rate differences	-	-51,725	-	-5,010	-23,524	-55,187	-2,787	-8,014
<b>Total financial expenses</b>	<b>-64,813</b>	<b>-120,438</b>	<b>-7,683</b>	<b>-15,011</b>	<b>-45,018</b>	<b>-92,846</b>	<b>-5,337</b>	<b>-13,539</b>

## NOTE 9

## INCOME TAX AND DEFERRED INCOME TAX

	Group		Parent Company		Group		Parent Company	
	2015 TSEK	2014 TSEK	2015 TSEK	2014 TSEK	2015 US\$ 000	2014 US\$ 000	2015 US\$ 000	2014 US\$ 000
Current tax	-	-	-	-	-	-	-	-
Deferred tax	-9,201	66,114	-	-	-1,116	9,671	-	-
<b>Total</b>	<b>-9,201</b>	<b>66,114</b>	<b>-</b>	<b>-</b>	<b>-1,116</b>	<b>9,671</b>	<b>-</b>	<b>-</b>

**Relationship between tax expense and reported profit/loss**

Pre-tax profit/loss	-169,396	-194,779	71,958	-41,590	-20,377	-26,262	8,531	-6,065
Tax according to applicable tax rate	34,134	41,606	-15,831	9,150	4,105	5,624	-1,877	1,334
Tax effect of expenses that are non-deductible for tax purposes	-68,189	-36,026	-44,798	-8,327	-8,084	-5,232	-5,311	-1,209
Tax effect of non-taxable income	44,275	71,012	64,039	-	5,166	10,797	7,592	-
Impairment of deferred tax assets	-17,265	-192	-	-	-2,047	-25	-	-
Adjustments in respect to income tax for previous years	-4,155	-	-	-	-493	-	-	-
Tax effect of loss carry-forwards for which deferred taxes recoverable are not reported	1,999	-10,286	-3,410	-823	236	-1,494	-404	-125
<b>Total</b>	<b>-9,201</b>	<b>66,114</b>	<b>-</b>	<b>-</b>	<b>-1,116</b>	<b>9,671</b>	<b>-</b>	<b>-</b>

The applicable tax rate for the Parent Company is 22%. The applicable tax rate for the Russian subsidiaries is 20%. The main business activities in the Group are carried out in Russia and the applicable tax rate used for the Group is 20%.

	Group			
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
<b>Deferred tax recoverable</b>	<b>TSEK</b>	<b>TSEK</b>	<b>US\$ 000</b>	<b>US\$ 000</b>
Incoming deferred tax recoverable	80,441	44,130	10,298	6,780
Change in deferred tax recoverable	6,117	65,193	65	7,215
Impairment of deferred tax	-17,096	-192	-2,047	-25
Offset of deferred tax asset against deferred tax liabilities	-17,087	-28,690	-2,046	-3,673
<b>Closing deferred tax recoverable</b>	<b>52,375</b>	<b>80,441</b>	<b>6,270</b>	<b>10,298</b>

Currently, tax loss carry-forwards in the Parent Company are not reported as deferred tax assets in the balance sheet, as it is uncertain whether such tax losses can be utilised based on the managerial character of the Parent Company. The total tax losses carried forward in the Parent Company amount to MSEK 92 and are not limited in time.

In the subsidiaries, deferred tax assets on tax losses carried forward are reported when it is probable that the subsidiary will generate sufficient taxable profits to utilise the tax losses within the foreseeable future. According to the Russian tax law, tax losses can be utilised within a period of 10 years from the year in which the loss incurred.

The Group has three entities with material amounts of deferred tax assets: LLC Tardan Gold, LLC GRE-324, LLC Rudtechnology. The majority of the deferred tax assets relates to tax losses carried forward. Based on the forecast, the LLC Tardan Gold will generate taxable profits enabling the main portion of deferred tax asset to be utilised within a period of 10 years. Deferred taxes of LLC GRE-324 and LLC Rudtechnology, both representing the Solcocon mine, were fully impaired as of December 31, 2015 in amount of MSEK 14,718 (US\$ 1.762 m) as the Solcocon mine operations were temporarily terminated and production will not re-start in 2016 as the Group will focus on the further development of Tardan. The Group management is looking at various options for Solcocon and these could result in a partial reversal of the impairment provision in the future.

	Group			
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
<b>Deferred tax liability</b>	<b>TSEK</b>	<b>TSEK</b>	<b>US\$ 000</b>	<b>US\$ 000</b>
Incoming deferred tax liability	17,530	19,548	2,719	3,003
Change in deferred tax liability on mining licences and capitalised work for own account	-4,191	-2,549	-495	-367
Change in deferred tax liability on non-current assets	17,087	29,222	2,046	3,755
Offset of deferred tax asset against deferred tax liability	-17,087	-28,690	-2,046	-3,673
<b>Total deferred tax liability</b>	<b>13,339</b>	<b>17,530</b>	<b>2,224</b>	<b>2,719</b>

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



NOTE 10

MINING PERMITS AND CAPITALISED EXPLORATION COSTS

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
All amounts in TSEK	TSEK	TSEK	TSEK	TSEK
Opening balance	290,574	205,832	392	392
Capitalized exploration costs	6,907	9,903	-	-
Acquisition of subsidiary	-	60,426	-	-
Impairment of assets, Solcocon	-74,328	-	-	-
Translation difference	10,037	14,413	-	-
Closing balance	233,190	290,574	392	392
Opening balance, amortizations and write downs	-48,409	-38,099	-392	-392
Amortization for the period	-25,653	-10,310	-	-
Impairment of assets, Solcocon	4,473	-	-	-
Closing amortizations and write downs	-69,589	-48,409	-392	-392
Closing net book value	163,601	242,165	-	-

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
All amounts in US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Opening balance	41,260	31,626	60	60
Capitalized exploration costs	819	1,438	-	-
Acquisition of subsidiary	-	8,196	-	-
Impairment of assets, Solcocon	-9,081	-	-	-
Translation difference	-	-	-	-
Closing balance	32,998	41,260	60	60
Opening balance amortizations and write downs	-7,332	-5,854	-60	-60
Amortization for the period	-3,121	-1,478	-	-
Impairment of assets, Solcocon	536	-	-	-
Closing amortizations and write downs	-9,917	-7,332	-60	-60
Closing net book value	23,081	33,928	-	-

Assets are mainly represented by exploration and mine development costs and are held by the Russian subsidiaries of the Group (no assets are held by the Swedish subsidiary). Intangible assets represent a significant portion of the assets in the Group and impairment tests are regularly carried out by management in order to ensure that the recoverable values of these assets is not lower than their carrying values. The impairment tests are carried out through the use of a discounted cash flow model over the calculated lifetime of the asset/deposit and with consideration of the registered reserves on the deposit/license area. A number of variables are simulated in the model. Among the more important variables are the price of gold and the yield required.

An impairment test was carried out on the Group's productive gold assets as at 31 December, 2015. The most significant portion of the intangible assets refers to the Tardan license area and the Staroverenskaya license area. The key assumptions applied in the test were the price of gold during the test period of 1,100 USD/oz, and a required yield of 10% per year. The result of the impairment tests on LLC Tardan Gold was that no impairment of the intangible assets was required as at December 31, 2015.

As the Solcocon mine operations were temporarily terminated and production will not re-start in 2016 as the Group will focus on further development of Tardan, the Group reported an impairment provision of intangible assets in the amount of MSEK 69.855 (US\$ 8.545 m). The Group management is looking at various options for Solcocon and these could result in a partial reversal of the impairment provision.

NOTE 11

BUILDINGS AND LAND

	Group			
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
	TSEK	TSEK	US\$000	US\$000
Opening balance	112,860	96,661	14,321	14,852
Fixed assets put into use	493	2,812	58	408
Acquisition of subsidiary	-	332	-	42
Internal transfer	-	-6,371	-	-981
Impairment of assets, Solcocon	-8,237	-	-820	-
Translation difference	8,121	19,426	-	-
Closing balance accumulated acquisition values	113,237	112,860	13,559	14,321
Opening balance	-26,110	-15,818	-3,230	-2,430
Depreciation for the financial year	-8,955	-6,855	-1,062	-995
Acquisition of subsidiary	-	-222	-	-28
Internal transfer	-	1,409	-	223
Impairment of assets, Solcocon	1,474	-	29	-
Translation difference	-2,003	-4,624	-	-
Closing balance accumulated depreciation	-35,594	-26,110	-4,263	-3,230
Closing net book value	77,643	86,750	9,296	11,091



NOTE 12

MACHINERY, EQUIPMENT AND OTHER TECHNICAL PLANTS

	Group			
	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2015 US\$000	31-12-2014 US\$000
Opening balance	318,514	241,616	40,468	37,124
Purchases	713	13,249	84	1,920
Fixed assets put into use	23,293	5,808	2,762	844
Acquisition of subsidiary	-	2,485	-	318
Internal transfer	-1,992	6,371	-307	981
Disposals	-421	-3,274	-50	-476
Impairment of assets, Solcocon	-119,494	-	-13,901	-
Stocktake write-off	-2,168	-1,669	-257	-243
Translation difference	23,512	53,928	-	-
Closing accumulated acquisition values	241,957	318,514	28,800	40,468
Opening balance	-154,702	-95,012	-19,578	-14,598
Depreciation for the financial year	-43,659	-32,147	-5,166	-4,692
Disposals	301	598	36	87
Impairment of assets, Solcocon	89,465	-	10,413	-
Acquisition of subsidiary	-	-1,416	-	-181
Internal transfer	-	-1,409	-	-223
Stocktake write-off	1,642	201	195	29
Translation difference	-10,816	-25,517	-	-
Closing accumulated depreciation	-117,769	-154,702	-14,100	-19,578
Closing net book value	124,188	163,812	14,699	20,890

NOTE 13

CONSTRUCTION IN PROGRESS

	Group			
	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2015 US\$000	31-12-2014 US\$000
Opening balance	18,031	19,208	2,181	2,951
Purchases during the year	3,229	3,444	383	501
Fixed assets put into use	-23,786	-8,620	-2,820	-1,252
Internal transfer	4,998	-	767	-
Stocktake write-off	-12	-134	-1	-19
Translation difference	1,796	4,133	-	-
Closing book value	4,256	18,031	511	2,181

All tangible fixed assets are held by the Russian subsidiaries and no assets are held by the Swedish Parent Company. The decrease in the construction in progress balance at year end 2015 was caused by putting into use heap leach sections at LLC Tardan Gold. An impairment test was carried out on the Group's productive gold assets as at December 31, 2015. The most significant portion of the tangible assets refers to the Tardan license area and the Staroverenskaya license area. The key assumptions applied in the test were the price of gold during the test period of 1,100 USD/oz, and a required yield of 10% per year. The result of the impairment tests on LLC Tardan Gold was that no impairment of the tangible assets was required as at December 31, 2015. As the Solcocon mine operatoins were temporarily terminated and production will not re-start in 2016 as the Group will focus on further development of Tardan, the Group reported an impairment provision of tangible assets in amount of MSEK 36.792 (US\$ 4.279 m). The Group management is looking at various options for Solcocon and these could result in a partial reversal of the impairment provision.

NOTE 14

SHARES IN GROUP COMPANIES

Subsidiaries	Co. ID	Regd office	Proportion of ordinary shares directly held by Parent (%)	Proportion of ordinary shares held by the group (%)	Book value of shares in subsidiaries on Parent Company
LLC Tardan Gold	1041700563519	Kyzyl	100%	100%	310,581
LLC Uzhunzhul*	1071901004746	Abakan	0%	100%	-
LLC GRE 324	1037542001441	Chita	100%	100%	-
LLC Rudtechnologiya	1077530000570	Krasnokamensk	100%	100%	-
LLC Auriant Management	1097746422840	Moscow	100%	100%	8,798
Auriant Cyprus Ltd	334919	Limassol	100%	100%	-
Awilia Enterprises Ltd**	270158	Limassol	30%	100%	23,364
LLC Kara-Beldyr***	1071701001460	Kyzyl	0%	100%	-
Total					342,744

\* The subsidiary LLC Uzhunzhul is indirectly owned through the subsidiary LLC Tardan Gold. Consequently, there is no book value for this company in Auriant Mining AB.  
\*\* 70% of Awilia Enterprises Ltd is indirectly owned through the subsidiary Auriant Cyprus Ltd.  
\*\*\* The subsidiary LLC Kara-Beldyr is indirectly owned through the subsidiary Awilia Enterprises Ltd. Consequently there is no book value for this company in Auriant Mining AB.

The investment in subsidiaries represents a significant portion of the assets in the Parent Company and impairment tests are regularly carried out by the Board and management of Auriant mining AB in order to determine that the recoverable value of these assets is not lower than their reported values. The impairment test is carried out through the application of discounted cash flow model. The model is sensitive to a number of variables and assesments, with some of the more important being the price of gold and the yield required. Based on the impairment tests performed as at December 31, 2015, management reported an impairment provision on investments and loans to Solcocon (LLC GRE 324, LLC Rudtechnologia) in an amount of MSEK 187.523 (US\$ 22.451 m) and reversed the impairment of investments and loans to Tardan Gold LLC in a total amount of MSEK 291.086 (US\$ 34.851 m).



## NOTE 15

## INVENTORIES

	Group			
	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2015 US\$000	31-12-2014 US\$000
Raw materials and consumables	7,911	10,430	946	1,335
Finished goods	312	321	37	41
Work in progress*	32,159	27,028	3,850	3,460
<b>Total</b>	<b>40,382</b>	<b>37,779</b>	<b>4,833</b>	<b>4,836</b>

The cost of inventories recognised as an expense amounted to MSEK 54,517 (US\$ 6.454 m) (2014: MSEK 70.801 (US\$ 10.300 m)).

\* The amount as of December 31, 2015 includes WIP impairment at LLC GRE-324 in the amount of MSEK - 11.630 (US\$ - 1.392 m), as gold production has been put on hold.

## NOTE 16

## OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES

	Group		Parent Company	
	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2015 TSEK	31-12-2014 TSEK
<b>All amounts in TSEK</b>				
VAT receivable*	23,956	30,503	32	145
Other current receivables	818	526	149	30
<b>Total other current receivables</b>	<b>24,774</b>	<b>31,029</b>	<b>181</b>	<b>175</b>
Prepaid expenses	2,826	5,285	87	116
<b>Total prepaid expenses</b>	<b>2,826</b>	<b>5,285</b>	<b>87</b>	<b>116</b>

	Group		Parent Company	
	31-12-2015 US\$000	31-12-2014 US\$000	31-12-2015 US\$000	31-12-2014 US\$000
<b>All amounts in US\$ 000</b>				
VAT receivable*	2,868	3,905	3	18
Other current receivables	106	67	19	4
<b>Total other current receivables</b>	<b>2,974</b>	<b>3,972</b>	<b>22</b>	<b>22</b>
Prepaid expenses	338	677	10	15
<b>Total prepaid expenses</b>	<b>338</b>	<b>677</b>	<b>10</b>	<b>15</b>

\* The sale of gold is subject to 0% output VAT but the purchase of the majority of materials is subject to input VAT at a rate of 18%. As a result, Auriant Mining companies always have significant amounts of VAT receivables from the state. Usually, it takes 3-6 months to recover VAT. Prepaid expenses are presented by advances paid out to suppliers for materials and services to be provided in 2016 during the normal course of the Group's business.

## NOTE 17

## CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2015 TSEK	31-12-2014 TSEK
<b>All amounts in TSEK</b>				
Cash at bank	361	4,711	73	705
<b>Total cash and cash equivalents</b>	<b>361</b>	<b>4,711</b>	<b>73</b>	<b>705</b>

	Group		Parent Company	
	31-12-2015 US\$000	31-12-2014 US\$000	31-12-2015 US\$000	31-12-2014 US\$000
<b>All amounts in US\$ 000</b>				
Cash at bank	43	603	9	90
<b>Total cash and cash equivalents</b>	<b>43</b>	<b>603</b>	<b>9</b>	<b>90</b>

## NOTE 18

## EARNINGS PER SHARE AND OTHER INFORMATION REGARDING SHARE AND EQUITY

## a) Before dilution

Earnings per share before dilution are calculated by dividing the profit/loss attributable to the Parent Company's shareholders by the weighted average number of ordinary shares during the period.

	Group			
	2015 TSEK	2014 TSEK	2015 US\$ 000	2014 US\$ 000
Loss attributable to the Parent Company's shareholders	-178,597	-128,665	-21,494	-16,591
Weighted average number of ordinary shares	17,802,429	17,802,429	17,802,429	17,802,429
Earnings per share, SEK, US\$	-10.03	-7.23	-1.21	-0.93

## b) After dilution

The Annual General Meeting established an incentive program for the Board members, members of management and other key employees though the issue of stock options entailing the right to subscribe to shares. The average number of shares outstanding for the period after dilution was 20,323,363.

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

At year-end 2015 and 2014, the number of shares was as follows:

	Group		Parent Company	
	2015	2014	2015	2014
<b>Number of shares</b>				
Opening balance	17,802,429	17,802,429	17,802,429	17,802,429
New share issues during the period	-	-	-	-
Number of shares outstanding at each year-end	17,802,429	17,802,429	17,802,429	17,802,429
<b>Share capital (Quotient value SEK 0,1125 (SEK 11,25 in 2014) per share)</b>	<b>2,002,773</b>	<b>200,277,326</b>	<b>2,002,773</b>	<b>200,277,326</b>
<b>Share capital in US \$</b>	<b>307,384</b>	<b>30,738,429</b>	<b>307,384</b>	<b>30,738,429</b>

Following the decision of the Company's Annual General Meeting in May 2015, the Group registered a reduction of share capital in the Parent Company in an amount of MSEK 198,274 (US\$ 30.431 m). The reduction was effected without retirement of shares. Funds of US\$ 30.431 m were transferred from the Share capital line to the additional paid in capital line in the consolidated statement of financial position. The share capital limit at the 2015 year-end according to the articles of association was not less than MSEK 2.0 and not more than MSEK 8.0. The limit as regards the number of shares was not less than 15,000,000 and not more than 60,000,000. The number of authorised and fully paid shares at the year-end 2015 is 17,802,429.



NOTE 19  
PROVISIONS

	Group			
	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2015 US\$000	01-01-2014 US\$000
Opening provision for restoration costs	6,607	8,297	846	1,275
Additional provisions during the year	-	778	-	105
Unwinding of discount	208	123	25	17
Reversal of provision for site restoration	-151	-	-18	-
Translation difference	-1,164	-2,591	-194	-551
<b>Total provisions</b>	<b>5,500</b>	<b>6,607</b>	<b>659</b>	<b>846</b>

The provision for restoration costs referring to the Tardan license area is estimated to be utilised at the end of the mining license period, 2032. The provision relating to the Starovereenskaya license area is estimated to be utilized at the end of the mining license period, 2029. The amount of the restoration costs for each individual license area is largely dependent on the type of land on which the mining operation is located. None of the Group's productive units has its facilities located on land that is sensitive from an environmental or other perspective. The assessment of future restoration costs has primarily been based on the assumptions stated in each license agreement. A calculation of the present value of restoration costs is performed for each license in each subsidiary on a yearly basis and is based on technical specialists assessment of the amount of work and machinery needed to comply with the restoration requirements in each license agreement.

NOTE 20  
LONG TERM AND SHORT TERM LOANS, BONDS AND NOTES

	Group					
	31-12-2015 TSEK	31-12-2015 US\$ 000	Effective interest rate in 2015	31-12-2014 TSEK	31-12-2014 US\$ 000	Effective interest rate in 2014
Liability to Golden Impala, USD	344,894	41,293	4.7%	339,528	43,464	12.6%
Long-term bank loans payable, USD	165,346	19,796	9.1-10.8%	130,729	16,735	9.0-10.5%
Long-term notes payable, RUR	2,306	277	-	2,802	359	-
<b>Total long-term loans, notes and bonds</b>	<b>512,546</b>	<b>61,366</b>		<b>473,059</b>	<b>60,558</b>	
Short-term loans payable, USD	251,406	30,100	10.0%	252,666	32,344	7.5-10.5%
<b>Total short-term loans and bonds</b>	<b>251,406</b>	<b>30,100</b>		<b>252,666</b>	<b>32,344</b>	

In May 2015, the Company came to an agreement with the majority Shareholder to reduce the interest rate on the Shareholder's bond from 10% p.a. to 2% p.a. These changes are effective from 1 March 2015. In exchange, the majority Shareholder has been offered an option to redeem US\$ 20 m of the outstanding bond amount in the form of cash or new shares, or a combination of both. The conversion date is at the discretion of the shareholder until December 31, 2018. In accordance with International Financial Reporting Standards, part of the debt to the Shareholder in amount of MSEK 35.156 (US\$ 4.265 m) was accounted for as additional paid in capital. The decrease in long term liabilities in the consolidated statement as of December 31, 2015 by this amount was partly compensated by discounting the convertible portion of the bond liability at a 9% interest rate.

As of December 31, 2015 the fair value of the liability to Golden Impala is as follows:

	TSEK	US\$ 000
<b>Nominal value as of 31 December 2015</b>	<b>374,641</b>	<b>44,910</b>
Effect of the conversion of a portion of the debt into Equity	-35,156	-4,265
Unwinding of discount	5,409	648
<b>Fair value as of 31 December 2015</b>	<b>344,894</b>	<b>41,293</b>



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

	2016 TSEK	2017 TSEK	2018 TSEK	2019 TSEK	after 2019 TSEK
Bank loans	251,406	82,673	82,673	-	-
Liability to Golden Impala	-	-	344,894	-	-
Notes payable	-	-	-	-	2,306
Leases liabilities	5,624	4,782	990	-	-
Other long term liabilities	-	-	-	-	44,829
Trade accounts payable	20,500	-	-	-	-
Other current liabilities	13,247	-	-	-	-
<b>Total</b>	<b>290,777</b>	<b>87,455</b>	<b>428,557</b>	<b>-</b>	<b>47,135</b>

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

	2016 US\$ 000	2017 US\$ 000	2018 US\$ 000	2019 US\$ 000	after 2019 US\$ 000
Bank loans	30,100	9,898	9,898	-	-
Liability to Golden Impala	-	-	41,293	-	-
Notes payable	-	-	-	-	277
Leases liabilities	673	573	118	-	-
Other long term liabilities	-	-	-	-	5,367
Trade accounts payable	2,454	-	-	-	-
Other current liabilities	1,586	-	-	-	-
<b>Total</b>	<b>34,813</b>	<b>10,471</b>	<b>51,309</b>	<b>-</b>	<b>5,644</b>

	31-12-2015 TSEK	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2014 TSEK
<b>Fair and carrying values of financial liabilities, TSEK</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>
Trade accounts payable	20,500	20,500	17,743	17,743
Other current and long-term liabilities	58,076	58,076	51,413	51,413
Liability to Golden Impala	344,894	344,894	339,528	339,528
Loans payable	416,752	416,752	383,395	383,395
Notes payable	2,306	2,306	2,802	2,802
Leases payable	11,396	11,396	19,640	19,640
<b>Total financial liabilities</b>	<b>853,924</b>	<b>853,924</b>	<b>814,521</b>	<b>814,521</b>

	31-12-2015 US\$ 000	31-12-2015 US\$ 000	31-12-2014 US\$ 000	31-12-2014 US\$ 000
<b>Fair and carrying values of financial liabilities, US\$ 000</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>
Trade accounts payable	2,454	2,454	2,271	2,271
Other current and long-term liabilities	6,953	6,953	6,581	6,581
Liability to Golden Impala	41,293	41,293	43,464	43,464
Loans payable	49,896	49,896	49,080	49,080
Notes payable	277	277	359	359
Leases payable	1,364	1,364	2,514	2,514
<b>Total financial liabilities</b>	<b>102,237</b>	<b>102,237</b>	<b>104,269</b>	<b>104,269</b>

	< 1 year from reporting date, TSEK	> 1 - < 5 years from reporting date, TSEK	> More than 5 years, TSEK	<1 year from reporting date, US\$000	> 1 - < 5 years from reporting date, US\$000	> More than 5 years, US\$000
Trade accounts payable	20,500	-	-	2,454	-	-
Other liabilities	13,247	-	44,829	1,586	-	5,367
Liability to Golden Impala	-	344,894	-	-	41,293	-
Loans payable	251,406	165,346	-	30,100	19,796	-
Notes payable	-	-	2,306	-	-	277
Lease payable	5,624	5,772	-	673	691	-
<b>Total financial liabilities</b>	<b>290,777</b>	<b>516,012</b>	<b>47,135</b>	<b>34,813</b>	<b>61,780</b>	<b>5,644</b>

Interest rates for lease liabilities are fixed. Interests rates on loans received from banks and shareholders are fixed during the terms of the loan and the Group is, therefore, not currently directly exposed to an interest rate risk.

Finance lease liabilities are payable as follows:

	Group					
	31-12-2015 TSEK	31-12-2015 TSEK	31-12-2015 TSEK	31-12-2015 US\$ 000	31-12-2015 US\$ 000	31-12-2015 US\$ 000
	Minimum lease payments	Interest	Present value of payments	Minimum lease payments	Interest	Present value of payments
Less than one year	8,794	3,170	5,624	1,053	380	673
Between one and five years	7,704	1,932	5,772	922	231	691
<b>Total</b>	<b>16,498</b>	<b>5,102</b>	<b>11,396</b>	<b>1,975</b>	<b>611</b>	<b>1,364</b>

Financial assets disclosures

	31-12-2015 TSEK	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2014 TSEK
<b>Cash and cash equivalents, TSEK</b>	<b>Fair value</b>	<b>Reported value</b>	<b>Fair value</b>	<b>Reported value</b>
Cash and cash equivalents in SEK	51	51	56	56
Cash and cash equivalents in USD	23	23	4,566	4,566
Cash and cash equivalents in RUR	287	287	89	89
<b>Total cash and cash equivalents</b>	<b>361</b>	<b>361</b>	<b>4,711</b>	<b>4,711</b>

	31-12-2015 US\$000	31-12-2015 US\$000	31-12-2014 US\$000	31-12-2014 US\$000
<b>Cash and cash equivalents, US\$ 000</b>	<b>Fair value</b>	<b>Reported value</b>	<b>Fair value</b>	<b>Reported value</b>
Cash and cash equivalents in SEK	6	6	7	7
Cash and cash equivalents in USD	3	3	584	584
Cash and cash equivalents in RUR	34	34	12	12
<b>Total cash and cash equivalents</b>	<b>43</b>	<b>43</b>	<b>603</b>	<b>603</b>



Fair and carrying values of financial assets

	31-12-2015 TSEK	31-12-2015 TSEK	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2014 TSEK	31-12-2014 TSEK
All amounts in TSEK	Fair value	Reported value	Maximum credit risk	Fair value	Reported value	Maximum credit risk
Accounts receivable trade*	18,982	18,982	18,982	318	318	318
Less, provision for impairment of trade receivables	-	-	-	-	-	-
Accounts receivable, net	18,982	18,982	18,982	318	318	318
Other current receivables	818	818	818	526	526	526
Cash and cash equivalents	361	361	-	4,711	4,711	-
Total financial assets	20,161	20,161	19,800	5,555	5,555	844

	31-12-2015 US\$ 000	31-12-2015 US\$ 000	31-12-2015 US\$ 000	31-12-2014 US\$ 000	31-12-2014 US\$ 000	31-12-2014 US\$ 000
All amounts in US\$ 000	Fair value	Reported value	Maximum credit risk	Fair value	Reported value	Maximum credit risk
Accounts receivable trade*	2,272	2,272	2,272	41	41	41
Less, provision for impairment of trade receivables	-	-	-	-	-	-
Accounts receivable, net	2,272	2,272	2,272	41	41	41
Other current receivables	106	106	106	67	67	67
Total cash and cash equivalents	43	43	-	603	603	-
Total financial assets	2,421	2,421	2,378	711	711	108

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

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value according to the valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

All financial instruments measured at fair value use Level 2 valuation techniques in both years. There have been no transfers between fair value levels during the reporting period.

Policy for the management of financial risks

The Group's activities expose it to a variety of financial risks: a) market risk (including currency and gold price risk, time lapse and interest rate risk), b) credit risk and c) liquidity risk including capital risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group attempts to mitigate the effects of these risks by ensuring that the Board and the management have the relevant competence. As a result, the Company works proactively by carrying out suitable measures to counteract and manage the risks and in addition, the Group obtains advice from consultants, when necessary. The Company does not use derivative instruments to hedge financial risks.

a1) Currency and gold price risk

The Group is exposed, through its activities, to both currency risk and gold price risk, as changes in exchange rates and gold prices affect the Group's results and cash flow. The Group's policy is, in general, not to hedge this currency and gold price risk. However, under certain circumstances, e.g. if lending banks require it or if the Board of Directors considers it to be warranted, the risks can be limited, e.g. through forward sales of gold or through currency hedging measures.

Currency exposure and analysis

The Group is exposed to foreign exchange risk in relation to net financial items denominated in foreign currencies. The functional currency of the Group in 2015 and 2014 is US dollar, the reporting currency is SEK. Assets and liabilities are translated from the functional currency to the reporting currency at the closing rate of 8.3524 SEK per US\$ (7.8117 SEK per US\$ at December 31, 2014). In 2015 income and expenses were translated using the following average rates of SEK per US\$: 8.3365, 8.4212, 8.4789 and 8.4991 for Q1 2015, Q2 2015 Q3 2015 and Q4 2015 respectively (2014: 6.5966, 6.9448, 7.4065 for H1, Q3 and Q4 respectively). The translation differences are recognised as a separate component of other comprehensive income and the cumulative effect is included in other reserves in shareholders' equity.

Group financial assets and liabilities by currency:

	31-12-2015 TSEK	31-12-2015 TSEK	31-12-2015 TSEK	31-12-2015 TSEK
All amounts in TSEK	SEK	US\$	RUR	Total
Cash and cash equivalents	51	23	287	361
Trade accounts receivable	-	-	18,982	18,982
Other current receivables	149	-	669	818
Total financial assets	200	23	19,938	20,161

Trade accounts payable	3,172	-	17,328	20,500
Other current and long term liabilities	2,120	43,935	12,021	58,076
Liability to Golden Impala	-	344,894	-	344,894
Loans payable	-	416,751	-	416,751
Notes payable	-	-	2,307	2,307
Lease payable	-	-	11,396	11,396
Total financial liabilities	5,292	805,580	43,052	853,924

Net financial items	-5,092	-805,557	-23,114	-833,763
---------------------	--------	----------	---------	----------

	31-12-2015 US\$ 000	31-12-2015 US\$ 000	31-12-2015 US\$ 000	31-12-2015 US\$ 000
All amounts in US\$ 000	SEK	US\$	RUR	Total
Cash and cash equivalents	6	3	34	43
Trade accounts receivable	-	-	2,272	2,272
Other current receivables	18	-	88	106
Total financial assets	24	3	2,394	2,421

Trade accounts payable	380	-	2,074	2,454
Other current and long term liabilities	254	5,260	1,439	6,953
Liability to Golden Impala	-	41,293	-	41,293
Loans payable	-	49,896	-	49,896
Notes payable	-	-	276	276
Lease payable	-	-	1,364	1,364
Total financial liabilities	634	96,449	5,153	102,236

Net financial items	-610	-96,446	-2,759	-99,815
---------------------	------	---------	--------	---------



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

RUR	RUR	RUR	USD	USD	USD
31-12-2015	31-12-2015	31-12-2015	31-12-2015	31-12-2015	31-12-2015
Changes in	Effect on loss	Effect on loss	Changes in	Effect on loss	Effect on loss
Exchange rate, %	Before income tax, TSEK	Before income tax, US\$ 000	Exchange rate, %	Before income tax, TSEK	Before income tax, US\$ 000
10%	Increase by 2,311	Increase by 276	10%	Increase by 80,556	Increase by 9,645
-10%	Decrease by 2,311	Decrease by 276	-10%	Decrease by 80,556	Decrease by 9,645

Price risk analysis

The Group is exposed to the risk of fluctuations in market prices on gold it produces. The Group's policy is to manage these risks through sales of gold at a London market spot price agreed with the buyer, as well as on a basis of the London AM/PM fixing or tradebook market orders (stop-loss or take-profit).

The table below summarises the impact on profit before tax for changes in gold prices. The analysis is based on the assumption that the gold prices fluctuate 10% with all other variables held constant.

Change in price of gold in USD by:	Effect on operating loss, TSEK	Effect on operating loss, US\$ 000
+10%, other things being equal	Decrease by 28,284	Decrease by 3,343
-10%, other things being equal	Increase by 28,284	Increase by 3,343

a2) Interest rate risk

The Group's interest-bearing loans are comprised of loans in Russian banks and loans from shareholders/related parties. Currently, all interest-bearing loans have fixed interest rates during the terms of the loans and, therefore, the Group is not currently directly exposed to an interest rate risk.

b) Credit risk

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

c1) Liquidity risk

Auriant Mining Group is at development stage, and, therefore, requires continued capital expenditures. Funds for these investments cannot only be obtained from internally generated income. The company's growth, therefore, remains dependent on external financing. External financing may be secured in the form of borrowing or via a capital injection. For companies in an development stage, equity financing is the most common method. Since its formation, the company has executed preferential or directed new share issues on several occasions. The successful execution of share issues is, however, and to a large extent, dependent on the market climate. However, external financing in the form of bank loans has become, for the Group, one of the most important sources of working capital and has also ensured investment activity growth. Having a positive credit history, Auriant has strengthened its relationships with the banks, which results in confidence in continued further successful cooperation. Due to production seasonality, there is a possibility of cash liquidity deficiency in the first half of 2016, which is intended to be covered by short term bank loans repayable till the end of 2016.

c2) Capital risk

Issues concerning capital risk, the optimal capital structure and the cost of capital are central in all companies. The Board of Auriant AB always tries to optimise the cost of capital. However, in accordance with the above, it must also take into account that, at present, the Group is in at stage of development and the equity/assets ratio must, consequently, be maintained at a relatively high level. The Board of Directors currently considers that the equity ratio of the Group, at least during the development phase (before large-scale production has started) shall be a minimum of 50%. The ratio may be reduced at a later stage. As at year-end 2015, the Group's equity/assets ratio, is at -66.9%, which is insufficient. The Auriant Board of Directors is working actively to strengthen the equity ratio of the Group.

NOTE 22

TRADE AND OTHER ACCOUNTS PAYABLE

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
All amounts in TSEK	TSEK	TSEK	TSEK	TSEK
Trade accounts payable	20,500	17,744	3,172	1,752
Advances received	1,339	50	-	-
Other payables	6,807	7,124	13	112
Accrued fees	819	2,670	830	706
Total trade and other accounts payable	29,465	27,588	4,015	2,570

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
All amounts in US\$ 000	US\$000	US\$000	US\$000	US\$000
Trade accounts payable	2,454	2,271	380	224
Advances received	160	6	-	-
Other payables	813	913	2	15
Accrued fees	98	342	99	90
Total trade and other accounts payable	3,525	3,532	481	329

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28



## NOTE 23

## OTHER CURRENT LIABILITIES

	Group		Parent Company	
All amounts in TSEK	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2015 TSEK	31-12-2014 TSEK
Payroll and social security contributions	7,218	9,004	88	101
Other employee benefit expenses	2,688	2,025	514	632
Tax liabilities	8,027	10,946	-	-
Provision for court proceedings	1,913	-	-	-
<b>Total other current liabilities</b>	<b>19,846</b>	<b>21,975</b>	<b>602</b>	<b>733</b>

	Group		Parent Company	
All amounts in US\$ 000	31-12-2015 US\$000	31-12-2014 US\$000	31-12-2015 US\$000	31-12-2014 US\$000
Payroll and social security contributions	864	1,153	10	13
Other employee benefit expenses	322	259	62	81
Tax liabilities	961	1,401	-	-
Provision for court proceedings	229	-	-	-
<b>Total other current liabilities</b>	<b>2,376</b>	<b>2,813</b>	<b>72</b>	<b>94</b>

## NOTE 24

## LOANS TO SUBSIDIARIES

	Parent Company			
	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2015 US\$000	31-12-2014 US\$000
Opening balance	119,517	148,456	15,300	22,810
Loans during the year	11,471	26,746	1,360	3,900
Accrued interest	21,351	15,477	2,531	2,257
Repaid during the year	-9,449	-14,340	-1,120	-2,091
Provision/reversal of loan receivables	164,096	-	19,647	-
Translation difference	-23,324	-56,822	-3,756	-11,576
<b>Closing book value</b>	<b>283,662</b>	<b>119,517</b>	<b>33,962</b>	<b>15,300</b>

Loans to subsidiaries represent a significant portion of the assets in the Parent Company, and impairment tests are regulary carried out by the management of the Parent Company in order to determine that the recoverable value of these assets is not lower than their reported values. Based on the impairment tests performed as at December 31, 2015, management reported an impairment provision on investments and loans to Solcocon (LLC GRE 324, LLC Rudtechnologia) in an amount of MSEK 187.523 (US\$ 22.451 m) and reversed impairment of investments and loans to Tardan Gold LLC in a total amount of MSEK 291.086 (US\$ 34.851 m).

## NOTE 25

## PLEDGED ASSETS

	Parent Company		Parent Company	
Pledged assets*	31-12-2015 TSEK	31-12-2014 TSEK	31-12-2015 US\$000	31-12-2014 US\$000
Shares in subsidiaries	310,581	378,995	37,185	48,516
Receivables on subsidiaries	71,192	119,517	8,523	15,300
Pledged bank accounts	50	50	6	6
<b>Total</b>	<b>381,823</b>	<b>498,562</b>	<b>45,714</b>	<b>63,822</b>

\*100% of the shares in all production companies are pledged under the loan agreements with Promsvyazbank. The amount of pledged assets as of December 31, 2015, is zero due to the fact that net assets of the production companies are negative.

## NOTE 26

## BUSINESS COMBINATIONS

**Acquisitions**

The Group did not make any acquisitions in 2015.

In October 2014, the Group successfully executed the acquisition of the outstanding 70% interest in Kara-Beldyr from Canada's Centerra Gold Inc. and increased it's share in Kara-Beldyr to 100%. As consideration for this transaction, Auriant Mining will pay Centerra Gold a Net Smelter Royalty of 3.5% on any mineral revenue from Kara-Beldyr in the future. As a result, the Company accrued long-term payables in amount of MSEK 44 (US\$ 5.3 m) as consideration to Centerra Gold Inc. as of December 31, 2015 (December 31, 2014: MSEK 37 (US\$ 5.1 m)).

**Disposals**

There were no disposals in 2015.

As alluvial gold production is outsourced, the Group liquidated its subsidiary in May 2014 – the alluvial mining company LLC “Gold Borzya”. The effect of the liquidation of this subsidiary was insignificant.

## NOTE 27

## TRANSACTIONS WITH RELATED PARTIES

The majority shareholder and the ultimate Parent of Auriant AB is Bertil Holdings Limited owning approximately 53% of the shares in the Company. Bertil Holdings Limited is a company controlled by the Mr. Preston Haskell who is Auriant's ultimate controlling party. The remaining 47% of the shares in Auriant is held among approximately 2,500 shareholders.

**Financing**

In May 2015, the Company came to an agreement with the majority Shareholder to reduce the interest rate on Liability to Golden Impala from 10% p.a. to 2% p.a. These changes are effective from 1 March 2015. In exchange, the majority Shareholder has been offered an option to redeem US\$ 20 m of the outstanding bond amount in the form of cash or new shares, or a combination of both. The conversion date is at the discretion of the Shareholder until December 31, 2018.

The debt to Golden Impala as of December 31, 2015 is MSEK 380.050 (US\$ 45.558 m). A portion of the debt in the amount of MSEK 35.156 (US\$ 4.265 m) was accounted for as additional paid in capital in the financial accounts.

The loan liability to Mr. Preston Haskell, as of December 31, 2015, is MSEK 46.466 (US\$ 5.563 m).

Accrued interest expenses for transactions with related parties during 2015 amounted to MSEK -21.494 (US\$ -2.550 m), including interest of MSEK 5.410 (US\$ 0.648 m) accrued at discount rate of 9% for the convertible portion of the bond liability.

Financing Golden Impala	TSEK	US\$000
Opening balance including interest	339,528	43,464
Loans received during the period	-	-
Effect of the conversion of part of the debt into equity	-35,156	-4,265
Interest accrued for the period	17,487	2,075
Loans repaid during the period including interest	-	-
Exchange rate differences	23,035	19
<b>Outstanding debt including interest</b>	<b>344,894</b>	<b>41,293</b>

Financing from shareholder	TSEK	US\$000
Opening balance including interest	31,938	4,088
Loans received during the period	8,550	1,000
Interest accrued for the period	4,007	475
Loans repaid during the period including interest	-	-
Exchange rate differences	1,971	-
<b>Outstanding debt including interest</b>	<b>46,466</b>	<b>5,563</b>



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

	2015 TSEK	2014 TSEK	Group 2015 US\$ 000	2014 US\$ 000
<b>Interest expenses with related parties:</b>				
Interest to companies controlled by the ultimate controlling party	17,487	36,648	2,075	5,378
Interest to Shareholder	4,007	1,011	475	147
<b>Balances with related parties at the end of the year</b>				
Liabilities to companies related to the ultimate controlling party	346,701	341,371	41,509	43,700
Liabilities to Shareholder	46,466	31,938	5,563	4,088

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

NOTE 28

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Denis Alexandrov, who has been CEO since May 2012, left the Company on January 15, 2016. Sergey Ustimenko was appointed CEO of Auriant Mining AB.  
The Chukotka management contract was terminated by mutual agreement, effective as at 16 January 2016.





# Board Assurance

The Board of Directors and the Chief Executive Officer confirm that the consolidated financial statements and the annual report have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU and that they provide a true and fair view of the Group’s results and financial position.

The financial statements of the Parent Company have been prepared in accordance with generally excepted accounting principles in Sweden and provide a true

and fair view of the Parent Company’s results and financial position.

The Directors’ Report for the Group and the Parent Company, respectively, provide a true and fair view of the Group’s and the Parent Company’s activities, results and financial position, and describe significant risks and areas of uncertainty faced by the Parent Company and the companies within the Group.

Stockholm, April 26, 2016

Lord Daresbury  
Chairman of the Board

Andre Bekker  
Board Member

Preston Haskell  
Board Member

Ingmar Haga  
Board Member

James Provoost Smith  
Deputy Board Member

Sergey Ustimenko  
CEO

The annual report and the consolidated financial statements have, as stated above, been approved for issue by the Board of Directors on April 21, 2016. The Group’s income statement and balance sheet, and the Parent Company’s income statement and balance sheet will be subject adoption by the annual general meeting on May 12, 2016.

Our audit report was submitted on April 21, 2016

Öhrlings PricewaterhouseCoopers AB

Martin Johansson  
Authorised Public Accountant

Anna Rozhdestvenskaya  
Authorised Public Accountant

# Auditor’s report

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

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Auriant Mining AB (publ) for the year 2015, except for the corporate governance statement on pages 46-52. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 40-55 and 58-104.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

## AUDITOR’S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company’s preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation

of the annual accounts and consolidated accounts.

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

## OPINIONS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 46-52. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company’s profit or loss and the administration of the Board of Directors and the Managing Director of Auriant Mining AB (publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company’s profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 46-52 has been prepared in accordance with the Annual Accounts Act.

## AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company’s



profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

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

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

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

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

OPINIONS

We recommend to the annual meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

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

Stockholm 21 April 2016

Öhrlings PricewaterhouseCoopers AB

Martin Johansson  
Authorized Public Accountant

Anna Rozhdestvenskaya  
Authorized Public Accountant

Additional Information

TRANSLATION

This text is the English version of the 2015 Swedish Annual Report. If any discrepancies exist between the two versions, the Swedish version shall prevail.

DEFINITIONS

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

DISCLAIMER

The Report contains photos and images created by the following authors: Sergey Malinin, Dmitry Kondrashov, Dmitry Shapovalov and Oleg Lebedev. Some illustrations were taken from resources available on the open Web (as follows: Pages 24-26).

DATES FOR FINANCIAL INFORMATION IN 2016

Auriant Mining AB’s financial year runs from 1 January to 31 December. In 2016, the Company will issue interim financial information as follows:

- Interim report (1) January–March 2016:  
[30 May 2016](#)
- Interim report (2) January – June 2016:  
[29 August 2016](#)
- Interim report (3) January – September 2016:  
[29 November 2016](#)