

# AURIANT MINING

**12 months 2018 Interim Results**  
**Analyst Web Conference**  
**February 28, 2019**

# Disclaimer

Statements and assumptions made in this Presentation with respect to Auriant Mining AB's ("Auriant") current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of Auriant. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", "strategy", "forecast" and similar expressions. These statements reflect Auriant's management's expectations and assumptions in light of currently available information. In the light of the many risks and uncertainties surrounding any gold production and exploration company at an early stage of its development, the actual results could differ materially from those presented and forecasted in this Presentation. Auriant do not assume any unconditional obligation to update any such statements and/or forecasts immediately.

# Auriant Mining overview

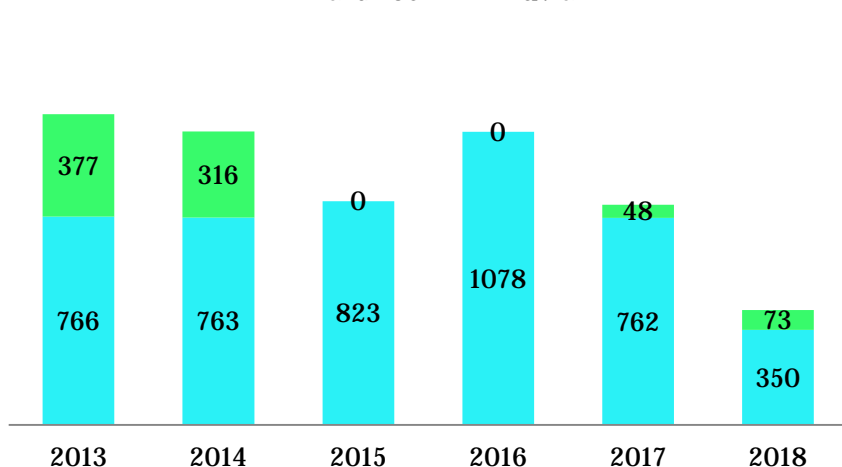
## General Information

- Public Swedish junior gold producer operating in Russia;
- Listed on NASDAQ OMX First North;
- 2 producing mines, 2 exploration properties;
- 2018 production of 423 kg;
- 2018 reserves & recourses of 1.5 Moz;
- Great exploration potential.

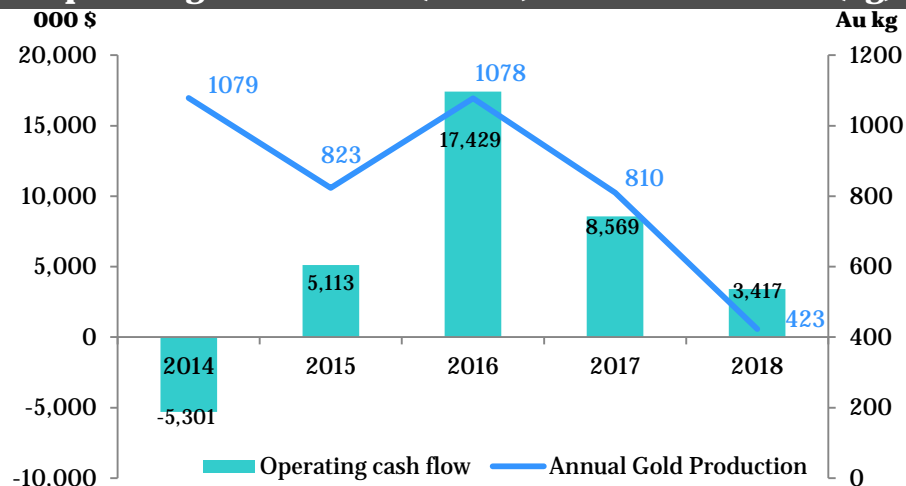


## Auriant Annual Gold Production (kg)

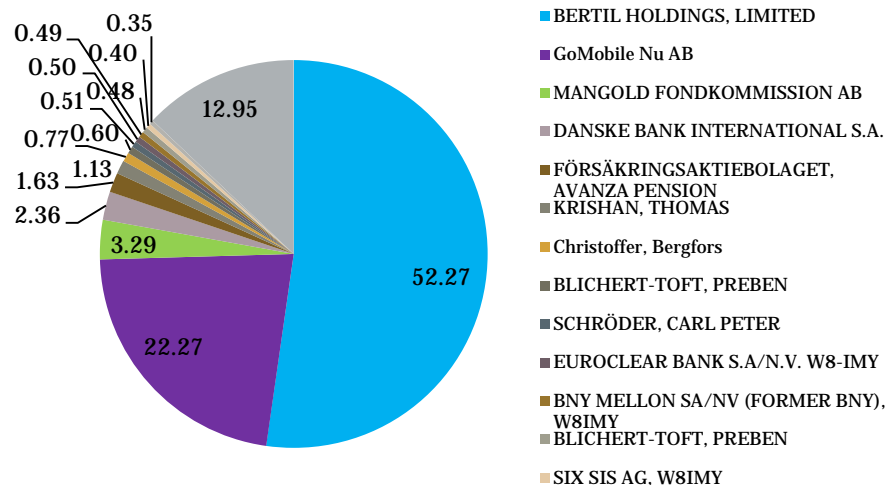
■ Hard rock ■ Alluvial



## Operating Cash inflow (kUSD)/Gold Production (kg)

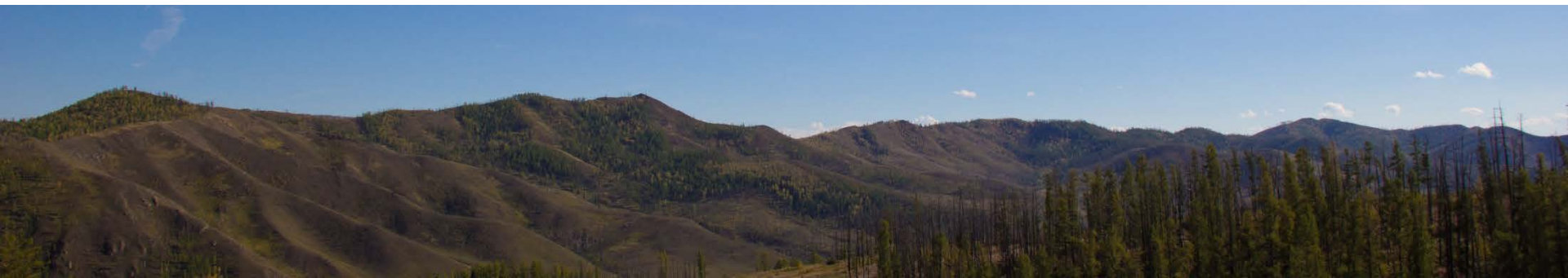


## Shareholder's structure (%) as of December 31, 2018



# Key Events 2018

- Auriant recommenced 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 and this ore was stacked on the heap leach. Total gold production from the heap leach for 2018 was 350.4 kg (11,267 oz), compared to 761.7 kg (24,487 oz) in the same period in the previous year (-54%), which exactly matched the 2018 initial production target announced in October 2017.
- In 2018, the Company produced 72.9 kg (2,344 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.
- The CIL project is going according to plan and has passed the State Ecological Expertise, which means that the plant complies with environmental protection standards. Construction of the plant has continued through the winter and we expect CIL production to commence in July 2019. The heap leach will continue to be in operation until the CIL plant starts.
- In December 2018, the Company repaid US\$ 2.0 mln to VTB in line with a repayment schedule.
- 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.
- 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.



# 12 months 2018

## Key Performance Indicators

| Key highlights                                       | Q4 2018      | Q4 2017      | 12m 2018     | 12m 2017     | Change         | Change %     |
|--|--------------|--------------|--------------|--------------|----------------|--------------|
| <b>Mining</b>  |              |              |              |              |                |              |
| Stripping, 000'm3                                    | 191          | 293          | 358          | 2,345        | (1,988)        | -85%         |
| Ore mined 000't                                      | 154          | 114          | 219          | 394          | (175)          | -44%         |
| Gold grade in ore mined, g/t                         | 2.50         | 1.75         | 2.58         | 2.36         | 0.22           | 9%           |
| <b>Gravitation</b>                                   |              |              |              |              |                |              |
| Throughput 000't                                     | -            | -            | -            | 41           | (41)           | -100%        |
| Average grade, g/t                                   | -            | -            | -            | 4.81         | (5)            | -100%        |
| <b>Gold produced through grav. plant, kg</b>         | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>40.4</b>  | <b>(40)</b>    | <b>-100%</b> |
| Ore stacked, 000't                                   | 152          | 125          | 214          | 454          | (240)          | -53%         |
| Average grade, g/t                                   | 2.53         | 1.68         | 2.59         | 2.26         | 0.33           | 14%          |
| <b>Gold produced through heap leach, kg</b>          | <b>144.2</b> | <b>182.8</b> | <b>350.4</b> | <b>721.3</b> | <b>(370.8)</b> | <b>-51%</b>  |
| <b>Total hard rock gold produced, kg (Tardan)</b>    | <b>144.2</b> | <b>182.8</b> | <b>350.4</b> | <b>761.7</b> | <b>(411.2)</b> | <b>-54%</b>  |
| Total hard rock gold produced, oz (Tardan)           | 4.636        | 5.878        | 11,267       | 24,487       | (13,220)       | -54%         |
| <b>Alluvial gold production, kg (Solcocon)</b>       | <b>10.3</b>  | <b>6.6</b>   | <b>72.9</b>  | <b>47.8</b>  | <b>25.1</b>    | <b>53%</b>   |
| Alluvial gold production, oz (Solcocon)              | 330          | 212          | 2,344        | 1,535        | 810            | 53%          |
| <b>Total gold production, kg</b>                     | <b>154.5</b> | <b>189.4</b> | <b>423.4</b> | <b>809.4</b> | <b>(386.0)</b> | <b>-48%</b>  |
| Total gold production, oz                            | 4,966        | 6,090        | 13,611       | 26,022       | (12,411)       | -48%         |
| <b>Gold Sales, kg</b>                                | <b>168</b>   | <b>187</b>   | <b>440</b>   | <b>828</b>   | <b>(388)</b>   | <b>-47%</b>  |
| Gold Sales, oz                                       | 5,389        | 6,009        | 14,147       | 26,619       | (12,473)       | -47%         |
| Gold Sales, th'USD                                   | 6,332        | 7,628        | 17,373       | 33,532       | (16,159)       | -48%         |
| Price realised (net of commission), USD/oz           | 1,237        | 1,269        | 1,228        | 1,260        | (32)           | -3%          |
| Total cash cost per oz (produced), USD/oz            | 1,022        | 744          | 1,069        | 889          | 180            | 20%          |
| <b>Tardan contribution to group EBITDA, US\$ m</b>   | <b>1.7</b>   | <b>1.7</b>   | <b>0.5</b>   | <b>8.8</b>   | <b>(8.3)</b>   | <b>-95%</b>  |
| <b>Solcocon contribution to group EBITDA, US\$ m</b> | <b>(0.1)</b> | <b>1.9</b>   | <b>0.3</b>   | <b>2.7</b>   | <b>(2.4)</b>   | <b>-90%</b>  |
| <b>Total EBITDA of mining companies, US\$ m</b>      | <b>1.6</b>   | <b>3.6</b>   | <b>0.8</b>   | <b>11.5</b>  | <b>(10.7)</b>  | <b>-94%</b>  |

### Tardan 2018 KPI:

Auriant Mining resumed mining at Tardan in July as planned. In 2018, the Company mined 219,000 tonnes of ore with an average grade 2.58 g/t and this ore was stacked on the heap leach. Total gold production from the heap leach for 2018 was 350.4 kg (11,267 oz), compared to 761.7 kg (24,487 oz) in 2017, including gravitation, in the same reporting period in the previous year (-54%), which exactly matched the 2018 initial production target announced in October 2018.

### Solcocon 2018 KPI:

Gold production at Solcocon increased by 53%, compared to the prior period: 72.9 kg of gold was produced compared to 47.8 kg. 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 meet an initial 2018 production forecast of 150 kg of gold. Alluvial gold production is 100% outsourced. In the current period, the Company engaged 2 contractors working on 2 placers, while 1 contractor was involved in 2017. Alluvial contractors have already started mining and exploration activities for 2019.

### Production forecast 2019:

The Company aims to produce 940 kg (30,221 oz) of gold at Tardan (both heap leach and CIL) and 90 kg (2,893 oz) at Solcocon, a total of 1.03 tonnes (33,114 oz) in 2019.

# 12 months 2018 Income Statement

|   | Q4 2018        | Q4 2017        | 12m 2018        | 12m 2017        | Change          | Change, %    |
|---|----------------|----------------|-----------------|-----------------|-----------------|--------------|
|   | US\$ 000       | US\$ 000       | US\$ 000        | US\$ 000        | US\$ 000        | %            |
| <b>Revenue, including:</b>              | <b>6,332</b>   | <b>7,628</b>   | <b>17,373</b>   | <b>33,532</b>   | <b>(16,159)</b> | <b>-48%</b>  |
| Revenue from hard rock gold sales       | 5,509          | 7,179          | 14,837          | 31,887          | (17,050)        | -53%         |
| Revenue from alluvial gold sales        | 823            | 449            | 2,536           | 1,645           | 890             | 54%          |
| <b>Cost of sales, including:</b>        | <b>(6,165)</b> | <b>(8,059)</b> | <b>(21,449)</b> | <b>(31,420)</b> | <b>9,971</b>    | <b>-32%</b>  |
| Cash expenses                           | (4,584)        | (4,222)        | (12,874)        | (22,041)        | 9,168           | -42%         |
| Alluvial gold costs                     | (492)          | (310)          | (1,678)         | (1,099)         | (579)           | 53%          |
| Depreciation & amortization             | (1,422)        | (1,816)        | (4,659)         | (6,359)         | 1,700           | -27%         |
| Change in stripping assets              | (8)            | (2,262)        | 148             | (1,241)         | 1,389           | -112%        |
| Change in work in progress              | 342            | 551            | (2,386)         | (679)           | (1,706)         | 251%         |
| <b>Gross profit</b>                     | <b>167</b>     | <b>(431)</b>   | <b>(4,076)</b>  | <b>2,112</b>    | <b>(6,188)</b>  | <b>-293%</b> |
| General and administrative expenses     | (414)          | (425)          | (2,417)         | (2,447)         | 29              | -1%          |
| Other operating income                  | 131            | 2,157          | 467             | 3,288           | (2,821)         | -86%         |
| Other operating expenses                | (146)          | (55)           | (347)           | (278)           | (69)            | 25%          |
| Items affecting comparability           | -              | (104)          | -               | (292)           | 292             | -100%        |
| <b>Operating profit/(loss)</b>          | <b>(262)</b>   | <b>1,142</b>   | <b>(6,373)</b>  | <b>2,383</b>    | <b>(9,049)</b>  | <b>-380%</b> |
| Financial income                        | -              | 5              | 5               | 6               | (1)             | -19%         |
| Interest expenses                       | (973)          | (1,146)        | (3,803)         | (5,574)         | 1,771           | -32%         |
| Currency gain/(loss)                    | (413)          | (126)          | (1,763)         | 1,028           | (2,791)         | -271%        |
| <b>Profit/(Loss) before income tax</b>  | <b>(1,648)</b> | <b>(125)</b>   | <b>(11,934)</b> | <b>(2,157)</b>  | <b>(9,777)</b>  | <b>453%</b>  |
| Income tax                              | 16             | (30)           | 1,831           | (28)            | 1,859           | -6554%       |
| <b>Net profit/(loss) for the period</b> | <b>(1,632)</b> | <b>(155)</b>   | <b>(10,103)</b> | <b>(2,185)</b>  | <b>(7,918)</b>  | <b>362%</b>  |
| <b>EBITDA</b>                           | <b>1,160</b>   | <b>3,251</b>   | <b>(1,715)</b>  | <b>9,037</b>    | <b>(10,751)</b> | <b>-119%</b> |

Gold sales decreased by US\$ 16.2 mln, or by 48%:

- Gold sales decreased by 47% or 388 kg (11,852 oz) – from 828 kg (26.619 oz) in 2017 down to 440 kg (14.147 oz) in 2018;
- the average realized gold price per ounce slightly decreased: US\$ 1,228 in 2018 (US\$ 1,260 in 2017).

Temporarily halting of mining operations at Tardan in the first half of 2018 resulted in reduction of cash expenses by 42% or by US\$ 9.2 mln. Cash expenses reduced almost pro rata to revenue.

Change in stripping assets in 2018 was insignificant, while in 2017 it was capitalized by US\$ 1.4 mln in line with mining activity.

A decrease in stock of finished and semi-finished goods caused by lower balance of gold ready for sale and gold in process, compared to prior period.

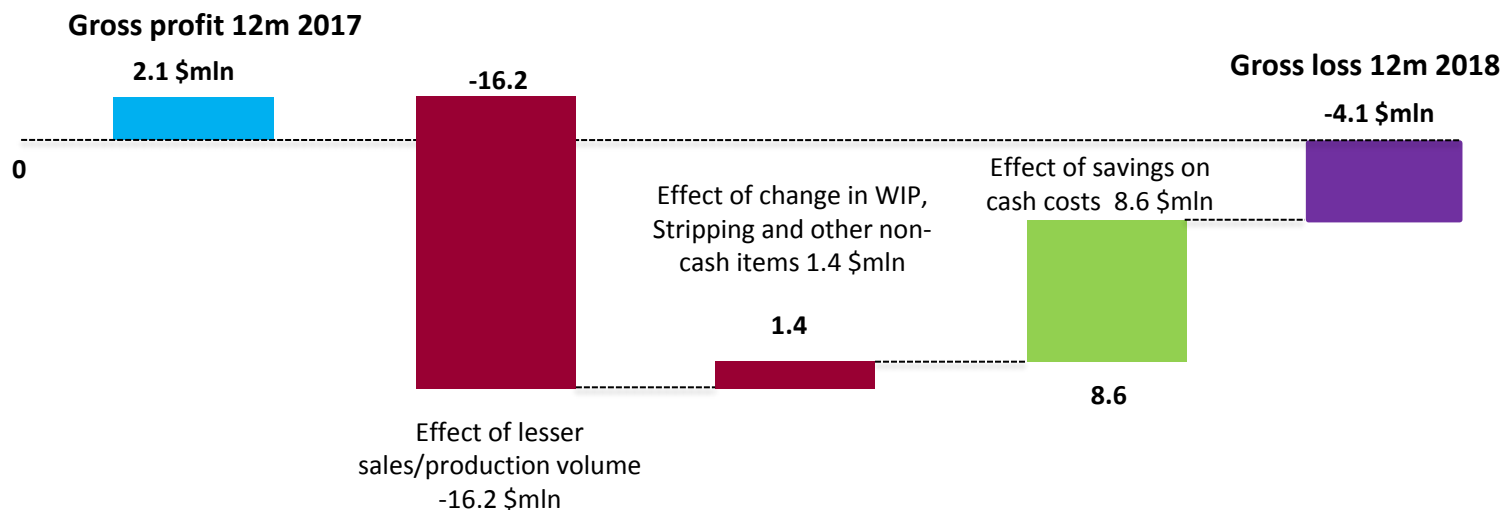
Other income in 2018 related to sales of equipment at Solcocon. In previous reporting period other income consisted of revenue from renting out Solcocon's mining transport, which was sold for US\$ 1.7 mln (incl. VAT) at the end of year 2017.

Decrease of interest expenses by 32% caused by repayment of loan principal, reduction of bank loan interest rate from 9.8% (PSB) to 8.3% (VTB) as well as reduction of principal amount of debt to Shareholder (through set-off of shareholder debt for new shares issued in 2017-2018) and decrease an effective interest rate from 4.9% in 2017 down to 2% in 2018.

US\$ appreciation against SEK and RUB by 9% and 21% respectively from the beginning of 2018 the Company got forex loss of US\$ 1.8 mln in 2018.

Tax loss carry-forward resulted in tax gain and a deferred tax asset accrual for 12m 2018.

# 12 months 2018 Income Statement





# 12 months 2018

## Consolidated cash flow statement

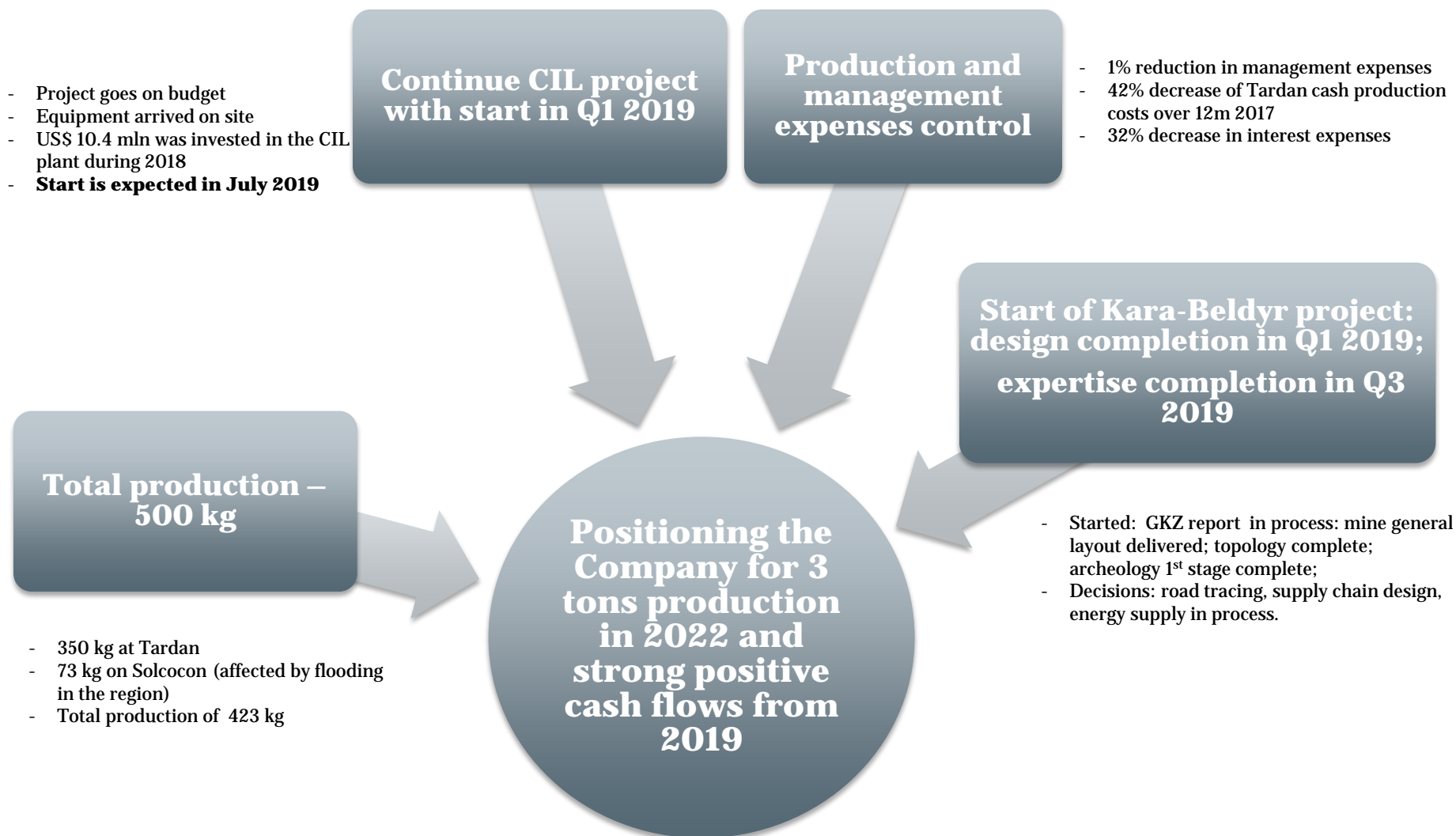
|   | 12m 2018<br>US\$ 000 | 12m 2017<br>US\$ 000 | Change<br>US\$ 000 | Change<br>%  |
|---|----------------------|----------------------|--------------------|--------------|
| <b>Operating activities</b>                               |                      |                      |                    |              |
| Receipts from customers                                   | 15,864               | 33,540               | (17,677)           | -53%         |
| Sale of rent contract                                     | 1,766                | -                    | 1,766              | 100%         |
| VAT and other reimbursement                               | 4,462                | 5,112                | (650)              | -13%         |
| Payments to suppliers                                     | (10,560)             | (18,110)             | 7,550              | -42%         |
| Payments to employees and social taxes                    | (6,499)              | (9,172)              | 2,673              | -29%         |
| Income tax paid   | (58)                 | (79)                 | 21                 | -26%         |
| Other taxes paid  | (1,558)              | (2,723)              | 1,165              | -43%         |
| <b>Net cash flows from/(used in) operating activities</b> | <b>3,417</b>         | <b>8,569</b>         | <b>(5,151)</b>     | <b>-60%</b>  |
| <b>Investing activities</b>                               |                      |                      |                    |              |
| Purchase and construction of property plant and equipment | (7,621)              | (1,716)              | (5,905)            | 344%         |
| Interest capitalized in CIP                               | (315)                | -                    | (315)              | 100%         |
| Exploration and research works                            | (669)                | (1,038)              | 369                | -36%         |
| Purchases of financial assets (VTB)                       | -                    | (271)                | 271                | -100%        |
| <b>Net cash flows used in investing activities</b>        | <b>(8,605)</b>       | <b>(3,025)</b>       | <b>(5,265)</b>     | <b>174%</b>  |
| <b>Financing activities</b>                               |                      |                      |                    |              |
| Proceeds from borrowings, net                             | 4,285                | (0)                  | 4,285              | 100%         |
| Receipts from share issue                                 | 3,173                | 6,178                | (3,005)            | -49%         |
| Repayment of borrowings, net                              | (2,062)              | (5,608)              | 3,546              | -63%         |
| Interest paid   | (3,126)              | (3,486)              | 359                | -10%         |
| Lease payments  | (213)                | (978)                | 765                | -78%         |
| Transaction costs arising on share issue                  | (76)                 | (646)                | 569                | -88%         |
| Other finance income/(expenses)                           | 58                   | -                    | 58                 | -100%        |
| <b>Net cash from/(used in) financing activities</b>       | <b>2,038</b>         | <b>(4,540)</b>       | <b>6,577</b>       | <b>-145%</b> |
| Net decrease in cash and cash equivalents                 | (3,150)              | 1,004                | (4,154)            | -413%        |
| Net foreign exchange difference                           | (730)                | (108)                | (621)              | 575%         |
| Opening balance cash and cash equivalents                 | 5,069                | 4,173                | 896                | 100%         |
| <b>Closing balance cash and cash equivalents</b>          | <b>1,189</b>         | <b>5,069</b>         | <b>(3,880)</b>     | <b>-77%</b>  |

- In April 2018, the Company received US\$ 3.2 mln of cash from the new shares issue.
- In April 2018, lease agreements of CIL key processing equipment acquisition were signed; amount of lease financing is US\$ 3.0 mln.
- US\$ 10.4 mln including lease financing were invested in the CIL plant during 2018.
- In November 2018, the Company drew down US\$ 2 mln from an agreement with Golden Impala Limited (a company related to the main shareholder) on a new 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 December 2018, the Company drew down US\$ 2.2 mln out of the new loan agreement with VTB providing US\$ 4.4 mln (RUB 300 mln) for CIL construction.





# Objectives for 2018



# Thank you

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