

Auriant Mining

INTERIM REPORT

January-June 2018



AURIANT
MINING

Highlights

- There were no mining operations at Tardan during H1 2018, but they were recommenced in July. Gold production in H1 2018 at Tardan was on plan and was solely from ore stacked on the heap leach in 2017. During H1 2018, production was 110.3 kg (3,545 oz), compared to 270.5 kg (8,698 oz) in H1 2017, a 59% decrease (total gold production in H1 2017, both from the heap leach and from the gravitational plant, was 302.9 kg (9,741 oz)). As at the end of August, total 2018 production from ore stacked in 2017 is more than 160 kg, which is 60 kg more than was initially expected. The Company is confident that the planned production at Tardan in 2018 of 360 kg will be met.
- During H1 2018, the Company started preparatory works for the construction of the new CIL plant. The Company raised US\$ 3.0 mln of lease finance with the leasing company, LLC Delta of key equipment for the CIL plant. The CIL project is on time and within budget.
- In May 2018, alluvial production resumed at Solcocon. This production is 100% outsourced and generates a net margin of 29% of sales for the Company. Although one contractor was involved in 2017, Auriant has engaged 2 contractors this year working on 2 placer deposits. During the reporting period, the Company produced 16.1 kg (517 oz) of alluvial gold, compared to 6.7 kg (215 oz) in the previous period.
- The subscription period for the subscription of shares and warrants issued in connection with the rights issue in September 2017, ended on 30 March 2018. Additional capital of US\$ 7.1 mln, was raised before transaction costs, of which, US\$ 3.7 mln was subscribed through the set off of shareholder debt (US\$ 3.4 mln was raised on a cash basis). The warrant subscription proceeds will contribute to the funding for the CIL Plant at Tardan and the study at Kara-Beldyr.
- Consolidated revenue was MSEK 49.8 (US\$ 5.9 mln) (H1 2017 – MSEK 111.3 (US\$ 12.6 mln)).
- EBITDA was: MSEK -20.8 (US\$ -2.5 mln) compared to MSEK 22.2 (US\$ 2.5 mln) in H1 2017.
- Net loss after tax was MSEK -56.8 (US\$ -6.7 mln) (H1 2017 – MSEK -24.1 (US\$ -2.8 mln)).



Comments by the CFO

Dear Stakeholders,

During H1 2018, gold was produced in line with the plan out of ore stacked on a heap leach in 2017. Mining activities were on hold. Total production from 2017 heap leach is 160 kg (60 kg more than initially expected). Mining operations at Tardan were put on hold to minimize the ore volume processing through heap leach technology and to maximize the ore volume processing at the CIL plant, which will be launched in Q1 2019. Waiting until the CIL plant is operational will allow the Company to benefit from additional gold production and revenue from a higher recovery rate. Mining operations were resumed in July 2018 at Tardan.

Due to the lower production and sale volumes compared to the prior period, the Company's EBITDA for H1 2018 was below break even (US\$ -2.5 mln). During the period, the Company was focused on CIL project and capital raising. US\$ 4.3 mln (incl. US\$ 3.0 mln in H1 2018) of cash was invested in the CIL plant, as of June 30, 2018. As result of the warrants subscription programme, additional capital of US\$ 7.1 mln, before transaction costs was raised, including US\$ 3.4 mln on cash basis. In April 2018, the Company raised US\$ 3.0 mln of lease financing for acquisition of CIL key equipment.

In May 2018, alluvial production at Solcocon was resumed. As in prior year, alluvial production is outsourced and generates net margin of 29% of

sales.

During H2 2018, we will focus on operational and capital financing, CIL project, studies at Kara-Beldyr and resuming mining operations.

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

INCOME, FINANCIAL RESULTS AND FINANCIAL POSITION FOR THE GROUP

INCOME AND RESULT

As previously announced, no mining activities at Tardan were carried out during H1 2018. Although no mining took place, Tardan produced 110.3 kg (3,545 oz) of gold from ore stacked in the heap leach during 2017, compared to total production of 302.9 kg (9,741 oz) at Tardan in H1 2017.

In May 2018, alluvial production was recommenced at Solcocon using contractors, on the basis of a 77% split of gold sales. During the reporting period, the Company produced 16.1 kg (517 oz) of alluvial gold, compared to 6.7 kg (215 oz) produced in the previous period.

As a result, revenue from gold sales decreased by US\$ 6.6 mln, or 53%, compared to H1 2017. Gold sales decreased by 55% or 174 kg (5,584 oz) – from 314 kg (10,104 oz) in H1 2017 down to 141 kg (4,520 oz) in H1 2018. The average realized gold price per ounce increased by 6%, from US\$ 1,243 in H1 2017 up to US\$ 1,313 in the current period.

	H1 2018	H1 2017	Change	Change
	US\$ 000	US\$ 000	US\$ 000	%
Revenue from sale of Hard rock gold	5,464	12,562	(7,098)	-57%
Revenue from Alluvial gold sales	468	-	468	100%
Revenue	5,933	12,562	(6,630)	-53%
Alluvial gold costs	(304)	-	(304)	-100%
Revenue net of alluvial costs	5,628	12,562	(6,934)	-55%



Temporarily halting mining operations at Tardan in the first half of 2018, resulted in the reduction of hard rock cost of sales by US\$ 3.3 mln or 28%, meanwhile, cash expenses reduced by 59% or US\$ 6.8 mln. Change in stripping assets in H1 2018

was nil, while in H1 2017 it was capitalized by US\$ 1.4 mln in line with mining activity. A decrease in stock of finished and semi-finished goods caused by lower balance of gold ready for sale and gold in process, compared to prior period.

	H1 2018	H1 2017	Change	Change
Hard rock cost of sales, including:	US\$ 000	US\$ 000	US\$ 000	%
Cash expenses	(4,642)	(11,451)	6,809	-59%
Change in stripping asset (non-cash)	-	1,378	(1,378)	-100%
Change in stock of finished and semi-finished goods (non-cash)	(2,065)	981	(3,046)	-310%
Depreciation & amortization (non-cash)	(1,927)	(2,883)	956	-33%
Total hard rock cost of sales	(8,635)	(11,975)	3,340	-28%

General and administrative expenses (expenses of the Company's headquarters) were virtually unchanged, and amounted US\$ -1.5 mln.

Other operating income in H1 2018 related to revenue from sales of equipment at Solcocon. In the previous period other income consisted of revenue from renting out Solcocon's mining equipment, which was sold for US\$ 1.7 mln (incl VAT) at the end of 2017.

Other expenses in H1 2018 were mainly impairment of finished products at Tardan, of US\$ -0.3 mln.

Financial expenses, represented by interest costs reduced by 35% compared to prior period and amounted to US\$ -2.0 mln (H1 2017: US\$ -3.0 mln). Reduction was caused by the repayment of loan principal, decrease of interest rate on the Company's bank loan from 9.8% to 8.3% as well as reduction of principal amount of debt to Shareholder (through set-off of shareholder debt for new shares issued in 2017-2018) and decrease an effective interest rate from 4.3% in H1 2017 down to 2% in H1 2018.

As result of US\$ appreciation against SEK and RUR by 9% respectively from the beginning of 2018 the Company got forex loss of US\$ 1.3 mln.

The income tax of US\$ 1.3 mln in H1 2018 and US\$ 0.4 mln in H1 2017 was positive in both periods and related to a change in deferred tax at the subsidiaries level and represented deferred tax timing differences and tax loss carry-forward accumulation.

The loss after tax in H1 2018 was US\$ -6.7 mln compared to US\$ -2.8 mln in H1 2017.

Earnings per share for the period were US\$ -0.08 compared to H1 2017 of US\$ -0.16.

STATEMENT OF FINANCIAL POSITION

CIL project led to growth of tangible fixed assets up to US\$ 23.8 mln, US\$ 4.3 mln (incl. US\$ 3.0 mln in H1 2018) of cash were invested in CIL as of

June 30, 2018. Lease agreements of US\$ 3.0 mln on CIL key processing equipment were signed in April 2018.

Warrants subscription period, issued in connection with the rights issue in September 2017, ended on 30 March 2018. Additional capital of US\$ 7.1 mln was raised (before transaction costs), of which US\$ 3.7 mln was subscribed through a set off of shareholder debt and US\$ 3.4 mln was raised in cash.

INVESTMENTS, LIQUIDITY AND FINANCING

During H1 2018, operating activity was financed by gold sales, reimbursement of VAT and receipts of US\$ 1.7 mln from customers for Solcocon's equipment sold in 2017. In previous period cash receipts included gold sales, reimbursement of VAT and receipts from rent agreements.

In April 2018, the Company received US\$ 3.2 mln of cash from the new share issue.

Total VAT and other reimbursements during the period was US\$ 1.9 mln.

US\$ 3.0 mln of cash were invested in the CIL plant during H1 2018. Lease agreements of US\$ 3.0 mln on CIL key processing equipment were signed in April 2018, with an effective period until December 31, 2021.

The consolidated cash balance as of June 30, 2018 was US\$ 5.4 mln (December 31, 2017 – US\$ 5.1 mln).

Chief Financial Officer
Alexander Buchnev

Other financial information

We are reporting all our financial numbers in SEK and in US dollars. The exchange rates used in this report were US\$/SEK 8.3871 for H1 2018 P&L accounts and US\$/SEK 8.9599 for the statement of financial position as of June 30, 2018. For H1 2017 accounts US\$/SEK 8.8614 for P&L and US\$/SEK 8.469 for the statement of financial position was used.

SEGMENT INFORMATION

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

TRANSACTIONS WITH RELATED PARTIES

The amount of bond liability to Golden Impala as of June 30, 2018 was US\$ 34.0 mln.

Accrued interest expenses for transactions with related parties in H1 2018 amounted to US\$ -0.350 mln. During H1 2018 US\$ 0.075 mln was repaid to Golden Impala and the amount of US\$ 3.7 mln was set-off through subscription for new shares.

During H1 2018 the Company received consulting services from company related to Board member in amount of US\$ 0.068 mln and legal services from a company related to the main shareholder in amount of US\$ 0.063 mln.

EMPLOYEES

The group had on average 418 employees during the reporting period. As of 30 June 2018 the number of employees in the group was 432 (483 as of December 31, 2017).

CAPITAL STRUCTURE

The number of shares in issue as at 30 June 2018 was 98,648,502. The limits of the share capital are a minimum of MSEK 5.3 and a maximum of MSEK 21.3 and the quota value of each share is SEK 0.1125 (US\$ 0.0126). Each share carries one vote.

THE PARENT COMPANY

The parent company is a holding company without significant operations. It supports the subsidiaries with financing, investor relations, strategy formulation, etc. Thus, usually has no income other than interest on loans extended to the subsidiaries from time to time or in respect of bank deposits.

INCOME AND RESULT OF THE PARENT COMPANY

Revenue for consulting services provided to subsidiary company in H1 2018 was MSEK 0.360 (US\$ 0.043 mln) (H1 2017 – MSEK 0.982 (US\$ 0.111 mln)).

External expenses decreased by MSEK 0.422 (US\$ 0.017 mln) down to MSEK -4.781 (US\$ -0.570 mln) mostly as result of lower volume of legal services, which were connected with right issue previous year.

The operating loss for H1 2018 was MSEK -5.843 (US\$ -0.697 mln) compared to H1 2017 of MSEK -5.019 (US\$ -0.566 mln)

Net financial items for H1 2018 amounted to MSEK -22.949 (US\$ -2.736 mln) (H1 2017 MSEK 9.237) (US\$ 1.042 mln)) and included interest expenses related to Golden Impala (the Shareholder's) bond of MSEK -2.935 (US\$ -0.350 mln); interest expenses of MSEK -0.345 (US\$ -0.041 mln) to KFM and net forex loss of MSEK -27.826 (US\$ -3.318 mln). These expenses were partly compensated by intergroup loan interest income in amount of MSEK 8.157 (US\$ 0.973 mln).

Interest expenses to Golden Impala decreased by 65% or MSEK 5.896 (US\$ 0.646 mln) as result of reduction of principal amount of debt to Shareholder (through set-off of shareholder debt for new shares issued in 2017-2018) and change an effective interest rate from 4.3% in H1 2017 down to 2% in H1 2018.

Effect of forex on net financial items in H1 2018 was negative mostly due to SEK depreciation against US\$ by 9% as liability to Golden Impala and KFM denominated in US\$.

Net loss for H1 2018 amounted to MSEK -28.792 (US\$ -3.433 mln) compared to net profit of MSEK 4.218 (US\$ 0.476 mln) H1 2017.

FINANCIAL POSITION OF THE PARENT COMPANY

Total cash balance in the Parent Company was MSEK 0.312 (US\$ 0.035 mln) as of 30 June 2018 (31 December 2017 MSEK 0.257 (US\$ 0.031 mln)).

Warrants subscription period, issued in connection with the rights issue in September 2017, ended on 30 March 2018. Additional capital of MSEK 59.5 (US\$ 7.1 mln) was raised (before transaction costs), of which MSEK 31.1 (US\$ 3.7 mln) was subscribed through a set off of shareholder debt and MSEK 28.4 (US\$ 3.4 mln) was raised in cash.

ACCOUNTING PRINCIPLES AND BASIS OF PREPARATION

The consolidated accounts for Auriant Mining AB have been prepared in accordance with International Financial Reporting Standards (IFRS) as described on page 73 in the annual report for financial year 2017. The evaluations and estimations made by the board of directors and management in preparing the interim report are described on page 80 in the annual report for 2017.

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting and in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary accounting regulations for groups. The parent company accounts are prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation

RFR 2, Accounting for legal entities. The accounting policies for the parent are the same as for the group with the exceptions described in the annual report 2017.

The same accounting principles are applied in this interim report as in the annual report 2017.

No material changes in accounting principles have taken place since the Annual Report for 2017, other than the information below.

CHANGES IN ACCOUNTING PRINCIPLES APPLIED FROM JANUARY 1, 2018

From January 1, 2018, the Group applied two new accounting standards, IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers.

IFRS 9 Financial Instruments

The Group applies IFRS 9 from January 1, 2018. IFRS 9 replaces IAS 39, Financial instruments; Recognition and measurement. IFRS 9 involves changes in how financial assets are classified and measured, introduces an impairment model for expected credit losses and changes in hedge accounting requirements. IFRS 9 introduces a new model to calculate the credit loss reserve based on expected loan losses.

The new impairment model affects the Group regarding the calculation of the credit loss reserve for accounts receivable, including those that have yet to fall due. The standard has no significant impact on the Group and no adjustment to the opening balance of equity has been made.

IFRS 15 Revenue from contracts with customers.

This standard applies from January 1, 2018. The Group applies IFRS 15 from January 1, 2018. IFRS 15 is the new standard for revenue recognition and replaces IAS 18 Revenue and IAS 11 Construction Contracts and all the relevant interpretations (IFRIC and SIC). The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Group estimates that it will not have significant impact on the Group due to the revenue cycle specifics and no adjustment to the opening balance of equity has been made.

UPCOMING CHANGES IN ACCOUNTING PRINCIPLES APPLICABLE FROM JANUARY 1, 2019

IFRS 16 Leasing.

This standard applies from January 1, 2019. IFRS 16 is the new standard for the recognition, measurement, presentation and disclosure of leases. Work on implementation of IFRS 16 has begun, but as at June 30, 2018 no quantitative estimates or calculations have been made as to the impacts of the transition.

RISKS AND UNCERTAINTIES ASSOCIATED WITH THIS INTERIM REPORT

The group's risk exposure is presented on page 102 of the 2017 annual report. The Board of Directors believes that the most important risk factors for the time being are:

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

6 months 2018 operational update

As previously announced, there was no production at Tardan in the first half of 2018. In the same period last year, 1,455 thousand cubic metres of stripping took place and 165,000 tonnes of ore at a grade of 2.93 g/t was mined.

Although no mining took place, the company produced 110.3 kg (3,545 oz) of gold in the first half of 2018 from ore stacked in the heap leach in 2017. This compared to production from the heap leach in H1 2017 of 270.5 kg (8,698 oz. (-59%)). Production in H1 2017, from the heap leach and from the gravitational plant was 302.9 kg (9,741 oz.).

Total production in 2018 from ore stacked in 2017 is expected to be 150 kg, which is 50 kg more than initially expected.

During H1 2018, the Company executed preparatory works for the construction of the new CIL plant. The Company has recently completed construction of the road to the Pravoberezhniy deposit to secure access to it. As planned, the Company restarted its mining operations in July and expects first ore to come to the heap leach by the end of July. The Company is confident of achieving its production plan of 350 kg of gold at Tardan in 2018.

In May 2018, alluvial production was resumed at Solcocon. This production is 100% outsourced and generates net margin of 29% of sales for the Company. In the current period, the Company engaged 2 contractors working on 2 placers, while 1 contractor was involved in 2017. During the reporting period the Company produced 16.1 kg (517 oz) of alluvial gold compared to 6.7 kg (215 oz) produced in the previous period. Production at Solcocon in July has been interrupted by heavy rainfall, which has led to widespread flooding in the Zabaikalsky region. Production is expected to increase when the flooding subsides.

Financial reports

Consolidated income statement

	Q2 Apr-Jun 2018 TSEK	Q2 Apr-Jun 2017 TSEK	H1 Jan-Jun 2018 TSEK	H1 Jan-Jun 2017 TSEK	12 months Jan-Dec 2017 TSEK	Q2 Apr-Jun 2018 US\$ 000	Q2 Apr-Jun 2017 US\$ 000	H1 Jan-Jun 2018 US\$ 000	H1 Jan-Jun 2017 US\$ 000	12 months Jan-Dec 2017 US\$ 000
Revenue	30,891	56,068	49,756	111,320	286,494	3,606	6,370	5,933	12,562	33,532
Cost of sales	(44,796)	(55,660)	(75,006)	(106,176)	(268,381)	(5,215)	(6,318)	(8,939)	(11,975)	(31,420)
Gross profit	(13,905)	408	(25,250)	5,144	18,113	(1,609)	52	(3,006)	587	2,112
General and administrative expenses	(7,205)	(7,401)	(12,701)	(13,390)	(21,064)	(829)	(841)	(1,507)	(1,512)	(2,447)
Other operating income	1,602	3,760	2,008	5,813	27,628	189	426	239	656	3,288
Other operating expenses	(3,290)	(507)	(3,838)	(966)	(2,379)	(390)	(58)	(458)	(109)	(278)
Items affecting comparability	-	-	-	-	(2,493)	-	-	-	-	(292)
Operating profit/(loss)	(22,798)	(3,740)	(39,781)	(3,399)	19,805	(2,639)	(421)	(4,732)	(378)	2,383
Financial income	3	-	44	-	53	-	-	5	-	6
Financial expenses	(8,764)	(12,629)	(16,382)	(26,702)	(47,644)	(1,015)	(1,436)	(1,955)	(3,013)	(5,574)
Currency gain/loss	(9,503)	622	(11,321)	2,820	8,867	(1,043)	19	(1,268)	267	1,028
Profit/(Loss) before income tax	(41,062)	(15,747)	(67,440)	(27,281)	(18,919)	(4,697)	(1,838)	(7,950)	(3,124)	(2,157)
Income tax	5,710	212	10,677	3,217	(192)	671	26	1,279	363	(28)
Net profit/(loss) for the period	(35,352)	(15,535)	(56,763)	(24,064)	(19,111)	(4,026)	(1,812)	(6,671)	(2,761)	(2,185)
Whereof attributable to:										
The owners of the parent company	(35,352)	(15,535)	(56,763)	(24,064)	(19,111)	(4,026)	(1,812)	(6,671)	(2,761)	(2,185)
Earnings per share before dilution (SEK, US\$)	(0.36)	(0.87)	(0.65)	(1.35)	(0.54)	(0.04)	(0.10)	(0.08)	(0.16)	(0.06)
Earnings per share after dilution (SEK, US\$)	(0.36)	(0.84)	(0.65)	(1.35)	(0.54)	(0.04)	(0.10)	(0.08)	(0.16)	(0.06)
Number of shares issued at period end	98,648,502	17,802,429	98,648,502	17,802,429	74,847,182	98,648,502	17,802,429	98,648,502	17,802,429	74,847,182
Average number of shares for the period	98,648,502	17,802,429	86,813,592	17,802,429	35,609,445	98,648,502	17,802,429	86,813,592	17,802,429	35,609,445
Average number of shares for the period after dilution	99,341,002	18,494,929	87,506,092	18,494,929	35,609,445	99,341,002	18,494,929	87,506,092	18,494,929	35,609,445

Consolidated statement of comprehensive income

	Q2 Apr-Jun 2018 TSEK	Q2 Apr-Jun 2017 TSEK	H1 Jan-Jun 2018 TSEK	H1 Jan-Jun 2017 TSEK	12 months Jan-Dec 2017 TSEK	Q2 Apr-Jun 2018 US\$ 000	Q2 Apr-Jun 2017 US\$ 000	H1 Jan-Jun 2018 US\$ 000	H1 Jan-Jun 2017 US\$ 000	12 months Jan-Dec 2017 US\$ 000
Net profit/loss for the period	(35,352)	(15,535)	(56,763)	(24,064)	(19,111)	(4,026)	(1,812)	(6,671)	(2,761)	(2,185)
Other comprehensive income										
Translation difference	(15,230)	10,204	(17,298)	25,634	33,487	(171)	(877)	58	(81)	(768)
Total comprehensive income for the period	(50,581)	(5,331)	(74,061)	1,570	14,376	(4,197)	(2,689)	(6,613)	(2,842)	(2,953)

Consolidated statement of financial position

	June 30, 2018 TSEK	June 30, 2017 TSEK	December 31, 2017 TSEK	June 30, 2018 US\$ 000	June 30, 2017 US\$ 000	December 31, 2017 US\$ 000
ASSETS						
FIXED ASSETS						
Intangible fixed assets	176,559	158,644	164,186	23,539	22,400	23,460
Tangible fixed assets	213,683	170,308	158,366	23,827	20,077	19,214
Stripping assets	26,112	46,292	24,264	2,914	5,466	2,947
Deferred tax assets	48,012	46,596	36,288	4,667	5,502	3,777
Total fixed assets	464,366	421,840	383,104	54,947	53,445	49,397
CURRENT ASSETS						
Materials	9,675	12,167	10,755	1,080	1,437	1,307
Work in progress	20,408	57,530	49,531	2,278	6,793	6,017
Finished products	5,289	7,069	830	590	835	101
Current receivables	21,459	36,213	42,393	2,395	4,276	5,148
Advanced paid	3,342	9,297	12,010	373	1,098	1,460
Cash and cash equivalents	48,012	503	41,730	5,359	60	5,069
Total current assets	108,185	122,779	157,249	12,075	14,499	19,102
TOTAL ASSETS	572,551	544,619	540,353	67,022	67,944	68,499
EQUITY AND LIABILITIES						
EQUITY						
Share capital	11,098	2,003	8,420	1,436	307	1,117
Additional paid in capital	553,870	397,333	498,856	79,178	59,802	72,615
Retained earnings	(627,988)	(576,178)	(571,225)	(86,459)	(80,364)	(79,788)
Translation difference reserve	(139,341)	(129,896)	(122,043)	(13,620)	(12,991)	(13,678)
TOTAL EQUITY	(202,361)	(306,738)	(185,992)	(19,465)	(33,246)	(19,734)
LONG TERM LIABILITIES						
Deferred tax liabilities	-	8,451	2,422	-	1,658	294
Bank loans and other notes	302,498	104,931	278,167	33,761	12,390	33,790
Lease payable	20,852	-	527	2,327	(0)	64
Debt to shareholder (bond)	304,454	375,016	307,128	33,980	44,281	37,308
Other long-term liabilities	93,939	94,144	87,238	10,485	11,117	10,598
Total long term liabilities	721,743	582,542	675,482	80,553	69,446	82,054
CURRENT LIABILITIES						
Trade accounts payable	3,834	13,076	3,542	428	1,543	430
Bank loans payable	17,920	222,047	16,464	2,000	26,219	2,000
Other interest bearing liabilities	21,105	3,339	17,899	2,356	394	2,174
Other current liabilities	10,310	30,353	12,958	1,150	3,588	1,575
Total current liabilities	53,169	268,815	50,863	5,934	31,744	6,179
TOTAL EQUITY AND LIABILITIES	572,551	544,619	540,353	67,022	67,944	68,499

Consolidated statement of changes in equity

All amounts in TSEK	Attributable to the shareholders of the parent company				
	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings	Total equity
Equity as at December 31, 2016	2,003	397,382	(155,530)	(552,114)	(308,259)
Comprehensive income					
Net profit/loss for the period				(24,064)	(24,064)
Other comprehensive income			25,634		25,634
Total comprehensive income for the period	-	-	25,634	(24,064)	1,570
Transactions with owners in their capacity as owners					
Warrants and options issue		(49)			(49)
Total transactions with owners in their capacity as owners	-	(49)	-	-	(49)
Equity as at June 30, 2017	2,003	397,333	(129,896)	(576,178)	(306,738)
Comprehensive income					
Net profit/loss for the period				4,953	4,953
Other comprehensive income			7,853		7,853
Total comprehensive income for the period	-	-	7,853	4,953	12,805
Transactions with owners in their capacity as owners					
Proceeds from share issued	6,418	113,965			120,383
Convertible part of bond		(12,455)			(12,455)
Warrants and options issue		12			12
Total transactions with owners in their capacity as owners	6,418	101,523	-	-	107,940
Equity as at December 31, 2017	8,420	498,856	(122,043)	(571,225)	(185,992)
Comprehensive income					
Net profit/loss for the period				(56,763)	(56,763)
Other comprehensive income			(17,298)		(17,298)
Total comprehensive income for the period	-	-	(17,298)	(56,763)	(74,061)
Transactions with owners in their capacity as owners					
Proceeds from share issued	2,678	55,005			57,683
Warrants and options issue		9			9
Total transactions with owners in their capacity as owners	2,678	55,014	-	-	57,692
Equity as at June 30, 2018	11,098	553,870	(139,341)	(627,988)	(202,361)

Consolidated statement of changes in equity

All amounts in US\$'000	Attributable to the shareholders of the parent company				
	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings	Total equity
Equity as at December 31, 2016	307	59,808	(12,910)	(77,603)	(30,398)
Comprehensive income					
Net profit/loss for the period				(2,761)	(2,761)
Other comprehensive income			(81)		(81)
Total comprehensive income for the period	-	-	(81)	(2,761)	(2,842)
Transactions with owners in their capacity as owners					
Warrants and options issue		(6)			(6)
Total transactions with owners in their capacity as owners	-	(6)	-	-	(6)
Equity as at June 30, 2017	307	59,802	(12,991)	(80,364)	(33,246)
Comprehensive income					
Net profit/loss for the period				576	576
Other comprehensive income			(688)		(688)
Total comprehensive income for the period	-	-	(688)	576	(111)
Transactions with owners in their capacity as owners					
Proceeds from share issued	810	14,326			15,136
Convertible part of bond		(1,515)			(1,515)
Warrants and options issue		2			2
Total transactions with owners in their capacity as owners	810	12,813	-	-	13,623
Equity as at December 31, 2017	1,117	72,615	(13,678)	(79,788)	(19,734)
Comprehensive income					
Net profit/loss for the period				(6,671)	(6,671)
Other comprehensive income			58		58
Total comprehensive income for the period	-	-	58	(6,671)	(6,613)
Transactions with owners in their capacity as owners					
Proceeds from share issued	319	6,562			6,881
Warrants and options issue		1			1
Total transactions with owners in their capacity as owners	319	6,563	-	-	6,882
Equity as at June 30, 2018	1,436	79,178	(13,620)	(86,459)	(19,465)

Consolidated cash flow statement

	Q2 Apr-Jun 2018 TSEK	Q2 Apr-Jun 2017 TSEK	H1 Jan-Jun 2018 TSEK	H1 Jan-Jun 2017 TSEK	Q2 Apr-Jun 2018 US\$ 000	Q2 Apr-Jun 2017 US\$ 000	H1 Jan-Jun 2018 US\$ 000	H1 Jan-Jun 2017 US\$ 000
OPERATING ACTIVITIES								
Receipts from customers	31,249	56,057	64,384	111,309	3,605	6,370	7,693	12,562
VAT and other reimbursement	1,206	7,226	15,708	17,235	139	821	1,928	1,943
Payments to suppliers	(15,696)	(43,479)	(28,657)	(78,299)	(1,811)	(4,941)	(3,410)	(8,843)
Payments to employees and social taxes	(11,013)	(21,627)	(24,778)	(40,478)	(1,271)	(2,458)	(2,969)	(4,570)
Income tax paid	(426)	(569)	(499)	(569)	(49)	(65)	(58)	(65)
Other taxes paid	(3,152)	(5,283)	(6,540)	(9,788)	(364)	(600)	(782)	(1,105)
Net cash flows from/(used in) operating activities	2,168	(7,675)	19,617	(590)	250	(872)	2,402	(78)
INVESTING ACTIVITIES								
Purchase and construction of property plant and equipment	(17,716)	(926)	(25,277)	(2,306)	(2,044)	(105)	(2,977)	(260)
Exploration and research works	(747)	(562)	(2,872)	(3,276)	(86)	(64)	(348)	(368)
Net cash flows used in investing activities	(18,463)	(1,488)	(28,148)	(5,582)	(2,130)	(169)	(3,325)	(628)
FINANCING ACTIVITIES								
Proceeds from borrowings, net	-	-	-	-	-	-	-	-
Receipts from share issue	27,224	-	27,224	-	3,173	-	3,173	-
Repayment of borrowings, net	-	-	-	(13,385)	-	-	-	(1,500)
Interest paid	(6,470)	(5,205)	(12,963)	(10,386)	(746)	(591)	(1,547)	(1,172)
Lease payments	(1,522)	(2,829)	(2,345)	(5,640)	(176)	(321)	(277)	(637)
Transaction costs arising on share issue	(422)	-	(644)	-	(49)	-	(76)	-
Other finance income/expenses	499	-	499	-	58	-	58	-
Net cash from/(used in) financing activities	19,310	(8,034)	11,772	(29,411)	2,260	(913)	1,330	(3,309)
Net increase/(decrease) in cash and cash equivalents	3,014	(17,197)	3,240	(35,583)	380	(1,954)	407	(4,015)
Net foreign exchange difference	2,513	(891)	3,042	(1,873)	(103)	(67)	(118)	(98)
Opening balance cash and cash equivalents	42,485	18,591	41,730	37,959	5,082	2,081	5,069	4,173
Closing balance cash and cash equivalents	48,012	503	48,012	503	5,359	60	5,359	60

Consolidated Key Ratios

	H1 Jan-Jun 2018 TSEK	H1 Jan-Jun 2017 TSEK	12 months Jan-Dec 2017 TSEK	H1 Jan-Jun 2018 US\$ 000	H1 Jan-Jun 2017 US\$ 000	12 months Jan-Dec 2017 US\$ 000	Definitions
Total assets	572,551	544,619	540,353	67,022	67,944	68,499	Total assets at period end
Total equity	(202,361)	(306,738)	(185,992)	(19,465)	(33,246)	(19,734)	Total equity including non controlling interest at period end
Interest bearing debt	683,677	770,992	635,089	76,304	91,037	77,147	Total interest bearing debt at the period end
Employees at period end	432	542	483	432	542	483	
EBITDA	(20,785)	22,227	76,587	(2,471)	2,507	9,037	Earnings Before Interest, Tax, Depreciation, Amortization and any Impairment.
Per share data							
Earnings per share (SEK, USD)	(0.65)	(1.35)	(0.54)	(0.08)	(0.16)	(0.06)	Net result after tax for the period divided by the divided by the average number of outstanding shares at the period end
Equity per share (SEK, USD)	(2.05)	(17.23)	(2.48)	(0.20)	(1.87)	(0.26)	Equity excluding non controlling interests at the period end divided by the number of outstanding shares at the period end

Parent company income statement

	Q2 Apr-Jun 2018 TSEK	Q2 Apr-Jun 2017 TSEK	H1 Jan-Jun 2018 TSEK	H1 Jan-Jun 2017 TSEK	12 months Jan-Dec 2017 TSEK	Q2 Apr-Jun 2018 US\$ 000	Q2 Apr-Jun 2017 US\$ 000	H1 Jan-Jun 2018 US\$ 000	H1 Jan-Jun 2017 US\$ 000	12 months Jan-Dec 2017 US\$ 000
Income										
Operating income	180	180	360	982	1,342	21	21	43	111	157
Total income	180	180	360	982	1,342	21	21	43	111	157
Operating costs										
External expenses	(3,369)	(3,184)	(4,781)	(5,203)	(5,274)	(396)	(361)	(570)	(587)	(617)
Employee benefit expenses	(727)	(580)	(1,422)	(798)	(2,304)	(84)	(66)	(170)	(90)	(270)
Total operating costs	(4,096)	(3,763)	(6,203)	(6,001)	(7,577)	(480)	(427)	(740)	(677)	(887)
Operating profit/loss	(3,916)	(3,583)	(5,843)	(5,019)	(6,235)	(459)	(406)	(697)	(566)	(730)
Net financial items	(21,659)	(18,458)	(22,949)	9,237	21,833	(2,577)	(2,062)	(2,736)	1,042	2,555
Profit/loss before income tax	(25,575)	(22,041)	(28,792)	4,218	15,598	(3,036)	(2,468)	(3,433)	476	1,825
Income tax	-	-	-	-	-	-	-	-	-	-
Net profit/loss for the period	(25,575)	(22,041)	(28,792)	4,218	15,598	(3,036)	(2,468)	(3,433)	476	1,825

Parent company statement of comprehensive income

	Q2 Apr-Jun 2018 TSEK	Q2 Apr-Jun 2017 TSEK	H1 Jan-Jun 2018 TSEK	H1 Jan-Jun 2017 TSEK	12 months Jan-Dec 2017 TSEK	Q2 Apr-Jun 2018 US\$ 000	Q2 Apr-Jun 2017 US\$ 000	H1 Jan-Jun 2018 US\$ 000	H1 Jan-Jun 2017 US\$ 000	12 months Jan-Dec 2017 US\$ 000
Net profit/loss for the period	(25,575)	(22,041)	(28,792)	4,218	15,598	(3,036)	(2,468)	(3,433)	476	1,825
Translation differences	-	-	-	-	-	(3,154)	1,502	(3,816)	1,983	2,338
Total comprehensive income for the period	(25,575)	(22,041)	(28,792)	4,218	15,598	(6,190)	(966)	(7,249)	2,459	4,163

Parent company statement of financial position

	June 30, 2018 TSEK	June 30, 2017 TSEK	December 31, 2017 TSEK	June 30, 2018 US\$ 000	June 30, 2017 US\$ 000	December 31, 2017 US\$ 000
ASSETS						
FIXED ASSETS						
Financial fixed assets	733,003	670,260	705,452	81,809	79,143	85,694
Total fixed assets	733,003	670,260	705,452	81,809	79,143	85,694
CURRENT ASSETS						
Current receivables	2,038	2,825	1,884	227	334	229
Cash and bank	312	91	257	35	11	31
Total current assets	2,350	2,917	2,141	262	344	260
TOTAL ASSETS	735,353	673,177	707,594	82,072	79,487	85,954
EQUITY AND LIABILITIES						
Total equity	392,993	244,773	364,093	43,861	28,902	44,228
Long term liabilities	324,183	410,741	325,810	36,182	48,499	39,577
Current liabilities	18,177	17,663	17,691	2,029	2,086	2,149
TOTAL EQUITY AND LIABILITIES	735,353	673,177	707,594	82,072	79,487	85,954

Parent company statement of changes in equity

(All amounts in TSEK)	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings	Net income for the period	Total equity
Equity as at December 31, 2016	2,003	266,306	624,088	-	(662,772)	10,980	240,604
Profit/loss brought forward					10,980	(10,980)	-
Comprehensive income							
Net profit/loss for the period						4,218	4,218
Other comprehensive income				-			-
Total comprehensive income for the period	-	-	-	-	-	4,218	4,218
Transactions with owners in their capacity as owners							
Warrants and options issue			(49)				(49)
Total transactions with owners in their capacity as owners	-	-	(49)	-	-	-	(49)
Equity as at June 30, 2017	2,003	266,306	624,039	-	(651,792)	4,218	244,773
Comprehensive income							
Net profit/loss for the period						11,380	11,380
Other comprehensive income							-
Total comprehensive income for the period	-	-	-	-	-	11,380	11,380
Transactions with owners in their capacity as owners							
Proceeds from share issued	6,418		113,965				120,383
Convertible part of bond			(12,455)				(12,455)
Warrants and options issue			12				12
Total transactions with owners in their capacity as owners	6,418	-	101,523	-	-	-	107,940
Equity as at December 31, 2017	8,420	266,306	725,562	-	(651,792)	15,598	364,093
Profit/loss brought forward					15,598	(15,598)	-
Comprehensive income							
Net profit/loss for the period						(28,792)	(28,792)
Other comprehensive income				-			-
Total comprehensive income for the period	-	-	-	-	-	(28,792)	(28,792)
Transactions with owners in their capacity as owners							
Proceeds from share issued	2,678		55,005				57,683
Warrants and options issue			9				9
Total transactions with owners in their capacity as owners	2,678	-	55,014	-	-	-	57,692
Equity as at June 30, 2018	11,098	266,306	780,576	-	(636,195)	(28,792)	392,993

Parent company statement of changes in equity

(All amounts in US\$ 000)	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings	Net income for the period	Total equity
Equity as at December 31, 2016	307	40,872	94,602	(7,909)	(102,707)	1,284	26,448
Profit/loss brought forward					1,284	(1,284)	-
Comprehensive income							
Net profit/loss for the period						476	476
Other comprehensive income				1,983			1,983
Total comprehensive income for the period	-	-	-	1,983	-	476	2,459
Transactions with owners in their capacity as owners							
Warrants and options issue			(6)				(6)
Total transactions with owners in their capacity as owners	-	-	(6)	-	-	-	(6)
Equity as at June 30, 2017	307	40,872	94,596	(5,926)	(101,423)	476	28,902
Comprehensive income							
Net profit/loss for the period						1,349	1,349
Other comprehensive income				354			354
Total comprehensive income for the period	-	-	-	354	-	1,349	1,703
Transactions with owners in their capacity as owners							
Proceeds from share issued	810		14,326				15,136
Convertible part of bond			(1,515)				(1,515)
Warrants and options issue			2				2
Total transactions with owners in their capacity as owners	810	-	12,813	-	-	-	13,623
Equity as at December 31, 2017	1,117	40,872	107,409	(5,571)	(101,423)	1,825	44,228
Profit/loss brought forward					1,825	(1,825)	-
Comprehensive income							
Net profit/loss for the period						(3,433)	(3,433)
Other comprehensive income				(3,816)			(3,816)
Total comprehensive income for the period	-	-	-	(3,816)	-	(3,433)	(7,249)
Transactions with owners in their capacity as owners							
Proceeds from share issued	319		6,562				6,881
Warrants and options issue			1				1
Total transactions with owners in their capacity as owners	319	-	6,563	-	-	-	6,882
Equity as at June 30, 2018	1,436	40,872	113,972	(9,388)	(99,598)	(3,433)	43,861

Parent company cash flow statement

	Q2 Apr-Jun 2018 TSEK	Q2 Apr-Jun 2017 TSEK	H1 Jan-Jun 2018 TSEK	H1 Jan-Jun 2017 TSEK	Q2 Apr-Jun 2018 US\$ 000	Q2 Apr-Jun 2017 US\$ 000	H1 Jan-Jun 2018 US\$ 000	H1 Jan-Jun 2017 US\$ 000
OPERATING ACTIVITIES								
Receipts from customers	-	-	359	106	-	-	44	12
VAT and other reimbursement	181	112	325	112	21	13	39	13
Payments to suppliers	(2,588)	(3,382)	(4,487)	(6,304)	(299)	(384)	(533)	(712)
Payments to employees and the Board members	(712)	(574)	(1,423)	(1,170)	(82)	(65)	(170)	(132)
Income tax paid	-	-	-	-	-	-	-	-
Other taxes paid	-	-	-	-	-	-	-	-
Net cash flows used in operating activities	(3,120)	(3,844)	(5,225)	(7,256)	(361)	(436)	(621)	(819)
INVESTING ACTIVITIES								
Borrowings given/Proceeds from borrowings given	(21,975)	3,560	(18,850)	7,333	(2,535)	405	(2,150)	827
Net cash flows used in investing activities	(21,975)	3,560	(18,850)	7,333	(2,535)	405	(2,150)	827
FINANCING ACTIVITIES								
Proceeds from borrowings	-	-	-	-	-	-	-	-
Receipts from share issue	27,224	-	27,224	-	3,173	-	3,173	-
Repayment of borrowings	-	-	-	-	-	-	-	-
Interest paid	-	-	(627)	-	-	-	(75)	-
Transaction costs arising on share issue	(422)	-	(644)	-	(49)	-	(76)	-
Other finance income/expenses	(1,789)	-	(1,789)	-	(210)	-	(210)	-
Net cash from financing activities	25,014	-	24,164	-	2,914	-	2,811	-
Net increase/(decrease) in cash and cash equivalents	(82)	(283)	89	76	18	(31)	41	8
Net foreign exchange difference	1	(51)	(34)	(42)	(30)	(6)	(37)	(3)
Opening balance cash and cash equivalents	392	426	257	57	47	48	31	6
Closing balance cash and cash equivalents	312	91	312	91	35	11	35	11

Additional Information

NEXT REPORTS DUE

Interim report (3) July – September 2018:

[November 30, 2018](#)

Interim report (4) October – December 2018:

[February 28, 2019](#)

COMPANY INFORMATION

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

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

BOARD ASSURANCE

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

Stockholm, August 28, 2018

Auriant Mining AB (publ.)

Lord Daresbury
Chairman of the Board

Preston Haskell
Board Member

Ingmar Haga
Board Member

Patrik Perenius
Board Member

Sergey Ustimenko
CEO

This quarterly report has not been reviewed by the auditors.

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