



Auriant Mining AB (publ) announces its plan to arrange a partially underwritten rights issue of approximately 178 MSEK and a profit forecast for 2017

The Board of Directors of Auriant Mining AB (publ) ("Auriant Mining" or the "Company") announces its plan to propose a partially underwritten rights issue totalling approximately 178 MSEK (the "Offering") to an Extraordinary General Meeting. The Offering is expected to consist of a maximum of 71,209,716 new shares (the "Offer Shares"). The Company also announces a profit forecast for 2017 of 14 MUSD in EBITDA.

Summary of the Offering

- The Company announced on 10th May that it was in discussions with its majority shareholder, Bertil Holdings Ltd (indirectly owned by Mr. Haskell who is also a member of the Board of Directors), holding approximately 52.32 per cent of the Company's shares, about a new capital raising. The Company and its majority shareholder have now come to an understanding and the Company is therefore intending to propose a new transaction, the Offering, for its shareholders.
- The Company continues to trade in line with its plan, and its target for gold production for 2017 remains broadly unchanged (see below for more details). The Company has already flagged in its Q1 interim report on 19th May that the appreciation of the RUB against the USD would put some pressure on profits in 2017. Taking this into account, as well as the updated gold production target and the benefit of cost reduction programmes, the Company is announcing a profit forecast for 2017 of 14 MUSD in EBITDA, compared to 22 MUSD in 2016.
- New capital is required in order to finance future growth. The current level of indebtedness is however preventing the Company from obtaining debt funding on favourable terms. The Company is, therefore, planning to raise capital required for new investments and for reducing debt through a rights issue, the Offering.
- As a consequence, the Board of Directors of the Company has decided to convene an Extraordinary General Meeting of Shareholders to approve the Offering. The Extraordinary General Meeting is expected to be held on 3 August 2017. Assuming that the Extraordinary General Meeting resolves on the Offering, all shareholders registered on the record date, estimated to be on or around 18 August 2017, in Auriant Mining's shareholder register maintained by Euroclear Sweden AB, will receive one (1) subscription right (the "Subscription Right") for every one (1) share held. One (1) Subscription Right will entitle the holder to subscribe for four (4) Offer Shares. In addition, for every one (1) subscribed and allotted share in the Offering the subscriber will receive one (1) warrant free of charge that will entitle the holder to subscribe for one (1) new share. The exercise period for the warrants is expected to be between 19 March 2018 and 30 March 2018. The strike price of the warrants will be the VWAP (Volume Weighted Average Price) of Auriant Mining's share 10 days prior to the exercise period of the warrants with a discount of 25 per cent, with a minimum strike price of 2.50 SEK and a maximum strike price of 3.50 SEK.
- Furthermore, the Board of Directors intends to propose to the Extraordinary General Meeting an authorization for the Board of Directors to resolve on the issue of new shares and/or

warrants to be subscribed for by external underwriters should they chose to receive underwriting compensation in shares and warrants instead of in cash. Under the authorization a maximum number of 8,000,000 shares may be issued in new share issues and/or through the exercise of warrants.

- The details of the proposals and the Extraordinary General Meeting will be found in the notice convening the meeting which will be announced in a separate press release as soon as it is finalized.
- The Offering is underwritten to 80 per cent through a subscription commitment from Bertil Holdings Ltd and external underwriting agreements. Bertil Holdings Ltd has undertaken to subscribe for 29,807,897 Offer Shares, by using its preferential rights, corresponding to approximately 41.86 per cent of the Offering, provided it is permitted to pay for the subscribed shares by setting off part of the claim under a convertible loan of 20 MUSD. The remaining part of the convertible loan will be replaced with a simple promissory note or bond. Bertil Holdings Ltd has also undertaken to vote at the Extraordinary General Meeting in favour of resolutions required for the Offering and warrant issue to be carried out.
- The subscription price in the Offering will be 2.50 SEK per Offer Share. The subscription price corresponds to a discount of approximately 29 per cent compared to the volume weighted average price of 3.53 SEK during the last 30 trading days prior to 28 June 2017.
- The record date for the Offering is planned to be 18 August 2017 with the last day of trading including the right to receive Subscription Rights on 16 August 2017 and the first day of trading excluding the right to receive Subscription Rights on 17 August 2017.
- The subscription period for the Offer Shares is expected to commence on 23 August 2017 and is expected to end on 8 September 2017 (the "Subscription Period").
- Approximately 178 MSEK before transaction costs is expected to be raised in the Offering if the Offering is fully subscribed plus an additional 178-249 MSEK from the warrants if they are exercised and depending on the strike price.
- The external underwriters are entitled to receive their underwriting compensation either in cash or in new shares and warrants in the Company, by setting off the claims under the underwriting agreements as payment for subscribed shares in a directed share issue to be conducted after the Offering, if necessary. The subscription price of the shares in the directed share issue will be defined based on the volume weighted average price of the Company's shares on Nasdaq First North Premier Sweden during the Subscription Period of the Offering. Compensation given in cash will amount to nine (9) per cent of the underwritten amount and compensation in new shares and warrants will amount to twelve (12) per cent of the underwritten amount. No compensation will be given to Bertil Holdings Ltd for its subscription undertaking.
- Additional compensation to the underwriters from the previous capital raising, which was not completed, will amount to four (4) per cent of the previously underwritten amount, provided that the underwriter commits to guarantee at least the same pro rata share in the Offering as in the previous capital raising. Such compensation is only paid in cash.
- Pursuant to the Offering, the Board of Directors will also propose to the Extraordinary General Meeting to approve an amendment in the Company's Articles of Association.

Rationale for the Offering and use of proceeds

In 2016 the Company moved into profit (EBITDA 22 MUSD), reflecting the concentration on production at Tardan and management's focus on reducing costs. In order to enable further growth, the Company is keen to raise new capital for investment. However, the current level of debt within the Company is preventing the Company from obtaining further debt financing on favourable terms.

The Board of Directors of the Company is now proposing a rights issue of approximately 178 MSEK that will eliminate part of the convertible loan and also provide the Company with new capital for investment. The remaining portion of the convertible loan will be replaced with a simple promissory note or bond. The debt reduction will create a more conservative balance sheet, reduce Auriant

Mining's dependency on the majority owner, as well as lowering the financial risk. Furthermore, the proposed upgrading in the Tardan production facility will significantly expand the production capability, extend the lifetime of the asset, increase the recovery potential as well as decreasing costs of production.

If the Offering is fully subscribed, the Company expects to receive cash proceeds of approximately 85 MSEK from the Offering, before deducting the estimated expenses related to the Offering payable by the Company of approximately 17.5 MSEK.

The Company will use the net cash proceeds from the Offering to commence the upgrade of the Tardan production facilities by introducing Carbon-In-Leach (CIL) technology, which will increase the recovery rate from 60 per cent to about 90 per cent. The total cost is expected to be approximately 114 MSEK of which 65 MSEK will be financed through the Offering. In addition, at least 74.5 MSEK of the convertible loan of Bertil Holdings Ltd will be set off through a subscription commitment in the Offering.

Production target

In 2017 the Company expects to have less ore suitable for gravitation production as the grades deteriorate. As a result, gravitational production will be paused in August, and possibly in July. As a response to the grade deterioration, the Company will have to crush and stack more using heap leach technology, which will lead to a different production profile in 2017 compared with 2016. The Company's updated hard rock production target for 2017 is 0.9 tonnes.

The Company has restarted alluvial operations at Solcocon. This is expected to add 60 kilograms of production in 2017. This work will also allow financing of the exploration works for further production at Solcocon.

Overall, the target for gold production in 2017 remains broadly unchanged (0.9 tonnes from hard rock plus 60 kilograms from alluvial compared to previous 1 tonne from hard rock).

Profit forecast for 2017

The Company's revenue from gold sales is linked to the USD, whereas most of the operating expenses are denominated in RUB. As a result, an appreciation of the RUB against the USD can negatively affect the Company's margins by increasing the USD value of its RUB denominated costs.

In addition, the Company expects that the average realized price for gold in 2017 will be slightly less than in the previous year (1,220 – 1,250 USD/oz compared to 1,269 USD/oz).

Taking this into account, as well as the benefit of cost reduction programmes, the Company is today announcing a profit target for 2017 of 14 MUSD in EBITDA, compared to 22 MUSD in 2016.

The Offering

The size of the contemplated Offering will be approximately 178 MSEK. The Offering is underwritten to 80 per cent by the Company's majority shareholder and external underwriters. The Board of Directors of the Company is planning to offer up to 71,209,716 new shares in the Company with preferential rights for current shareholders. The Offering would represent approximately 89 per cent of all shares in the Company should the Offering (the Offer Shares and warrants) be fully subscribed. All shareholders registered in Auriant Mining's shareholder register maintained by Euroclear Sweden AB will receive one (1) Subscription Right for every one (1) share held in the Company on the record date of the Offering. Every Subscription Right will entitle the holder to subscribe for four (4) Offer Shares. The Subscription Rights are planned to be registered in the shareholders' book-entry accounts approximately on 23 August 2017. The Subscription Rights are expected to be traded on Nasdaq First North Premier Sweden between 23 August 2017 and 6 September 2017.

For every one (1) subscribed and allotted share in the Offering the subscriber will receive one (1) warrant free of charge that will entitle the holder of the warrant to subscribe for one (1) new share. The exercise period for the warrants will be between 19 March 2018 and 30 March 2018. The strike price of the warrants will be the VWAP (Volume Weighted Average Price) of Auriant Mining's share 10 days prior to the exercise period of the warrants with a discount of 25 per cent, with a minimum strike price of 2.50 SEK and a maximum strike price of 3.50 SEK. The issue proceeds from the warrants at this stage will amount to approximately 178-249 MSEK depending on the strike price.

After subscription by using Subscription Rights, intermediary shares (BTA) corresponding to the Offer Shares (the "Intermediary Shares") will be entered into the subscriber's book-entry account. Trading in the Intermediary Shares is planned to commence on Nasdaq First North Premier Sweden as their own special share class approximately on 23 August 2017. The Intermediary Shares will be converted to shares after the Offer Shares have been registered with the Swedish Companies Registration Office (Sw: Bolagsverket). The conversion is planned to take place approximately during week 38, 2017, and the Offer Shares are planned to be subject to trading together with the Company's existing shares approximately during week 38, 2017 on Nasdaq First North Premier Sweden.

Indicative timetable for the Offering

3 August 2017	Extraordinary General Meeting
16 August 2017	Last day of trading including the right to receive Subscription Rights
16 August 2017	The prospectus is expected to be published
17 August 2017	First day of trading excluding the right to receive Subscription Rights
18 August 2017	Record date for the Offering
23 August–6 September 2017	Trading period for the Subscription Rights
23 August 2017	Trading starts in Intermediary Shares (BTA)
23 August–8 September 2017	The Subscription Period for the Offering
12 September 2017	Announcement of the outcome of the Offering
Week 38	Last day of trading in the Intermediary Shares on Nasdaq First North Premier Sweden
19–30 March 2018	Exercise period for the warrants

Advisers

Mangold Fondkommission AB is acting as financial adviser to the Company in the Offering. Advokatfirman Westermark Anjou AB is acting as the legal adviser to the Company on aspects of the Offering related to the Swedish law and CIS London & Partners LLP is acting as the legal adviser on aspects of the Offering related to the Russian law.

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

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

This information is information that Auriant Mining AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 28 June 2017.

Cautionary Statement: Statements and assumptions made in this press release with respect to Auriant Mining AB's ("AUR") current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of AUR. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", "strategy", "forecast" and similar expressions. These statements reflect management's expectations and assumptions in light of currently available information. They are subject to a number of risks and uncertainties, including, but not limited to, (i) changes in the economic, regulatory and political environments in the countries where AUR operates; (ii) changes relating to the geological information available in respect of the various projects undertaken; (iii) AUR's continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential joint ventures and alliances, if any; (v) exchange rates, particularly between the Russian rouble and the U.S. dollar. In the light of the many risks and uncertainties surrounding any gold production and exploration company at an early stage of its development, the actual results could differ materially from those presented and forecast in this report. AUR assumes no unconditional obligation to immediately update any such statements and/or forecasts

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