Auriant Mining

ANNUAL REPORT 2017

AURIANT
MINING

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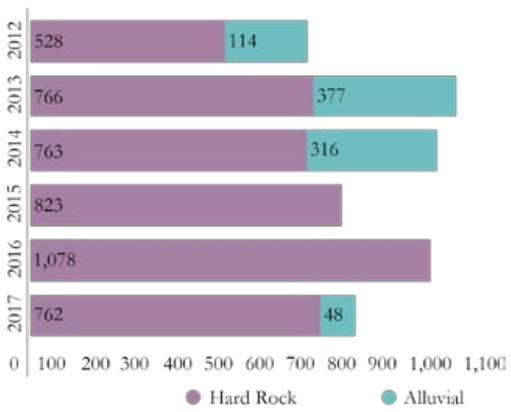
Auriant Mining in Brief

Russia focused gold miner

Listed on NASDAQ OMX First North Premier

2 producing mines

Gold production 2012-2017



3 exploration properties

500 employees

2017 production of 809 kg of gold (26,023 oz)

Approximately 3,300 shareholders

74,847,182 ordinary shares issued

Official Russian State Reserves Committee (GKZ) + JORC Re-courses and reserves of 1,666,000 troy ounces (52 tonnes) of gold

Significant Events During 2017

JAN

Kara-Beldyr JORC resources update from Wardell Armstrong International.
Total gold resources amounted to 26.8 tons.

FEB

MAR

New JORC resource estimate from Wardell Armstrong International at the Pravoberezhny deposit at Tardan: 4.9 tonnes with an average grade of 3.23 g/t.

APR

Alluvial production at Solcocon was recommenced.

MAY

JUN

Refinancing, at 100%, the bank debt of US$ 37.5 mln with VTB. The Company's previous loan provider, PSB, has been repaid in full. The new loan is for 5 years with a reduced principal repayment schedule during the first 2 years. The interest rate is 1.7 % lower, which results in annual savings of US$ 0.6 mln.

JUL

AUG

Start of road construction to Pravoberezhny deposit of Tardan.

SEP

Exploration at Solcocon was recommenced. Preliminary 1.8 tonnes of C2 resources and 0.5 tonnes of P1 to existing resources of 16 tons of gold at Solcocon are added.

Rights issue. US$ 18 mln of new capital raised before transaction costs.

OCT

NOV

Carbon-In-Leach (CIL) plant construction project at Tardan has started.

DEC

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 38.

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.

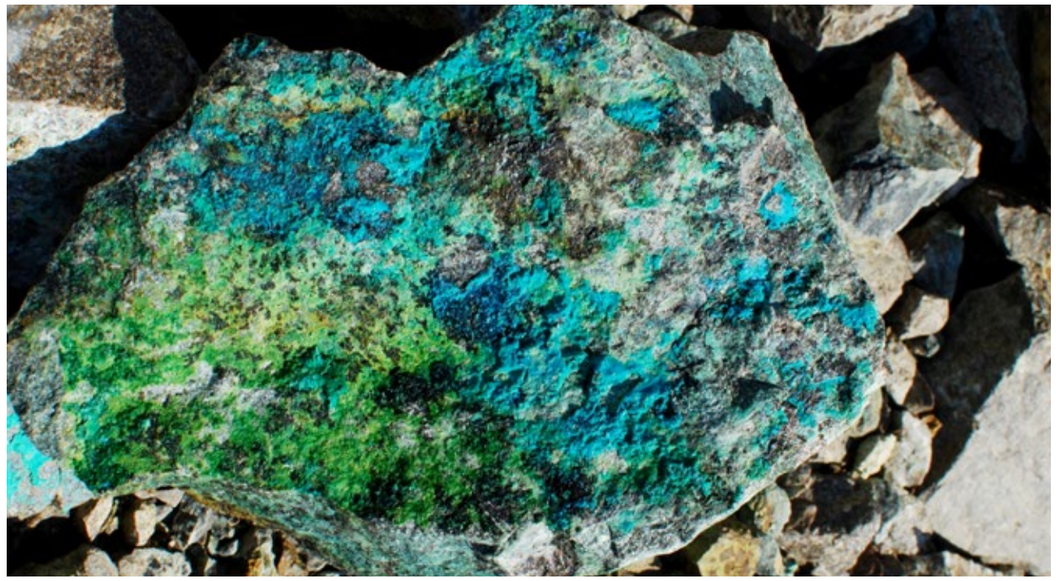
Integrity

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 50.



Our Strategy

The Company's strategy is focused on creating value growing organically through an increase of efficiency of operations at our operating mine Tardan, development of Kara-Beldyr project where exploration is complete, and continuing exploration at Solococon aimed to increase resources up to a production level.

Asset	Target	2017Result
TARDAN	Upgrade technology to CIL	Share issue to finance CIL construction Start of CIL construction
KARA-BELDYR	Development of the project	Warrants issue to finance feasibility study Target production: 2 t of gold per year
SOLCOCON	Exploration to increase resources	Exploration program 2017
UZHUNZHUL	Early stage exploration	Estimate of resource potential

Chairman Statement

I am pleased to report that in 2017 our strategy of establishing the architecture for financing the completion of the construction of the new plant at Tardan and the delivery of the significant improvement in the Company financial foundations turned into reality. These developments mean that we are making progress towards our midterm goal of producing 3 tons of gold from our asset portfolio by 2022.

The Company reorganized its balance sheet through implementation of a rights issue raising MSEK 142.4 (US$ 18.0 mln) in new capital (the "2017 Financing"), which was completed in March 2018 with the exercise of Warrants, increasing the Company's capital by another 59.5 MSEK (approximately 7.1 US$m), before transaction costs, including cash proceeds of 28.4 MSEK (US$ 3.4 mln).

Our major shareholder Bertil Holdings, a company indirectly owned by the member of the Board Preston Haskell, acquired new shares through the 2017 Financing in exchange for a reduction of the convertible debt of MSEK 104.7 (US$ 13.0 mln). The terms of the remaining outstanding shareholder debt were also restructured - extending the maturity date to December 31, 2021 when production at Kara-Beldyr is expected to start, and continuing in that period the existing interest rate of 2% per annum. The Company also successfully refinanced its external bank loans outstanding (US$ 35.4 mln at the end of 2017) with VTB. All these initiatives have significantly improved and strengthened the Group's financial position.

Since mid-2017 a leading Stockholm investor, Per Ahlgren, has built up an equity holding of 20% in the issued share capital of the Company. We welcome Mr. Ahlgren on board and we are grateful for his support of Company's initiatives.

Gold production for the year was in line with the October 2017 forecast at 810 kg, which included 762 kg from Tardan and 48 kg from the recommenced operations at Solcocon. The gold grade achieved in 2017 was in line with the mineplan at 2.36 g/t (2016 - 4.04 g/t).

Auriant Mining has now entered a short period of reduced production in preparation for, and during, the construction phase of the new plant at Tardan which is planned to allow the build to be executed efficiently and quickly. The 2018 production forecast for Tardan is 360 kg. At Solcocon the Company expects alluvial production in 2018 to increase to 150 kg which gives us a total 2018 production of 500 kg.

Following completion of the CIL Plant, the Company expects to benefit from additional gold production and revenue from higher recovery rate to be obtained from the new CIL technology in its results for the year to December 2019, when total annual production in 2019 is expected to be 1000 kg (approx. 32,000 ounces) with significantly reduced total cash costs per ounce of production.

Following the successful completion of the construction of the new plant at Tardan and delivery of the significant improvement in financial performance which will result, the Company's medium term strategy is focused on the commencement in 2018 of the feasibility study at Kara-Beldyr, and the development of mining and exploration activities at Solcocon.

I would like to record my appreciation for the efforts of the management team, and the support or our shareholders, which has ensured this progress in the 2017 financial year, and which has set the Company on the right course for unlocking the value in its asset portfolio.

Lord Daresbury (Peter)
Chairman of the Board

CEO Statement

Dear Stakeholders

In spite of decreased production resulting from the decreasing grade and depletion of Barsuchy deposit, Auriant ended 2017 with a net result close to break even (loss 2.2 US$m). At the same time, important steps were taken in 2017 towards implementation of the long-term growth strategy and measures to secure sustainable profitability in the future.

RIGHTS ISSUE

In September 2017, we carried out a rights issue increasing Auriant's capital by 142.4 MSEK (approximately 18 US$m) by means of a debt set off and cash contribution for newly issued shares. We raised cash proceeds of approximately 67.9 MSEK before transaction costs.

The proceeds from the rights issue were applied towards upgrading the Company's production facilities at Tardan construction of the Carbon-In-Leach (CIL) plant. The upgrade of the production facilities will allow us to significantly increase recovery of gold from ore (from the current 60% to 90%) and will increase the lifetime of the Tardan mine, secure additional gold production from tails reprocessing, and will enhance profitability and future cash flows from this project.

The Warrant exercise in March 2018 marks the second stage of the financing launched in September 2017. As a result of Warrants exercise Auriant increased its capital by another 59.5 MSEK (approximately 7.1 US$m), including cash portion of the capital raise of 28.4 MSEK.

PRODUCTION

Auriant gold production amounted to 809 kg which included 762 kg from Tardan and 48 kg from Solcocon (alluvial gold production was recommenced in 2017).

At Tardan, we finished Barsuchy deposit which was the main source of ore for our gold production during 2015-2017. The gold grade was in line with the mineplan for 2017 at 2.36 g/t (compared to 4.04 g/t in 2016). With the deeper horizons inherent in Barsuchiy we had, during 2017, smaller volumes of ore suitable for processing via the gravitational plant and this ore had lower grades. As expected, the decrease in volumes and grades resulted in lower production via the gravitational plant compared to 2016. Gravitational production was halted in August 2017. During the total life of the deposit we mined out 2.9 tonnes of gold in ore, which is 11% upside as compared to the initial geological resource estimate.

In 2017, we started to prepare Pravoberezhny deposit for mining, which will be our main gold bearing asset for the next years. At the moment, we are about to finish road connecting Tardan to Pravoberezhny and are getting prepared to start stripping and mining there in the second half of 2018. Ore from Pravoberezhny with a long term average grade of 3.23 g/t will be first used in heap leach production and once the CIL plant is put into operation the ore will be supplied to the plant.

Mining operations at Tardan have been discontinued for the first 6 months of 2018 in preparation for this construction phase, with production expected to resume in Q3 2018.

RESOURCES UPDATE

Kara-Beldyr

The latest resource estimate at Kara-Beldyr was made in 2017 by Wardell Armstrong International, a UK based Engineering, Environmental and Mining consultancy group. Indicated resources amount to 807 thousand ounces of gold (25.1 tons) with an average grade of 2.63 g/t and 1,069 thousand ounces of silver (33.2 tons) with an average grade of 3.49 g/t. Auriant is confident of establishing a mining operation at Kara-Beldyr that would produce up to 2 tons of gold/year with a mine life of over 10 years.

Tardan

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

CEO Statement

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

Solcocon

Auriant restarted an exploration program at Solcocon in 2017 and was concentrating on the North-East flank of Solcocon's Bolomolovskoye deposit. This deposit was formerly the prime source of oxidized ore for heap leach processing in 2013 and 2014. During 2017, the Company completed drilling of 4,100 meters of core, and 26,000 cubic meters of trenches. A total of 5,458 samples were taken. In addition, in 2017 Auriant carried out a cameral assessment of its exploration activities carried out in 2014 at the South flank of Bogomolovskoye deposit, where, in that year, the Company had completed 5,000 meters of core drilling.

A preliminary assessment of the exploration results indicated 1.8 tonnes of C2 resources and 0.5 tonnes of P1 resources, in addition to existing resources of 15 tons of hard rock gold at Solcocon.

CASH FLOWS

We successfully refinanced our banking debt with a new finance provider, VTB, increasing duration of the loan and decreasing interest rate. The Company's previous loan provider, PSB, has been repaid in full. The new loan is for 5 years with a reduced principal repayment schedule during the first 2 years. Also, the interest rate is 1.7 % lower, which results in annual savings of US$ 0.6 mln.

Consolidated revenue in 2017 was at MSEK 286.5 (US$ 33.5 mln) (2016 – MSEK 371.6 (US$ 43.4 mln)).

Operating profit was MSEK 19.8 (US$ 2.4 mln) compared to MSEK 131.9 (US$ 15.4 mln) in 2016

EBITDA was MSEK 76.6 (US$ 9.0 mln) compared to MSEK 188.5 (US$ 22.0 mln) in 2016.

OUTLOOK

Our key goals for 2018 are to implement the CIL construction plans and establish the definition of the Kara-Beldyr project – including mine design and feasibility (the project will include engineering studies, ecological and archeological studies and expertize, determination of key technological routs and equipment, state technical expertize).

The construction of the Tardan CIL plant will continue throughout 2018, with the launch of the new plant expected in Q1 2019, following which the targeted average annual production is expected to be 1,000 kg per year (approx. 32 thousand ounces).

Kara-Beldyr project will be structured with the aim of completing the documents required for an application for state approval in Q3 2019, and then proceeding towards the next stage of development in time to allow production to commence in 2020 – 2021.

Finally, I would like to thank all of our stakeholders for their significant contribution and support in our work; this includes our majority shareholders, all of our other investors, and our employees and Directors.

Sergey Ustimenko

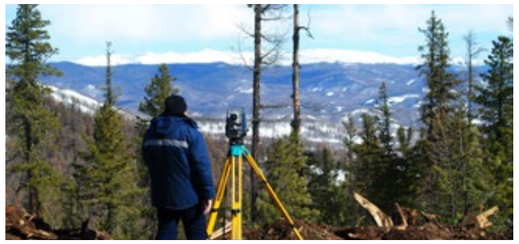
Chief Executive Officer

Auriant Mining AB

Auriant Gold Assets

TARDAN

- Flagship mine located in Republic of Tyva;
- 2017 gold production of 762 kg of gold;
- Open pit;
- CIL construction;
- Resources&reserves ~ 9 t of gold.



KARA-BELDYR

- Ready to construct property;
- Located in Republic of Tyva;
- Expected technology: CIP;
- JORC recources&reserves: 26.8 t of gold;
- Expected to start production in 2021.

SOLCOCON

- Alluvial production restarted in 2017;
- 2017 production of 48 kg of gold
- Located in Zabaikalsky Krai;
- Reserves: 16 t of gold;
- Great exploration potential.

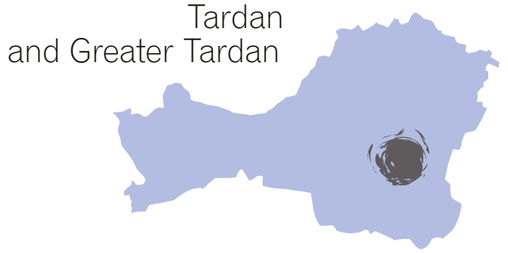
UZHUNZHUL

- Greenfield
- Located in Republic of Khakassia;
- Exploration started in 2016
- Targeted reserves at 1st stage: 10 t of gold
- Good infrastructure.

Auriant Resources and Reserves

Classification	Tonnage	g/t	000 oz	kg
TARDAN				
TARDAN DEPOSIT /GKZ/				
$C_1 + C_2$ Reserves	771,000	5.00	124	3,857
GREATER TARDAN				
PRAVOBEREZHNY DEPOSIT /JORC/				
Measured	-	-	-	-
Indicated	1,480,000	3.23	153	4,780
Measured + Indicated	1,480,000	3.23	153	4,780
Inferred	30,000	3.48	3	104
Measured + Indicated + Inferred	1,510,000	3.23	156	4,884
KARA-BELDYR /JORC/				
Measured	-	-	-	-
Indicated	9,540,000	2.63	807	25,101
Measured + Indicated	9,540,000	2.63	807	25,101
Inferred	480,000	3.55	55	1,711
Measured + Indicated + Inferred	10,020,000	2.68	862	26,811
SOLCOCON /GKZ/				
BOGOMOLOVSKOE DEPOSIT				
$C_1 + C_2$ Reserves	1,933,000	3.65	227	7,060
KOZLOVSKOE DEPOSIT				
$C_1 + C_2$ Reserves	1,059,000	8.14	277	8,615
ALLUVIAL				
$C_1 + C_2$ Reserves	876,314	0.71	20	620
TOTAL AURIANT RESERVES&RESOURCES				
Measured + Indicated + Inferred	10,020,000	3.16	1,018	31,696
$C_1 + C_2$ Reserves (geological)	5,273,000	3.70	628	19,532
TOTAL RESERVES&RESOURCES	15,293,000	3.35	1,646	51,228
TOTAL ROCK&ALLUVIAL			**1,666**	**51,848**

Tardan and Greater Tardan



LICENSE: TARDAN DEPOSIT
3.3 KM²
VALID UNTIL: 2028

LICENSE: GREATER TARDAN
540 KM²
VALID UNTIL: 2032

REPUBLIC OF TYVA

CIL CONSTRUCTION/
EXPLORATION/
PRODUCTION

2017 PRODUCTION:
762 KG

CIL CONSTRUCTION

483 EMPLOYEES

Reserves and Resources

Classification	Tonnage	g/t	000 oz	kg
TARDAN				
TARDAN DEPOSIT /GKZ/				
$C_1 + C_2$ Reserves	771,000	5.00	124	3,857
GREATER TARDAN				
PRAVOBEREZHNY DEPOSIT /JORC/				
Measured	-	-	-	-
Indicated	1,480,000	3.23	153	4,780
Measured + Indicated	1,480,000	3.23	153	4,780
Inferred	30,000	3.48	3	104
Measured + Indicated + Inferred	1,510,000	3.23	156	4,884
TOTAL AURIANT RESERVES&RESOURCES				
TOTAL RESERVER&RESURSER	**2,281,000**	**3.93**	**280**	**8,741**

Geology and Exploration

GEOLOGY

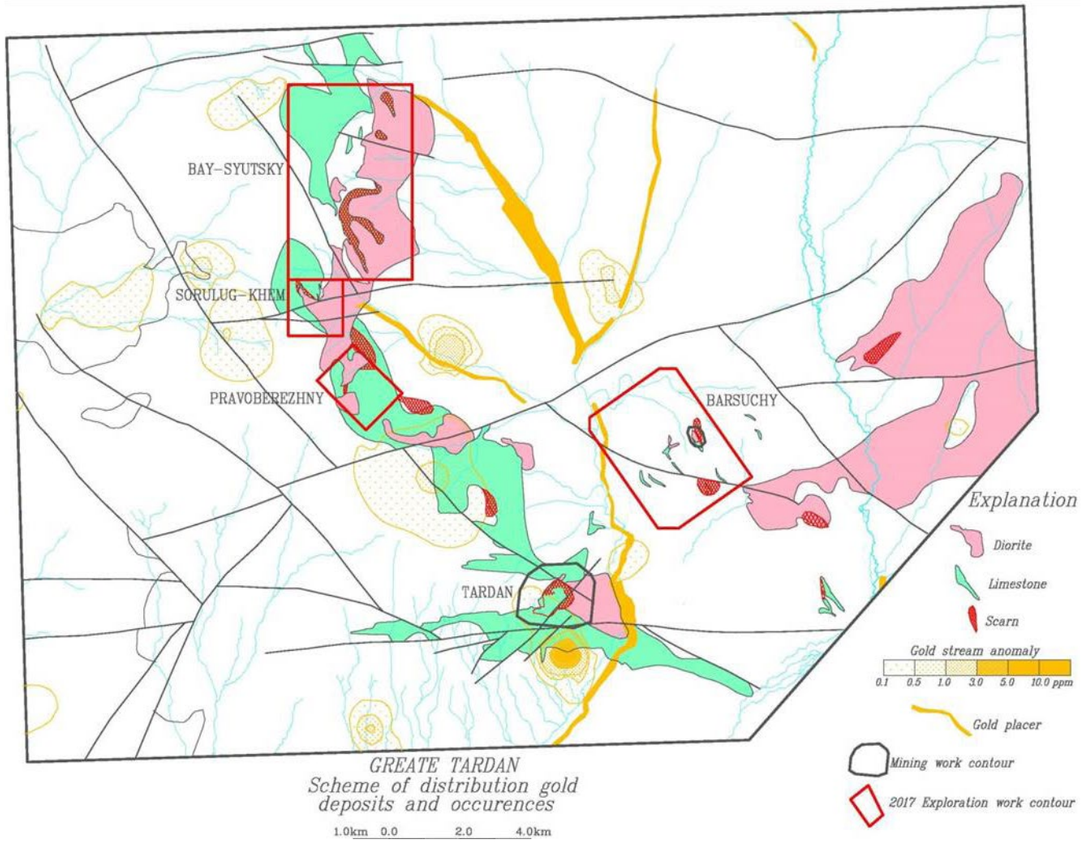
The Tardan ore cluster is an integral part of the Tapsa-Kaahemsky gold-placer region, which extends in a sublatitudinal direction for a distance of more than 90 km.

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

- Late Riphean volcanic-terrigenous sequence;
- On it lie interbedded limestones and dolomites of Vendian-Cambrian;
- All these formations are broken by the intrusion of the granodiorites of the Middle Cambrian.

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

GREATER TARDAN



GREATE TARDAN
Scheme of distribution gold deposits and occurences

TARDAN DEPOSIT

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

In the ore field, a total of 16 ore zones containing 41 ore bodies have been identified.

The Tardan deposit, itself, is a graben bounded by tectonic fractures which are part of the Baisyutskiy shear fracture. The total area of the block is approximately 4.0 km2.

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

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

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

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

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

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

TARDAN DEPOSIT

PRAVOBEREZHNY

The Pravoberejny deposit is located in the Kaa-Khem district of the Republic of Tuva, 18 km to the Tardan mine.

In total, the following types and volumes of exploration work were carried out at the Pravoberezhny deposit:

- Core drilling -7,969 m (94 holes)
- Dozer trenching – 3,150 cub. m
- Core samples – 7,531
- Channel samples - 812

Geologically the Pravoberezhny deposit is localized in the flake thrust zone in skarns on the contact of gran-odiorites and calcareous (limestone, dolomite) rocks.

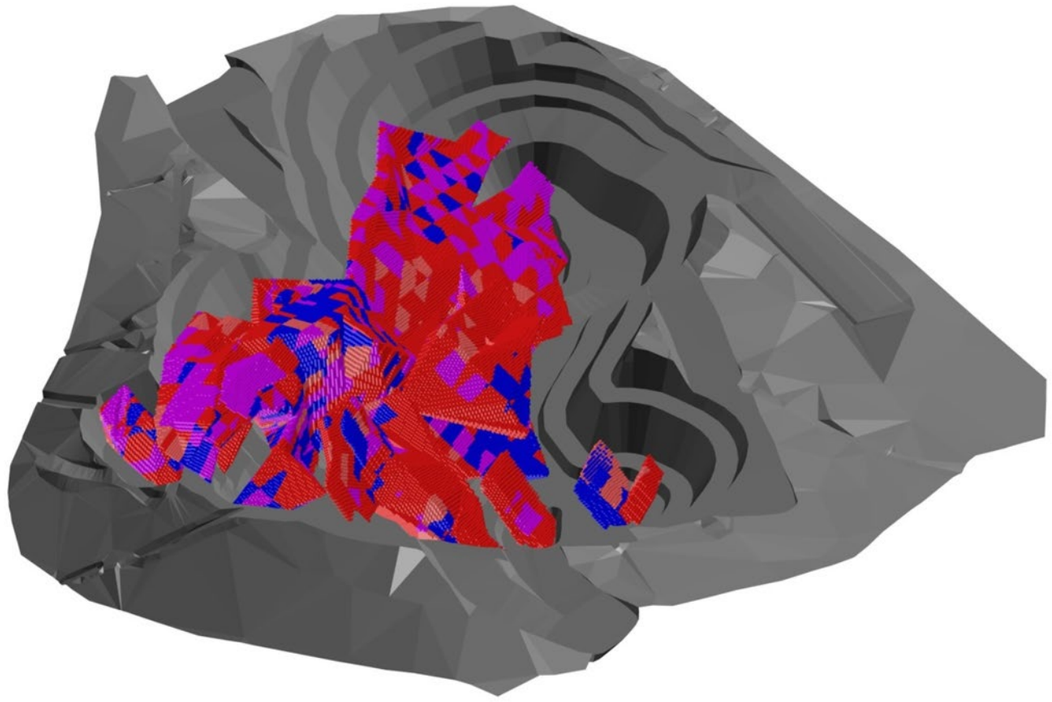
Ore zones are determined by the presence of copper minerals, and also by sampling.

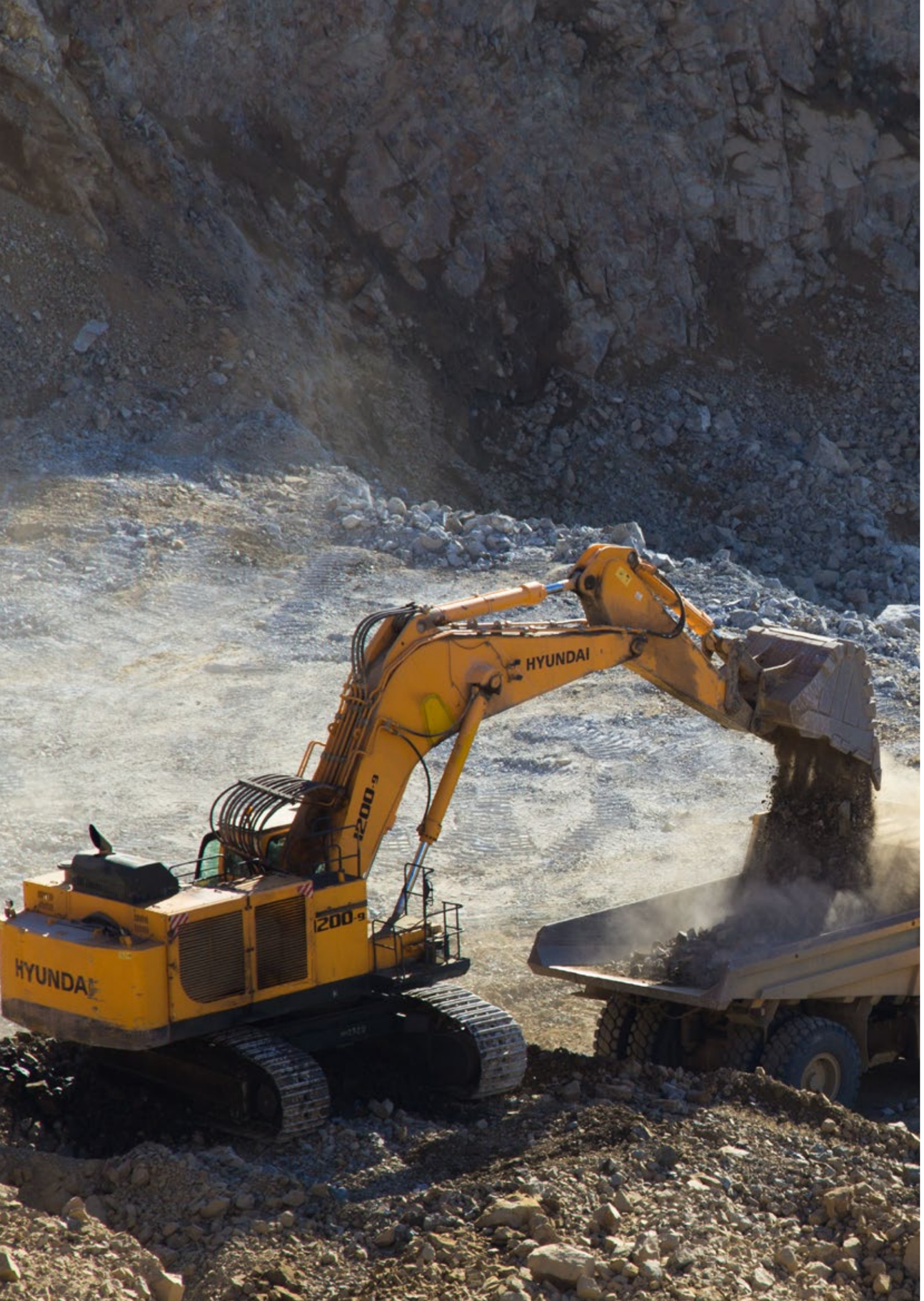
The 17 separate ore bodies have the form of plates and form a single deposit with a flat (400) dip to the east, southeast.

The total length of the deposit is 320 m, in the dip 80 - 120 m.

PRAVOBEREZHNY

PPROJECT OPEN PIT 3D MODEL OF THE PRAVOBEREZHNY DEPOSIT





Tardan 2017 Production

Total 2017 gold production, including gravitational plant production, was in line with the latest forecast published on October 20, 2017 761.7 kg (24,487 oz)

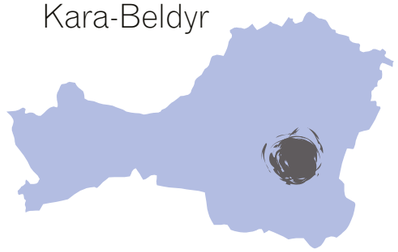
This was a decrease of 25% year on year (1,078 kg; (34,669 oz)) reflecting the planned activity pending completion of the CIL Plant.

Tardan gravitational plant produced 40.4 kg (1,298 oz) of gold, compared to 144.8 kg (4,657 oz) in 2016. Heap leach production at Tardan decreased by 23% to 721.3 kg (23,189 oz), compared to 933.5 kg (30,012 oz) in 2016.

Gold grade in 2017 was in line with the mineplan at 2.36 g/t (2016 - 4.04 g/t).

		12m 2017	12m 2016	Change	
Mining					
Waste stripping	000 m3	2,345	3,085	(740)	-24%
Ore mined	000 tonnes	394	418	(24)	-6%
Average grade	g/t	2.36	4.04	(1.68)	-42%
Gravitation					
Throughput	000 tonnes	41	77	(36)	-47%
Average grade	g/t	4.81	7.48	(2.67)	-36%
Recovery	%	21%	25%	-4%	-17%
Gold produced	**kg**	**40.4**	**144.8**	**(104)**	**-72%**
Heap leach					
Stacking					
Ore	000 tonnes	369	322	47	15%
Grade	g/t	2.02	3.22	(1.20)	-37%
Tailings	000 tonnes	85	63	22	34%
Grade	g/t	3.34	4.83	(1.49)	-31%
Gold in ore and tailings stacked	kg	1,027	1,342	(315)	-23%
Gold produced	**kg**	**721.3**	**933.5**	**(212)**	**-23%**

Kara-Beldyr



REPUBLIC OF TYVA

2018 - START OF MINE DESIGN STAGE

LICENSE: KARA-BELDYR
34KM²
VALID UNTIL: 2027

PROJECT:
CIP+ GRAVITATION

JORC RESERVES:
26.8 TONNES OF GOLD

Reserves and Resources

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

Kara-Beldyr Geology and Exploration

GEOLOGY

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

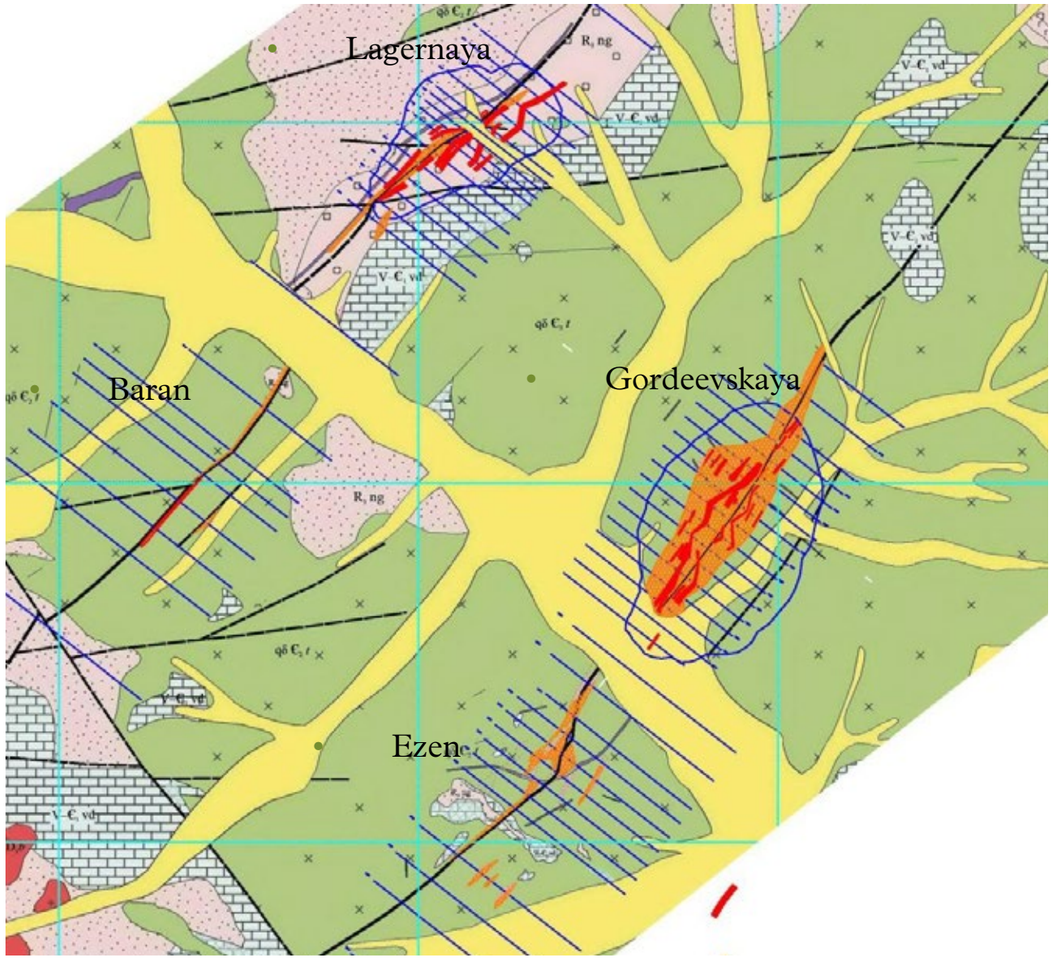
The Kara-Beldyr orogenic Au project consists of fault controlled Devonian age gold-silver mineralisation associated with metasomatised quartz diorites at Gordeyevskoye and conglomerates and dolomites at Lagerny.

The major controlling structures to mineralisation are large sub-vertical NE-SW trending fault structures identified during detailed exploration. These faults are interpreted to be transform faults off the Baikal rift zone. A number of these structures have been identified approximately 80km apart which were less obviously represented due to their distance from the main rift system.

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

The stratified deposits consist of Late Riphean the volcanic-terrigenous Noganoyskaya formation and the carbonate Cambrian-Vendian Sarygchazinskaya formation divided by a pre-Vanadian uncomformity. At Kara-Beldyr the carbonates (limestones and dolomite) underlie the volcanicterrigenous formations due to a structural and angular unconformity. The stratified deposits do not exceed 200m in thickness. The volcanic-terrigenous formations are hornfelsed and carbonate rocks are altered to magnesium or calcareous skarns, depending on the composition of the host carbonates.

Intrusions comprise a middle-Cambrian gabbro-tonalite-plagiogranite (not mapped within the Kara- Beldyr license area) and an early-Devonian Leucogranite. Close to the license boundaries, small occurrences of late-Riphean sepentinised dunnites have been identified



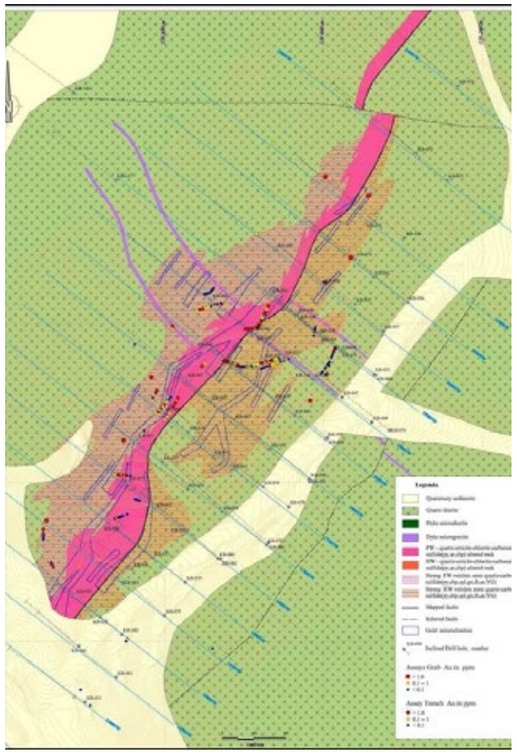
GORDEEVSKAYA

The Gordeyevskaya zone is focussed on a steeply dipping NE-SW trending fault (the Glavny fault) which crosses the license area. This fault has been traced for more than 2km and extends south towards the Ezen mineralised zone. The individual mineralised zones form a deposit striking towards the NE with a steep dip of around 64° towards the southeast. The Gordeyevskaya deposit extends roughly 1km along the strike and has a thickness of 20m at its furthest extent to the north and south, up to 100-150m at its thickest. Mineralisation has been traced to a depth of 400m. An oxidation zone is developed generally between 40m and 80m depths.

Mineralised zones are lens shaped and occur roughly parallel to the Glavny fault and are hosted in metasomatised zones within quartz-diorites. Metasomatic alteration forms a zone 40-110m thick and has been traced by drilling from the northern extent of Gordeyevskaya to the Ezen area in the south, a distance of more than 2km.

The metasomatised zones are well developed, masking the original structure and texture. The outer limit of the veinlet zone is marked by the absence of any secondary alteration, including the absence of any quartz and quartz-carbonate veins of any thickness.

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



LAGERNAYA (CAMP) ZONE

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

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

Mineralisation has been traced to a depth of 200m. The host rocks at Lagerny are of Late Riphean conglomerates and sandstones which tectonically overlie Vendian-Lower Cambrian dolomiticmarbles, with mineralisation hosted by metasomatic zones of quartz-sericite alteration. Mineralised zones at Lagerny are thinner than at Gordeyevskaya, averaging a 1.8m thickness, but are generally higher grade

Solcocon

ZABAIKALSKY KRAI

EXPLORATION/
ALLUVIAL PRODUCTION

LICENSE: SOLCOCON
220, 4 KM²
VALID UNTIL: 2029

CIP (POTENTIALLY)

GKZ RESERVES:
15.6 TONNES OF GOLD

Reserves and Resources

Classification	Tonnage	g/t	000 oz	kg
SOLCOCON /GKZ/				
BOGOMOLOVSKOE DEPOSIT				
$C_1 + C_2$ Reserves	1,933,000	3.65	227	7,060
KOZLOVSKOE DEPOSIT				
$C_1 + C_2$ Reserves	1,059,000	8.14	277	8,615
ALLUVIAL				
$C_1 + C_2$ Reserves	876,314	0.71	20	620
TOTAL SOLCOCON			**543**	**15,675**

Geology and Exploration

GEOLOGY

The Staroverenskaya gold bearing area is a part of the Nerchinsko-Zavodskoy ore region. This area includes the Bogomolovskoye and Kozlovskoye gold deposits, as well as more than 20 other gold occurrences around the upper reaches of the Middle and Lower Borzya rivers. The Staroverenskaya area comprises two ore knots – Solkokonsky and Yavlensky.

Within the license area, the most significant gold occurrenses and deposits are located within the Bystrinsky fault zone.

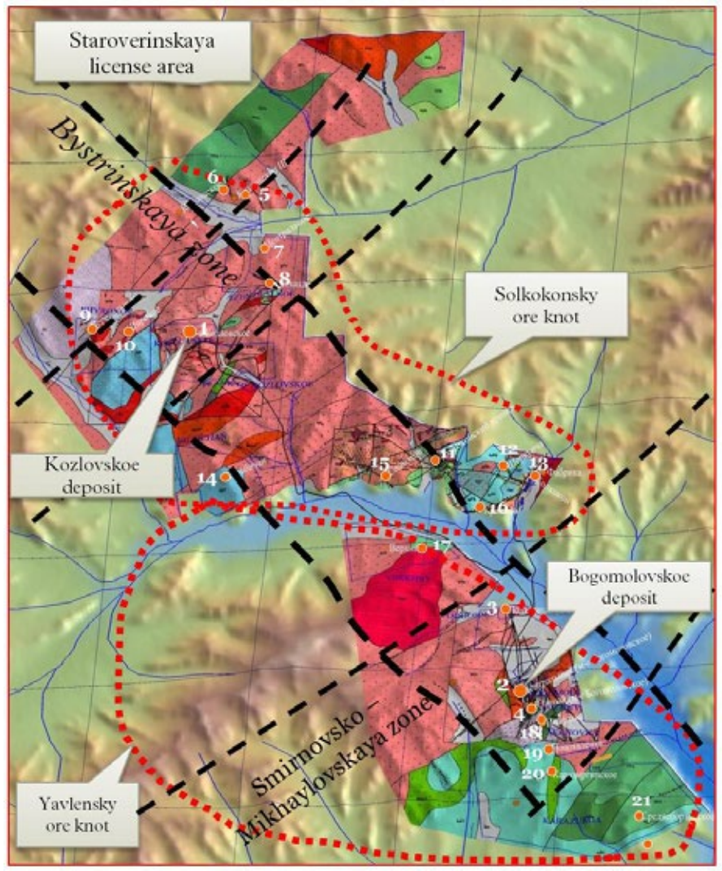
The majority of the ore deposits and occurrences are gold-sulphide formations, of which Bogomolovskoye is classed as low sulphide, and Kozlovskoye as the gold-arsenic mineralization type.

Prospects for increasing ore gold reserves at the Staroverinskaya license area are associated with a more detailed geological exploration in the following areas: Flanks of the Bogomolovskoye and Kozlovskoye deposits, Bilbichan, Solkokon-1, Scherkuncha, Kulinda, Ivanovo, Karazyrga, and others occurrences.

The total reserves approved by the GKZ for the Kozlovskoye and Bogomolovskoye deposits as of 01.01.2018 amount to 2,992,000 tones of ore, 15.7 tones of gold (504,000 oz), with gold average grade 5.24 g/t.

The total forecasted resources (P1 + P2 categories) are: Ore – 15.4 mln tonnes, Gold – 65 tones with average gold grade of 4.4 g/t.

SOLCOCON GOLD DISTRIBUTION MAP



Gold deposits

- Kozlovskoe - 1
- Bogomolovskoe, includes: Centralny – 2; Podgorny – 3; Yuzhny – 4

Gold occurrences

- Kozlovskoe-III - 5
- Kozlovskoe-I – 6
- Centralnoe – 7
- Degtyanka – 8
- Perevalnoe – 9
- Shirokoe – 10
- Solkocon alluvial– 11
- Scherkuncha – 12
- Solcocon – 13
- Bilbichan – 14
- Solcocon–I – 15
- Kulinda – 16
- Verkhny – 17
- Ivanovskoe – 18
- Novoyavlenskoe – 19
- Karazuyrga – 20
- Sredneborzinskoe - 21

2017 EXPLORATION

2017 geological exploration work on the project was carried out within the north-eastern and northern flanks of the Bogomolovskoye deposit.

The following work was performed: core drilling of 4,179 m, 25,887 cub. m of bulldozer trenches, 4,500 core samples and 980 cannel samples.

The results of the preliminary calculation of resources:

The calculation is made on the basis of wireframe models (Micromine). The cutoff grade is 0.5 g / t. The Density is 2.4 g / m3 (the average between primary ores - 2.8 and oxidized - 2.0).

The ore-bearing coefficient is 0.58.

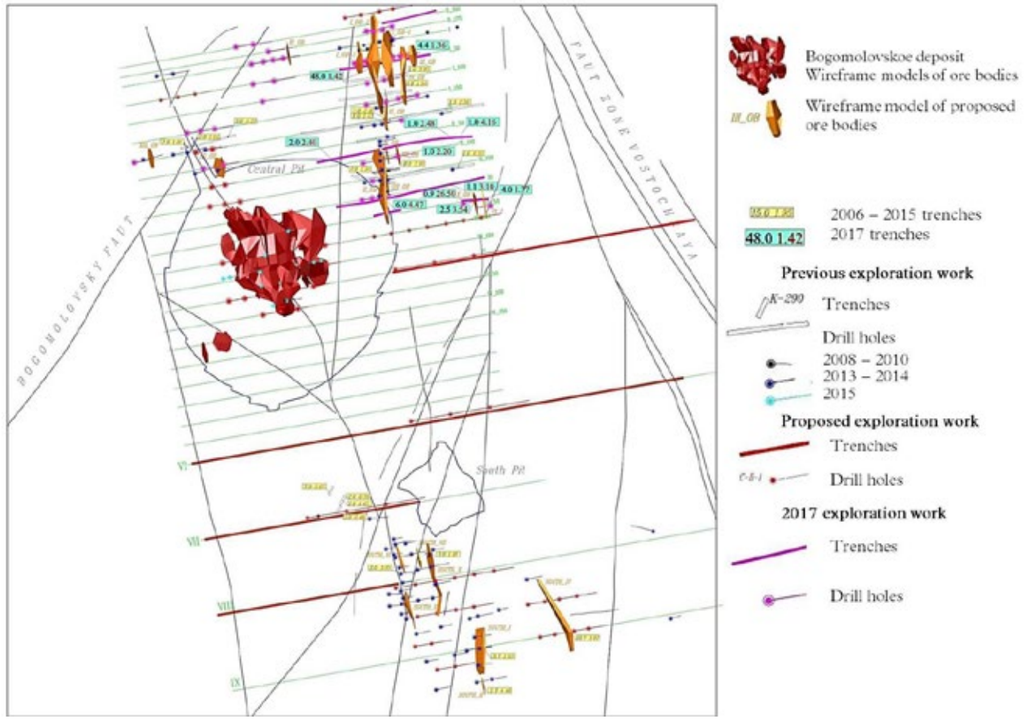
In addition, work was done on the technological extraction of gold from the Bogomolovskoye ore applying agitation leaching method. As a result of this research, the extraction of gold from primary ore is 85%.

For comparison, prior to the conservation of the Solkokon mine, the Bogomolovskoye ore was processed by heap leaching. According to the latest data (2014), the gold recovery applying the heap leaching method was less than 40%.

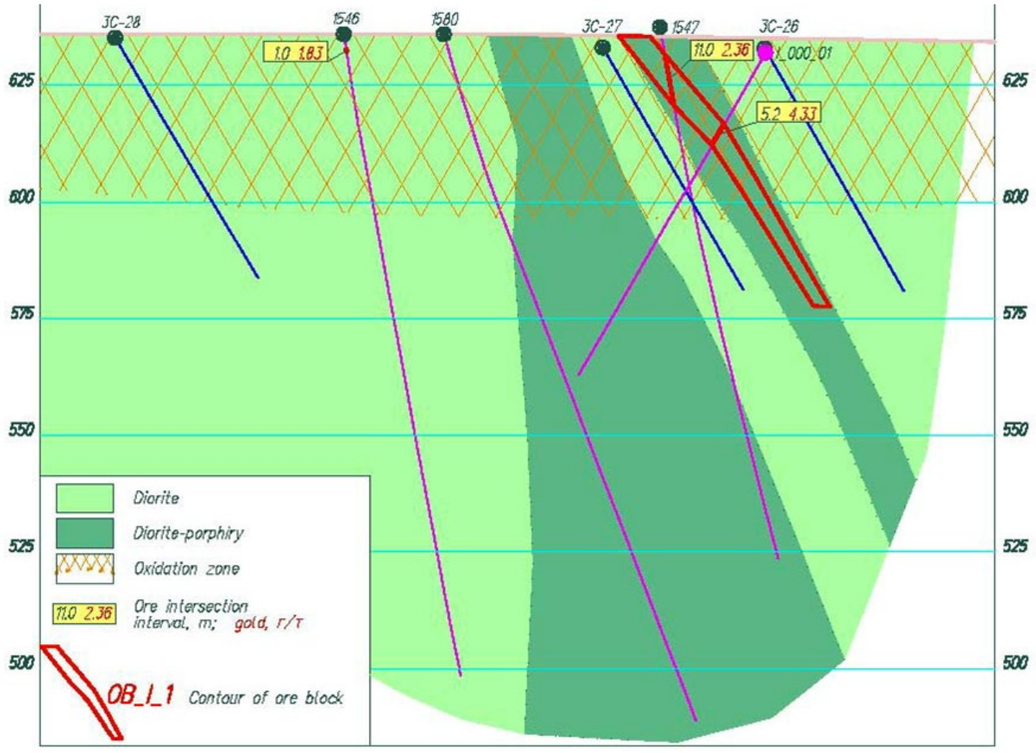
A preliminary assessment of the exploration results is as follows:

Campaign	Area	Resources		Reserves	
		C2 (000 oz)	C2 (t)	P1 (000 oz)	P1 (t)
2014 Exploration	South Flank	9.6	10.38	16.1	0.5
2017 Exploration	North-East	48.2	1.5	-	-
TOTAL		**57.8**	**1.8**	**16.1**	**0.5**

BOGOMOLOVSKOE EXPLORATION MAP



BOGOMOLOVSKOE EXPLORATION PROFILE 1



BOGOMOLOVSKOE EXPLORATION PROFILE I-50

SOLCOCON HARD ROCK GKZ RESERVES

Category	Tonnage(t)	g/t	000 oz	kg
BOGOMOLOVSKOE DEPOSIT				
C_2	1,933,000	3.65	227	7,060
KOZLOVSKOE DEPOSIT				
Oxidized ore				
C_1	94,000	10.38	31	976
C_2	78,000	5.73	14	447
$C_1 + C_2$	172,000	8.14	45	1,423
Primary sulfide ore				
C_1	124,000	8.50	34	1,054
C_2	763,000	8.04	197	6,138
$C_1 + C_2$	887,000		231	7,192
GRAND TOTAL HARD ROCK	**2,992,000**	**5.24**	**504**	**15,675**

Uzhunzhul

REPUBLIC OF KHAKASSIA

EXPLORATION

LICENSE: UZHUNZHUL
134 KM²
VALID UNTIL: 2031

GREAT EXPLORATION POTENTIAL

Geology and Exploration

GEOLOGY

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

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

EXPLORATION

There are 3 main exploration targets within Uzhunzhul license area:

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

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

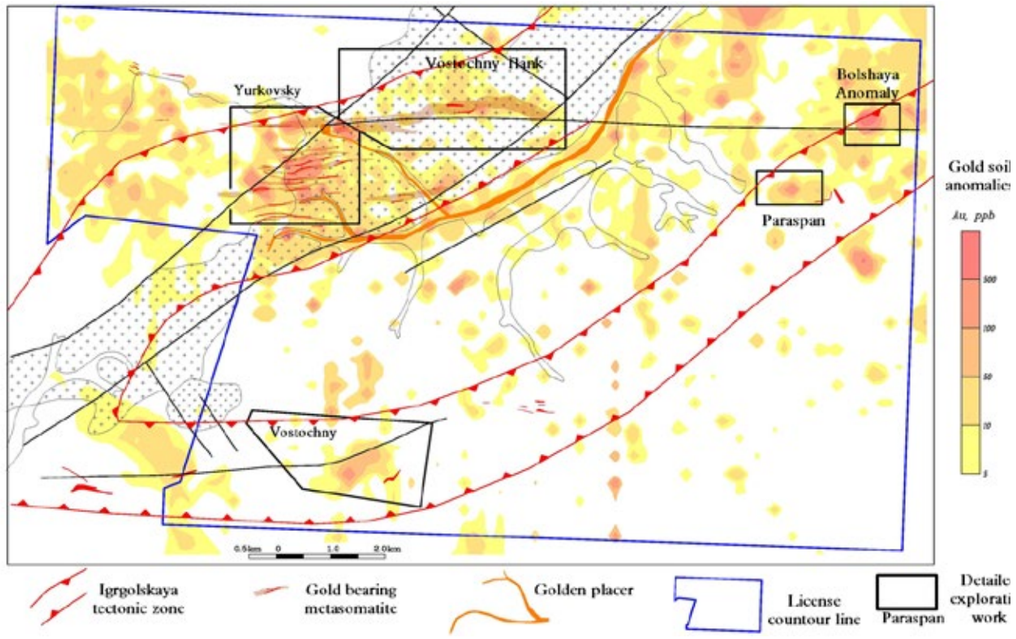
2. The Vostochny Flank occurrence incorporates ore bodies with widths varying between 4.2 m and 47 m, and lengths up to 520 m. The gold grades vary up to 4.8 g/t.

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

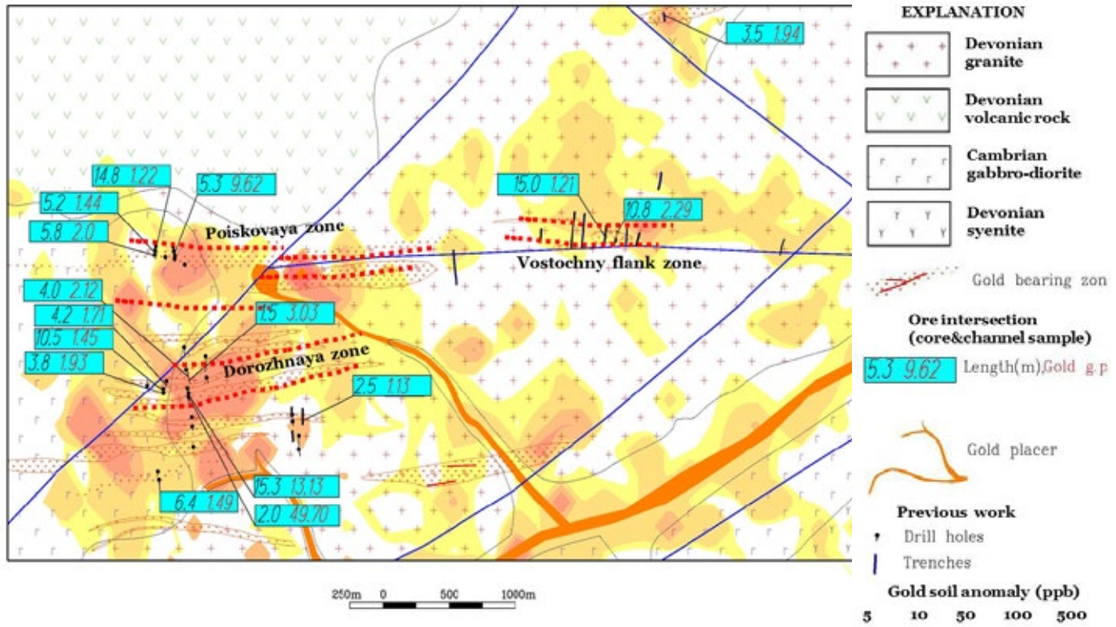
In 2017, Uzhunzhul LLC continued geological studies of the subsoil, which comprised of the study of the material composition and metallurgical ores from the Uzhunzhul occurrences, and of the compilation of a geological report.

As a result, the reserves of category C_2 and predicted resources of category P_1 were measured for the gold occurrences of Yurkovskoye and Paraspan. The total reserves of C_2 category amounted to 2,812 kg (1,024,000 tonnes of ore with an average gold grade of 2.75 g / t), the resources of P_1 are 5,585 kg.

The geological report was submitted for examination by GKZ in November 2017.



YURKOVSKY EXPLORATION MAP



Social and Corporate Responsibility

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

The company currently has two producing mines: Tardan and Solcocon.

Tardan is located in the Republic of Tyva and Solcocon is located in the Zabaikalsky region.

The Corporate and Social Responsibility section describes corporate and social programs applied at both mines, however in this report we will focus on the Tardan mine.

ECONOMY

Business activity and subsurface resources management foster economic growth and have an influence on the social indicators within the region. The company's share in the total volume of gold mined in the region increased to 55%, which has made Tardan the largest gold-mining company in Tyva.

Compared with 2016 for the Tuva development, the Company has spent around 53 000 $: where 73% referred to financial resources and 27% referred to equipment/transport or labor supplies.

ECOLOGY

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

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

SOCIAL RESPONSIBILITY

Within the margin of realization of the Corporate Social program, the company invests a fixed sum on an annual basis in 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 areas neighboring on Tardan's production units and organizes certain other events (e.g. supporting of selective governmental arrangements and organizations.)

COOPERATION WITH THE REGION

Development of the region

We take part in the social and economic development of the Kaa-Khemsky district. According to the Agreement with Kaa-Khemsky district, we support investment projects with an annual budget of approximately 53 000 $. Also our operations undertake electrification works, fire-safety measures, diesel fuel and heating systems supply, transport needs, etc.

Charity and sponsorship

We pay special attention to the vulnerable segments of the population, support orphans in Tyva and children from low-income families in the Kaa-Khemsky district.

We contributed to the construction of a chapel in the name of St. George the Victorious (Kyzyl eparchy of Russian Orthodox Church), and to the construction work on the Palace of Culture «Kundustugsky».

We supported a milk farm in the region to help in its further development.

We helped in organising recovery activities in response to a flood.

Cultural events

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

The most significant events in which we took part in 2017 were the following: the festive activities of Victory Day, Maslenitsa in the city of Kyzyl, city events «Super Grandmother» as a part of International Day of Older Persons and «Women and Career» - related to Mother's Day. We also supported the events for children from lower-income families. «Cholukshuur» was a part of New Year's celebration during which all of the children received New Year's gifts.

Public and private partnership

We collaborate with public organizations and social communities and promote the company's transparency.

We also provide transport and certain other facilities to the governmental authorities, etc.

Human resources development

a) Local employment priority

b) Protection of workers

c) Industrial safety maintenance

d) Contributions to social needs

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

OUR PEOPLE

People engagement is a component element of every

Social and Corporate Responsibility

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 the 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.

By the end of 2017, of 483 employees, 275 are currently working at Tardan who are residents of Tyva. This is 6,4 % more than in 2016. The majority of these individuals are production workers, and only a few of them have managerial positions or other office jobs, such as operators, building superintendents, depot masters, etc.

SPECIAL HR PROGRAM

In 2017, we started Tardan CIL plant construction, and as planned, Tardan gold production will be halted during the 1st half of 2018. Keeping this in mind, we created a special HR program for Tardan employees; to temporary transfer them to other mining companies in Tyva and other regions. As soon as Tardan production will be re started our production workers will be back to the place.

Remuneration policy and financial motivation

The average monthly salary in 2017 was 1,7 times higher than the average salary in the Kaa-Khemsky district of Tuva, and is up 18% higher than the average salary in the region.

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

Corporate events

We promote national sports events, such as: volleyball, tug-of-war, mini-football, annual Spartakiad among our employees.

Celebrating of Geologists and Metallurgist Days has become a tradition in our company. We carry out competitions among our specialists to choose the most skilled employees.

We promote national culture. In 2017, we've celebrated the Tuvan national New Year (the Shagaa).

OVERVIEW

Company is fully committed to continuous improvement across all aspects of social responsibility, not only in the company's production units but also in the region of Tuva as a whole, and is, at the same time, focusing on more efficient and cost-effective business processes.

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

Board of Directors

LORD DARESBURY (PETER), CHAIRMAN OF THE BOARD

Born 1953, Chairman since 2014

Board Member since November 27, 2012. Peter is a citizen of the United Kingdom. He has held a large number of senior positions in the mining industry, including directorships in Sumatra Copper & Gold Ltd, Evraz Group S.A., Russia's largest steel producer, as well as serving as Chairman of Kazakhgold Group Ltd, Highland Gold Mining Ltd, a major Russian gold mining operation. Peter is currently Chairman of Stellar Diamonds plc and, Nasstar plc. Current directorships include Bespoke Hotels Ltd, and Rusant Ltd, a Russian antimony mining company. He is Chairman of The Jockey Club's Haydock Park Racecourse, having held the same position at Aintree Racecourse for 25 years. Peter has an MA in history from Cambridge University.

Shares: 80,000; Stock options: 220,000

PRESTON HASKELL, MEMBER OF THE BOARD

Born 1966, Board member since 2009

Chief Executive Officer until May 24, 2012 and Chairman of the Board between May 24, 2012 to May 13, 2014. Preston is a Saint Kitts and Nevis citizen, and an emerging and frontier markets specialist. Preston is an active entrepreneur. He worked in Russia for almost two decades beginning in 1993, where he founded a real estate advisory business, Colliers International CIS, and was also a co-owner in some of the projects of Forum Properties, one of Moscow's most successful property developers. Preston holds a degree in economics from the University of Southern California in the U.S.

Shares: 39,122, 865 (through companies); Stock options: 29,807,897 (through companies)

INGMAR HAGA, MEMBER OF THE BOARD

Born 1951, Board Member since 2012

Board Member since May 24, 2012, Ingmar is a citizen of Finland. He is currently Senior Advisor, Agnico Eagle Mines Limited and between 2006 and May 2017 he was their Vice President Europe. Previously, Ingmar held various executive and corporate positions within the Outokumpu Group in Finland and Canada and, prior to joining Agnico Eagle, he was President of Polar Mining Oy, a Finnish subsidiary of Dragon Mining NL of Australia. He has also served as a Board Member of the Finnish Mining Association in 2007-2008 and as their Chairman in 2009. Since 2010, he has been a member of the Euromines Steering Committee. Ingmar is also Member of the Arctic Economic Council. He has an MSc from Åbo Akademi, Finland

Shares: 0 ; Stock options: 120,000

Board of Directors

PATRIK PERENIUS, MEMBER OF THE BOARD

Born 1951, Board Member since 2017

Patrik is a Swedish citizen and board member since May 2017. Patric holds a MSc. degree in Mining and mineral dressing from the Royal Institute of Technology (KTH), Stockholm. He has held many senior positions in the mining industry, including directorships in Delta Minerals AB, Interfox Resources AB, Dividend Sweden AB and Gripen Oil and Gas AB. Patrik is currently Chairman of Archelon AB and Nickel Mountain Resources AB.

Shares: No; Stock options: No

JAMES P. SMITH, DEPUTY MEMBER OF THE BOARD

Born 1944, Deputy Board Member since 2014

James is a citizen of the United States of America. He graduated cum laude from Princeton University, with a degree in Chemistry in 1965 and completed his Masters in Business Administration with high honors from Stanford University Business School in 1970. He has held many senior positions, including at Stanhome Inc, the Charter Company and Hamilton Collection. Mr. Smith served in the Marine Corps and Navy Reserves from 1965 to 1971.

Shares: No; Stock options: No

Group Management

SERGEY USTIMENKO, CEO

Born 1972, CEO since 2016

Sergey, a Russian national, joined Auriant Mining in May 2014 as CFO and has served as CEO since January 2016. Over the last 10 years, he held CFO positions in large Russian and international companies engaged in the sals and servicing of machines and equipment, in the airline industry and financial services. Prior to this Sergey was head of control at LUKOIL, the largest private Russian oil company. He also has 7 years of experience in auditing with BDO, KPMG and Arthur Andersen. Sergey graduated from Moscow State Technical University and holds a CPA qualification from 2001.

Shares: No; Stock options: 90,000

VLADIMIR CHURIN, CHIEF GEOLOGIST

Born 1956, Chief Geologist since 2012

Vladimir is a Russian citizen having more than 35 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. In addition, 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 an MSc Degree in Geology with a concentration in Exploration and Mining Geology.

Shares: No; Stock options: 70,000

EKATERINA BABAEVA, GROUP GENERAL COUNSEL

Born 1982, Group General Counsel since 2012

Ekaterina Babaeva joined Auriant Mining in April 2012 as acting Group General Counsel and was, then, appointed Group General Counsel in August 2012. Previously, Ekaterina was Legal Advisor to Colliers International from 2004 to 2009, having previously worked as a lawyer in a company providing auditing 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.

Shares: 235,492; Stock options: 190,000

KONSTANTIN CHERNOV, HR DIRECTOR

Born 1975, HR Director since 2016

Before joining Auriant Mining, Konstantin worked as Head of HR projects for Lenzoloto JSC, a subsidiary of Polyus in Irkutsk. Previously, he was the HR Director for the building contractor at the Elginskoye deposit (Metallurgshakhtspetsstroy) located in Yakutia. He has extensive experience in the mining sector including such positions as: HR Director in Artel starateley Amur JSC (Russkaya platina), HR Director at the deposits Mayskoe, Kubaka, Sopka Kvartsevaya (Polymetal) located in the Chukotsky region and the Magadanskaya oblast. He graduated from Magadan North-Eastern State University in Magadan with a Degree in Law.

Shares: No; Stock options: No

Group Management

ALEXANDR BUCHNEV, CFO

Born 1982, CFO since 2016

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

Shares: No; Stock options: No

MARIA CARRASCO, DEPUTY CEO

Born 1977, Deputy CEO since 2016

Maria Carrasco is a Swedish citizen. She joined Auriant Mining as Head of the Stockholm Office and Deputy CEO in 2016. Maria Carrasco's previous experience includes working as CEO of the Ural region branch of the United Europe Holding Group, a Key Account Manager for the LVMH Group, and Head of Sales in several large Russian and international companies in the perfume and cosmetic industry. She also has more than 5 years' experience as a tax specialist in the Swedish Tax Agency. Maria studied economics and business administration and engineering in Russia and graduated from Orenburg State University.

Shares: No; Stock options: No

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 2017

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 2017.

GROUP STRUCTURE AND OPERATIONS

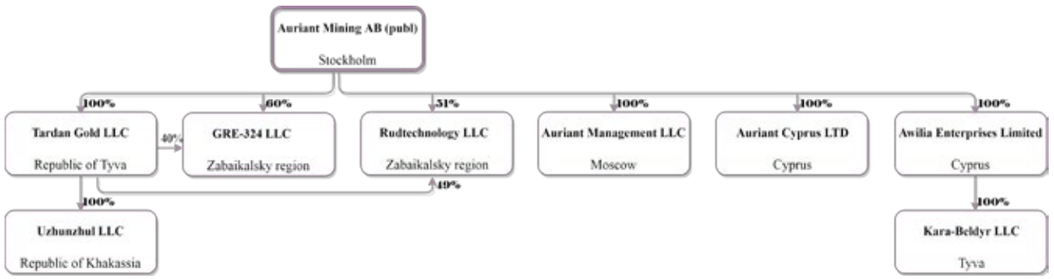
AUR AB is incorporated in Sweden, with mining operations in Eastern Siberia, Russia.

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, 2017 was approximately 3,300.

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

Company	Location	Operations	Ownership
Auriant Mining AB	Stockholm, Sweden	Parent Company, supports the subsidiaries with financing, investor relations and strategic decisions, etc.	
SUBSIDIARIES			
LLC Tardan Gold	Kyzyl, Republic of Tyva, Russia	License holder and operator of production and exploration at the Tardan license area.	100% owned by AUR AB
LLC GRE-324	Chita, Zabaikalsky region, Russia	License holder of the Staroverinskaya license area.	60% owned by AUR AB 40% owned by LLC Tardan Gold
LLC Rudtechnology	Kalga, Kalganskiy district, Zabaikalsky region, Russia	Owner and operator of the equipment and production at the Solcocon heap leaching plant.	51% owned by AUR AB 49% owned by LLC Tardan Gold
LLC Uzhunzhul	Abakan, Republic of Khakassia, Russia	License holder and operator of the exploration at the Uzhunzhul license area.	100% owned by AUR AB (directly and through 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-Beldir	Kyzyl, Republic of Tyva, Russia	License holder and operator of the exploration at the Kara-Beldir license area.	100% owned by Awilia Enterprises Ltd.



AURIANT MINING GOLD RESOURSES AND RESERVES

Classification	Tonnage	g/t	000 oz	kg
TARDAN				
TARDAN DEPOSIT /GKZ/				
$C_1 + C_2$ Reserves	771,000	5.00	124	3,857
GREATER TARDAN				
PRAVOBEREZHNY DEPOSIT /JORC/				
Measured	-	-	-	-
Indicated	1,480,000	3.23	153	4,780
Measured + Indicated	1,480,000	3.23	153	4,780
Inferred	30,000	3.48	3	104
Measured + Indicated + Inferred	1,510,000	3.23	156	4,884
KARA-BELDYR /JORC/				
Measured	-	-	-	-
Indicated	9,540,000	2.63	807	25,101
Inferred	480,000	3.55	55	1,711
Measured + Indicated + Inferred	10,020,000	2.68	862	26,811
SOLCOCON /GKZ/				
BOGOMOLOVSKOE DEPOSIT				
$C_1 + C_2$ Reserves	1,933,000	3.65	227	7,060
KOZLOVSKOE DEPOSIT				
$C_1 + C_2$ Reserves	1,059,000	8.14	277	8,615
ALLUVIAL				
$C_1 + C_2$ Reserves	876,314	0.71	20	620
TOTAL AURIANT RESERVES&RESOURCES				
Measured + Indicated + Inferred	10,020,000	3.16	1,018	31,696
$C_1 + C_2$ Reserves (geological)	5,273,000	3.70	628	19,532
TOTAL RESERVES&RESOURCES	15,293,000	3.35	1,646	51,228
TOTAL ROCK&ALLUVIAL			**1,666**	**51,848**

Directors Report 2017

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, 2017 was 74, 847,182

The share capital was SEK 8,420,308 with a quotient value per share of SEK 0.1125. The share capital limits at the 2017 year-end according to the articles of association were not less than MSEK 5.3 and not more than MSEK 21.3. The limit for number of shares was not less than 47,400,000 and not more than 189,600,000. The number of authorized and fully paid shares at the year-end 2017 is 74,847,182.

2017 SHARE ISSUE

In August-September 2017, Auriant Mining carried out a rights issue. The number of shares in the Company increased by 57,044,753. The Company received cash proceeds of MSEK 67.9 (app. US$ 8.6mln) before transaction costs.

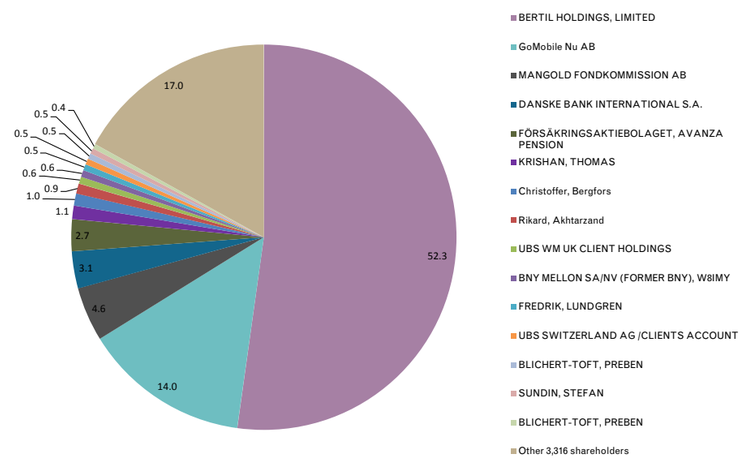
In addition, MSEK 74.5 (US$ 9.4 mln) of the main shareholders' convertible debt was off set through subscription of 29,807,897 shares. Through this shares issue, share capital increased by MSEK 6.418 (US$ 0.810 mln) and additional paid in capital increased by MSEK 113.965 (US$ 14.326 mln) net of transaction costs.

LARGEST OWNERS

The 15 largest shareholders in Auriant Mining AB as of December 31, 2017

Shareholder	Number of shares	% share of ownership
BERTIL HOLDINGS, LIMITED	39,122,865	52.27
GO MOBILE NU AB	10,459,757	13.97
MANGOLD FONDKOMMISSION AB	3,405,029	4.55
DANSKE BANK INTERNATIONAL S.A.	2,331,837	3.12
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	2,000,595	2.67
Krishan, Thomas	845,250	1.13
Christoffer, Bergfors	758,728	1.01
Rikard, Akhtarzand	640,726	0.86
UBS WM UK CLIENT HOLDINGS	435,442	0.58
BNY MELLON SA/NV (FORMER BNY), W8IMY	433,390	0.58
Fredrik, Lundgren	388,377	0.52
UBS SWITZERLAND AG /CLIENTS ACCOUNT	376,901	0.50
Blitchert-Toft, Preben	360,000	0.48
Sundin, Stefan	350,000	0.47
Blitchert-Toft, Preben	290,000	0.39
Subtotal number of the 15 largest owners	**62,198,897**	**83**
Other 3,316 shareholders	12,648,285	17
Total number of shares outstanding before dilution	**74,847,182**	**100**

Source: Euroclear



STOCK OPTIONS AND WARRANTS

The Annual General Meeting established incentive programs for the Board Members, members of management and other key employees though the issue of stock options entailing the right to subscribe to shares.

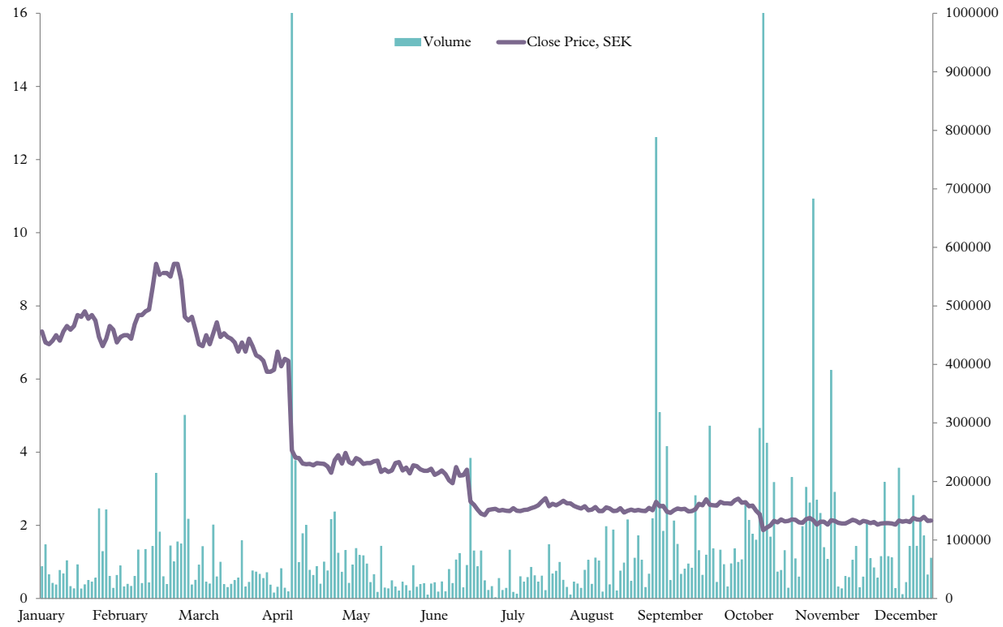
The total number of the Board Member's and employee's options under the incentive program at the end of 2017 was 692,500. For details on the long-term incentive programs established in the Company, please see the section Long-term incentive programs in the Corporate Governance Report.

As result of the rights issue in 2017, the Company issued 57 million warrants entitling subscription to one share each in the Company. Warrants exersice process was held in March 2018.

AURIANT SHARE PRICE

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

AURIANT MINING AB SHARE PRICE, SEK



CHANGES IN SHARE CAPITAL

Event	Date	Change in number of shares	Outstanding number of shares	Quotient value/share	Offer price/ share	Change	Closing share capital
Formation of the company	24.02.2004	1,000	1,000	100	100	100,000	100,000
New share issue*	13.07.2004	2,000,000	2,500,000	0.2	0.4	400,000	500,000
New share issue	20.09.2004	88,774	2,588,774	0.2	0.4	17,755	517,755
Issue in kind	20.09.2004	85,500,000	88,088,774	0.2	0.4	17,100,000	17,617,755
New share issue	15.11.2004	50,000,000	138,088,774	0.2	0.4	10,000,000	27,617,755
New share issue	16.03.2005	25,000,000	163,088,774	0.2	0.48	5,000,000	32,617,755
New share issue	20.06.2005	36,000,000	199,088,774	0.2	0.57	7,200,000	39,817,755
New share issue via share warrants	12.07.2005	36,756	199,125,530	0.2	0.6	7,351	39,825,106
New share issue via issue of warrants	03.10.2005	5,483,272	204,608,802	0.2	0.6	1,096,654	40,921,760
New share issue	13.10.2005	24,000,000	228,608,802	0.2	1.21	4,800,000	45,721,760
New share issue via issue of warrants	17.01.2006	2,143,677	230,752,479	0.2	0.6	428,735	46,150,496
New share issue via issue of warrants	22.06.2006	6,000,000	291,196,923	0.2	0.4	1,200,000	58,239,385
Offset share issue	06.07.2006	54,444,444	285,196,923	0.2	1.44	10,888,889	57,039,385
New share issue	03.10.2006	75,000,000	366,196,923	0.2	2.02	15,000,000	73,239,385
New share issue	01.02.2007	36,000,000	402,196,923	0.2	1.86	7,200,000	80,439,384
Offset share issue	07.05.2007	10,013,147	412,210,070	0.2	2.03	2,002,629	82,442,014
New share issue	24.07.2008	117,774,304	529,984,374	0.2	0.55	23,554,861	105,996,875
New share issue via share warrants	03.10.2008	135,388	530,119,762	0.2	0.55	27,078	106,023,952
New share issue via share warrants	04.11.2008	7,314	530,127,076	0.2	0.55	1,463	106,025,415
New share issue via share warrants	11.12.2008	660	530,127,736	0.2	0.55	132	106,025,547
New share issue	15.12.2008	497,264	530,625,000	0.2	0.2	99,453	106,125,000
Reduction of quotient value	17.03.2009	–	530,625,000	0.05	–	-79,593,750	26,531,250
Issue in kind	17.03.2009	3,000,000,000	3,530,625,000	0.05	0.06	150,000,000	176,531,250
Reversed split	15.07.2009	-3,512,971,875	17,653,125	10	–	0	176,531,250
Reduction of share capital	01.09.2010	–	17,653,125	1.125	–	-156,671,484	19,859,766
Nee share issue	01.09.2010	139,492,384	157,145,509	1.125	1.6	156,928,932	176,788,698
New share issue	14.09.2010	1,732,616	158,878,125	1.125	1.6	1,949,193	178,737,891
New share issue	08.10.2010	1,291,742	160,169,867	1.125	1.7031	1,453,210	180,191,101
New share issue	08.10.2010	3	160,169,870	1.125	1.125	3	180,191,104
Reversed split	20.10.2010	144,152,883	16,016,987	11.25	–	–	180,191,104
New share issue	28.07.2011	1,600,000	17,616,987	11.25	17.50	18,000,000	198,191,104
New share issue via issue of warrants	12.04.2013	185,442	17,802,429	11.25	11.25	2,086,223	200,277,327
Reduction of share capital**	18.09.2015	-	17,802,429	0.1125		-198,274,553	2,002,773
New share issue	08.09.2017	56,967,773	74,770,202	0.1125	2.50	6,408,874	8,411,648
New share issue	24.10.2017	76,980	74,847,182	0.1125	2.65	8,660	8,420,308

* 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 2017

Corporate governance involves 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 the return on their investment, and at providing all stakeholders with comprehensive, and correct, information as regards 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 founded in 2004 and was 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 First North Premier. The shares are traded under the ticker "AUR". Auriant applies the majority of the rules of the Swedish Corporate Governance Code (the "Code"). The Code is based on the "comply or explain" principle, which implies that companies applying the Code can deviate from specific rules, but they must provide an explanation for such deviation. Significant deviations are detailed in the Company's Corporate Governance Reports. Governance, management and control responsibilities in Auriant are divided between the shareholders's meeting, the Board of Directors and the Chief Executive Officer.

THE SHAREHOLDERS' MEETING

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

SHAREHOLDERS

The Company carried out a rights issue between 23 August and 8 September 2017 (the "Rights Issue"), as a result of which the number of shares in the Company increased by 56,967,773. In October 2017, the Company issued a further 76,980 shares to guarantors as remuneration for their guarantee commitments. There were, as of the end of 2017, in total, 74,847,182 shares in the Company and the same number of votes. There were 3,331 shareholders in the Company as of December 29, 2017 and the largest shareholder was Bertil Holdings Ltd with 52.27% of shares. The second largest shareholding was that of GoMobile Nu AB, which held 13.97% of shares. There are no other shareholders representing more than one tenth of the voting rights of all shares in the Company. The share capital of the Company as at December 29, 2017 totaled SEK 8,420,307.93.

ANNUAL GENERAL MEETING 2017

Auriant's 2017 AGM was held on May 12, 2017 in Stockholm. The minutes from the meeting are available at www.auriant.com.

The following principal resolutions were adopted:

- The Board of Directors and the Chief Executive Officer were discharged from liability for the previous 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.
- Lord Peter Daresbury, Ingmar Haga, and Preston Haskell were re-elected to the Board. Patrik Perenius was elected as a new member of the Board. James Provoost Smith Jr. was re-elected Deputy Board Member.
- Lord Peter Daresbury was re-elected as Chairman of the Board.
- It was resolved that remuneration to the Chairman of the Board shall be SEK 400,000, and SEK 250,000 to each of the other ordinary board members and to the deputy board member. 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 the auditing firm, Öhrlings PricewaterhouseCoopers AB as auditor.
- The AGM approved the principles for appointment of the Nomination Committee in accordance with the Nomination Committee's proposal.
- The AGM approved the Board's proposal on adoption of the guidelines for remuneration to members of the executive management.

At the beginning of the Annual General Meeting 2017, a total of 797,970 shares were represented by 3 shareholders either in person or via proxies.

The shares represented comprised 4.48 per cent of the total number of shares in the Company. After a representative of Bertil Holding Ltd arrived at the meeting and it was resolved to adopt a new voting list for the meeting, a total of 10,112,938 shares were represented by 4 shareholders either in person or via proxies. The shares represented comprised 56.81 per cent of the total number of shares in the Company.

EXTRAORDINARY GENERAL MEETING IN 2017

At the Extraordinary General Meeting (EGM) in Auriant Mining held on August 3, 2017 in Stockholm, the following principal resolutions were adopted:

- The EGM resolved to amend the Articles of Association with increased limits of share capital and number of shares;
- The EGM resolved on the Rights Issue comprised of a new issue of shares with preferential subscription rights for Auriant Mining shareholders and an issue of warrants to be issued free of charge to those subscribed for and assigned shares in the share issue; and
- The EGM resolved on issue authorization by which no more than 8,000,000 shares may be issued through new share issues and/or in the exercise of warrants.

The minutes of the EGM are available on www.auriant.com.

At the Extraordinary General Meeting, three shareholders were represented either individually or through representatives, representing 9,351,618 shares, corresponding to approximately 52.5 percent of the total number of shares and votes in the Company

ANNUAL GENERAL MEETING IN 2018

The Annual General Meeting of shareholders will be held on Monday, May 14, 2018, at Näringslivets Hus, Storgatan 19, Stockholm. The annual report for 2017 will be available on the Company's website as of April 23, 2018.

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 the 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, 2017, 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 2017. However, if it becomes known to the Company that two or more of the largest shareholders are controlled by the same physical person(s) (or the same physical person(s) holds shares in the Company both directly and through a company controlled by him), then, all such shareholders shall be considered as one shareholder for the purposes of the participation in the Nomination Committee. At the earliest convenient date after the end of September 2017, the Chairman of the Board shall contact the three shareholders with the largest number of voting rights, as determined above, and will request that they each appoint a member to the Nomination Committee. If any of the three shareholders with the largest voting power decline their right to appoint a member to the Nomination Committee, the shareholder with the next largest voting power shall be provided with the opportunity to appoint a member. If such shareholder also declines its right to appoint a member to the Nomination Committee or does not respond to the request within a reasonable time, then, the Nomination Committee shall be constituted by the remaining members. Unless the Nomination Committee members decide otherwise, the Chairman of the Nomination Committee shall be the member representing the shareholder with the largest voting power in the Company. If a member leaves the Nomination Committee before its work is completed, and if the Nomination Committee considers that there is a need to replace this member, then the Nomination Committee shall appoint a new member.

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

The Nomination Committee for the 2017 AGM was comprised of Lord Peter Daresbury, Chairman of the Board, Ekaterina Drozdova representing Bertil Holdings Ltd, and Bernt Plotek representing Svea Lands S.A. and himself. As Svea Lands S.A. and Bernt Plotek were considered as one shareholder for the purposes of participation in the Nomination Committee, an opportunity to appoint a member was also offered to the shareholder with the next largest voting power. The shareholder decided not to appoint a member. The two shareholder representatives in the Nomination Committee jointly represented more than 62 percent of the voting rights in the Company as of the end of September 2016. The Nomination Committee was duly constituted by the three members appointed as above, and was chaired by Ekaterina Drozdova.

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 possessing the knowledge and experience corresponding to the needs of the Company.

BOARD OF DIRECTORS

In accordance with the Swedish Companies Act, the Board of Directors is responsible for the organisation of the Company and the administration of the Company's business, and shall continually assess the Company's and the Group's financial situation. The Board of Directors deals with issues of material significance, such as business plans, including profitability targets, budgets, interim reports and annual reports, the acquisition or sale of companies, significant property acquisitions or sales, the establishment of important policies, the structure of internal control systems, and significant organisational changes. Each year, Auriant's Board adopts written rules of procedure for the Board of Directors, written instructions to the Chief Executive Officer, written instructions regarding financial reporting and a Chart of Authority further detailing the division of work between the Board and the Chief Executive Officer. The rules of procedure regulate, among other things, the Board's duties, the minimum number of Board meetings to be held each year, the manner in which meetings are to be notified and the documents required to be distributed prior to 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

The 2017 the Annual General Meeting re-elected Lord Peter Daresbury as Chairman of the Board. During 2017, Auriant's Chairman of the Board led the Board's work and ensured that the Board fulfilled its duties. The Chairman of the Board continually followed the Group's business and development through contact with the Chief Executive Officer.

MEMBERS OF THE BOARD OF DIRECTORS

At year-end 2017, Auriant's Board was comprised of four ordinary Board Members, Peter Daresbury (Chair), Ingmar Haga, Preston Haskell, and Patrik Perenius, and one Deputy Board Member, James Provoost Smith Jr., all elected by the Annual General Meeting on May 12, 2017. The members of the Board are presented in greater detail in the Board of Directors section of the annual report, and the details of the members' independence vis á vis the Company and its management are presented below.

BOARD MEMBERS' INDEPENDENCE AND SHARES IN AURIANT

Board member	Shares in Auriant as of 31 December 2017	Warrants in Auriant as of 31 December 2017	Independent of the company and management*	Independent of the major shareholders*
Peter Daresbury (Chair)	80,000	220,000	Yes	Yes
Ingmar Haga	0	120,000	Yes	Yes
Preston Haskell	39,122,865	29,807,897	No	No
Patrik Perenius	0	0	Yes	Yes
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 2017

Name	Position	Present
Peter Daresbury	Chairman	40/40
Ingmar Haga	Member	39/40
Preston Haskell	Member	31/40
Patrik Perenius[1]	Member	26/40
James Provoost Smith Jr.[2]	Deputy Board Member	6/40

[1] Mr. Perenius was elected to the Board at the 2017 AGM, after which he attended all Board meetings except one.

[2] Mr. Smith participated in one Board meeting as deputy for Mr. Haskell and in one Board meeting as deputy for Mr. Perenius. In addition Mr. Smith attended 8 Board meetings held in person or by telephone, without participating in the decisions taken at those meetings.

THE BOARD'S WORK IN 2017

The Board held 40 meetings in 2017, which was significantly more than in the previous year. The increased number of meetings was due mostly to preparation of the Rights Issue and related issues. The majority of the meetings (25) were held by correspondence, 8 by telephone and 7 meetings were held in person. The important issues dealt with by the Board in 2017, 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
- Preparation of the Rights Issue, which was carried out between 23 August and 8 September 2017
- Re-starting alluvial gold production and continuing exploration at Solcocon
- The decision to halt mining operations at Tardan until the second half of 2018
- Refinancing of Promsvyazbank credit facilities with a new credit facility from VTB bank
- Extension of the term of the shareholder's loan
- Approval of other major contracts in accordance with the Chart of Authority, in particular, contracts for the purchase of the main equipment for the new CIL plant at Tardan
- Preparation for the Annual General Meeting.

The Board has conducted an evaluation of its work under the guidance of the Chairman of the Board. The evaluation is carried out on the basis of a self-assessment questionnaire. The questionnaire is circulated to the Board in the beginning of the year. Each ordinary Board member and deputy Board member is to complete the questionnaire independently. Responses are collated by the Chairman of the Board who, then, leads a discussion of the key points arising from the questionnaire, especially those areas requiring improvement. This usually takes place at the last Board meeting in person prior to the AGM. Copies of completed questionnaires are also to be provided to the Nomination Committee. The evaluation ensures that the basic stipulations of the Code of Corporate Governance are complied with.

BOARD COMMITTEES

Remuneration Committee

In 2017, the Remuneration Committee was comprised of Peter Daresbury and Preston Haskell. The Committee was chaired by Peter Daresbury until 12 May 2017, and thereafter by Preston Haskell. The Remuneration Committee submits proposals for resolution by the Board regarding salary and other terms of employment of the CEO. The Committee also approves proposals regarding salaries and other terms of employment of the Group's management, according to the CEO's proposal.

Finance and Audit Committee

In 2017, the Finance and Audit Committee was comprised of JP Smith, Peter Daresbury and until 12 May 2017, Ingmar Haga. Mr. JP Smith served as Chairman of the Committee. The members of the Committee have the necessary competence and experience in accounting matters.

Technical Committee

The Technical Committee was until 12 May 2017, comprised of Ingmar Haga and Peter Daresbury. Following the election of Patrik Perenius to the Board, he replaced Peter Daresbury as a member of the Committee. Mr. Haga continued to serve as Chairman of the Committee during the year. The Committee's task is to advise the remainder 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 2017: for the Chairman of the Board Lord Peter Daresbury, SEK 400,000, and SEK 250,000 to each of the other ordinary Board members and to the deputy Board member. 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 2017, the Group's management comprised of the CEO, deputy CEO, CFO, Chief Geologist, Head of HR and Group General Counsel. The management of the Company as at the date of this report is presented on pages 42-43 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. Sergey Ustimenko is the Chief Executive Officer of Auriant Mining AB since January 2016.

In the event that the CEO becomes unable to fulfill CEO's duties, the deputy CEO shall substitute for the CEO until a new CEO is appointed. Such events are specified in the written instructions to the CEO, adopted by the Board. Maria Carrasco is the Deputy CEO of the Company since October 2016.

REMUNERATION OF EXECUTIVE MANAGEMENT

The AGM on May 12, 2017 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 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 shall 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 results, reserves and production goals, and specific goals within each executive's area of responsibility. 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 to assess, on a regular basis, the need of long-term incentive programmes that shall be proposed to the general meeting. (For details on the long-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, 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 remuneration to the Chief Executive Officer, senior executives and other employees, please see Note 4 on page 85 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 members of management and a number of other employees , adopted at the Annual General Meeting on May 15, 2013;
- the long-term incentive program for the Company's Board of Directors, adopted at the Annual General Meeting on May 15, 2013 upon the proposal of the major shareholder;
- the long-term incentive program for the members of management and a number of other employees , adopted at the Annual General Meeting on May 13, 2014;
- the long-term incentive program for the Company's Board of Directors, adopted at the Annual General Meeting on May 13, 2014 upon the proposal of the major shareholder.
- the long-term incentive program for the members of management and a number of other employees , adopted at the Annual General Meeting on May 12, 2015;
- the long-term incentive program for the Company's Board of Directors, adopted at the Annual General Meeting on May 12, 2015 upon the proposal of the major shareholder.

No new long-term incentive programs were established in 2017.

AUDITOR

The AGM appoints the 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, 2017 re-elected, for a period until the 2018 AGM, the auditing firm Öhrlings PricewaterhouseCoopers AB as the Company´s auditors. The auditor-in-charge 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 in the year following the financial year in question, 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 established and 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 can 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/her 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. Targets for the expected volume of gold production for the full year are initially set during the budgeting process at the end of the previous year. Normally, these targets are, again, reviewed and revised if necessary in the summer months when production has begun in earnest.

The Board on a weekly, monthly and quarterly basis receives operational reports, including plan-to actual analysis, of the Group. Financial reports of the Group, including profit and loss statements, cash flows, and statements 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 reviewed annually by the Board and will be discussed again in 2018.

THE MAIN INSTANCES WHERE AURIANT DID NOT COMPLY WITH THE SWEDISH CORPORATE GOVERNANCE CODE IN 2017 WERE AS FOLLOWS:

Code rule 7.5 provides that at least once a year, the Board is to meet the Company's statutory auditor without the Chief Executive Officer or any other member of the executive management being present.

In 2017, the CEO of the Company and other members of management were present during the Board's meeting with the auditor, as it was considered that there were no issues requiring that the discussion take place without their attendance.

Code rule 9.2 provides that, except for the Chairman of the Board who may chair the Remuneration Committee, the other members of the Committee elected by the shareholders meeting 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 member and Chairman of the Remuneration Committee in 2017. Mr. Haskell's involvement in the Remuneration Committee is considered to be in the best interests of all of the shareholders of the Company for the following reasons. Mr. Haskell is, himself, the largest owner in the Company, indirectly owning, through companies, 52.27% of the shares, and, furthermore, he has significant knowledge and experience of executive remuneration issues. Mr. Haskell has not been a member of the executive management of the Company since May 2012

PROPOSAL FOR PROFIT DISTRIBUTION

The Group's equity at year-end 2017 amounted to MSEK – 186.0 (US$ -19.7 mln), of which the share capital is MSEK 8.420 (US$ 1.117 mln).

In the Parent Company the unrestricted shareholders equity amounts to:

	SEK
Share premium reserve	725,561,450
Retained earnings	-651,792,326
Net income for the year	15,598,084
Total unrestricted equity	89,367,208

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

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Operational Key Ratios, SEK

	2017	2016	2015	2014	2013	Definitions
Profitability						
Ore processed, 000 tonnes	410	399	474	564	450	Quantity of ore processed
Tailings processed, 000 tonnes	85	63	66	88	142	Quantity of tailings processed
Gold sands processed, 000 m3	106	-	-	379	338	Volume of gold sands processed
Gold production, oz	26,023	34,669	26,468	34,689	36,716	Gold production obtained during the period (troy oz)
Gold sales, oz	26,619	33,954	25,698	34,273	36,779	Actual sold gold production during the period (troy oz)
Revenue from sale of gold and gold equivalents, TSEK	286,494	369,053	252,235	297,481	328,970	Revenue from sale of gold and gold equivalents
Average realized gold price, US$/oz	1,260	1,269	1,161	1,244	1,373	Average price received during the period (USD/oz)
Total cash costs per ounce, US$/oz	915	577	798	1,187	1,302	Average total cash costs per ounce of gold produced
Revenue from management services	-	2,557	30,606	-	-	Revenue from management of five gold properties located in Russia's Chukotka region and owned by Aristus Holdings Ltd.
Profit/loss before income tax, TSEK	-18,919	66,924	-169,396	-194,779	-159,404	
Return on equity, %	-7.7%	16.6%	-70.0%	-172.9%	-159.4%	Net profit/loss for the period as a percentage of average equity during the period
Return on total assets, %	-3.4%	9.7%	-29.2%	-19.7%	-21.6%	Net profit/loss for the period as a percentage of average total assets during the period
Capital structure						
Equity, TSEK	-185,992	-308,259	-353,810	-156,268	7,459	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, TSEK	635,089	834,727	808,191	745,322	489,295	Total interest-bearing liabilities at the end of the period
Equity ratio, %	-34.4%	-51.7%	-66.9%	-22.5%	1.2%	Equity, including non-controlling interests, as a percentage of the balance sheet total
Cash flow and liquidity						
Cash flow before investments, TSEK	70,419	149,566	44,264	-32,967	-7,894	Cash flow from operating activities
Cash flow after investments and financing, TSEK	5,811	35,446	-1,938	-13,626	-10,557	Operating cash flow plus cash flow after investments and financing
Liquid assets, TSEK	41,730	37,959	361	4,711	10,776	Bank deposits and cash at the end of the period
Total assets, TSEK	540,353	595,681	528,893	695,257	609,814	
Investments						
Capital investments, TSEK	14,312	12,142	3,942	19,510	60,114	Net investments in material fixed assets, minus any disinvestments
Employees						
Average number of employees during the period	501	508	612	802	869	
Share data						
Number of outstanding shares before dilution	74,847,182	17,802,429	17,802,429	17,802,429	17,802,429	Number of issued shares at the end of the period, excluding the effect of outstanding warrants and any incentive options
Average number of outstanding shares during the period before dilution	35,609,445	17,802,429	17,802,429	17,802,429	17,802,429	Average number of shares during the period, excluding the effect of outstanding warrants and any incentive options with a redemption price lower than current stock exchange price.
Number of warrants outstanding	57,737,253	692,500	2,520,934	1,730,101	1,306,768	Number of non-exercised warrants at the end of the respective period.
Quotient value, SEK	0.11	0.11	0.11	11.25	11.25	Each share's proportion of the total share capital
Earnings per share, SEK	-0.54	3.09	-10.03	-7.23	-7.24	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, SEK	-2.48	-17.32	-19.87	-8.78	0.42	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	2.16	7.25	1.85	2.74	8.45	Latest market price paid for the shares on the last trading day of the respective period.

Operational Key Ratios, US$

	2017	2016	2015	2014	2013	Definitions
Profitability						
Ore processed, 000 tonnes	410	399	474	564	450	Quantity of ore processed
Tailings processed, 000 tonnes	85	63	66	88	142	Quantity of tailings processed
Gold sands processed, 000 m3	106	-	-	379	338	Volume of gold sands processed
Gold production, oz	26,023	34,669	26,468	34,689	36,716	Gold production obtained during the period (troy oz)
Gold sales, oz	26,619	33,954	25,698	34,273	36,779	Actual sold gold production during the period (troy oz)
Revenue from sale of gold and gold equivalents, US$ 000	33,532	43,080	29,829	42,627	50,502	Revenue from sale of gold and gold equivalents
Average realized gold price, US$/oz	1,260	1,269	1,161	1,244	1,373	Average price received during the period (USD/oz)
Total cash costs per ounce, US$/oz	915	577	798	1,187	1,302	Average total cash costs per ounce of gold produced
Revenue from management services	-	300	3,600	-	-	Revenue from management of five gold properties located in Russia's Chukotka region and owned by Aristus Holdings Ltd.
Profit/loss before income tax, US$ 000	-2,157	7,839	-20,378	-26,262	-24,471	
Return on equity, %	-8.7%	18.5%	-74.5%	-196.0%	-159.4%	Net profit/loss for the period as a percentage of average equity during the period
Return on total assets, %	-3.2%	9.4%	-27.1%	-17.9%	-21.6%	Net profit/loss for the period as a percentage of average total assets during the period
Capital structure						
Equity, US$ 000	-19,734	-30,398	-39,656	-18,078	1,146	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, US$ 000	77,147	91,758	96,818	95,057	75,179	Total interest-bearing liabilities at the end of the period
Equity ratio, %	-28.8%	-44.1%	-59.5%	-19.7%	1.2%	Equity, including non-controlling interests, as a percentage of the balance sheet total
Cash flow and liquidity						
Cash flow before investments, US$ 000	8,569	17,429	5,113	-5,301	-1,212	Cash flow from operating activities
Cash flow after investments and financing, US$ 000	1,004	4,140	-609	-1,823	-1,621	Operating cash flow plus cash flow after investments and financing
Liquid assets, US$ 000	5,069	4,173	43	603	1,656	Bank deposits and cash at the end of the period
Total assets, US$ 000	68,499	68,969	66,652	91,709	93,696	
Investments						
Capital investments, US$ 000	1,674	1,418	467	2,782	9,236	Net investments in material fixed assets, minus any disinvestments
Employees						
Average number of employees during the period	501	508	612	802	869	
Share data						
Number of outstanding shares before dilution	74,847,182	17,802,429	17,802,429	17,802,429	17,802,429	Number of issued shares at the end of the period, excluding the effect of outstanding warrants and any incentive options
Average number of outstanding shares during the period before dilution	35,609,445	17,802,429	17,802,429	17,802,429	17,802,429	Average number of shares during the period, excluding the effect of outstanding warrants and any incentive options with a redemption price lower than current stock exchange price.
Number of warrants outstanding	57,737,253	692,500	2,520,934	1,730,101	1,306,768	Number of non-exercised warrants at the end of the respective period.
Quotient value, US$	0.02	0.02	0.02	1.73	1.73	Each share's proportion of the total share capital
Earnings per share, US$	-0.06	0.36	-1.21	-0.93	-1.11	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, US$	-0.26	-1.71	-2.23	-1.02	0.06	Total equity, including non-controlling interersts, in relation to the number of issued shares at the end of the period.
Market price per share at the end of the period, US$	0.26	0.80	0.22	0.35	1.30	Latest market price paid for the shares on the last trading day of the respective period.

Comments by the CFO

In September 2017, the Company carried out a rights issue and raised US$ 18 mln of new capital before transaction costs.

Dear Stakeholders,

I am pleased to present our annual financial statements for 2017.

Auriant Mining experienced an eventful year in 2017. We finished Barsuchy and started preparation for the mining of Pravoberezhny deposit at Tardan. This deposit, with a grade of 3.23 g/t and reserves of 4.9 tonnes of gold, will comprise the main production asset during a number of subsequent years until the start of Kara-Beldyr. We recommenced alluvial production and exploration at Solcocon. In 2017, a total of 48 kg of gold was produced. Exploration activities included 4,100 meters of drilling, 26,000 cubic meters of trenches and 5,458 samples. A preliminary assessment of the exploration results indicated an additional 1.8 tonnes of C2 resources and 0.5 tonnes of P1 to existing resources of 16 tons of gold at Solcocon.

We successfully refinanced, at 100%, the bank debt with VTB. The Company's previous loan provider, PSB, has been repaid in full. The new loan is for 5 years with a reduced principal repayment schedule during the first 2 years. Also, the interest rate is 1.7 % lower, which results in annual savings of US$ 0.6 mln.

In September 2017, the Company carried out a rights issue and raised US$ 18 mln of new capital before transaction costs. The major shareholder, Mr. Preston Haskell, through Bertil Holdings, subscribed for new shares via a set off of a convertible loan of US$ 9 mln. In December 2017, the convertible loan was replaced in full by a simple loan. This loan was further extended until December 31, 2021, with an interest rate of 2% per annum. The above-mentioned measures, as well as the refinancing of the former PSB loan, significantly improved the Group's capital and debt structure.

In 2017, EBITDA was US$ 9 mln. This is a decrease compared with 2016 caused by (a) decreased gold grades, which were forecasted due to the finishing of Barsuchy, affecting our production and sales volumes and (b) the rouble appreciation against theUS$ dollar by 13% compared to the prior period, which resulted in a full offset of the rouble denominated cash cost savings achieved in 2017 compared with 2016.

We commenced construction of the CIL plant at Tardan. This will allow us to increase the gold recovery from 60% to 92%. The ore at the CIL plant will be supplied from the Pravoberezhny deposit of Tardan. Waiting until the CIL plant is operational will allow the Company to benefit from the additional gold production and revenue from the higher recovery rate. The Company will generate $10.2mln in incremental cash flows over the mine life by minimizing the Pravoberezhny ore passing through the heap leach. For this reason, the Company has decided to halt mining operations at Tardan from January 2018 until the 2nd half of 2018 as this will maximize long-term value for shareholders. We will continue to produce gold out of ore stacked in the previous period and expect to produce 100 kg in the 1st half of 2018. We aim to restart mining operations in 2nd half of 2018 and we expect that the production at Tardan will be 350 kg for the year. Solcocon is expected to produce 150 kg of alluvial gold. The total production for 2018 is, therefore, expected to be 500 kg.

Furthermore, the subscription period for the subscription of shares in the Company with warrants, issued in connection with the rights issue in September 2017, ended on 30 March 2018. Additional capital of US$ 7.1 mln before transaction costs was raised, of which US$ 3.7 mln was subscribed through set off of shareholder debt, and US$ 3.4 mln was raised on a cash basis. The cash proceeds will be used in the CIL construction.

Chief Financial Officer

Alexander Buchnev

Consolidated income statement

	Note	2017 TSEK	2016 TSEK	2017 US$ 000*	2016 US$ 000*
Revenue	1	286,494	371,610	33,532	43,380
Cost of sales	2	-268,381	-222,260	-31,420	-25,962
Gross profit		**18,113**	**149,350**	**2,112**	**17,418**
General and administrative expenses	5	-21,064	-23,505	-2,447	-2,725
Other operating income	3	27,628	8,134	3,288	961
Other operating expenses	3	-2,379	-2,038	-278	-238
Items affecting comparability (Impairment of assets)	6	-2,493	-	-292	-
Operating profit/(loss)		**19,805**	**131,941**	**2,383**	**15,416**
Financial income	7	8,920	148	1,034	18
Financial expenses	8	-47,644	-65,165	-5,574	-7,595
Profit/(Loss) before income tax		**-18,919**	**66,924**	**-2,157**	**7,839**
Income tax	9	-192	-11,860	-28	-1,355
Net profit/(loss) for the period		**-19,111**	**55,064**	**-2,185**	**6,484**
Whereof attributable to:					
The owners of the parent company		-19,111	55,064	-2,185	6,484
Earnings per share before dilution (SEK, US$)	18	-0.54	3.09	-0.06	0.36
Earnings per share after dilution (SEK, US$)		-0.54	2.98	-0.06	0.35
Number of shares issued at period end		74,847,182	17,802,429	74,847,182	17,802,429
Average number of shares for the period		35,609,445	17,802,429	35,609,445	17,802,429
Average number of shares for the period after dilution		35,609,445	18,494,929	35,609,445	18,494,929

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

Consolidated statement of comprehensive income

	2017 TSEK	2016 TSEK	2017 US$ 000*	2016 US$ 000*
Net profit/loss for the period	-19,111	55,064	-2,185	6,484
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Translation difference	33,487	-9,261	-768	2,804
Total comprehensive income for the period	**14,376**	**45,803**	**-2,953**	**9,288**

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

Consolidated statement of financial position

	Note	31-12-2017 TSEK	31-12-2016 TSEK	31-12-2017 US$000*	31-12-2016 US$000*
NON-CURRENT ASSETS					
Intangible fixed assets					
Mining permits and capitalised exploration costs	10	164,186	168,583	23,460	22,575
Tangible fixed assets					
Buildings and land	11	61,600	76,303	7,482	8,387
Machinery, equipment and other technical plant	12	86,229	115,610	10,452	12,659
Construction in progress	13	10,537	7,735	1,280	851
		158,366	**199,648**	**19,214**	**21,897**
Stripping assets		24,264	36,400	2,947	4,001
Deferred taxes recoverable**	9	36,288	35,832	3,777	3,434
Total non-current assets		**383,104**	**440,463**	**49,397**	**51,907**
CURRENT ASSETS					
Inventories	15	61,116	71,716	7,425	7,883
Accounts receivable trade	21	15,312	1,690	1,860	186
Other current receivables	16	27,081	34,529	3,288	3,795
Prepaid expenses	16	12,010	9,324	1,460	1,025
Cash and bank holdings	17	41,730	37,959	5,069	4,173
Total current assets		**157,249**	**155,218**	**19,102**	**17,062**
TOTAL ASSETS		**540,353**	**595,681**	**68,499**	**68,969**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	8,420	2,003	1,117	307
Additional paid in capital		498,856	397,382	72,615	59,808
Translation difference reserve		-122,043	-155,530	-13,678	-12,910
Retained earnings		-571,225	-552,114	-79,788	-77,603
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**-185,992**	**-308,259**	**-19,734**	**-30,398**
TOTAL EQUITY		**-185,992**	**-308,259**	**-19,734**	**-30,398**
NON-CURRENT LIABILITIES					
Deferred tax**	9	2,422	-	294	-
Provisions	19	5,757	6,493	699	714
Bank loans and other notes	20	278,167	134,934	33,790	14,832
Debt to shareholder	20	307,128	393,764	37,308	43,285
Other long-term liabilities	26	82,008	58,101	9,963	6,387
Total non-current liabilities		**675,482**	**593,292**	**82,054**	**65,218**
CURRENT LIABILITIES					
Trade and other accounts payable	22	7,081	14,685	861	1,616
Bank loans payable	20	16,464	223,320	2,000	24,549
Shareholder loans payable	20	-	55,158	-	6,063
Other current liabilities	23	27,318	17,485	3,318	1,921
Total current liabilities		**50,863**	**310,648**	**6,179**	**34,149**
TOTAL EQUITY AND LIABILITIES		**540,353**	**595,681**	**68,499**	**68,969**

*USD amounts are included for convenience purposes (convenience currency).
** For presentation purposes deferred tax assets and deferred tax liabilities were offset on subsidiaries' level in accordance with p.74 IAS 12

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	Non-controlling interest	Total equity
Equity as at December 31, 2015	**2,003**	**397,634**	**-146,269**	**-607,178**	**-**	**-353,810**
Comprehensive income						
Net profit/loss for the period				55,064		55,064
Other comprehensive income			-9,261			-9,261
Total comprehensive income for the period	**-**	**-**	**-9,261**	**55,064**		**45,803**
Transactions with owners in their capacity as owners						
Warrants and options issue		-252				-252
Total transactions with owners in their capacity as owners	**-**	**-252**	**-**	**-**	**-**	**-252**
Equity as at December 31, 2016	**2,003**	**397,382**	**-155,530**	**-552,114**	**-**	**-308,259**
Comprehensive income						
Net profit/loss for the period				-19,111		-19,111
Other comprehensive income			33,487			33,487
Total comprehensive income for the period	**-**	**-**	**33,487**	**-19,111**	**-**	**14,376**
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		-37				-37
Total transactions with owners in their capacity as owners	**6,418**	**101,474**	**-**	**-**	**-**	**107,891**
Equity as at December 31, 2017	**8,420**	**498,856**	**-122,043**	**-571,225**	**-**	**-185,992**

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	Non-controlling interest	Total equity
Equity as at December 31, 2015	**307**	**59,838**	**-15,714**	**-84,087**	**-**	**-39,656**
Comprehensive income						
Net profit/loss for the period				6,484		6,484
Other comprehensive income			2,804			2,804
Total comprehensive income for the period	**-**	**-**	**2,804**	**6,484**	**-**	**9,288**
Transactions with owners in their capacity as owners						
Warrants and options issue		-30				-30
Total transactions with owners in their capacity as owners	**-**	**-30**	**-**	**-**	**-**	**-30**
Equity as at December 31, 2016	**307**	**59,808**	**-12,910**	**-77,603**	**-**	**-30,398**
Comprehensive income						
Net profit/loss for the period				-2,185		-2,185
Other comprehensive income			-768			-768
Total comprehensive income for the period	**-**	**-**	**-768**	**-2,185**	**-**	**-2,953**
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		-4				-4
Total transactions with owners in their capacity as owners	**810**	**12,807**	**-**	**-**	**-**	**13,617**
Equity as at December 31, 2017	**1,117**	**72,615**	**-13,678**	**-79,788**	**-**	**-19,734**

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

Consolidated cash flow statement

	2017 TSEK	2016 TSEK	2017 US$ 000*	2016 US$ 000*
OPERATING ACTIVITIES				
Receipts from customers	283,509	389,568	33,540	45,544
VAT and other reimbursement	43,274	28,236	5,112	3,295
Payments to suppliers	-154,304	-169,780	-18,110	-19,893
Payments to employees and social taxes	-78,307	-64,820	-9,172	-7,595
Income tax paid	-687	-219	-79	-27
Other taxes paid	-23,066	-33,420	-2,723	-3,897
Net cash flows from/(used in) operating activities	**70,419**	**149,566**	**8,569**	**17,429**
INVESTING ACTIVITIES				
Purchase and construction of property plant and equipment	-14,360	-12,222	-1,716	-1,448
Exploration and research works	-8,777	-8,034	-1,038	-943
Purchases of financial assets	-2,206	-	-271	-
Net cash flows used in investing activities	**-25,343**	**-20,256**	**-3,025**	**-2,391**
FINANCING ACTIVITIES**				
Proceeds from borrowings, net	-	20,531	-	2,500
Receipts from share issue	51,158	-	6,178	-
Repayment of borrowings, net	-47,364	-65,442	-5,608	-7,723
Interest paid	-29,349	-39,354	-3,486	-4,554
Lease payments	-8,443	-9,711	-978	-1,134
Transaction costs arising on share issue	-5,267	-	-646	-
Other finance income/expenses	-	113	-	14
Net cash from/(used in) financing activities	**-39,265**	**-93,864**	**-4,540**	**-10,899**
Net increase/(decrease) in cash and cash equivalents	5,811	35,446	1,004	4,140
Net foreign exchange difference	-2,039	2,152	-108	-10
Opening balance cash and cash equivalents	37,959	361	4,173	43
Closing balance cash and cash equivalents	**41,730**	**37,959**	**5,069**	**4,173**

*USD amounts are included for convenience purposes (convenience currency).
**For more information please refer to Note 28.

Parent Company income statement

	Note	2017 TSEK	2016 TSEK	2017 US$ 000*	2016 US$ 000*
Income					
Other operating income	3	1,342	1,291	157	151
Operating costs					
External expenses	5	-5,274	-4,719	-617	-551
Employee benefit expenses	4	-2,304	-2,306	-270	-269
Operating result		**-6,235**	**-5,734**	**-730**	**-669**
Financial income	7	38,642	38,038	4,522	4,445
Financial expenses	8	-16,809	-21,324	-1,967	-2,492
Result after financial items		**15,598**	**10,980**	**1,825**	**1,284**
Tax on this year's result	9	-	-	-	-
Result for the year		**15,598**	**10,980**	**1,825**	**1,284**

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

Parent Company statement of comprehensive income

	Note	2017 TSEK	2016 TSEK	2017 US$ 000*	2016 US$ 000*
Net result for the year		**15,598**	**10,980**	**1,825**	**1,284**
Other comprehensive income					
Translation differences				2,338	-2,328
Total comprehensive income for the year		**15,598**	**10,980**	**4,163**	**-1,044**

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

Parent Company statement of financial position

	Note	31-12-2017 TSEK	31-12-2016 TSEK	31-12-2017 US$000*	31-12-2016 US$000*
NON-CURRENT ASSETS					
Financial non-current assets					
Investments in subsidiaries	14	543,520	342,491	66,023	37,648
Loans to subsidiaries	24	161,932	347,997	19,671	38,254
Total non-current assets		**705,452**	**690,488**	**85,694**	**75,902**
CURRENT ASSETS					
Other current receivables	16	1,697	1,814	206	199
Prepaid expenses	16	187	135	23	15
Cash and cash equivalents	17	257	57	31	6
Total current assets		**2,141**	**2,006**	**260**	**220**
TOTAL ASSETS		**707,594**	**692,494**	**85,954**	**76,122**
EQUITY AND LIABILITIES					
EQUITY	18				
Restricted equity					
Share capital		8,420	2,003	1,117	307
Statutory reserve		266,306	266,306	40,872	40,872
Total restricted equity		**274,726**	**268,309**	**41,989**	**41,179**
Unrestricted equity					
Share premium reserve		725,562	624,088	107,409	94,602
Translation difference		-	-	-5,571	-7,909
Retained earnings		-651,792	-662,772	-101,423	-102,707
Net result for the year		15,598	10,980	1,825	1,284
Total unrestricted equity		**89,367**	**-27,705**	**2,239**	**-14,730**
TOTAL EQUITY		**364,093**	**240,604**	**44,228**	**26,448**
NON-CURRET LIABILITIES					
Long-term loans	21	325,810	394,658	39,577	43,383
Total non-current liabilities		**325,810**	**394,658**	**39,577**	**43,383**
CURRENT LIABILITIES					
Trade and other accounts payable	22	1,010	1,386	122	152
Short-term loans	21	-	55,158	-	6,063
Other short-term liabilities	23	16,681	688	2,027	76
Total current liabilities		**17,691**	**57,232**	**2,149**	**6,291**
TOTAL EQUITY AND LIABILITIES		**707,594**	**692,494**	**85,954**	**76,122**

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

Parent company statement of changes in equity

(All amounts in TSEK)	Restricted Equity: Share capital	Restricted Equity: Statutory reserve	Unrestricted Equity: Share premium reserve	Unrestricted Equity: Translation difference reserve	Unrestricted Equity: Retained earnings	Unrestricted Equity: Net income for the period	Total equity
Equity as at December 31, 2015 Restated	**2,003**	**266,306**	**624,340**	**-**	**-708,719**	**45,947**	**229,876**
Profit/loss brought forward					45,947	-45,947	-
Comprehensive income							
Net profit/loss for the period						10,980	10,980
Other comprehensive income				-			
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**10,980**	**10,980**
Transactions with owners in their capacity as owners							
Warrants and options issue			-252				-252
Total transactions with owners in their capacity as owners	**-**	**-**	**-252**	**-**	**-**	**-**	**-252**
Equity as at December 31, 2016	**2,003**	**266,306**	**624,088**	**-**	**-662,772**	**10,980**	**240,604**
Profit/loss brought forward					10,980	-10,980	-
Comprehensive income							
Net profit/loss for the period						15,598	15,598
Other comprehensive income				-			
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**15,598**	**15,598**
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			-37				-37
Total transactions with owners in their capacity as owners	**6,418**	**-**	**101,474**	**-**	**-**	**-**	**107,891**
Equity as at December 31, 2017	**8,420**	**266,306**	**725,562**	**-**	**-651,792**	**15,598**	**364,093**

Parent company statement of changes in equity

(All amounts in US$ 000*)	Restricted Equity: Share capital	Restricted Equity: Statutory reserve	Unrestricted Equity: Share premium reserve	Unrestricted Equity: Translation difference reserve	Unrestricted Equity: Retained earnings	Unrestricted Equity: Net income for the period	Total equity
Equity as at December 31, 2015 Restated	**307**	**40,872**	**94,632**	**-5,581**	**-108,154**	**5,447**	**27,522**
Profit/loss brought forward					5,447	-5,447	-
Comprehensive income							
Net profit/loss for the period						1,284	1,284
Other comprehensive income				-2,328			-2,328
Total comprehensive income for the period	**-**	**-**	**-**	**-2,328**	**-**	**1,284**	**-1,044**
Transactions with owners in their capacity as owners							
Warrants and options issue			-30				-30
Total transactions with owners in their capacity as owners	**-**	**-**	**-30**	**-**	**-**	**-**	**-30**
Equity as at December 31, 2016	**307**	**40,872**	**94,602**	**-7,909**	**-102,707**	**1,284**	**26,448**
Profit/loss brought forward					1,284	-1,284	-
Comprehensive income							
Net profit/loss for the period						1,825	1,825
Other comprehensive income				2,338			2,338
Total comprehensive income for the period	**-**	**-**	**-**	**2,338**	**-**	**1,825**	**4,163**
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			-4				-4
Total transactions with owners in their capacity as owners	**810**	**-**	**12,807**	**-**	**-**	**-**	**13,617**
Equity as at December 31, 2017	**1,117**	**40,872**	**107,409**	**-5,571**	**-101,423**	**1,825**	**44,228**

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

Parent company cash flow statement

	2017 TSEK	2016 TSEK	2017 US$ 000*	2016 US$ 000*
OPERATING ACTIVITIES				
Receipts from customers	1,621	-	198	-
VAT and other reimbursement	727	72	87	9
Payments to suppliers	-6,881	-8,205	-778	-961
Payments to employees and the Board members	-2,532	-1,765	-297	-208
Income tax paid	-	-	-	-
Other taxes paid	-	-	-	-
Net cash flows used in operating activities	**-7,065**	**-9,898**	**-791**	**-1,161**
INVESTING ACTIVITIES				
Borrowings given	-22,097	-	-2,706	-
Net cash flows used in investing activities	**-22,097**	**-**	**-2,706**	**-**
FINANCING ACTIVITIES**				
Proceeds from borrowings	-	9,922	-	1,180
Receipts from share issue	51,158	-	6,178	-
Repayment of borrowings	-16,481	-	-2,000	-
Transaction costs arising on share issue	-5,267	-	-646	-
Net cash from financing activities	**29,410**	**9,922**	**3,532**	**1,180**
Net increase/(decrease) in cash and cash equivalents	**248**	**24**	**34**	**19**
Net foreign exchange difference	-48	-41	-9	-22
Opening balance cash and cash equivalents	57	73	6	9
Closing balance cash and cash equivalents	**257**	**57**	**31**	**6**

*USD amounts are included for convenience purposes (convenience currency).
**For more information please refer to Note 28.

Notes to the consolidated financial statements and parent company accounts

CORPORATE INFORMATION

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

AUR AB was listed on the Swedish NGM Nordic Growth Market stock exchange on March 29, 2005 and has been listed on the Swedish stock exchange NASDAQ OMX First North Premier since July 19, 2010. At present, the Company has approximately 3,330 shareholders.

The Board of directors approved these consolidated accounts for publication on April 23, 2018.

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 2017 have been prepared using the historical cost method and on accounting principles assuming that the Group will continue its operations during a period sufficient to carry out its objectives and commitments, and will not beliquated in the foreseeable future.

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

BASIS OF CONSOLIDATION

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations and goodwill

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

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

Goodwill is initially measured at cost, comprising the excess of the aggregate of the transferred consideration, the amount recognised for non-controlling interest and the acquisition date fair value of any previously held equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The Group has no goodwill as of December 31, 2017 (December 31, 2016 - nil).

(b) Translation of foreign currency

Functional currency and reporting currency

The functional currency of individual companies is determined by the primary economic environment in which the entity operates or the one in which it primarily generates and expends cash. The functional currency of the subsidiaries which operate in Russia is US dollar, the functional currency of Parent company is SEK. The consolidated accounts are presented in Swedish Krona (SEK) – reporting currency and US dollar – convenience currency.

Translation of foreign subsidiaries and other foreign operations

The earnings and the financial positions of all Group companies (none of which have a high-inflation currency) that have a different functional currency from the reporting currency are translated to the Group's reporting currency as follows:

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

b. income statements for each of the subsidiaries are converted at the average exchange rate (provided that this average rate constitutes a reasonable approximation of the accumulated effect of the rates applying on the date of the transaction, otherwise assets and liabilities are converted at the rate on the date of the transaction), and

c. all exchange rate differences arising are recognised as a separate component of other comprehensive income and the cumulative effect is included in the translation difference reserve in equity.

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

Receivables and liabilities in foreign currency

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

At December 31, 2017 the closing rate of 8.2322 SEK per US$ (9.0971 SEK per US$ at December 31, 2016) was applied. Income and expenses for 2017 were translated using the following average annual rate of SEK per US$: 8.5439. In 2016 income and expenses were translated using the following average quarter rate of SEK per US$: (Q1 2016 - 8.4567, Q2 2016 - 8.2115, Q3 2016 - 8.5204 and Q4 2016 - 9.042 per US$).

(c) Intangible fixed assets

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

Licenses

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

Exploration and evaluation expenditures

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

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

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

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

Mine development costs

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

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

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

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

(d) Stripping costs

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

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

a. Future economic benefits (improved access to the ore body) are probable

b. The component of the ore body for which access will be improved can be accurately identified

c. The costs associated with the improved access can be reliably measured

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

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

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

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is applied to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

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

As of December 31, 2017, the Group recognised the stripping assets in an amount of MSEK 24.264 (US$ 2.947 m) (December 31, 2016: MSEK 36.400 (US$ 4.001 m)).

(e) Tangible fixed assets

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

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

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

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

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

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

(f) Inventory

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

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

(g) Financial instruments

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

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

Classification

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

Financial assets valued at fair value via profit and loss

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

Loans receivable and accounts receivables

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

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

Financial assets available for sale

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

Financial liabilities

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

Fair value hierarchy

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

(h) Cash and cash equivalents

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

(i) Borrowings

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

Split accounting is applied for convertible bonds to measure the liability and the equity components upon initial recognition of the instrument. The fair value of the consideration in respect of the liability component is measured first, at the fair value of a similar liability that does not have any associated equity conversion option. This becomes the liability component's carrying amount at initial recognition. The liability component is classified as a other financial liability measured at amortised cost using the effective interest method. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The equity component is not remeasured after initial recognition and classified in equity part of the balance sheet.

(j) Trade and other payables

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

(k) Value added tax

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

(l) Revenue recognition

Revenue comprises the fair value of the consideration received, or to be received, for the sale of goods in the ordinary course of the Group's activities. Revenue is reported net of value added tax and after elimination of intercompany sales. The Group recognises revenue in accordance with IFRS 15 when the control of the goods produced transfers to the customer. The transition to IFRS 15 from IAS 18 did not result in any changes in revenue recognition due to the specific terms of the sales contracts.

Sale of gold

Revenue from the sale of gold is reported when a purchase agreement has been concluded and when delivery to the buyer has been completed, usually to a Russian licensed commercial bank. Reporting is preceded by the semi-finished product that the Group produces, a gold ore concentrate, being delivered to a refinery that enriches the ore concentrate into the end product, 24 carat

pure gold and a certain residual amount of silver. Sales are reported gross before the mineral resources extraction tax (MRET). The MRET amounts to 6% of the produced volume of gold, multiplied by the 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

Other income

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

Interest income

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

(m) Depreciation and amortisation

Intangible fixed assets

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

Tangible fixed assets

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

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

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

(n) Employee benefits

All of the Group's pension plans are defined contribution plans, in which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current period and prior periods. Wages, salaries, contributions to the Russian Federation state pension and social security funds, paid annual leave and sick leave and bonuses are accrued in the period in which the associated services are rendered by the employees of the Group.

(o) Employee incentive programs

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

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

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

(p) Leasing

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

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

(q) Provisions

Provisions are reported when an obligation arises resulting from events that have occurred, and where it is probable that payment will be required to fulfil the obligation. It is also a prerequisite that it is possible to make a reliable assessment of the amount to be paid. The amount in question is calculated by the executive management at the present value given the reasonable assumptions that can be made at the end of each reporting period. The Group reviews its mine restoration provisions annually. The provisions at the reporting date represents management's best estimate of the present value of the future restoration costs required. Changes to estimated future costs are reported in the statement of financial position by either increasing or decreasing the restoration liability.

(r) Items affecting comparability

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

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

At the end of 2017 the Group impared non-recoverable VAT of MSEK 2.493 (US$ 0.292 m) related to prior periods, which was accounted for as item affecting comparability in the consolidated income statement (refer to the Note 6 for details).

(s) Current and deferred income tax

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

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

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

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

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

(t) Equity

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

(u) Cash flow statement

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

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

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

(v) Management of financial risks

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

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

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

(w) Segment reporting

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

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

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied, for the first time, certain standards and amendments which are effective for annual periods beginning on or after 1 January 2017.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments have been applied for the first time in 2017, they do 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 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which the entity may make deductions on the reversal of deductible temporary differences related to unrealised losses. Furthermore, the amendments provide guidance on the manner in which an entity should determine future taxable profits and the amendments explain the circumstances in which taxable profit may include the recovery of certain assets in an amount in excess of their carrying amount. The Group has applied these amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets included in the scope of these amendments.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure on the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as, foreign exchange gains or losses). The Group has provided the information for both the current and the comparative periods in Note 28.

IFRS 9 Financial Instruments

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

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

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

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

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

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

IFRS 15 Revenue from contracts with customers

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

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

The standard is effective from January 1, 2018, early adoption is possible. The Group adopted this standard and estimates that this standart does not have significant impact on the Group due to the revenue cycle specifics.

IFRS 16 Leasing

This standard comes into force on 1 January 2019 and replaces existing standards and interpretations with regard to leasing. Under the new standard, assets and liabilities attributable to leasing agreement shall, with a few exceptions, be reported in the statement of financial position. This reporting is based on the attitude that the lessee is entitled to use an asset for a fixed period of time and has, at the same time, a duty to pay for this right. The reporting by the lessor will, in every significant respect, remain unchanged. The Company is currently carrying out an analysis of existing leasing contracts and other similar contracts to determine which contracts are covered by IFRS 16. The preliminary assessment is that the Company's financial reports will be affected in conjunction with the introduction of IFRS 16, but that the precise effect has not, as yet, been determined.

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 assets and liabilities, 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 in future periods from these estimations.

In particular, information about significant areas of uncertainty regarding the estimations considered by management in preparing the consolidated financial statements is provided 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 must 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 amount to be paid. These factors include estimates of the extent and costs of restoration activities, technological changes, regulatory changes, cost increases as compared with inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the reported provisions. The provisions at reporting date represent management's best estimate of the present value of 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 provided 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 an 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. The fair value of 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, applying 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 funds 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 the other assets.

An impairment test was carried out on the Group's productive gold assets as at December 31, 2017. The most significant portion of the intangible and tangible fixed assets relates to the Tardan license area. For this purpose, a discounted cash flow model has been applied extending over a 8-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 required yield. The base assumption regarding the price of gold during the period is a value of 1,250 US$/oz and the required yield is 8.3% per year. A number of other assumptions are also important. The results of the assessment of these base assumptions is that no impairment is required at year-end 2017 for Tardan.

In 2015, hard rock gold production at the Solcocon site was temporarily terminated. As a result of terminating production at Solcocon, the assets there were impaired by MSEK 133.0 (US$ 16.0 m) as at December 31, 2015 and were recorded as Items affecting comparability in the consolidated income statement for 2015. In 2016-2017 hard rock gold production at Solcocon was on hold. In 2017, the Group started exploration at Solcocon for a resource potential update of the Bogomolovskoye deposit and to convert it into minable resources. The exploration phase will take two

years. Group management is looking at various options for Solcocon and these could result in a reversal of the impairement provision in the future. See Note 10 and Note 13 for further details.

An impairment test of significant assets is also performed at Parent Company level. The impairment test is based on a 8-year cash flow model forecast 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 funds and the risks specific to the asset. The net present value of the forecasted cash flow is compared with the book values of shares and loans provided by the Parent Company. Where an impairment indicator exists, i.e. the book value exceeds the net present value of the forecasted cash flow, an impairment provision is recorded at year end. The impairment test perfomed as at December 31, 2017 at Parent Company level showed no impairment requirement.

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 the operations and on 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 determining 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 gold sales of MSEK 286.494 (US$ 33.532 m) (2016: MSEK 369.053 (US$ 43.080 m) is generated by the Russian entities of the Group. No revenue is generated in Sweden. In 2017 the Group had two customers for gold and gold equivalents – the Russian banks, Promsvyazbank and VTB (in 2016 - single customer - Promsvyazbank). During 2016, the Group also had a compensation fee of MSEK 2.557 (US$ 0.300 m) for termination of management contract with Valunistiy.

	Group		Group	
	2017 TSEK	**2016 TSEK**	**2017 US$ 000**	**2016 US$ 000**
Revenue from sale of hard rock gold	272,435	369,053	31,887	43,080
Revenue from sale of alluvial gold	14,059	-	1,645	-
Total revenue from sale of gold and gold equivalents	**286,494**	**369,053**	**33,532**	**43,080**
Revenue from management services	-	2,557	-	300
Total revenue	**286,494**	**371,610**	**33,532**	**43,380**

NOTE 2
COST OF SALES

	Group		Group	
	2017 TSEK	**2016 TSEK**	**2017 US$000**	**2016 US$000**
External expenses	58,941	60,525	6,899	7,070
Employee benefit expenses	55,349	48,051	6,479	5,585
Materials	54,973	55,565	6,434	6,508
Taxes	19,054	25,635	2,230	2,984
Alluvial operator costs	9,392	-	1,099	-
Depreciation, amortization and write downs	54,266	56,379	6,359	6,571
Change in stripping asset	10,603	-8,520	1,241	-996
Change in stock of finished and semi-finished goods	5,803	-15,375	679	-1,760
Total cost of sales	**268,381**	**222,260**	**31,420**	**25,962**

In 2017, the Company recommenced alluvial gold production at Solcocon using a contractor on the basis of a 77% split of gold sales. The 2017 results include production of 48 kg (1,536 oz) for MSEK 9.392 (US$ 1.099 m) costs, all of which were nil in 2016.
Besides of alluvial operator costs, cost of sales increased as compared to 2016 as a result of growth in non cash items (change in stripping assets and change in work in progress and finished goods) while cash expenses stood unchanged. Change in stripping asset increase costs by US$ -2.2 m compared to 2016 as result of Barsyuchiy deposit depletion and amortization of previously capitalized stripping works. Change in work in progress and finished goods increase costs by US$ -2.4 m as a result of sale of finished gold stock from 60.5 kg at the beginning of 2017 to 2.2 kg on December 31, 2017. Our cash costs are mostly locked in Rubles. In Ruble terms our cash costs decreased, following decrease in mining volumes and Ruble inflation pattern. Decrease in Ruble costs was compensated by appreciation of Ruble against US$: average RUR/US$ exchange rate in 2017 was 58.3 compared to 67.1 in 2016, a decrease by 13%.

NOTE 3
OTHER INCOME AND EXPENSES

	Group		Parent Company		Group		Parent Company	
	2017 TSEK	2016 TSEK	2017 TSEK	2016 TSEK	2017 US$000	2016 US$000	2017 US$000	2016 US$000
Other operating income								
Sales of Solcocon's equipment and vehicles	12,112	-	-	-	1,471	-	-	-
Services to contractors (rent, accomodation services, other)	11,433	6,691	-	-	1,338	782	-	-
Reversal of provision	3,173	-	-	-	371	-	-	-
Reversal of site restoration reserve	642	810	-	-	75	95	-	-
Consulting services to subsiduary	-	-	1,342	1,283	-	-	157	150
Other	268	633	-	8	33	84	-	1
Total other operating income	**27,628**	**8,134**	**1,342**	**1,291**	**3,288**	**961**	**157**	**151**

Sales of Solcocon's equipment and vehicles

In December 2017 as part of its ongoing programme to optimise its asset base, Auriant Mining sold mining equipment previously used on Solcocon mine. Bulldozers, excavators, dumpers and auxiliary equipment have been sold to LLC Uryumkan for a total consideration of MSEK 12.112 (US$ 1.471 m) (excl. VAT). This equipment was previously the subject of lease arrangements with LLC Uryumkan. The Company will use money from this transaction to finance operating activities at Tardan during 2018

Services to contractors

Services to contractors refers to property rental services to LLC Urumkan for the entire year 2017 and 2016 and to sales of materials, providing of accommodation services for major contractors of LLC Tardan, subsidiary of the Group. Equipment rental rate was increased in 2017 as compared to 2016.

Reversal of site restoration reserve

Reversal of site restoration reserve in years 2017 and 2016 relates to the re-estimation of costs required to eliminate the impact on the environment caused by the mining activities.

	Group		Parent Company		Group		Parent Company	
	2017 TSEK	2016 TSEK	2017 TSEK	2016 TSEK	2017 US$000	2016 US$000	2017 US$000	2016 US$000
Other operating expenses								
Bank fees	-682	-266	-	-	-80	-31	-	-
Sponsorship fees	-424	-100	-	-	-50	-12	-	-
Penalties from suppliers and tax authorities	-337	-216	-	-	-39	-25	-	-
Bad debt expenses, shortage of materials write-off	-261	-718	-	-	-31	-84	-	-
Provision for tax court proceedings	-95	-	-	-	-11	-	-	-
Write-off fixed assets	-83	-	-	-	-10	-	-	-
Provision for slow-moving materials	-	-18	-	-	-	-2	-	-
Other	-497	-720	-	-	-57	-84	-	-
Total other operating expenses	**-2,379**	**-2,038**	**-**	**-**	**-278**	**-238**	**-**	**-**

Bank fees
Bank fees in 2017 included payments for prolongation of bank loans agreements in amount of TSEK 246.849 (28.892 TUSD).

Reserve on tax court proceedings
Other operating expenses in year 2017 included a reserve for potential payments for legal claims against LLC Tardan Gold in amount of 50% of a claim.

NOTE 4
EMPLOYEE BENEFIT EXPENSES

	Group		Parent Company		Group		Parent Company	
	2017 TSEK	2016 TSEK	2017 TSEK	2016 TSEK	2017 US$000	2016 US$000	2017 US$000	2016 US$000
Salaries and remuneration in Sweden								
Board of Directors	1,417	1,215	1,398	1,126	166	142	164	131
including stock options and warrants	18	89	-	-	2	11	-	-
Other employees	775	236	354	676	93	27	42	79
including CEO	144	154	144	154	17	18	17	18
	2,191	**1,451**	**1,752**	**1,802**	**259**	**169**	**206**	**210**
Salaries and remuneration in Russia								
CEO and Senior executives	3,474	5,879	-	-	405	680	-	-
including stock options and warrants	27	-451	-	-	2	-54	-	-
Other employees	49,295	43,978	-	-	5,773	5,110	-	-
including stock options and warrants	-82	110	-	-	-9	13	-	-
	52,769	**49,857**	**-**	**-**	**6,178**	**5,790**	**-**	**-**
Total salaries and remuneration	**54,960**	**51,308**	**1,752**	**1,802**	**6,437**	**5,959**	**206**	**210**
Social security expenses in Sweden								
Board of Directors	337	335	337	335	39	39	39	39
Other employees	270	108	215	169	31	12	25	20
including CEO	45	48	45	48	5	6	5	6
	607	**443**	**552**	**504**	**70**	**51**	**64**	**59**
Social security expenses in Russia								
CEO	313	430	-	-	37	50	-	-
Senior executives	345	431			40	50		
Other employees	12,826	11,667	-	-	1,500	1,356	-	-
	13,484	**12,528**	**-**	**-**	**1,577**	**1,456**	**-**	**-**
Total social security expenses	**14,091**	**12,971**	**552**	**504**	**1,647**	**1,507**	**64**	**59**
Total employee benefit expenses	**69,051**	**64,279**	**2,304**	**2,306**	**8,084**	**7,466**	**270**	**269**

	Group		Parent Company	
	2017	2016	2017	2016
Group – Board of Directors and CEO at year-end				
Women	-	-	-	-
Men	6	5	6	5
Group – Management at year-end				
Women	2	2	1	1
Men	3	3	-	-

Number of employees	Total 2017	of which woman	Total 2016	of which woman
Average number of employees				
Parent company in Sweden	1	1	1	1
Subsidiaries in Russia	500	82	507	93
Total for the Group	**501**	**83**	**508**	**94**
Number of employees at year-end				
Parent company in Sweden	1	1	1	1
Subsidiaries in Russia	482	90	524	93
Total for the Group	**483**	**91**	**525**	**94**

Remuneration and other benefits of the Board* and Senior executives

	2017 TSEK	2016 TSEK	2017 US$000	2016 US$000
Board of directors				
Lord Daresbury (Peter), Chairman of the Board	472	444	55	52
Preston Haskell	258	225	30	26
Ingmar Haga	294	310	34	36
Andre Bekker	-	111	-	13
Patrik Perenius	173	-	20	-
James Provoost Smith	220	125	26	15
Total Board of directors	**1,417**	**1,215**	**166**	**142**
including stock options and warrants	18	89	2	11
Senior Executives**				
Senior Executives excluding Chief Executive Officer	**1,685**	**2,395**	**196**	**277**
Payroll	1,667	1,475	195	171
Senior Executives employment termination	-	545	-	63
Bonuses paid in 2016	-	171	-	20
Bonus accrued for 2016 results	-	549	-	64
Including stock options and warrants	18	-345	1	-41
Chief Executive Officer - total:	**1,933**	**3,638**	**226**	**421**
Payroll	1,923	1,339	225	155
One off expense upon former CEO***	-	1,225	-	142
Bonuses paid in 2016	-	308	-	36
Bonus accrued for 2016 results	-	872	-	101
Stock options and warrants	9	-106	1	-13
Total Senior Executives	**3,618**	**6,033**	**422**	**698**

* Board fees, remuneration of Chief Executive Officer and Senior Executives are approved by AGM.
**Senior Executives in 2017 and 2016 include Chief Executive Officer, Chief Financial Officer, Chief Geologist, Chief Legal Counsel, Head of HR.
***Denis Alexandrov, who has been CEO since May 2012, left the Company on January 15, 2016.
The Subsidiary Employment Agreement with CEO can be terminated by the Company by giving the Employee a written notice. The notice may be given by the Company with immediate effect or may specify a date from which the termination shall come into force.
In accordance with Russian law, the Subsidiary Employment Agreement will provide for the repayment of a compensation to the Employee in the event of termination of the agreement pursuant to section 2 of Article 278 of the Labor Code in the absence of wrongful actions or omissions on the Employee's part, in the amount of his average monthly salary as General Director of the Subsidiary, multiplied by three.
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	
	2017 TSEK	2016 TSEK	2017 TSEK	2016 TSEK	2017 US$000	2016 US$000	2017 US$000	2016 US$000
Employee benefit expenses	13,702	16,228	2,304	2,306	1,605	1,881	270	269
External expenses*	7,337	7,133	5,274	4,719	839	827	617	551
Depreciation, amortization and write downs	25	144	-	-	3	17	-	-
Total general and administrative expenses	**21,064**	**23,505**	**7,577**	**7,025**	**2,447**	**2,725**	**886**	**820**

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

Audit fees

	Group		Parent Company		Group		Parent Company	
	2017 TSEK	2016 TSEK	2017 TSEK	2016 TSEK	2017 US$000	2016 US$000	2017 US$000	2016 US$000
PWC								
Audit fees	967	950	967	950	113	111	113	111
Audit related services	214	122	214	122	25	14	25	14
Tax consultancy services	64	97	64	97	8	11	8	11
Other consulting services	151	185	151	185	18	22	18	22
Total fees for the audit and related services to PWC	**1,396**	**1,354**	**1,396**	**1,354**	**164**	**158**	**164**	**158**
Other auditing firms								
Statutory audit and related services	161	102	-	-	19	12	-	-
Total fees for the audit and related services to auditing firms	**1,557**	**1,456**	**1,396**	**1,354**	**183**	**170**	**164**	**158**

NOTE 6
ITEMS AFFECTING COMPARABILITY

	Group	
Specification of items affecting comparability	2017 TSEK	2017 US$000
Other operating expenses		
One-off correction of input VAT	2,493	292
Effect on operating profit/(loss)	**2,493**	**292**

Items affecting comparability in 2017 included one-off correction of input VAT on LLC Tardan Gold and LLC Rudtechnology in amount of MSEK 2.493 (US$ 0.292 m).

NOTE 7
FINANCIAL INCOME

	Group		Group		Parent Company		Parent Company	
	2017 TSEK	2016 TSEK	2017 US$000	2016 US$000	2017 TSEK	2016 TSEK	2017 US$000	2016 US$000
Exchange rate differences	8,867	-	1,028	-	26,865	30,109	3,143	3,519
Interest income from Group companies	-	-	-	-	11,054	7,929	1,294	926
Other interest income	53	148	6	18	-	-	-	-
Net income from reversal of earlier impairment of investments in subsidiaries	-	-	-	-	723	-	85	-
Total financial income	**8,920**	**148**	**1,034**	**18**	**38,642**	**38,038**	**4,522**	**4,445**

NOTE 8
FINANCIAL EXPENSES

	Group		Group		Parent Company		Parent Company	
	2017 TSEK	2016 TSEK	2017 US$000	2016 US$000	2017 TSEK	2016 TSEK	2017 US$000	2016 US$000
Interest expenses on loans and borrowings	-46,561	-59,918	-5,447	-7,000	-16,809	-21,324	-1,967	-2,492
Interest expenses on leasing	-871	-1,991	-102	-233	-	-	-	-
Other interest expenses	-212	-461	-25	-54	-	-	-	-
Total interest expenses	**-47,644**	**-62,370**	**-5,574**	**-7,287**	**-16,809**	**-21,324**	**-1,967**	**-2,492**
Exchange rate differences	-	-2,795	-	-308	-	-	-	-
Total financial expenses	**-47,644**	**-65,165**	**-5,574**	**-7,595**	**-16,809**	**-21,324**	**-1,967**	**-2,492**

NOTE 9
INCOME TAX AND DEFERRED INCOME TAX

	Group		Parent Company		Group		Parent Company	
	2017 TSEK	2016 TSEK	2017 TSEK	2016 TSEK	2017 US$ 000	2016 US$ 000	2017 US$ 000	2016 US$ 000
Current tax	-80	-	-	-	-9	-	-	-
Deferred tax	-112	-11,860	-	-	-19	-1,355	-	-
Total	**-192**	**-11,860**	**-**	**-**	**-28**	**-1,355**	**-**	**-**
Connection between tax expense and reported profit/loss								
Pre-tax profit/loss	-18,919	66,924	15,598	10,980	-2,157	7,839	1,825	1,284
Tax according to applicable tax rate	3,469	-13,385	-3,432	-2,416	406	-1,680	-402	-282
Tax effect of expenses that are non-deductible for tax purposes	-14,512	-21,202	-3,698	-4,696	-1,704	-2,476	-433	-549
Tax effect of non-taxable income	3,721	10,905	-	7,112	560	1,274	-	777
Impairment of deferred tax assets	-	-248	-	-	-	-29	-	-
Previously unrecognised tax losses now recouped to reduce tax expense	7,130	12,070	7,130	-	710	1,557	835	-
Total	**-192**	**-11,860**	**-**	**-**	**-28**	**-1,355**	**-**	**-**

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

Currently, tax loss carry-forwards in the Parent Company are not reported as deferred tax assets in the balance sheet, as it is uncertain whether such tax losses can be utilised based on the managerial character of the Parent Company. The total tax losses carried forward in the parent company amounts to MSEK 29 and are not limited in time.

In the subsidiaries, deferred tax assets on tax losses carried forward are reported when it is probable that the subsidiary will generate sufficient taxable profits to utilise the tax losses within the foreseeable future. According to the Russian tax law, tax losses available for offsetting against future taxable income are not limited in time.

The Group has material amount of deferred tax assets at Tardan Gold. The majority of the deferred tax assets relate to tax losses carried forward. Based on the forecast the LLC Tardan Gold will generate taxable profits that enable to utilise deferred tax asset within a period of 2-3 years.

Deferred tax relates to the following:	Consolidated statement of financial position, TSEK		Consolidated statement of profit or loss, TSEK	
	2017	2016	2017	2016
Deferred tax assets:				
Losses available for offsetting against future taxable income	43,703	32,134	14,216	-49,652
Stripping costs	1,765	6,671	-4,709	141
Site restoration provision	714	881	-129	-153
Bad debt provision	130	423	-42	-111
Other temporary differences	505	1,147	-662	426
Functional currency on non-monetary items	34,904	29,596	6,482	29,596
Total Deferred tax assets	**81,721**	**70,853**		
Deferred tax liabilities:				
Exploration costs	-28,860	-31,976	1,181	2,715
Work in progress	-13,585	-	-13,931	-
Other income	-2,422	-	-2,514	-
Leasing of equipment	-2,155	-1,877	-380	-449
Depreciation of fixed assets	-487	-777	261	256
Expenses capitalised	-345	-390	36	2,038
Bonus to employees	-	-	-	3,334
Total Deferred tax liabilities	**-47,854**	**-35,021**		
Deferred tax expense			**-192**	**-11,860**
Net deferred tax assets	**33,866**	**35,832**		
Reflected in the statement of financial position as follows:				
Deferred tax assets	**36,288**	**35,832**		
Deferred tax liabilities	**-2,422**	**-**		

Deferred tax relates to the following:	Consolidated statement of financial position, US$ 000		Consolidated statement of profit or loss, US$ 000	
	2017	2016	2017	2016
Deferred tax assets:				
Losses available for offsetting against future taxable income	5,309	3,532	1,659	-5,800
Stripping costs	214	733	-551	16
Site restoration provision	87	97	- 15	-18
Bad debt provision	16	47	-5	-13
Other temporary differences	61	126	-78	50
Functional currency on non-monetary items	4,240	3,481	759	3,481
Total Deferred tax assets	**9,927**	**8,016**		
Deferred tax liabilities:				
Exploration costs	-4,136	-4,247	138	317
Work in progress	-1,650	-	-1,630	-
Other income	-294	-	-294	-
Leasing of equipment	-262	-206	-44	-52
Depreciation of fixed assets	-59	-85	30	30
Expenses capitalised	-42	-43	4	238
Bonus to employees	-	-	-	396
Total Deferred tax liabilities	**-6,444**	**-4,582**		
Deferred tax expense			**-28**	**-1,355**
Net deferred tax assets	**3,483**	**3,434**		
Reflected in the statement of financial position as follows:				
Deferred tax assets	**3,777**	**3,434**		
Deferred tax liabilities	**-294**	**-**		

NOTE 10
MINING PERMITS AND CAPITALISED EXPLORATION COSTS

	Group		Parent Company	
	31-12-2017	31-12-2016	31-12-2017	31-12-2016
All amounts in TSEK	**TSEK**	**TSEK**	**TSEK**	**TSEK**
Opening balance	247,830	233,190	392	392
Capitalized exploration costs	24,764	17,007	-	-
Translation difference	-24,314	-2,367	-	-
Closing balance	**248,280**	**247,830**	**392**	**392**
Opening balance amortizations and write downs	-79,247	-69,589	-392	-392
Amortization for the period	-17,203	-21,341	-	-
Translation difference	12,356	11,683		
Closing amortizations and write downs	-84,094	-79,247	-392	-392
Closing net book value	**164,186**	**168,583**	**-**	**-**

	Group		Parent Company	
	31-12-2017	31-12-2016	31-12-2017	31-12-2016
All amounts in US$ 000	**US$ 000**	**US$ 000**	**US$ 000**	**US$ 000**
Opening balance	34,985	32,998	60	60
Capitalized exploration costs	2,898	1,987	-	-
Closing balance	**37,883**	**34,985**	**60**	**60**
Opening balance amortizations and write downs	-12,410	-9,917	-60	-60
Amortization for the period	-2,013	-2,493	-	-
Closing amortizations and write downs	-14,423	-12,410	-60	-60
Closing net book value	**23,460**	**22,575**	**-**	**-**

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

An impairment test was carried out on the Group's productive gold assets as at 31 December, 2017. The most significant portion of the intangible assets refers to the Tardan license area. The key assumptions applied in the test were the price of gold during the test period of 1,250 USD/oz, and a discounting rate of 8.32%. The result of the impairment tests on LLC Tardan Gold was that no impairment of the intangible assets was required as at December 31, 2017.

In 2015, the Group reported an impairment provision of intangible assets at Solcocon in an amount of MSEK 69.855 (US$ 8.545 m) as at December 31, 2015. In 2015, production at the Solcocon was temporarily terminated. In 2016-2017 hard rock gold production at Solcocon was put on hold. In 2017 the Group started exploration at Solcocon for resource potential update of Bogomolovskoye deposit and converting it into minable resources. Exploration will take two years. The Group management is looking at various options for Solcocon and these could result in a reverse of the impairement provision in the future.

NOTE 11
BUILDINGS AND LAND

	Group			
	31-12-2017	31-12-2016	31-12-2017	31-12-2016
	TSEK	**TSEK**	**US$000**	**US$000**
Opening balance	123,358	113,237	13,559	13,559
Purchases	-	-	-	-
Fixed assets put into use	-	-	-	-
Disposals	-	-	-	-
Translation difference	-11,728	10,121	-	-
Closing balance accumulated acquisition values	**111,630**	**123,358**	**13,559**	**13,559**
Opening balance	-47,055	-35,594	-5,172	-4,263
Depreciation for the financial year	-7,730	-7,783	-905	-909
Disposals	-	-	-	-
Translation difference	4,755	-3,678	-	-
Closing balance accumulated depreciation	**-50,030**	**-47,055**	**-6,077**	**-5,172**
Closing net book value	**61,600**	**76,303**	**7,482**	**8,387**

NOTE 12
MACHINERY, EQUIPMENT AND OTHER TECHNICAL PLANTS

	Group			
	31-12-2017	31-12-2016	31-12-2017	31-12-2016
	TSEK	**TSEK**	**US$000**	**US$000**
Opening balance	271,897	241,957	29,802	28,800
Purchases	6,343	8,915	741	1,041
Fixed assets put into use	4,305	317	504	37
Disposals	-3,318	-1,267	-388	-148
Stocktake write-off	-	614	-	72
Translation difference	-26,317	21,361	-	-
Closing accumulated acquisition values	**252,910**	**271,897**	**30,659**	**29,802**
Opening balance	-156,287	-117,769	-17,143	-14,100
Depreciation for the financial year	-29,358	-27,398	-3,443	-3,186
Disposals	3,237	1,560	379	198
Stocktake write-off	-	-467	-	-55
Translation difference	15,727	-12,213	-	-
Closing accumulated depreciation	**-166,681**	**-156,287**	**-20,207**	**-17,143**
Closing net book value	**86,229**	**115,610**	**10,452**	**12,659**

NOTE 13
CONSTRUCTION IN PROGRESS

	Group			
	31-12-2017 TSEK	31-12-2016 TSEK	31-12-2017 US$000	31-12-2016 US$000
Opening balance	7,735	4,256	851	511
Purchases during the year	7,969	3,227	933	377
Fixed assets put into use	-4,305	-317	-504	-37
Stocktake write-off	-	3	-	-
Translation difference	-862	566	-	-
Closing book value	**10,537**	**7,735**	**1,280**	**851**

All tangible fixed assets are held by the Russian subsidiaries and no assets are held by the Swedish Parent Company.
Increase of construction in progress balance at year end 2017 caused by preparing to construction of new CIL plant at LLC Tardan Gold.
An impairment test was carried out on the Group's productive gold assets as at December 31, 2017. 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 1,250 USD/oz, and a discounting rate of 8.32%. The result of the impairment tests at LLC Tardan Gold was that no impairment of the tangible assets was deemed to be required as at December 31, 2017.
In 2015, the Group reported an impairment provision of tangible assets at Solcocon in amount of MSEK 36.792 (US$ 4.279 m). In 2016-2017 hard rock gold production at Solcocon was on hold. In 2017 the Group started exploration at Solcocon for resource potential update of Bogomolovskoye deposit and converting it into minable resources. Exploration will take two years. Group management is looking at various options for Solcocon and these could result in a reversal of the impairement provision in the future.

NOTE 14
SHARES IN GROUP COMPANIES

Subsidiaries	Co. ID	Regd office	Proportion of ordinary shares directly held by Parent (%)	Proportion of ordinary shares held by the group (%)	Book value of shares in subsidiaries on Parent Company on December 31, 2017	Book value of shares in subsidiaries on Parent Company on December 31, 2016
LLC Tardan Gold	1041700563519	Kyzyl	100%	100%	509,070	310,581
LLC Uzhunzhul*	1071901004746	Abakan	1%	100%	2,577	-
LLC GRE 324*	1037542001441	Chita	60%	100%	-	-
LLC Rudtechnologiya*	1077530000570	Krasnoka-mensk	51%	100%	-	-
LLC Auriant Management	1097746422840	Moscow	100%	100%	8,509	8,546
Auriant Cyprus Ltd	334919	Limassol	100%	100%	-	-
Awilia Enterprises Ltd**	270158	Limassol	30%	100%	23,364	23,364
LLC Kara-Beldyr***	1071701001460	Kyzyl	0%	100%	-	-
Total					**543,520**	**342,491**

* The subsidiaries LLC Uzhunzhul, LLC GRE 324 and LLC Rudtechnologiya are indirectly owned by 100% through the subsidiary LLC Tardan Gold.
** 70% of Awilia Enterprises Ltd is indirectly owned through the subsidiary Auriant Cyprus Ltd.
*** The subsidiary LLC Kara-Beldyr is indirectly owned through the subsidiary Awilia Enterprises Ltd.; hence, there is no book value for this company in Auriant Mining AB.

The investment in subsidiaries represent a significant portion of the assets in the Parent Company and impairment tests are regularly carried out by the board and management of Auriant mining AB in order to asses that the recoverable value of these assets is not less 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 assessments, with some of the more important being the price of gold and the required yield. The impairment test at Parent Company level shows no impairment requirement.

NOTE 15
INVENTORIES

	Group			
	31-12-2017 TSEK	31-12-2016 TSEK	31-12-2017 US$000	31-12-2016 US$000
Raw materials and consumables	10,755	12,470	1,307	1,370
Finished goods	830	14,563	101	1,601
Work in progress	49,531	44,683	6,017	4,912
Total	**61,116**	**71,716**	**7,425**	**7,883**

The cost of inventories recognized as expenses amounted to MSEK 54.973 (US$ 6.434 m) (2016: MSEK 55.565 (US$ 6.508 m)).
The Company had 31.1 kg of produced gold, but which is not yet shipped to refining and is accounted for as WIP as at December 31, 2017.
The balance of finished goods as at December 31, 2017 referred to 2.2 kg of gold ready for sale (60.5 kg on December 31, 2016).

NOTE 16
OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES

	Group		Parent Company	
All amounts in TSEK	31-12-2017 TSEK	31-12-2016 TSEK	31-12-2017 TSEK	31-12-2016 TSEK
VAT receivable*	23,602	33,911	150	160
Other current receivables	3,479	618	1,547	1,654
Total other current receivables	**27,081**	**34,529**	**1,697**	**1,814**
Prepaid expenses	12,010	9,324	187	135
Total prepaid expenses	**12,010**	**9,324**	**187**	**135**

	Group		Parent Company	
All amounts in US$ 000	31-12-2017 US$000	31-12-2016 US$000	31-12-2017 US$000	31-12-2016 US$000
VAT receivable*	2,866	3,727	18	17
Other current receivables	422	68	188	182
Total other current receivables	**3,288**	**3,795**	**206**	**199**
Prepaid expenses	1,460	1,025	23	15
Total prepaid expenses	**1,460**	**1,025**	**23**	**15**

* 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%. Consequently, Auriant Mining companies always have a significant amount of VAT receivables with the state. It usually takes 3-6 months to recover VAT.
Prepaid expenses are comprised of advances paid out to suppliers for materials and services to be provided in 2018 during the normal course of the Group's business. At the end of 2017, the Company had nearly MSEK 8.210 (US$0.997 m) in prepayments for CIL plant construction at Tardan.

NOTE 17
CASH AND CASH EQUIVALENTS

	Group		Parent Company	
All amounts in TSEK	**31-12-2017 TSEK**	**31-12-2016 TSEK**	**31-12-2017 TSEK**	**31-12-2016 TSEK**
Cash at bank	41,730	37,959	257	57
Total cash and cash equivalents	**41,730**	**37,959**	**257**	**57**

	Group		Parent Company	
All amounts in US$ 000	**31-12-2017 US$000**	**31-12-2016 US$000**	**31-12-2017 US$000**	**31-12-2016 US$000**
Cash at bank	5,069	4,173	31	6
Total cash and cash equivalents	**5,069**	**4,173**	**31**	**6**

Cash and cash equivalents include only cash at bank.

NOTE 18
EARNINGS PER SHARE AND OTHER INFORMATION REGARDING SHARE AND EQUITY

a) Before dilution
In August-September 2017, Auriant Mining carried out a rights issue. The number of shares in the Company increased by 57,044,753. The Company received cash proceeds of MSEK 67.9 (app. US$ 8.6mln) before transaction costs. In addition, MSEK 74.5 (US$ 9.4 mln) of the main shareholders' convertible debt was off set through subscription of 29,807,897 shares. Through this shares issue, share capital increased by MSEK 6.418 (US$ 0.810 mln) and additional paid in capital increased by MSEK 113.965 (US$ 14.326 mln) net of transaction costs.

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			
	2017 TSEK	**2016 TSEK**	**2017 US$ 000**	**2016 US$ 000**
Profit/Loss attributable to the Parent Company's shareholders	-19,111	55,064	-2,185	6,484
Weighted average number of ordinary shares	35,609,445	17,802,429	35,609,445	17,802,429
Earnings per share, SEK, US$	-0.54	3.09	-0.06	0.36

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 the Board Member's and employee's options under the incentive program at the end of 2017 was 692,500. For details on the long-term incentive programs established in the Company, please see the section Long-term incentive programs in the Corporate Governance Report.
As result of the rights issue in 2017, the Company issued 57 million warrants entitling subscription to one share each in the Company. Warrants subscription process was held in March 2018.

	Group			
	2017 TSEK	**2016 TSEK**	**2017 US$ 000**	**2016 US$ 000**
Profit/Loss attributable to the Parent Company's shareholders	-19,111	55,064	-2,185	6,484
Weighted average number of ordinary shares	35,609,445	17,802,429	35,609,445	17,802,429
Number of share options at year end*	57,737,253	692,500	57,737,253	692,500
Average number of shares for the period after dilution	35,609,445	18,494,929	35,609,445	18,494,929
Earnings per share after dilution, SEK, US$	-0.54	2.98	-0.06	0.35

*The subscription period for subscription of shares in Auriant Mining AB (publ) ("Auriant Mining" or the "Company") with warrants, issued in connection with the rights issue in September 2017, ended on 30 March 2018. A total of 23,801,320 new shares were subscribed at the exercise price of SEK 2.50 per share raising total proceeds of approximately SEK 59.5 million (US$ 7.1 million) of additional capital before transaction costs. The number of shares subscribed represents approximately 42 per cent of the total number of warrants issued. The warrants not exercised by 30 March 2018 have now lapsed. After registration of the new shares at the Swedish Companies Registration Office the total number of shares in Auriant Mining in issue will increase by 23,801,320, from 74,847,182 to 98,648,502.

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

At the 2017 and 2016 year-ends, the number of shares was as follows:

	Group		Parent Company	
Number of shares	**2017**	**2016**	**2017**	**2016**
Opening balance	17,802,429	17,802,429	17,802,429	17,802,429
New share issues during the period	57,044,753	-	57,044,753	-
Number of shares outstanding at each year-end	74,847,182	17,802,429	74,847,182	17,802,429
Share capital (Quotient value SEK 0,1125 per share)	**8,420,308**	**2,002,773**	**8,420,308**	**2,002,773**
Share capital in US $	**1,117,325**	**307,384**	**1,117,325**	**307,384**

The share capital limits at the 2017 year-end according to the articles of association were not less than MSEK 5.3 and not more than MSEK 21.3. The limit for number of shares was not less than 47,400,000 and not more than 189,600,000. The number of authorized and fully paid shares at the year-end 2017 is 74,847,182.

NOTE 19
PROVISIONS

	Group			
	31-12-2017 TSEK	**31-12-2016 TSEK**	**31-12-2017 US$000**	**31-12-2016 US$000**
Opening provision for restoration costs	6,493	5,500	714	659
Additional provisions during the year	-	-	-	-
Unwinding of discount	202	160	24	19
Reversal of provision for site restoration	-642	-810	-75	-95
Translation difference	-296	1,643	36	131
Total provisions	**5,757**	**6,493**	**699**	**714**

The present value of restoration costs is calculated for each license in each subsidiary on an annual 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. The assessment of future restoration costs is based on the assumptions stated in each license agreement.
The provision for restoration costs as regards the Tardan license area is estimated to be utilised at the end of the mining license period - 2032. The provision relating to the Staroverenskaya license area is estimated to be utilized at the end of the mining license period -2029.

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

	Group					
	31-12-2017 TSEK	**31-12-2017 US$ 000**	**Effective interest rate in 2017**	**31-12-2016 TSEK**	**31-12-2016 US$ 000**	**Effective interest rate in 2016**
Liability to Golden Impala, USD	307,128	37,308	4.5%	393,764	43,285	4.3%
Long-term bank loans payable, USD	275,283	33,440	8.32-10.5%	131,908	14,500	9.1-10.8%
Long-term notes payable, RUR	2,884	350	-	3,026	332	-
Total long-term loans, notes and bond	**585,295**	**71,098**		**528,698**	**58,117**	
Shareholder loans payable, USD*	-	-	-	55,158	6,063	10.0%
Short-term bank loans payable, USD	16,464	2,000	8.32-10.5%	223,320	24,549	9.1%-10.8%
Total short-term loans and bond	**16,464**	**2,000**		**278,478**	**30,612**	

In 2017, Auriant has carried out a rights issue. The number of shares in the Company increased by 57,044,753. As a result, the Company received cash proceeds of MSEK 67.9 (app. US$ 8.6 mln) before transaction costs. In addition, MSEK 74.5 (US$ 9.4 mln) of the main shareholders' convertible debt was off set through subscription to 29,807,897 shares. This was the main reason for the reduction of the liability to Golden Impala. Furthemore, in December 2017, the Company reached an agreement with Golden Impala Limited on the new terms of the existing liability – shareholder's loan. Pursuant to the agreement, the convertible loan was replaced with a simple loan, and consolidated with the bond issued to Golden Impala Limited in 2015. The term of the new consolidated bond was extended from 31 December 2018 until 30 June 2019, while the interest rate remained at 2% per annum.
As a result of the transaction, Auriant Mining no longer has any convertible debt.

	TSEK	US$ 000
Liability to Golden Impala as of December 31, 2016	**393,764**	**43,285**
Changes during the period due to:		
Set-off through subscription for new shares	-68,495	-8,602
IFRS adj related to cancellation of convertibles	6,430	759
Interest accrued	15,976	1,867
Translation difference	-40,547	
Liability to Golden Impala as of December 31, 2017	**307,128**	**37,308**

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

NOTE 21

FINANCIAL ASSETS, LIABILITIES AND RISKS

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

Financial liabilities disclosures

	Group		Parent Company	
All amounts in TSEK	**31-12-2017 TSEK**	**31-12-2016 TSEK**	**31-12-2017 TSEK**	**31-12-2016 TSEK**
Liability to Golden Impala	307,128	393,764	307,128	393,764
Notes and loans payable	278,167	134,934	-	-
Lease payable	527	1,227	-	-
Other long-term liabilities*	81,481	56,874	18,682	894
Total long-term financial liabilities	**667,303**	**586,799**	**325,810**	**394,658**
Loans payable**	16,464	278,478	-	55,158
Lease payable	1,435	6,392	-	-
Trade accounts payable	3,542	6,322	247	865
Other current liabilities*	24,716	14,960	17,386	1,170
Total short-term financial liabilities	**46,157**	**306,152**	**17,633**	**57,193**

	Group		Parent Company	
All amounts in US$ 000	**31-12-2017 US$ 000**	**31-12-2016 US$ 000**	**31-12-2017 US$ 000**	**31-12-2016 US$ 000**
Liability to Golden Impala	37,308	43,285	37,308	43,285
Notes and loans payable	33,790	14,832	-	-
Lease payable	64	135	-	-
Other long-term liabilities*	9,899	6,252	2,269	98
Total long-term financial liabilities	**81,061**	**64,504**	**39,577**	**43,383**
Loans payable**	2,000	30,612	-	6,063
Lease payable	174	703	-	-
Trade accounts payable	430	695	30	95
Other current liabilities*	3,002	1,645	2,112	129
Total short-term financial liabilities	**5,606**	**33,655**	**2,142**	**6,287**

*Other long-term and current liabilities in 2017 include liability to KFM at 2% p.a.
**Loans payable in the Parent Company in 2016 were comprised of a loan liability at 10% p.a. to the main shareholder.

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

	2018	2019	2020	2021	after 2021
	TSEK	**TSEK**	**TSEK**	**TSEK**	**TSEK**
Loans payable	40,812	80,673	81,872	88,609	78,895
Liability to Golden Impala	-	10,526	6,039	314,668*	-
Notes payable	-	-	-	-	2,884
Leases liability	1,435	201	204	122	-
Other long term liabilities	-	18,840	-	11,541	52,152
Trade accounts payable	3,542	-	-	-	-
Other current liabilities	24,716	-	-	-	-
Total	**70,505**	**110,240**	**88,115**	**414,940**	**133,931**

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

	2018	2019	2020	2021	after 2021
	US$ 000	**US$ 000**	**US$ 000**	**US$ 000**	**US$ 000**
Loans payable	4,958	9,800	9,945	10,764	9,584
Liability to Golden Impala	-	1,279	734	38,224*	-
Notes payable	-	-	-	-	350
Leases liability	174	24	25	15	-
Other long term liabilities	-	2,289	-	1,402	6,337
Trade accounts payable	430	-	-	-	-
Other current liabilities	3,002	-	-	-	-
Total	**8,564**	**13,392**	**10,704**	**50,405**	**16,271**

*In March 2018, the maturity date of the loan from Golden Impala was extended from June 30, 2019 to December 31, 2021. For more information please refer to Note 29

Fair and carrying values of financial liabilities, TSEK	31-12-2017 TSEK Fair value	31-12-2017 TSEK Carrying amount	31-12-2016 TSEK Fair value	31-12-2016 TSEK Carrying amount
Trade accounts payable	3,542	3,542	6,322	6,322
Other current and long-term liabilities	106,197	106,197	71,834	71,834
Liability to Golden Impala	307,128	307,128	393,764	393,764
Loans payable	291,747	291,747	410,386	410,386
Notes payable	2,884	2,884	3,026	3,026
Leases payable	1,962	1,962	7,619	7,619
Total financial liabilities	**713,460**	**713,460**	**892,951**	**892,951**

Fair and carrying values of financial liabilities, US$ 000	31-12-2017 US$ 000 Fair value	31-12-2017 US$ 000 Carrying amount	31-12-2016 US$ 000 Fair value	31-12-2016 US$ 000 Carrying amount
Trade accounts payable	430	430	695	695
Other current and long-term liabilities	12,901	12,901	7,897	7,897
Liability to Golden Impala	37,308	37,308	43,285	43,285
Loans payable	35,440	35,440	45,112	45,112
Notes payable	350	350	332	332
Leases payable	238	238	838	838
Total financial liabilities	**86,667**	**86,667**	**98,159**	**98,159**

Maturity structure of financial liabilities as at December 31, 2017	< 1 year from reporting date, TSEK	> 1 year but < 5 years from reporting date, TSEK	> More than 5 years, TSEK	< 1 year from reporting date, US$000	> 1 year but < 5 years from reporting date, US$000	> More than 5 years, US$000
Trade accounts payable	3,542	-	-	430	-	-
Other liabilities	24,716	30,381	52,152	3,002	3,691	6,337
Liability to Golden Impala	-	331,233	-	-	40,237	-
Loans payable	40,812	251,154	78,895	4,958	30,509	9,584
Notes payable	-	-	2,884	-	-	350
Leases payable	1,435	527	-	174	64	-
Total financial liabilities	**70,505**	**613,295**	**133,931**	**8,564**	**74,501**	**16,271**

Interest rates are included in the Maturity structure of financial liabilities. Interest rates for lease liabilities are fixed. Interests rates on loans received from banks and shareholders are fixed during the terms of the loan and the Group is, therefore, not currently directly exposed to an interest rate risk.
Finance lease liabilities are payable as follows:

	31-12-2017 TSEK Minimum lease payments	31-12-2017 TSEK Interest	31-12-2017 TSEK Present value of payments	31-12-2017 US$ 000 Minimum lease payments	31-12-2017 US$ 000 Interest	31-12-2017 US$ 000 Present value of payments
Less than one year	1,542	107	1,435	187	13	174
Between one and five years	641	114	527	78	14	64
Total	**2,183**	**221**	**1,962**	**265**	**27**	**238**

Financial assets disclosures

Cash and cash equivalents, TSEK	31-12-2017 TSEK Fair value	31-12-2017 TSEK Reported value	31-12-2016 TSEK Fair value	31-12-2016 TSEK Reported value
Cash and cash equivalents in SEK	253	253	53	53
Cash and cash equivalents in USD	41,164	41,164	33,138	33,138
Cash and cash equivalents in RUR	313	313	4,768	4,768
Total cash and cash equivalents	**41,730**	**41,730**	**37,959**	**37,959**

Cash and cash equivalents, US$ 000	31-12-2017 US$000 Fair value	31-12-2017 US$000 Reported value	31-12-2016 US$000 Fair value	31-12-2016 US$000 Reported value
Cash and cash equivalents in SEK	31	31	6	6
Cash and cash equivalents in USD	5,000	5,000	3,643	3,643
Cash and cash equivalents in RUR	38	38	524	524
Total cash and cash equivalents	**5,069**	**5,069**	**4,173**	**4,173**

Fair and carrying values of financial assets

All amounts in TSEK	31-12-2017 TSEK Fair value	31-12-2017 TSEK Reported value	31-12-2017 TSEK Maximum credit risk	31-12-2016 TSEK Fair value	31-12-2016 TSEK Reported value	31-12-2016 TSEK Maximum credit risk
Accounts receivable trade*	16,442	16,442	16,442	2,906	2,906	2,906
Less, provision for impairment of trade receivables	-1,130	-1,130	-1,130	-1,216	-1,216	-1,216
Accounts receivable, net	15,312	15,312	15,312	1,690	1,690	1,690
Other current receivables	3,479	3,479	3,479	618	618	618
Cash and cash equivalents	41,730	41,730	-	37,959	37,959	-
Total financial assets	**60,521**	**60,521**	**18,791**	**40,267**	**40,267**	**2,308**

All amounts in US$ 000	31-12-2017 US$ 000 Fair value	31-12-2017 US$ 000 Reported value	31-12-2017 US$ 000 Maximum credit risk	31-12-2016 US$ 000 Fair value	31-12-2016 US$ 000 Reported value	31-12-2016 US$ 000 Maximum credit risk
Accounts receivable trade*	1,997	1,997	1,997	319	319	319
Less, provision for impairment of trade receivables	-137	-137	-137	-133	-133	-133
Accounts receivable, net	1,860	1,860	1,860	186	186	186
Other current receivables	422	422	422	68	68	68
Total cash and cash equivalents	5,069	5,069	-	4,173	4,173	-
Total financial assets	**7,351**	**7,351**	**2,282**	**4,427**	**4,427**	**254**

*Account receivable trade in 2017 included MSEK 14.292 (US$ 1.736 m) in respect of the sale of surplus mining equipment and vehicles (which werereceived by the Company in February 2018).

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

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

Policy for the management of financial risks

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

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

a1) Currency and gold price risk
The Group is exposed, through its activities, to both currency risk and gold price risk, as changes in exchange rates and gold prices affect the Group's results and cash flow. The Group's policy is, in general, not to hedge this currency and gold price risk. However, under certain circumstances, e.g. if lending banks require it or if the Board of Directors considers it to be warranted, the risks can be limited, e.g. through forward sales of gold or through currency hedging measures.

Currency exposure and analysis
The Group is exposed to foreign exchange risk in relation to net financial items denominated in foreign currencies. The functional currency of individual companies is determined by the primary economic environment in which the entity operates or the one in which it primarily generates and expends cash. The functional currency of the subsidiaries operating in Russia is the US dollar, while the functional currency of Parent Company is SEK. The consolidated accounts are presented in Swedish Krona (SEK) – the reporting currency and the US dollar – the convenience currency. In addition, the Groups exposed to currency risk in its operations, as changes in exchange rates affect the Group's results and cash flow. The Group's policy is, in general, not to hedge this currency risk. In the event of fluctuations in the exchange markets, material adverse effects may arise as regards the Group's business, financial condition and results.

The Group's income is subject to exchange rate fluctuations. The Group's revenue from gold sales is linked to U.S. dollars, whereas the majority of the Group's operating expenses are denominated in roubles. Accordingly, an appreciation of the rouble against the U.S. dollar may negatively affect the Group's margins by increasing the U.S. dollar value of its rouble-denominated costs. In 2017, for instance, the rouble appreciated by 13 per cent against the U.S. dollar. Conversely, an appreciation of the U.S. dollar may positively affect the Group's margins by decreasing the U.S. dollar value of its rouble-denominated costs.

Assets and liabilities are translated from the functional currency to the reporting currency at the closing rate of 8.2322 SEK per US$ (9.0971 SEK per US$ at December 31, 2016). In 2017, income and expenses were translated using the following average rates of SEK per US$: 8.9229, 8.7999, 8.1371 and 8.3155 (8.4567, 8.2115, 8.5204 and 9.042 for Q1 2016, Q2 2016 Q3 2016 and Q4 2016 respectively). The translation differences are recognized as a separate component in Other comprehensive income and the cumulative effect is included in other reserves in shareholders' equity.

Group financial assets and liabilities by currency:

All amounts in TSEK	31-12-2017 TSEK SEK	31-12-2017 TSEK US$	31-12-2017 TSEK RUR	31-12-2017 TSEK Total
Cash and cash equivalents	253	41,164	313	41,730
Trade accounts receivable	-	-	15,312	15,312
Other current receivables	-	-	3,479	3,479
Total financial assets	**253**	**41,164**	**19,104**	**60,521**
Trade accounts payable	247	-	3,295	3,542
Other current and long term liabilities	1,875	97,053	7,270	106,198
Liability to Golden Impala	-	307,128	-	307,128
Loans payable	-	291,747	-	291,747
Notes payable	-	-	2,884	2,884
Lease payable	-	-	1,962	1,962
Total financial liabilities	**2,122**	**695,928**	**15,411**	**713,461**
Net financial items	**-1,869**	**-654,764**	**3,693**	**-652,940**

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

31-12-2017 Changes in Exchange rate of RUR, %	31-12-2017 Effect on profit before income tax, TSEK	31-12-2017 Changes in Exchange rate of USD, %	31-12-2017 Effect on profit before income tax, TSEK
10%	Increase by 369	10%	Decrease by 65,476
-10%	Decrease by 369	-10%	Increase by 65,476

Price risk analysis

The Group is exposed, through its activities, to a gold price risk, as changes in gold prices affect the Group's results and cash flow. The Group's policy is to manage these risks through sales of gold at a London market spot price agreed with the buyer, as well as on a basis of the London AM/ PM fixing or tradebook market orders (stop-loss or take-profit). In the event of a depreciation of the gold price, material adverse effects may arise in terms of the Company's business, financial condition and results. The Group derives substantially all of its revenue from the sale of gold. Accordingly, its financial results largely dependent on the price of gold. The gold market is cyclical and sensitive to changes in general economic conditions, and may be subject to significant volatility. As a result, it is not possible to accurately forecast the price of gold. The price of gold is influenced by various factors, many of which are outside the control of the Group, including, but not limited to:

- speculative trading activities in gold;
- currency exchange rates, particularly movements in the value of the U.S. dollar against other currencies;
- the overall level of forward sales by gold producers;
- the overall level and cost of production;
- actual or expected inflation and interest rates;
- global and regional supply and demand, and expectations of future supply and demand.

The global gold price has declined significantly since 2012, and has been subject to volatile movements over short periods of time. In 2014, the Group's average realized price was US$1,249 per ounce; in 2015 the Group's average realized price decreased to US$ 1,157 per ounce, or 7%; in 2016 the Group's average realized price rose back to US$ 1,269 per ounce, or 9% and in 2017 the Group's average realized price was US$ 1,260 per ounce. During 2017, the price was volatile, opening at US$ 1,151 in January, peaking at US$ 1,346 in September and closing at US$ 1,296 per ounce in December. Significant sustained declines in the price of gold may render any of the gold exploration or development activities undertaken by the Group less profitable or unprofitable and may have a material adverse effect on the Group's business, results and financial position. The table below summarises the impact on profit before tax of changes in gold prices. The analysis is based on the assumption that the gold prices move 10% with all other variables held constant.

Change in price of gold in USD by:	Effect on operating profit, TSEK	Effect on operating profit, US$ 000
+10%, other things being equal	Increase by 28,649	Increase by 3,353
-10%, other things being equal	Decrease by 28,649	Decrease by 3,353

a2) Interest rate risk

The Group's interest-bearing loans are comprised of loans in Russian banks and loans from shareholders/related parties. Currently, all interest bearing loans have fixed interest rates during the terms of the loans and, therefore, the Group is not currently directly exposed to an interest rate risk in the short term. In the event of a higher interest rate in the future, there may arise material adverse effects on the Group's business, financial condition and results.

However, a substantial portion of Group's interest bearing loans are short term, i.e. due for repayment in less than one year. The remaining portion is due in less than 5 years. The Group is engaged, on a regular basis, in negotiations with existing finance providers in order to roll current obligations over to subsequent periods and in order to maintain an optimal debt repayment pattern. The terms and conditions of the loans can be changed or adjusted during these negotiations, including potential interest rate increases. In the case of the Group not being able to find alternative finance sources, there may be an increase in in interest rate expenses, which, in its turn, may have a material adverse effect on the Group's business, net income and financial position.

b) Credit risk

As a rule, surplus liquidity is to be kept in current bank accounts or invested in savings accounts or overnight deposits, as the case may be. Accounts and deposits are opened in the same banks as those providing financing to the Group. With respect to gold sales, there are generally no receivables arisingfrom these transaction – the Group sells gold to the bank, which holds a special license for conducting operations with precious metals. In the course of transaction, the Group either receives a pre-payment from the bank once the refinery reports have been received with the Dore bar from the Group or, if gold is not sold on a pre-payment basis, once the buyer settles its obligation on the same date. Auriant has quite a small amount of accounts receivable from other parties, with overwhelming majority originating from the renting out the Group's equipment. Provisions for bad debts are reported based on the individual estimation of possible payment from each counterparty. In the event of a counterparty default, material adverse effects may impact the Group's business, financial condition and results.

c) Liquidity risk

Auriant Mining is at a development stage, and, therefore, requires continued capital expenditure. Funds for these investments cannot only be obtained from internally generated income. The Company's growth, therefore, remains dependent on external financing. External financing may be secured in the form of borrowing or via a capital injection. For companies in a development stage, equity financing is the most common method. Since its formation, the company has executed preferential or directed new share issues on several occasions. The successful execution of share issues is, however, and to a large extent, dependent on the market climate. However, external financing in the form of bank loans has become, for the Group, one of the most important sources of working capital and has, also, ensured investment activity growth. Should Auriant be unable to secure financing, material adverse effecs may impact the Group's business, financial condition and results. The Group is leveraged and a substantial amount of its debt is short term. The banking system in the Russian Federation remains under on-going development providing limited liquidity to Russian enterprises at interest rates usually higher than those in the EU or US. For enterprises similar to the Group in size of operations, the banking system usually does not provide sufficient long term liquidity.The duration of banks' obligations seldom exceeds 5 year, and normally varies between 1 to 3 years, with substantial funds provided to the borrowers as working capital financing facilities, with trenches less than 1 year. The Group basis negotiates, on an ongoing basis, with financing banks such aspects as repayment patterns, which will allow the Company to finance its operating and investing activities and service its debt. Evenif in the past the Group was successful in negotiating repayment schedules, allowing it to continue on a going concern basis, no assurance can be given that the Group will be able to do so in the future. If the Group will not be able to negotiate with the banks a schedule of repayment allowing it to finance its operating and financing actives and meet its other obligations when due. a material adverse effect may arise on the Group's business, results and financial position.

NOTE 22
TRADE AND OTHER ACCOUNTS PAYABLE

	Group		Parent Company	
All amounts in TSEK	**31-12-2017 TSEK**	**31-12-2016 TSEK**	**31-12-2017 TSEK**	**31-12-2016 TSEK**
Trade accounts payable	3,542	6,322	247	865
Advances received	1	-	-	-
Other payables	2,643	7,817	12	12
Accrued fees	895	546	750	509
Total trade and other accounts payable	**7,081**	**14,685**	**1,009**	**1,386**

	Group		Parent Company	
All amounts in US$ 000	**31-12-2017 US$000**	**31-12-2016 US$000**	**31-12-2017 US$000**	**31-12-2016 US$000**
Trade accounts payable	430	695	30	95
Advances received	-	-	-	-
Other payables	322	861	1	1
Accrued fees	109	60	91	56
Total trade and other accounts payable	**861**	**1,616**	**123**	**152**

NOTE 23
OTHER CURRENT LIABILITIES

	Group		Parent Company	
All amounts in TSEK	**31-12-2017 TSEK**	**31-12-2016 TSEK**	**31-12-2017 TSEK**	**31-12-2016 TSEK**
Short-term debt to KFM	16,464	-	16,464	-
Payroll and social contributions	6,051	6,211	104	189
Other employee benefit expenses	-	6,718	113	499
Tax liabilities	4,710	3,015	-	-
Provision for court proceedings	93	1,541	-	-
Total other current liabilities	**27,318**	**17,485**	**16,681**	**688**

	Group		Parent Company	
All amounts in US$ 000	**31-12-2017 US$000**	**31-12-2016 US$000**	**31-12-2017 US$000**	**31-12-2016 US$000**
Short-term debt to KFM	2,000	-	2,000	-
Payroll and social contributions	735	683	13	21
Other employee benefit expenses	-	738	14	55
Tax liabilities	572	331	-	-
Provision for court proceedings	11	169	-	-
Total other current liabilities	**3,318**	**1,921**	**2,027**	**76**

NOTE 24
LOANS TO SUBSIDIARIES

	Parent Company			
	31-12-2017 TSEK	**31-12-2016 TSEK**	**31-12-2017 US$000**	**31-12-2016 US$000**
Opening balance	347,997	283,662	38,254	33,962
Loans during the year	31,500	-	3,807	-
Accrued interest	11,054	7,929	1,294	926
Repaid during the year	-9,403	-9,922	-1,101	-1,180
Loans converted into equity	-201,066	-	-24,424	-
Provision/reversal of loan receivables	723	-	88	-
Translation difference	-18,873	66,328	1,753	4,546
Closing book value	**161,932**	**347,997**	**19,671**	**38,254**

Loans to subsidiaries represent a significant portion of the assets in the Parent Company, and impairment tests are regularly carried out by the management of the Parent Company in order to determine if the recoverable value of these assets isless than their reported values. The impairment tests performed as at December 31, 2017 showed no indication of the impairment of loans granted to and of investments in subsidiary companies. In 2015, all investments and loans into Solcocon (LLC GRE 324, LLC Rudtechnologia) were impaired.

In 2017, as result of intercompany debt optimization, a portion of loans was converted into equity. This resulted in positive effects on the net assets of Russian subsidiaries.

NOTE 25
PLEDGED ASSETS

	Group		Parent Company	
All amounts in TSEK	**31-12-2017 TSEK**	**31-12-2016 TSEK***	**31-12-2017 TSEK**	**31-12-2016 TSEK**
Fixed assets	60,858	-	-	-
Other current receivables	2,287	-		
Net assets of pledged subsidiaries (excluding directly pledged fixed assets)	46,068	-	-	-
Shares in subsidiaries	-	-	509,070	310,581
Receivables on subsidiaries	-	-	-	93,322
Pledged bank accounts	-	-	-	50
Total	**109,213**	**-**	**509,070**	**403,953**

	Group		Parent Company	
All amounts in US$ 000	**31-12-2017 US$000**	**31-12-206 US$000***	**31-12-2017 US$000**	**31-12-2016 US$000**
Fixed assets	7,393	-	-	-
Other current receivables	278	-		
Net assets of pledged subsidiaries (excluding directly pledged fixed assets)	7,463	-	-	-
Shares in subsidiaries	-	-	61,839	34,141
Receivables on subsidiaries	-	-	-	10,258
Pledged bank accounts	-	-	-	5
Total	**15,134**	**-**	**61,839**	**44,404**

On December 31, 2017, under the loan agreement with VTB, the Group had a commitment to issue a pledge of 100% of the shares inLLC Tardan Gold, LLC GRE-324, LLC Kara-Beldyr and 99% of the shares oinLLC Uzhunzhul and to sign guarantee agreements with Auriant Mining AB and Awilia Enterprises Limited in favor of VTB bank which was completed by March 31, 2018.

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

NOTE 26
OTHER LONG TERM LIABILITIES

	Group		Parent Company	
All amounts in TSEK	**31-12-2017 TSEK**	**31-12-2016 TSEK**	**31-12-2017 TSEK**	**31-12-2016 TSEK**
Contingent consideration	62,801	55,981	-	-
Liability to KFM	17,788	-	17,788	-
Other long-term liabilities	1,419	2,120	894	894
Total other long-term liabilities	**82,008**	**58,101**	**18,682**	**894**

	Group		Parent Company	
All amounts in US$ 000	**31-12-2017 US$000**	**31-12-2016 US$000**	**31-12-2017 US$000**	**31-12-2016 US$000**
Contingent consideration	7,629	6,154	-	-
Liability to KFM	2,161	-	2,161	-
Other long-term liabilities	173	233	108	98
Total other long-term liabilities	**9,963**	**6,387**	**2,269**	**98**

In October 2014, the Group acquired a 70% interest in LLC Kara-Beldyr from Canada's Centerra Gold Inc. and increased its share in LLC Kara-Beldyr to 100%. As consideration for this transaction, Auriant Mining will pay Centerra Gold a Net Smelter Royalty of 3.5% on any mineral revenue from Kara-Beldyr in the future. As result, the Group accrued contingent consideration to Centerra Gold Inc. The value of contingent consideration was measured based on the fair value from the cash flow model. The cash flow model included 3 scenarios: realistic, optimistic and pessimistic, with probabilities of 90%, 5% and 5%, respectively. The range of the major assumptions for the scenarios were: Gold price: 1200-1300 $/oz, WACC - 17.5%. All changes in fair value considerations are accounted for through the reported cost of the asset. As of December 31, 2017, contingent consideration totals MSEK 62.801 (US$ 7.629 m) (December 31, 2016 – MSEK 55.981 (US$ 6.154 m).

In 2017, the Company reached an agreement with KFM, the Swedish enforcement authority, which took ownership of a debt previously owed by the Company to Mr. Preston Haskell, under which US$ 2.0 m was repaid to KFM in 2017 and the remaining debt will be paid in accordance with the following schedule: US$ 2.0 mln in the 2nd half of 2018, with the balance due by the end of 2019. From 2017 the interest rate on the debt is 2% p.a

NOTE 27
TRANSACTIONS WITH RELATED PARTIES

The majority shareholder and the ultimate parent of Auriant AB is Bertil Holdings Limited owning approximately 52% 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 48% of the shares in Auriant are held amongst approximately 3,330 shareholders.

Financing

In 2017, Auriant carried out a rights issue. The number of shares in the Company increased by 57,044,753 shares. As a result, the Company received cash proceeds of MSEK 67.9 (app. US$ 8.6 mln) before transaction costs. In addition, MSEK 74.5 (US$ 9.4 mln) of the main shareholders' convertible debt was off set through subscription of 29,807,897 shares. This was the main reason for the reduction of the liability to Golden Impala. Furthemore, in December 2017, the Company reached an agreement with Golden Impala Limited on the new terms of the existing liability – shareholder's loan. Pursuant to the agreement, the convertible loan was replaced with a simple loan, and consolidated with the bond issued to Golden Impala Limited in 2015. The term of the new consolidated bond was extended from 31 December 2018 until 30 June 2019, while the interest rate remains at 2% per annum.
As a result of the transaction, Auriant Mining no longer has any convertible debt.

The nominal amount of bond liability to Golden Impala as of December 31, 2017 is MSEK 307.128 (US$ 37.308 mln). Accrued interest expenses for transactions with related parties during 2017 amounted to MSEK -15.976 (US$ -1.867 mln), including interest of MSEK -8.612 (US$ -1.008) accrued at a discount rate of 9% p.a. for the convertible portion of the bond liability.

Financing Golden Impala	**TSEK**	**US$000**
Opening balance including interest	393,764	43,285
Off set through subscription for new shares	-68,495	-8,602
IFRS adjustment related to cancellation of convertibles	6,430	759
Interest accrued for the period	15,976	1,867
Exchange rate differences	-40,546	
Outstanding debt including interests	**307,128**	**37,308**

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

	Group			
	2017 TSEK	**2016 TSEK**	**2017 US$ 000**	**2016 US$ 000**
Consulting services from companies related to Board Members	752	750	88	88
Legal services from a company related to the main share-holder	2,262	528	262	62
Interest expenses to related parties:				
Interest to companies controlled by the ultimate controlling party	15,976	17,045	1,867	1,992
Interest to shareholders	-	4,279	-	500
Balances with related parties at the end of the year				
Liabilities to companies related to Board members	102	128	12	14
Liabilities to companies related to the ultimate controlling party	309,006	395,615	37,536	43,488
Liabilities to shareholders	-	55,158	-	6,063

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

NOTE 28

SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CAFH FLOW

The following table shows changes in liabilities attributable to financing activities:

Liabilities from financing activities

	Debt to share-holder	**Borrow-ings due within 1 year**	**Borrow-ings due after 1 year**	**Finance leases due with-in 1 year**	**Finance leases due after 1 year**	**Other li-abilities within 1 year**	**Other li-abilities after 1 year**	**Total**
	TSEK	TSEK	TSEK	TSEK	TSEK	TSEK	TSEK	TSEK
Financial liabilities as at January 1, 2016	**344,894**	**251,406**	**165,346**	**5,624**	**5,772**	**-**	**-**	**773,042**
Cash flows		-44,911		-9,711				-54,623
Acquisitions - finance leases								-
Reclassifications		33,438	-33,438	4,545	-4,545			-
Foreign exchange adjustments	31,825	42,824		7,925				82,574
Other non-cash movements	17,045	-4,279		-1,991				10,775
Financial liabilities as at December 31, 2016	**393,764**	**278,478**	**131,908**	**6,392**	**1,227**	**-**	**-**	**811,769**
Cash flows		-30,883		-8,443		-16,481		-55,807
Acquisitions - finance leases				276	527			803
Reclassifications		-198,533	143,375	1,227	-1,227	32,946	22,213	-
Off set through subscription to new shares	-62,065							-62,065
Foreign exchange adjustments	-40,546	-32,599		2,853			-5,258	-75,550
Other non-cash movements	15,976			-871			833	15,938
Financial liabilities as at December 31, 2017	**307,128**	**16,464**	**275,283**	**1,435**	**527**	**16,464**	**17,788**	**635,089**

Parent Company

Liabilities from financing activities

	Debt to shareholder	**Borrowings due within 1 year**	**Other liabilities within 1 year**	**Other liabilities after 1 year**	**Total**
	TSEK	TSEK	TSEK	TSEK	TSEK
Financial liabilities as at January 1, 2016	**344,894**	**46,466**	**-**	**-**	**391,360**
Cash flows					-
Foreign exchange adjustments	31,825	4,413			36,238
Other non-cash movements	17,045	4,279			21,323
Financial liabilities as at December 31, 2016	**393,764**	**55,158**	**-**	**-**	**448,922**
Cash flows			-16,481		-16,481
Reclassifications		-55,158	32,946	22,213	-
Off set through subscription to new shares	-62,065				-62,065
Foreign exchange adjustments	-40,546			-5,258	-45,804
Other non-cash movements	15,976			833	16,809
Financial liabilities as at December 31, 2017	**307,128**	**-**	**16,464**	**17,788**	**341,381**

Liabilities from financing activities

	Debt to share-holder	**Borrow-ings due within 1 year**	**Borrow-ings due after 1 year**	**Finance leases due with-in 1 year**	**Finance leases due after 1 year**	**Other li-abilities within 1 year**	**Other li-abilities after 1 year**	**Total**
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Financial liabilities as at January 1, 2016	**41,293**	**30,100**	**19,796**	**673**	**691**	**-**	**-**	**92,553**
Cash flows		-5,223		-1,134				-6,357
Acquisitions - finance leases								-
Reclassifications		5,296	-5,296	556	-556			-
Foreign exchange adjustments		939		375				1,314
Other non-cash movements	1,992	-500		233				1,724
Financial liabilities as at December 31, 2016	**43,285**	**30,612**	**14,500**	**703**	**135**	**-**	**-**	**89,234**
Cash flows		-3,607		-978		-2,000		-6,586
Acquisitions - finance leases				34	64			98
Reclassifications		-25,003	18,940	135	-135	4,000	2,063	-
Offset through subscription to new shares	-7,843							-7,843
Foreign exchange adjustments		-2		179				177
Other non-cash movements	1,867			102			98	2,066
Financial liabilities as at December 31, 2017	**37,308**	**2,000**	**33,440**	**174**	**64**	**2,000**	**2,161**	**77,147**

Parent Company

Liabilities from financing activities

	Debt to shareholder	Borrowings due within 1 year	Other liabilities within 1 year	Other liabilities after 1 year	Total
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Financial liabilities as at January 1, 2016	**41,293**	**5,563**	**-**	**-**	**46,856**
Cash flows					-
Other non-cash movements	1,992	500			2,492
Financial liabilities as at December 31, 2016	**43,285**	**6,063**	**-**	**-**	**49,348**
Cash flows			-2,000		-2,000
Reclassifications		-6,063	4,000	2,063	-
Off set through subscription to new shares	-7,843				-7,843
Other non-cash movements	1,867			98	1,964
Financial liabilities as at December 31, 2017	**37,308**	**-**	**2,000**	**2,161**	**41,469**

NOTE 29

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In March 2018, Auriant Mining reached an agreement with Golden Impala Limited to extend the maturity date on the shareholder's debt from June 30, 2019 to December 31, 2021, when Kara-Beldyr is expected to start operations. Other terms remained unchanged.

The subscription period for the subscription of shares in the Company with warrants, issued in connection with the rights issue in September 2017, ended on 30 March 2018. Additional capital of US$ 7.1 mln before transaction costs was raised, of which US$ 3.7 mln was subscribed through set off of shareholder debt and US$ 3.4 mln was raised on a cash basis. Above mentioned financing will cover substantially all the remaining capital expenditure required to complete the CIL construction within the planned timetable for first production in Q1 2019. Furthermore, the Company will start engineering studies and the design of the Kara-Beldyr project, aiming to complete this stage of work on this project in Q3 2019.

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 23, 2018

Lord Daresbury
Chairman of the Board

Preston Haskell
Board Member

Ingmar Haga
Board Member

Patrik Perenius
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 23, 2018. 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 14, 2018.

Our audit report was submitted on April 23, 2018

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorised Public Accountant

Anna Rozhdestvenskaya
Authorised Public Accountant

Auditor's Report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of of Auriant Mining AB for the year 2017, except for the corporate governance report on pages 50-55. The annual accounts and consolidated accounts and consolidated accounts of the company are included on pages 44-56 and 62-110 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not include the corporate governance statement on pages 50-55. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and consolidated income statement and consolidated statement of financial position for the group.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains information other than the annual accounts and the consolidated accounts and is found on pages 1-43 and 57-61. The Board of Directors and the Managing Director are responsible for the other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Auriant Mining AB for the year 2017 and the proposed appropriations of the company's profit or loss.

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

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's websitewww.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

It is the board of directors who is responsible for the corporate governance statement for the year 2017 on pages 50-55 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 23 April 2018

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant
Auditor-in-charge

Anna Rozhdestvenskaya
Authorized Public Accountant

Additional Information

TRANSLATION

This text is the English version of the 2017 Swedish Annual Report. If any discrepancies exist between the two versions, the Swedish version shall prevail.

DEFINITIONS

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

DATES FOR FINANCIAL INFORMATION IN 2018

Auriant Mining AB's financial year runs from 1 January to 31 December. In 2018, the Company will issue interim financial information as follows:

Interim report (1) January–March 2018:
31 May 2018
Interim report (2) January – June 2018:
31 August 2018
Interim report (3) January – September 2018:
30 November 2018
Interim report (4) January – December 2018:
28 February 2019