



# Auriant Mining

Q2 2021  
INTERIM REPORT  
JANUARY-JUNE



AURIANT  
MINING

# AURIANT MINING AB (publ.)

## Q2 2021 Interim Report (January – June)

The consolidated financial statements of the Auriant Mining Group (“Auriant Mining”, “the Company”), of which Auriant Mining AB (publ.) with corporate identity number 556659-4833 is the parent company (“the Parent Company”), are hereby presented for the six-month period ended on 30 June 2021.

### Financial Highlights

- **Consolidated revenue** US\$ 22.9 mln (H1 2020: US\$ 28.4 mln).
- **Net profit after tax** US\$ 3.7 mln (H1 2020: US\$ 8.6 mln).
- **EBITDA** US\$ 10.6 mln (H1 2020: US\$ 16.8 mln).
- **Net cash flow generated from operating activities** US\$ 10.7 mln (H1 2020: US\$ 14.7 mln).
- In June 2021, further improvements of the terms of the VTB loan facility: the interest rate was reduced to 3 months LIBOR plus 3.7% and the compulsory “cash sweep” was canceled.
- Since 1 January 2021, Auriant Mining Group has changed the presentation currency from Swedish krona to U.S. dollars (USD) and presented the Group’s H1 2021 consolidated financial statements in USD.

### Operational Highlights

- **Volume of ore processed** through the CIL plant amounted to 207 thousand tonnes with an average grade of 2.24 g/t (total gold in processed ore – 463 kg). The CIL plant was operating at projected throughput per working hour (>50 t/hour) and at a higher recovery rate of 92.9%.
- In H1 2021, **total gold production** was 455 kg (14,626 oz), compared to 521 kg (16,750 oz) in H1 2020, a decrease of 13%, or 66 kg (2,124 oz).
- H1 2021 **gold sales** were 392 kg (12,598 oz), compared to 537 kg (17,249 oz) in H1 2020, a decrease of 145 kg (4,651 oz), or 27%.
- Average selling price for gold increased by 10% to US\$ 1,821 per oz (H1 2020: US\$ 1,648 per oz).
- Total cash cost increased by 22% to US\$ 705 per oz (H1 2020: US\$ 577 per oz). The cost driver was higher stripping volume. H1 2021 stripping was 773.8 thousand m<sup>3</sup> (+344.8 thousand m<sup>3</sup>, or 80% more than in H1 2020).
- 2021 annual total gold production forecast is 900 - 930 kg (28,936 – 29,900 oz). Annual throughput of the CIL plant will amount to 350 - 380 thousand tonnes.

*Glossary and definitions of the above performance measures are presented on pages 16-17.*

# Comments from the CEO

## *Solid financial results in H1 2021*

The first half year showed a solid uninterrupted performance in line with our announced targets and expectations.

### **Further improvements of the terms of the VTB loan facility**

In June 2021, the Company has successfully negotiated further improvements of the terms of VTB loan facility. Reflecting the Company's good performance in 2020 and early 2021, VTB has agreed to reduce the interest rate to 3 months LIBOR plus 3.7%. This represents a saving of 100 bps. The reduction comes with no breakage fee. Also, the cancellation of a compulsory "cash sweep" clause in the loan agreement will result in a stronger liquidity position and pave the way for sustainable growth of the Company's resource base and production.

### **Exploration update**

During H1 2021, exploration works were performed at Staroverinskaya<sup>1</sup> and Eastern Tardan License areas. Exploration completed over 8,518 m at Staroverinskaya<sup>1</sup> and 3,966 m at Eastern Tardan of drilling with a total expenditure of US\$ 1.2 mln for the period.

### **Renewed stripping activities at Tardan deposit**

Due to the fact that subsoil use rights under the Tardan deposit license were restored in full in November 2020, the Company renewed its stripping activities at Tardan deposit on the Ore Zone #3 in H1 2021.

### **Kara-Beldyr update**

We are excited about the prospects for Kara-Beldyr and progressing satisfactorily with preparing the necessary documentation for permits.

### **COVID-19**

Due to the COVID-19 pandemic, we have focused on implementing strict measures to ensure the safety of our employees and our contractors. In H1 2021, we have managed to maintain our operations without interruption.

Auriant Mining remains focused on its strategy to create long-term value, whilst maintaining a strong balance sheet and mitigating any financial or operating risks to the business.



Danilo Lange, CEO



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<sup>1</sup> The Company operates at Staroverinskaya license area that includes not only Solcocon, but also other areas.  
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# Operations

The Company renewed stripping activities at Tardan deposit, which will be the main source of ore in the future. As a result, stripping volume was 80% higher at 774 thousand m<sup>3</sup> in H1 2021 (H1 2020: 429 thousand m<sup>3</sup>). This obviously had an adverse impact on the cost of production.

In H1 2021, ore mined amounted to 159 thousand tonnes (H1 2020: 151 thousand tonnes). The average grade in H1 2021 was 8% lower at 2.27 g/t, compared to 2.46 g/t in H1 2020.

In H1 2021, the volume of ore processed through the CIL plant amounted to 207 thousand tonnes with an average grade of 2.24 g/t (total gold in processed ore – 463 kg). The volume of ore processed in H1 2020 was 196 thousand tonnes with an average grade of 2.87 g/t (total gold in processed ore – 561 kg). This was due to the ore coming from a high-grade stockpile in 2020, now extinguished.

H1 2021 hard rock gold production amounted to 446 kg (14,349 oz), compared to 521 kg (16,750 oz) in H1 2020, a decrease of 14%, or 75 kg (2,401 oz), due to a 22% decline in the average grade of processed ore. The average grade of ore processed for the full year 2021 is expected to be 2.56 g/t.

Alluvial gold production at Staroverinskaya license area (including Solcocon) started in May 2021. Total alluvial gold production amounted to 9 kg (277 oz). It is expected to produce 20-40 kg at Staroverinskaya this year.

## Financial overview

### Comments on financial performance

Revenue from the sale of gold and gold equivalents amounted to US\$ 22.9 mln, a 19% decrease compared to H1 2020 (US\$ 28.4 mln), due to a lower volume of gold sold. H1 2021 gold sales volumes amounted to 392 kg (12,598 oz), which is 27%, or 145 kg (4,651 oz), less than in H1 2020.

In a strong gold price environment, the average realized gold price per ounce increased by 10% from US\$ 1,648 in H1 2020 up to US\$ 1,821 in H1 2021.

In H1 2021, despite lower production volumes, cash expenses increased by 10%, or US\$ 1.0 mln, compared to H1 2020. The average cash cost per ounce produced at Tardan increased by 22% from US\$ 577/oz in H1 2020 to US\$ 705/oz in H1 2021, driven by higher volumes of stripping and exploratory drilling, lower average grade, indexation of salaries and wages, which were in line with the Company's plan, as well as first time maintenance costs on the CIL plant which had a short scheduled shut down for maintenance in Q1 2021.

In the reporting period, a 7% devaluation of the Russian rouble against the US-dollar had a positive effect on the Group's margin by decreasing the US-dollar value of its rouble-denominated costs. In H1 2021, the average USD/RUB exchange rate amounted to 74.33, compared to 69.34 in H1 2020.

In H1 2021, deferred stripping works on the Ore Zone #3 have been pulled forward to secure access to ore in 2022-2023. The change in work in progress in H1 2021 and H1 2020 were in line with mining and production activities.

	H1 2021 US\$000	H1 2020 US\$000	Change US\$000	Change %
Cash expenses	(11,386)	(10,232)	(1,154)	11%
Change in stripping asset (non-cash)	709	295	414	141%
Change in work in progress (non-cash)	(184)	(450)	266	(59%)
Depreciation & amortization (non-cash)	(4,029)	(3,493)	(536)	15%
<b>Cost of sales</b>	<b>(14,890)</b>	<b>(13,880)</b>	<b>(1,010)</b>	<b>7%</b>

In H1 2021, general and administrative expenses increased by US\$ 0.2 mln, or by 16%, compared to the previous reporting period, and amounted to US\$ 1.3 mln. The key elements were the indexation of Moscow Head Office salaries which had been kept unchanged for the past 3 years.

Other operating expenses in H1 2021 amounted to US\$ 0.2 mln, i.e. virtually at the level of the previous reporting period.

Following the reduction in production and sales volumes, EBITDA decreased by 37% and amounted to US\$ 10.6 mln in H1 2021 as compared to US\$ 16.8 mln in the previous reporting period.

The Company's financial expenses represented by interest on loans and borrowings and lease liabilities amounted to US\$ 1.8 mln in H1 2021, a 44% decline compared to the previous period (H1 2020: US\$ 3.2 mln). Interest expenses reduced significantly due to repayments of the VTB loans, as well as reduction in the interest rate on VTB loans from 9.5% to 4.9%.

In 2020, Tardan became a participant of the Regional Investment Projects ("RIP") and obtained the right to apply the reduced income tax rate at 17% and the mineral extraction rate tax at zero. According to Russian legislation, tax losses are accumulated in the statement of financial position and can be offset against future taxable earnings. Thus, in H1 2021, income tax charge of US\$ 1.5 mln was offset by US\$ 0.6 mln against the balance sheet amount of deferred tax asset related to tax loss carry forward in LLC "Tardan Gold".

Net profit after tax in H1 2021 amounted to US\$ 3.7 mln compared to US\$ 8.6 mln in H1 2020. Earnings per share for the period were US\$ 0.04 compared to US\$ 0.09 in H1 2020.

## Comments on the financial position

In the reporting period, the Company increased its stripping assets by US\$ 0.8 mln, or 53%, as result of deferred stripping costs, mainly in Ore zone #3 at Tardan deposit.

As at 30 June 2021, finished products increased by 79%, or US\$ 1.3 mln, as the Company had 101.4 kg of gold produced but not sold compared to 56.3 kg as of 31 December 2020.

As at 30 June 2021, total bank loans decreased by US\$ 4.7 mln or 17% vs 31 December 2020 due to repayment and amounted to US\$ 22.2 mln.

As at 30 June 2021, other non-current liabilities were represented by the US\$ 7.6 mln liability to Centerra in accordance with the royalty agreement and US\$ 0.5 mln site restoration obligations.

As at 30 June 2021, other current interest-bearing liabilities were represented by the following balances: US\$ 3.7 mln – short-term liability to KFM, US\$ 1.0 mln – current lease liability and US\$ 0.9 mln – short-term liability to Golden Impala (Shareholder's bond).

As at 30 June 2021, other current liabilities increased by US\$ 1.3 mln, or by 78%, compared to 31 December 2020, mainly due to income tax accrued for H1 2021 in LLC Tardan Gold at the amount of US\$ 0.9 mln.

## Investments, liquidity and financing

Net cash flow generated from operating activities decreased by US\$ 4.0 mln, or 27%, and amounted to US\$ 10.7 mln in the reporting period vs US\$ 14.7 mln in the comparative reporting period.

During H1 2021, operating activities were financed from the same sources as in the previous reporting period, i.e. by gold sales and the reimbursement of VAT.

Positive cash flows from operating activities were used for loan repayments and financing of exploration and research in H1 2021.

The consolidated cash balance as at 30 June 2021 was US\$ 2.1 mln compared to US\$ 0.4 mln as at 31 December 2020.

# Other financial information

Auriant Mining Group has changed the presentation currency to U.S. dollars (USD) since 1 January 2021. The Group has chosen to present its consolidated financial statements in USD only, as management believes it is a convenient presentation currency for international users of the consolidated financial statements of the Auriant Mining Group. The change in the reporting currency constitutes a change of the accounting principle, i.e. it is applied retroactively in accordance with the requirements in IAS 8. All comparative information for the Group for 2020 will therefore be translated into USD in the upcoming reports.

In accordance with the Swedish Accounting Act, the Parent Company's financial information is reported in Swedish krona and not the Group's presentation currency of U.S. dollars. The USD amounts are presented for the Parent Company for information purposes only.

The exchange rates used in this report were US\$/SEK 8.3995 and 8.4083 for Q1 and Q2 2021 in P&L accounts and US\$/SEK 8.5103 for the statement of financial position as of 30 June 2021. For P&L accounts US\$/SEK 9.6692 and 9.6823 was for Q1 and Q2 2020 and US\$/SEK 8.1886 for the statement of financial position as at 31 December 2020 was used.

## SEGMENT INFORMATION

The Company accounts for segments in accordance with IFRS 8. At present the Company only 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 at 30 June 2021, the bond liability to Golden Impala Limited amounted to MSEK 308.3 (US\$ 36.2 mln).

Accrued interest expenses for transactions with related parties in H1 2021 amounted to MSEK 8.3 (US\$ 1.0 mln), compared to MSEK 10.1 (US\$ 1.0 mln) in H1 2020.

## EMPLOYEES

During the reporting period, the Group had an average of 590 employees. As of 30 June 2021, the number of employees in the Group was 572 (558 as of 31 December 2020).

## CAPITAL STRUCTURE

As at 30 June 2021, the number of shares in issue was 98,768,270. The limits of the share capital are a minimum of MSEK 5.3 and a maximum of MSEK 21.3 and the quota value of each share is SEK 0.1125 (US\$ 0.0132). Each share carries one vote.

## 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, usually it has no income other than income for consulting services provided to the subsidiary company and interest on loans extended to the subsidiaries from time to time.

## INCOME AND RESULTS OF THE PARENT COMPANY

Revenue for consulting services provided to the subsidiary company during H1 2021 was MSEK 0.475 (US\$ 0.057 mln) compared to MSEK 0.370 (US\$ 0.038 mln) in H1 2020.

The operating loss for H1 2021 was MSEK 3.057 (US\$ 0.364 mln), compared to H1 2020 MSEK 3.156 (US\$ 0.326 mln).

Net financial items for H1 2021 amounted to MSEK -10.049 (US\$ -1.196 mln) compared to MSEK -24.402 (US\$ -2.522 mln) in H1 2020 and included interest expenses related to Golden Impala (the Shareholder's bond) of MSEK -8.319 (US\$ -0.990 mln) and interest expenses of MSEK -0.305 (US\$ -0.036 mln) to KFM and net forex loss of MSEK -6.863 (US\$ -0.817 mln). These expenses were partly compensated by intergroup loan interest income in amount of MSEK 5.438 (US\$ 0.647 mln).

## FINANCIAL POSITION OF THE PARENT COMPANY

As at 30 June 2021, the Parent Company cash balance was MSEK 0.134 (US\$ 0.016 mln) compared to MSEK 0.542 (US\$ 0.066 mln) as of 31 December 2020.

As at 30 June 2021, the long-term liabilities were represented by the debt to Golden Impala (the Shareholder's bond) of MSEK 300.740 (US\$ 35.338 mln). The current liability was represented by KFM liability of MSEK 31.359 (US\$ 3.685 mln) and short-term liability to Golden Impala (Shareholder's bond) of MSEK 7.576 (US\$ 0.890 mln) as at 30 June 2021.

## 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 73 in the annual report for financial year 2020. The evaluations and estimations made by the board of directors and management in preparing the interim report are described on page 83 in the annual report for 2020.

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 Parent company accounts are prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for legal entities. The accounting policies for the Parent are the same as for the group with the exceptions described in the annual report 2020.

The same accounting principles are applied in this interim report as in the annual report 2020.

No material changes in accounting principles have taken place since the Annual Report for 2020, except changes in the Group presentation currency - from Swedish krona to U.S. dollars (USD) from 1 January 2021.

## RISKS AND UNCERTAINTIES ASSOCIATED WITH THIS INTERIM REPORT

The group's risk exposure is presented on pages 44 and 103 of the 2020 annual report. Various risks may affect the results of the operating, financial and investing activities of the companies in mining and exploration industry, including Auriant Mining Group. The principal risks relating to the industry and Auriant Mining Group are described below:

### a. Operational risks – production related risks:

- Failure to achieve production plan. The production capacity of a mine and gold processing plant, or the quality of mineral reserves and the availability of qualified staff, might not be in line with the production plan due to different circumstances which might lead to the non-achievement of the plan.
- Unexpected business interruptions. 1. Weather. Unexpected business interruption might lead to a significant delay in production and consequent decrease in profit. The Group's assets are located in Republic of Tyva, Republic of Khakassia and the Zabaikalsky region, a remote area that can be subject to severe climatic conditions. 2. External contractors. The Group's operations are materially dependent on outside contractors, including, but not limited to, providers of transportation and excavation services (in addition to transportation and excavation made using own fleet of equipment), drilling, blasting, equipment maintenance services, electricity and other utilities supply, transportation of materials to the mine, etc. Delay in the delivery or the failure of mining equipment could significantly delay production and impact the Group's profitability.

- Obtaining necessary permit and approvals. Besides licenses for exploration and mining of natural resources, the Company must obtain additional permits and approvals to be able to actually carry out mining and production activities. For newly explored deposits, those permits and approvals include, without limitation, approval of resources with GKZ (State Resource Committee); approval of project documentation for open pit construction and operation; renting land to be used for mining activities and related activities; permits for potentially hazardous activities (such as blasting operations and operations with poisonous materials); environmental safety review, etc.
- b. Financial risks: The Group's activities expose it to a variety of financial risks: a) market risk (including currency and gold price risk and interest rate risk), b) credit risk and c) liquidity risk.
  - c. Geological risk: Gold exploration is associated with high risk. All estimates of recoverable mineral resources are mainly based on probabilities. Estimates of mineral resources and ore reserves are based on extensive test drilling, statistical analyses and model studies and remain theoretical in nature until verified by industrial mining. There is no methodology for determining with certainty the exact amount of gold available or the shape of a potential ore body and its distribution. The exact amount of gold is known only when the gold has been extracted from the gold deposit. Data relating to mineral resources and ore reserves as presented by the Company, and by others, should be viewed against this background and may therefore deviate from this.
  - d. Health, Safety and Environmental risks. The Group companies are subject to extensive environmental, health and safety controls and regulations, and any breach of these regulations could result in fines and material breach of these regulations could result in the suspension of operations, which could have a material adverse effect on its reputation, operating results and financial condition. The Group companies are subject to extensive environmental controls and regulations in Russia. Mining and exploration operations involve the use of environmentally toxic and hazardous materials, such as cyanides and diesel fuel and lubricants, as well as processes that could lead to the discharge of materials and contaminants into the environment, disturbance of land, potential harm to flora and fauna and other environmental concerns. The licenses under which the Company operates include conditions regarding environmental compliance. The terms of the Company's subsoil licenses contain site clean-up, restoration and rehabilitation obligations due in future that are mandatory for the Company. The Company could be held liable for losses associated with environmental hazards caused by its misconduct and subsequent rehabilitation, which may have an adverse impact on Group's operations, financial results and financial position.
  - e. Legal risks:
    - Maintenance of licenses risks. Federal Agency for Subsoil Use (Rosnedra) may suspend or revoke the Group companies' subsoil use licenses if it recognizes their violation, revealed by Federal Service for Supervision of Natural Resource Usage (Rosprirrodnadzor) or other authorized governmental body, which can lead to a halt or cessation of operations at the relevant license area. Failure to comply with the terms of licenses and permits may result in financial sanctions and reputational damage.
    - Community risks. The Group's projects can be delayed or stopped due to community and environmental activists' protests and, as a result, denial of regional authorities to conclude or prolong land lease agreements, which are essential for mining.
  - f. COVID-19 exposure. The current COVID-19 pandemic may affect the Group's operations in a different way.

The Group remains subject to the risk of temporary disruptions in supply chain and logistics in case the situation with the global Covid-19 pandemic worsens. Such disruptions may impact the Group's ability to source and transport goods and services required to operate mines and/or to transport gold Dore bars to the refinery. If Covid-19 would spread amongst the Group's workforce, it may lead to a full or partial suspension of mine operations and production.

The Group has implemented preventive measures, including regular Covid-19 testing of staff, quarantine on arrival, wearing of personal protective equipment, increased cleaning and disinfection of common areas, social distancing, reducing business trips to a minimum, and remote work where possible. In H1 2021, Auriant Mining Group did not experience any operational disruptions due to Covid-19.



# H1 2021 operational update

## Highlights:

- In H1 2021, total hard rock gold production was 446.3 kg (14,349 oz), compared to 521 kg (16,750 oz) in H1 2020, a decrease of 14%, or 74.7 kg (2,401 oz), but in line with the 2021 production plan;
- H1 2021 gold sales were 391.8 kg (12,598 oz), compared to 537 kg (17,249 oz) in H1 2020, a decrease of 145.2 kg (4,651 oz), or 28%;
- 206.9 thousand tonnes of ore was processed with an average grade of 2.24 g/t;
- The CIL plant was operating at the targeted throughput rate of 50 tonnes per working hour (>50 t/hour) and at the higher recovery rate of 92.9%;
- H1 2021 159 thousand tonnes of ore was mined compared to 151 thousand tonnes in H1 2020 an increase of 8 thousand tonnes or 5%. Stripping volume in H1 2021 was 773.8 thousand m<sup>3</sup> (+344.8 thousand m<sup>3</sup>, or 80% more than in H1 2020);
- The average grade in H1 2021 was 2.27 g/t, compared to 2.46 g/t in H1 2020, a decrease of 7.8%. The mined average grade corresponds to the Company's targets.

Production unit	H1 2021		H1 2020		Change		
	kg	oz	kg	oz	kg	oz	%
<b>Hard rock</b>							
Tardan (CIL)	446.3	14,349	521	16,750	74.7	(2,401)	(14.4%)
<b>Alluvial</b>							
Staroverinskaya	8.6	277	-	-	8.6	277	100%
<b>Total gold produced</b>	<b>454.9</b>	<b>14,626</b>	<b>521</b>	<b>16,750</b>	<b>(66.1)</b>	<b>(2,124)</b>	<b>(12.7%)</b>

## Tardan

	Unit	H1 2021	H1 2020	Change	
<b>Mining</b>					
Waste stripping	000 m <sup>3</sup>	773.8	429	344.8	80.4%
Ore mined	000 tonnes	159.0	151	8	5.3%
Gold in Ore	kg	361.5	372	(10.5)	(2.9)
Average grade	g/t	2.27	2.46	(0.19)	(7.8%)
<b>CIL</b>					
Ore processing	000 tonnes	206.9	196	10.9	5.6%
Grade	g/t	2.24	2.87	(0.63)	(22%)
Gold in ore processing	kg	462.8	561	(98.2)	(17.5%)
<b>Gold produced CIL</b>	<b>kg</b>	<b>446.3</b>	<b>521</b>	<b>(74.7)</b>	<b>(14.4%)</b>
<b>Incl Gold in WIP (Dec 2020)</b>	<b>kg</b>	<b>26.7</b>			
<b>Gold in WIP (June 2021)</b>	<b>kg</b>	<b>10.2</b>			
<b>Recovery</b>	<b>%</b>	<b>92.9%</b>	<b>92.9%</b>	-	-
<b>Warehouse on June 30</b>					
Ore	000 tonnes	50	64	(14)	(21.9%)
Grade	g/t	2.00	1.95	0.05	2.6%

# Financial reports

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Q2 Apr-Jun 2021 US\$000	Q2 Apr-Jun 2020 US\$000	H1 Jan-Jun 2021 US\$000	H1 Jan-Jun 2020 US\$000	12 months Jan-Dec 2020 US\$000
Revenue	12,351	12,276	22,942	28,430	53,409
Cost of sales	(8,274)	(6,305)	(14,890)	(13,880)	(27,378)
<b>Gross profit/(loss)</b>	<b>4,077</b>	<b>5,971</b>	<b>8,052</b>	<b>14,550</b>	<b>26,031</b>
General and administrative expenses	(571)	(567)	(1,328)	(1,143)	(2,945)
Other operating income	20	15	34	68	96
Other operating expenses	(127)	(8)	(206)	(190)	(3,059)
<b>Operating profit/(loss)</b>	<b>3,399</b>	<b>5,411</b>	<b>6,552</b>	<b>13,285</b>	<b>20,123</b>
Financial income	0	0	0	0	0
Financial expenses	(875)	(1,597)	(1,785)	(3,181)	(5,671)
Currency gain/loss	233	128	351	(19)	(935)
<b>Profit/(Loss) before income tax</b>	<b>2,757</b>	<b>3,942</b>	<b>5,118</b>	<b>10,085</b>	<b>13,517</b>
Income tax	(813)	(1,275)	(1,465)	(1,523)	(3,075)
<b>Net profit/(loss) for the period</b>	<b>1,944</b>	<b>2,667</b>	<b>3,653</b>	<b>8,562</b>	<b>10,442</b>
Whereof attributable to:					
The owners of the Parent Company	1,944	2,667	3,653	8,562	10,442
Earnings per share before dilution (SEK, US\$)	0.02	0.03	0.04	0.09	0.11
Earnings per share after dilution (SEK, US\$)	0.02	0.03	0.04	0.09	0.11
Number of shares issued at period end	98,768,270	98,648,502	98,768,270	98,648,502	98,768,270
Average number of shares for the period	98,768,270	98,648,502	98,768,270	98,648,502	98,698,673
Average number of shares for the period after dilution	98,768,270	98,648,502	98,768,270	98,648,502	98,698,673

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q2 Apr-Jun 2021 US\$000	Q2 Apr-Jun 2020 US\$000	H1 Jan-Jun 2021 US\$000	H1 Jan-Jun 2020 US\$000	12 months Jan-Dec 2020 US\$000
Net profit/(loss) for the period	1,944	2,667	3,653	8,562	10,442
Items that may be subsequently reclassified to profit or loss					
Translation difference	87	2,322	217	145	573
<b>Total comprehensive income/(loss) for the period</b>	<b>2,031</b>	<b>4,989</b>	<b>3,870</b>	<b>8,707</b>	<b>11,015</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	June 30, 2021 US\$000	June 30, 2020 US\$000	December 31, 2020 US\$000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible fixed assets	18,199	18,450	18,524
Tangible fixed assets	30,235	32,399	30,231
Stripping assets	2,183	3,849	1,425
Deferred tax assets	3,791	5,599	4,003
<b>TOTAL NON-CURRENT ASSETS</b>	<b>54,508</b>	<b>60,297</b>	<b>54,183</b>
<b>CURRENT ASSETS</b>			
Materials	2,117	1,676	1,695
Work in progress	2,640	2,867	4,053
Finished products	3,044	109	1,701
Trade and other receivables	1,357	2,999	1,455
Advanced paid to suppliers and prepaid expenses	916	1,584	1,361
Cash and cash equivalents	2,114	682	422
<b>TOTAL CURRENT ASSETS</b>	<b>12,188</b>	<b>9,917</b>	<b>10,687</b>
<b>TOTAL ASSETS</b>	<b>66,596</b>	<b>70,214</b>	<b>64,870</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	1,438	1,436	1,438
Additional paid-in capital	79,220	79,244	79,220
Translation difference reserve	(13,033)	(13,678)	(13,250)
Retained earnings	(77,032)	(82,565)	(80,685)
<b>TOTAL EQUITY</b>	<b>(9,407)</b>	<b>(15,563)</b>	<b>(13,277)</b>
<b>NON-CURRENT LIABILITIES</b>			
Bank loans and other notes	12,792	26,103	17,968
Debt to shareholder	35,338	36,150	35,338
Lease payable	652	593	261
Deferred tax liabilities	0	0	0
Other non-current liabilities	8,102	9,699	8,082
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>56,884</b>	<b>72,545</b>	<b>61,649</b>
<b>CURRENT LIABILITIES</b>			
Bank loans and other notes	9,688	7,386	9,199
Other interest bearing liabilities	5,550	3,354	4,866
Trade accounts payable	867	976	740
Other current liabilities	3,014	1,516	1,693
<b>TOTAL CURRENT LIABILITIES</b>	<b>19,119</b>	<b>13,232</b>	<b>16,498</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>66,596</b>	<b>70,214</b>	<b>64,870</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US\$000	Attributable to the shareholders of the Parent Company				
	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings	Total equity
<b>Equity as at December 31, 2019</b>	<b>1,436</b>	<b>79,197</b>	<b>(13,823)</b>	<b>(91,127)</b>	<b>(24,317)</b>
<b>Comprehensive income</b>					
Net profit/(loss) for the period	-	-	-	8,562	8,562
Other comprehensive income	-	23	145	-	168
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>23</b>	<b>145</b>	<b>8,562</b>	<b>8,730</b>
<b>Transactions with owners in their capacity as owners</b>					
Proceeds from exercise of share options	-	24	-	-	24
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>24</b>
<b>Equity as at June 30, 2020</b>	<b>1,436</b>	<b>79,244</b>	<b>(13,678)</b>	<b>(82,565)</b>	<b>(15,563)</b>
<b>Comprehensive income</b>					
Net profit/(loss) for the period	-	-	-	1,880	1,880
Other comprehensive income	-	(23)	428	-	405
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(23)</b>	<b>428</b>	<b>1,880</b>	<b>2,285</b>
<b>Transactions with owners in their capacity as owners</b>					
Proceeds from exercise of share options	1	(1)	-	-	-
<b>Total transactions with owners in their capacity as owners</b>	<b>1</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity as at December 31, 2020</b>	<b>1,438</b>	<b>79,220</b>	<b>(13,250)</b>	<b>(80,685)</b>	<b>(13,277)</b>
<b>Comprehensive income</b>					
Net profit/(loss) for the period	-	-	-	3,653	3,653
Other comprehensive income	-	-	217	-	217
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>217</b>	<b>3,653</b>	<b>3,870</b>
<b>Equity as at June 30, 2021</b>	<b>1,438</b>	<b>79,220</b>	<b>(13,033)</b>	<b>(77,032)</b>	<b>(9,407)</b>

## CONSOLIDATED CASH FLOW STATEMENT

	Q2 Apr-Jun 2021 US\$000	Q2 Apr-Jun 2020 US\$000	H1 Jan-Jun 2021 US\$000	H1 Jan-Jun 2020 US\$000	12 months Jan-Dec 2020 US\$000
<b>OPERATING ACTIVITIES</b>					
Receipts from gold sales	12,351	12,276	22,942	28,430	53,409
VAT and other reimbursement	1,048	1,146	2,043	2,161	4,497
Payments to suppliers	(4,678)	(4,224)	(9,265)	(9,706)	(18,970)
Payments to employees and social taxes	(2,377)	(2,095)	(4,737)	(4,594)	(9,357)
Income tax paid	(13)	0	(13)	(635)	(674)
Other taxes paid	(149)	(367)	(301)	(981)	(1,421)
<b>Net cash flows from/(used in) operating activities</b>	<b>6,182</b>	<b>6,736</b>	<b>10,669</b>	<b>14,675</b>	<b>27,484</b>
<b>INVESTING ACTIVITIES</b>					
Purchase and construction of property, plant and equipment	(399)	(541)	(747)	(1,806)	(2,343)
Exploration and research works	(617)	(377)	(1,682)	(440)	(1,479)
<b>Net cash flows used in investing activities</b>	<b>(1,016)</b>	<b>(918)</b>	<b>(2,429)</b>	<b>(2,246)</b>	<b>(3,822)</b>
<b>FINANCING ACTIVITIES</b>					
Repayment of borrowings, net	(2,253)	(5,153)	(4,694)	(8,156)	(14,997)
Proceeds from exercise of share options	0	10	0	10	10
Interest paid	(388)	(1,041)	(697)	(2,418)	(5,702)
Lease payments	(493)	(613)	(1,077)	(1,157)	(2,413)
Other finance income/expenses	(64)	0	(123)	0	0
<b>Net cash from/(used in) financing activities</b>	<b>(3,198)</b>	<b>(6,797)</b>	<b>(6,591)</b>	<b>(11,721)</b>	<b>(23,102)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,968</b>	<b>(979)</b>	<b>1,649</b>	<b>708</b>	<b>560</b>
Effect of foreign exchange rate changes on cash and cash equivalents	98	(77)	43	(170)	(282)
Opening balance cash and cash equivalents	48	1,738	422	144	144
<b>Closing balance cash and cash equivalents</b>	<b>2,114</b>	<b>682</b>	<b>2,114</b>	<b>682</b>	<b>422</b>

## CONSOLIDATED KEY RATIOS

Definitions		H1 Jan-Jun 2021 US\$000	H1 Jan-Jun 2020 US\$000	12 months Jan-Dec 2020 US\$000
Total assets	Total assets at period end	66,596	70,214	64,870
Total equity	Total equity including non-controlling interest at period end	(9,407)	(15,563)	(13,277)
Interest bearing debt	Total interest bearing debt at the period end	63,741	75,405	67,359
Employees at period end	-	572	541	558
EBITDA*	Earnings Before Interest, Tax, Depreciation, Amortization, any Impairment and one-off items	10,581	16,784	30,893
<b>Per share data</b>				
Earnings per share (SEK, USD)	Net result after tax for the period divided by the average number of outstanding shares for the period before dilution	0.04	0.09	0.11
Equity per share (SEK, USD)	Equity excluding non-controlling interests at the period end divided by the number of outstanding shares at the period end	(0.10)	(0.16)	(0.13)

\* 12m 2020 EBITDA was adjusted for write off of VAT refund asset in LLC "Rudtechnology" at the amount of MSEK 7.0 (US\$ 0.8 mln) in Q3 2020 and MSEK 15.7 (US\$ 1.9 mln) stripping assets were written off as other operating expenses in LLC "Tardan Gold" in Q4 2020.

## PARENT COMPANY STATEMENT OF PROFIT OR LOSS

	Q2 Apr-Jun 2021 TSEK	Q2 Apr-Jun 2020 TSEK	H1 Jan-Jun 2021 TSEK	H1 Jan-Jun 2020 TSEK	12 months Jan-Dec 2020 TSEK	Q2 Apr-Jun 2021 US\$000	Q2 Apr-Jun 2020 US\$000	H1 Jan-Jun 2021 US\$000	H1 Jan-Jun 2020 US\$000	12 months Jan-Dec 2020 US\$000
Operating income	238	190	475	370	750	29	19	57	38	81
<b>Total income</b>	<b>238</b>	<b>190</b>	<b>475</b>	<b>370</b>	<b>750</b>	<b>29</b>	<b>19</b>	<b>57</b>	<b>38</b>	<b>81</b>
External expenses	(586)	(1,240)	(1,829)	(2,073)	(7,047)	(70)	(128)	(218)	(214)	(765)
Employee benefit expenses	(818)	(728)	(1,703)	(1,453)	(2,755)	(98)	(75)	(203)	(150)	(299)
<b>Total operating costs</b>	<b>(1,404)</b>	<b>(1,968)</b>	<b>(3,532)</b>	<b>(3,526)</b>	<b>(9,802)</b>	<b>(168)</b>	<b>203</b>	<b>(421)</b>	<b>(364)</b>	<b>(1,064)</b>
<b>Operating profit/(loss)</b>	<b>(1,166)</b>	<b>(1,778)</b>	<b>(3,057)</b>	<b>(3,156)</b>	<b>(9,052)</b>	<b>(139)</b>	<b>(184)</b>	<b>(364)</b>	<b>(326)</b>	<b>(983)</b>
Impairment: Investment in subsidiaries	0	0	0	0	(180,808)	0	0	0	0	(20,952)
Net financial items	8,227	33,050	(10,049)	(24,402)	(6,172)	980	3,420	(1,196)	(2,522)	(670)
<b>Profit/(Loss) before income tax</b>	<b>7,061</b>	<b>31,272</b>	<b>(13,106)</b>	<b>(27,558)</b>	<b>(196,032)</b>	<b>841</b>	<b>3,236</b>	<b>(1,560)</b>	<b>(2,848)</b>	<b>(22,605)</b>
Income tax	0	0	0	0	0	0	0	0	0	0
<b>Net profit/(loss) for the period</b>	<b>7,061</b>	<b>31,272</b>	<b>(13,106)</b>	<b>(27,558)</b>	<b>(196,032)</b>	<b>841</b>	<b>3,236</b>	<b>(1,560)</b>	<b>(2,848)</b>	<b>(22,605)</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Q2 Apr-Jun 2021 TSEK	Q2 Apr-Jun 2020 TSEK	H1 Jan-Jun 2021 TSEK	H1 Jan-Jun 2020 TSEK	12 months Jan-Dec 2020 TSEK	Q2 Apr-Jun 2021 US\$000	Q2 Apr-Jun 2020 US\$000	H1 Jan-Jun 2021 US\$000	H1 Jan-Jun 2020 US\$000	12 months Jan-Dec 2020 US\$000
Net profit/loss for the period	7,061	31,272	(13,106)	(27,558)	(196,032)	841	3,236	(1,560)	(2,848)	(22,605)
Translation differences	0	0	0	0	0	480	2,643	(861)	(241)	4,389
<b>Total comprehensive income for the period</b>	<b>7,061</b>	<b>31,272</b>	<b>(13,106)</b>	<b>(27,558)</b>	<b>(196,032)</b>	<b>1,321</b>	<b>5,879</b>	<b>(2,421)</b>	<b>(3,089)</b>	<b>(18,216)</b>

## PARENT COMPANY STATEMENT OF FINANCIAL POSITION

	June 30, 2021 TSEK	June 30, 2020 TSEK	December 31, 2020 TSEK	June 30, 2021 US\$000	June 30, 2020 US\$000	December 31, 2020 US\$000
<b>ASSETS</b>						
<b>FIXED ASSETS</b>						
Investments in subsidiaries	516,824	734,960	508,708	60,729	78,614	62,124
<b>Total fixed assets</b>	<b>516,824</b>	<b>734,960</b>	<b>508,708</b>	<b>60,729</b>	<b>78,614</b>	<b>62,124</b>
<b>CURRENT ASSETS</b>						
Current receivables	786	2,139	1,953	92	229	239
Cash and bank	134	456	542	16	49	66
<b>Total current assets</b>	<b>920</b>	<b>2,595</b>	<b>2,495</b>	<b>108</b>	<b>278</b>	<b>305</b>
<b>TOTAL ASSETS</b>	<b>517,744</b>	<b>737,555</b>	<b>511,203</b>	<b>60,837</b>	<b>78,892</b>	<b>62,429</b>
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>	<b>177,823</b>	<b>359,403</b>	<b>190,929</b>	<b>20,895</b>	<b>38,443</b>	<b>23,316</b>
<b>LONG-TERM LIABILITIES</b>	<b>300,740</b>	<b>357,667</b>	<b>289,371</b>	<b>35,338</b>	<b>38,257</b>	<b>35,338</b>
<b>CURRENT LIABILITIES</b>	<b>39,181</b>	<b>20,485</b>	<b>30,903</b>	<b>4,604</b>	<b>2,192</b>	<b>3,775</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>517,744</b>	<b>737,555</b>	<b>511,203</b>	<b>60,837</b>	<b>78,892</b>	<b>62,429</b>

# Additional information

## NEXT REPORTS DUE

Q3 2021 Interim report (January - September):  
[November 29, 2021](#)

Q4 2021 Interim report (January - December):  
[February 28, 2022](#)

## COMPANY INFORMATION

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 two operating mines (Tardan and Staroverinskaya<sup>1</sup>), one early stage exploration asset and one development asset.

Since July 19, 2010, Auriant Mining's shares are traded on Nasdaq First North Premier Growth Market under the short name AUR. For more information please visit [www.auriant.com](http://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](http://www.mangold.se).

## BOARD ASSURANCE

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, August 30, 2021  
Auriant Mining AB (publ.)

Lord Daresbury  
Chairman of the Board

Preston Haskell  
Board Member

Jukka Pitkäljärvi  
Board Member

Birgit Köster Hoffmann  
Board Member

Danilo Lange  
CEO

This report has not been reviewed by the Company's Auditors.

**Cautionary Statement:** Statements and assumptions made in this report 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. This press release shall not, directly or indirectly, be released, published or distributed in or to the United States, Australia, Japan, Canada, New Zealand, Hong Kong, South Africa or other country where such action as a whole or in part is subject to legal restrictions. Nothing in this press release should be considered as an offer to invest or otherwise trade in shares of Auriant Mining AB (publ.). The proposed issue will not be directed at residents or those living in the United States, Australia, Japan, Canada, New Zealand, Hong Kong, South Africa or other country where such action would require further prospectus, other offering documentation, registration or other measures beyond those required by Swedish law. No securities will be registered under the United States Securities Act of 1933, a similar law in any state in the United States, or under any provincial law in Canada, nor under the applicable law of another country.

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<sup>1</sup> The Company operates at Staroverinskaya license area that includes not only Solcocon, but also other areas.  
AURIANT MINING AB (PUBL.) – Q2 2021 INTERIM REPORT (JANUARY – JUNE)



# Glossary and definitions

## ALTERNATIVE PERFORMANCE MEASURES

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures. The alternative key financial performance indicators are defined as financial measures of historical or future earnings trends, financial position, financial performance, or cash flows that are not defined or specified in the applicable regulations for financial reporting, IFRS, and the Annual Accounts Act. These measures should not be regarded as a substitute for measures defined in accordance with IFRS. If an alternative performance measure cannot be identified directly from the financial statements, a reconciliation is required.

## DEFINITIONS OF KEY RATIOS

### EBITDA

Earnings before interest, taxes, depreciation, and amortization is a non-IFRS metric and is defined by the Group as profit for the period before income taxes adjusted for depreciation, amortization and impairment, finance income, finance cost, (gain)/loss on revaluation of derivative financial instruments, foreign exchange (gain)/loss, (gain)/loss on disposal or revaluation of investments in subsidiaries and associates, (gain)/loss on (reversal of impairment)/impairment of property, plant and equipment, write-downs and reversals of inventory to net realizable value, bad debt allowance, share-based compensation expenses, charity expenses, and other one-off adjustments that may be required to provide a clearer view of the performance of the Group's operations. EBITDA is used to measure earnings from operating activities, independent of depreciation, amortization, and impairment losses.

### Total Cash Costs (TCC)

Total cash costs (TCC) are defined as the cost of gold sales, less depreciation of property, plant and equipment, amortization, intangible assets, allowance for obsolescence of inventory and provision for mine closure, rehabilitation and decommissioning costs. TCC per ounce sold is calculated as TCC divided by the total gold equivalent ounces of gold sold for the period.

### Equity

Equity of the Group comprises issued capital, share premium, reserve for translation to presentation currency, retained earnings, and non-controlling interests.

### Earnings per share

Earnings per share comprises consolidated earnings for the period (profit after tax from continuing and discontinued operations) attributable to the Parent Company shareholders, divided by the weighted average number of outstanding shares during the period and excluding treasury shares. Diluted Earnings per share is earnings per share adjusted to reflect the effects of potential dilutive ordinary shares, which constitute shares and options.

### Equity per share

Equity at the end of the period divided by the number of shares outstanding at the end of the period.

### Total number of shares outstanding

Number of shares outstanding at the end of the period.

### Weighted average number of shares

The weighted number of shares outstanding during the year is calculated by taking into account any changes in the number of shares outstanding during the reporting period.

## **INDUSTRY SPECIFIC DEFINITIONS AND GLOSSARY (IN ACCORDANCE WITH JORC)**

### **Alluvial gold**

Mineralization in riverbeds at ground level.

### **Mineralization**

Any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralization might occur, whether by class of deposit, mode of occurrence, genesis, or composition.

### **Mineral Resource**

Is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity, and other geological characteristics of a Mineral Resource are known, estimated, or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

### **Ore (or Mineral) Reserve**

Is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at the Pre-Feasibility or Feasibility stage as appropriate, that include the application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

### **Recovery**

The percentage of material of initial interest that is extracted during mining and/or processing. A measure of mining or processing efficiency.

### **tpa/ktpa**

tons per annum/thousand tons per annum

### **Troy ounce (oz)/koz/Moz**

Weight measure for gold corresponding to 31.1035 grams /thousand oz/million oz.

## **FINANCE DEFINITIONS**

### **SEK/TSEK/MSEK**

Swedish krona/Thousand Swedish krona/Million Swedish krona

### **USD/TUSD/MUSD**

US Dollar/Thousand US Dollar/Million US Dollar

### **RUB/TRUB/MRUB**

Russian ruble/Thousand Russian rubles/Million Russian rubles