



## **Auriant Mining AB (publ)**

### **Interim report for the period from January – December 2012**

#### **Financial Highlights:**

- **Consolidated revenue from gold sales for 2012 increased by 77% to MSEK 234 (US\$ 36 m) compared to consolidated revenue for 2011 in amount of MSEK 132 (US\$ 20 m), of which MSEK 116 (US\$ 18 m) was attributable to the fourth quarter 2012 (Q4 2011 MSEK 36 (US\$ 6 m)).**
- **Total production of gold for the 12 months increased by 57% to 642 kg (410 kg), of which 305 kg (217 kg) was produced in the fourth quarter.**
- **EBITDA for 2012 was positive at MSEK 0.4 (US\$ 0.06 m) compared to negative EBITDA for 2011 of MSEK -34.4 (US\$ -5.28 m) and for the fourth quarter 2012 amounted to MSEK -5.1 (US\$ -0.79 m) (Q4 2011 MSEK -16.9 (US\$ -2.59 m)).**
- **The net result after tax and non-controlling interest for 2012 was MSEK -74 (US\$ -11 m) compared to 2011 in amount of MSEK -119 (US\$ -18 m). Earnings per share for 2012 were equal to SEK -4.20 (US\$ -0.64) compared to 2011 – SEK -7.17 (US\$ -1.10). For the fourth quarter 2012 the net result after tax and non-controlling interest was MSEK -41 (US\$ -6 m) (Q4 2011 MSEK -63 (US\$ -10 m)) corresponding to earnings per share of SEK -2.32 (US\$ -0.35) (Q4 2011 – SEK -3.56 (US\$ -0.54)).**
- **Agreement has been reached with the majority shareholder to restructure the existing loan; this has resulted in a significant decrease in the interest rate provided interest is paid regularly but that now incurs regular cash interest payments.**

#### **Key developments post period end:**

- **As part of the debt restructuring programme, in February 2013 Auriant Mining repaid a loan to Svyazbank in amount of MSEK 35 (US\$ 5 m). This did not reduce the amount of Company debt but lowered the interest burden.**

## **Operational Highlights**

- **Production for the Group increased by 57% and amounted to 642 kg (20,640 oz.) within the target range set by the company 600 – 700 kg (19,290 – 22,505 oz.)**
- **Company forecasts gold production 2013 of 1,000 – 1,200kg (32,150 – 38,580 oz.)**
- **Successful commissioning of the Tardan heap leach plant**
- **Alluvial production of gold outsourced to an experienced operator**
- **Company management restructuring completed**
- **New teams in place at mines**
- **Shareholder debt restructured**
- **Board of Directors strengthened with the addition of several highly regarded international gold industry professionals**

## **Comments by the Chairman**

Dear Fellow Shareholders,

This last year was transformational for Auriant. Operationally the Company passed a major milestone with the commissioning of the new heap leaching plant at Tardan and production of significant amounts of gold from our hard rock deposits. In June, we appointed Denis Alexandrov as the new CEO of the company. His previous experience includes CFO and Board member of Highland Gold Mining where he helped to IPO the company on the London Stock Exchange, CFO at Arlan, a leading Russian mining private equity fund, CFO and acting CEO of A1 Investments, one of the leading investment funds in Russia. Denis brings over 15 years of experience of gold mining in Russia, and more importantly extracting value from gold mining operations. He has restructured and dramatically strengthened the management of the Company and I am confident that we now have an excellent team to take Auriant to the next stage of its development.

In 2012 we had some major changes to our Board. Niclas Eriksson, Tom Baring, Nick Harwood, Gordon Wylie, and Lars Guldstrand stepped down. On behalf of myself and the company I would like to extend our gratitude for their service and support for Auriant. They helped us in taking a company with mostly exploration assets and turning it into a gold producer. I would like to wish them every success in their future endeavours.

In addition to myself as Chairman and Denis Alexandrov as the only executive member we have several new Board members. Lord Peter Daresbury's extensive mining and CIS experience includes previously serving as Chairman of Kazakhgold Group, and Chairman of Highland Gold Mining, as well as being a member of the Fleming Family and Partners Private Equity Investment Committee. André Bekker is one of South Africa's leading precious metals geologists. His long experience includes being Head of Mining for the Industrial Development Corporation of South Africa, serving on the boards of two listed South African Companies, as well as currently being an Executive Officer of Sylvania Platinum. Ingmar Haga also has a long career in mining he is currently head of European operations for Agnico-Eagle, a prominent global gold producer. Previously he was President of Polar Mining Oy a Nordic gold miner, and before that had a long career with the Outokumpu Group of Finland.

In addition I am pleased to say that Sergei Kashuba, a highly respected person in the Russian gold mining industry, has become an advisor to the Board. Sergei is currently the Chairman of the Russian Union of Gold Producers (RUGP) and is a member of the Public Council of the Federal Subsoil Resources Management Agency (Rosnedra) as well as being a member of the Precious Metals Mining Committee of the Chamber of Trade and Commerce of Russia. We are proud to have the benefit of his long experience in gold mining and unparalleled knowledge of Russian gold deposits and miners.

Auriant is now a completely different company to its predecessor, with a new name, new CEO and management and a new Board. The Company has developed a new strategy which I am confident will see the company transformed into an efficient intermediate gold producer in the mid-term.

**Preston Haskell**  
*Chairman*  
*Auriant Mining AB*

## Comments by the CEO

2012 was a momentous year for the Company. We completed our restructuring programme, changed the management team (and at our sites as well) and made the successful transition towards becoming an intermediate gold producer as well as developing a new growth strategy. Going forward our strategy is three-fold. Firstly, over 2013-14 we will focus on our existing producing assets and ramp up to reach capacity. Secondly, over the medium term, we will continue exploration at our existing properties to boost our reserves and mine lives, as well as developing a base for further production increases. Finally, in the mid to long term the Company should be well positioned to become a consolidation vehicle with transformational M&A opportunities.

In 2012 we finally completed our transition from a mostly alluvial mining company into a fully hard rock mining gold mining company. Our last alluvial operation, Gold Borzya, which is part of our larger Solcocon license, was outsourced to an experienced operator, with Auriant receiving an effective royalty of 20% on all gold sales.

Following my joining of the Company on June 1<sup>st</sup> 2012 one of my major tasks was to restructure the senior management team. This restructuring is now complete with our new team comprising Mihail Fedulov as CFO, Max Yacoub as Chief Investment Officer responsible for investment opportunities and investor relations, Sergei Shumilov as HR director, Igor Oglov as COO, Vladimir Churin as Chief Geologist, and Ekaterina Babaeva as Group Legal Counsel. In addition we have appointed new managers at our mines and are completing the restructuring of all key positions there.

In August we commissioned our new heap leach operation at our Tardan mine together with a new plant. Tardan produced on target 412 kg in 2012, mostly from heap leaching operations. With the plant commissioned our major Tardan capex is behind us and we expect 2013 production of 500 - 600 kg. Our major task for Tardan in 2013 is to ramp up to full production of 1,000 – 1,200 kg in 2014. Our main activities at Tardan in 2013 will focus on resumed stripping and mining operations following the cessation of mining in 2012 due to a shortage of financing, which resulted in insufficient ore stockpiled for 2013 gold production. In total we aim to mine 300,000 tonnes of ore, stack 350,000 tonnes (including gravitational tailings), as well as strip 1.5m tonnes of overburden for 2014 production. In addition we intend to gradually upgrade our vehicle fleet at Tardan in order to increase ore throughput (primarily by acquiring vehicles and equipment with greater load capacity).

As per previous Company announcements in 2012 Solcocon underperformed with production of 116 kg due to Company resources being diverted to commissioning of the Tardan heap leach and new plant. In 2013 our efforts will be geared towards de-bottlenecking at Solcocon. In previous years we had low reserve preparation and therefore this year we will focus on exploration to boost production. With improved production exploration this year we hope to mine 330,000 tonnes of ore, or about three times as much as in previous years. In order to process more ore and increase production we will need to build a new heap leach pad and stockpile more ore. In addition we will need to increase crushing capacity by completing the upgrade started with the purchase of a new crusher in 2012. At the plant we intend to boost throughput of the heap solution in 2013 by the installation of two additional sorption columns. In 2013 we are forecasting production at Solcocon of 300 - 350 kg, with final ramp up achieved in 2014-15 of 500 – 700kg per year.

In total our capex requirement for 2013 is around US\$ 19 million of which about US\$ 10 million we are allocating to Tardan for 20,000 m of RS drilling, new mining equipment, and an additional heap leach pad. Around US\$ 3.5 m will be spent on Solcocon on new equipment, completion of the crusher capacity upgrade and installation of new equipment at the plant. In addition our overall stripping works for 2013 will come to around US\$ 5 m.

Going forward we hope to achieve gold production of 2 tonnes by 2015 from our existing operations. We will be further investing in exploration at our existing properties to boost reserves and extend mine life at both Tardan and Solcocon, as well as continuing exploration at our earlier-stage properties of Uzhunzhul and Kara-Beldyr (our joint venture with Centerra Gold). In total we have over 900 km<sup>2</sup> of prospective license areas to continue our exploration efforts.

In the mid to long term we would like to grow the company to be an intermediate gold producer through both organic growth as well positioning the company as a vehicle for gold asset consolidation in Russia. To that end we are hoping in the next 9-18 months, to seek to relist our shares on the main NASDAQ market in Stockholm to boost our attractiveness to investors and improve liquidity for shareholders.

With regards to our cash flow position, we are sufficiently funded for 2013 and will not need to raise any additional capital. Moving the company to the main NASDAQ market will simply be a technical re-listing without needing to raise any more capital. In 2012 we developed strong relationships with Promsvyazbank and Svyazbank and our investment needs in 2013 will be met through retained earnings and bank debt. We also successfully consolidated and restructured our debts to the majority shareholder. Previous shareholder loans have now been consolidated into one unsecured debt instrument, with a longer tenor (to mid 2014), and with a much lower interest rate.

In summary, I believe Auriant has turned the corner and is now on track to increasingly grow gold production going forward. In 2013 we will need to focus on achieving our production ramp up and completing the introduction of cost control and efficiency improvement programmes, and laying the foundations for future growth of the Company.

**Denis Alexandrov**  
*Chief Executive Officer*

# Operational Update

## Group Production

Production unit	License area	12m 2012		12m 2011	
		kg	oz	kg	oz
<b>Hard rock</b>					
Tardan (gravitational)	Tardan	55	1,768	96	3,086
Tardan (heap leach)	Tardan	357	11,478	-	
Solcocon		116	3,729	238	7,652
		528	16,975	334	10,738
<b>Alluvial</b>					
Borzya		114	3,665	76	2,443
<b>Total</b>		642	20,640	410	13,182

## Tardan

		12m 2012	12m 2011
<b>Mining</b>			
Waste stripping	000 m <sup>3</sup>	424	276.5
Ore mined	000 tonnes	168.5	281.9
Average grade	g/t	2.0	2.4
<b>Gravitation</b>			
Throughput	000 tonnes	34.3	57.4
Average grade	g/ton	4.5	4.7
Extraction	%	35%	36%
Gold produced	Kg	55	96
<b>Heap leach</b>			
<b>Crushing</b>			
Ore	000 tonnes	240.7	41.7
Grade	g/t	2.01	2.4
<b>Stacking</b>			

Ore	000 tonnes	234	24.2
Grade	g/ton	1.8	1.5
Tailings	000 tonnes	54.4	4.7
Grade	g/t	3.6	3.5
<b>Gold produced</b>	kg	412	-
<b>Warehouse</b>			
Ore	000 tonnes	26.3	217.4
Grade	g/t	1.3	1.48
Tailings	000 tonnes	213.6	238.4
Grade	g/t	2.9	3.2

### Solcocon

		12m 2012	12m 2011
<b>Mining</b>			
Waste stripping	000 m <sup>3</sup>	581	562.4
Ore mined	000 tonnes	123	142.4
Average grade	g/t	2.01	1.39
<b>Heap leach</b>			
<b>Crushing / Stacking</b>			
Ore	000 tonnes	131	204
Grade	g/t	1.64	1.3
<b>Gold produced</b>	kg	108	238
<b>Warehouse</b>			
Ore	000 tonnes	4	12
Grade	g/t	1.2	1.66
<b>Alluvial</b>			
Waste stripping	000 m <sup>3</sup>	1267.7	655.6
Sand washed	tonnes	118.9	126.5
<b>Gold produced</b>	kg	116	76

## **Uzhunzhul**

Approximately 5,000 samples that were selected over the 2012 summer season were analysed to develop the 2013 exploration programme. Additionally topographical work was undertaken to map potential ore deposits for further exploratory drilling in 2013.

## **Kara-Beldyr**

The Kara-Beldyr license area is being explored as a joint venture with Centerra Gold. Auriant holds 30% of the joint venture with Centerra Gold the operator. The current resource is 500,000 oz. according to NI 43-101. Drilling will be continued throughout 2013 to increase resources.

## **Income, result and financial position for the group**

### **Income and result<sup>1</sup>**

The net result after tax and non-controlling interest for 2012 was MSEK -73.955 (US\$ -11.361m) compared to 2011 in amount of MSEK -119.325 (US\$ -18.331 m). Earnings per share for 2012 were equal to SEK -4.20 (US\$ -0.64) compared to 2011 – SEK -7.17 (US\$ -1.10). For the fourth quarter 2012 the net result after tax and non-controlling interest was MSEK -40.908 (US\$ -6.284 m) (Q4 2011 MSEK -62.665 (US\$ -9.627 m)) corresponding to earnings per share of SEK -2.32 (US\$ -0.35) (Q4 2011 SEK -3.56 (US\$ -0.54)).

Consolidated gold sales for 2012 were MSEK 234.133 (US\$ 35.968 m) compared to 2011 sales of MSEK 131.965 (US\$ 20.272 m) and MSEK 116.063 (US\$ 17.830 m) for the fourth quarter of 2012 (Q4 2011 MSEK 36.352 (US\$ 5.584 m)). This corresponded to 617 kg for 2012 (2011 – 385 kg) and 297 for the fourth quarter 2012 (Q4 2011 – 95 kg) of gold sold. The increase in revenue from gold sales is largely attributable to the higher gold prices and production volume growth compared to last year. As already mentioned, production levels in Tardan increased significantly due to the launch of the new heap leaching plant at the end of August 2012.

During the reporting period no exploration costs were capitalized (2011 MSEK 4.112 (US\$ 0.632 m)).

Other operating income for 2012 amounted to MSEK 21.515 (US\$ 3.305 m) compared to 2011 in amount of MSEK 18.175 (US\$ 2.792 m) and to MSEK 6.951 (US\$ 1.068 m) for the fourth quarter 2012 (Q4 2011 MSEK 2.313 (US\$ 0.355 m)). It relates to the gain recognized as a result of decrease of equity interest of Auriant Mining AB in Awilia Enterprises Ltd. from 50% to 30% (Awilia Enterprises Ltd. is a joint venture established with Centerra Gold Inc. for the exploration and development of the Kara-Beldyr license area), foreign exchange differences, other services to external parties.

The change in stock of finished and semi-finished goods in 2012 amounted to MSEK 24.965 (US\$ 3.835 m) compared to 2011 in the amount of MSEK 42.663 (US\$ 6.554 m) and MSEK 9.538 (US\$ 1.465 m) in the fourth quarter 2012 (Q4 2011 MSEK -4.956 (US\$ -0.761 m)). Since the Tardan heap leaching plant is operational, the amount is expected to decrease further.

The operating costs for the Group for 2012 were MSEK -320.844 (US\$ -49.288 m) compared to 2011 in the amount of MSEK -298.079 (US\$ -45.791 m). The overall increase in operating costs for the year is not significant compared to the total increase of gold production and influenced by several factors:

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<sup>1</sup> The exchange rates used in this report are for December 31 2012 of US\$/SEK 6.51 and RUB/SEK 0.213



- Significant reduction in production costs at the company's remaining alluvial production unit Gold Borzya which was operated by external contractor in 2012.
- A substantial part of preparation works for the Tardan heap leaching plant commissioned in 2012 was performed in 2011 which also explains the decrease in change in stock of finished and semi-finished goods in 2012: MSEK 24.965 (US\$ 3.835 m) (2011 MSEK 42.663 (US\$ 6.554 m).
- Stripping and blasting and ore preparation works at Tardan were frozen in the second and third quarter of 2012.
- The cost base was adapted for significantly higher production volumes than what was reached in 2011.

Decrease of payroll expenses is explained by the outsourcing of alluvial production to an external contractor.

Increase in depreciation, amortization and write-downs in 2012 of MSEK -70.292 (US\$ -10.798 m) compared to 2011 in the amount of MSEK -63.847 (US\$ -9.808 m) relates to the launch of heap leaching plant at Tardan.

Net financial items for 2012 amounted to MSEK -31.801 (US\$ -4.885 m) compared to 2011 in amount of MSEK -27.101 (US\$ -4.163 m). Income tax for the reporting period amounted to MSEK -1.923 (US\$ -0.295 m) (2011 MSEK 7.869 (US\$ 1.209 m)). The income tax expense predominantly relates to a change in deferred taxation at the subsidiary level. The net financial items are higher compared to last year due to higher interest expenses incurred on loans received from Golden Impala, a company related to the main shareholder, and from external banks.

The Group does not have any non-controlling interest since the sale of the subsidiary LLC Artelj Lena during the summer of 2011. The net result attributable to non-controlling interest for the comparable period was MSEK -1.071 (US\$ -0.165 m).

### **Financial position**

The decrease in intangible assets to MSEK 152.184 (US\$ 23.379 m) at 31 December 2012 (31 December 2011 MSEK 159.496 (US\$ 24.502)) is caused by amortization accrual for the period.

The increase in tangible assets to MSEK 245.154 (US\$ 37.661 m) at 31 December 2012 (31 December 2011 MSEK 229.365 (US\$ 35.235 m)) is explained by finalizing of the Tardan heap leaching plant.

The significant decrease in deferred tax assets is caused by offset of these assets against deferred tax liabilities and reversal of temporary differences.

The decrease in current assets to MSEK 202.408 (US\$ 32.536 m) at 31 December 2012 (31 December 2011 MSEK 207.129 (US\$ 31.820 m)) is mainly due to decrease in prepayments for external services compared to the previous year.

The increase in long-term liabilities to MSEK 257.877 (US\$ 39.615 m) at 31 December 2012 (31 December 2011 MSEK 85.413 (US\$ 13.121 m)) is caused by the increase in the total debt to Golden Impala, a related party company, and reclassification of part of the loan from Golden Impala from current liabilities to long-term liabilities due to the restructuring of the loan with repayment date extended till June 2014.

Current liabilities are mainly represented by loans from Svyazbank and PromSvyazBank. Restructuring of loans from Golden Impala caused the decrease in current liabilities to MSEK 163.085 (US\$ 25.053 m) (31 December 2011 MSEK 282.651 (US\$ 43.421 m)).

## **Investments, liquidity and financing**

During the reporting period, total investments amounted to MSEK 56.814 (US\$ 8.728 m) (2011 MSEK 124.009 (US\$ 19.050 m)). These mainly related to completion of construction and obtaining the required permits for the heap leaching plant at Tardan. The most expensive construction works were performed in 2011 which explains the general reduction of investments compared to last year.

In 2012, Auriant Mining partly financed its operations with Svyazbank loans. As a result, loans payable to Svyazbank increased by MSEK 5.139 (US\$ 0.789 m). During this period part of the loans were repaid in the amount of MSEK 140.490 (US\$ 21.582 m) (including interest of MSEK 12.884 (US\$ 1.979 m)). In total, Svyazbank outstanding loans to Auriant Mining as of 31 December 2012 amounts to MSEK 69.421 (US\$ 10.664 m).

The Group signed a US\$ 16.2 m (MSEK 108) 12 months credit facility with PromSvyazBank to finance current operations and investments. As of 31 December 2012 Auriant drew down MSEK 60.334 (US\$ 9.269 m) from the Promsvyazbank credit facility. The remaining unutilized portion of the credit facility is MSEK 47.666 (US\$ 6.931 m).

In addition Auriant Mining reached principal agreement with the majority shareholder on restructuring existing shareholder loans leading to a significant decrease of the interest rate and regular payment of the interest. As of 31 December 2012, the total amount of outstanding debt (including capitalized interest) to Golden Impala, the company controlled by the major shareholder, is MSEK 221.704 (US\$ 34.058 m).

Consolidated cash balance at December 31, 2012 was MSEK 22.266 (US\$ 3.421 m) (31 December 2011 MSEK 10.995 (US\$ 1.689 m)).

## **Other financial information**

### **Segment information**

The company accounts for segments in accordance with IFRS 8. At present the company only considers that it has one segment as only one product, gold, is produced and all operations are performed in one economic environment, Russia.

### **Transactions with related parties**

As of December 31, 2012 Auriant Mining received loans from Golden Impala, a company related to the ultimate controlling party of Auriant Mining, Preston Haskell, in the total amount of MSEK 214.100 (US\$ 32.890 m).

### **Employees**

The group had on average 720 (725) employees during reporting period. As at the end of December 2012 the number of employees in the group was 781 (495).

## Capital Structure

The number of issued shares at the end of the reporting period amounted to 17,616,987. The limits of the share capital are a minimum of MSEK 150 (US\$ 23.043 m) and a maximum of MSEK 600 (US\$ 92.172 m) and the quota value of each share is SEK 11.25 (USD 1.72). Each share carries one vote.

## Production forecast

Auriant Mining's production forecast for the calendar year 2013 is to produce 1,000 – 1,200 kg (32,000 – 39,000 oz) of gold.

## The parent company

The parent company is a holding company without significant operations. It supports the subsidiaries with financing, investor relations, strategy formulation, etc. Thus it usually has no income other than interest on loans extended to the subsidiaries from time to time or in respect of bank deposits.

## Income and result

The operating result for 2012 was MSEK -3.437 (US\$ -0.528 m) compared to 2011 in amount of MSEK -13.677 (US\$ -2.101 m) and MSEK -6.652 (US\$ -1.022 m) for the fourth quarter (Q4 2011 MSEK -7.666 (US\$ -1.178 m)). The change is mainly due to the increase in other operating income for the period relating to the gain from the sale of 20% of the shares in Awilia Enterprises Ltd. to Centerra Gold made in accordance with the JV agreement for the Kara Beldyr license area as Centerra in January 2012 earned the right to another 20% in the JV. Total operating expenses for 2012 amounted to MSEK -11.499 (US\$ -1.766 m) (2011 MSEK -13.677 (US\$ -2.101 m)).

Net financial items for 2012 amounted to MSEK -242.742 (US\$ -37.290 m) (2011 MSEK -228.403 (US\$ -35.088 m)) and to MSEK -239.460 (US\$ -36.786 m) for the fourth quarter 2012 (Q4 2011 MSEK -232.220 (US\$ -35.674 m)) and include write down of intercompany loan receivables of MSEK -238.888 (US\$ -36.698 m) relating to the production unit Tardan (2011 MSEK 224.208 (US\$ -34.443 m) related to production units Solcocon and Gold Borzya).

Net result for 2012 amounted to MSEK -246.179 (US\$ -37.818 m) compared to 2011 in amount of MSEK -242.080 (US\$ -37.188 m) and MSEK -246.112 (US\$ -37.808 m) for the fourth quarter 2012 (Q4 2011 MSEK -239.886 (US\$ -36.851 m)).

## Financial position

Decrease of financial fixed assets is mainly caused by write down of intercompany loan receivables of MSEK -238.888 (US\$ -36.698 m) relating to the production unit Tardan.

Total cash balance in the parent company was MSEK 1.193 (US\$ 0.183 m) as of 31 December 2012 (31 December 2011 MSEK 8.119 (US\$ -1.247 m)).

The increase in long-term liabilities and decrease in current liabilities compared to 2011 year end balance is explained by loans from the related party, Golden Impala Ltd. of MSEK 214.4 (US\$ 33 m) (31 December 2011 MSEK 165.7 (US\$ 25 m)) and related interest liabilities, which were extended until June 2014.

## **Accounting principles and basis of preparation**

The consolidated accounts for Auriant Mining AB have been prepared in accordance with International Financial Reporting Standards (IFRS) as described on page 40 in the annual report for financial year 2011. The evaluations and estimations made by the board of directors and management in preparing the interim report is described on page 45 in the annual report for 2011.

This interim report has been prepared in accordance with IAS 34, *Interim Financial Reporting* and in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, *Supplementary accounting regulations for groups*.

The new or revised IFRS standards or IFRIC-recommendations that have been enacted since 1 January 2012 have not had any material effect on the group's income statement and balance sheet.

The parent company applies the same accounting principles as the group and the Swedish Financial Reporting Board's recommendation RFR 2, *Accounting for legal entities*.

## **Risks and uncertainties associated with this interim report**

The group's risk exposure is presented on page 24 of the 2011 annual report. The Board of Directors believes that the most important risk factors for the time being are:

- 1) *Gold price risk*: The fluctuations of the international gold price directly influence the revenues of a gold producing company.
- 2) *Currency risk*: Auriant Mining operations and reporting is influenced by gold price in USD of production costs in RUB, and the reporting of the SEK. Fluctuations in exchange rates could have a major impact on both local operational results and the SEK reported results.
- 3) *Political risks*: Auriant Mining currently operates only in Russia. Being a young democracy Russia does not have a stable political situation as in the more established democracies of Western Europe.
- 4) *Inflation risk*: The Russian economy has been subject to significant inflation pressure during the last few years. This directly impacts on the production costs in a gold mining company.
- 5) *Geological risk*: The recoverable gold reserves of a gold exploration and production company are influenced by geological and economic factors. The estimation of reserves is therefore at all times dependent on the international gold price, costs associated with the extraction of the gold, etc. Therefore the estimated gold reserves of any gold company may change at any point in time.
- 6) *Financial and project risk*: Auriant Mining AB is a gold mining company and is involved in production of gold as well as exploration. The company is still dependent on external financing for the development of its business. If the availability of external financing were to be reduced it would negatively influence the future outlook of the company. The currently poor sentiments on global capital markets must be taken in to account.
- 7) *Legal risks*: Auriant Mining operates in a complicated and challenging legal environment in Russia. Further, Russian tax legislation is subject to varying interpretations and frequent changes. Changes in the interpretations of tax legislation and in the legal environment may have significant impact on the company.

## **Significant events after the end of the reporting period**

In February 2013 production unit Tardan fully repaid a loan to Svyazbank in amount of MSEK 35.206 (US\$ 5.408 m).

## Financial reports

### CONSOLIDATED INCOME STATEMENT

(All amounts in TSEK)	3 months	3 months	12 months	12 months
	2012-10-01 -2012-12-31	2011-10-01 -2011-12-31	2012-01-01 -2012-12-31	2011-01-01 -2011-12-31
<b>Income</b>				
Revenue from sale of gold	116 063	36 352	234 133	131 965
Capitalised work for own account	-	-	-	4 112
Change in stock of finished and semi-finished goods	-	-	-	-
Other operating income	9 538	-4 956	24 965	42 663
	6 951	2 313	21 515	18 175
<b>Total income</b>	<b>132 552</b>	<b>33 709</b>	<b>280 613</b>	<b>196 915</b>
<b>Operating costs</b>				
External expenses	-79 831	-31 375	-171 591	-149 823
Employee benefit expenses	-28 219	-19 292	-78 960	-84 409
Depreciation, amortization and write downs	-50 127	-25 577	-70 292	-63 847
<b>Total operating costs</b>	<b>-158 178</b>	<b>-76 244</b>	<b>-320 844</b>	<b>-298 079</b>
<b>Operating profit/loss</b>	<b>-25 626</b>	<b>-42 535</b>	<b>-40 231</b>	<b>-101 164</b>
Net financial items	-11 795	-13 002	-31 801	-27 101
<b>Profit/loss before income tax</b>	<b>-37 421</b>	<b>-55 537</b>	<b>-72 032</b>	<b>-128 265</b>
Income tax	-3 487	-7 128	-1 923	7 869
<b>Net profit/loss for the period</b>	<b>-40 908</b>	<b>-62 665</b>	<b>-73 955</b>	<b>-120 396</b>
Whereof attributable to:				
The owners of the parent company	-40 908	-62 665	-73 955	-119 325
Non-controlling interest	-	-	-	-1 071
<b>Earnings per share before dilution (SEK)</b>	<b>-2,32</b>	<b>-3,56</b>	<b>-4,20</b>	<b>-7,17</b>
<b>Earnings per share after dilution (SEK)</b>	<b>-2,32</b>	<b>-3,56</b>	<b>-4,20</b>	<b>-7,17</b>
Number of shares issued at period end	17 616 987	17 616 987	17 616 987	17 616 987
Average number of shares for the period	17 616 987	17 616 987	17 616 987	16 652 603
Average number of shares for the period after dilution	17 616 987	17 616 987	17 616 987	16 652 603

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in TSEK)	3 months	3 months	12 months	12 months
	2012-10-01 -2012-12-31	2011-10-01 -2011-12-31	2012-01-01 -2012-12-31	2011-01-01 -2011-12-31
Net profit/loss for the period	-40 908	-62 665	-73 955	-120 396
<b>Other comprehensive income</b>				
Translation difference	-3 434	4 192	-8 913	-6 739
<b>Total comprehensive income for the period</b>	<b>-44 342</b>	<b>-58 473</b>	<b>-82 868</b>	<b>-127 135</b>
Whereof attributable to:				
The owners of the parent company	-44 342	-58 473	-82 868	-126 064
Non-controlling interest	-	-	-	-1 071

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in TSEK)	December 31, 2012	December 31, 2011
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Intangible fixed assets	152 184	159 496
Tangible fixed assets	245 154	229 365
Financial fixed assets	46 378	80 105
<b>Total fixed assets</b>	<b>443 715</b>	<b>468 966</b>
<b>CURRENT ASSETS</b>		
Inventories	143 217	153 620
Current receivables	36 926	42 514
Cash and bank	22 266	10 995
<b>Total current assets</b>	<b>202 408</b>	<b>207 129</b>
<b>TOTAL ASSETS</b>	<b>646 125</b>	<b>676 095</b>
<b>Other operating expenses</b>		
Equity	225 163	308 031
Non-controlling interest	-	-
<b>Total equity</b>	<b>225 163</b>	<b>308 031</b>
<b>Long term liabilities</b>	<b>257 877</b>	<b>85 413</b>
<b>Current liabilities</b>	<b>163 085</b>	<b>282 651</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>646 125</b>	<b>676 095</b>
<b>PLEDGED ASSETS</b>	<b>162 059</b>	<b>188 816</b>
<b>CONTINGENT LIABILITIES</b>	<b>-</b>	<b>-</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in TSEK)	Attributable to the shareholders of the parent company					
	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings	Non-controlling interest	Total equity
<b>Equity as of January 1, 2011</b>	180 191	143 705	-11 405	91 614	1 405	405 510
<b>Comprehensive income</b>						
Net income for the year				-119 325	-1 071	-120 396
Translation difference			-6 739			-6 739
<b>Total comprehensive income</b>			<b>-6 739</b>	<b>-119 325</b>	<b>-1 071</b>	<b>-127 135</b>
Change in non-controlling interests				-125	-334	-459
Proceeds from rights issue	18 000	10 000				28 000
Costs for rights issue		-108				-108
Adjustment of costs for rights issue		2 222				2 222
<b>Total transactions with shareholders</b>	<b>18 000</b>	<b>12 114</b>				<b>30 114</b>
<b>Equity as at December 31, 2011</b>	<b>198 191</b>	<b>155 819</b>	<b>-18 144</b>	<b>-27 836</b>	<b>-</b>	<b>308 030</b>
<b>Comprehensive income</b>						
Net profit/loss for the year				-73 955		-73 955
Translation difference			-8 913			-8 913
<b>Total comprehensive income</b>			<b>-8 913</b>	<b>-73 955</b>	<b>-</b>	<b>-82 868</b>
<b>Equity as at December 31, 2012</b>	<b>198 191</b>	<b>155 819</b>	<b>-27 057</b>	<b>-101 791</b>	<b>-</b>	<b>225 162</b>

## CONSOLIDATED CASH FLOW STATEMENT

	12 months 2012-01-01	12 months 2011-01-01
(All amounts in TSEK)	-2012-12-31	-2011-12-31
Operating profit/loss	-40 230	-101 164
Adjustment for non-cash items	81 390	60 465
Paid/received interest	-37 406	-13 323
<b>Cash flow from operations before changes in working capital</b>	<b>3 754</b>	<b>-54 022</b>
Changes in working capital	47 656	11 328
<b>Net cash used in operating activities</b>	<b>51 410</b>	<b>-42 694</b>
<b>Net cash used in investing activities</b>	<b>-56 814</b>	<b>-124 009</b>
<b>Net cash generated from financing activities</b>	<b>16 902</b>	<b>155 040</b>
<b>Net change in cash</b>	<b>11 498</b>	<b>-11 663</b>
Cash and bank at the beginning of the period	10 995	22 230
Translation difference in cash and bank	-227	428
<b>Cash and bank at the end of the period</b>	<b>22 266</b>	<b>10 995</b>



## CONSOLIDATED KEY RATIOS

	12 months 2012-01-01 -2012-12-31	12 months 2011-01-01 -2011-12-31
Total assets (TSEK)	646 125	676 095
Total equity (TSEK)	225 163	308 031
Equity ratio (%)	34,8%	45,6%
Interest bearing debt (TSEK)	350 530	243 219
Employees at period end	781	495
EBITDA (TSEK)	430	-34 436
<b>Per share data</b>		
Earnings per share (SEK)	-4,20	-7,17
Equity per share (SEK)	12,78	17,48
Return on equity (%)	-27,7%	-39,0%

### Key ratio definitions

Total assets (TSEK)	Total assets at period end
Total equity (TSEK)	Total equity including non controlling interest at period end
Equity ratio (%)	Total equity divided by total assets expressed as a percentage
Interest bearing debt (TSEK)	Total interest bearing debt at the period end
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
Earnings per share	Net result after tax for the period divided by the average number of outstanding shares for the period before dilution
Equity per share (SEK)	Equity excluding non controlling interests at the period end divided by the number of outstanding shares at the period end
Return on equity (%)	Net result after tax for the period divided by the average total equity for the same period

## PARENT COMPANY INCOME STATEMENT

	3 months 2012-10-01 -2012-12-31	3 months 2011-10-01 -2011-12-31	12 months 2012-01-01 - 2012-12-31	12 months 2011-01-01 - 2011-12-31
(All amounts in TSEK)				
<b>Income</b>				
Other operating income	22	32	8 062	198
<b>Total income</b>	<b>22</b>	<b>32</b>	<b>8 062</b>	<b>198</b>
<b>Operating costs</b>				
External expenses	-6 099	-6 525	-10 104	-11 586
Employee benefit expenses	-575	-1 173	-1 395	-2 289
Impairment write-down				
<b>Total operating costs</b>	<b>-6 674</b>	<b>-7 698</b>	<b>-11 499</b>	<b>-13 875</b>
<b>Operating profit/loss</b>	<b>-6 652</b>	<b>-7 666</b>	<b>-3 437</b>	<b>-13 677</b>
Net financial items	-239 460	-232 220	-242 742	-228 403
<b>Profit/loss before income tax</b>	<b>-246 112</b>	<b>-239 886</b>	<b>-246 179</b>	<b>-242 080</b>
Income tax	-	-	-	-
<b>Net profit/loss for the period</b>	<b>-246 112</b>	<b>-239 886</b>	<b>-246 179</b>	<b>-242 080</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	3 months 2012-10-01 -2012-12-31	3 months 2011-10-01 -2011-12-31	12 months 2012-01-01 - 2012-12-31	12 months 2011-01-01 -2011-12-31
(All amounts in TSEK)				
Net profit/loss for the period	-246 112	-239 886	-246 179	-242 080
Translation difference	-78	2 816	-17 580	-825
<b>Total comprehensive income for the period</b>	<b>-246 191</b>	<b>-237 070</b>	<b>-263 760</b>	<b>-242 905</b>

## PARENT COMPANY STATEMENT OF FINANCIAL POSITION

(All amounts in TSEK)	December 31, 2012	December 31, 2011
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Financial fixed assets	477 894	703 442
<b>Total fixed assets</b>	<b>477 894</b>	<b>703 442</b>
<b>CURRENT ASSETS</b>		
Current receivables	480	402
Cash and bank	1 193	8 119
<b>Total current assets</b>	<b>1 673</b>	<b>8 521</b>
<b>TOTAL ASSETS</b>	<b>479 566</b>	<b>711 963</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>261 254</b>	<b>525 013</b>
<b>Long term liabilities</b>	<b>215 315</b>	<b>14 914</b>
<b>Current liabilities</b>	<b>2 997</b>	<b>172 036</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>479 566</b>	<b>711 963</b>
<b>PLEGDED ASSETS</b>	<b>469 081</b>	<b>405 885</b>
<b>CONTINGENT LIABILITIES</b>	<b>0</b>	<b>79 550</b>

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(All amounts in TSEK)	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings	Net income for the period	Total equity
<b>Equity as of December 31, 2010</b>	<b>180 191</b>	<b>68 032</b>	<b>568 685</b>	<b>-31 092</b>	<b>-62 511</b>	<b>14 499</b>	<b>737 804</b>
Profit/loss brought forward					14 499	-14 499	0
<b>Transactions with shareholders</b>							
Proceeds from share issuance	18 000		10 000				28 000
Costs for share issuance			-108				-108
Adjustment of costs for share issuance			2 222				2 222
<b>Total transactions with shareholders for the period</b>	<b>18 000</b>		<b>12 114</b>				<b>30 114</b>
<b>Comprehensive income</b>							
Net profit/loss for the period						-242 080	-242 080
Exchange rate difference				-825			-825
<b>Total comprehensive income for the period</b>				<b>-825</b>		<b>-242 080</b>	<b>-242 905</b>
<b>Equity as of December 31, 2011</b>	<b>198 191</b>	<b>68 032</b>	<b>580 799</b>	<b>-31 917</b>	<b>-48 012</b>	<b>-242 080</b>	<b>525 013</b>
Profit/loss brought forward					242 080	-242 080	0
<b>Comprehensive income</b>							
Net profit/loss for the period						-246 179	-246 179
Exchange rate difference				-17 580			-17 580
<b>Total comprehensive income for the period</b>				<b>-17 580</b>		<b>-246 179</b>	<b>-263 760</b>
<b>Equity as at December 31, 2012</b>	<b>198 191</b>	<b>68 032</b>	<b>580 799</b>	<b>-49 497</b>	<b>194 068</b>	<b>-730 339</b>	<b>261 253</b>

## PARENT COMPANY CASH FLOWS STATEMENT

	12 months	12 months
	2012-01-01	2011-01-01
(All amounts in TSEK)	-2012-12-31	-2011-12-31
Operating profit/loss	-3 437	-13 677
Adjustment for non-cash items	-780	-
Paid/received interest	0	-1 906
<b>Cash flow from operations before changes in working capital</b>	<b>-4 217</b>	<b>-15 583</b>
Changes in working capital	3 259	9 386
<b>Net cash used in operating activities</b>	<b>-958</b>	<b>-6 197</b>
<b>Net cash used in investing activities</b>	<b>-13 339</b>	<b>-178 057</b>
<b>Net cash generated from financing activities</b>	<b>8 160</b>	<b>181 008</b>
<b>Net change in cash</b>	<b>-6 136</b>	<b>-3 246</b>
<b>Cash and bank at the beginning of the period</b>	<b>8 119</b>	<b>10 945</b>
Translation difference in cash and bank	-790	420
<b>Cash and bank at the end of the period</b>	<b>1 193</b>	<b>8 119</b>

Operating profit/loss was used as starting point for Parent company cash flow statement preparation for 2011 and 2012 and do not include write down of intercompany loan receivables of MSEK -238.888 (US\$ -36.698 m) relating to the production unit Tardan (2011 MSEK -24.208 (US\$ - 34.443 m) related to production units Solcocon and Gold Borzya) and recorded in net financial items of the Income statement.

### Next report due

The next financial report due is the annual report for 2012 that will be released on April 22, 2013. The Annual General Meeting for shareholders will be held on May 15, 2013.

Annual Report 2012 22 April 2013  
 3 month report 2013 (Jan-March) 30 May 2013  
 6 month report 2013 (Jan-June) 29 August 2013  
 9 month report 2013 (Jan-Sept) 28 November 2013

## Company information

Auriant Mining AB is a Swedish mining company focused on gold production and exploration in Russia in the central parts of Asia. The gold production was initiated in late January 2005 and the assets were as at end of March 2012 estimated to encompass almost 1,000,000 troy ounces (oz) (1 troy ounce = 31,1 g) of C1/ C2 Russian gold reserves (equaling some 32 tons). The parent company's full name is Auriant Mining AB (publ). It is a public limited liability company with head office in Stockholm. The corporate identification number is 556659-4833. Address of the parent company is Engelsbrektsplan 2, 4 tr, 114 34 Stockholm. 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.se](http://www.auriant.se). Mangold Fondkommission is Certified Adviser to Auriant Mining, for more information please call +46 8 503 015 50 or visit [www.mangold.se](http://www.mangold.se)

*The board of directors and the managing director confirm that the interim report provides an accurate overview of the company's and the group's operations, position, results and that it describes significant risks and uncertainties that the company and group companies are exposed to.*

Stockholm, February 27, 2013

Auriant Mining AB (publ.)

Preston Haskell  
*Chairman*

Andre Bekker  
*Director*

Peter Daresbury  
*Director*

Ingmar Haga  
*Director*

Denis Alexandrov  
*CEO and Director*

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**Cautionary Statement:** Statements and assumptions made in this report 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 Mining. 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 Auriant operates; (ii) changes relating to the geological information available in respect of the various projects undertaken; (iii) Auriant'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. Auriant assumes no unconditional obligation to immediately update any such statements and/or forecasts.