



Auriant Mining

ANNUAL REPORT 2018



AURIANT
MINING

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Auriant Mining in Brief



Russia focused gold miner



3 exploration properties



Listed on NASDAQ OMX First North Premier



455 employees



2 producing mines



2018 production of 423 kg of gold (13,611 oz)



Gold production 2013-2019E



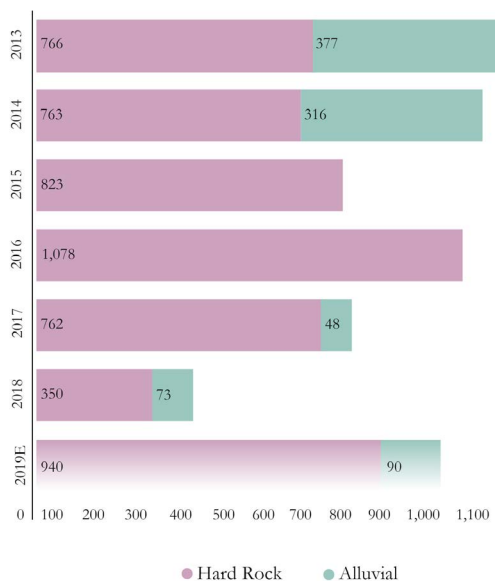
Approximately 3,300 shareholders



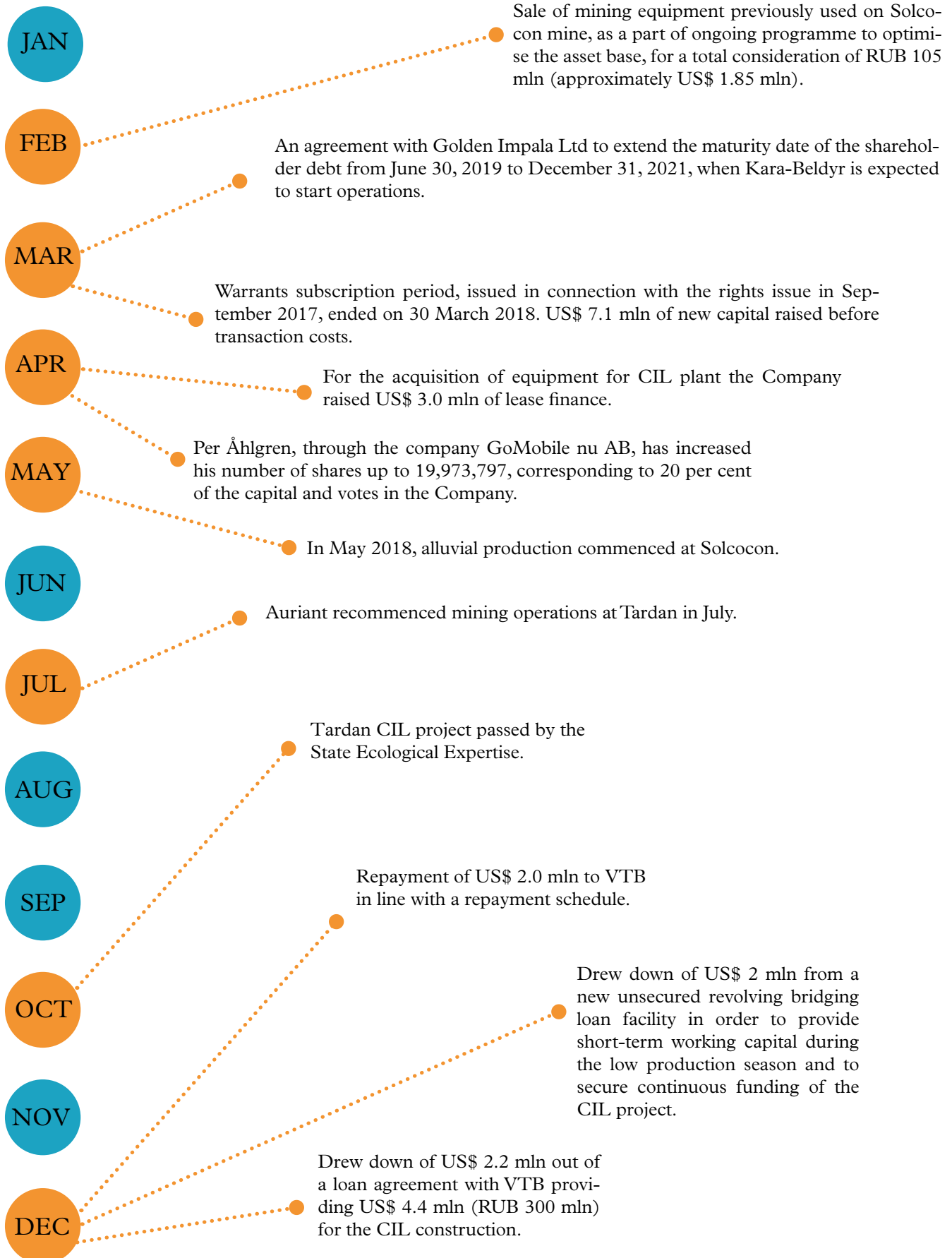
98,648,502 ordinary shares issued



Official Russian State Reserves Committee (GKZ) + JORC Resources and reserves of 1,641,000 troy ounces (51 tonnes) of gold



Significant Events During 2018



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 36.



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 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 48



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	2018 Result
 TARDAN	 Upgrade technology to CIL	 CIL construction  Start of CIL production in 2019
 KARA-BELDYR	 Development of the project	 Feasibility study  Target production: 2 t of gold per year
 SOLCOCON	 Exploration to increase resources	 Exploration program 2018
 UZHUNZHUL	 Early stage exploration	 Estimate of resource potential



Chairman Statement



I am pleased to report that during 2018, Auriant Mining made considerable progress in financing and developing its new CIL plant at Tardan.

The second part of the equity financing for Tardan took place in March 2018, when SEK 28.4m (\$3.4m) was raised (before transaction costs) in a warrant issue. In doing this, the company's capital was increased by SEK 59.5m (\$7.1m). The principle shareholder, Bertil Holdings surrendered SEK 31.0m (\$3.7m) of debt and converted it to equity. Bertil Holdings retains its 52.27% stake, as before the transaction. In addition, the terms of the outstanding shareholder debt were also restructured and the maturity date was extended to December 31st 2021, when production at Kara-Beldyr is expected to commence. The interest rate will be 2%.

The company also successfully re-financed its external bank loans of \$35.4m (at the end of 2017) with VTB. All these initiatives have significantly improved the company'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 as a significant shareholder and we are grateful for his support of Auriant Mining.

2018 saw Auriant Mining entering a short period of reduced production in preparation for the completion of the construction phase of the new plant at Tardan. 2018 production from Tardan was 350 kg, and at Solcocon, alluvial production in 2018 increased to 73 kg, which gives a total 2018 production of 423 kg.

As we have said previously, following completion of the CIL plant, the Company expects to benefit from additional gold production and increased revenue from higher recovery from the new CIL technology

in the year to December 2019. Total annual production in 2019 is expected to be 1.03 tonnes (33,114 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 the resulting improvement in financial performance which we expect to take place the Company's medium term strategy is to continue to focus on the commencement 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 of our shareholders, which has ensured the progress that we have achieved in 2018, and which has set the Company on the right course for unlocking further value of its asset portfolio.

Lord Daresbury (Peter)
Chairman of the Board

CEO Statement



Dear Stakeholders

In 2018 we made important steps toward implementation of our long term growth strategy and sustainable profitability in the future.

CIL PROJECT

The CIL project progresses according to plan and has passed the State Ecological Expertise, which means that the plant complies with environmental protection standards. Construction of the plant continues through the winter season.

In April 2018, the Company issued new shares through the warrant programme and raised US\$ 7.1 mln of new capital before transaction costs, of which, US\$ 3.7 mln was subscribed through the set off of shareholder debt and US\$ 3.4 mln was raised on a cash basis. Also, in April 2018 the Company raised US\$ 3.0 mln of lease financing for acquisition of CIL key equipment.

We expect that production at the CIL plant will commence in July 2019, and that the heap leach will continue to be in operation until the CIL plant starts.

PRODUCTION

Auriant gold production was amounted to 423.4 kg which included 350 kg from Tardan and 72.9 from Solcocon (alluvial gold production).

In 2017 we started to prepare Pravoberezhny deposit for mining, which will be our main gold bearing asset for next years. Biggest part of preparatory work was related to building a road, which is 17 km long and climbs uphill by approximately 400 meters. Tardan has substantial experience in building similar roads, however road to Pravoberezhny turned to be more complex than expected. Uphill part of the road was passing on northern slopes of

hills and after cutting trees permafrost lenses located under the road began to thaw. The road was finished in Q2 2018 and we started mining on Pravoberezhny in July 2018. Ore from Pravoberezhny with a long term average grade of 3.23 g/t will be first used on heap leach production and once CIL plant is put in operations the ore will be supplied to the plant.

In October 2017, Auriant Mining AB (publ.) announced that it had decided to halt mining operations at Tardan from January 2018 until the 2nd half of 2018, as this would maximize long term value for shareholders. As planned, the Company resumed mining operations at Tardan in July. In 2018, the Company mined 219,000 tonnes of ore with an average grade of 2.58 g/t (2017 - 2.36 g/t) and the ore was stacked on the heap leach.

In May 2018, alluvial production was resumed at Solcocon. This production was 100% outsourced and generated a net margin of 29% of sales for the Company. In 2018, the Company engaged 2 contractors working on 2 placers, while 1 contractor was involved in 2017. In 2018, the Company produced 72.9 kg (3,344 oz) of alluvial gold compared to 47.8 kg (1,537 oz) produced in 2017. Production at Solcocon in July was interrupted by heavy rainfall, which led to widespread flooding in the Zabaikalsky region. Due to these conditions, Solcocon wasn't able to extend its alluvial operations on the 3rd placer (as announced in October 2017) and meet an initial 2018 production forecast of 150 kg of gold.

RESOURCES UPDATE

In 2018 the Company following its decision to temporarily halt mining operations on Tardan and to focus on cash mobilization didn't carry out exploration activity. We were making internal camera works related to building block models for Bogomolovskoye deposit and its flanks (Solcocon) which were explored in 2017. The work was intended to enhance our understanding of the resource base and results of 2017 exploration activities.

CASH FLOWS

Consolidated revenue in 2018 was at MSEK 150.992 (US\$ 17.373 mln) MSEK compared to 286.494 (US\$ 33.532 mln).

Operating profit was MSEK -54.9 (US\$ -6.4 mln) compared to MSEK 19.8 (US\$ 2.4 mln) in 2017.

CEO Statement

EBITDA was MSEK -14.2 (US\$ -1.7 mln) compared to MSEK 76.6 (US\$ 9.0 mln) in 2017.

We repaid the amount of US\$ 2.0 mln to VTB in line with a repayment schedule in December 2018.

In 2018, the Company agreed with Golden Impala Limited to make available a new unsecured revolving bridging loan facility of US\$ 3 mln, in order to provide short-term working capital during the low production season and to secure continuous funding of the CIL project. In the beginning of December, 2018 the Company drew down US\$ 2 mln from the facility with maturity date of December 31, 2019.

At the end of December, 2018 the Company executed loan agreement with VTB to provide US\$ 4.4 mln (RUB 300 mln) for construction of the CIL plant with a maturity date of December 31, 2021. In December 2018, the Company drew down US\$ 2.2 mln from the facility

of gold at Solcocon. The Company expects to produce a total of 1.03 tonnes (33,114 oz) at Tardan and Solcocon sites in 2019.

Our key goals for 2019 to finish CIL construction plans and continue development of Kara-Beldyr project and continue exploration works on Solcocon (subject to financing availability).

The launch of the Tardan CIL plant expected in July 2019, following which our forecast is to produce 940 kg (30,221 oz) of gold at Tardan both from heap leach and Carbon-In-Leach (CIL). Solcocon production expected to be around 90 kg (2,893 oz) of gold. In total we expect to produce 1.03 tonnes (33,114 oz) of gold in 2019.

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

OUTLOOK

In 2019, Auriant Mining aims to produce 940 kg (30,221 oz) of gold at Tardan both from heap leach and Carbon-In-Leach (CIL) and 90 kg (2,893 oz)

Sergey Ustimenko

Chief Executive Officer

Auriant Mining AB





Auriant Gold Assets



TARDAN

- Flagship mine located in Republic of Tyva;
- 2018 gold production of 350 kg of gold;
- Open pit;
- CIL construction;
- Resources&reserves ~ 8 t of gold.



KARA-BELDYR

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



SOLCOCON

- Alluvial production restarted in 2017;
- 2018 production of 73 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	657,657	5.33	113	3,503
GREATER TARDAN				
PRAVOBEREZHNY DEPOSIT /GKZ/				
C ₁ + C ₂ Reserves	1,280,500	3.53	145	4,525
KARA-BELDYR /JORC/				
Indicated	9,540,000	2.63	807	25,101
Inferred	480,000	3.55	55	1,711
Indicated + Inferred	10,020,000	2.68	862	26,811
SOLCOCON /GKZ/				
BOGOMOLOVSKOE DEPOSIT				
C ₁ + C ₂ Reserves	1,932,963	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	754,000	0.70	17	526
TOTAL AURIANT RESERVES&RESOURCES				
Measured + Indicated + Inferred	10,020,000	2.68	862	26,811
C ₁ + C ₂ Reserves (geological)	4,930,120	4.81	762	23,702
TOTAL RESERVES&RESOURCES	14,950,120	3.38	1,624	50,514
TOTAL ROCK&ALLUVIAL			1,641	51,040



Tardan and Greater Tardan

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



2018 PRODUCTION:
350 KG



CIL CONSTRUCTION



413 EMPLOYEES

Reserves and Resources

Classification	Tonnage (ton)	g/t	000 oz	kg
TARDAN				
TARDAN DEPOSIT /GKZ/				
C ₁ + C ₂ Reserves	657,657	5.33	113	3,503
GREATER TARDAN				
PRAVOBEREZHNY DEPOSIT /GKZ/				
C ₁ + C ₂ Reserves	1,280,500	3.53	145	4,525
TOTAL TARDAN RESERVES&RESOURCES				
C ₁ + C ₂ Reserves	1,938,157		258	8,028

Geology and Exploration

GEOLOGY

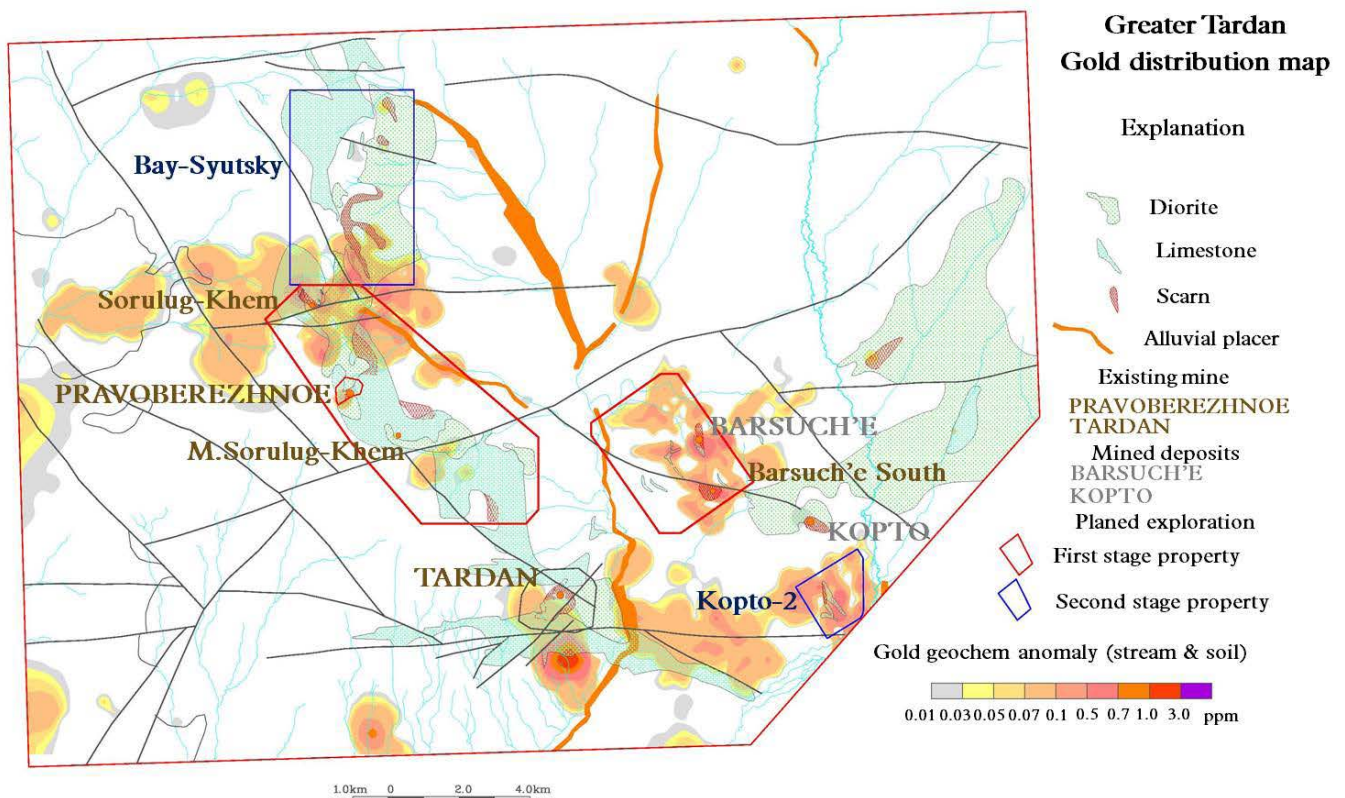
The Tardan ore cluster is an integral part of the Tap-sa-Kaahemsky gold-placer region, which extends in a sublatitudinal direction for a distance of more than 90 km.

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



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.

Approximately 20-25% of the Tardan deposit area is underlain 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



TARDAN EXPLORATION PROGRAM 2018

In 2018, a program of geological exploration was drawn up, the main purpose of which is the increase in ore resources for processing at a newly built mill using the agitation leaching method.

Several areas within the licensed area were identified (fig.1), a complex of exploration works (trenches, drill-

ing, geophysics) was planned. With funding available, exploration can begin in 2019–2020.

Expected additional reserves after completion the exploration program 1.5 - 2.0 tons of gold, including estimated resources of categories P1 + P2 (see tab. below).

Resources category	Tonnage	g/t	000 oz	kg
Sorlug-Khem				
P1	402,027	1.80	23	722
Barsuchy (South Flank)				
P1 + P2	84,438	1.63	4	138
TOTAL				
P1+P2	486,465	1.77	28	860



Tardan 2018 Production

In October 2017, Auriant Mining AB (publ.) announced that it had decided to halt mining operations at Tardan from January 2018 until the 2nd half of 2018, as this would maximize long term value for shareholders. As planned, the Company resumed mining operations at Tardan in July. In 2018, the Company mined 219,000

tonnes of ore with an average grade of 2.58 g/t (2017 - 2.36 g/t) and the ore was stacked on the heap leach.

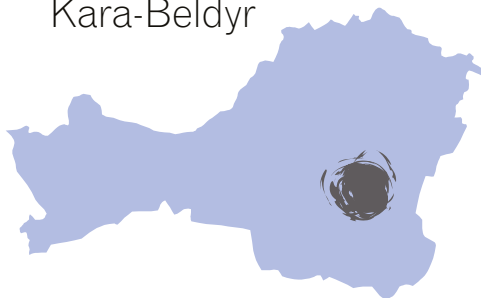
Tardan gold production for 2018 was 350.4 kg (11,267 oz), which exactly matched the 2018 initial production target announced in October 2017.

		12m 2018	12m 2017	Change	
Mining					
Waste stripping	000 m3	358	2,345	(1,988)	-84.8%
Ore mined	000 tonnes	219	394	(175)	-44.4%
Average grade	g/t	2.58	2.36	0.22	9.4%
Gravitation					
Throughput	000 tonnes	41	(41)	-100%	-47%
Average grade	g/t	4.81	(4.81)	-100%	-36%
Recovery	%	21%	0	0%	-17%
Gold produced	kg	40.4	(40)	-100%	-72%
Heap leach					
Stacking					
Ore	000 tonnes	214	369	(155)	-42%
Grade	g/t	2.59	2.02	0.57	28%
Tailings	000 tonnes	0	85	(85)	-100%
Grade	g/t	0	3.34	(3.34)	-100%
Gold in ore and tailings stacked	kg	554	1,027	(473)	-46%
Gold produced	kg	350.4	721.3	(371)	-51%



Kara-Beldyr

Kara-Beldyr



REPUBLIC OF TYVA



2018 - START OF MINE
DESIGN STAGE



PROJECT:
CIP+ GRAVITATION



LICENSE: KARA-BELDYR
34KM²
VALID UNTIL: 2027



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 Palaeozoic granitoids.

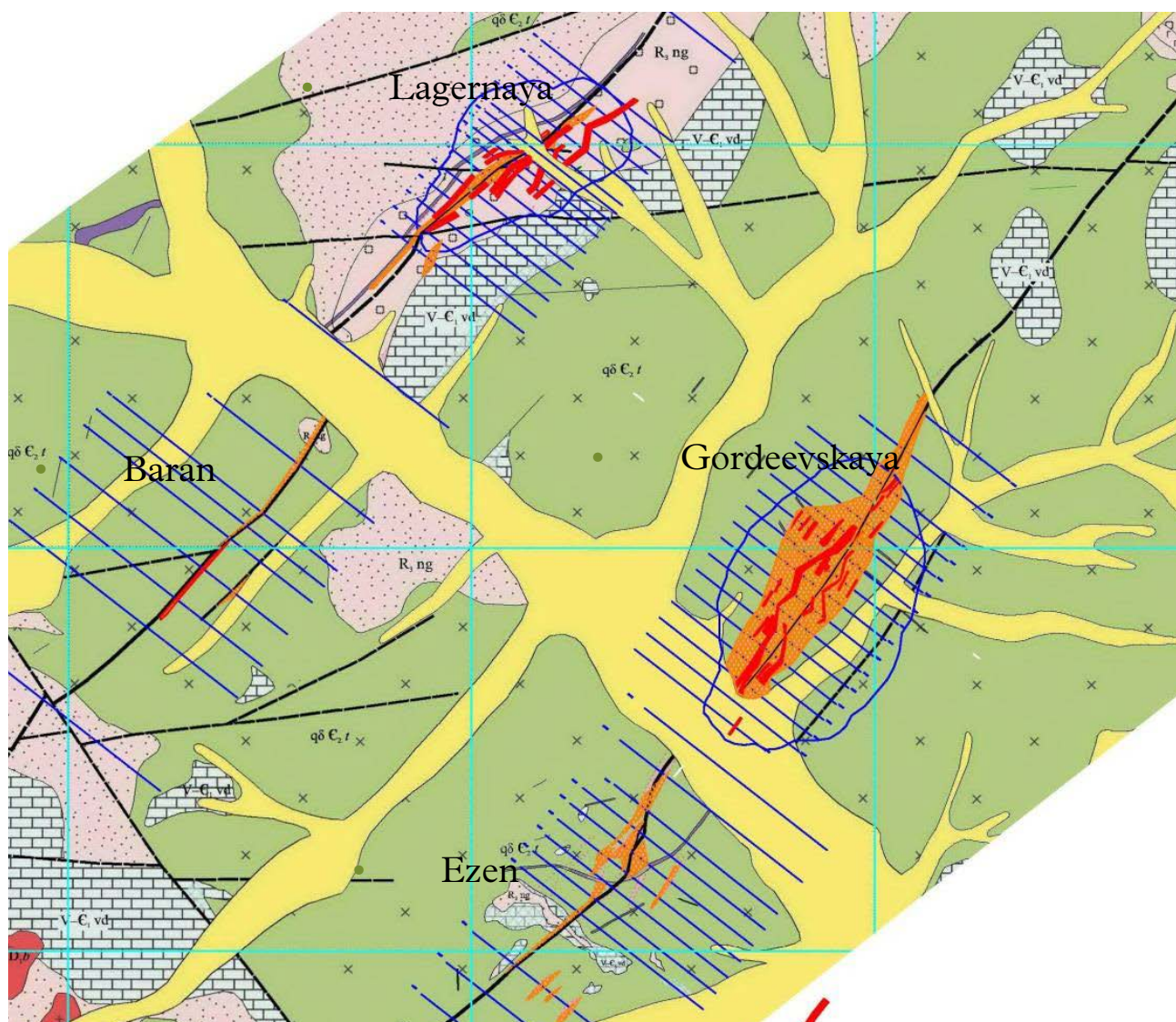
The stratified deposits consist of Late Riphean the volcanic-terrigenous Noganoyskaya formation and the

carbonate Cambrian-Vendian Sarygchazinskaya formation divided by a pre-Vanadian unconformity. 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 serpentinised dunnites have been identified

In 2018, work was continued preparation the feasibility study report for the reserves approval by GKZ.

In addition, an application has been filed for obtaining a prospecting license for the prospective area north of the license area. After obtaining a license (expected in 2019), prospecting is planned for the continuation of the ore zones of the Gordeyevskaya and Lagernaya (northern flank).





Solcocon



ZABAIKALSKY KRAI



EXPLORATION/
ALLUVIAL PRODUCTION



CIP (POTENTIALLY)



LICENSE: SOLCOCON
220, 4 KM²
VALID UNTIL: 2029



GKZ RESERVES:
16.2 TONNES OF GOLD

Reserves and Resources

Classification	Tonnage	g/t	000 oz	kg
SOLCOCON /GKZ/				
BOGOMOLOVSKOE DEPOSIT				
C ₁ + C ₂ Reserves	1,932,963	3.65	227	7,060
KOZLOVSKOE FYNDIGHETEN				
C ₁ + C ₂ Reserves	1,059,000	8.14	277	8,615
SKIKTADE ÅDROR				
C ₁ + C ₂ Reserves	754,000	0.70	17	526
TOTAL SOLCOCON			521	16,201

Geology and Exploration

GEOLOGY AND 2018 EXPLORATION

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 occurrences 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 Ko-

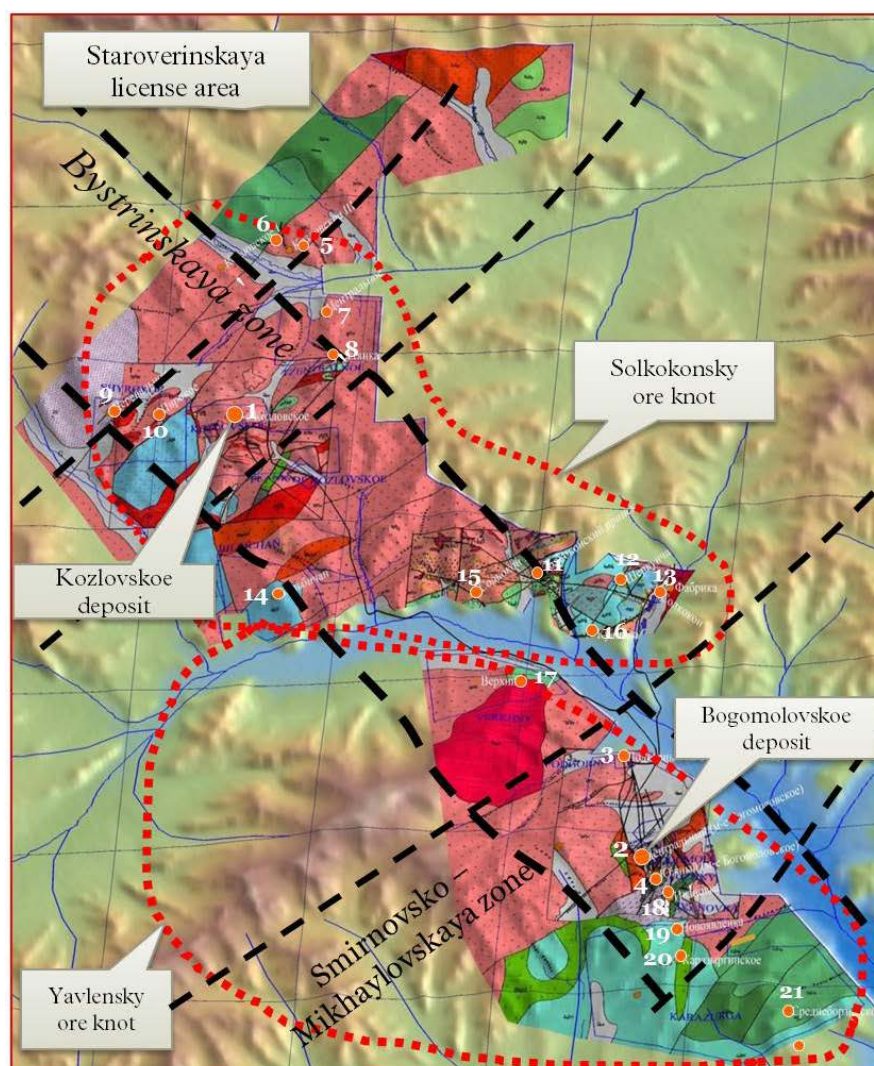
zlovskoye deposits, Bilbichan, Solkokon-1, Scherkuncha, Kulinda, Ivanovo, Karazyrga, and others occurrences.

The total reserves approved by the GKZ for the Kozlovskoye and Bogomolovskoye deposits as of 31.12.2018 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 forecast resources ($P_1 + P_2$ categories) are: ore – 15.4 mln tonnes, gold – 65 tones with average gold grade 4.4 g/t

Taking into account the new data on the results of work in 2017 and the recalculation of the reserves of the Bogomolovskoye and Kozlovskoye deposits using block models, a geological exploration program for 2019-2020 within the Bogomolovsky ore field was compiled. As a result of the program, an increase in the reserves of the Bogomolovskoye deposit is expected due to its flanks up to 20 tons of gold. The cost of the work should be at least \$ 3 million.

SOLCOCON GOLD DISTRIBUTION MAP



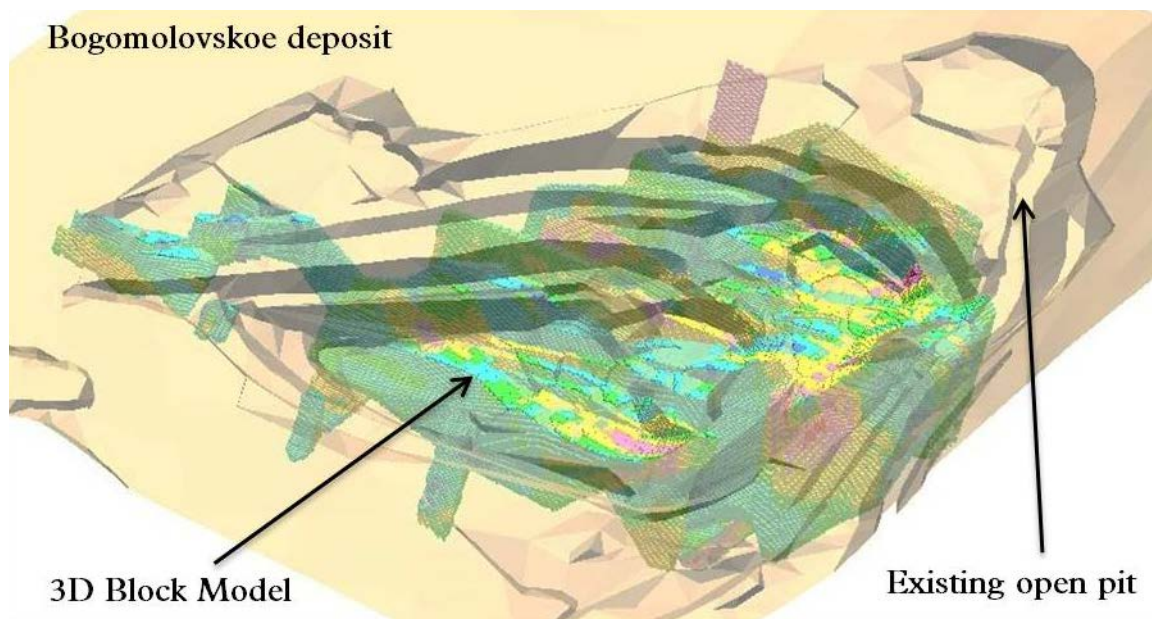
Gold deposits

- 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
- Solkocon - 13
- Bilbichan - 14
- Solkocon-I - 15
- Kulinda - 16
- Verkhny - 17
- Ivanovskoe - 18
- Novoyavlenskoe - 19
- Karazuyrga - 20
- Sredneborzinskoe - 21

BOGOMOLOVSKOE 3D BLOCK MODEL

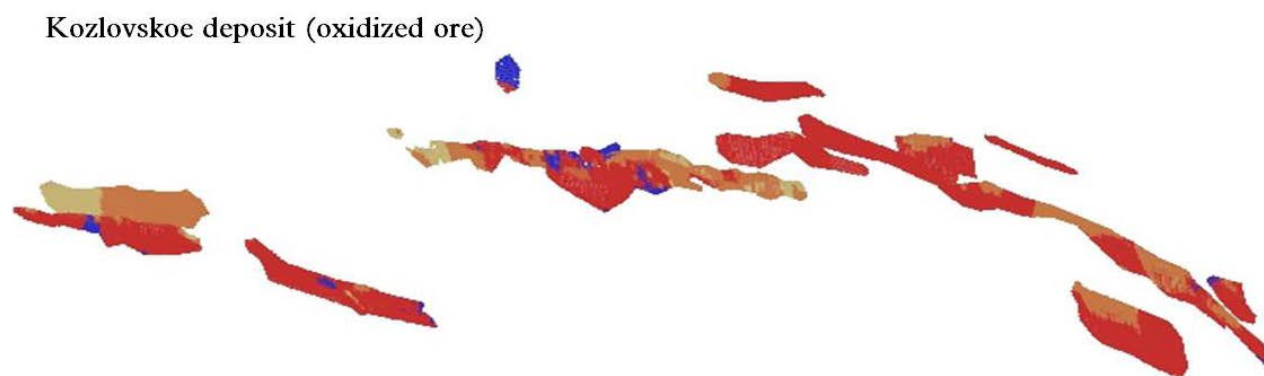


KOZLOVSKOE

The geological reserves of Kozlovskoe deposit (oxidized ore) block model are listed below in the table

Cutoff grade (g/t)	Volume (m3)	Density (g/sm3)	Ore (t)	Au grade (g/t)	Gold (kg)
0.5	114,036	2.50	285,090	4.99	1,422

KOZLOVSKOE 3D BLOCK MODEL







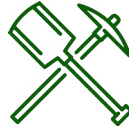
Uzhunzhul



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.

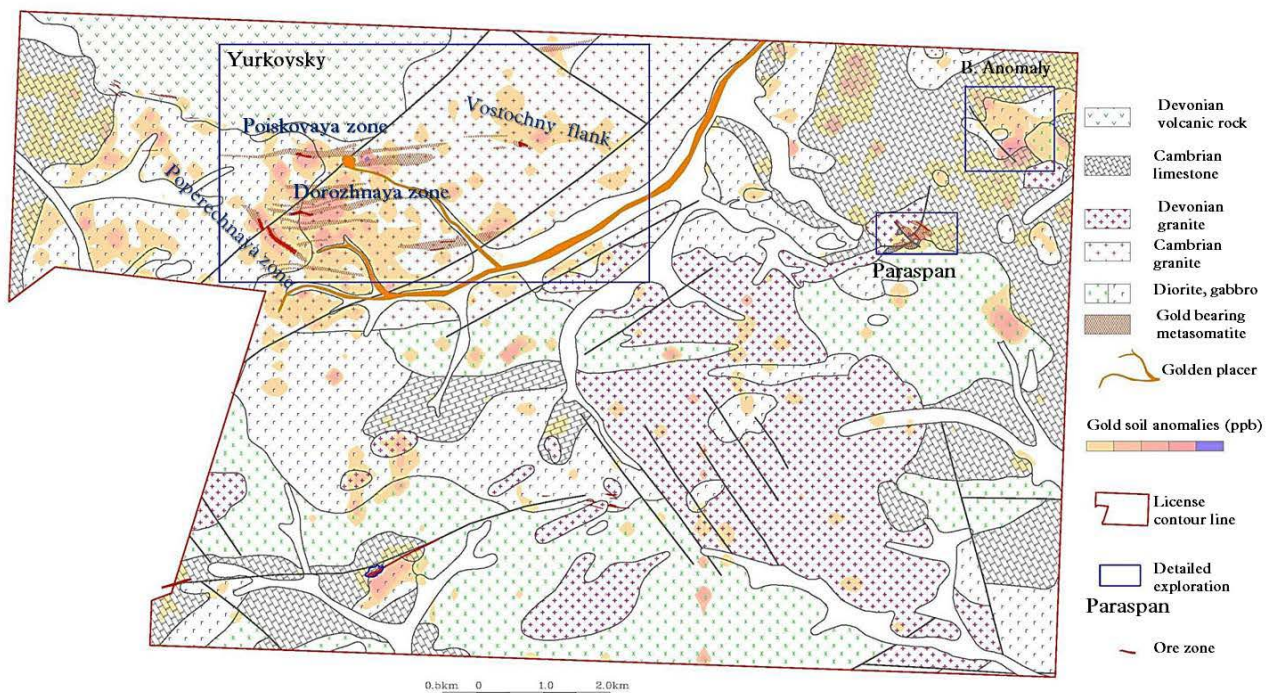
3. The Paraspan occurrence has grades up to 30 g/t.

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 however resources were not approved by GKZ. In 2018, an addendum to the exploration project is prepared for detailing resources.

UZHUNZHUL GEOLOGICAL 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 operating 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 keep attention to the Tardan mine.

ECONOMY

Business activity and subsurface resources management foster economic growth and have an influence on the social indicators within the region.

Tardan is one of the largest investors and a growing gold-mining company in Tyva. In 2018 year for the Tyva development the Company spent around 33 755 \$: where 64% were financial resources and 36% was presented as equipment/transport or labor supplies. For realization of the social and cultural measures the Company spent 38% of resources and 62% of resources were invested in the projects of the regional development.

The rest planned resources (around 23%) were referred to the CIL-pant construction expenses.

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.

In 2018, a program of geological exploration was drawn up, the main purpose of which is the increase in ore resources for processing at a newly built mill using the agitation leaching method. This method could improve the ecology situation due to purified equipment systems.

SOCIAL RESPONSIBILITY

Within the margin of realization of the Corporate Social program, the company invests a fixed sum on annual

basis on sponsoring, social activities and people's welfare in the region.

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

COOPERATION WITH THE REGION

Development of the region

We take part in the social and economic development of the Kaa-Khemsky district.

We pay attention to childrens leisure and education activities. In this point some children's campuses as «Bel-bey» and «Otchizna» have been renovated and modernized.

We undertook to cover a part of expenses for repairing the Administration of the region, secondary education school in Kungustug.

Moreover, we supported the Municipal concert hall and community center in Iliinka village.

To conduct fire-safety measures and farming operations we provided the Kaa-Khemsky district with specific transport and 9,2 tonnes of fuel.

Also, we supported Authority of Kundustug with repair activities of its forest units as well as providing of personal protection for all employees.

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 and Kundustug districts.

Traditionally, we supported with New Year presents for low-income and multi-child families as well as families with handicapped children in the Kaa-Khemsky and Kundustug districts.

Also, we had some financing activities for the public newspaper «Vestnik Kaa-Khema».

Cultural events

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

The most significant events in which we took part in 2018 were the following: students guessing game «Mineral resources in Tyva», organized by the Ministry of economics of Tyva, New Year's events for elderly persons and preschool-age children organized by Kundustug Authority

Public and private partnership

We collaborate with public organizations and social

Social and Corporate Responsibility

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 and re-training programmes

OUR PEOPLE

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

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

Out of 413 employees currently 235 of those working at Tardan are residents of Tyva.

The majority of them are production workers, and only a few of them have managerial positions or other office jobs, such as operators, building superintendents, depot masters, etc. Due to their educational level and lack of working experience, most of the Tuvan residents are production workers.

SPECIAL HR PROGRAM

In 2017, we started Tardan CIL plant construction, and as planned, Tardan gold production has been halted during the 1st half of 2018. Keeping this in mind, we created a special HR program for Tardan employees; they have been temporarily transferred to other mining companies in Tyva and other regions. However, in the middle of 2018 when Tardan production has been restarted our production workers (around 80% of transferred employees) have been back to the place.

Remuneration policy and financial motivation

The average monthly salary in 2018 was stable and in comparison with the average salary in the Kaa-Khem-

sky district of Tuva, it's still quite higher than the average salary in the region. We adopted different programs which stimulate all employees to work hard and motivated.

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 2018, 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

Lord Daresbury has held many senior positions in the mining industry, including directorships in Sumatra Copper & Gold Ltd (2007 - 2012); Evraz Group S.A., Russia's largest steel producer (2005 - 2006); as well as Chairman of Kazakhgold Group Ltd (2005 - 2007); and Chairman of Highland Gold Mining Ltd, a major Russian gold miner (2002 - 2004). Peter is currently Chairman of Stellar Diamonds plc and Nasstar plc. Current directorships include Rusant Ltd, a Russian antimony miner. He is Chairman of The Jockey Club's Haydock Park Racecourse, having held the same position at Aintree Racecourse for 25 years. Peter has an MA in history from Cambridge University and is a Sloan Fellow of the London Business School.

Shares: 400,000; Stock options: 110,000

Independent in relation to the company, its management and the company's major shareholders.

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. Preston Haskell has been active as a businessman in Russia since the early 1990s. He serves as Chairman of Auriant Africa, an African focused exploration and mineral resource development and investment business. Preston has a Degree in Economics from the University of Southern California in the U.S

Shares: 51,563, 892 (through companies); Stock options: 0

Not independent in relation to the company and its management. Not independent in relation to the company's major shareholder.



Board of Directors

INGMAR HAGA, MEMBER OF THE BOARD



Born 1951, Board Member since 2012

Board Member since May 24, 2012, Ingmar is a citizen of Finland. Ingmar is an independent consultant & advisor to the mining industry. He has 38 years of international experience in the exploration and mining industry. He was Managing Director, Europe for Agnico Eagle Mines Limited between 2006-2017 and CEO of Polar Mining Oy, a Finnish subsidiary of Dragon Mining NL between 2003-2005. Prior to that he held various senior manager positions with the Outokumpu Group in Finland and Canada. He is currently Chairman of the Board of gold mining company Endomines AB. He also holds several positions of trust in several mining related associations and organizations. He has an MSc from Åbo Akademi, Finland

Shares: 0 ; Stock options: 90,000

Independent in relation to the company, its management and the company's major shareholders

PATRIK PERENIUS, MEMBER OF THE BOARD



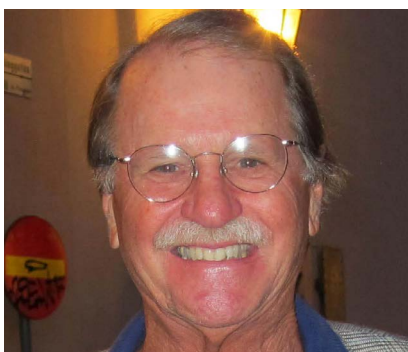
Born 1951, Board Member since 2017

Board member since May 12, 2017, previously also was a Board member between 2004-2010. Patrik has held many senior positions in the mining industry, including directorships in Delta Minerals AB, Interfox Resources AB, Dividend Sweden AB, Nordic Iron Ore AB, Gripen Oil and Gas AB. Patrik is currently Chairman of Archelon AB and Nickel Mountain Resources AB. Patrik holds a MSc. degree in Mining and mineral dressing from the Royal Institute of Technology (KTH), Stockholm.

Shares: No; Stock options: No

Independent in relation to the company, its management and the company's major shareholders

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. After Stanford, Mr. Smith worked for McKinsey & Co. before accepting a position as CFO and head of real estate development operations for the Haskell Company in Jacksonville FL, one of the largest design and build companies in the USA. Mr. Smith joined the Charter Company, a Fortune 500 Company in 1975 where he headed the Media Division and was responsible for Magazine and Newspaper Publishing, Radio Broadcasting, and Direct Marketing operations. He left Charter in 1982 to become CEO and principal owner of the Hamilton Collection, a Direct Marketer of Collectible products. Mr. Smith sold Hamilton in 1993 to Stanhome Inc and served as Executive VP of Stanhome Inc for 2 years thereafter, before retiring to pursue real estate development opportunities and his personal interests.

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.

Shares: No; Stock options: No

Independent in relation to the company and its management. Not independent in relation to the company's major shareholders.

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 sales 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: 50,000

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: 150,000

KONSTANTIN CHERNOV, HEAD OF HR



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

MARINA MAKAROVA, ACTING CFO



Born in 1974, acting CFO since 2018

Marina joined the Company in 2012 as the treasury and corporate finance manager. She graduated Kostroma State Technological University with degrees in economics and management. Marina has extensive finance and banking experience with large Russian and international companies.

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, Anna Rozhdestvenskaya

Auriant Mining's auditors are Öhrlings PricewaterhouseCoopers, represented by Authorised Public Accountant, Anna Rozhdestvenskaya, born 1980. Anna Rozhdestvenskaya has been the Company's auditor since AGM held in May 2018.

Anna Rozhdestvenskaya has been the Co-signing auditor from 2015

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 2018.

GROUP STRUCTURE AND OPERATIONS

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

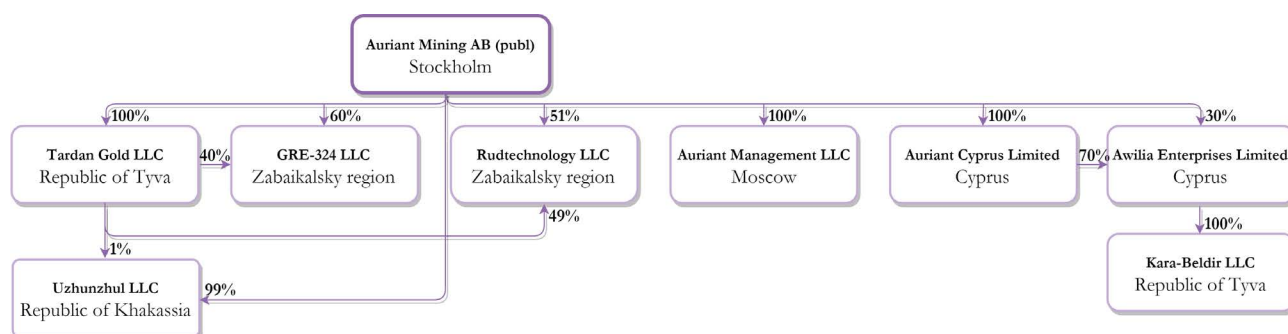
Currently, the Group is comprised of the Swedish Parent Company, AUR AB, which controls six subsidiaries in Russia and participates in two companies incorporated under the laws of Cyprus. The Russian subsidiaries are limited liability companies ("LLC"). The operations involve

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, 2018 was 3,067.

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.	99% owned by AUR AB 1% owned by LLC Tardan Gold
LLC Auriant Management	Moscow, Russia	Management company for the Russian subsidiaries.	100% owned by AUR AB
Awilia Enterprises Ltd.	Limassol, Cyprus	Owner of the operating company, LLC Kara-Beldyr.	30% owned by AUR AB 70% owned by Auriant Cyprus Limited
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 RESOURCES AND RESERVES

Classification	Tonnage	g/t	000 oz	kg
TARDAN				
TARDAN DEPOSIT /GKZ/				
C ₁ + C ₂ Reserves	657,657	5.33	113	3,503
GREATER TARDAN				
PRAVOBEREZHNY DEPOSIT /GKZ/				
C ₁ + C ₂ Reserves	1,280,500	3.53	145	4,525
KARA-BELDYR /JORC/				
Indicated	9,540,000	2.63	807	25,101
Inferred	480,000	3.55	55	1,711
Indicated + Inferred	10,020,000	2.68	862	26,811
SOLCOCON /GKZ/				
BOGOMOLOVSKOE DEPOSIT				
C ₁ + C ₂ Reserves	1,932,963	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	754,000	0.70	17	526
TOTAL AURIANT RESERVES&RESOURCES				
Measured + Indicated + Inferred	10,020,000	2.68	862	26,811
C ₁ + C ₂ Reserves (geological)	4,930,120	4.81	762	23,702
TOTAL RESERVES&RESOURCES	14,950,120	3.38	1,624	50,514
TOTAL ROCK&ALLUVIAL			1,641	51,040

Directors Report 2018

ENVIRONMENTAL 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 envi-

ronmental 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, 2018 was 98,648,502.

The share capital was SEK 8097,956 with a quotient value per share of SEK 0.1125. The share capital limits at the 2018 year-end according to the articles

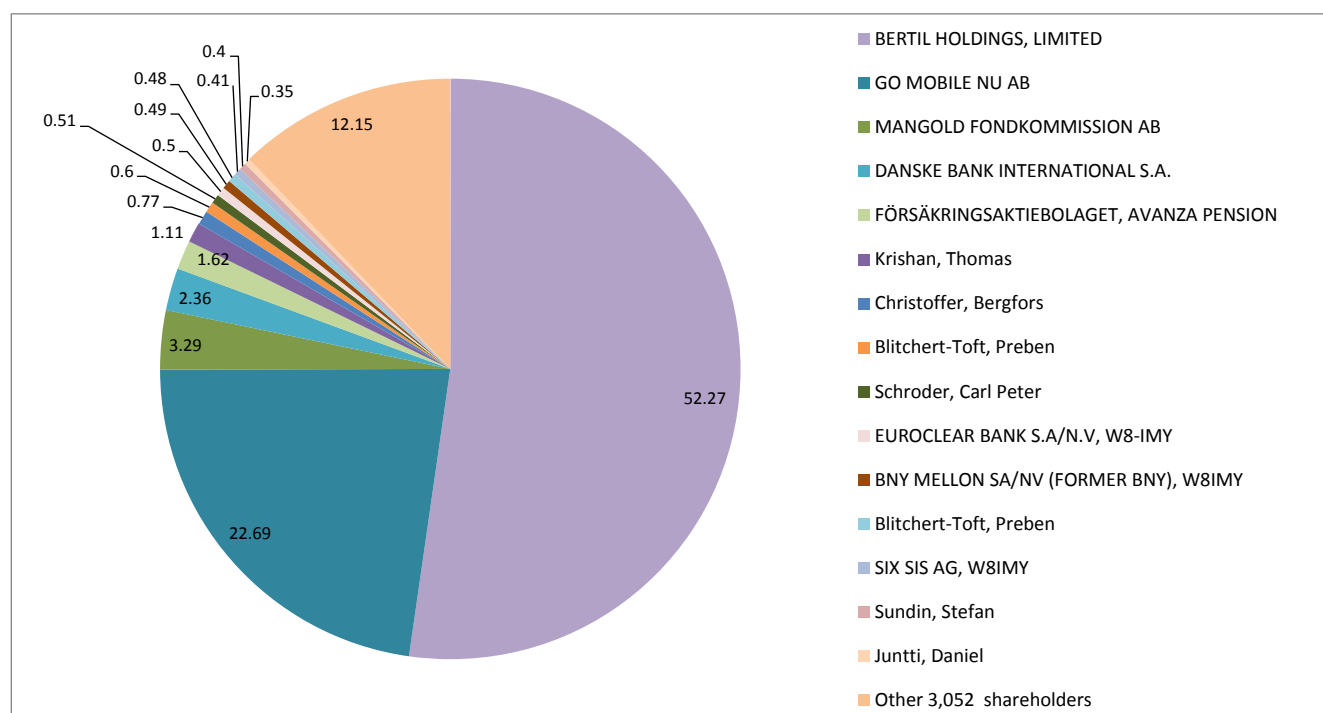
of association were not less than MSEK 5.3 and not more than MSEK 21.3. The limit for number of shares was not less than 47,400,000 and not more than 189,600,000. The number of authorized and fully paid shares at the year-end 2018 is 98,648,502.

LARGEST OWNERS

The 15 largest shareholders in Auriant Mining AB as of December 28, 2018

Shareholder	Number of shares	% share of ownership
BERTIL HOLDINGS, LIMITED	51,563,892	52.27
GO MOBILE NU AB	22,385,103	22.69
MANGOLD FONDKOMMISSION AB	3,249,938	3.29
DANSKE BANK INTERNATIONAL S.A.	2,331,837	2.36
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	1,596,256	1.62
Krishan, Thomas	1,098,384	1.11
Christoffer, Bergfors	758,728	0.77
Blitchert-Toft, Preben	689,000	0.60
Schroder, Carl Peter	500,000	0.51
EUROCLEAR BANK S.A/N.V, W8-IMY	491,512	0.50
BNY MELLON SA/NV (FORMER BNY), W8IMY	482,971	0.49
Blitchert-Toft, Preben	470,000	0.48
SIX SIS AG, W8IMY	400,050	0.41
Sundin, Stefan	392,300	0.35
Juntti, Daniel	350,000	0.35
Subtotal number of the 15 largest owners	86,759,971	87.85
Other 3,052 shareholders	11, 888,531	12.15
Total number of shares outstanding before dilution	98, 648, 502	100

Source: Euroclear



STOCK OPTIONS AND WARRANTS

The Annual General Meeting established an incentive program for the Board Members, members of management and other key employees through 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 2018 was 560,000. 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.

The subscription period for subscription of shares in Auriant Mining AB 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 in April, 2018.

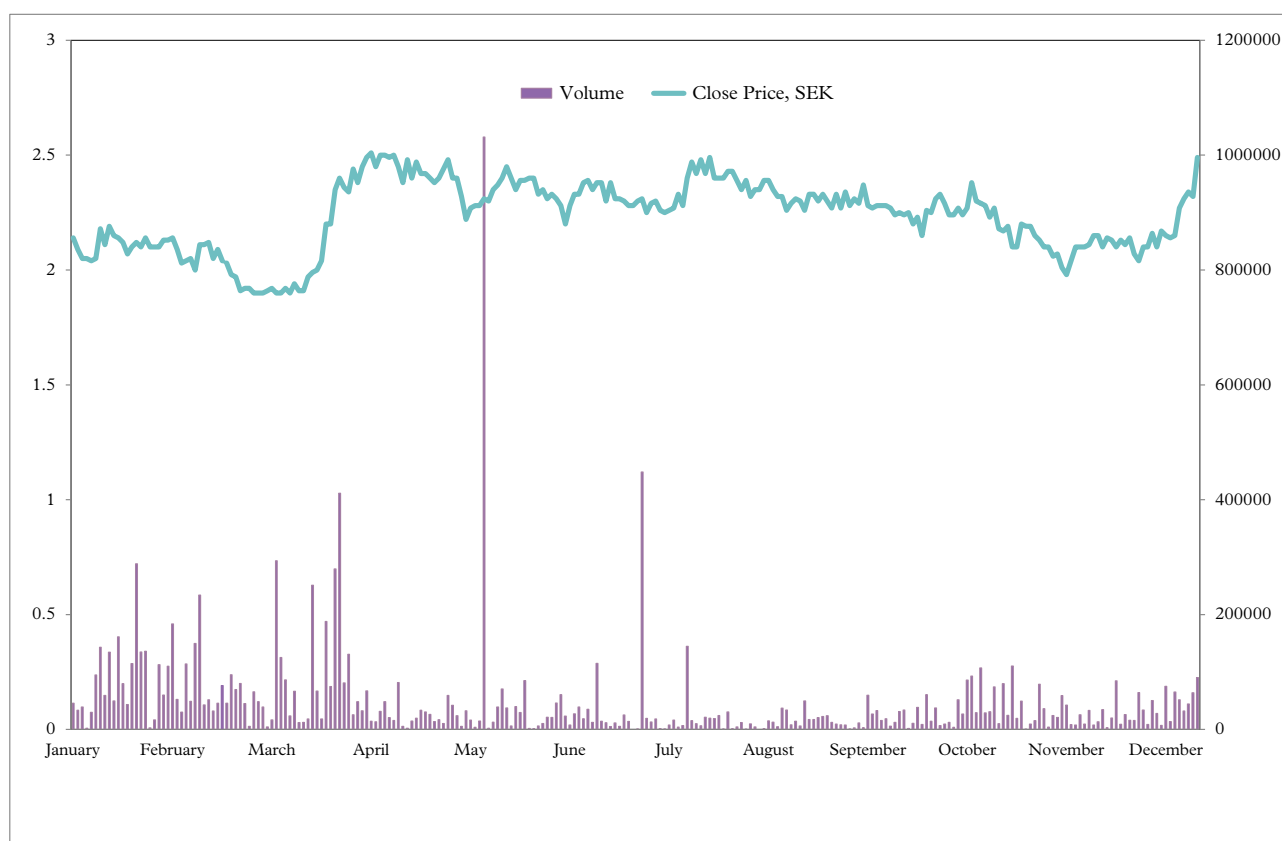
The number of shares subscribed represents approximately 42 per cent of the total number of warrants issued. The warrants not exercised by 30 March 2018 have now lapsed.

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.

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
New share issue	01.09.2010	139,492,384	157,145,509	1.125	1.6	156,928,932	176,788,698
New share issue	14.09.2010	1,732,616	158,878,125	1.125	1.6	1,949,193	178,737,891
New share issue	08.10.2010	1,291,742	160,169,867	1.125	1.7031	1,453,210	180,191,101
New share issue	08.10.2010	3	160,169,870	1.125	1.125	3	180,191,104
Reversed split	20.10.2010	144,152,883	16,016,987	11.25	–	–	180,191,104
New share issue	28.07.2011	1,600,000	17,616,987	11.25	17.50	18,000,000	198,191,104
New share issue via issue of warrants	12.04.2013	185,442	17,802,429	11.25	11.25	2,086,223	200,277,327
Reduction of share capital**	18.09.2015	-	17,802,429	0.1125	–	-198,274,553	2,002,773
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
New share issue	09.04.2018	23,801,320	98,648,502	0.1125	2.50	2,677,648	11,097,956

* 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 18 September 2015, the share capital of the Company amounted to SEK 2,002,773.25

Corporate Governance Report 2018

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 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. Deviations from the Code rules 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

In April 2018 the Company issued 23,801,320 new

shares subscribed for by exercising warrants of series 2017/2018, which were issued in connection with the rights issue in September 2017. There were, as of the end of 2018, in total, 98,648,502 shares in the Company and the same number of votes. There were 3,067 shareholders in the Company as of December 28, 2018. The largest shareholder was Bertil Holdings Ltd with 52.27% of shares. The second largest shareholding was that of GoMobile Nu AB, which held 22.69% 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 of December 28, 2018 totaled SEK 11,097,956.42.

ANNUAL GENERAL MEETING 2018

Auriant's 2018 AGM was held on May 14, 2018 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, Preston Haskell and Patrik Perenius were re-elected to the Board. James Provoost Smith Jr. was re-elected as 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 Annual General Meeting 2018, a total of 71,594,680 shares were represented by 5 shareholders either in person or via proxies. The shares represented comprised 72.58 per cent of the total number of shares in the Company.

ANNUAL GENERAL MEETING IN 2019

The Annual General Meeting of shareholders will be held on Tuesday, May 14, 2019, at Näringslivets Hus, Storgatan 19, Stockholm. The annual report for 2018 is available on the Company's website as of April 23, 2019.

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 14, 2018, 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 2018. 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 to comprise one shareholder for the purposes of the participation in the Nomination Committee. At the earliest convenient date after the end of September 2018, the Chairman of the Board shall contact the three shareholders with the largest number of voting rights, as determined above, and request that they each appoint a member to the Nomination Committee. If any of the three shareholders with the largest number of voting rights decline their right to appoint a member to the Nomination Committee, the shareholder with the next largest number of voting rights 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 that represents the shareholder with the largest number of voting rights 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 the Company reasonable expenses for travel and investigations.

The Nomination Committee for the 2018 AGM was comprised of Lord Peter Daresbury, Chairman of the Board, Ekaterina Drozdova, appointed by the largest shareholder Bertil Holdings Ltd, and Per Åhlgren, appointed by the second largest shareholder GoMobile Nu AB. An opportunity to appoint a member to the Nomination Committee was also offered to the third largest shareholder, which declined its right to appoint a member. The fourth largest shareholder also decided not to appoint a member. The shareholders that appointed members of the Nomination Committee jointly represented more than 64 percent of the voting rights in the Company at the time of formation of the Nomination Committee. The Nomination Committee was duly constituted by the three members appointed as above, and was chaired by Per Åhlgren.

The Nomination Committee works to promote common 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 2018 the Annual General Meeting re-elected Lord Peter Daresbury as Chairman of the Board. During 2018, 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 2018, 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 14, 2018. 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 (owned by the Board member or by his closely related parties)	Stock options in Auriant	Independent of the Company and management	Independent of the major shareholders
Peter Daresbury (Chair)	400,000	110,000	Yes	Yes
Ingmar Haga	0	90,000	Yes	Yes
Preston Haskell	51,563,892	0	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 2018

Name	Position	Present
Peter Daresbury	Chair	8/9
Ingmar Haga	Member	9/9
Preston Haskell	Member	8 ¹ /9
Patrik Perenius ¹	Member	9/9
James Provoost Smith Jr. ²	Deputy Board Member	6/9

¹ Mr. Haskell refrained from participating in one Board meeting due to conflict of interest

² Mr. Smith participated in one Board meeting as deputy for Lord Daresbury. In addition Mr. Smith attended 5 Board meetings without participating in the decisions taken at those meetings.

THE BOARD'S WORK IN 2018

The Board held 9 meetings in 2018, including 5 ordinary meetings with personal attendance and 4 meetings by telephone. In addition, the Board passed 22 resolutions per capsulam, i.e. by correspondence. The important issues dealt with by the Board in 2018, in addition to the approval of the annual financial statements and the interim reports, and approval of the budgets, were as follows:

- The Company's financial position and liquidity
- Strategic decision-making
- Allotment of shares subscribed for by exercising warrants of series 2017/2018
- Extension of the term of the shareholder's loan
- A bridge loan facility from Golden Impala Limited
- A new credit facility from VTB bank
- Approval of other major contracts in accordance with the Chart of Authority, in particular, agreements with contractors and suppliers 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 that require 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 2018, the Remuneration Committee was comprised of Peter Daresbury and Preston Haskell. The Committee was chaired 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.

In 2018, the Remuneration Committee held two meetings. Each member of the Committee attended both meetings.

Finance and Audit Committee

In 2018, the Finance and Audit Committee was comprised of JP Smith and Peter Daresbury. Mr. JP Smith continued to serve as Chairman of the Committee. The members of the Committee have the necessary compe-

tence and experience in accounting matters.

In 2018, the Finance and Audit Committee held two meetings by telephone. Each member of the Committee attended all three meetings.

Technical Committee

In 2018, the Technical Committee was comprised of Ingmar Haga and Patrik Perenius. Mr. Haga continued to serve as Chairman of the Committee. The Committee's task is to advise the remainder of the Board on mining and technical issues.

In 2018, the Technical Committee held three meetings. Each member of the Committee attended all three meetings.

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 2018: 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 2018, the Group's management was comprised of the CEO, deputy CEO, Acting 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 40-41 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 14, 2018 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 country in question and shall also be allowed 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 reviewed every year..

Variable salary

Variable remuneration may include:

- a) monthly variable remuneration, which shall depend on the executive's individual performance;
- b) bonuses, including annual bonuses and one-time bonuses, which shall relate to the Company's return on production results, reserves and production goals, and specific goals within each executive's area of responsibility; and
- c) share and share-price related incentive programs.

The maximum amount of variable remuneration paid in cash shall not exceed one annual Base Salary of the executive in question.

Long-term incentives

The Board of Directors intends to assess, on a regular basis, the need of long-term incentive programs that are to be proposed to the general meeting.

Insurable benefits

Old-age pension, healthcare benefits and medical benefits shall, if applicable, be prepared in a manner that reflects the regulations and practices in the home country. If possible, pension plans shall be defined contribution plans. In individual cases, depending on the tax and/or social insurance laws which apply to the individual in question, 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 portion of the total remuneration. The benefits shall, in addition, correspond to normal benefits provided 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 Group 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 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 2018.

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 14, 2018 re-elected, for a period until the 2019 AGM, the auditing firm Öhrlings PricewaterhouseCoopers AB as the Company's auditors. Since May 2018, the auditor-in-charge at PwC is Authorized Public Accountant Anna Rozhdestvenskaya, who succeeded Martin Johansson in this role.

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 receives weekly production updates and monthly 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 management.

Given its size, the Company has chosen not to estab-

lish 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 2019.

AURIANT DID NOT COMPLY WITH THE FOLLOWING RULES OF THE SWEDISH CORPORATE GOVERNANCE CODE IN 2018: :

Code rule 4.2 provides that deputies for directors elected by the shareholders' meeting are not to be appointed.

The Annual General Meeting 2018 re-elected James Provoost Smith Jr. as Deputy Board Member, in accordance with the Nomination Committee's proposal. The Nomination Committee considered that the Board composition with 4 ordinary board members and 1 deputy board member was appropriate for the Company's operations and phase of development.

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 2018. 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 LOSS DISTRIBUTION

The Group's equity at year-end 2018 amounted to MSEK - 235.8 (US\$ -23.2 mln), of which share capital is MSEK 11.098 (US\$ 1.436 mln).

In the Parent Company the unrestricted shareholders equity amounts to:

	SEK
Share premium reserve	780,425,622
Retained earnings	-636,194,388
Net income for the year	-48,022,000
Total unrestricted equity	96,209,234

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.

Auditor's Report on the Corporate Governance Report

The auditor's report on this Corporate Governance Report is included in the Auditor's Report, presented on page 113-114 of the annual report.



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Operational Key Ratios, SEK

	2018	2017	2016	2015	2014	Definitions
Profitability						
Ore processed, 000 tonnes	219	410	399	474	564	Quantity of ore processed
Tailings processed, 000 tonnes	0	85	63	66	88	Quantity of tailings processed
Gold sands processed, 000 m3	189	106	-	-	379	Volume of gold sands processed
Gold production, oz	13,611	26,023	34,669	26,468	34,689	Gold production obtained during the period (troy oz)
Gold sales, oz	14,147	26,619	33,954	25,698	34,273	Actual sold gold production during the period (troy oz)
Revenue from sale of gold and gold equivalents, TSEK	150,992	286,494	369,053	252,235	297,481	Revenue from sale of gold and gold equivalents
Average realized gold price, US\$/oz	1,228	1,260	1,269	1,161	1,244	Average price received during the period (USD/oz)
Total cash costs per ounce, US\$/oz	1,069	915	577	798	1,187	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	-104,328	-18,919	66,924	-169,396	-194,779	
Return on equity, %	-41.9%	-7.7%	16.6%	-70.0%	-172.9%	Net profit/loss for the period as a percentage of average equity during the period, including minority holdings
Return on total assets, %	-16.0%	-3.4%	9.7%	-29.2%	-19.7%	Net profit/loss for the period as a percentage of average total assets during the period
Capital structure						
Equity, TSEK	-235,836	-185,992	-308,259	-353,810	-156,268	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, TSEK	704,633	635,089	834,727	808,191	745,322	Total interest-bearing liabilities at the end of the period
Equity ratio, %	-41.7%	-34.4%	-51.7%	-66.9%	-22.5%	Equity, including non-controlling interests, as a percentage of the balance sheet total
Cash flow and liquidity						
Cash flow before investments, TSEK	28,814	70,419	149,566	44,264	-32,967	Cash flow from operating activities
Cash flow after investments and financing, TSEK	-28,610	5,811	35,446	-1,938	-13,626	Operating cash flow plus cash flow after investments and financing
Liquid assets, TSEK	10,666	41,730	37,959	361	4,711	Bank deposits and cash at the end of the period
Total assets, TSEK	565,154	540,353	595,681	528,893	695,257	
Investments						
Capital investments, TSEK	96,634	14,312	12,142	3,942	19,510	Net investments in material fixed assets, minus any disinvestments
Employees						
Average number of employees during the period	438	501	508	612	802	
Share data						
Number of outstanding shares before dilution	98,648,502	74,847,182	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 for the period before dilution	92,192,802	35,609,445	17,802,429	17,802,429	17,802,429	Average number of shares for the period including outstanding warrants with a redemption price lower than current stock exchange price.
Number of warrants outstanding	560,000	57,737,253	692,500	2,520,934	1,730,101	Number of non-exercised warrants at the end of the respective period.
Quotient value, SEK	0.11	0.11	0.11	0.11	11.25	Each share's proportion of the total share capital
Earnings per share, SEK	-0.96	-0.54	3.09	-10.03	-7.23	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, SEK	-2.39	-2.48	-17.32	-19.87	-8.78	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	2.49	2.16	7.25	1.85	2.74	Latest market price paid for the shares on the last trading day of the respective period.

Operational Key Ratios, US\$

	2018	2017	2016	2015	2014	Definitions
Profitability						
Ore processed, 000 tonnes	219	410	399	474	564	Quantity of ore processed
Tailings processed, 000 tonnes	0	85	63	66	88	Quantity of tailings processed
Gold sands processed, 000 m3	189	106	-	-	379	Volume of gold sands processed
Gold production, oz	13,611	26,023	34,669	26,468	34,689	Gold production obtained during the period (troy oz)
Gold sales, oz	14,147	26,619	33,954	25,698	34,273	Actual sold gold production during the period (troy oz)
Revenue from sale of gold and gold equivalents, US\$ 000	17,373	33,532	43,080	29,829	42,627	Revenue from sale of gold and gold equivalents
Average realized gold price, US\$/oz	1,228	1,260	1,269	1,161	1,244	Average price received during the period (USD/oz)
Total cash costs per ounce, US\$/oz	1,069	915	577	798	1,187	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	-11,934	-2,157	7,839	-20,378	-26,262	
Return on equity, %	-47.1%	-8.7%	18.5%	-74.5%	-196.0%	Net profit/loss for the period as a percentage of average equity during the period, including minority holdings
Return on total assets, %	-15.0%	-3.2%	9.4%	-27.1%	-17.9%	Net profit/loss for the period as a percentage of average total assets during the period
Capital structure						
Equity, US\$ 000	-23,154	-19,734	-30,398	-39,656	-18,078	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, US\$ 000	78,546	77,147	91,758	96,818	95,057	Total interest-bearing liabilities at the end of the period
Equity ratio, %	-35.0%	-28.8%	-44.1%	-59.5%	-19.7%	Equity, including non-controlling interests, as a percentage of the balance sheet total
Cash flow and liquidity						
Cash flow before investments, US\$ 000	3,417	8,569	17,429	5,113	-5,301	Cash flow from operating activities
Cash flow after investments and financing, US\$ 000	-3,150	1,004	4,140	-609	-1,823	Operating cash flow plus cash flow after investments and financing
Liquid assets, US\$ 000	1,189	5,069	4,173	43	603	Bank deposits and cash at the end of the period
Total assets, US\$ 000	66,126	68,499	68,969	66,652	91,709	
Investments						
Capital investments, US\$ 000	10,773	1,674	1,418	467	2,782	Net investments in material fixed assets, minus any disinvestments
Employees						
Average number of employees during the period	438	501	508	612	802	
Share data						
Number of outstanding shares before dilution	98,648,502	74,847,182	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	92,192,802	35,609,445	17,802,429	17,802,429	17,802,429	Average number of shares for the period including outstanding warrants with a redemption price lower than current stock exchange price.
Number of warrants outstanding	560,000	57,737,253	692,500	2,520,934	1,730,101	Number of non-exercised warrants at the end of the respective period.
Quotient value, US\$	0.02	0.02	0.02	0.02	1.73	Each share's proportion of the total share capital
Earnings per share, US\$	-0.11	-0.06	0.36	-1.21	-0.93	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, US\$	-0.23	-0.26	-1.71	-2.23	-1.02	Total equity, including non-controlling interests, in relation to the number of issued shares at the end of the period.
Market price per share at the end of the period, US\$	0.28	0.26	0.80	0.22	0.35	Latest market price paid for the shares on the last trading day of the respective period.



Comments by the CFO



Dear Stakeholders,

I am pleased to present the consolidated financial statements of the Group for year ended December 31, 2018.

During the first half of 2018, there was no mining activity at Tardan and the gold have been produced from the ore stacked on the heap leach in 2017. In July 2018, the mining operations at Tardan were resumed. Despite this interruption the results of mining activities exactly matched the initial production target for 2018 announced in October 2017: 219,000 tonnes of ore was mined and stacked on the heap leach with an average grade 2.58 g/t (2017 - 2.36 g/t) and gold production at Tardan was 350.4 kg (11,267 oz).

In 2018, alluvial gold production at Solcocon increased by 53% compared to the prior year: 72.9 kg of gold was produced compared to 47.8 kg. Alluvial gold production was interrupted by heavy rainfall and flooding in July 2018. This led to lower actual alluvial gold production for 2018 - 72.9 kg compared to initial forecast of 150 kg. Alluvial gold contractors have already started mining and exploration activities for 2019.

In 2019, Auriant Mining aims to produce 940 kg (30,221 oz) of gold at Tardan both from heap leach and Carbon-In-Leach (CIL) and 90 kg (2,893 oz) of gold at Solcocon. The Company expects to produce a total of 1.03 tonnes (33,114 oz) at Tardan and Solcocon sites in 2019.

Auriant Mining repaid the amount of US\$ 2.0 mln to VTB in line with a repayment schedule in December 2018.

In 2018, the Company agreed with Golden Impala Limited to make available a new unsecured revolving bridging loan facility of US\$ 3 mln, in order to provide short-term working capital during the low production season and to secure continuous funding of the CIL project. In the beginning of December, 2018 the Company drew down US\$ 2 mln from the facility with maturity date of December 31, 2019.

At the end of December, 2018 the Company executed loan agreement with VTB to provide US\$ 4.4 mln (RUB 300 mln)

for construction of the CIL plant with a maturity date of December 31, 2021. In December 2018, the Company drew down US\$ 2.2 mln from the facility.

During the period, the Company was focused on delivering the CIL project. In April 2018, the Company issued new shares through the warrant programme and raised US\$ 7.1 mln of new capital before transaction costs, of which, US\$ 3.7 mln was subscribed through the set off of shareholder debt and US\$ 3.4 mln was raised on a cash basis. Also, in April 2018 the Company raised US\$ 3.0 mln of lease financing for acquisition of CIL key equipment.

The Company's EBITDA for 2018 was US\$ -1.7 mln compared to US\$ 9.0 mln in prior year. The decrease was caused by a lower gold production and as a result lower gold sales volumes over the period. The average realized gold price per ounce was 2.5% lower than in previous year: US\$ 1,228 in 2018 (US\$ 1,260 in the previous period). However, operating cash flow for the period was positive and amounted to US\$ 3.4 mln, including US\$ 1.7 mln related to proceeds from Solcocon equipment sale in 2017. In 2018 the Company's management succeeded in reduction of Tardan cash production costs by 42% and Group's interest expenses by 28% compared with 2017.

Acting Chief Financial Officer
Marina Makarova

Consolidated income statement

	Note	2018 TSEK	2017 TSEK	2018 US\$000*	2017 US\$000*
Revenue	1	150,992	286,494	17,373	33,532
Cost of sales	2	-186,509	-268,381	-21,449	-31,420
Gross profit		-35,517	18,113	-4,076	2,112
General and administrative expenses	5	-20,918	-21,064	-2,417	-2,447
Other operating income	3	4,506	27,628	467	3,288
Other operating expenses	3	-2,973	-2,379	-347	-278
Items affecting comparability (Impairment of assets)	6	-	-2,493	-	-292
Operating profit/(loss)		-54,902	19,805	-6,373	2,383
Financial income	7	45	8,920	5	1,034
Financial expenses	8	-49,471	-47,644	-5,566	-5,574
Profit/(Loss) before income tax		-104,328	-18,919	-11,934	-2,157
Income tax	9	15,869	-192	1,831	-28
Net profit/(loss) for the period		-88,459	-19,111	-10,103	-2,185
Whereof attributable to:					
The owners of the parent company		-88,459	-19,111	-10,103	-2,185
Earnings per share before dilution (SEK, US\$)	18	-0.96	-0.54	-0.11	-0.06
Earnings per share after dilution (SEK, US\$)		-0.96	-0.54	-0.11	-0.06
Number of shares issued at period end		98,648,502	74,847,182	98,648,502	74,847,182
Average number of shares for the period		92,192,802	35,609,445	92,192,802	35,609,445
Average number of shares for the period after dilution		92,752,802	35,609,445	92,752,802	35,609,445

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

Consolidated statement of comprehensive income

	2018 TSEK	2017 TSEK	2018 US\$000*	2017 US\$000*
Net profit/loss for the period	-88,459	-19,111	-10,103	-2,185
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Translation difference	-18,927	33,487	-181	-768
Total comprehensive income for the period	-107,386	14,376	-10,284	-2,953

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

Consolidated statement of financial position

	Note	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 US\$000*	31-12-2017 US\$000*
ASSETS					
NON-CURRENT ASSETS					
Intangible fixed assets					
Mining permits and capitalised exploration costs	10	172,038	164,186	23,016	23,460
Tangible fixed assets					
Buildings and land	11	60,292	61,600	6,720	7,482
Machinery, equipment and other technical plant	12	82,941	86,229	9,230	10,452
Construction in progress	13	100,590	10,537	11,215	1,280
		243,823	158,366	27,165	19,214
Stripping assets		23,171	24,264	2,583	2,947
Deferred taxes recoverable**	9	50,434	36,288	4,926	3,777
Total non-current assets		489,466	383,104	57,690	49,397
CURRENT ASSETS					
Inventories	15	33,663	61,116	3,753	7,425
Accounts receivable trade	21	1,208	15,312	133	1,860
Other current receivables	16	28,394	27,081	3,165	3,288
Prepaid expenses	16	1,757	12,010	196	1,460
Cash and bank holdings	17	10,666	41,730	1,189	5,069
Total current assets		75,688	157,249	8,436	19,102
TOTAL ASSETS		565,154	540,353	66,126	68,499
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	11,098	8,420	1,436	1,117
Additional paid in capital		553,720	498,856	79,160	72,615
Translation difference reserve		-140,970	-122,043	-13,859	-13,678
Retained earnings		-659,684	-571,225	-89,891	-79,788
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		-235,836	-185,992	-23,154	-19,734
TOTAL EQUITY		-235,836	-185,992	-23,154	-19,737
NON-CURRENT LIABILITIES					
Deferred tax**	9	-	2,422	-	294
Provisions	19	6,072	5,757	677	699
Bank loans and other notes	20	254,330	278,167	28,350	33,790
Debt to shareholder	20	307,891	307,128	34,321	37,308
Other long-term liabilities	26	87,062	82,008	9,705	9,963
Total non-current liabilities		655,355	675,482	73,053	82,054
CURRENT LIABILITIES					
Trade and other accounts payable	22	13,478	7,081	1,495	861
Bank loans payable	20	67,935	16,464	7,573	2,000
Shareholder loans payable	20	18,101	-	2,018	-
Other current liabilities	23	46,121	27,318	5,141	3,318
Total current liabilities		145,635	50,863	16,227	6,179
TOTAL EQUITY AND LIABILITIES		565,154	540,353	66,126	68,499

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

** For presentation purposes, deferred tax assets and deferred tax liabilities have been offset at subsidiary 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					Non-controlling interest	Total equity
	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings			
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
Comprehensive income							
Net profit /loss for the period	-	-	-	-88,459	-	-	-88,459
Other comprehensive income	-	-	-18,927	-	-	-	-18,927
Total comprehensive income for the period	-	-	-18,927	-88,459	-	-	-107,386
Transactions with owners in their capacity as owners							
Proceeds from share issued	2,678	54,855	-	-	-	-	57,533
Warrants and options issue	-	9	-	-	-	-	9
Total transactions with owners in their capacity as owners	2,678	54,864	-	-	-	-	57,542
Equity as at December 31, 2018	11,098	553,720	-140,970	659,684	-	-	-235,836

Consolidated statement of changes in equity

All amounts in US\$000*	Attributable to the shareholders of the parent company					Non-controlling interest	Total equity
	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings			
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
Comprehensive income							
Net profit/loss for the period	-	-	-	-10,103	-	-	-10,103
Other comprehensive income	-	-	-181	-	-	-	-181
Total comprehensive income for the period	-	-	-181	-10,103	-	-	-10,284
Transactions with owners in their capacity as owners							
Proceeds from share issued	319	6,544	-	-	-	-	6,863
Warrants and options issue	-	1	-	-	-	-	1
Total transactions with owners in their capacity as owners	319	6,545	-	-	-	-	6,864
Equity as at December 31, 2018	1,436	79,160	-13,859	-89,891	-	-	-23,154

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

Consolidated cash flow statement

	2018 TSEK	2017 TSEK	2018 US\$000*	2017 US\$000*
OPERATING ACTIVITIES				
Receipts from customers	153,760	283,509	17,630	33,540
VAT and other reimbursement	38,585	43,274	4,462	5,112
Payments to suppliers	-92,959	-154,304	-10,560	-18,110
Payments to employees and social taxes	-56,549	-78,307	-6,499	-9,172
Income tax paid	-499	-687	-58	-79
Other taxes paid	-13,524	-23,066	-1,558	-2,723
Net cash flows from/used in operating activities	28,814	70,419	3,417	8,569
INVESTING ACTIVITIES				
Purchase and construction of property plant and equipment	-67,070	-14,360	-7,621	-1,716
Interest capitalised in construction	-2,806		-315	
Exploration and research work	-5,752	-8,777	-669	-1,038
Purchases of financial assets	-	-2,206	-	-271
Net cash flows used in investing activities	-75,628	-25,343	-8,605	-3,025
FINANCING ACTIVITIES**				
Proceeds from borrowings, net	38,744	-	4,285	-
Receipts from share issue	27,214	51,158	3,173	6,178
Repayment of borrowings, net	-18,644	-47,364	-2,062	-5,608
Interest paid	-27,167	-29,349	-3,126	-3,486
Lease payments	-1,795	-8,443	-213	-978
Transaction costs arising on share issue	-647	-5,267	-76	-646
Other finance income/expenses	499	-	57	-
Net cash flow from/used in financing activities	18,204	-39,265	2,038	-4,540
Net increase/(decrease) in cash and cash equivalents	-28,610	5,811	-3,150	1,004
Net foreign exchange difference	1,317	-2,039	-730	-108
Opening balance cash and cash equivalents	37,959	37,959	5,069	4,173
Closing balance cash and cash equivalents	10,666	41,730	1,189	5,069

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

**For more information please refer to Note 28.

Parent Company income statement

	Note	2018 TSEK	2017 TSEK	2018 US\$000*	2017 US\$000*
Income					
Other operating income	3	720	1,342	83	157
Operating costs					
External expenses	5	-5,511	-5,274	-634	-617
Employee benefit expenses	4	-2,960	-2,304	-341	-270
Operating result		-7,751	-6,235	-892	-730
Financial income	7	16,976	38,642	1,953	4,522
Financial expenses	8	-57,247	-16,809	-6,587	-1,967
Result after financial items		-48,022	15,598	-5,526	1,825
Tax on this year's result	9	-	-	-	-
Result for the year		-48,022	15,598	-5,526	1,825

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

Parent Company statement of comprehensive income

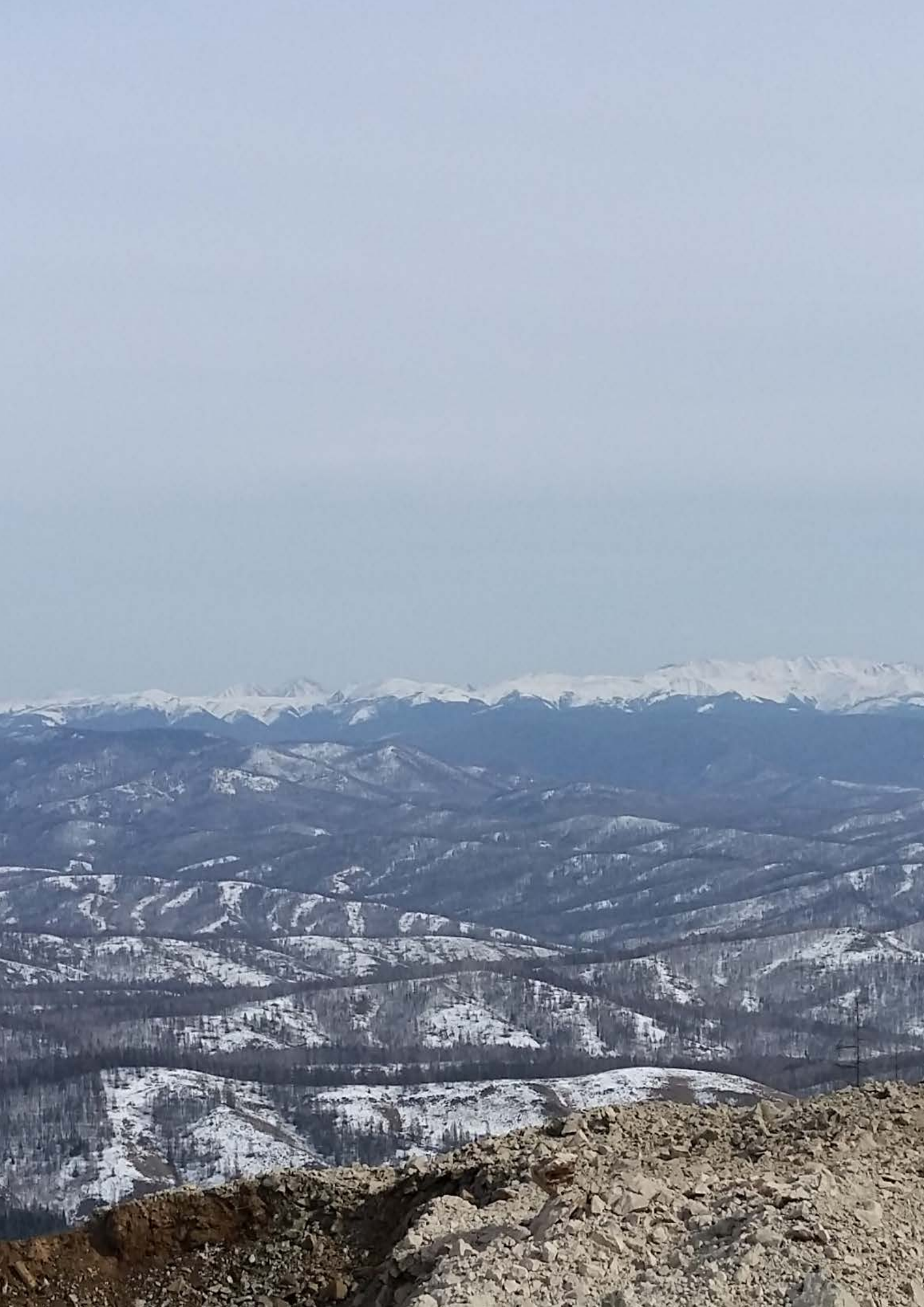
	Note	2018 TSEK	2017 TSEK	2018 US\$000*	2017 US\$000*
Net result for the year		-48,022	15,598	-5,526	1,825
Other comprehensive income					
Translation differences				-3,920	2,338
Total comprehensive income for the year		-48,022	15,598	-9,446	4,163

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

Parent Company statement of financial position

	Note	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 US\$000*	31-12-2017 US\$000*
ASSETS					
NON-CURRENT ASSETS					
Financial non-current assets					
Investments in subsidiaries	14	543,529	543,520	60,587	66,023
Loans to subsidiaries	24	193,584	161,932	21,579	19,671
Total non-current assets		737,113	705,452	82,166	85,694
CURRENT ASSETS					
Other current receivables	16	1,001	1,697	112	206
Prepaid expenses	16	190	187	21	23
Cash and cash equivalents	17	175	257	20	31
Total current assets		1,366	2,141	153	260
TOTAL ASSETS		738,479	707,594	82,319	85,954
EQUITY AND LIABILITIES					
EQUITY					
Restricted equity					
Share capital		11,098	8,420	1,436	1,117
Statutory reserve		266,306	266,306	40,872	40,872
Total restricted equity		277,404	274,726	42,308	41,989
Unrestricted equity					
Share premium reserve		780,426	725,562	113,954	107,409
Translation difference		-	-	-9,491	-5,571
Retained earnings		-636,195	-651,793	-99,598	-101,423
Net result for the year		-48,022	15,598	-5,526	1,825
Total unrestricted equity		96,209	89,367	-661	2,239
TOTAL EQUITY		373,613	364,093	41,467	44,228
NON-CURRENT LIABILITIES					
Long-term loans	21	307,891	325,810	34,321	39,577
Total non-current liabilities		307,891	325,810	34,321	39,577
CURRENT LIABILITIES					
Trade and other accounts payable	22	1,214	1,010	135	122
Short-term loans	21	18,101	-	2,018	-
Other short-term liabilities	23	37,660	16,681	4,198	2,027
Total current liabilities		56,975	17,691	6,351	2,149
TOTAL EQUITY AND LIABILITIES		738,479	707,594	82,319	85,954

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



Parent company statement of changes in equity

All amounts in TSEK	Restricted Equity		Unrestricted Equity				Total equity
	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings	Net income for the period	
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	-	-651,793	15,598	364,093
Profit/loss brought forward	-	-	-	-	15,598	-15,598	-
Comprehensive income							
Net profit/loss for the period	-	-	-	-	-	-48,022	-48,022
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-48,022	-48,022
Transactions with owners in their capacity as owners							
Proceeds from share issued	2,678	-	54,855	-	-	-	57,533
Warrants and options issue	-	-	9	-	-	-	9
Total transactions with owners in their capacity as owners	2,678	-	54,864	-	-	-	57,542
Equity as at December 31, 2018	11,098	266,306	780,426	-	-636,195	-48,022	373,613

Parent company statement of changes in equity

All amounts in US\$000*	Restricted Equity		Unrestricted Equity				Total equity
	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings	Net income for the period	
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
Profit/loss brought forward	-	-	-	-	1,825	-1,825	-
Comprehensive income							
Net profit/loss for the period	-	-	-	-	-	-5,526	-5,526
Other comprehensive income	-	-	-	-3,920	-	-	-3,920
Total comprehensive income for the period	-	-	-	-3,920	-	-5,526	-9,446
Transactions with owners in their capacity as owners							
Proceeds from share issued	319	-	6,544	-	-	-	6,864
Warrants and options issue	-	-	1	-	-	-	1
Total transactions with owners in their capacity as owners	319	-	6,545	-	-	-	6,865
Equity as at December 31, 2018	1,436	40,872	113,954	-9,491	-99,598	-5,526	41,647

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

Parent company cash flow statement

	2018 TSEK	2017 TSEK	2018 US\$000*	2017 US\$000*
OPERATING ACTIVITIES				
Receipts from customers	1,536	1,621	174	198
VAT and other reimbursement	554	727	64	87
Payments to suppliers	-6,153	-6,881	-718	-778
Payments to employees and Board Members	-2,842	-2,532	-328	-297
Income tax paid	-	-	-	-
Other taxes paid	-	-	-	-
Net cash flows from/(used in) operating activities	-6,905	-7,065	-808	-791
INVESTING ACTIVITIES				
Borrowings given	-34,443	-22,097	-3,874	-2,706
Net cash flows used in investing activities	-34,443	-22,097	-3,874	-2,706
FINANCING ACTIVITIES**				
Proceeds from borrowings	18,055	-	1,997	-
Receipts from share issue	27,224	51,158	3,173	6,178
Repayment of borrowings	-	-16,481	-	-2,000
Interest paid	-1,375	-	-158	-
Transaction costs arising on share issue	-644	-5,267	-76	-646
Other finance income/expenses (arrangement fee to Golden Impala)	-1,789	-	-210	-
Net cash from/(used in) financing activities	41,472	29,410	4,726	3,532
Net increase/(decrease) in cash and cash equivalents	124	248	44	34
Net foreign exchange difference	-206	-48	-55	-9
Opening balance cash and cash equivalents	257	57	31	6
Closing balance cash and cash equivalents	175	257	20	31

*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 3,067 shareholders.

The Board of directors approved these consolidated accounts for publication on April 23, 2019.

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 2018 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 be liquidated 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. 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.

Changes in the Group’s interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is

calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. The Group has no goodwill as of December 31, 2018 (December 31, 2017 - nil).

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

(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:

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

Goodwill and adjustments to the fair value arising upon the acquisition of a foreign company are treated as assets and liabilities attributable to 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, 2018 the closing rate of 8.8573 SEK per US\$ (8.2322 SEK per US\$ at December 31, 2017) was applied. Income and expenses were translated using the average rates of SEK per US\$: 8.1068 for Q1 2018, 8.6674 for Q2 2018, 8.9488 for Q3 2018 and 9.0417 for Q4 2018 (8.9229, 8.7999, 8.1371 and 8.3155 for 2017 respectively).

(c) 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 when or as a performance obligation is satisfied, i.e. when control of the goods produced underlying the particular performance obligation is transferred to the customer.

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.

(d) 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

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

(e) Current and deferred income tax

The income tax expense for the period represents the sum of the tax currently payable 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.

(f) 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.

(g) Employee incentive programs

From 2013 the Group implemented employee incentive programs. Refer to Note 18 for details. Incentive programs consist 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.

(h) 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 impaired 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).

(i) 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.

(j) 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, 2018, the Group recognised the stripping assets in an amount of MSEK 23.171 (US\$ 2.583 m) (December 31, 2017: MSEK 24.264 (US\$ 2.947 m)).

(k) 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, permits 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.

(I) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets include cash and cash equivalents, accounts receivable, shares and participations, loan claims and derivative instruments. Financial assets are classified into three valuation categories: measured at "fair value through profit or loss" (FVTPL), "fair value through other comprehensive income" (FVTOCI) and "amortised cost".

Fair value through profit or loss:

Assets included in this category are financial assets that do not meet the requirements for valuation at amortized cost or at fair value through other comprehensive income. Financial assets and liabilities held for trading are always classified as "Financial assets at fair value through profit or loss" as well as financial assets that are managed and evaluated based on fair values. Holdings in this category are reported as short-term investments if their term to maturity on the acquisition date is less than three months and as "Other interest-bearing current receivables" if the term to maturity is between three and twelve months. Derivative instruments, except where used for hedge accounting, are included in this

category as well. Assets in this category are valued regularly at fair value and changes in value are reported in the income statement. Derivative instruments taken up in respect of business-related items are reported in the operating profit, while derivative instruments of a financial nature are reported in financial items. Assets in this category are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.

Amortized cost:

Financial assets found in this category have a business model to receive contractual cash flows and the contractual cash flows are payments only of principal and interest. Loans and receivables, investments and accounts receivable are financial assets that can be found in this category. The claims arise when cash, goods or services are provided directly to the debtor without an intention of trading in the receivables. Assets in this category are valued at amortized cost. The amortized cost is determined based on the effective interest rate, which is calculated on the acquisition date. Accounts receivable with a maturity of less than 12 months are not recognized at amortized cost, but at the amount that are expected to be received, net after deduction of impairment. They are included in Current assets, except for items with a maturity in excess of 12 months after the closing date, which are reported as Fixed assets.

Fair value through other comprehensive income:

Financial assets (debt instruments) found in this category have a business model to both receive contractual cash flows and sell the asset and the contractual cash flows are payments only of principal and interest. Assets in this category are valued regularly at fair value with changes in value in other comprehensive income. Upon removal of the investments from the balance sheet, any accumulated profit or loss previously reported in comprehensive income is reversed to the income statement. They are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets. The group held no instruments in this category during 2018.

At initial recognition, it is allowed to irrevocably classify equity instruments (shares) that are not held for trading purposes, or fair value through other comprehensive income. The group applies this for unlisted shares.

Accounting principles applicable until December 31, 2017 - Valuation categories

Financial assets are classified in four valuation categories: "Financial assets at fair value through profit and loss", "held to maturity investments", "loans and receivables" and "available for sale financial assets".

Fair value through profit and loss:

Assets that are acquired primarily in order to enjoy profits upon short-term price fluctuations, holdings for trading, are classified as "Financial assets at fair value through profit and loss" and reported as short-term investments if their term to maturity on the acquisition date is less than three months and as "Other interest-bearing current receivables" if the term to maturity is between three and twelve months. Derivative instruments are classified as holdings for trading except where used for hedge accounting. Assets

in this category are valued regularly at fair value and changes in value are reported in the income statement. Derivative instruments taken up in respect of business-related items are reported in the operating profit, while derivative instruments of a financial nature are reported in financial items. Assets in this category are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.

Held to maturity investments:

Assets with a fixed maturity date and which are intended to be held until maturity are classified as “held to maturity investments” and reported as financial non-current assets, except those parts that mature within twelve months; these are reported as “Other interest-bearing current receivables”. Assets in this category are valued at amortized cost. The amortized cost is determined based on the effective interest rate, which is calculated on the acquisition date.

Loans and receivables:

Loans and receivables are financial assets that are not derivative instruments, which have fixed or determinable payments and which are not listed on an active market. The claims arise when cash, goods or services are provided directly to the debtor without an intention of trading in the receivables.

Just as with the preceding category, assets in this category are valued at the amortized cost. They are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets. Accounts receivable are reported at the amount that is expected to be received, i.e. after impairment.

Financial assets available for sale:

Financial assets without a fixed term to maturity but which can be sold should liquidity needs arise or upon changes in interest rates are classified as “available for sale”. Assets in this category are valued regularly at fair value with changes in value in other comprehensive income. Upon removal of the investments from the balance sheet, any accumulated profit or loss previously reported in comprehensive income is reversed to the income statement. They are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets. The group held no instruments in this category during 2017.

Impairment of financial assets

In accordance with IFRS 9, the Group evaluates at each reporting period whether there is any objective evidence that financial assets measured at amortised cost are impaired under an expected credit loss model.

The Group always recognises lifetime expected credit losses (“ECL”) for its trade and other receivables (the “simplified approach” under IFRS 9) and updates this expectation at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the

forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological

environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per the globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

If there is objective evidence that impairment losses on financial assets measured at amortised cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

When impairment is recognised, the carrying amount of the financial asset is reduced by an allowance for doubtful accounts and impairment losses are recognised in profit or loss. The carrying amount of financial assets measured at amortised cost is directly reduced for the impairment when they are expected to become uncollectible in the future and all collateral is implemented or transferred to the Group. If, in a subsequent period, the amount of the impairment loss provided changes due to an event occurring after the impairment was recognised, the previously recognised impairment losses are adjusted through the allowance for doubtful accounts.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense, respectively, over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments, as applicable, through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets designated as at FVTPL.

Financial liabilities

All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortised cost are measured at cost after deducting transaction costs that are directly attributable to the financial liabilities.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for derivatives measured at fair value through profit or loss. The Group determines

the classification at initial recognition.

After initial recognition, financial liabilities are measured based on the classification as follows:

- Financial liabilities measured at amortised cost are measured at amortised cost using the effective interest method. Amortisation under the effective interest method and gains or losses on de-recognition are recognised as profit or loss in the consolidated statement of income.
- Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as measured at fair value through profit or loss at initial recognition; The net gain or loss recognised in the consolidated statement of profit or loss incorporates any interest paid on the financial liability and is included in the Gain / (loss) on derivative financial instruments and investments, net.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised within Finance cost.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(m) 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”.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The Group reviews its site restoration provisions annually. The provisions for site restoration 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.

(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.

CHANGES IN ACCOUNTING PRINCIPLES APPLIED FROM JANUARY 1, 2018

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

IFRS 9 Financial Instruments

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

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

IFRS 15 Revenue from contracts with customers

This standard applies commencing from January 1, 2018. The Group applies IFRS 15 from January 1, 2018. IFRS 15 is the new standard for revenue recognition and replaces IAS 18 Revenue and IAS 11 Construction Contracts and all the relevant interpretations (IFRIC and SIC). The new standard is based on the principle that revenue is recognized when control of a good or

service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

Auriant has evaluated its contracts with its current customers and concluded that it has no significant impact on the Group due to the revenue cycle specifics and therefore no adjustments to the opening balance of equity has been made.

UPCOMING CHANGES IN ACCOUNTING PRINCIPLES APPLICABLE FROM JANUARY 1, 2019

IFRS 16 Leasing

This standard is applied from January 1, 2019. The Group applies the standard from January 1, 2019. IFRS 16 mainly affects lessee accounting and the main impact is that all leases that are currently recognized as operating leases will be recognized in a way that resembles the existing recognition of finance leases, i.e. a right-of-use asset and a leasing liability are recognized. IFRS 16 will replace current IFRS standards related to accounting of lease agreements, such as IAS 17, Leases as well as IFRIC 4, Determining Whether an Arrangement Contains a Lease.

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

IFRS 16 primarily affects the accounting for lessees and the main effect is that almost all lease agreements that are currently reported as operational leases are reported in a manner similar to the current accounting of financial leases, i.e. a Right-of-use asset and a Leasing liability is recognized.

Exception from the new principles that the group is applying is applicable for lease agreements with low value (assets of a value less than US\$ 5 thousand or approximately SEK 50 thousand), and leases where no right-of-use asset or leasing liability with remaining term of twelve months or less. These assets shall not be included when determining the liability or right-of-use asset in the Balance Sheet.

As of December 31, 2018 the Group financial leases assets amounted to SEK 309 mln (US\$ 34 mln) and as of December 31, 2017: SEK 93 mln (US\$ 10 mln).

An assessment performed by the Group indicates that the Group had no substantial leases except for the leases already recognised as financial. As a result of the exception rules applied under IFRS 16, there will be no effect on the Group's consolidated financial statements as of January 1, 2019.

The parent company will apply the exception rules according to RFR 2 and will not apply IFRS 16. The Parent company did not have any leasing contracts as of December 31, 2018 and December 31, 2017.

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, 2018. 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 10-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 1,200 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 are that no impairment is required at year-end 2018 for Tardan.

In 2015, the Group reported an impairment provision of intangible assets at Solcocon in an amount of MSEK 69.855 (US\$ 8.545 mln) as at December 31, 2015. In 2015, production at the Solcocon was temporarily terminated. In 2017-2018 hard rock gold production at Solcocon was put on hold. Taking into account the new data on the results of work in 2017 and the recalculation of the reserves on 2018 of the Bogomolvskoye and Kozlovskoye deposits using block models, a geological exploration program for 2019-2020 within the Bogomolvsky ore field was complicated. The Group management is looking at various options for Solcocon and these could result in a reverse of the impairment 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 performed as at December 31, 2018 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 the sale of gold of MSEK 150.992 (US\$ 17.373 mln) in 2018 and MSEK 286.494 (US\$ 33.532 mln) in 2017 was generated by the Russian entities of the Group. No revenue was generated in Sweden. In 2018 the Group had two customers for gold and gold equivalents – the Russian banks, Promsvyazbank and VTB as in prior year. Alluvial gold production at Solcocon in July was interrupted by heavy rainfall that is why Solcocon was not able to meet an initial 2018 gold production forecast.

	Group		Group	
	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000
Revenue from sale of hard rock gold	128,951	272,435	14,837	31,887
Revenue from sale of alluvial gold	22,041	14,059	2,536	1,645
TOTAL REVENUE FROM SALE OF GOLD AND GOLD EQUIVALENTS	150,992	286,494	17,373	33,532

NOTE 2

COST OF SALES

	Group		Group	
	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000
External expenses	25,492	58,941	2,946	6,899
Employee benefit expenses	40,978	55,349	4,715	6,479
Materials	34,627	54,973	3,984	6,434
Taxes	10,678	19,054	1,229	2,230
Alluvial operator costs	14,586	9,392	1,678	1,099
Depreciation, amortization and write downs	40,697	54,266	4,659	6,359
Change in stripping asset	-1,282	10,603	-148	1,241
Change in stock of finished and semi-finished goods	20,733	5,803	2,386	679
TOTAL COST OF SALES	186,509	268,381	21,449	31,420

Temporarily halting of mining operations at Tardan in the first half of 2018 and at Solcocon in the second quarter of 2018 due to heavy rainfall resulted in significant reduction of cash expenses by 36% or by MSEK 71,3 (US\$ 8.6 mln). Employee benefit expenses, Material and Taxes, mostly Mineral Extraction Tax (MET), declined as a result of decreased production and sales volumes in 2018 compared to 2017. Cash expenses reduced almost pro rata to revenue. Non-cash expenses (change in stripping asset and change in stock of finished and semi-finished goods) were also driven in line with mining activity.

In 2018, the Company engaged two contractors working on different sites at Solcocon, on the basis of 77% and 83% split of gold sales. One contractor was involved in 2017. Alluvial operator costs increased by 55% in line with volume production growth by 53% at Solcocon, compared to the prior period: 72.9 kg of gold was produced compared to 47.8 kg.

NOTE 3

OTHER INCOME AND EXPENSES

	Group		Parent Company		Group		Parent Company	
	2018 TSEK	2017 TSEK	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000	2018 US\$000	2017 US\$000
Other operating income								
Reversal of impairment provision	1,675	3,173	-	-	193	371	-	-
Services to contractors (rent, accommodation services, other)	644	11,433	-	-	74	1,338	-	-
Penalty to Urumkan	377	-	-	-	43	-	-	-
Social security expenses reimbursement	209	-	-	-	24	-	-	-
Sales of Solcocon's equipment and vehicles	-	12,112	-	-	-	1,471	-	-
Reversal of site restoration reserve	-	642	-	-	-	75	-	-
Consulting services to subsidiary	-	-	720	1,342	-	-	83	157
Other	1,601	268	-	-	133	33	-	-
TOTAL OTHER OPERATING INCOME	4,506	27,628	720	1,342	467	3,288	83	157

Reversal of impairment provision

Reversal of impairment provision in 2018 related to impaired equipments and machinery in LLC GRE 324 in 2015 that have been sold in 2018.

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 mln) (excl. VAT). This equipment was previously the subject of lease arrangements with LLC Uryumkan. The Company used money from this transaction to finance operating activities at Tardan during 2018.

Services to contractors

In 2018 services to contractors decreased significantly as property that was rented by LLC Urumkan have been sold out to that contractor.

	Group		Parent Company		Group		Parent Company	
	2018 TSEK	2017 TSEK	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000	2018 US\$000	2017 US\$000
Other operating expenses								
Provision for site restoration	-702	-	-	-	-81	-	-	-
Sponsorship fees	-396	-424	-	-	-46	-50	-	-
Write-off fixed assets	-321	-83	-	-	-37	-10	-	-
Bank fees	-221	-682	-	-	-25	-80	-	-
Penalties from suppliers and tax authorities	-196	-337	-	-	-23	-39	-	-
Bad debt expenses, shortage of materials write-off	-64	-261	-	-	-7	-31	-	-
Provision for tax court proceedings	-	-95	-	-	-	-11	-	-
Other	-1,073	-497	-	-	-128	-57	-	-
TOTAL OTHER OPERATING EXPENSES	-2,973	-2,379	-	-	-347	-278	-	-

Provision for site restoration

Increase of site restoration provision in 2018 relates to the re-estimation of costs required to eliminate the impact on the environment caused by the mining activities, mainly due to price growth for future works.

Bank fees

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

Provision for 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 BENEFITS

	Group		Parent Company		Group		Parent Company	
	2018 TSEK	2017 TSEK	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000	2018 US\$000	2017 US\$000
Salaries and remuneration in Sweden								
Board of Directors	1,553	1,417	1,550	1,398	178	166	178	164
<i>including stock options and warrants</i>	3	18	-	-	-	2	-	-
Other employees	775	775	775	354	90	93	90	42
<i>including CEO</i>	144	144	144	144	17	17	17	17
	2,328	2,191	2,325	1,752	268	259	268	206
Salaries and remuneration in Russia								
CEO	1,701	1,789	-	-	195	208	-	-
<i>including stock options and warrants</i>	3	9	-	-	-	1	-	-
Senior executives	1,645	1,685			189	197		
<i>including stock options and warrants</i>	2	18			-	2		
Other employees	37,425	49,295	-	-	4,309	5,773	-	-
<i>including stock options and warrants</i>	1	-82	-	-	-	-9	-	-
	40,771	52,769	-	-	4,693	6,178	-	-
Total salaries and remuneration	43,099	54,960	2,325	1,752	4,961	6,437	268	206
Social security expenses in Sweden								
Board of Directors	363	337	363	337	42	39	42	39
Other employees	272	270	272	215	30	31	31	25
<i>including CEO</i>	45	45	45	45	5	5	5	5
<i>including pension expenses</i>	23	23	23	23	3	3	3	3
	635	607	635	552	72	70	73	64
Social security expenses in Russia								
CEO	279	313	-	-	32	37	-	-
<i>including pension expenses</i>	31	28			4	3		
Senior executives	330	345	-	-	38	40	-	-
<i>including pension expenses</i>	125	113			14	13		
Other employees	9,930	12,826	-	-	1,142	1,500	-	-
<i>including pension expenses</i>	7,970	11,048			917	1,293		
	10,539	13,484	-	-	1,212	1,577	-	-
Total social security expenses	11,174	14,091	635	552	1,284	1,647	73	64
Total employee benefit expenses	54,273	69,051	2,960	2,304	6,245	8,084	341	270

Remuneration and other benefits of the Board* and Senior executives

	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000
Board of directors				
Lord Daresbury (Peter), Chairman of the Board	452	472	50	55
Preston Haskell	275	258	32	30
Ingmar Haga	276	294	32	34
Patrik Perenius	275	173	32	20
James Provoost Smith	275	220	32	26
Total Board of directors	1,553	1,417	178	166
<i>including stock options and warrants</i>	<i>3</i>	<i>18</i>	<i>-</i>	<i>2</i>
Senior Executives**	1,645	1,685	189	196
<i>Payroll***</i>	<i>1,643</i>	<i>1,667</i>	<i>189</i>	<i>195</i>
<i>Stock options and warrants</i>	<i>2</i>	<i>18</i>	<i>0</i>	<i>1</i>
Chief Executive Officer	1,845	1,933	212	226
<i>Payroll***</i>	<i>1,842</i>	<i>1,923</i>	<i>212</i>	<i>225</i>
<i>Stock options and warrants</i>	<i>3</i>	<i>9</i>	<i>-</i>	<i>1</i>
Total Senior Executives and CEO	3,490	3,618	401	422

* Remuneration to the Board of Directors and guidelines for remuneration to Chief Executive Officer and Senior Executives are approved by AGM.

**Senior Executives in 2018 and 2017 include Chief Financial Officer, Chief Geologist, Chief Legal Counsel and Head of HR.

*** There were no bonuses accrued and/or paid for 2018 and 2017 financial year results.

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.

	Group		Parent Company	
	2018	2017	2018	2017
Group – Board of Directors and CEO at year-end				
Women	-	-	-	-
Men	6	6	6	6
Group – Management at year-end				
Women	3	2	1	1
Men	2	3	-	-

	Total 2018	of which woman	Total 2017	of which woman
Number of employees				
Average number of employees				
Parent Company in Sweden	1	1	1	1
Subsidiaries in Russia	437	79	500	82
Total for the Group	438	80	501	83
Number of employees at year-end				
Parent company in Sweden	1	1	1	1
Subsidiaries in Russia	454	88	482	90
Total for the Group	455	89	483	91

NOTE 5

GENERAL AND ADMINISTRATIVE EXPENSES

	Group		Parent Company		Group		Parent Company	
	2018 TSEK	2017 TSEK	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000	2018 US\$000	2017 US\$000
Employee benefit expenses	13,295	13,702	2,960	2,304	1,530	1,605	341	270
External expenses*	7,612	7,337	5,511	5,274	886	839	634	617
Depreciation, amortization and write downs	11	25	-	-	1	3	-	-
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	20,918	21,064	8,471	7,577	2,417	2,447	975	886

General and administrative expenses relate to Management Company and Parent Company.

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

Audit fees

	Group		Parent Company		Group		Parent Company	
	2018 TSEK	2017 TSEK	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000	2018 US\$000	2017 US\$000
PWC								
Audit fees	1,000	967	1,000	967	115	113	115	113
Audit related services	33	214	33	214	4	25	4	25
Tax consultancy services	-	64	-	64	-	8	-	8
Other consulting services	100	151	100	151	12	18	12	18
TOTAL FEES FOR THE AUDIT AND RELATED SERVICES TO PWC	1,133	1,396	1,133	1,396	130	164	130	164

Other auditing firms

Statutory audit and related services	112	161	-	-	15	19	-	-
Total fees for the audit and related services to auditing firms	1,244	1,557	1,133	1,396	146	183	130	164

NOTE 6

ITEMS AFFECTING COMPARABILITY

	Group			
Specification of items affecting comparability	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000
Other operating expenses				
One-off correction of input VAT	-	2,493	-	292
Effect on operating profit/(loss)	-	2,492	-	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 mln).

NOTE 7

FINANCIAL INCOME

	Group		Parent Company		Group		Parent Company	
	2018 TSEK	2017 TSEK	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000	2018 US\$000	2017 US\$000
Exchange rate differences	-	8,867	-	26,865	-	1,028	-	3,143
Interest income from Group companies	-	-	16,976	11,054	-	-	1,953	1,294
Other interest income	45	53	-	-	5	6	-	-
Net income from reversal of earlier impairment of investments in subsidiaries	-	-	-	723	-	-	-	85
TOTAL FINANCIAL INCOME	45	8,920	16,976	38,642	5	1,034	1,953	4,522

NOTE 8

FINANCIAL EXPENSES

	Group		Parent Company		Group		Parent Company	
	2018 TSEK	2017 TSEK	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000	2018 US\$000	2017 US\$000
Interest expenses on loans and borrowings	-32,534	-46,561	-6,885	-16,809	-3,735	-5,447	-792	-1,967
Interest expenses on leasing	-167	-871	-	-	-19	-102	-	-
Other interest expenses	-350	-212	-	-	-41	-25	-	-
Total interest expenses	-33,051	-47,644	6,885	-16,809	-3,795	-5,574	-792	-1,967
Arrangement fee to Golden Impala*	-1,756	-	-1,756	-	-202	-	-202	-
Exchange rate differences	-14,664	-	-48,606	-	-1,569	-	-5,593	-
TOTAL FINANCIAL EXPENSES	-49,471	-47,644	-57,247	-16,809	-5,566	-5,574	-6,587	-1,967

* Arrangement fee to Golden Impala was paid by Auriant Mining for revised debt terms include extending the maturity of the loan from Golden Impala Limited for further 2.5 years from 30 June 2019 (as was announced in press release dated January 12, 2018) to December 31, 2021, when Kara-Beldyr is expected to start, and a continuation in that period of the existing interest rate of 2% per annum.

NOTE 9

INCOME TAX AND DEFERRED INCOME TAX

	Group		Parent Company		Group		Parent Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	TSEK	TSEK	TSEK	TSEK	US\$000	US\$000	US\$000	US\$000
Current tax	-32	-80	-	-	-4	-9	-	-
Deferred tax	15,901	-112	-	-	1,835	-19	-	-
TOTAL	15,869	-192	-	-	1,831	-28	-	-

Connection between tax expense and reported profit/loss

Pre-tax profit/loss	-104,328	-18,919	-48,022	15,598	-11,935	-2,157	-5,621	1,825
Tax according to applicable tax rate	21,521	3,469	10,565	-3,432	2,476	406	1,216	-402
Tax effect of expenses that are non-deductible for tax purposes	-3,441	-14,512	-1,515	-3,698	-395	-1,704	-174	-433
Tax effect of non-taxable income	6,839	3,721	-	-	792	560	-	-
Previously unrecognised tax losses now recouped to reduce tax expense	-9,050	7,130	-9,050	7,130	-1,042	710	-1,042	835
TOTAL	15,869	-192	-	-	1,831	-28	-	-

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 71 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	
	2018	2017	2018	2017
Deferred tax assets:				
Losses available for offsetting against future taxable income	55,735	43,703	18,232	14,216
Stripping costs	-	1,765	-1,706	-4,709
Site restoration provision	645	714	-	-129
Bad debt provision	83	130	75	-42
Other temporary differences	-148	505	-1,601	-662
Functional currency on non-monetary items	28,709	34,904	-9,169	6,482
Total Deferred tax assets	85,024	81,721		
Deferred tax liabilities:				
Exploration costs	-23,099	-28,860	2,002	1,181
Work in progress	-7,679	-13,585	4,915	-13,931
Other income	-	-2,422	2,557	-2,514
Leasing of equipment	-1,285	-2,155	708	-380
Depreciation of fixed assets	-2,246	-487	-178	261
Expenses capitalised	-281	-345	34	36
Total Deferred tax liabilities	-34,590	-47,854		
Total Deferred tax liabilities		-47,854		
Deferred tax expense			15,869	-192
Net deferred tax assets	50,434	33,866		
Reflected in the statement of financial position as follows:				
Deferred tax assets	50,434	36,288		
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**
2018
2017
2018
2017
Deferred tax assets:

Losses available for offsetting against future taxable income	6,213	5,309	2,093	1,659
Stripping costs	-	214	-196	-551
Site restoration provision	72	87	-	- 15
Bad debt provision	9	16	9	-5
Other temporary differences	-16	61	-184	-78
Functional currency on non-monetary items	3,195	4,240	-1,045	759
Total Deferred tax assets	9,473	9,927		-

Deferred tax liabilities:

Exploration costs	-3,267	-4,136	230	138
Work in progress	-856	-1,650	566	-1,630
Other income	-	-294	294	-294
Leasing of equipment	-144	-262	81	-44
Depreciation of fixed assets	-250	-59	-20	30
Expenses capitalised	-30	-42	4	4
Total Deferred tax liabilities	-4,547	-6,444		-

Deferred tax expense
-
1,832
-28
Net deferred tax assets
4,926
3,483
-

Reflected in the statement of financial position as follows:

Deferred tax assets	4,926	3,777		-
Deferred tax liabilities	-	-294		-

NOTE 10

MINING PERMITS AND CAPITALISED EXPLORATION COSTS

	Group		Parent Company	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
	TSEK	TSEK	TSEK	TSEK
Opening balance	248,280	247,830	392	392
Capitalized exploration costs	9,306	24,764	-	-
Translation difference	-18,413	-24,314	-	-
Closing balance	239,173	248,280	392	392
Opening balance amortizations and write downs	-84,094	-79,247	-392	-392
Amortization for the period	-13,157	-17,203	-	-
Translation difference	30,116	12,356	-	-
Closing amortizations and write downs	-67,135	-84,094	-392	-392
Closing net book value	172,038	164,186	-	-

	Group		Parent Company	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
	US\$000	US\$000	US\$000	US\$ 000
Opening balance	37,883	34,985	60	60
Capitalized exploration costs	1,071	2,898	-	-
Closing balance	38,954	37,883	60	60
Opening balance amortizations and write downs	-14,423	-12,410	-60	-60
Amortization for the period	-1,515	-2,013	-	-
Closing amortizations and write downs	-15,938	-14,423	-60	-60
Closing net book value	23,016	23,460	-	-

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, 2018. 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 1,200 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, 2018.

In 2015, the Group reported an impairment provision of intangible assets at Solcocon in an amount of MSEK 69.855 (US\$ 8.545 mln) as at December 31, 2015. In 2015, production at the Solcocon was temporarily terminated. In 2017-2018 hard rock gold production at Solcocon was put on hold. Taking into account the new data on the results of work in 2017 and the recalculation of the reserves at 2018 of the Bogomolovskoye and Kozlovskoye deposits using block models, a geological exploration program for 2019-2020 within the Bogomolovsky ore field was complicated. The Group management is looking at various options for Solcocon and these could result in a reverse of the impairment provision in the future.

NOTE 11

BUILDINGS AND LAND

	Group			
	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 US\$000	31-12-2017 US\$000
Opening balance	111,630	123,358	13,559	13,559
Purchases	-	-	-	-
Fixed assets put into use	700	-	81	-
Disposals	-	-	-	-
Translation difference	10,041	-11,728	-	-
Closing balance accumulated acquisition values	122,371	111,630	13,640	13,559
Opening balance	-50,030	-47,055	-6,077	-5,172
Depreciation for the financial year	-7,322	-7,730	-843	-905
Disposals	-	-	-	-
Translation difference	-4,727	4,755	-	-
Closing balance accumulated depreciation	-62,079	-50,030	-6,920	-6,077
Closing net book value	60,292	61,600	6,720	7,482

NOTE 12

MACHINERY, EQUIPMENT AND OTHER TECHNICAL PLANTS

	Group			
	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 US\$000	31-12-2017 US\$000
Opening balance	252,909	271,897	30,658	29,802
Purchases	848	6,343	98	741
Fixed assets put into use	5,397	4,305	621	504
Disposals	-2,716	-3,318	-312	-388
Stocktake write-off	-	-	-	-
Translation difference	23,013	-26,317	-	-
Closing accumulated acquisition values	279,451	252,910	31,065	30,659
Opening balance	-166,681	-156,287	-20,207	-17,143
Depreciation for the financial year	-21,637	-29,358	-2,474	-3,443
Disposals	7,352	3,237	846	379
Stocktake write-off	-	-	-	-
Translation difference	-15,544	15,727	-	-
Closing accumulated depreciation	-196,510	-166,681	-21,835	-20,207
Closing net book value	82,941	86,229	9,230	10,452

NOTE 13

CONSTRUCTION IN PROGRESS

	Group			
	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 US\$000	31-12-2017 US\$000
Opening balance	10,537	7,735	1,280	851
Purchases during the year	92,786	7,969	10,676	933
Fixed assets put into use	-6,452	-4,305	-741	-504
Stocktake write-off	-	-	-	-
Translation difference	3,719	-862	-	-
Closing book value	100,590	10,537	11,215	1,280

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 2018 explained by significant capital investments in construction of new CIL plant at LLC Tardan Gold.

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, 2018	Book value of shares in subsidiaries on Parent Company on December 31, 2017
LLC Tardan Gold	1041700563519	Kyzyl	100%	100%	509,070	509,070
LLC Uzhunzhul*	1071901004746	Abakan	1%	100%	2,577	2,577
LLC GRE 324*	1037542001441	Chita	60%	100%	-	-
LLC Rudtechnologiya*	1077530000570	Krasnokamensk	51%	100%	-	-
LLC Auriant Management	1097746422840	Moscow	100%	100%	8,518	8,509
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					543,529	543,520

* 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 assess 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			
	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 US\$000	31-12-2017 US\$000
Raw materials and consumables	8,714	10,755	972	1,307
Finished goods	541	830	60	101
Work in progress	24,408	49,531	2,721	6,017
TOTAL	33,663	61,116	3,753	7,425

The cost of inventories recognised as expense amounted to MSEK 34.627 (US\$ 3.984 mln) (2017: MSEK 54.973 (US\$ 6.434 mln)). The Company had 22.6 kg of gold produced, but not shipped to refining and accounted as WIP on December 31, 2018. The balance of finished goods on December 31, 2018 related to 1.8 kg of gold ready for sale (2.2 kg on December 31, 2017).

NOTE 16

OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES

	Group		Parent Company	
	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 TSEK	31-12-2017 TSEK
VAT receivable*	23,568	23,602	82	150
Other current receivables	4,826	3,479	919	1,547
Total other current receivables	28,394	27,081	1,001	1,697
Prepaid expenses	1,757	12,010	190	187
Total prepaid expenses	1,757	12,010	190	187

	Group		Parent Company	
	31-12-2018 US\$000	31-12-2017 US\$000	31-12-2018 US\$000	31-12-2017 US\$000
VAT receivable*	2,627	2,866	9	18
Other current receivables	538	422	103	188
Total other current receivables	3,165	3,288	112	206
Prepaid expenses	196	1,460	21	23
Total prepaid expenses	196	1,460	21	23

* 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 2019 during the normal course of the Group's business.

NOTE 17

CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 TSEK	31-12-2016 TSEK
Cash at bank	10,666	41,730	175	257
Total cash and cash equivalents	10,666	41,730	175	257

	Group		Parent Company	
	31-12-2018 US\$000	31-12-2017 US\$000	31-12-2018 US\$000	31-12-2017 US\$000
Cash at bank	1,189	5,069	20	31
Total cash and cash equivalents	1,189	5,069	20	31

Cash and cash equivalents include only cash at bank.

NOTE 18

EARNINGS PER SHARE AND OTHER INFORMATION REGARDING SHARE AND EQUITY

a) Before dilution

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

	Group			
	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000
Profit/Loss attributable to the Parent Company's shareholders	-88,459	-19,111	-10,103	-2,185
Weighted average number of ordinary shares	92,192,802	35,609,445	92,192,802	35,609,445
Earnings per share, SEK, US\$	-0.96	-0.54	-0.11	-0.06

b) After dilution

The Annual General Meeting established an incentive program for the Board Members, members of management and other key employees through 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 2018 was 560,000. 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.

Warrants subscription process was held in 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 mln).

	Group			
	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$000
Profit/Loss attributable to the Parent Company's shareholders	-88,459	-19,111	-10,103	-2,185
Weighted average number of ordinary shares	92,192,802	35,609,445	92,192,802	35,609,445
Number of share options at year end*	560,000	57,737,253	560,000	57,737,253
Average number of shares for the period after dilution	92,752,802	35,609,445	92,752,802	35,609,445
Earnings per share after dilution, SEK, US\$	-0.96	-0.54	-0.11	-0.06

*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 mln) 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 increased 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 share capital

At the 2018 and 2017 year-ends, the number of shares was as follows:

Number of shares	Group		Parent Company	
	2018	2017	2018	2017
Opening balance	74,847,182	17,802,429	74,847,182	17,802,429
New share issued during the period	23,801,320	57,044,753	23,801,320	57,044,753
Number of shares outstanding at each year-end	98,648,502	74,847,182	98,648,502	74,847,182
Share capital (Quotient value SEK 0,1125 per share)	11,097,956	8,420,308	11,097,956	8,420,308
Share capital in US\$	1,436,769	1,117,325	1,436,769	1,117,325

The share capital limits at 2018 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 the 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 year-end 2018 is 98,648,502.

NOTE 19

PROVISIONS

	Group			
	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 US\$000	31-12-2017 US\$000
Opening provision for restoration costs	5,757	6,493	699	714
Additional provisions during the year	931	-	107	-
Unwinding of discount	229	202	22	24
Reversal of provision for site restoration	-	-642	-	-75
Translation difference	-845	-296	-151	36
Total provisions	6,072	5,757	677	699

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.

Increase of site restoration provision in 2018 relates to the re-estimation of costs required to eliminate the impact on the environment caused by the mining activities, mainly due to price growth for future works needed.

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 Staroverinskaya 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					
	31-12-2018 TSEK	31-12-2018 US\$000	Effective interest rate in 2018	31-12-2017 TSEK	31-12-2017 US\$000	Effective interest rate in 2017
Liability to Golden Impala, USD	307,891	34,321	1.9%	307,128	37,308	4.5%
Long-term bank loans payable, USD*	251,724	28,060	8.3%	275,283	33,440	8.32-10.5%
Long-term notes payable, RUR	2,606	290	-	2,884	350	-
Total long-term loans, notes and bond	562,221	62,671		585,295	71,098	
Short-term liability to Golden Impala, USD**	18,101	2,018		-	-	-
Short-term bank loans payable, USD***	67,935	7,573	8.3%	16,464	2,000	8.32-10.5%
Total short-term loans and bond	86,037	9,591		16,464	2,000	

* At the end of December, 2018 the Company executed a loan agreement with VTB providing US\$ 4.4 mln (RUB 300 mln) for the CIL construction with a maturity date at December 31, 2021. In December 2018, the Company drew down US\$ 2.2 mln out of the facility.

** In 2018, the Company made an agreement with Golden Impala Limited on a new unsecured revolving bridging loan facility of US\$ 3 mln in order to provide short-term working capital during the low production season and to secure continuous funding of the CIL project. In the beginning of December, 2018 the Company drew down US\$ 2 mln from the facility which has a maturity date of December 31, 2019.

*** Short-term bank loans payable represents by short-term part of principal amount of loan agreement with VTB to be paid at the end of December, 2019.

	TSEK	US\$000
Liability to Golden Impala as of December 31, 2017	307,128	37,308
Changes during the period due to:		
Short-term loan facility received	18,055	2,000
Off-set through subscription for new shares	-30,209	-3,603
Interest accrued	6,163	709
Interest paid	-627	-75
Translation difference	25,482	
Liability to Golden Impala as of December 31, 2018	325,992	36,339

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.

The Group's financial instrument categories and classifications are described in note "Summary of significant accounting policies".

Financial liabilities disclosures

	Group		Parent Company	
	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 TSEK	31-12-2017 TSEK
Liability to Golden Impala	307,891	307,128	307,891	307,128
Bank loans and notes payable	254,330	278,167	-	-
Lease payable	15,845	527	-	-
Other long-term liabilities*	71,218	81,481	-	18,682
Total long-term financial liabilities	649,284	667,303	307,891	325,810
Bank loans payable**	67,935	16,464	-	-
Liability to Golden Impala	18,101	-	18,101	-
Lease payable	5,743	1,435	-	-
Trade accounts payable	5,285	3,542	403	247
Other current liabilities*	46,121	24,716	1,083	17,386
Total current financial liabilities	143,185	46,157	19,587	17,633

	Group		Parent Company	
	31-12-2018 US\$000	31-12-2017 US\$000	31-12-2018 US\$000	31-12-2017 US\$000
Liability to Golden Impala	34,321	37,308	34,321	37,308
Bank loans and notes payable	28,350	33,790	-	-
Lease payable	1,766	64	-	-
Other long-term liabilities*	7,939	9,899	-	2,269
Total long-term financial liabilities	72,376	81,061	34,321	39,577
Bank loans payable**	7,573	2,000	-	-
Liability to Golden Impala	2,018	-	2,018	-
Lease payable	640	174	-	-
Trade accounts payable	589	430	45	30
Other current liabilities***	5,141	3,002	121	2,112
Total short-term financial liabilities	15,961	5,606	2,184	2,142

* Other long-term liabilities as at December 31, 2017 included liability to KFM at 2% p.a that was reclassified to other short-term liability as at December, 2018 as the maturity date is December 31, 2019. Other long-term liability was represented by liability to Centerra in accordance with royalty agreement.

** Bank loans payable represent liability to VTB.

*** As of December 31, 2018 total liability to KFM, of US\$ 4.2 mln, was the short-term liability, in accordance with a new schedule for repayment which was signed in July 2018.

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

	2019 TSEK	2020 TSEK	2021 TSEK	2022 TSEK	after 2022 TSEK
Loans payable	67,935	79,299	91,913	82,013	-
Liability to Golden Impala	26,324	6,069	309,537	-	-
Notes payable	-	-	-	-	2,606
Leases liability	5,743	7,119	8,726	-	-
Other long-term liabilities	-	-	-	12,577	58,638
Trade accounts payable	5,285	-	-	-	-
Other current liabilities	46,121	-	-	-	-
TOTAL	151,408	92,487	410,176	94,590	61,244

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

	2019 US\$000	2020 US\$000	2021 US\$000	2022 US\$000	after 2022 US\$000
Loans payable	7,573	8,839	10,246	9,142	-
Liability to Golden Impala	2,934	677	34,504*	-	-
Notes payable	-	-	-	-	290
Leases liability	640	794	973	-	-
Other long-term liabilities	-	-	-	1,403	6,536
Trade accounts payable	589	-	-	-	-
Other current liabilities	5,141	-	-	-	-
TOTAL	16,877	10,311	45,723	10,545	6,826

*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.

	31-12-2018 TSEK	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2017 TSEK
	Fair value	Carrying amount	Fair value	Carrying amount
Fair and carrying values of financial liabilities				
Trade accounts payable	5,285	5,285	3,542	3,542
Other current and long-term liabilities	117,339	117,339	106,197	106,197
Liability to Golden Impala	325,992	325,992	307,128	307,128
Loans payable	319,659	319,659	291,747	291,747
Notes payable	2,606	2,606	2,884	2,884
Leases payable	21,588	21,588	1,962	1,962
Total financial liabilities	792,469	792,469	713,460	713,460

	31-12-2018 US\$000	31-12-2018 US\$000	31-12-2017 US\$000	31-12-2017 US\$000
	Fair value	Carrying amount	Fair value	Carrying amount
Fair and carrying values of financial liabilities				
Trade accounts payable	589	589	430	430
Other current and long-term liabilities	13,080	13,080	12,901	12,901
Liability to Golden Impala	36,338	36,338	37,308	37,308
Loans payable	35,632	35,632	35,440	35,440
Notes payable	290	290	350	350
Leases payable	2,406	2,406	238	238
Total financial liabilities	88,335	88,335	86,667	86,667

Maturity structure of financial liabilities as at December 31, 2018	< 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	5,285	-	-	589	-	-
Other liabilities	46,121	12,583	58,638	5,141	1,403	6,536
Liability to Golden Impala	26,324	315,608	-	2,934	35,181	-
Loans payable	67,935	253,225	-	7,934	28,227	-
Notes payable	-	-	2,606	-	-	290
Leases payable	5,743	15,845	-	640	1,766	-
Total financial liabilities	151,408	597,261	61,243	16,877	66,577	6,826

Interest rates are included in the Maturity structure of financial liabilities. Interest rates for lease liabilities are fixed. Interest 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:

	31-12-2018 TSEK	31-12-2018 TSEK	31-12-2018 TSEK	31-12-2018 US\$000	31-12-2018 US\$000	31-12-2018 US\$000
	Minimum lease payments	Interest	Present value of payments	Minimum lease payments	Interest	Present value of payments
Less than one year	8,327	2,584	5,743	928	288	640
Between one and five years	22,832	6,987	15,845	2,545	779	1,766
Total	31,159	9,571	21,588	3,473	1,067	2,406

Financial assets disclosures:

	31-12-2018 TSEK	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2017 TSEK
	Fair value	Reported value	Fair value	Reported value
Cash and cash equivalents				
Cash and cash equivalents in SEK	60	60	253	253
Cash and cash equivalents in USD	9,164	9,164	41,164	41,164
Cash and cash equivalents in RUR	1,442	1,442	313	313
Total cash and cash equivalents	10,666	10,666	41,730	41,730

	31-12-2018 US\$000	31-12-2018 US\$000	31-12-2017 US\$000	31-12-2017 US\$000
	Fair value	Reported value	Fair value	Reported value
Cash and cash equivalents				
Cash and cash equivalents in SEK	7	7	31	31
Cash and cash equivalents in USD	1,022	1,022	5,000	5,000
Cash and cash equivalents in RUR	160	160	38	38
Total cash and cash equivalents	1,189	1,189	5,069	5,069

Fair and carrying values of financial assets:

	31-12-2018 TSEK	31-12-2018 TSEK	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2017 TSEK	31-12-2017 TSEK
	Fair value	Reported value	Maximum credit risk	Fair value	Reported value	Maximum credit risk
Accounts receivable trade*	5,285	5,285	5,285	16,442	16,442	16,442
Less, provision for impairment of trade receivables	-	-	-	-1,130	-1,130	-1,130
Accounts receivable, net	5,285	5,285	5,285	15,312	15,312	15,312
Other current receivables	4,826	4,826	4,826	3,479	3,479	3,479
Cash and cash equivalents	10,666	10,666	-	41,730	41,730	-
Total financial assets	20,777	20,777	10,111	60,521	60,521	18,791

	31-12-2018 US\$000	31-12-2018 US\$000	31-12-2018 US\$000	31-12-2017 US\$000	31-12-2017 US\$000	31-12-2017 US\$000
	Fair value	Reported value	Maximum credit risk	Fair value	Reported value	Maximum credit risk
Accounts receivable trade*	589	589	589	1,997	1,997	1,997
Less, provision for impairment of trade receivables	-	-	-	-137	-137	-137
Accounts receivable, net	589	589	589	1,860	1,860	1,860
Other current receivables	538	538	538	422	422	422
Cash and cash equivalents	1,189	1,189	-	5,069	5,069	-
Total financial assets	2,316	2,316	1,127	7,351	7,351	2,282

*Account receivable trade in 2017 included MSEK 14.292 (US\$ 1.736 mln) in respect of the sale of surplus mining equipment and vehicles (which have been received 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 used 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 2018, for instance, the rouble depreciated by 8 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 8.971 SEK per US\$ (8.2322 SEK per US\$ at December 31, 2017). In 2018, income and expenses were translated using the average rates of SEK per US\$: 8.1068 for Q1 2018, 8.6674 for Q2 2018, 8.9488 for Q3 2018 and 9.0417 for Q4 2018 (8.9229, 8.7999, 8.1371 and 8.3155 for 2017 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:

	31-12-2018 TSEK	31-12-2018 TSEK	31-12-2018 TSEK	31-12-2018 TSEK
All amounts in TSEK	SEK	US\$	RUR	Total
Cash and cash equivalents	60	9,164	1,442	10,666
Trade accounts receivable	-	-	5,285	5,285
Other current receivables	-	-	4,826	4,826
Total financial assets	60	9,164	11,553	20,777
Trade accounts payable	403	-	4,882	5,285
Other current and long term liabilities	1,099	108,545	7,696	117,339
Liability to Golden Impala	-	325,992	-	325,992
Loans payable	-	319,659	-	319,659
Notes payable	-	-	2,606	2,606
Lease payable	-	-	21,588	21,588
Total financial liabilities	1,502	754,196	36,772	792,470
Net financial items	-1,442	-745,032	-25,219	-771,693

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

31-12-2018	31-12-2018	31-12-2018	31-12-2018
Changes in	Effect on profit	Changes in	Effect on profit
Exchange rate of RUR, %	before income tax, TSEK	Exchange rate of USD, %	before income tax, TSEK
10%	Decrease by 2,522	10%	Increase by 74,503
-10%	Increase by 2,522	-10%	Decrease by 74,503

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 raised back to US\$ 1,269 per ounce, or 9% and in 2017 the Group's average realized price was US\$ 1,260 per ounce. In 2018 the average realized gold price per ounce was 2.5% lower than in previous year: US\$ 1,228 in 2018 (US\$ 1,260 in the previous period).

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 15,099	Increase by 1,737
-10%, other things being equal	Decrease by 15,099	Decrease by 1,737

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 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 arising from 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 effects 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. Even if 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 activities 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	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
	TSEK	TSEK	TSEK	TSEK
Trade accounts payable	5,285	3,542	403	247
Advances received	30	1	-	-
Other payables	7,135	2,643	11	12
Accrued fees	1,028	895	800	750
Total trade and other accounts payable	13,478	7,081	1,214	1,009

	Group		Parent Company	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
	US\$000	US\$000	US\$000	US\$000
Trade accounts payable	589	430	45	30
Advances received	3	-	-	-
Other payables	788	322	1	1
Accrued fees	115	109	88	91
Total trade and other accounts payable	1,495	861	134	123

NOTE 23

OTHER CURRENT LIABILITIES

	Group		Parent Company	
	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 TSEK	31-12-2017 TSEK
Short-term debt to KFM*	37,326	16,464	37,326	16,464
Payroll and social contributions	6,173	6,051	62	104
Other employee benefit expenses	-	-	224	113
Tax liabilities	2,612	4,710	48	-
Provision for court proceedings	10	93	-	-
Total other current liabilities	46,121	27,318	37,660	16,681

	Group		Parent Company	
	31-12-2018 US\$000	31-12-2017 US\$000	31-12-2018 US\$000	31-12-2017 US\$000
Short-term debt to KFM*	4,161	2,000	4,161	2,000
Payroll and social contributions	688	735	7	13
Other employee benefit expenses	-	-	25	14
Tax liabilities	291	572	5	-
Provision for court proceedings	1	11	-	-
Total other current liabilities	5,141	3,318	4,198	2,027

* As of December 31, 2018 total liability to KFM, of US\$ 4.2 mln, was the short-term liability, in accordance with a new schedule for repayment which was signed in July 2018.

NOTE 24

LOANS TO SUBSIDIARIES

	Parent Company			
	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 US\$000	31-12-2017 US\$000
Opening balance	161,933	347,997	19,671	38,254
Loans during the year	38,925	31,500	4,390	3,807
Accrued interest	16,976	11,054	1,953	1,294
Repaid during the year	-4,482	-9,403	-516	-1,101
Loans converted into equity	-	-201,066	-	-24,424
Provision/reversal of loan receivables	-	723	-	88
Translation difference	-19,768	-18,873	-3,919	1,753
Closing book value	193,584	161,932	21,579	19,671

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 is less than their reported values. The impairment tests performed as at December 31, 2018 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.

NOTE 25

PLEDGED ASSETS

	Group		Parent Company	
	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 TSEK	31-12-2017 TSEK
Fixed assets	58,304	60,858	-	-
Other current receivables	-	2,287	-	-
Net assets of pledged subsidiaries (excluding directly pledged fixed assets)	6,130	46,068	-	-
Shares in subsidiaries	-	-	509,070	509,070
Receivables on subsidiaries	-	-	-	-
Pledged bank accounts	-	-	-	-
TOTAL	64,434	109,213	509,070	509,070

	Group		Parent Company	
	31-12-2018 US\$000	31-12-2017 US\$000	31-12-2018 US\$000	31-12-2017 US\$000
Fixed assets	6,499	7,393	-	-
Other current receivables	-	278	-	-
Net assets of pledged subsidiaries (excluding directly pledged fixed assets)	4,237	7,463	-	-
Shares in subsidiaries	-	-	56,746	61,839
Receivables on subsidiaries	-	-	-	-
Pledged bank accounts	-	-	-	-
TOTAL	10,736	15,134	56,476	61,839

On December 31, 2017, under the loan agreement with VTB, the Group had a commitment to issue a pledge of 100% of the shares in LLC Tardan Gold, LLC GRE-324, LLC Kara-Beldyr and 99% of the shares in LLC 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.

NOTE 26

OTHER LONG-TERM LIABILITIES

	Group		Parent Company	
	31-12-2018 TSEK	31-12-2017 TSEK	31-12-2018 TSEK	31-12-2017 TSEK
Contingent consideration	71,218	62,801	-	-
Liability to KFM	-	17,788	-	17,788
Other long-term liabilities	15,844	1,419	-	894
Total other long-term liabilities	87,062	82,008	-	18,682

	Group		Parent Company	
	31-12-2018 US\$000	31-12-2017 US\$000	31-12-2018 US\$000	31-12-2017 US\$000
Contingent consideration	7,939	7,629	-	-
Liability to KFM	-	2,161	-	2,161
Other long-term liabilities	1,766	173	-	108
Total other long-term liabilities	9,705	9,963	-	2,269

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, 2018, contingent consideration totals MSEK 71.218 (US\$ 7.939 mln) (December 31, 2017 – MSEK 62.801 (US\$ 9.629 mln)).

As of December 31, 2018 total liability to KFM, of US\$ 4.2 mln, was the short-term liability, as a new schedule for repayment was signed in July 2018. However, the short-term liability was reduced by repayment of US\$ 2.0 mln to VTB, in line with repayment schedule.

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 3,331 shareholders.

Financing

In April 2018, the Company received US\$ 3.2 mln of cash from the new share issue. Total net cash funds received through a new share issue programme in 2017-2018 were equal to US\$ 9.5 mln.

In 2018, the Company made an agreement with Golden Impala Limited on a new unsecured revolving bridging loan facility of US\$ 3 mln in order to provide short-term working capital during the low production season and to secure continuous funding of the CIL project. In the beginning of December, 2018 the Company drew down US\$ 2 mln from the facility which has a maturity date of December 31, 2019.

The nominal amount of bond liability to Golden Impala as of December 31, 2018 is MSEK 307.891 (US\$ 34.321 mln). The amount of revolving bridging loan facility from Golden Impala as of December 31, 2018 is MSEK 18.101 (US\$ 2.018 mln). Accrued interest expenses for transactions with related parties during 2018 amounted to MSEK -6.163 (US\$ -709 mln) and interest paid amounted to MSEK -627 (US\$ -75 mln)

Financing Golden Impala	TSEK	US\$000
Opening balance including interest	307,128	37,308
Short-term loan facility received	18,055	2,000
Off-set through subscription for new shares	-30,209	-3,603
Interest accrued	6,163	709
Interest paid	-627	-75
Translation difference	25,482	-
Liability to Golden Impala as of December 31, 2018	325,992	36,339

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

	Group			
	2018 TSEK	2017 TSEK	2018 US\$000	2017 US\$ 000
Consulting services from companies related to Board Members	765	752	88	88
Legal services from a company related to the main shareholder	1,082	2,262	124	262
Interest expenses to related parties:				
Interest to companies controlled by the ultimate controlling party	18,055	15,976	2,000	1,867
Interest to shareholders	-	-	-	-
Balances with related parties at the end of the year				
Liabilities to companies related to Board members	68	102	8	12
Liabilities to companies related to the ultimate controlling party	308,917	309,006	34,435	37,536
Liabilities to shareholders	-	-	-	-

For Board and Senior Executives 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 TSEK	Borrow- ings due within 1 year TSEK	Borrow- ings due after 1 year TSEK	Finance leases due with- in 1 year TSEK	Finance leases due after 1 year TSEK	Other li- abilities within 1 year TSEK	Other li- abilities after 1 year TSEK	Total TSEK
Financial liabilities as at January 1, 2017	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
Cash flows	18,055	-	-23,559	-1,795	-	-	-	-7,299
Acquisitions - finance leases	-	-	-	5,743	15,845	-	-	21,588
Reclassifications	-	51,471	-	527	-527	17,788	-17,788	51,471
Off set through subscription to new shares	-30,209	-	-	-	-	-	-	-30,209
Foreign exchange adjustments	25,481	-	-	-338	-	3,074	-	28,217
Other non-cash movements	5,536	-	-	172	-	-	-	5,708
Financial liabilities as at December 31, 2018	325,992	67,935	251,724	5,743	15,845	37,326	-	704,566

Parent Company
Liabilities from financing activities

	Debt to shareholder TSEK	Borrowings due within 1 year TSEK	Other liabilities within 1 year TSEK	Other liabilities after 1 year TSEK	Total TSEK
Financial liabilities as at January 1, 2017	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
Cash flows	18,055	-	-	-	18,055
Reclassifications	-	-	17,788	-17,788	-
Off set through subscription to new shares	-30,209	-	-	-	-30,209
Foreign exchange adjustments	25,481	-	3,074	-	28,555
Other non-cash movements	5,536	-	-	-	5,536
Financial liabilities as at December 31, 2018	325,992	-	37,326	-	363,319

Liabilities from financing activities

	Debt to share- holder US\$000	Borrow- ings due within 1 year US\$000	Borrow- ings due after 1 year US\$000	Finance leases due with- in 1 year US\$000	Finance leases due after 1 year US\$000	Other li- abilities within 1 year US\$000	Other li- abilities after 1 year US\$000	Total US\$000
Financial liabilities as at January 1, 2017	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
Cash flows	2,000	-	-5,380	-213	-	-	-	-3,593
Acquisitions - finance leases	-	-	-	640	1,766	-	-	2,406
Reclassifications	-	5,573	-	64	-64	2,160	-2,161	5,573
Offset through subscription to new shares	-3,604	-	-	-	-	-	-	-3,604
Foreign exchange adjustments	-	-	-	-45	-	-	-	-45
Other non-cash movements	628	-	-	19	-	-	-	647
Financial liabilities as at December 31, 2018	36,332	7,573	28,060	640	1,766	4,161	-	78,532

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, 2017	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
Cash flows	2,000	-	-	-	2,000
Reclassifications	-	-	2,161	-2,161	-
Off set through subscription to new shares	-3,604	-	-	-	-3,604
Other non-cash movements	628	-	-	-	628
Financial liabilities as at December 31, 2018	36,332	-	4,161	-	40,493

NOTE 29

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to the reporting date that should adjust amounts of assets, liabilities, income or expenses and that should be disclosed in these consolidated financial statements for the year ended 31 December 2018.



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 accepted accounting principles in Sweden

Stockholm, April 23, 2019

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, 2019. 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.

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.

Our audit report was submitted on April 23, 2019

Öhrlings PricewaterhouseCoopers AB

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 Auriant Mining AB for the year 2018, except for the corporate governance report on pages 48-53. The annual accounts and consolidated accounts and consolidated accounts of the company are included on pages 42-53 and 60-110 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 2018 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 2018 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 48-53. 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 1-41 and 55-59. 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/revisorsansvar. 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 2018 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 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 website www.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 2018 on pages 48-53 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 2019

Öhrlings PricewaterhouseCoopers AB

Anna Rozhdestvenskaya

Authorized Public Accountant

Additional Information

TRANSLATION

This text is the English version of the 2018 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 2019

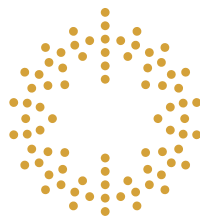
Auriant Mining AB’s financial year runs from 1 January to 31 December. In 2019, the Company will issue interim financial information as follows:

Interim report (1) January–March 2019:
[31 May 2019](#)

Interim report (2) January – June 2019:
[30 August 2019](#)

Interim report (3) January – September 2019:
[29 November 2019](#)

Interim report (4) January – December 2018:
[28 February 2020](#)



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