

AURIANT
MINING

H1 2014 Interim Results
Analyst Web Conference
29 August 2014



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

Auriant Mining AB is a Swedish junior mining company focused on gold production in Russia

Auriant Mining AB is one of **only few publicly listed junior** mining companies in Russia

Gold Reserves – **~1 Moz** according to Russian C1+C2 categories

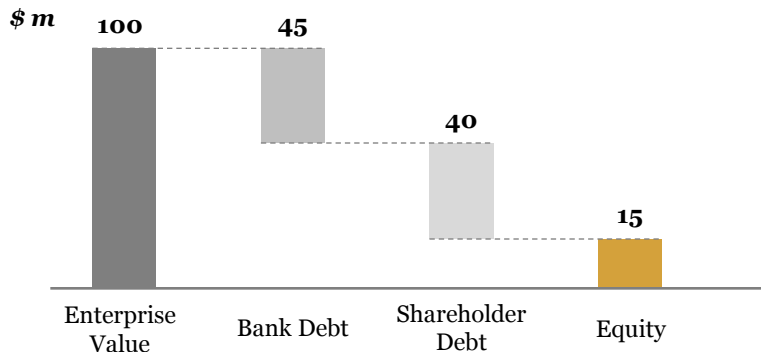
2012 production – **642 kg**

2013 production – **1,142 kg**

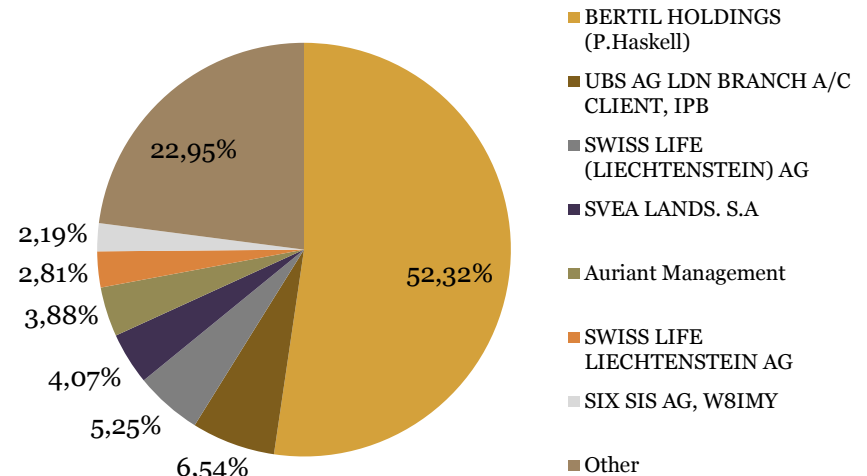
Headquartered in **Stockholm, Sweden**

Auriant Mining is listed on **NASDAQ OMX First North Premier**

Capital structure



Shareholder structure



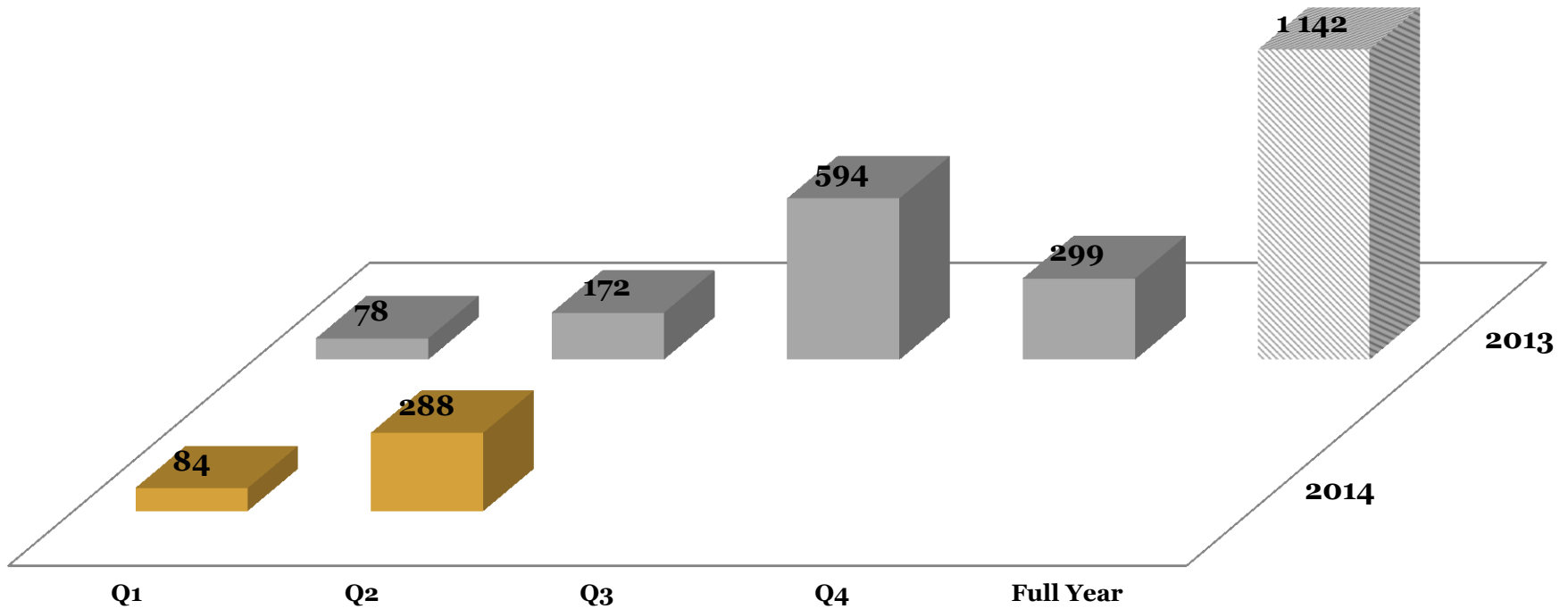
Management shareholding

- As of April 2014 Auriant Mining management holds **690 229 shares – 3.9% of total**
- Total amount of options holds by company's management is **1,306,768**
- Total management shareholding on a fully diluted basis - **10.4%**



Quarterly production growth

1.2



- H1 2014 production exceeding H1 2013 production and on-target
- Strong seasonality – most production in Q3 and Q4



H1 2014 Production Key Performance Indicators

	Solcocon				Tardan				Group			
	6m 2014	6m 2013	Change	Change, %	6m 2014	6m 2013	Change	Change, %	6m 2014	6m 2013	Change	Change, %
Hard rock gold												
Stripping, 000m3	234	228	6	3%	1,265	909	356	39%	1,499	1,137	362	32%
Ore mined, 000m3	22	57	(36)	-62%	37	33	3	10%	59	91	(32)	-35%
Rock mass total, 000m3 (a+b)	256	285	(30)	-10%	1,302	942	359	38%	1,558	1,228	330	27%
Ore mined, 000t	39.5	104	(65)	-62%	114	92	21	23%	153.1	196.4	(43)	-22%
Ore stacked, 000t	50	24	25	105%	124	82	42	51%	174	106	67	63%
Grade in ore, g/t	0.8	1.7	(1)	-51%	1.6	2.0	(0)	-22%	2.4	3.7	(1)	-35%
Tailings stacked, 000t	-	-	-		20	48	(28)	-58%	20	48	(28)	-58%
Grade in tailings, g/t	-	-	-		2.9	3.5	(1)	-17%	3	4	(1)	-17%
Total ore and tailings processed, 000t	50	24	25	105%	144	130	14	11%	194	154	40	26%
Gold produced, g	28,100	7,400	20,700	280%	229,000	170,700	58,300	34%	257,100	178,100	79,000	44%
Gold produced, oz	903	238	666	280%	7,363	5,488	1,874	34%	8,266	5,726	2,540	44%
Alluvial gold production												
Gold produced, g	115,200	71,400	43,800	61%					115,200	71,400	43,800	61%
Gold produced, oz	3,704	2,296	1,408	61%					3,704	2,296	1,408	61%
Total												
Gold produced, g	143,300	78,800	64,500	82%					372,300	249,500	122,800	49%
Gold produced, oz	4,607	2,533	2,074	82%					11,970	8,022	3,948	49%

- Total production of gold for the reporting period increased by 49% to 372.3 kg (11,969 oz) from 249.5 kg (8,020 oz) in H1 2013
- Significant growth of production was demonstrated both by Tardan (+34%) and Solcocon (+82%)



H1 2014 Income Statement

	H1 2014	H1 2013*	Change	Change, %
	US\$ 000	US\$ 000	US\$ 000	%
Revenue	13,470	10,685	2,785	26%
Cost of sales, including:	(20,604)	(14,649)	(5,955)	41%
<i>Gross Cost of Sales</i>	(19,644)	(20,185)	540	-3%
<i>Change in work in progress</i>	(960)	5,536	(6,496)	-117%
Gross profit	(7,134)	(3,964)	(3,170)	80%
General and administrative expenses	(2,774)	(3,125)	351	-11%
Other operating income	411	805	(394)	-49%
Other operating expenses	(689)	(474)	(215)	45%
Operating profit/(loss)	(10,186)	(6,758)	(3,428)	51%
Financial income	274	2	272	17702%
Financial expenses	(5,312)	(6,763)	1,451	-21%
Profit/(Loss) before income tax	(15,224)	(13,519)	(1,705)	13%
Income tax	3,093	5,598	(2,505)	-45%
Net profit/(loss) for the period	(12,131)	(7,921)	(4,210)	53%

Revenue from gold and gold equivalents increased by US\$ 2.785 m, or 26%, as compared to the same period of 2013. The volume of gold sold increased by 46% from 224.5 kg (7,218 oz) in H1 2013 up to 327.9 kg (10,542 oz) in H1 2014, however the increase in volume of gold sold was offset by a drop in the average realized gold price from US\$ 1,480 in H1 2013 down to US\$ 1,278 in the current period (-14%).

With production increasing by 49% (from 249.5 kg in h1 2013 to 372.3 kg in H1 2014) total H1 2014 cash costs stood at the same level as in H1 2013, before adjustments for change in work in progress.

Other operating expenses compared to the prior period increased by US\$ 0.215 m mainly due to the liquidation of the alluvial mining company LLC "Gold Borzya" (currently alluvial gold production is outsourced)

*Amounts for H1 2013 were restated in line with restatement done in 2013 annual accounts



H1 2014 Income Statement by nature

	H1 2014	H1 2013*	Change	Change
	US\$ 000	US\$ 000	US\$ 000	%
Income				
Revenue from sale of Hard rock gold	10,194	9,189	1,005	11%
Revenue from sale of alluvial gold	3,276	1,496	1,780	119%
Total revenue from sale of gold and gold equivalents	13,470	10,685	2,785	26%
Alluvial gold costs	(2,464)	(1,129)	(1,335)	118%
Other income	411	805	(394)	-49%
Total income	11,417	10,361	1,056	10%
Operating costs				
Change in stock of finished and semi-finished goods	(960)	5,536	(6,496)	-117%
Capitalized stripping works	2,028	-	2,028	100%
External expenses	(4,152)	(3,837)	(315)	8%
Taxes	(1,225)	(1,232)	7	-1%
Materials	(5,059)	(3,908)	(1,151)	29%
Employee benefit expenses	(5,292)	(6,844)	1,552	-23%
Depreciation, amortization and write downs	(3,480)	(3,235)	(245)	8%
Moscow & Stockholm	(2,774)	(3,125)	351	-11%
Other expenses	(689)	(474)	(215)	45%
Total operating costs	(21,603)	(17,119)	(4,484)	26%
Operating profit/loss	(10,186)	(6,758)	(3,428)	51%
Interest expenses	(5,312)	(3,833)	(1,479)	39%
Other financial income and expenses	274	(2,928)	3,202	-109%
Profit/loss before income tax	(15,224)	(13,519)	(1,705)	13%
Income tax	3,093	5,598	(2,505)	-45%
Net profit/loss for the period	(12,131)	(7,921)	(4,210)	53%

Alluvial gold costs increased (by 182%) in line with growth of alluvial sales activities

Capitalized stripping works of \$2.0 m in H1 2014 relate to excess of stripping at pit #1 at Tardan

Material expenses increased in line with increased production

Employee benefit expenses decreased by US\$ 1,552 m, or 23%, as a result of the company's staff optimization in the winter season, in particular at the Solcocon mine.

In the 1st half of 2013 interest rate due on the Shareholder's bond was 13% p.a. as part of the rate was paid. In the second half of 2013 the rate increased up to 18% since all interest was accrued in arrears. Effective from May 30th, 2014 the rate was decreased down to 10%. Increase of interest expenses in H1 on the shareholder's loan amounted to US\$ 0.9 m (effect of decreased rate will be seen in 2H). Increased volume of bank and lease financing resulted in increased interest expenses of US\$0.6 m.

*Amounts for H1 2013 were restated in line with restatement done in 2013 annual accounts



Group H1 cash costs

	Solcocon Hard rock 6m 2014	Solcocon Alluvial 6m 2014	Solcocon Total 6m 2014	Tardan Total 6m 2014	Group Total Total 6m 2014	Solcocon Hard rock 6m 2013	Solcocon Alluvial 6m 2013	Solcocon Total 6m 2013	Tardan Total 6m 2013	Group Total 6m 2013	
a	Stripping, 000 m ³	234		1,265		228			909		
b	Ore mined, 000 m ³	22		37		57			33		
c	Rock mass total, 000m ³ (a+b)	256		1,302		285			942		
d	Ore mined, 000 t	39.5		114		104			92		
	Stripping ratio actual (a/d)	5.9		11.1		2.2			9.8		
e	Mining costs, 000\$	1,688		5,800		1,765			4,913		
	Mining costs, \$/m ³ (e/c)	6.6		4.5		6.2			5.2		
f	Stripping asset	-		(2,029)		-			-		
g	Total period mining costs (e+f)	1,688		3,771		1,765			4,913		
	Cost of ore mined, \$/t (g/d)	43		33		17			53		
	Ore stacked, 000 t	50		124		24			82		
	Grade in ore, g/t	0.8		1.6		1.7			2.0		
h	Gold in ore, g	41,168		194,680		41,140			164,000		
	Tailings stacked, 000 t	-		20		-			48		
	Grade in tailings, g/t	-		2.9		-			3.5		
i	Gold in tailings, g	-		58,000		-			167,300		
j	Total gold, g (h+i)	41,168		252,680		41,140			331,300		
	Total ore and tailings processed, 000 t	50		144		24			130		
k	Gold produced, g	28,100	115,200	143,300	229,000	372,300	7,400	71,400	78,800	170,700	249,500
	Gold produced, oz	903	3,704	4,607	7,363	11,970	238	2,296	2,533	5,488	8,022
l	Cost of processing, US\$ 000	1,585	3,472		4,436		1,058	2,173		5,014	
	Cost of processing, \$/oz	1,755			602		4,448			914	
m	Refining & Transportation, US\$ 000	47			77		26			144	
n	Local General and Administrative expenses, US\$ 000	607			1,882		878			1,833	
o	MRET, US\$ 000	83	371		551		21	279		550	
	Total cash costs, 000\$ (g+l+m+n+o)	4,010	3,843	7,853	10,715	18,568	3,748	2,451	6,199	12,453	18,653
	Cash Cost per oz, US\$	4.438	1.038	1.704	1.455	1.551	15.754	1.068	2.447	2.269	2.325

Cash costs per ounce of gold produced decreased from US\$ 2,325/oz in H1 2013 down to US\$ 1,551/oz in H1 2014, or by 33%



Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	June 30, 2014	June 30, 2013*	December 31, 2013
	US\$ 000	US\$ 000	US\$ 000
FIXED ASSETS			
Intangible fixed assets	25,608	26,293	25,772
Tangible fixed assets	35,982	35,288	37,898
Financial fixed assets	13,477	11,968	10,576
Total fixed assets	75,067	73,549	74,246
CURRENT ASSETS			
Materials	2,317	5,101	2,808
Work in progress	5,345	14,097	6,518
Finished products	1,126	516	109
Stripping asset	4,101	-	2,038
Current receivables	4,587	5,106	5,496
Advanced paid	1,933	2,629	825
Cash and cash equivalents	257	119	1,656
Total current assets	19,666	27,569	19,450
TOTAL ASSETS	94,733	101,118	93,696
Share capital	30,738	30,738	30,738
Additional paid in capital	24,961	24,399	24,575
Retained earnings	(58,133)	(34,125)	(46,002)
Translation difference reserve	(8,165)	(6,956)	(8,165)
Non-controlling interest	-	-	-
Total equity	(10,599)	14,056	1,146
Long term liabilities			
Deferred tax	2,850	3,408	3,003
Loans and notes payable	15,961	-	5,444
Lease payable	2,417	-	2,866
Bond payable	41,336	-	-
Other long-term liabilities	1,387	2,727	1,414
Total long term liabilities	63,951	6,135	12,726
Current liabilities			
Trade accounts payable	5,462	7,179	3,941
Loans payable	29,217	32,103	29,262
Lease payable	799	458	1,033
Bond and shareholder loans payable	-	35,967	40,052
Other current liabilities	5,903	5,222	5,537
Total current liabilities	41,381	80,928	79,824
TOTAL EQUITY AND LIABILITIES	94,733	101,118	93,696

The Company's consolidated equity at the end of the reporting period turned negative as a result of Q1 losses. However, the Parent Company carries positive equity and we believe that there is still no indication of impairment. The Company possesses sufficient gold reserves, and plans to decrease costs of sales as production grows and become profitable.

During H1 2014 we refinanced short term loan from Svyazbank with a long term loan facility with Promsvyazbank (repayable in 2015 – 2017)

The Company reached an agreement with Golden Impala, a company related to the main Shareholder, to extend debt, initially payable in June 2014, to 2018 and to decrease interest rate to 10% p.a. (effective from May 31, 2014)

*Amounts for H1 2013 were restated in line with restatement done in 2013 annual accounts



Consolidated cash flow statement

	H1 2014	H1 2013
	US\$ 000	US\$ 000
Operating activities		
Receipts from customers	13,470	10,384
VAT and other reimbursement	4,488	2,401
Payments to suppliers	(14,355)	(9,672)
Payments to employees and social taxes	(6,793)	(8,586)
Income tax paid	(0)	(19)
Other taxes paid	(1,656)	(1,082)
Net cash flows used in operating activities	(4,847)	(6,573)
Investing activities		
Proceeds from exercise of share options	-	320
Purchase and construction of property plant and equipment	(2,598)	(3,538)
Exploration and research works	(419)	(1,914)
Investments in JV	(121)	(122)
Net cash flows used in investing activities	(3,139)	(5,253)
Financing activities		
Proceeds from borrowings	32,135	21,209
Repayment of borrowings	(23,787)	(9,310)
Interest paid	(949)	(1,844)
Lease payments	(1,014)	(1,339)
Other finance expenses	-	(128)
Net cash from financing activities	6,385	8,588
Net increase in cash and cash equivalents	(1,601)	(3,238)
Net foreign exchange difference	202	(70)
Cash and cash equivalents at 1 April/January	1,656	3,427
Cash and cash equivalents at 30 June	257	119



H1 Summary

- **Volumes are up:**

- stripping by 32%;
- processing by 26%;
- production by 49%.

- **Costs are down (Tardan):**

- mining costs per m3 by **-13%**;
- mining costs per tonn of ore mined by **-38%**;
- processing per oz of gold produced by **-34%**;
- total cash costs (TCC) by **-36%**;

- Group admin costs by **-11%**

- **Reserves are up:**

- 2,517 kg of high grade gold (average of 5.4 g/t) at Barsuchiy.

- **Decreased interest rate:**

- bank loans from 12% to 8.5%
- shareholder loan from 16% to **10%**. Maturity of shareholder loan **rolled over to 2018**.



Thank you

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