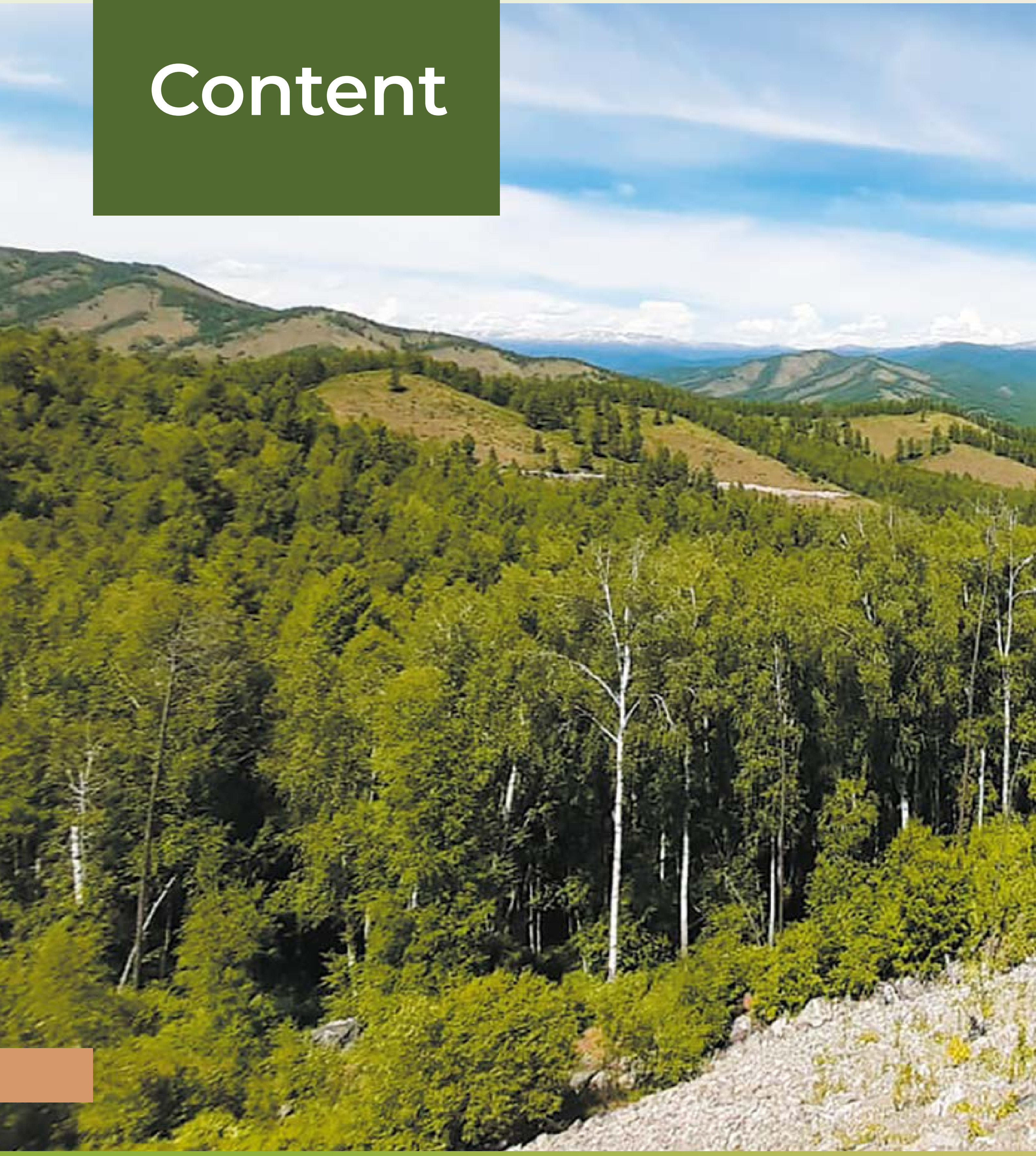
AURIANT
MINING

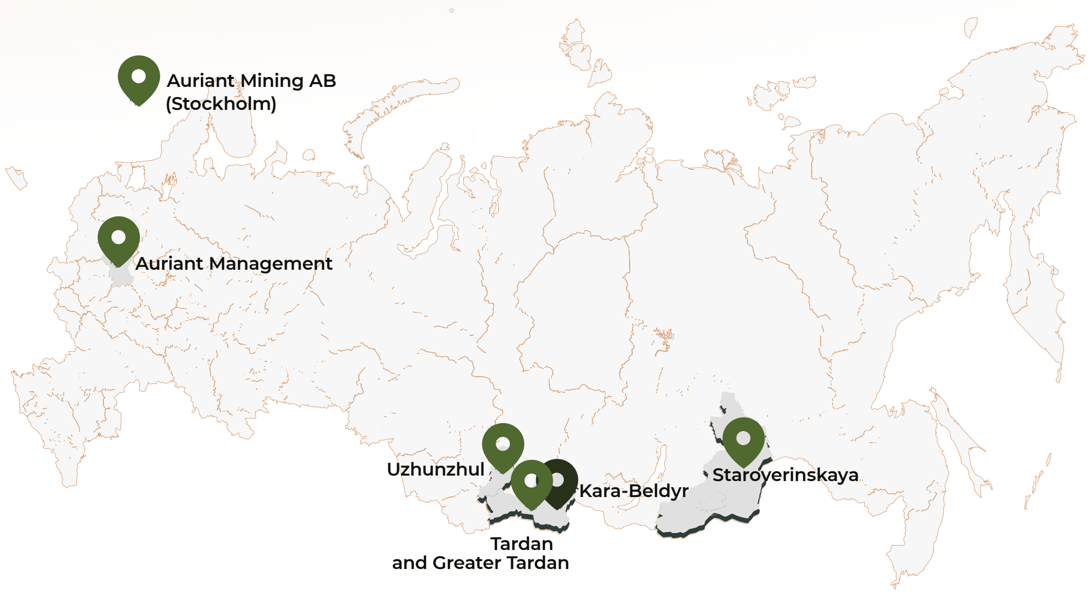
Auriant Mining Annual Report

/21

Content



Auriant Mining in Brief



Russia focused gold miner

Listed on NASDAQ OMX First North Premier

2 producing mines

3 exploration properties

578 employees

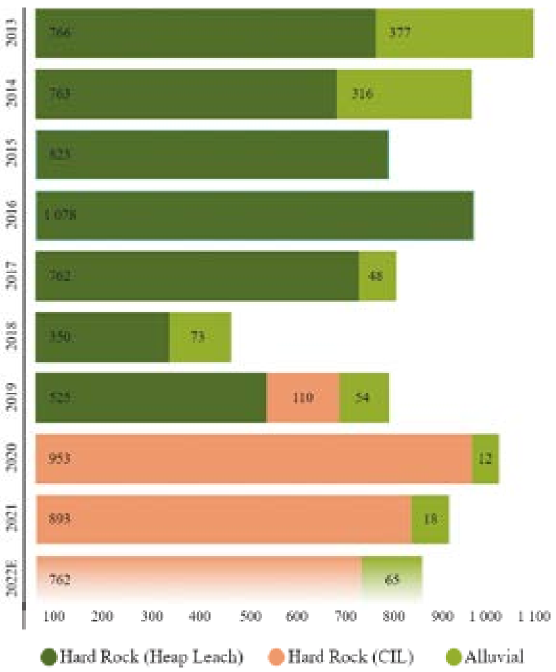
2021 production of 910,8 kg of gold (29,283 oz)

Approximately 3,457 shareholders

98,768,270 ordinary shares issued

Official Russian State Reserves Committee (GKZ) + JORC Resourses and reserves of 1,623,000 troy ounces (50.5 tonnes) of gold

Gold production 2013-2022E:



Significant Events During 2021

JANUARY

Exploration drilling was continued at the Staroverinskaya and Tardan deposits.

MAY

Initial exploration program was started at Uzhunzhul license area.

Birgit Köster Hoffmann was elected as a new Board member at the Annual General Meeting held on 11 May 2021.

JUNE

The Group successfully negotiated further improvements of VTB loan facility, including the reduction of the interest rate to 3 months LIBOR plus 3.7% and the cancellation of a compulsory "cash sweep" clause in the loan agreement.

OCTOBER

The Company changed its Certified Adviser to G&W Fondkommission.

NOVEMBER

LLC "Tardan Gold" received a request from the Russian State Service for Supervision of Natural Resource Usage (Rosprirodnadzor, "RPN") to make an additional payment for waste disposal in the amount of US$ 1.1 mln. The request relates to placement of waste rock mass from the Pravoberezhny deposit on stockpiles located at the mine in 2019 and 2020. In addition, a waste disposal provision for 2021 was accrued in the amount of US$ 1.2 mln.

DECEMBER

The Company signed an Addendum to the bond issue agreement with Golden Impala Limited, whereby the term of the bond was extended to 31 December 2024, and the interest rate became three months U.S. Dollars LIBOR plus 6.44 percent. The Addendum was approved at the Extraordinary General Meeting held on 22 December 2021 and came into effect on 1 January 2022.

Our Values

01 People

Our People are our most important asset. Tardan has been built and is operated by our employees and it is our highest priority to create and maintain a safe and healthy working environment for them. We are constantly searching for new and innovative methods to ensure the safety of our employees.

02 Respect

We are committed to providing a positive working environment free of discrimination and harassment in all of our activities. We act and treat each other with dignity and respect. We believe that employees who are treated with respect have a higher level of professional performance. All of our employees are given equal opportunities for career development. We reward and encourage teamwork, creativity and innovation.

03 Responsible Mining

Environmental responsibility is a central issue in a company with operations involving environmental risks.
The majority of the Company's activities are carried out in areas which are sensitive to the impact of mining operations. Auriant Mining is committed to optimize resource utilization, decrease waste and use new innovative technologies to reduce the companies CO^2 footprint at our existing and future operations.

04 Social Responsibility

We are actively engaged in the local communities in the areas in which we operate. Among other things, by supporting and contributing to education and infrastructure and by prioritizing the local population when employing staff.

05 Integrity

Auriant's success is dependent on trust and support from all our stakeholders, including shareholders, employees, suppliers, contractors, Government, and local communities, which is why we are committed to the highest standards of integrity and sustainability. We have maximum level of transparency in our dealing with Government authorities, defending our interests in court when necessary.

06 Corporate Governance

We genuinely believe that good corporate governance adds shareholder value and, therefore, the majority of our Board is composed of non-executive, independent directors with extensive experience in mining and in running public companies. Going forward, we intend to further strengthen our corporate governance in order to deliver maximum shareholder value.

Our Strategy

The growth and sustainability of the Company will rely on a focused approach on our existing assets. In the short term, the focus is on cost control and stable production at Tardan and Solcocon;

In the medium term, continuing exploration on all our assets to expand resources, extend life of mine and construct & launch new mines to increase annual production to position Auriant Mining AB as a consolidation vehicle for Russian gold assets in the medium term.

Asset	Target	2021 Result
Tardan	CIL high performance	CIL exceeded its designed capacity Targeted KPI's were achieved and kept
Kara-Beldyr	Development of the project	Processing method defined as CIP Documentation and permitting in progress Electricity line included in the Tyva development plan. Financing by federal budget is expected
Staroverinskaya (Solcocon)	Exploration to increase resources	10,5 thousand meters drilled
Uzhunzhul	Early stage exploration	5,7 thousand meters of geological trenches compleated 1,9 thousand meters drilled

CEO Statement

Dear Stakeholders,

2021 has been an important year in the Company's history, both in financial and operational terms. The CIL plant in Tardan has run without any interruptions. The gold price has been continuously above expectations and our management team has kept TCC down at 806/oz which is extremely low when compared to the industry worldwide.

CIL PLANT

The plant continued to be within its projected throughput of > 50 tonnes per working hour. During 2021, the CIL plant was fed with regular ore at the average recovery rate of 91.2%. The volume of ore processed through the CIL plant amounted to 428.3 thousand tonnes with an average grade of 2.30 g/t (total gold in processed ore – 983.9 kg).

The Company continues to focus on reducing costs and, thus, continues to focus on operations, the development of chemical processes, staff performance, materials, energy consumption and grades at all processing stages.

PRODUCTION

Hard rock gold production at Tardan decreased by 6% from 953 kg (30,629 oz) in 2020 to 893 kg (28,720 oz) in 2021.

In 2021, the Company continued mining the Pravoberezhniy deposit and undertook stripping works on Ore zone#3 and Ore body 26 of the Tardan deposit which will be the main source of ore in the future. As a result, stripping volume was 106% higher at 1,859 thousand m3 in 2021 (2020: 902 thousand m3). This obviously had an adverse impact on the cost of production.

In 2021, ore mined amounted to 459 thousand tonnes (2020: 387 thousand tonnes). The average grade in 2021 was 2.32 g/t, which is 4% lower compared to 2.42 g/t in 2020.

Further exploration drilling was carried out at Tardan (4.5 thousand meters drilled) but, unfortunately, without any major increase in resources and thus mine life. Our drilling program will continue nonetheless in other areas of the Greater Tardan deposit.

Alluvial gold production at Solcocon amounted to 18 kg (563 oz), compared to 12 kg (386 oz) in 2020. This production is 100% outsourced and generates a net margin of 15% of sales.

The exploration at our Bogomolovskoye Deposit (part of the Solcocon License) was not completed in 2021(10.5 thousand meters drilled) and will be continuing during 2022.

In 2021, the Russian Government continued to work on a development program aimed to help the economy of the Tyva Region. The Auriant Management team have played an active role interacting with local and federal government agencies in the development of the program.

The Company worked closely with the Ministry of Industry and Trade(the federal level of the Russian Goverement) and the local Tyvavian government permitting and constructing the Federal Power Line that will provide future electricity to our Kara Beldyr License.

As for the Kara Beldyr licensing process, the Company managed to transfer the forestry area from protected to exploitable category, which is the most important step in the land registration process.

TOTAL GOLD SALES

In 2021, total gold sales amounted to 819 kg (26,316 oz), compared to 946 kg (30,428 oz) in 2020, a decrease of 14%, or 128 kg (4,112 oz).

In 2021, the average selling price for gold increased by 3% to US$ 1,812 per oz (2020: US$ 1,755 per oz).

FINANCING

In 2021, we were able to further reduce the financing costs associated with the Company's loan facility with VTB. In June 2021, the Company successfully negotiated further improvements in the terms of the VTB loan facility. Reflecting the Company's good performance in 2020 and 2021, VTB agreed to reduce the interest rate to 3 months LIBOR plus 3.7%. This represents a saving of 100 bps and the reduction comes with no breakage fee. In addition, 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.

In December 2021, the Company agreed with Golden Impala (Bond Holder) to extend the maturity date of the bond to 31 December 2024 and for the interest rate to be U.S Dollars 3 month LIBOR plus 6.44%.

Also, KFM has agreed to a reduction in the capital repayment for 2021, which resulted in a US$ 2.65 mln deferral until 31 December 2022.

CASH FLOWS / INCOME STATEMENT

Revenue from gold sales amounted to US$ 47.7 mln, a 11% decrease compared to 2020, driven by a lower volume of gold produced as envisaged in the mine plan. The 3% average higher gold price contributed to an improvement in financial performance Y-o-Y.

In 2021, the Group's cost of sales increased by 10% compared to 2020, to US$ 30.2 mln, while cash operating expenses increased by 16%, to US$ 25.4 mln.

Higher stripping volumes and lower gold grades negatively impacted the cost performance during the reporting period. The average cash cost per ounce produced at Tardan increased by 19% from US$ 676/oz in 2020 to US$ 806/oz in 2021.

Other operating expenses in 2021 amounted to US$ 3.0 mln (US$ 3.1 mln in the previous reporting period). These were mainly US$ 2.3 mln additional provision for waste disposal, accrued by LLC "Tardan Gold" for 2019-2021.

Following the reduction in production and sales volumes, EBITDA decreased by 27% and amounted to US$ 22.5 mln in 2021 as compared to US$ 30.9 mln in the previous reporting period, with an EBITDA margin of 47% compared to 58% in 2020.

OUTLOOK

The Company expects to produce a total of 800 – 830 kg (25,720 – 26,685 oz) at Tardan and Solcocon in 2022. The source of ore for the Tardan CIL plant will be the Pravoberezhniy and Tardan deposits.

Our key goals for 2022 are to continue to prepare for mining Ore Bodies #3, #26 and #6 at Tardan, further exploration drilling at Greater Tardan, Solcocon and Uzhunzhul in Khakassia, our 4th licence.

We will also continue to focus on strengthening the Company's balance sheet by reducing debt.

Finally, I would like to thank all our stakeholders for their considerable contribution and continuous support. This includes our majority shareholders, all our other investors and our employees and Directors.

Despite the strong headwinds, I hope that I and the management can continue to make progress and drive shareholder value in the upcoming period.

RISKS IN CURRENT POLITICAL SITUATION

At the time of writing this annual review, the conflict between Russia and Ukraine has led to uncertainty and our thoughts go out to everyone that has been impacted.

As a result of this conflict, the Company's management is very concerned about potential consequences of current direct or indirect sanctions.

Meanwhile, the Auriant team has reviewed all of its activities in detail against the backdrop of current sanctions to assess their possible impact on our business. The impact of potential sales disruption as well as currency controls and liquidity remain our continuing concern.

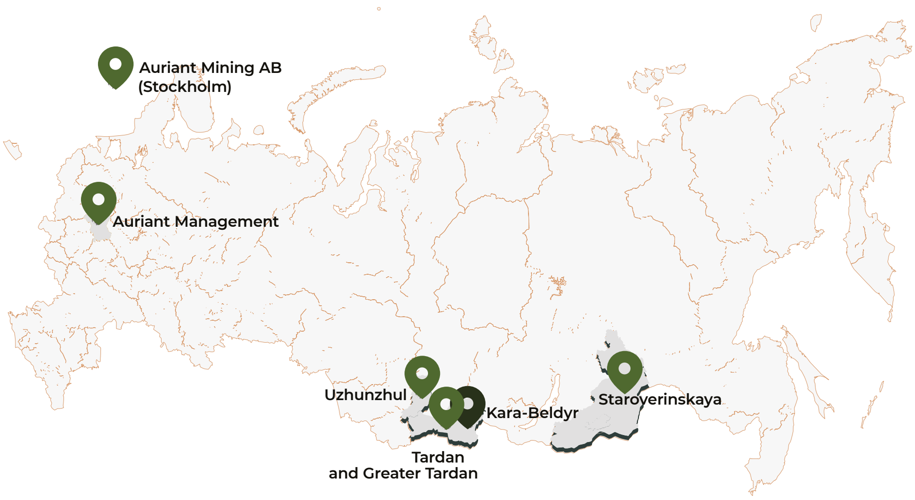
While new issues may emerge at any time, Auriant's management team currently believes that we will be able to continue operations. Nevertheless, the overall volatility will require us to remain focused, flexible and sensitive.

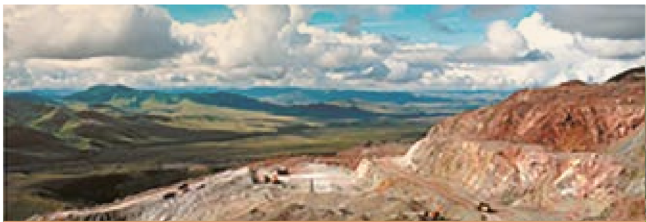
It is our intention to continue with operations as normally as we can. We will evaluate any developments in order to be sure that business operations are compliant with relevant legislation, rapidly adapt to any new circumstances that may develop and timely mitigate the effects of any financial volatility.

Notwithstanding challenges that have emerged after the year-end, I am pleased to report that the Company made solid progress in 2021.

Danilo Lange
Chief Executive Officer
Auriant Mining AB

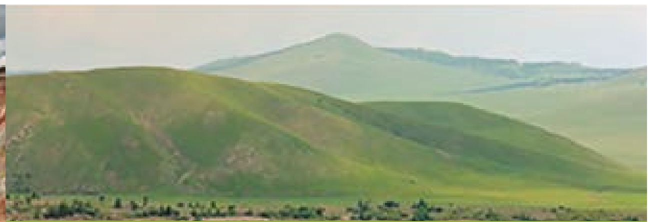
Auriant Gold Assets





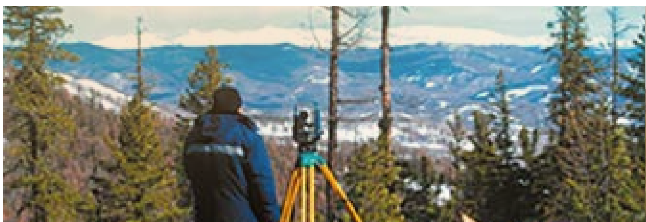
Tardan

- Flagship mine located in Republic of Tyva;
- 2021 gold production of 893 kg of gold;
- Open pit;
- CIL;
- Resources&reserves ~ 7,5 t of gold.



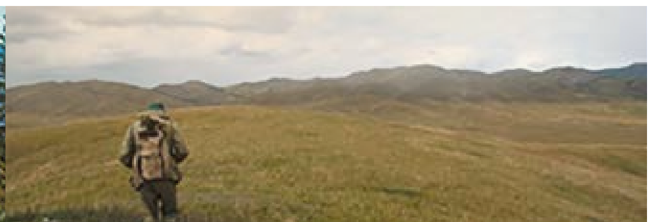
Staroverinskaya (Solcocon)

- Alluvial production restarted in 2017;
- 2021 production of 18 kg of gold
- Located in Zabaikalsky Krai;
- Reserves: 15,7 t of gold;
- Great exploration potential.



Kara-Beldyr

- Property ready to design and construction;
- Located in Republic of Tyva;
- Expected technology: CIP;
- JORC Resources: 26,8 t of gold;



Uzhunzhul

- Greenfield
- Located in Republic of Khakassia;
- Exploration started in 2016
- Targeted reserves at 1st stage: ~10 t of gold
- Good infrastructure.

Auriant Resources and Reserves

Classification	Tonnage	g/t	000 oz	kg
TARDAN				
TARDAN DEPOSIT /GKZ/				
$C_1 + C_2$ Reserves	655,802	5,35	113	3,506
PRAVOBEREZHNY DEPOSIT /GKZ/				
$C_1 + C_2$ Reserves	289,602	4,90	46	1,419
GOLD IN ORE				
Total gold in ore	**945,404**	**5,21**	**159**	**4,925**
TAILINGS				
Heap leach tailings	2,630,990	0,98	83	2,572
TOTAL GOLD				
Tardan total gold			**242**	**7,497**
KARA-BELDYR /JORC/				
Indicated	9,540,000	2,63	807	25,101
Inferred	480,000	3,55	55	1,711
Indicated + Inferred	**10,020,000**	**2,68**	**862**	**26,811**
STAROVERINSKAYA (SOLCOCON) /GKZ/				
BOGOMOLOVSKOE DEPOSIT				
$C_1 + C_2$ Reserves	1,934,186	3,65	227	7,060
KOZLOVKOE DEPOSIT (GKZ)				
$C_1 + C_2$ Reserves	1,059,000	8,14	277	8,615
Total Solcocon	**2,993,186**	**5,24**	**504**	**15,675**
ALLUVIAL				
$C_1 + C_2$ Reserves	611,000	0,78	15	477
TOTAL AURIANT RESERVES&RESOURCES				
Tardan	945,404	5,21	159	4,925
Kara-Beldyr	10,020,000	2,68	862	26,811
Solcocon	2,993,186	5,24	504	15,675
TOTAL ORE	13,958,590	3,40	1525	47,411
Tardan (tailings)	2,630,990	0,98	83	2,572
Solcocon (alluvial gold)	611,000	0,78	15	477
TOTAL			**1623**	**50,460**

Tardan and Greater Tardan

Tardan and Greater Tardan

Republic of Tyva

Exploration/
production

526
employees

License: Tardan Deposit
Valid until: 2028
3,3 km²

License: Greater Tardan
Valid until: 2032
540 km²

Production method:
CIL

893 kg
2021 production

Reserves and Resources

Classification	Tonnage	g/t	000 oz	kg
TARDAN				
TARDAN DEPOSIT /GKZ/				
$C_1 + C_2$ Reserves	655,802	5.35	113	3,506
PRAVOBEREZHNY DEPOSIT /GKZ/				
$C_1 + C_2$ Reserves	289,602	4.90	46	1,419
GOLD IN ORE				
Total gold in ore	945,404	5,21	159	4,925
TAILINGS				
Heap leach tailings	2,630,990	0.98	83	2,572
TOTAL GOLD				
Tardan total gold			242	7,497

Geology and Exploration

GEOLOGY

The Tardan ore cluster is an integral part of the Tapsa-Kaahemsky gold-placer region, which extends in a sublatitudinal direction for a distance of more than 90 km. In the structure of the Tardan ore cluster, three rock complexes play the major role in the formation of ore-bearing structures:

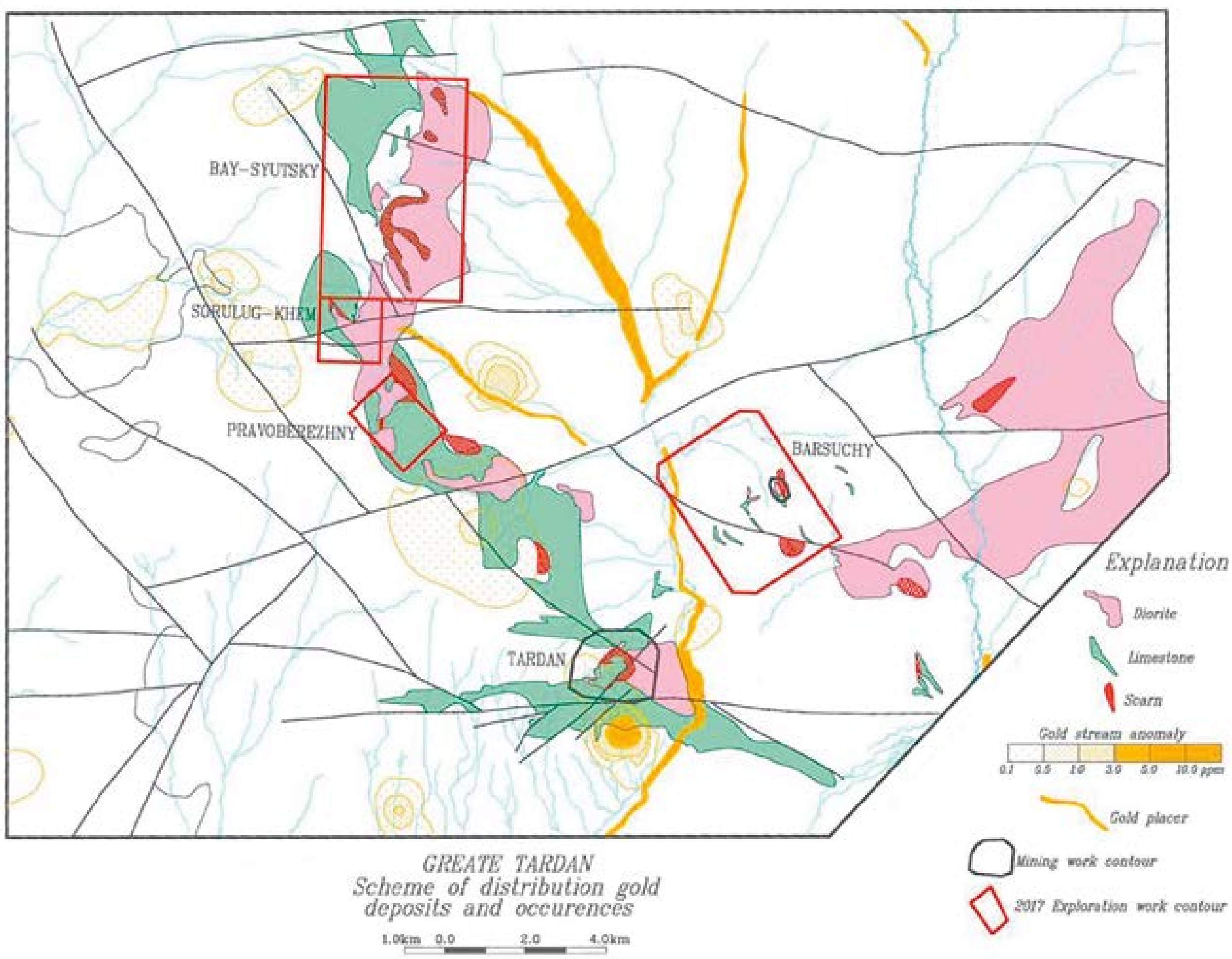
- Late Riphean volcanic-terrigenous sequence;
- On it lie interbedded limestones and dolomites of Vendian-Cambrian;
- All these formations are broken by the intrusion of the granodiorites of the Middle Cambrian.

The Tardan deposit according to the geological structure, the structural features and mineral composition, correspond to gold skarn type mineralization.

At present, the following skarns deposits and gold occurrences were identified: (a) Tardan and Pravoberezhnoe, both currently in production; (b) Bai-Syutskoye and Sorulug-Khem occurrences, which both are future exploration targets; and (c) Barsuchiy deposits, which is already mined out.

On Tardan a total of 16 ore zones containing 41 ore bodies have been identified.

GREATER TARDAN



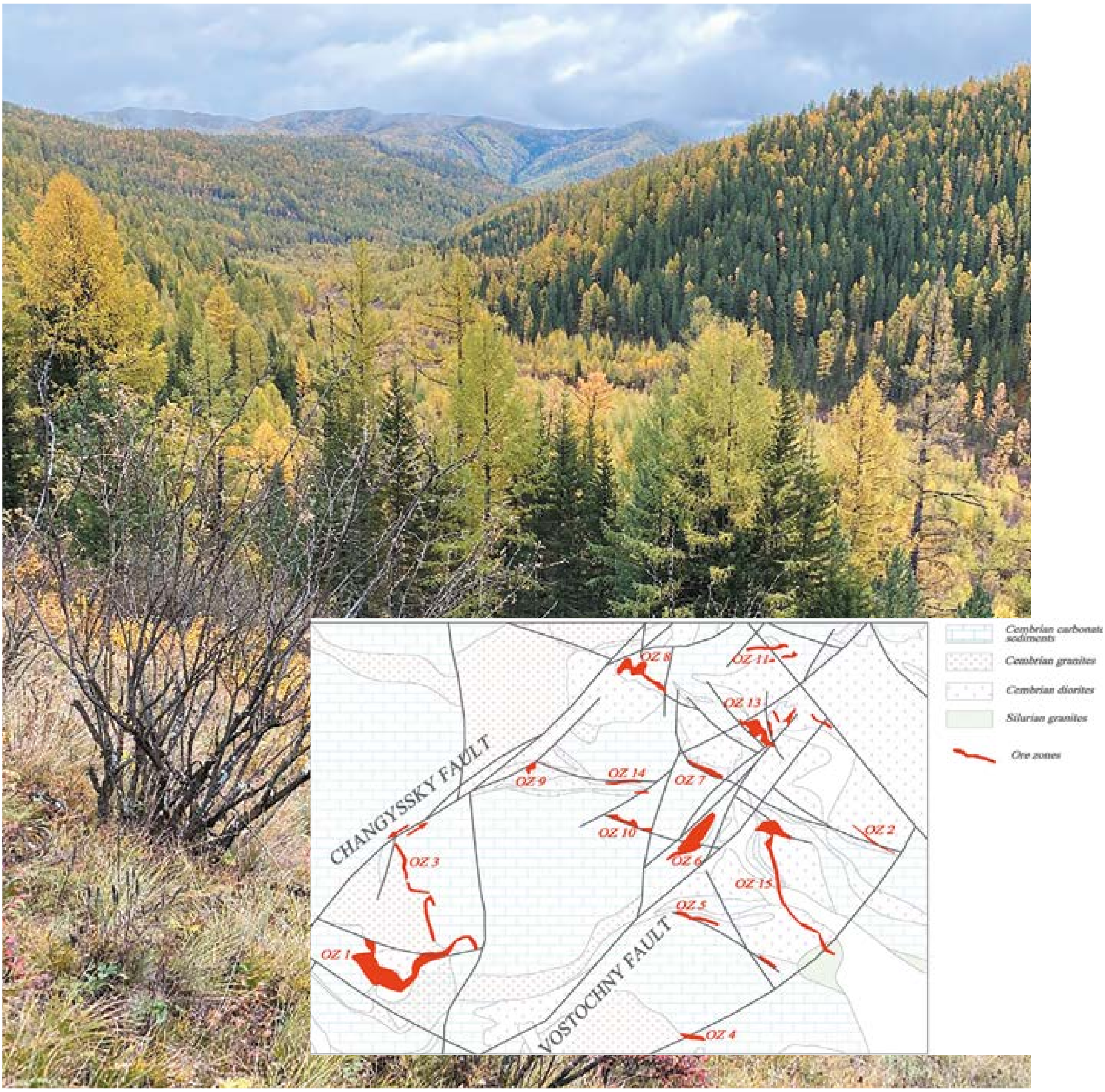
TARDAN DEPOSIT

On Tardan a total of 16 ore zones containing 41 ore bodies have been identified.

The Tardan deposit, itself, is a graben bounded by tectonic fractures which are part of the Baisyutskiy shear fracture. The total area of the block is approximately 4.0 km^2.

The most common rock type is marblized limestone of the Cambrian. Approximately 20-25% of the Tardan deposit area is underlaid by granitoids of the Cambrian complex, of which diorites are the most common.

The major structural elements of the deposit are faults found on the contacts between the granites (diorites) and the host and carbonate rocks. Virtually, almost all of the ore zones are located in contact limestones of Vadibalinskaya formations and diorite sills of the Tannuolsky complex.



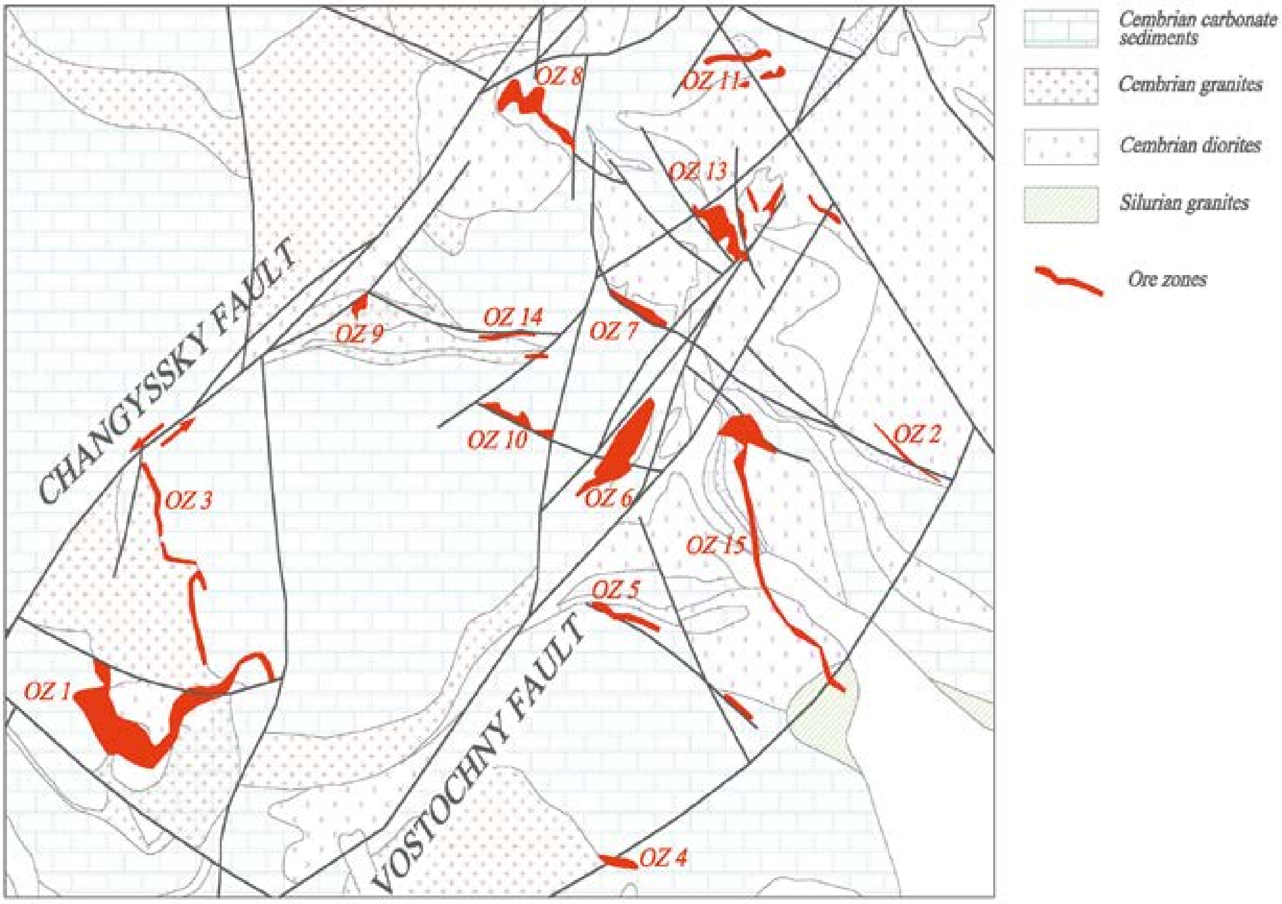
TARDAN EXPLORATION

In 2021 the Company continued extensive exploration program in order to develop our level of knowledge about the current ore bodies and to verify if there are any potential at flanks. The drilling campaign included Pravoberezhniy, OZ4, OZ6, OZ15 and tailing of heap leach operation. The drilling program is ongoing. Whilst the geophysical study and drilling program within Eastern Tardan area was completed. The up-to-date results allowed us to define and localized the zones with hydrothermal changes as the linear zone. Some gold grades were indicated within the area, but they were single and could not be united to any mineable ore zone.

For 2022 the Company approved continuing of drilling aimed for exploring additional resources and increase of a quality of existing geological information.

- Sorulug-Khem;
- Bay-Sut

In case of success all these areas would be considered as reserves for CIL at Tardan as they locate close.



Tardan 2021 Production

During 2021, the Company's main source of ore was the Pravoberezhniy deposit. Total stripping works amounted to 1,859.9 thousand m^3. Ore mined amounted to 458.5 thousand tonnes with an average grade of 2.32 g/t (total gold in ore was 1065.7 kg). In 2022, the Company will continue mining the Pravoberezhniy deposit together with Ore zone #3 and Ore body #26 of the Tardan deposit which were preventively prestriped in 2021. In 2022, the company will also start stripping works at Ore zone #6 in order to secure access to ore of this zone in 2023 and 2024.

In 12m of 2021, the CIL plant operated at an increased throughput rate of 53.5 tonnes per working hour and at the targeted recovery rate of 91.2% resulted to 893 kg of gold produced in 2021. The high performance of the CIL plant achieved in 2021 provides the confidence that we will be able to manage our targets further.

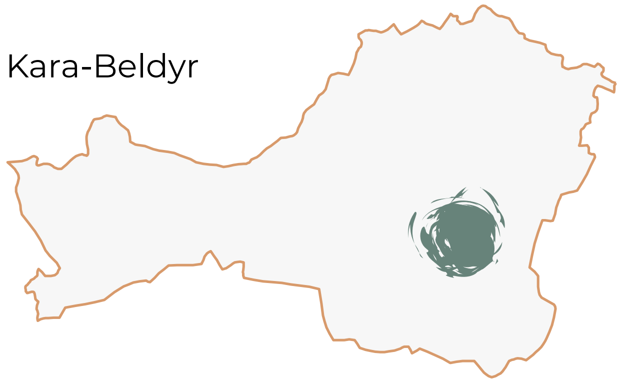
	Unit	12m 2021	12m 2020	Change	Change,%
Mining					
Waste stripping	000 m^3	1,859.3	902.4	956.9	106%
Ore mined	000 tonnes	458.5	387.2	71.3	18%
Gold in Ore	kg	1065.7	937.0	128.7	14%
Average grade	g/t	2.32	2.42	-0.10	-4%
CIL					
Ore processing	000 tonnes	428.3	393.5	34.8	9%
Grade	g/t	2.30	2.66	-0.36	-14%
Gold in ore processing	kg	983.9	1,045.2	-61.3	-6%
Gold produced CIL	**kg**	**893.3**	**953.0**	**-59.7**	**-6%**
Opening WIP (gold)	kg	1.2			
Closing WIP (gold)	kg	5.2			
Recovery	%	91.2%	91.2%	0.0%	0.0%
Warehouse on Dec 31					
Ore	000 tonnes	131.6	101.0	30.6	30%
Grade	g/t	2.19	2.03	0.16	8%

Tailings

The Company was producing gold using heap leaching technology since 2012. Irrigation of the heap was continuing until end of December 2019 when it got over. Since inception of heap leach operations the Company accumulated tailings in the amount of 2,631 thousand tonnes with average gold grade of 0.98 g/t (total gold in tailings -2,572 kg).

Tailings of the heap leach are targeted to be processed through CIL plant further. In order to improve its technological route for the tailings processing the Company is going to process insignificant amount of the tailings in the summer time.

Kara-Beldyr and Ayen



License: Kara-Beldyr
Valid until: 2027
34 km²

Republic of Tyva

Project:
CIP+ Gravitation

Pre design stage
Capex assessment

Jorc resources:
26.8 tonnes of gold

Resources

Classification	Tonnage	g/t	000 oz	kg
KARA-BELDYR /JORC/				
Indicated	9,540,000	2.63	807	25,101
Inferred	480,000	3.55	55	1,711
Indicated + Inferred	**10,020,000**	**2.68**	**862**	**26,811**

Kara-Beldyr Project Development

In 2020 the company started civil-engineering for both access road and mine site. The civil-engineering is a first step required as a base for developing designs of the mine site, including plant, open pit and access road.

In 2021 civil engineering for the mine site area was completed.

Field works for the access road were partially completed. The field works will be resumed after the power line's route is defined.

The forest category for the whole area was transferred from protected to exploitable.

The Company was also in active dialogue with the Ministry of Industry and Trade and government of Tyva republic about options of power supply. As a result, the power line was included into a comprehensive plan of Tyva electrification. This means that federal funding of the power line will be started once the financial framework is identified by the government. The government purported to extend its electricity grid towards Eastern part of the republic to certain location. This extension will provide power to local inhabitants and will allow the company to construct its own power line from the location towards Kara-Beldyr. This power line also will be used for the villages and will supply power enough to fill the consumption of the designing mine.

Kara-Beldyr Geology and Exploration

GEOLOGY

The Kara-Beldyr prospect is located in the eastern part of the Altai - Sayan Orogenic belt and the western segment of the Mongol - Okhotsk belt.

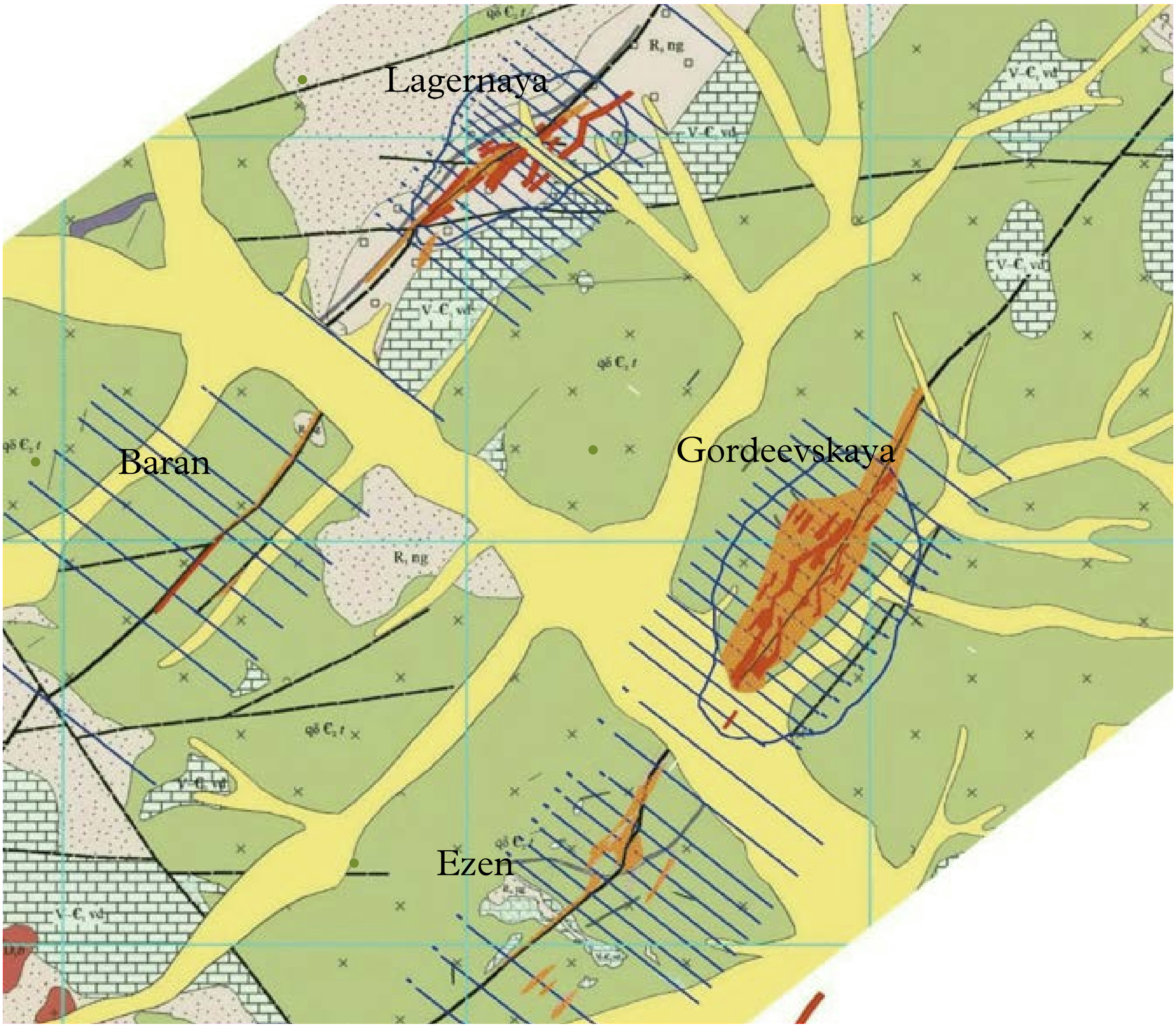
The Kara-Beldyr orogenic Au project consists of fault controlled Devonian age gold-silver mineralisation as-sociated with metasomatised quartz diorites at Gord-eyevskoye and conglomerates and dolomites at Lagerny.

The major controlling structures to mineralisation are large sub-vertical NE-SW trending fault structures identified during detailed exploration. These faults are interpreted to be transform faults off the Baikal rift zone. A number of these structures have been identified approximately 80km apart which were less obviously represented due to their distance from the main rift system.

The mineralisation of the Kara-Beldyr system is hosted by stratified Riphean-Cambrian deposits and Palae- zoi-granitoids.

The stratified deposits consist of Late Riphean the vol-canic-terrigenous Noganoyskaya formation and the carbonate Cambrian-Vendian Sarygchazinskaya for-mation divided by a pre-Vanadian uncomformity. At Kara-Beldyr the carbonates (limestones and dolomite) underlie the volcanicterrigenous formations due to a structural and angular unconformity. The stratified de-posits do not exceed 200m in thickness. The volcanic-terrigenous formations are hornfelsed and carbonate rocks are altered to magnesium or calcareous skarns, depending on the composition of the host carbonates.

Intrusions comprise a middle-Cambrian gabbro-tonal-ite-plagiogranite (not mapped within the Kara-Beldyr license area) and an early-Devonian Leucogranite. Close to the license boundaries, small occurrences of late-Riphean sepentinised dunnites have been identified.



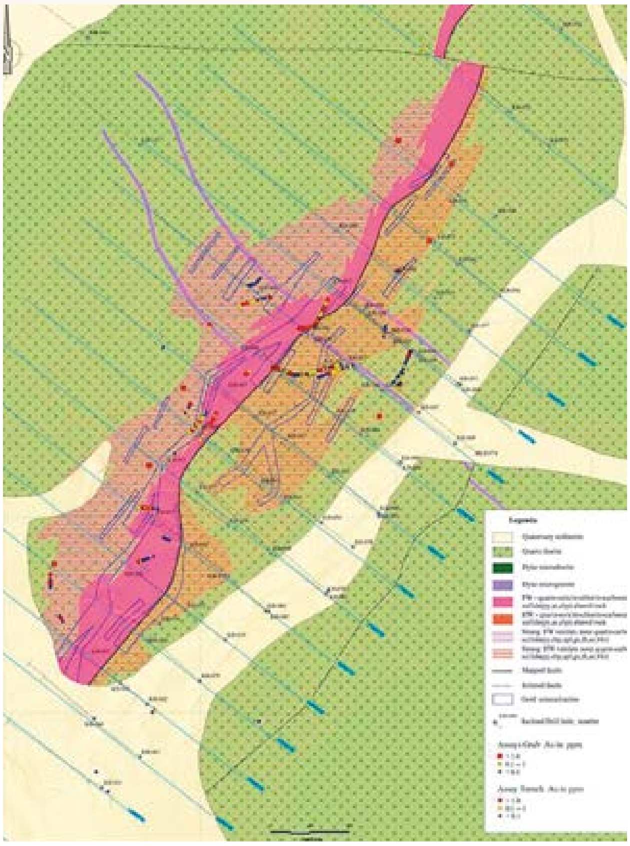
GORDEEVSKAYA

The Gordeyevskaya zone is focussed on a steeply dipping NE-SW trending fault (the Glavny fault) which crosses the license area. This fault has been traced for more than 2km and extends south towards the Ezen mineralised zone. The individual mineralised zones form a deposit striking towards the NE with a steep dip of around 64° towards the southeast. The Gordeyevskaya deposit extends roughly 1km along the strike and has a thickness of 20m at its furthest extent to the north and south, up to 100-150m at its thickest. Mineralisation has been traced to a depth of 400m. An oxidation zone is developed generally between 40m and 80m depths.

Mineralised zones are lens shaped and occur roughly parallel to the Glavny fault and are hosted in metasomatised zones within quartz-diorites. Metasomatic alteration forms a zone 40-110m thick and has been traced by drilling from the northern extent of Gordeyevskaya to the Ezen area in the south, a distance of more than 2km.

The metasomatised zones are well developed, masking the original structure and texture. The outer limit of the veinlet zone is marked by the absence of any secondary alteration, including the absence of any quartz and quartz-carbonate veins of any thickness.

The majority of the gold mineralisation (65%) at Gordeyevskoye is hosted by quartz-sericite alteration with minor amounts hosted by propylitic alteration (20%) and within the veinlets. No mineralization is seen within unaltered rocks.



LAGERNAYA (CAMP) ZONE

The Lagernaya (or Camp) zone is located approximately 1.5km to the northwest of Gordeyevskaya. It has a similar structural trend and has a controlling fault structure almost identical to the Glavny fault of Gordeyevskaya.

The individual mineralised zones form a deposit striking towards the NE with a steep dip of around 65° to 70° towards the southeast. The Lagerny deposit extends roughly 700m along the strike and has a thickness of 50m at its furthest extent to the north and south, up to 150m at its thickest.

Mineralisation has been traced to a depth of 200m. The host rocks at Lagerny are of Late Riphean conglomerates and sandstones which tectonically overlie Vendian-Lower Cambrian dolomiticmarbles, with mineralisation hosted by metasomatic zones of quartz-sericite alteration. Mineralised zones at Lagerny are thinner than at Gordeyevskaya, averaging a 1.8m thickness, but are generally higher grade.

EXPLORATION

In 2019 the reserves of the Kara-Beldyr deposit have been approved by the State Reserve Committee (GKZ), a Russian government body having a power to approve mineral reserves. The approval of the reserves must be obtained for involving it into operational stage. Approval of gold reserves by GKZ is an important step towards the construction of the mine.

In June 2019 the Company obtained a new exploration license for the Ayen creek basin (of 9 square km), via its subsidiary LLC "Tardan Gold". The Ayen creek license is adjacent to the existing Kara-Beldyr license to the North-East. The license was awarded by Rosnedra (Ministry of Mines) without an auction.

The value of this license will depend on an initial assessment of its geological potential. This is based on the assumption that the fault structures which host the Gordeevskoye and Lagernoye deposits continue through the hill toward the Ayen creek area. Sediment tests of the creek bed show increased amount of gold down the creek flow after its intersection with the supposed fault structures.

We estimate that exploration will take 4 to 5 years. In the case of the successful exploration of mineable gold resources, these resources would be mined and processed using the infrastructure of the Kara-Beldyr mine.

Staroverinskaya (Solcocon)

Staroverinskaya
(Solcocon)

License: Solcocon
Valid until: 2029
220,4 km²

Zabaikalsky Krai

CIP (potentially)

Exploration/
Alluvial production

GKZ reserves:
16.2 tonnes of gold

Reserves and Resources

Classification	Tonnage	g/t	000 oz	kg
STAROVERINSKAYA (SOLCOCON) /GKZ/				
BOGOMOLOVSKOE DEPOSIT (GKZ)				
C1 + C2 Resources	1,934,186	3.65	227	7,060
KOZLOVKOE DEPOSIT (GKZ)				
C1 + C2 Resources	1,059,000	8.14	277	8,615
ALLUVIAL (GKZ)				
C1 + C2 Reserves	611,000	0.78	15	477
TOTAL SOLCOCON			**519**	**16,152**

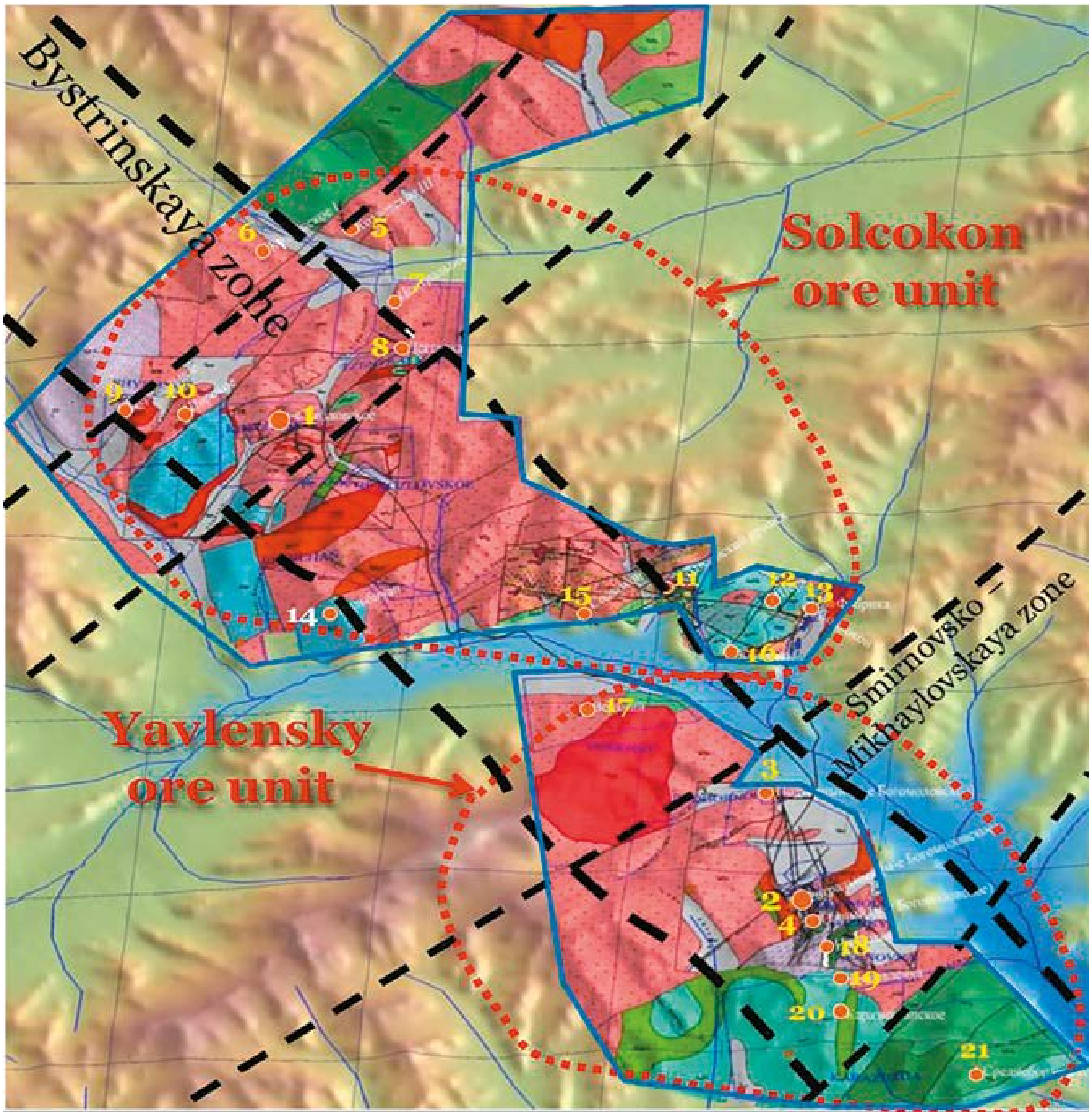
Geology and Exploration

GEOLOGY

The Staroverenskaya gold bearing area is a part of the Nerchinsko-Zavodskoy ore region. This area includes the Bogomolovskoye and Kozlovskoye gold deposits, as well as more than 20 other gold occurrences around the upper reaches of the Middle and Lower Borzya rivers. The Staroverenskaya area comprises two ore fields – Solkokonsky and Yavlensky.

Within the license area, the most significant gold occurrences and deposits are located within the Bystrinsky fault zone.

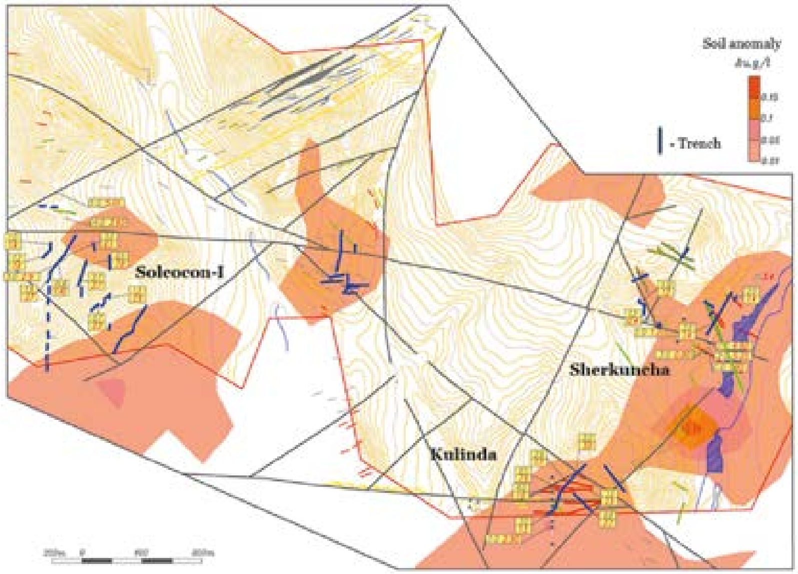
The majority of the ore deposits and occurrences are gold-sulphide formations, of which Bogomolovskoye is classed as low sulphide, and Kozlovskoye as the gold-arsenic mineralization type.



EXPLORATION

Prospecting for increasing of gold resources at the Staroverinskaya license area is primarily associated with a more detailed geological exploration of flanks of the Bogomolovskoye deposit, as well as exploration on the following gold occurrences: Bilbichan, Solkokon-1, Scherkuncha, Kulinda, Ivanovo, Karazyrga, and some others.

The total potential resources of Staroverinskaya license area (P1 + P2 categories) amount to 65 tonnes of gold.

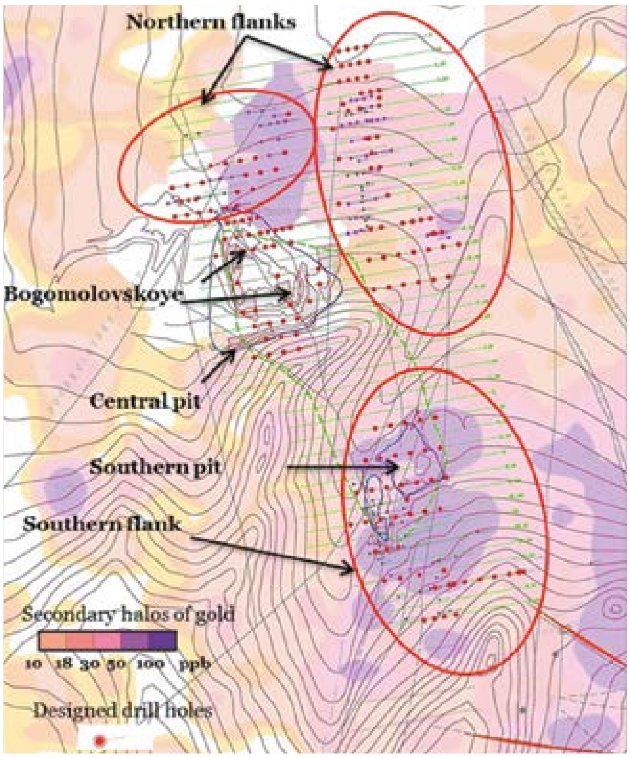


In 2020 the Company started its exploration drilling campaign and drilled 8,800 meters of core drilling on Bogomolovskoye deposit and its flanks. The main purposes of the drilling are

- to explore new potentials of the Bogomolovskoye's flanks;
- As same as to improve degree of geological information of the existing reserves of Bogomolovskoye;
- And also to involve Bilbichan, Solkokon-1 and Kulinda into the current exploration program.

In 2021 the Company completed over 10,520 m of drilling. The results are promising and they demonstrate that more drilling needs to be done at Staroverinskaya in order to get sufficient understanding of the area.

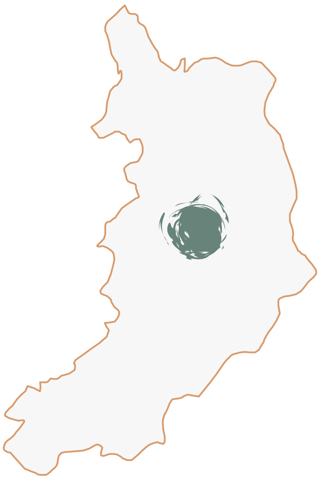
In case of success we tend to construct a gold processing plant and resume hard rock ore mining at this prospective area.




HYUNDAI

Uzhunzhul

Uzhunzhul



Republic of Khakassia

License: Uzhunzhul
Valid until: 2031
134 km²

Exploration

Great exploration potential

Geology and Exploration

GEOLOGY

The Nemir-Chazygolskoye ore field, which covers the eastern part of the license area, is located on the southeast flank of the Uybatsky gold bearing area. The Yurkovsky, Vostochny, and Paraspan occurrences were discovered within the Uzhunzhul license area. In addition, the license area features placer deposits of gold.

Within the license area, sulphidic metasomatites are located within fault zones, developing along contacts with granite massifs and are characterized by intensive pyrite mineralization and silicification. The depth of the oxide zone is 130 - 150 m from the surface.

EXPLORATION

There are 3 main exploration targets within Uzhunzhul license area:

1. The Yurkovsky prospect contains 12 gold-bearing zones. The length of the zones varies from 400 m to 2,500 m, and the zones are up to 350 m deep. The widths of the ore zones vary from 0.3 m up to 150 m. The zones are composed of beresite and propylite with gold-quartz veinlets.

The maximum gold grade in the ore bodies is 150 g/t, with averages from 3.0 up to 35.3 g/t depending on the zone.

2. The Vostochny Flank occurrence incorporates ore bodies with widths varying between 4.2 m and 47 m, and lengths up to 520 m. The gold grades vary up to 4.8 g/t.

3. The Paraspan occurrence has grades up to 30 g/t.

In 2017, Uzhunzhul LLC continued geological studies of the subsoil, which comprised of the study of the material composition and metallurgical ores from the Uzhunzhul occurrences, and of the compilation of a geological report.

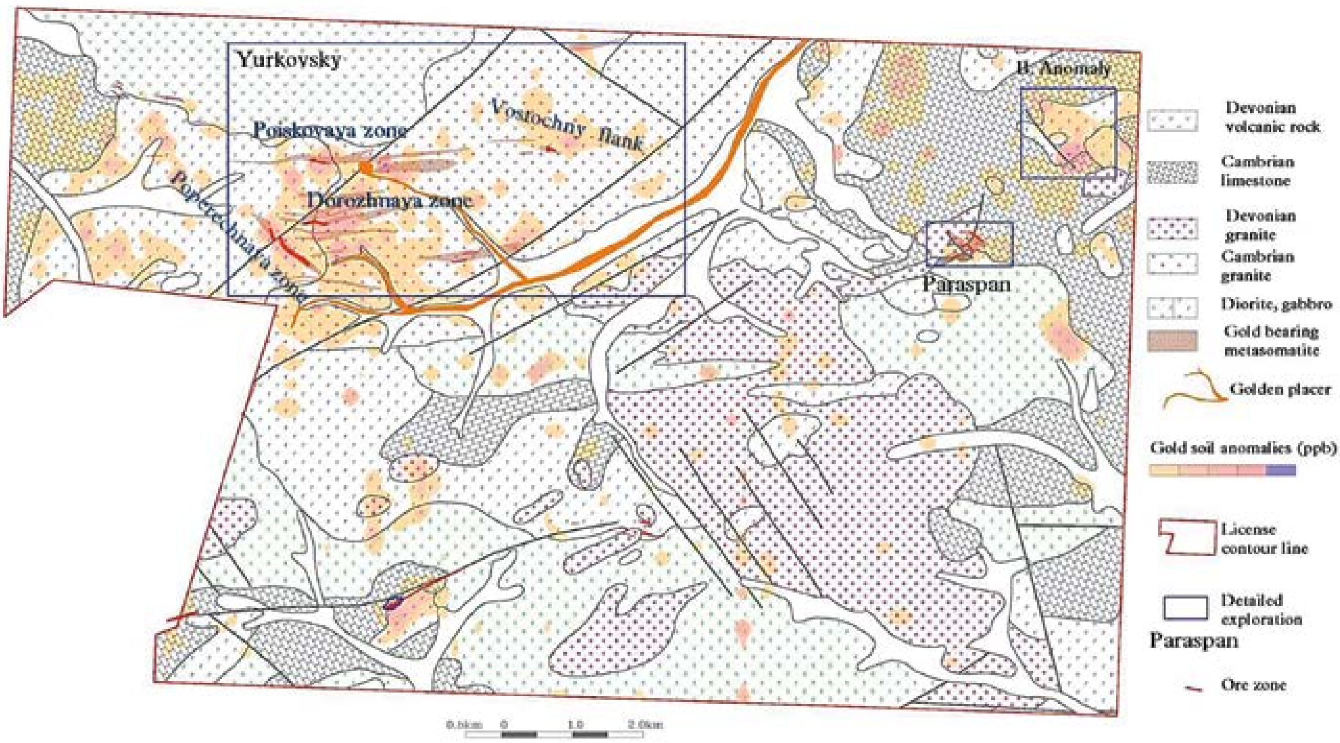
As a result, the reserves of category C2 and predicted resources of category P1 were measured for the gold occurrences of Yurkovskoye and Paraspan. The total reserves of C2 category amounted to 2,812 kg (1,024,000 tonnes of ore with an average gold grade of 2.75 g / t), the resources of Pj are 5,585 kg.

The geological report was submitted for examination by GKZ in November 2017 however resources were not approved by GKZ. In 2018, an addendum to the exploration project is prepared for detailing resources.

In 2020 the company approved its initial exploration program.

In 2021 the company complete 5,700 meters of geological trenches and 2,000 meters of core drilling. That is just a part of this initial exploration program. The received results are promising and demonstrate that the program should be continued.

UZHUNZHUL GEOLOGICAL MAP



Social and Corporate Responsibility

The Company is committed to continuous improvement as regards all aspects of Corporate and Social Responsibility and compliance with safety, health and environmental standards, local regulatory requirements and practices, in order to prevent accidents, to ensure a favorable working environment and to maintain a mutually beneficial cooperation with local communities.

The Company currently has two producing mines: Tardan in the Republic of Tyva and Staroverinskaya alluvial in the Zabaikalsky region.

The Corporate and Social Responsibility section describes principles and policies applied at all mines, however in this report we focus on the CSR program of LLC “Tardan Gold”.

ECONOMY

The company’s operations play an important role in the economic development of the region, fostering economic growth. LLC “Tardan Gold” is one of the largest investors and taxpayers in the Republic of Tyva. Profit tax paid by the company in 2021 amounted to US$ 2.4 million.

The company spent US$61 000 on its CSR program in 2021. The bigger part of this amount, around US$48 000, or 78.7%, was provided in the form of direct funding, while US$13 000, or 21.3%, was provided in the form of services and in-kind resources.

Of the total CSR spending, US$51 000 (83.6%) was provided under the existing Agreement on Social and Economic Cooperation between the Company and the municipal administrations of Kaa-Khem district and Kundustug village. Of this amount, US$40 000 (78.4%) represented direct funding and US$10 000 (19.6%) was provided in the form of services and in-kind support. The remaining amount was allocated to social projects at the request of the authorities of the Republic of Tyva.

COOPERATION WITH THE REGION

The company has established good working relationships with local communities and the respective authorities in the region. During 2021, the company’s CSR program focused on social infrastructure support, charitable projects, and sponsoring socially important activities.

Social infrastructure support

Social infrastructure support was the largest area of company’s corporate social responsibility program, receiving US$32 500 (53.3% of the company’s total CSR spending) in the reporting period:

- Around US$9000 was spent on repairing the central heating system at the Ilyinka village community center. The community center with the capacity of 300 people has not been refurbished since its construction in 1979. The boiler room was damaged in an accident in 2002. Without heating, the temperature inside the community center would drop to just +8°C in winter, making it way too cold to host any events.
- Around US$22 000 was spent on construction materials to repair the central heating system and install plastic windows at the daycare center in Ust-Buren village. The daycare center opened in 1974 and has long been due for renovation. It is attended by fifty-five children from local families.
- Joining the fight against COVID-19, the company repaired the ceiling in the ground-floor premises of the Republic Hospital No.2, at the cost of US$1500.
- The company funded the replacement of a heating boiler, pipes and valves, chimney repair works, and installation of a new centrifugal pump at the Kaa-Khem Forestry Department (total cost US$312).

In addition, the company provided the following services and in-kind resources:

- 25 truckloads of gravel and 22.4 cubic meters of timber for the construction of a sports ground in Kundustug village;
- Bunkbeds for the Civil Defense and Emergency Management Service of the Tyva Republic;
- 11,000 liters of diesel fuel in support of forest fires prevention and liquidation, and to support farming activities in the Kaa-Khem District and beautification and haying in Kundustug village;
- Metal pipes for soccer goal posts in Buren-Khem village;
- A heating stove built for garage of the Kundustug administration;
- On five occasions, the company provided its land grader to clear the snow from the streets of Kundustug village (Pesochnaya, Centralnaya, Zelenaya, Novaya) and roads to the shepherd’s camps of the participants of the Governor’s Young Family Support project.

Charity and sponsorship

Additionally, the company spent US$14 000 (23%) on charitable projects and sponsoring socially important activities:

- Purchased 110 holiday gifts for the International Children's Day and 411 sweet New Year gift boxes, for children from low-income and large families in the Kaa-Khem district, children of combat veterans and people with disabilities, and children of medical workers of the City Polyclinic in Kyzyl fighting COVID-19 (US$2200);
- Purchased three laptops for medical workers fighting COVID-19 and medical products required for PCR testing (US$3000);
- Purchased and installed a solar power plant for the shepherd's camp under the Governor's Young Family Support project in Kundustug (US$1400);
- Delivered 120 tons of coal to social facilities in the Kaa-Khem district (US$6000);
- Made banner stands for Prime Minister Mishustin's visit;
- Replaced streetlight lamp bulbs in Kundustug village;
- Purchased a fitness exercise machine for Kundustug village;
- Supported publication of the "Kaa-Khem Gazette", a municipal newspaper distributed in Kaa-Khem district.

OUR PEOPLE

Employee's engagement is a key component of every business process. Our people are our team. The company's approach is based on principles of sustainable development and is focused on employing local residents, providing financial and non-financial incentives, professional growth and training opportunities, and creation of safe and healthy working environment.

As at the end of 2021, 332 employees of LLC "Tardan Gold" (57% of the total number of employees) were residents of the Republic of Tyva, and most of the others came from the neighboring regions.

The company aims to offer competitive remuneration. In 2021, the average monthly salary exceeded the average monthly salary in the region by approximately 30%.

The company implements a number of professional development programs. In 2021, 67 employees learned new professions at local colleges, and 9 employees received additional trainings and certifications.

The company cooperates with Employment Centers of Kaa-Khemsky district and the Republic Tyva, keeping them informed of vacancies and job opportunities in the company.

Employees receive fire safety trainings and industrial safety trainings on an ongoing basis.

COVID-19 RESPONSIBILITY

In 2021, the company focused on providing Covid-19 vaccinations to its employees. As a result, more than 80% of employees were fully vaccinated by the end of the year.

The company continued to implement other preventive measures, such as purchasing medical face masks and healthcare products for the employees, site arrivals only with a fresh negative PCR test; enhanced cleaning regime for office and industrial premises (sanitization of handrails, door handles, buttons, keyboards, manipulators, etc.); hand sanitizers and temperature control; allocation of a reserve room to isolate employees with symptoms in the period before transportation to a medical center; keeping business trips to a minimum, etc. These measures helped to prevent the spread of the new coronavirus among the employees at the mine, and there were no operational disruptions.

Board of Directors

Peter Daresbury

Born 1953, Chairman since 2014

Board member since November 27, 2012. Peter is a citizen of the United Kingdom, born in 1953. He has held many senior positions in the mining industry, including Directorships in Evraz Group S.A., Russia's largest steel producer (2005 – 2006); as well as Chairman of Kazakhgold Group Ltd (2005-2007); and Chairman of Highland Gold Mining Ltd, a major Russian gold miner (2002 – 2004). Peter is currently Chairman of Far East Antimony Ltd, Sen Ltd and Jockey Club Catering Ltd and Non-Executive Director of 4C Labs. Peter has an MA in history from Cambridge University.

Shareholding in the Company:
Shares – 125,258; Stock options – No

Preston Haskell

Born 1966, Member of the Board since 2009

Chief Executive Officer until May 24, 2012 and Chairman of the Board since May 24, 2012 to May 13, 2014. Born in 1966, Preston Haskell is a citizen of Sweden and Saint Kitts and Nevis, and has been active as a businessman in Russia since the early 1990s. Preston has a Degree in Economics from the University of Southern California in the U.S.

Shareholding in the Company:
Shares – 51,563,892
(through companies);
Stock options – No

James Provoost Smith Jr

Born 1944, Deputy Board Member since 2014

James is a citizen of the United States of America. Graduated cum laude from Princeton University, with a degree in Chemistry in 1965 and completed his Masters in Business Administration with high honors from Stanford University Business School in 1970. After Stanford, Mr. Smith worked for McKinsey & Co. before accepting a position as CFO and head of real estate development operations for the Haskell Company in Jacksonville Fl, one of the largest design and build companies in the USA. Mr. Smith joined the Charter Company, a Fortune 500 Company in 1975 where he headed the Media Division and was responsible for Magazine and Newspaper Publishing, Radio Broadcasting, and Direct Marketing operations. He left Charter in 1982 to become CEO and principal owner of the Hamilton Collection, a Direct Marketer of Collectible products. Mr. Smith sold Hamilton in 1993 to Stanhome Inc and served as Executive VP of Stanhome Inc for 2 years thereafter, before retiring to pursue real estate development opportunities and his personal interests. Mr. Smith served in the Marine Corps and Navy Reserves from 1965 to 1971.

Shareholding in the Company:
Shares – No; Stock options – No

Jukka Pitkäjärvi

Born 1960, Member of the Board since 2020

Jukka Pitkäjärvi is a citizen of Finland, born in 1960. Mr Pitkäjärvi has worked more than 30 years in international mining and metallurgical industry. He started his career as mining geologist and steadily worked his way to Senior Management positions in mining industry and later on in Project Development. He is currently Vice President Finland Operations for Strategic Resources Inc. Jukka has a degree in Geology and Mineralogy from University of Oulu (Finland), Business Engineering Diploma from Oulu Polytechnical University (Finland) and Business Management Diploma from POHTO - Institute for Management and Technological Training (Finland).

Shareholding in the Company:
Shares – No; Stock options – No

Birgit Köster Hoffmann

Born 1971, Member of the Board since 2021

Birgit Köster Hoffmann is a citizen of both Sweden and Germany. Mrs Köster Hoffmann has more than 25 years of experience in Banking & Finance on an international level. She started her career as an International Trainee at Volkswagen Group and worked her way to Managing Director positions in the automotive finance industry (Norway, Italy, Sweden). In the early days of her career, she was even in charge of establishing the first foreign-owned leasing company in the Russian Federation. Birgit is currently a Board member at Mangold AB, Mangold Fondkommission AB, Savelend Credit Group AB and Pharmetheus AB. In addition she works as an independent consultant to newly established companies in Sweden. Birgit has a Masters degree in Economics from the University of Cologne (Germany), and a Degree in International Management from the Copenhagen Business School (Denmark).

Shareholding in the Company:
Shares – 0; Stock options – No

Group Management

Danilo Lange

Born 1973, CEO since 2020

Danilo Lange is a citizen of Germany, born in 1973. Danilo is a manager and an entrepreneur with more than 20 years of entrepreneurial experience and extensive international expertise in media and communication. From 2000 to 2003 Danilo was working at the international HQ of Red Bull GmbH being responsible for the Middle East & North Africa Regions. Later he established Red Bull RUS, a Russian subsidiary of Red Bull GmbH, Austria. As a general manager he was in charge of opening Regional Sales offices and creating a country wide distribution network. In 2007 he founded Louder Agency, Russia. Since 2014 this company has become a part of Serviceplan Group International, a Munich based international advertisement group active in fields of Media, Digital, Creative & Communication. Danilo is currently a head of Serviceplan Group Russia. Danilo has a degree in Science from the University of Applied Science & Economics in Munich, Germany.

Shareholding in the Company:
Shares – 250,000;
Stock options – No

Vladimir Vorushkin

Born in 1973, CFO since 2020

Vladimir has extensive financial and accounting experience in large Russian and international companies. His previous experience includes, CFO of Russian Platinum Group, the second biggest Russian platinum producer; CFO of National Aggregates Company, various senior level positions in RUSAL (one of the largest international alumina producers), Rus Oil (medium sized Russian oil producer), Protek (pharmaceutical distributor), Arthur Andersen. Vladimir graduated from Finance Academy under the Russian Government and holds an ACCA qualification from 2011.

Shareholding in the Company:
Shares – No;
Stock options – No

Petr Kustikov

Born in 1978, COO since 2020

Petr has been Head of Project Development at Auriant since 2016, and played a leading role in the construction of the successful CIL plant at the Company's Tardan mine. He is an experienced mine manager, having worked in that role at both Oxus Gold and Orsu Metals. Petr graduated from Navoi State Mining Institute with a degree in Mining Engineering and has completed his Master in Business Administration from the Plekhanov Russian University of Economics, Moscow. Petr has been a member of the Australasian Institute of Mining and Metallurgy since 2014. Immediately prior to joining Auriant he was a Leading Consultant at SRK Consulting (Russia) based in Moscow.

Shareholding in the Company:
Shares – No;
Stock options – No

Ekaterina Babaeva

Born 1982, Group General Counsel since 2012

Ekaterina Babaeva joined Auriant Mining in April 2012 as acting Group General Counsel and was, then, appointed Group General Counsel in August 2012. Previously, Ekaterina was Legal Advisor to Colliers International from 2004 to 2009, having previously worked as a lawyer in a company providing auditing and legal advisory services. Ekaterina graduated from the Lomonosov Moscow State University with a Degree in Law and holds an LL.M (Corporate and Commercial Law) from the London School of Economics and Political Science.

Shareholding in the Company:
Shares – 235,492;
Stock options – No

Konstantin Chernov

Born 1975, Head of HR since 2016

Before joining Auriant Mining, Konstantin worked as Head of HR projects for Lenzoloto JSC, a subsidiary of Polyus in Irkutsk. Previously, he was the HR Director for the building contractor at the Elginskoye deposit (Metallurgshakhtspetsstroy) located in Yakutia. He has extensive experience in the mining sector including such positions as: HR Director in Artel starateley Amur JSC (Russkaya platina), HR Director at the deposits Mayskoe, Kubaka, Sopka Kvartsevaya (Polymetal) located in the Chukotsky region and the Magadanskaya oblast. He graduated from Magadan North-Eastern State University in Magadan with a degree in Law.

Shareholding in the Company:
Shares – No;
Stock options – No

Maria Carrasco

Born 1977, Deputy CEO since 2016

Maria Carrasco is a Swedish citizen. She joined Auriant Mining as Head of the Stockholm Office and Deputy CEO in 2016 Maria Carrasco's previous experience includes working as CEO of the Ural region branch of United Europe Holding group, a Key Account Manager for the LVMH Group, Head of sales in several large Russian and international companies in the perfume and cosmetic industry. She also has more than 5 years' experience as a tax specialist in the Swedish Tax Agency. Maria studied economics and business administration and engineering in Russia and graduated from Orenburg State University.

Shareholding in the Company:
Shares – No;
Stock options – No

Auditors

Öhrlings PricewaterhouseCoopers, Anna Rozhdestvenskaya

Auriant Mining's auditors are Öhrlings PricewaterhouseCoopers, represented by Authorised Public Accountant, Anna Rozhdestvenskaya, born 1980. Anna Rozhdestvenskaya has been the Company´s auditor since AGM held in May 2018.

Anna Rozhdestvenskaya has been the Co-signing auditor from 2015

Directors Report 2021

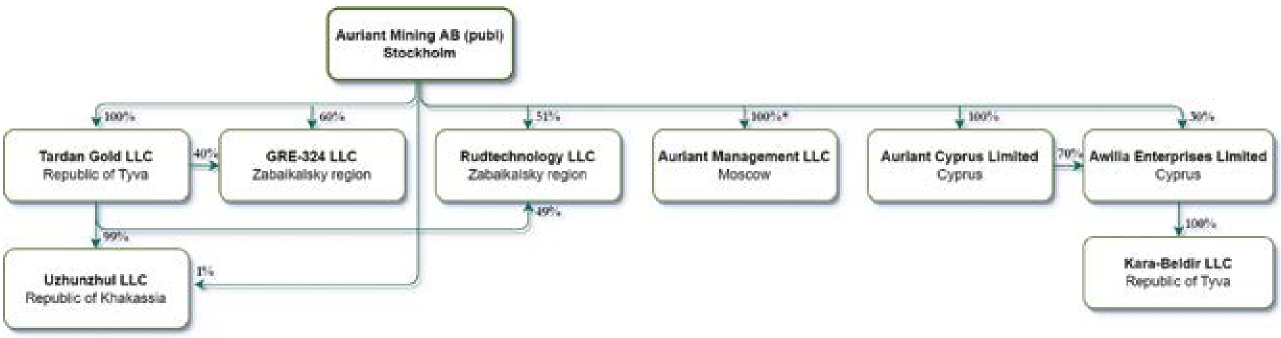
The Board of Directors and the Chief Executive Officer of Auriant Mining AB (publ) hereby submit the annual financial statements for financial year 1 January -31 December 2021.

GROUP STRUCTURE AND OPERATIONS

The Group is comprised of the Parent Company Auriant Mining AB (publ.), incorporated in Sweden ("AUR AB"), and its subsidiaries, which include six subsidiaries in Russia and two companies incorporated under the laws of Cyprus. The Russian subsidiaries are limited liability companies ("LLC"). The operations involve exploration and production of gold in Russia, primarily in the Republic of Tyva and in the Zabaikalsky region. The operations of the Group are performed via the subsidiaries. The license areas operated are Tardan, Greater Tardan, Staroverinskaya, Uzhunzhul, Kara-Beldyr and Ayen creek basin.

From March 29, 2005 until July 2010, AUR AB was listed on the Nordic Growth Market stock exchange, and since July 19, 2010, AUR AB is listed on the Nasdaq First North Premier Growth Market stock exchange in Sweden. The number of shareholders as of December 31, 2021 was 3,457.

Company	Location	Operations	Ownership
Auriant Mining AB	Stockholm, Sweden	Parent Company, supports the subsidiaries with financing, investor relations and strategic decisions, etc.	
SUBSIDIARIES			
LLC Tardan Gold	Kyzyl, Republic of Tyva, Russia	License holder and operator of production and exploration at the Tardan license area	100% owned by AUR AB
LLC GRE-324	Chita, Zabaikalsky region, Russia	License holder of the Staroverinskaya license area	60% owned by AUR AB 40% owned by LLC Tardan Gold
LLC Rudtechnology	Kalga, Kalganskiy district, Zabaikalsky region, Russia	Owner of the equipment previously used at the Solcocon heap leaching plant (now out of operation)	51% owned by AUR AB 49% owned by LLC Tardan Gold
LLC Uzhunzhul	Abakan, Republic of Khakassia, Russia	License holder and operator of the exploration at the Uzhunzhul license area	1% owned by AUR AB 99% owned by LLC Tardan Gold
LLC Auriant Management	Moscow, Russia	Management company for the Russian subsidiaries	100% owned by AUR AB*
Awilia Enterprises Limited	Limassol, Cyprus	Owner of the operating company, LLC Kara-Beldir	70% Auriant Cyprus Limited 30% owned by AUR AB
Auriant Cyprus Limited	Limassol, Cyprus	Co-owner of Awilia Enterprises Limited (holds 70% in Awilia Enterprises Limited)	100% owned by AUR AB
LLC Kara-Beldir	Kyzyl, Republic of Tyva, Russia	License holder and operator of the exploration at the Kara-Beldir license area	100% owned by Awilia Enterprises Limited



*The ownership information is presented as of 31 December 2021. In the beginning of 2022, LLC Tardan Gold acquired a 50% share in LLC Auriant Management by making a contribution into its charter capital. The remaining 50% share in LLC Auriant Management is owned by Auriant Mining AB.

PRINCIPAL RISKS AND UNCERTAINTIES

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:

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.

The Company regularly analyses and discusses production plans, the grade control process and, pre-development exploration result.

Unexpected business interruptions

i) *Weather*. Unexpected business interruption might to lead to a significant delay in production and consequent decrease in profit. The Group's assets are located in Republic of Tyva, and the Zabaikalsky region, a remote area that can be subject to severe climatic conditions. Exploration and extraction levels may not be fully achieved as a result.

ii) *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.

Preventive maintenance procedures are undertaken on a regular basis to ensure that machines and equipment will properly function under extreme cold weather conditions. Management maintains enough essential supplies at each site to minimize the risk of operational breakdowns. Equipment is ordered with adequate lead time in order to prevent delays in delivery. The Group also has contingency plans in place to address any disruption to services.

Obtaining necessary permits 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.

Infrastructure

The commencement of gold production at Kara-Beldyr is contingent, among other things, upon timely implementation of the Government's final decision to finance the power line in the Republic of Tyva and its construction.

The company actively engages with state authorities to ensure that the electricity needs of the Kara-Beldyr project are taken into account in the development programs implemented in the Republic of Tyva.

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.

Financial and economic sanctions imposed by the global community against the Russian economy led to the termination by the Austrian Financial Market Authority of business operations of Sberbank Europe AG, where the Parent Company previously had its bank account. The Company is working with several banks to open a new bank account, however the process to open a new bank account will take additional time. To enable the Parent Company to pay its general corporate expenses the Company has entered into a conditional loan commitment agreement with its related party, GoMobile Nu AB, which holds approximately 23 percent of the shares and the votes in the Company. The agreement is conditional in such way that its validity is subject to approval by the general meeting of the Company, which is to be held on 10 May 2022. Under the loan commitment agreement, the creditor makes available, between 10 May 2022 and 9 May 2023 (the commitment period), a loan facility of up to SEK 9,400,000, which may be drawn by the Company in one or more tranches. The payable interest is 6,5 percent per annum on any amount drawn under the loan facility, and a stand-by fee of 1,5 percent per annum is payable on any undrawn amount of the loan facility during the commitment period. The Company is entitled to end the commitment period anytime, and thus limit the amount of the stand-by fee. Any amounts drawn shall be repaid by 10 May 2023, on which date also the interest and the stand-by fee shall be payable. The Company is also considering other business options in order to secure sustainable operation of the Parent Company beyond the 12-month period.

The financial risks description, assessment and mitigation measures are further disclosed in the Accounting policy (v) and Note 20.

GEOLOGICAL RISKS

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.

The Group employs highly qualified team of geologists with considerable regional expertise and experience and mining engineers to undertake mine planning, design and production scheduling. The Group utilises assistance of international advisors on a regular basis to make sure that the latest exploration techniques and innovative technologies to design and undertake its exploration programmes are implemented.

HEALTH, SAFETY AND ENVIROMENTAL RISKS

The Croup 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 Croup 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.

The Group implements proactive environmental planning to minimize risks while resolving key issues. The Group's experienced environmental experts ensure compliance with all applicable regulations and apply cost-effective, technically sound solutions to our environmental challenges.

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 (Rosprirodnadzor) 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.

There are established processes in place to monitor the required and existing licenses and permits on an on-going basis. Processes are also in place to ensure compliance with the requirements of the licences and permits. The Group companies take steps to promptly rectify any violations revealed by governmental bodies.

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.

The Group companies continuously maintain relationships with local communities. For more information, please see the Corporate Social Responsibility section of this Annual report.

COVID-19 RISKS

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 arranging Covid-19 vaccination for employees working at the mine, 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. More than 80% of employees were fully vaccinated against Covid-19 by the end of 2021. In 2021, Auriant Mining Group did not experience any operational disruptions due to Covid-19.

ECONOMIC SANCTIONS RISKS

Financial and economic sanctions imposed by the global community against the Russian economy, businesses and individuals, and counter-measures imposed by Russia, in particular the new sanctions and measures since the end of February 2022, may affect Auriant Mining Group's operations in a number of ways, including but not limited to the following risks. The Group may not have access to capital outside of Russia, in particular from countries that have imposed sanctions. The Group's ability to enter into business transactions in Russia may be restricted by the Russian counter-measures, since the Group includes a Swedish parent company. Like other Russian gold producers who sell gold in Russia, the Group companies may need to sell gold at higher discounts and/or face lack of demand due to buyers losing access to the international gold market. The Group companies operating in Russia may experience shortages of supplies and price increases. Bans on exports of equipment into Russia may limit the Group's choice of equipment for new projects, delay implementation of new projects and make them less economically viable. The ability of the Russian subsidiaries to make payments to the Swedish parent company may be further restricted. The Group companies may experience closures of their bank accounts and difficulties with opening new ones. The current sanctions may also have other negative implications, and there remains a possibility of further sanctions (and counter-measures) which may have further negative impact.

The Group implements measures to secure sales and supply channels, and manage liquidity, and takes other steps to minimise the impact of economic sanctions.

The Auriant Share

The number of outstanding shares as of December 31, 2021 was 98,768,270. All outstanding shares are fully paid.

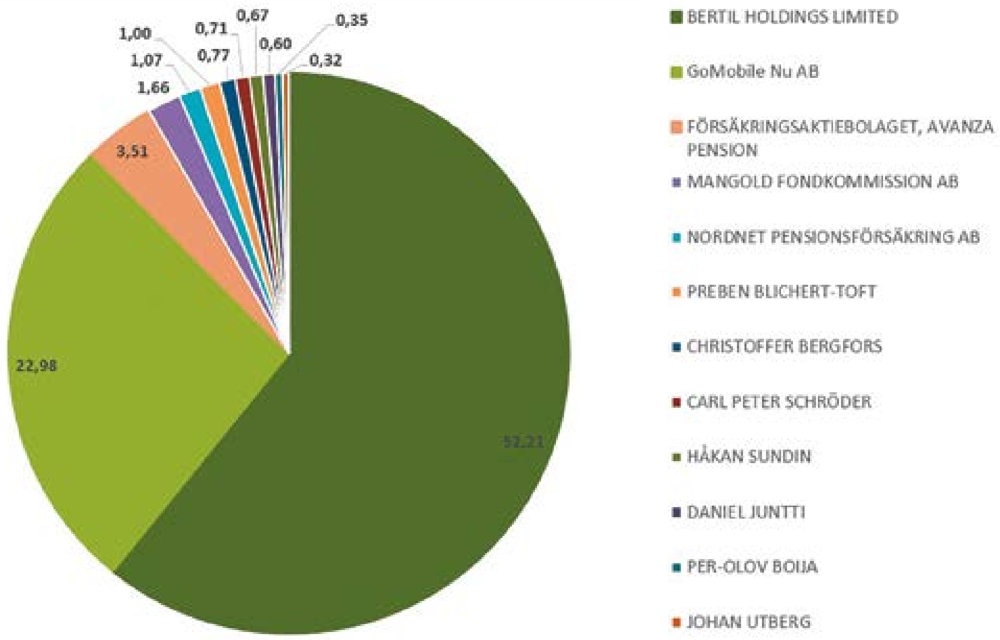
The share capital was SEK 11,111,430.32 with a quotient value per share of SEK 0.1125. The share capital limits at the 2021 year-end according to the articles of association were not less than MSEK 5.3 and not more than MSEK 21.3. The limit for the number of shares according to the articles of association was not less than 47,400,000 and not more than 189,600,000.

LARGEST OWNERS

The 12 largest shareholders in Auriant Mining AB as of December 31, 2021

Shareholder	Number of shares	% share of ownership
BERTIL HOLDINGS LIMITED	51 563 892	52,21
GoMobile Nu AB	22 695 598	22,98
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	3 469 477	3,51
MANGOLD FONDKOMMISSION AB	1 640 000	1,66
NORDNET PENSIONSFÖRSÄKRING AB	1 054 342	1,07
PREBEN BLICHERT-TOFT	990 000	1,00
CHRISTOFFER BERGFORS	758 728	0,77
CARL PETER SCHRÖDER	700 062	0,71
HÅKAN SUNDIN	661 000	0,67
DANIEL JUNTTI	590 000	0,60
PER-OLOV BOIJA	344 536	0,35
JOHAN UTBERG	320 127	0,32
Subtotal for the 12 largest owners	**84 787 762**	**85,85**
Other 3,445 shareholders	13 980 508	14,15
Total number of shares outstanding before dilution	**98 768 270**	**100,00**

Source: Euroclear



Stock Options and Warrants

As at the end of 2021, there were no outstanding stock options or warrants in the Company.

Auriant Share Price

The Auriant share is listed on Nasdaq First North Premier Growth Market (ticker AUR). The share price and daily numbers of shares traded are displayed in the graph below. As of December 30, 2021 the Company had a market capitalization of approximately MSEK 306.2 (equivalent to US$ 33.9 million).

AURIANT MINING AB SHARE PRICE, SEK

CHANGES IN SHARE CAPITAL

Event	Date	Change in number of shares	Outstanding number of shares	Quotient value/ share	Offer price/ share	Change	Closing share capital
Formation of the Company	24.02.2004	1,000	1,000	100	100	100,000	100,000
New share issue *	13.07.2004	2,000,000	2,500,000	0.2	0.4	400,000	500,000
New share issue	20.09.2004	88,774	2,588,774	0.2	0.4	17,755	517,755
Issue in kind	20.09.2004	85,500,000	88,088,774	0.2	0.4	17,100,000	17,617,755
New share issue	15.11.2004	50,000,000	138,088,774	0.2	0.4	10,000,000	27,617,755
New share issue	16.03.2005	25,000,000	163,088,774	0.2	0.48	5,000,000	32,617,755
New share issue	20.06.2005	36,000,000	199,088,774	0.2	0.57	7,200,000	39,817,755
New share issue via share warrants	12.07.2005	36,756	199,125,530	0.2	0.6	7,351	39,825,106
New share issue via issue of warrants	03.10.2005	5,483,272	204,608,802	0.2	0.6	1,096,654	40,921,760
New share issue	13.10.2005	24,000,000	228,608,802	0.2	1.21	4,800,000	45,721,760
New share issue via issue of warrants	17.01.2006	2,143,677	230,752,479	0.2	0.6	428,735	46,150,496
New share issue via issue of warrants	22.06.2006	6,000,000	291,196,923	0.2	0.4	1,200,000	58,239,385
Offset share issue	06.07.2006	54,444,444	285,196,923	0.2	1.44	10,888,889	57,039,385
New share issue	03.10.2006	75,000,000	366,196,923	0.2	2.02	15,000,000	73,239,385
New share issue	01.02.2007	36,000,000	402,196,923	0.2	1.86	7,200,000	80,439,384
Offset share issue	07.05.2007	10,013,147	412,210,070	0.2	2.03	2,002,629	82,442,014
New share issue	24.07.2008	117,774,304	529,984,374	0.2	0.55	23,554,861	105,996,875
New share issue via share warrants	03.10.2008	135,388	530,119,762	0.2	0.55	27,078	106,023,952
New share issue via share warrants	04.11.2008	7,314	530,127,076	0.2	0.55	1,463	106,025,415
New share issue via share warrants	11.12.2008	660	530,127,736	0.2	0.55	132	106,025,547
New share issue	15.12.2008	497,264	530,625,000	0.2	0.2	99,453	106,125,000
Reduction of quotient value	17.03.2009	-	530,625,000	0.05	-	-79,593,750	26,531,250
Issue in kind	17.03.2009	3,000,000,000	3,530,625,000	0.05	0.06	150,000,000	176,531,250
Reversed split	15.07.2009	-3,512,971,875	17,653,125	10	-	0	176,531,250
Reduction of share capital	01.09.2010	-	17,653,125	1.125	-	-156,671,484	19,859,766
New share issue	01.09.2010	139,492,384	157,145,509	1.125	1.6	156,928,932	176,788,698
New share issue	14.09.2010	1,732,616	158,878,125	1.125	1.6	1,949,193	178,737,891
New share issue	08.10.2010	1,291,742	160,169,867	1.125	1.7031	1,453,210	180,191,101
New share issue	08.10.2010	3	160,169,870	1.125	1.125	3	180,191,104
Reverse split	20.10.2010	144,152,883	16,016,987	11.25	-	-	180,191,104
New share issue	28.07.2011	1,600,000	17,616,987	11.25	17.50	18,000,000	198,191,104
New share issue via issue of warrants	12.04.2013	185,442	17,802,429	11.25	11.25	2,086,223	200,277,327
Reduction of share capital	18.09.2015	-	17,802,429	0.1125	-	198,274,553	2,002,773
New share issue	08.09.2017	56,967,773	74,770,202	0.1125	2.50	6,408,874	8,411,648
New share issue	24.10.2017	76,980	74,847,182	0.1125	2.65	8,660	8,420,308
New share issue	09.04.2018	23,801,320	98,648,502	0.1125	2.50	2,677,648	11,097,956
New share issue	07.07.2020	70,000	98,718,502	0.1125	1.89	7,875	11,105,831
New share issue	03.08.2020	49,768	98,768,270	0.1125	1.89	5,599	11,111,430

Reduction of par value per share to SEK 0.20

Corporate Governance Report 2021

Corporate governance involves the regulations and structure established to govern and manage a company in an effective and controlled manner. Corporate governance is primarily aimed at meeting the shareholders' requirements with regard to the return on their investment, and at providing all stakeholders with comprehensive, and correct, information as regards the company and its development. The Corporate Governance of Auriant Mining AB (publ) is based on the Swedish Companies Act, the Swedish Corporate Governance Code, the Articles of Association and other relevant laws and rules. Auriant Mining AB (publ) (in this Corporate Governance Report also referred to as "Auriant", the "Company" or the "Parent Company") is a Swedish public limited liability company with its registered office in Stockholm, Sweden and with business operations primarily in Siberia, Russia. Auriant was founded in 2004 and was listed on the NGM Equity, Nordic Growth Market on March 29, 2005 under the name, Central Asia Gold AB (publ). Since July 19, 2010, Auriant´s shares are listed on the Swedish stock exchange, Nasdaq First North Premier, which became a SME-classified Growth Market on 1 September 2019 and is therefore now referred to as Nasdaq First North Premier Growth Market. The shares are traded under the ticker "AUR". Auriant applies the Swedish Corporate Governance Code (the "Code"). The Code is based on the "comply or explain" principle, which implies that companies applying the Code can deviate from specific rules, but they must provide an explanation for such deviation. Deviations from the Code rules are detailed in the Company's Corporate Governance Reports. Governance, management and control responsibilities in Auriant are divided between the shareholders's meeting, the Board of Directors and the Chief Executive Officer.

THE SHAREHOLDERS' MEETING

The shareholders' right to decide on Auriant's business matters is exercised at the Shareholders' Meeting of the Company, which is the Company's highest decision-making body. The Board of Directors is appointed by the Shareholders' Meeting, and the Chief Executive Officer is appointed by the Board of Directors. The Shareholders' Meeting has a sovereign role over the Board of Directors and the Chief Executive Officer. The duties of the Shareholders' Meeting include the election of Members of the Board, the approval of principles for the appointment of the Nomination Committee and an instruction to the Nomination Committee, the adoption of the income statement and balance sheet, resolutions on the appropriation of profits and discharge from liability for the members of the Board and the Chief Executive Officer, the determination of fees payable to the members of the Board and to the auditors and determination of the principles governing remuneration for the Chief Executive Officer and senior executives, the election of auditors and, where relevant, amendments to the Articles of Association.

SHAREHOLDERS

There were, as of the end of 2021, in total, 98,768,270 shares in the Company and the same number of votes. There were 3,457 shareholders in the Company as of December 31, 2021. The largest shareholder was Bertil Holdings Ltd with 52.21% of shares. The second largest shareholding was that of GoMobile Nu AB, which held 22.98% of shares as of December 31, 2021. There are no other shareholders representing more than one tenth of the voting rights of all shares in the Company. The share capital of the Company as of December 31, 2021 totaled SEK 11,111,430.32.

ANNUAL GENERAL MEETING 2021

Auriant's 2021 AGM was held on May 11, 2021. The minutes from the meeting are available at www.auriant.com. Due to the continued spread of Covid-19, the Annual General Meeting was conducted by advance voting only, without physical presence of shareholders, proxies and third parties, on the basis of temporary statutory rules.

The following principal resolutions were adopted at the Annual General Meeting 2021:

- The Board of Directors and the Chief Executive Officer were discharged from liability for the previous financial year.
- It was resolved that until the end of the next annual general meeting, the number of Board Members shall be 4 and the number of deputies shall be 1.
- Lord Daresbury (Peter), Preston Haskell and Jukka Pitkäjärvi were re-elected to the Board, and Birgit Köster Hoffmann was elected as a new Board member. James Provoost Smith Jr. was re-elected as Deputy Board Member.
- Peter Daresbury was re-elected as Chairman of the Board.

- It was resolved that the remuneration to the Chairman of the Board shall be SEK 400,000, and SEK 250,000 to each of the other ordinary board members and to the deputy board member. It was decided that remuneration amounting to SEK 25,000 per year and member shall be paid for participation in each committee established by the Board. The maximum amount of remuneration payable to the Board, including remuneration for work in committees, is SEK 1,725,000.
- It was resolved to re-elect the auditing firm, Öhrlings PricewaterhouseCoopers AB as auditor.
- The AGM approved the principles for appointment of the Nomination Committee and the instruction for the Nomination Committee in accordance with the Nomination Committee's proposal.
- The AGM authorised the Board to resolve to increase the Company's share capital by new share issues, to the extent that it corresponds to a dilution of not more than 20 percent, after full exercise of the authorisation. The purpose of the authorization is to increase financial flexibility of the Company and the acting scope of the Board. Should the Board resolve on an issue with deviation from the shareholders' preferential rights, the new issue shall be made at market terms and conditions. The authorization is effective until the next Annual General Meeting.

At the Annual General Meeting 2021, a total of 51,563,892 shares were represented by advance votes submitted on behalf of 2 shareholders. The shares represented comprised approximately 52.21 per cent of the total number of shares in the Company.

EXTRAORDINARY GENERAL MEETING 2021

The Extraordinary General Meeting was held on December 22, 2021. Due to the continued spread of Covid-19, the meeting was conducted by advance voting, without physical presence of shareholders, proxies and third parties, on the basis of temporary statutory rules. The meeting resolved to approve that the Company has entered into an addendum agreement to the bond issue agreement dated 9 April 2018 with Golden Impala Limited, whereby the following main terms shall apply for the new bond with effect from January 01, 2022. The principal amount shall be USD 33,827,665 and the interest rate shall be three months U.S. Dollars LIBOR plus 6.44 percent (the "Interest Rate"). The interest shall be paid quarterly in arrears within five business days after the last day of the relevant quarter. In case any interest for the quarter is not paid on its due date, the penalty interest at the rate equal to the Interest Rate plus 2 percentage points shall accrue on any unpaid interest. The maturity date shall be 31 December 2024.

The minutes from the meeting are available at www.auriant.com.

At the Extraordinary General Meeting 2021, a total of 73,527,060 shares were represented by advance votes submitted on behalf of 3 shareholders. The shares represented comprised approximately 74.44 per cent of the total number of shares in the Company. The shareholder related to Golden Impala Limited abstained from voting on the item of the agenda regarding approval of entering into the addendum agreement to the bond issue agreement with Golden Impala Limited. The resolution was approved by a majority of the remaining votes cast at the meeting by advance voting.

ANNUAL GENERAL MEETING IN 2022

The Annual General Meeting of shareholders will be held on Tuesday, May 10, 2022. The annual report for 2021 is available on the Company's website as of April 19, 2022.

NOMINATION COMMITTEE

The Nomination Committee works to promote common interests of all shareholders of the Company and focuses on ensuring that the Company's Board of Directors is comprised of members possessing the knowledge and experience corresponding to the needs of the Company.

The role of the Nomination Committee is to present proposals to the AGM for: (i) the election of AGM Chairman; (ii) the number of members of the Board; (iii) the election of the Chairman of the Board and other Board Members; (iv) Board fees, allocated between the Chairman and other Members; (v) any remuneration for committee work; and (vi) the election and payment of auditors and alternate auditors (where applicable). In addition, the Nomination Committee shall make proposals for decisions regarding the principles to be applied in establishing a new Nomination Committee and, if deemed necessary, a proposal regarding changes to the instruction to the Nomination Committee.

The principles for the appointment of the Nomination Committee were approved by the AGM on May 11, 2021, as follows. The Nomination Committee shall consist of the Chairman of the Board and three other Members, each appointed by one of the three owners with the largest number of voting rights. The selection of the three largest shareholders shall be made on the basis of the share register of the Company kept by Euroclear Sweden AB as of the last banking day in September. However, if it becomes known to the Company that two or more of the largest shareholders are controlled by the same physical person(s) (or the same physical person(s) holds shares in the Company both directly and through a company controlled by him), then all such shareholders shall be considered to comprise one shareholder for the purposes of the participation in the Nomination Committee. At the earliest convenient date after the end of September, the Chairman of the Board shall contact the three shareholders with the largest number of voting rights, as determined above, and request that they each appoint a member to the Nomination Committee. If any of the three shareholders with the largest number of voting rights decline their right to appoint a member to the Nomination Committee, the shareholder with the next largest number of voting rights shall be provided with the opportunity to appoint a member. If such shareholder also declines its right to appoint a member to the Nomination Committee or does not respond to the request within a reasonable time, then the Nomination Committee shall be constituted by the remaining members. Unless the Nomination Committee members decide otherwise, the Chairman of the Nomination Committee shall be the member that represents the shareholder with the largest number of voting rights in the Company. If a member leaves the Nomination Committee before its work is completed, and if the Nomination Committee considers that there is a need to replace this member, then the Nomination Committee shall appoint a new member.

The Annual General Meeting 2021 resolved that the Instruction to the Nomination Committee shall remain unchanged. The Instruction is available on the Company's website.

The Nomination Committee for the 2022 AGM is comprised of Lord Peter Daresbury, Chairman of the Board; Risto Silander, appointed by the largest shareholder Bertil Holdings Ltd; and Per Åhlgren, appointed by the second largest shareholder GoMobile Nu AB. The shareholders that appointed members of the Nomination Committee jointly represented more than 74 percent of the voting rights in the Company as of the last banking day in September 2021. The Nomination Committee was duly constituted by the three members appointed as above, and is chaired by Per Åhlgren.

BOARD OF DIRECTORS

In accordance with the Swedish Companies Act, the Board of Directors is responsible for the organisation of the Company and the administration of the Company's business, and shall continually assess the Company's and the Group's financial situation. The Board of Directors deals with issues of material significance, such as business plans, including profitability targets, budgets, interim reports and annual reports, the acquisition or sale of companies, significant property acquisitions or sales, the establishment of important policies, the structure of internal control systems, and significant organisational changes. Each year, Auriant's Board adopts written rules of procedure for the Board of Directors, written instructions to the Chief Executive Officer, written instructions regarding financial reporting and a Chart of Authority further detailing the division of work between the Board and the Chief Executive Officer. The rules of procedure regulate, among other things, the Board's duties, the minimum number of Board meetings to be held each year, the manner in which meetings are to be notified and the documents required to be distributed prior to Board meetings and the manner in which the minutes of Board meetings are to be drawn up. The written instructions regarding financial reporting regulate the reporting system in place, as the Board needs to be able to continually assess the Company's and Group's financial position. The written instructions to the Chief Executive Officer, together with the Chart of Authority, regulate the division of work, authorities, and responsibilities between the Board and the Chief Executive Officer.

According to the Articles of Association, the Board of Directors shall comprise a minimum of three, and maximum of ten, ordinary Members, and not more than five Deputy Board Members, elected by the Annual General Meeting.

CHAIRMAN OF THE BOARD OF DIRECTORS

The 2021 Annual General Meeting re-elected Lord Peter Daresbury as Chairman of the Board. During 2021, Auriant's Chairman of the Board led the Board's work and ensured that the Board fulfilled its duties. The Chairman of the Board continually followed the Group's business and development through contact with the Chief Executive Officer.

MEMBERS OF THE BOARD OF DIRECTORS

At year-end 2021, Auriant's Board was comprised of four ordinary Board Members, Peter Daresbury (Chair), Preston Haskell, Birgit Köster Hoffmann and Jukka Pitkäjärvi, and one Deputy Board Member, James Provoost Smith Jr., all elected by the Annual General Meeting on May 11, 2021.

The members of the Board are presented in greater detail in the Board of Directors section of the annual report, and the details of the members' independence vis á vis the Company and its management are presented below.

BOARD MEMBERS' INDEPENDENCE* AND SHARES IN AURIANT

Board member	**Shares in Auriant** (owned by the Board member or by his closely related parties)	Stock options in Auriant	Independent of the Company and management	Independent of the major shareholders
Peter Daresbury (Chair)	125,258	0	Yes	Yes
Preston Haskell	51,563,892	0	No	No
Birgit Köster Hoffmann	0	0	Yes	Yes
Jukka Pitkäjärvi	0	0	Yes	Yes
James Provoost Smith Jr. (deputy Board member)	0	0	Yes	No

* Independence as defined by the Swedish Code of Corporate Governance.

BOARD MEMBERS' ATTENDANCE AT BOARD MEETINGS IN 2021

Name	Position	Present
Peter Daresbury	Chair	9/10
Preston Haskell	Member	10/10
Birgit Köster Hoffmann	Member	5[1]/10
Jukka Pitkäjärvi	Member	10/10
James Provoost Smith Jr.	Deputy Board Member	9[2]/10

[1] Ms. Köster Hoffmann attended 5 out of 6 Board meetings held after she was elected to the Board at the AGM on May 11, 2021.

[2] Mr. Smith participated in 2 Board meetings as deputy for the ordinary Board members and attended 7 out 8 remaining Board meetings without participating in the decisions taken at those meetings.

THE BOARD'S WORK IN 2021

The Board held 10 meetings in 2021. Due to the continuing Covid-19 pandemic, most of the Board meetings (7) during 2021 were held by teleconference. Three meetings were ordinary meetings with personal attendance. In addition, the Board passed 22 resolutions per *capsulam*, i.e. by correspondence. Important issues dealt with by the Board in 2021, in addition to the approval of the annual financial statements and the interim reports, and approval of the budgets, included:

- Measures to prevent the spread of the new coronavirus, and potential effects of the COVID-19 pandemic on the Group's operations
- The Company's and the Group's financial position and liquidity
- Strategic decision-making
- Approval of major contracts in accordance with the Chart of Authority
- Preparation for the Annual General Meeting and the Extraordinary General Meeting.

The Board has conducted an evaluation of its work under the guidance of the Chairman of the Board. The evaluation is carried out on the basis of a self-assessment questionnaire. The questionnaire is circulated to the Board in the beginning of the year. Each ordinary Board member and deputy Board member is to complete the questionnaire independently. Responses are collated by the Chairman of the Board who then leads a discussion of the key points arising from the questionnaire, especially those areas that require improvement. This usually takes place at the last Board meeting in person prior to the AGM. Copies of completed questionnaires are also to be provided to the Nomination Committee. The evaluation ensures that the basic stipulations of the Code of Corporate Governance are complied with.

BOARD COMMITTEES

Remuneration Committee

During 2021, the Remuneration Committee was comprised of Peter Daresbury and Preston Haskell. The Committee was chaired by Peter Daresbury. The Remuneration Committee submits proposals for resolution by the Board regarding salary and other terms of employment of the CEO. The Committee also approves proposals regarding salaries and other terms of employment of the Group's management, according to the CEO's proposal. The Committee's other tasks include monitoring and evaluating programmes for variable remuneration to the executive management.

In 2021, the Remuneration Committee held three meetings, attended by each member of the Committee.

Finance and Audit Committee

In 2021, the Finance and Audit Committee was first comprised of JP Smith and Peter Daresbury. Upon her election to the Board at the Annual General Meeting 2021, Birgit Köster Hoffmann joined the Committee as the third member. JP Smith continued to serve as Chairman of the Committee. The members of the Committee have the necessary competence and experience in accounting matters.

In 2021, the Finance and Audit Committee held five meetings. The meetings were attended by the members of the Committee as follows:

JP Smith	4/5
Peter Daresbury	5/5
Birgit Köster Hoffmann	3/5

Technical Committee

During 2021, the Technical Committee was comprised of Jukka Pitkäjärvi and Preston Haskell. Mr. Pitkäjärvi served as Chairman of the Committee. The Committee's task is to advise the remainder of the Board on mining and technical issues.

In 2021, the Technical Committee held two meetings. Each member of the Committee attended both meetings.

The Committees report to the Board on their work on a regular basis.

BOARD FEES

The Board of Directors' fees are decided by the Shareholders' Meeting. The following Board fees were approved by the Annual General Meeting of shareholders in 2021: for the Chairman of the Board Peter Daresbury, SEK 400,000; and SEK 250,000 to each of the other ordinary board members and to the deputy board member. It was decided that remuneration amounting to SEK 25,000 per year and member shall be paid for participation in each Committee established by the Board. It was further resolved that the maximum amount of remuneration payable to the Board, including remuneration for work in committees, shall be SEK 1,725,000.

GROUP MANAGEMENT

As of the end of 2021, the Group's management was comprised of the CEO, deputy CEO, CFO, COO, Head of HR and Group General Counsel. The management of the Company as at the date of this report is presented on pages 38-39 of the annual report.

The Chief Executive Officer is responsible for the on-going management of the Company. The CEO's work is evaluated once a year. Ms. Danilo Lange is the CEO of the Company since September 2020.

In the event that the CEO becomes unable to fulfill CEO's duties, the deputy CEO shall substitute for the CEO until a new CEO is appointed. Such events are specified in the written instructions to the CEO, adopted by the Board. Maria Carrasco is the Deputy CEO of the Company since October 2016.

REMUNERATION OF EXECUTIVE MANAGEMENT

For information regarding remuneration to the Chief Executive Officer, senior executives and other employees, please see Note 5 on page 78-79 of the annual report.

LONG-TERM INCENTIVE PROGRAMS

The Board regularly evaluates the need for long-term incentive programs. At present, no long-term incentive programs are established in the Company.

AUDITOR

The AGM appoints the auditor of the Company. The auditor's task is to examine the Company's annual financial statements and accounts, as well as the administration and management by the Board and the Chief Executive Officer. The AGM of May 11, 2021 re-elected, for a period until the 2022 AGM, the auditing firm Öhrlings PricewaterhouseCoopers AB as the Company´s auditors. Since May 2018, the auditor-in-charge at PwC is Authorized Public Accountant Anna Rozhdestvenskaya.

The audit is conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit of the annual accounts is conducted during the period from February to April in the year following the financial year in question, and also includes a review of the nine-month bookclosing in November of the financial year in question.

INTERNAL CONTROL

Internal control is often defined as a process that is influenced by the Board, the company management and other staff, and which is established and developed to provide reasonable assurance that the company's targets are being met in terms of the business operations being both appropriate to the goals of the company and being efficient. Reasonable assurance is also to be provided as regards the reliability of the financial reporting and compliance with relevant laws and regulations. Internal control consists of various aspects: control environment, risk assessment, control activities, and monitoring.

Control environment

The control environment primarily consists of the organisational structure, the assignment of responsibility and powers, management philosophy, ethical values, staff competence, policies and guidelines, as well as routines. In addition to the relevant legislation, the framework within which Auriant's Board and management work is comprised of the owners' aims and the Swedish Corporate Governance Code. The formal decision-making procedure is based on the division of responsibility between the Board and the CEO, which the Board establishes each year in the form of written instructions to the Chief Executive Officer and the Chart of Authority. The CEO can delegate a degree of decision-making to other senior executives. Two members of the Board have the authority to sign on behalf of the Company. The CEO, in his/her normal business activities, is also entitled to sign on behalf of the Company. The CEO must act in accordance with the division of responsibilities and limits of authority set out in the Chart of Authority.

Risk assessment

A structured risk assessment makes it possible to identify material risks having an effect on internal control with regard to financial reporting and where these risks exist within the organisation. Auriant's Board continually assesses the Company's risk management, by assessing the preventative measures needed to be taken to reduce the Company's risks. This involves, for example, ensuring that the Company has appropriate insurance and that the Company has the necessary policies and guidelines in place.

Control activities

Control measures are required to prevent, detect and correct errors and discrepancies. Each quarter, Auriant Mining's Finance Department compiles financial reports providing details of earnings and cash flow for the most recent accounting period at subsidiary and Group level. Deviations from budget and forecasts are analysed and commented on. Documented processes exist for the compiling of the information on which the financial reports are based. Detected errors and discrepancies are analyzed and followed up.

Monitoring

Financial monitoring is carried out on a quarterly basis for all profit centres and at Group level. In addition, Group management receives operational results on a weekly and monthly basis. Monitoring is, then, carried out in comparison with budgets. Targets for the expected volume of gold production for the full year are set during the budgeting process at the end of the previous year.

The Board receives weekly production updates and monthly operational reports, including plan-to actual analysis, of the Group. Financial reports of the Group, including profit and loss statements, cash flows, and statements of financial position, are analyzed by the Board on a quarterly basis. The Board continuously evaluates the information provided by the management.

Given its size, the Company has chosen not to establish a separate internal audit unit. If the Board finds it appropriate, internal control will be further expanded. The issue of internal control will be discussed by the Board again in 2022.

DEVIATIONS FROM THE SWEDISH CORPORATE GOVERNANCE CODE

The Swedish Corporate Governance Code (the "Code") is based on the "comply or explain" principle. This means that companies are not obliged to comply with every rule in the Code at all times, but are allowed the freedom to choose alternative solutions which they feel are better suited to their particular circumstances, as long as they openly report every deviation, describe the alternative solution they have chosen, and explain their reasons for doing so.

A revised Swedish Corporate Governance Code applies since 1 January 2020. In view of the Covid-19 pandemic, rules 1.1-1.3 of the Code did not need to be applied in 2021, as announced by the Swedish Corporate Governance Board on 18 December 2020. Accordingly, no deviation from the Code is deemed to have taken place if these rules are not applied.

The Company did not comply with the following rules of the Code in 2021, for the reasons set out below:

• *Code rule 4.2 provides that deputies for directors elected by the shareholders' meeting are not to be appointed.*

The Annual General Meeting 2021 re-elected James Provoost Smith Jr. as Deputy Board Member, in accordance with the Nomination Committee's proposal. The Nomination Committee considered that the Board composition with 4 ordinary board members and 1 deputy board member was appropriate for the Company's operations and phase of development.

• *Code rule 9.2 provides that, except for the Chairman of the Board who may chair the Remuneration Committee, the other members of the Committee elected by the shareholders meeting are to be independent of the Company and its executive management.*

The Board member Mr. Preston Haskell, who is not independent in relation to the Company and executive management in accordance with the criteria set out in Code rule 4.4, was a member of the Remuneration Committee in 2021. Mr. Haskell's involvement in the Remuneration Committee is considered to be in the best interests of all of the shareholders of the Company for the following reasons. Mr. Haskell is, himself, the largest owner in the Company, indirectly owning, through companies, 52.21% of the shares, and, furthermore, he has significant knowledge and experience of executive remuneration issues. Mr. Haskell is not a member of the executive management of the Company.

PROPOSAL FOR LOSS DISTRIBUTION

The Group's equity at year-end 2021 amounted to US$ -6.2 mln, of which share capital is US$ 1.438 mln.

In the Parent Company the unrestricted shareholders equity amounts to:

	2021
	SEK
Share premium reserve	780,638,510
Retained earnings	-867,126,968
Net income/loss for the year	-123,805,408
Total unrestricted equity	**-210,293,867**

The Board of Directors and the Chief Executive Officer propose that the Parent Company's accumulated net results are carried forward and that no dividend be paid for the financial year.

Auditor's Report on the Corporate Governance Report

The auditor's report on this Corporate Governance Report is included in the Auditor's Report, presented on page 112 of the annual report.

Financial Statements

Operational Key Ratios, US$

	2021	2020	2019	2018	2017	Definitions
Profitability						
Ore processed, 000 tonnes	428	394	372	214	410	Quantity of ore processed
Tailings processed, 000 tonnes	-	-	-	-	85	Quantity of tailings processed
Gold sands processed, 000 m3	128	45	151	189	106	Volume of gold sands processed
Gold production, oz	29,283	31,014	22,137	13,611	26,023	Gold production obtained during the period (troy oz)
Gold sales, oz	26,316	30,428	21,021	14,147	26,619	Actual sold gold production during the period (troy oz)
Revenue from sale of gold and gold equivalents, US$ 000	47,685	53,409	29,762	17,373	33,532	Revenue from sale of gold and gold equivalents
Average realized gold price, US$/oz	1,812	1,755	1,416	1,228	1,260	Average price received during the period (USD/oz)
Total cash costs per ounce, US$/oz	806	676	884	1,069	915	Average total cash costs per ounce of gold produced
Profit/loss before income tax, US$ 000	9,584	13,517	-1,514	-11,934	-2,157	
Return on total assets, %	10.6%	15.1%	-1.8%	-15.0%	-3.2%	Net profit/loss for the period as a percentage of average total assets during the period
Capital structure						
Equity, US$ 000	-6,241	-13,277	-24,317	-23,154	-19,734	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, US$ 000	58,996	67,359	83,929	78,546	77,147	Total interest-bearing liabilities at the end of the period
Equity ratio, %	-9.13%	-20.50%	-33.0%	-35.0%	-28.8%	Equity, including non-controlling interests, as a percentage of the balance sheet total
Cash flow and liquidity						
Cash flow before investments, US$ 000	17,761	27,484	8,856	3,417	8,569	Cash flow from operating activities
Cash flow after investments and financing, US$ 000	1,036	560	-1,055	-3,150	1,004	Operating cash flow plus cash flow after investments and financing
Liquid assets, US$ 000	1,474	422	145	1,189	5,069	Bank deposits and cash at the end of the period
Total assets, US$ 000	68,350	64,870	73,734	66,126	68,499	
Investments						
Capital investments, US$ 000	2,701	2,065	9,711	10,773	1,674	Net investments in material fixed assets, minus any disinvestments
Employees						
Average number of employees during the period	584	571	507	438	501	
Share data						
Number of outstanding shares before dilution	98,768,270	98,768,270	98,648,502	98,648,502	74,847,182	Number of issued shares at the end of the period, excluding the effect of outstanding warrants and any incentive options
Average number of outstanding shares during the period before dilution	98,768,270	98,698,673	98,648,502	92,192,802	35,609,445	Number of shares at the end of the period, including outstanding warrants with a redemption price lower than current stock exchange price.
Number of warrants outstanding	-	-	345,000	560,000	57,737,253	Number of non-exercised warrants at the end of the respective period.
Quotient value, US$	0.01	0.01	0.01	0.01	0.01	Each share's proportion of the total share capital
Earnings per share, US$	0.07	0.11	-0.01	-0.11	-0.06	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, US$	-0.06	-0.13	-0.25	-0.23	-0.26	Total equity, including non-controlling interersts, in relation to the number of issued shares at the end of the period.
Market price per share at the end of the period, US$	0.34	0.70	0.35	0.28	0.26	Latest market price paid for the shares on the last trading day of the respective period.

Comments by the CFO

Dear Stakeholders,

I am pleased to present the consolidated financial statements of the Group for year ended December 31, 2021.

In the reporting period, Tardan's Pravoberezhniy deposit was the main source of ore in 2021. Tardan mined 459 thousand tonnes of ore with an average grade of 2.32 g/t (total gold in ore was 1,066 kg) in 2021, compared to 387 thousand tonnes of ore at an average grade of 2.42 g/t in 2020. Stripping volume amounted to 1.9 million m3 compared to 902 thousand m3 in 2020. In 2021, the Company renewed stripping activities at Tardan at Ore Zone #26 and Ore Zone #3, which will be the main source of ore in 2022-2023.

2021 was the second year of CIL Plant's stable operation. Tardan's gold production for 2021 was 893 kg (28,720 oz), a 6% decrease compared to 953 kg (30,629 oz) in 2020.

In May 2021, alluvial gold production resumed at the Staroverinskaya license area (including Solcocon). Alluvial gold production is seasonal, usually from June to October. This production is 100% outsourced and generates a net margin of 15% of sales. In 2020 and 2021, the Company engaged 1 contractor and the same contractor will continue to work in 2022. Gold production at Solcocon amounted to 18 kg (563 oz), as compared to 12 kg (386 oz) in the previous year.

Following the reduction in production and sales volumes, EBITDA decreased by 27% and amounted to US$ 22.5 mln in 2021 as compared to US$ 30.9 mln in the previous reporting period.

Net profit after tax in 2021 amounted to US$ 7.1 mln compared to US$ 10.4 mln in 2020.

Net cash flow generated from operating activities decreased by US$ 9.7 mln, or 35%, and amounted to US$ 17.8 mln in the reporting period vs US$ 27.5 mln in the comparative reporting period. This is due to the decline in gold sales volume by 14% over the last 12 months, higher stripping volumes and income taxes paid by LLC "Tardan Gold" in Q2-Q4 2021 because a tax loss carry forward was fully used up in Q1 2021.

Strong cash flows from operating activities were used for loan repayments, finance lease payments and financing of exploration and research in 12m 2021. Total principal debt repayment in 2021 amounted to US$ 8.4 mln. Interest paid in 2021 amounted to US$ 2.2 mln.

Additional savings from the reduced interest rate (3 months LIBOR plus 3.7%, which represents a saving of 100bps) and the cancellation of a compulsory "cash sweep" clause in the loan agreement enabled the Company to free up cash flows for further investments and exploration. In 2021, US$ 2.7 mln was spent on investing activities including geological exploration and research at Tardan, Solcocon and Uzhunzhul.

2022 outlook

The current conflict in Ukraine and related economic and political developments are likely to require a lot of management efforts to maintain the Company's performance. However, despite a wide range of uncertainties we will be working under in 2022, it is our current intention to operate as normally as possible but remain agile to evolving circumstances. The Group reiterates its current production guidance of 800 – 830 kg of gold for FY 2022. The scope of operational activities and capital project advancement is not expected to change materially in the light of recent developments. Further updates will be provided as the circumstances change. The Company currently forecasts to continue to deliver positive free cash flow.

Vladimir Vorushkin
Chief Financial Officer

Consolidated Income Statement

	Note	2021 US$000	2020 US$000
Revenue	1	47,685	53,409
Cost of sales	2	-30,240	-27,378
Gross profit		**17,445**	**26,031**
General and administrative expenses	3	-2,754	-2,945
Other operating income	4	99	96
Other operating expenses	4	-2,962	-3,059
Operating profit/(loss)		**11,828**	**20,123**
Financial income	6	915	0
Financial expenses	7	-3,159	-6,606
Profit/(Loss) before income tax		**9,584**	**13,517**
Income tax	8	-2,497	-3,075
Net profit/(loss) for the period		**7,087**	**10,442**
Whereof attributable to:			
The owners of the parent company		7,087	10,442
Earnings per share before dilution (SEK, US$)	17	0.07	0.11
Earnings per share after dilution (SEK, US$)		0.07	0.11
Number of shares issued at period end		98,768,270	98,768,270
Average number of shares for the period		98,768,270	98,698,673
Average number of shares for the period after dilution		98,768,270	98,698,673

Consolidated Statement of Comprehensive Income

	2021 US$ 000	2020 US$ 000
Net profit/loss for the period	7,087	10,442
Items that may be subsequently reclassified to profit or loss		
Translation difference	-51	573
Total comprehensive income for the period	**7,036**	**11,015**

Consolidated Statement of Financial Position

	Note	31-12-2021 US$000	31-12-2020 US$000
ASSETS			
NON-CURRENT ASSETS			
Intangible fixed assets			
Mining permits and capitalised exploration costs	9	19,214	18,524
Tangible fixed assets			
Buildings and land	10	14,006	14,698
Machinery, equipment and other technical plant	11	13,686	15,160
Construction in progress	12	797	373
		28,489	**30,231**
Stripping assets		2,006	1,425
Deferred taxes recoverable*	8	4,093	4,003
Total non-current assets		**53,802**	**54,183**
CURRENT ASSETS			
Inventories	14	10,564	7,449
Accounts receivable trade	20	15	165
Other current receivables	15	1,651	1,290
Prepaid expenses	15	844	1,361
Cash and bank holdings	16	1,474	422
Total current assets		**14,548**	**10,687**
TOTAL ASSETS		**68,350**	**64,870**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	1,438	1,438
Additional paid in capital		79,220	79,220
Translation difference reserve		-13,301	-13,250
Retained earnings		-73,598	-80,685
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**-6,241**	**-13,277**
TOTAL EQUITY		**-6,241**	**-13,277**
NON-CURRENT LIABILITIES			
Deferred tax*	8	-	-
Provisions	18	1,247	492
Bank loans and other notes	19,20	8,354	17,968
Debt to shareholder	19,20	35,955	35,338
Other non-current liabilities	24	9,381	7,851
Total non-current liabilities		**54,937**	**61,649**
CURRENT LIABILITIES			
Trade and other accounts payable	21	1,330	2,193
Bank loans payable	19,20	10,363	9,199
Other current liabilities	22	7,961	5,106
Total current liabilities		**19,654**	**16,498**
TOTAL EQUITY AND LIABILITIES		**68,350**	**64,870**

* For presentation purposes, deferred tax assets and deferred tax liabilities have been offset at subsidiary level in accordance with p.74 IAS 12.

Consolidated Statement of Changes in Equity

All amounts in US$000	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings	Non-controlling interest	Total equity
	Attributable to the shareholders of the Parent Company					
Equity as at December 31, 2019	**1,436**	**79,197**	**-13,823**	**-91,127**	**-**	**-24,317**
Comprehensive income						
Net profit/loss for the period	-	-	-	10,442	-	10,442
Other comprehensive income	-	-	573	-	-	573
Total comprehensive income for the period	-	**-**	**573**	**10,442**	**-**	**11,015**
Transactions with owners in their capacity as owners						
Proceeds from exercise of share options	1	23	-	-	-	24
Total transactions with owners in their capacity as owners	**1**	**23**	**-**	**-**	**-**	**24**
Equity as at December 31, 2020	**1,438**	**79,220**	**-13,250**	**-80,685**	**-**	**-13,277**
Comprehensive income						
Net profit/loss for the period	-	-	-	7,087	-	7,087
Other comprehensive income	-	-	-51	-	-	-51
Total comprehensive income for the period	**-**	**-**	**-51**	**7,087**	**-**	**7,036**
Equity as at December 31, 2021	**1,438**	**79,220**	**-13,301**	**-73,598**	**-**	**-6,241**

Consolidated Cash Flow Statement

	2021	2020
	US$ 000	**US$ 000**
OPERATING ACTIVITIES		
Receipts from gold sales	47,708	53,409
VAT and other reimbursement	4,153	4,497
Payments to suppliers	-20,998	-18,970
Payments to employees and social taxes	-9,785	-9,357
Income tax paid	-2,645	-674
Other taxes paid	-672	-1,421
Net cash flows from/used in operating activities	**17,761**	**27,484**
INVESTING ACTIVITIES		
Purchase and construction of property plant and equipment	-1,193	-2,343
Exploration and research work	-2,720	-1,479
Net cash flows used in investing activities	**-3,913**	**-3,822**
FINANCING ACTIVITIES*		
Proceeds from exercise of share options	-	10
Repayment of borrowings, net	-8,448	-14,997
Interest paid	-2,188	-5,702
Lease payments	-2,053	-2,413
Other finance income/expenses	-123	-
Net cash from/used in financing activities	**-12,812**	**-23,102**
Net increase/(decrease) in cash and cash equivalents	**1,036**	**560**
Net foreign exchange difference	16	-282
Opening balance cash and cash equivalents	422	144
Closing balance cash and cash equivalents	**1,474**	**422**

*For more information please refer to Note 26.

Notes to the consolidated financial statements

1. GENERAL INFORMATION

Auriant Mining AB (publ.) ("AUR AB", "the Parent company" or "the Company") and its subsidiaries (collectively referred to as "the Group" or "the Auriant Mining Group") currently engage in the exploration for and production of mineral gold in different regions of the Russian Federation. The Parent Company is a registered public limited liability company with its head office in Sweden. The address of the head office is Box 55696, 102 15 Stockholm.

AUR AB was listed on the Swedish NGM Nordic Growth Market stock exchange on March 29, 2005 and has been listed on the Swedish NASDAQ First North Premier Growth Market stock exchange since July 19, 2010. At present, the Company has 3,457 shareholders.

The Board of directors approved these consolidated accounts for publication on April 19, 2022.

2. BASIS OF PREPARATION

2.1 Basis of preparation

The consolidated financial statements of the Auriant Mining Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). IFRS include the standards and interpretations approved by the IASB including IFRS, International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Some additional information is disclosed based on the standard RFR 1 Supplementary accounting regulations for groups from the Swedish Financial Reporting Board and the Swedish Annual Accounts Act.

The consolidated financial statements for 2021 have been prepared using the historical cost method and on accounting principles assuming that the Group will continue its operations during a period sufficient to carry out its objectives and commitments, and will not be liquidated in the foreseeable future.

The Parent Company accounts have been 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 Company are the same as for the Group with a few exceptions. These exceptions are, where applicable, described under each section below.

2.2 Changes in accounting policies

The following is a list of new or amended IFRS standards and interpretations that have been applied from January 1, 2021 and effect on the Group's consolidated financial statement.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the Group's financial statement in the current or future reporting periods and on foreseeable future transactions.

Title	Subject	Effective for annual periods beginning on or after	Effect on the consolidated financial statements
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform phase 2	1 January 2021	No effect
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 January 2021	No effect
Conceptual Framework for Financial Reporting	Updates of references to or from the Conceptual Framework for Financial Reporting	1 January 2021	No effect

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements are prepared in accordance with the Group´s accounting principles and include the accounts of the Parent Company and all subsidiaries over which the Group holds the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The existence and effect of potential voting rights that are currently exercisable, or convertible, are taken into consideration in assessing whether the Group has a controlling interest in another entity.

Subsidiaries are fully consolidated from the date on which controlling interest is transferred to the Group. They are deconsolidated from the date on which such controlling interest ceases. The Group uses the acquisition method of accounting to report business combinations. On an acquisition-by-acquisition basis, the Group reports any non-controlling interest in the acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net assets. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. The accounting principles of subsidiaries have been changed, where necessary, to ensure consistency with the accounting principles adopted by the Group.

In the Parent company accounts, investments in subsidiaries are reported at cost less any impairment charges. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The excess of the consideration transferred the amount of any non-controlling interest in the acquired entity and the fair value on the acquisition date of any previous equity interest in the acquired entity exceeding the fair value of the Group's share of the identifiable net assets acquired is reported as goodwill. If this amount is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income are reclassified to profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities.

(b) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. The Group has no goodwill as of December 31, 2021 (December 31, 2020 - nil).

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

(c) Translation of foreign currency

Functional currency and reporting currency

The functional currency of individual companies is determined by the primary economic environment in which the entity operates or the one in which it primarily generates and expends cash. The functional currency of the subsidiaries which operate in Russia is US dollar; the functional currency of Parent company is SEK. The consolidated accounts are presented in U.S. dollars (USD) since 1 January 2021 (till 2021 the presentation currency was Swedish Krona (SEK). 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 was translated into USD.

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.

Translation of foreign subsidiaries and other foreign operations

The earnings and the financial positions of all Group companies (none of which have a high-inflation currency) that have a different functional currency from the reporting currency are translated to the Group's reporting currency as follows:

a. assets and liabilities for each of the statements of financial position are converted at the closing rate;

b. income statements for each of the subsidiaries are converted at the average exchange rate (provided that this average rate constitutes a reasonable approximation of the accumulated effect of the rates applying on the date of the transaction, otherwise assets and liabilities are converted at the rate on the date of the transaction), and

c. all exchange rate differences arising are recognised as a separate component of other comprehensive income and the cumulative effect is included in the translation difference reserve in equity.

Goodwill and adjustments to the fair value arising upon the acquisition of a foreign company are treated as assets and liabilities attributable to this operation and are converted at the closing rate.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are valued at the exchange rate on the balance sheet date. Exchange rate differences for operational receivables and operational liabilities are included in operating income, while exchange rate differences for financial receivables and liabilities are reported in financial items. Unrealised exchange rate gains and losses relating to operational receivables and liabilities are reported net under other operating income/expenses.

Currency rates used in the report:

Year 2021	RUB/USD	SEK/USD	SEK/RUB	Year 2020	RUB/USD	SEK/USD	SEK/RUB
Average Q1	74,3686	8,3995	8,8577	Average Q1	66,6263	9,6692	6,9159
Average Q2	74,2936	8,4083	8,8244	Average Q2	72,0479	9,6823	7,4791
Average Q3	73,4709	8,6481	8,4968	Average Q3	73,5688	8,8724	8,3088
Average Q4	72,6543	8,8543	8,2039	Average Q4	76.2030	8.6296	8.8404
March 31	75,7023	8,7239	8,6736	March 31	77,7325	10,0771	7,8253
June 30	72,3723	8,5103	8,5399	June 30	69,9513	9,349	7,5355
September 30	72,7608	8,7911	8,2664	September 30	79,6845	8,9883	8,7623
December 31	74,2926	9,0437	8,2235	December 31	73,8757	8,1886	9,0448

(d) Revenue recognition

Revenue comprises the fair value of the consideration received, or to be received, for the sale of goods in the ordinary course of the Group's activities. Revenue is reported net of value added tax and after elimination of intercompany sales. The Group recognises revenue when or as a performance obligation is satisfied, i.e. when control of the goods produced underlying the particular performance obligation is transferred to the customer.

Sale of gold

Revenue from the sale of gold is reported when a purchase agreement has been concluded and when delivery to the buyer has been completed, usually to a Russian licensed commercial bank. Reporting is preceded by the semi-finished product that the Group produces, a gold ore concentrate, being delivered to a refinery that enriches the ore concentrate into the end product, 24 carat pure gold and a certain residual amount of silver. Sales are reported gross before the mineral resources extraction tax (MRET). The MRET amounts to 6% of the produced volume of gold, multiplied by the sales price. The MRET is, thus, directly related to the volume of gold produced, but not to the actual volume sold. Consequently, the MRET is reported as a production cost among operating expenses. The sale of gold is currently not subject to value added tax in Russia.

Other income

Any other income not received in the ordinary course of the Group's activities is reported as "other operating income".

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

(e) Depreciation and amortisation

Intangible fixed assets

Intangible fixed assets are subject to amortisation according to the unit of production method. According to the unit of production method, amortisation is reported at the same rate as production. This means that the total expected production of gold from each license object is evaluated during the licence object's expected useful economic lifetime and amortisation in each period is carried out corresponding to the period's proportional share of the total expected production. The amortisation of a license object is reported when commercial production from that license object has commenced.

Tangible fixed assets

Tangible fixed assets, except construction in progress, are depreciated according to the particular asset's estimated useful lifetime. If applicable, the asset's residual value is taken into account when establishing the depreciable amount of the asset.

The straight-line method of depreciation is applied for tangible fixed assets, based on the following expected useful lifetimes:

Buildings	10 – 60 years
Processing plants	2 – 10 years
Machinery	2 – 10 years
Computers	3 years

Assets held under lease are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

(f) Current and deferred income tax

The income tax expense for the period represents the sum of the tax currently payable and deferred tax. Taxes are recognised in the income statement, except when the tax refers to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in the statement of other comprehensive income or in equity.

The current tax expenses are reported on the basis of the tax regulations determined on the balance sheet date or which, in practice, were determined in the countries in which the Parent Company subsidiaries operate and generate taxable income. Management regularly assesses the applications made in income tax returns in relation to situations where applicable tax regulations are the subject of interpretation. When considered appropriate, provisions are reported for amounts that are likely to be payable to the Tax Agency.

Deferred income taxes are recognised, applying the liability method, on all temporary differences arising between the taxable value of assets and liabilities and their reported values in the consolidated financial statements. However, deferred tax is not recognised if it arises as a consequence of a transaction constituting the initial recognition of an asset or liability that is not a business combination and which, at date of the transaction, affects neither the recognised nor taxable results. Deferred income tax is calculated applying the tax rates (and legislation) which have been determined or announced on balance sheet date and which are expected to apply when the deferred tax asset in question is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent it is probable that future tax surpluses will be available against which temporary differences can be offset.

Deferred tax is reported on the basis of the temporary differences arising on participations in subsidiaries and joint ventures, except when the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(g) Employee benefits

All of the Group's pension plans are defined contribution plans, in which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current period and prior periods. Wages, salaries, contributions to the Russian Federation state pension and social security funds, paid annual leave and sick leave and bonuses are accrued in the period in which the associated services are rendered by the employees of the Group.

(h) Share-based payments (long-term incentive programs)

Equity-settled share-based payments to employees (long-term incentive programs) and others providing similar services are measured at the fair value of the equity instruments at the grant date and subsequently expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss as personnel costs such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity (additional paid in capital) on the group and on the parent level. The accounting treatment is based on the standard IFRS 2 Share-based Payment.

There were no long-term incentive programs in 2021 and 2020.

(i) Intangible fixed assets

The intangible assets of the Auriant Mining Group consist of mining permits (licenses), exploration and evaluation expenditures and mine development costs.

Licenses

Licences for mining permits are initially reported at acquisition value. Such licences are acquired in Russia (the Group's only area of operation at present) usually at an open, public licence auction, where the winning price in the auction comprises the acquisition value.

Exploration and evaluation expenditures

Exploration costs are reported in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources. The Group applies the so-called "Successful Effort method" for its exploration costs, implying that all expenses for licensing, exploration and evaluation are initially capitalised.

Exploration work is reported at acquisition value and includes various activities, such as drilling of various natural areas, geochemical and magnetic surveys and analyses in laboratories. Exploration work can, in addition, include salary costs for the staff conducting the work, for materials and fuel, depreciation on machinery and equipment and administrative expenses directly attributable to the sites subject to the exploration work. Borrowing costs directly attributable to exploration projects commencing after January 1, 2009, are included in the capitalised amount of exploration costs.

Capitalised exploration costs are reported in accordance with IAS 38 Intangible assets when it has been established that there is extractable ore at an individual mining or placer property and technical possibilities and commercial potential for extraction of the ore body can be proven.

Purchased exploration and evaluation assets are recognized as assets at acquisition cost or at fair value if purchased as part of a business combination. An impairment review is performed, either individually or at cash-generating unit level (license areas) when there is an indication that the carrying amount of the assets may exceed their recoverable amounts.

Mine development costs

Mine development costs are capitalised and include expenditure incurred to develop new ore bodies, to define future mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production, and also include interest and financing costs relating to the construction of mineral property.

Mine development costs are amortised, upon commencement of production, applying a unit of production method based on the estimated proven and probable mineral reserves to which they relate, or they are written off if the property is abandoned. The net carrying amounts of mine development costs at each mining property are reviewed for impairment either individually or at the cash-generating unit level (license areas) when events and changes in circumstances indicate that the carrying amount may not be recoverable. To the extent that these values exceed their recoverable amounts, such excess is fully recognised as expenses in the "Other expenses" line of the consolidated income statement in the financial year in which this is determined.

Costs for development of a mining property where production has commenced are capitalised if it is likely that such costs will produce additional performance gains in the mining property, resulting in the likelihood of prospective economic benefits, which includes future revenue from newly discovered gold, cost savings or other benefits resulting from the use of the asset in question. Should this not apply, these expenses are reported as production costs in the period in which they incur.

Intangible fixed assets are subject to amortisation according to the unit of production method. According to the unit of production method, amortisation is reported at the same rate as production. This means that the total expected production of gold from each license object is evaluated during the licence object's expected useful economic lifetime and amortisation in each period is carried out corresponding to the period's proportional share of the total expected production. The amortisation of a license object begins to be reported when commercial production from that license object is underway.

(j) Stripping costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and are subsequently amortised over its useful life applying a units of production method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as determined by management.

Stripping costs incurred during the production phase are generally considered to result in two benefits, either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a stripping activity asset, provided the following criteria are met:

a. Future economic benefits (improved access to the ore body) are probable;

b. The component of the ore body for which access will be improved can be accurately identified;

c. The costs associated with the improved access can be reliably measured.

If not all of these criteria are fulfilled, the production stripping costs are charged to the statement of profit or loss as operating costs as they incur.

In identifying components of the ore body, the Group works closely with the mining operations' personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans and, therefore, the identification of components, can vary between mines for a number of reasons. These include, but are not limited to: the type of commodity, the geological characteristics of the ore body and/or the geographical location.

The stripping activity asset is initially measured at cost, which is comprised of the accumulation of costs directly incurred to perform the stripping activity improving access to the identified ore component, plus an allocation of directly attributable overhead costs. If incidental operations take place at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, then, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is applied to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is, subsequently, depreciated applying the units of production method over the life of the identified ore body component that became more accessible as a result of the stripping activity. Economically recoverable reserves are applied to determine the expected useful life of the identified ore body component. The stripping activity asset is, then, carried at cost less depreciation and any impairment losses.

As of December 31, 2021, the Group recognised the stripping assets in an amount of US$ 2.0 mln (December 31, 2020: US$ 1.4 mln).

(k) Tangible fixed assets

Tangible fixed assets consist of buildings, machinery, office equipment, tools, technical plants and construction in progress.

Fixed assets

All fixed assets are reported at historical cost less depreciation. The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and the initial estimate of the restoration obligation. The purchase price or construction cost is comprised of the aggregate amount paid and the fair value of any other consideration provided to acquire the asset. Borrowing costs directly attributable to tangible assets acquired after January 1, 2009 are also included in the acquisition value. The capitalised value of a financial lease is also included within tangible fixed assets. Expenditure for improvement of the performance of the assets over and above their original performance increases the reported value of these assets. Expenditure for repair and maintenance is reported as an expense in the period in which it is incurred.

Fixed assets are depreciated according to the particular asset's estimated useful lifetime (for details, refer to the paragraph e "Depreciation and amortisation"). If applicable, the asset's residual value is taken into account when establishing the depreciable amount of the asset.

Gains and losses on disposals are determined by comparing sales revenues with their reported value. These items are reported under other operating income and other operating expenses, respectively, in the income statement.

Russian legislation does not, yet, permits the ownership of land within the license area. Land owned by the company consists of plots at which office buildings or warehouses are situated. Land is not depreciated.

Construction in progress

Assets under construction are accounted for as construction in progress. When the construction in progress is completed and in a condition necessary to be capable of operating in the manner intended by management, the objects are reclassified to fixed assets. Construction in progress is not depreciated.

Tangible fixed assets impairement

The assets' residual value and useful life are reviewed on each balance sheet date and adjusted when necessary. When an asset's reported value is deemed to possibly not be able to be recovered, an impairment loss is reported immediately reflecting its recoverable amount.

At each reporting date, management assess whether there is any indication of impairment within the categories of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and an impairment loss is recognised as an expense in the "Other expenses" line of consolidated income statement. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

(I) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets include cash and cash equivalents, accounts receivable, shares and participations, loan claims and derivative instruments. Financial assets are classified into three valuation categories: measured at "fair value through profit or loss" (FVTPL), "fair value through other comprehensive income" (FVTOCI) and "amortised cost".

Fair value through profit and loss:

Assets included in this category are financial assets that do not meet the requirements for valuation at amortized cost or at fair value through other comprehensive income. Financial assets and liabilities held for trading are always classified as "Financial assets at fair value through profit or loss" as well as financial assets that are managed and evaluated based on fair values. Holdings in this category are reported as short-term investments if their term to maturity on the acquisition date is less than three months and as "Other interest-bearing current receivables" if the term to maturity is between three and twelve months. Derivative instruments, except where used for hedge accounting, are included in this category as well. Assets in this category are valued regularly at fair value and changes in value are reported in the income statement. Derivative instruments taken up in respect of business-related items are reported in the operating profit, while derivative instruments of a financial nature are reported in financial items. Assets in this category are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.

Amortized cost:

Financial assets found in this category have a business model to receive contractual cash flows and the contractual cash flows are payments only of principal and interest. Loans and receivables, investments and accounts receivable are financial assets that can be found in this category. The claims arise when cash, goods or services are provided directly to the debtor without an intention of trading in the receivables. Assets in this category are valued at amortized cost. The amortized cost is determined based on the effective interest rate, which is calculated on the acquisition date. Accounts receivable with a maturity of less than 12 months are not recognized at amortized cost, but at the amount that are expected to be received, net after deduction of impairment. They are included in Current assets, except for items with a maturity in excess of 12 months after the closing date, which are reported as Fixed assets.

Fair value through other comprehensive income:

Financial assets (debt instruments) found in this category have a business model to both receive contractual cash flows and sell the asset and the contractual cash flows are payments only of principal and interest. Assets in this category are valued regularly at fair value with changes in value in other comprehensive income. Upon removal of the investments from the balance sheet, any accumulated profit or loss previously reported in comprehensive income is reversed to the income statement. They are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which ore classified as non-current assets. The group held no instruments in this category during 2021.

At initial recognition, it is allowed to irrevocably classify equity instruments (shares) that are no held for trading purposes at fair value through other comprehensive income. The group applies this for unlisted shares.

Impairment of financial assets

In accordance with IFRS 9, the Group evaluates at each reporting period whether there is any objective evidence that financial assets measured at amortised cost are impaired under an expected credit loss model.

The Group always recognises lifetime expected credit losses ("ECL") for its trade and other receivables (the "simplified approach" under IFRS 9) and updates this expectation at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit- impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per the globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

If there is objective evidence that impairment losses on financial assets measured at amortised cost have been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows.

When impairment is recognised, the carrying amount of the financial asset is reduced by an allowance for doubtful accounts and impairment losses are recognised in profit or loss. The carrying amount of financial assets measured at amortised cost is directly reduced for the impairment when they are expected to become uncollectible in the future and all collateral is implemented or transferred to the Group. If, in a subsequent period, the amount of the impairment loss provided changes due to an event occurring after the impairment was recognised, the previously recognised impairment losses are adjusted through the allowance for doubtful accounts.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense, respectively, over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments, as applicable, through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets designated as at FVTPL.

Financial liabilities

All financial liabilities are measured at fair value at initial recognition, which corresponds to cost, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for derivatives measured at fair value through profit or loss. The Group determines the classification at initial recognition.

After initial recognition, financial liabilities are measured based on the classification as follows:

- Financial liabilities measured at amortised cost are measured at amortised cost using the effective interest method. Amortisation under the effective interest method and gains or losses on de-recognition are recognised as profit or loss in the consolidated statement of income.
- Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as measured at fair value through profit or loss at initial recognition; The net gain or loss recognised in the consolidated statement of profit or loss incorporates any interest paid on the financial liability and is included in the Gain / (loss) on derivative financial instruments and investments, net.

Financial liabilities, including borrowings, are initially measured at fair value, which corresponds to cost, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised within Finance cost.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(m) Inventories

Inventories include the following major categories:

- *Raw materials and consumables* consumed in mining and production process as well as raw materials, spare part, fuel and other maintenance supplies;
- *Work in progress* inventories include ore in stockpiles, gold concentrate at various advances levels (gold in circuit) and gold Doré;
- *Finished goods* represent refined gold (on external refinery plants) to sale quality.

Inventories are valued at the lower of cost and the net realisable value on the balance sheet date, with cost being determined primarily on a weighted average cost basis. Cost includes direct materials, direct labour costs and production overheads, including depreciation of relevant property, plant and equipment and mining properties. Net realisable value represents the estimated selling price less all expected costs to be incurred.

Provisions are recorded to reduce inventories to net realisable value where the net realisable value is lower than relevant inventory cost at the reporting date. Provisions are reversed to reflect subsequent recoveries in net realisable value where the inventory is still on hand at the reporting date.

(n) Cash and cash equivalents

Cash and cash equivalents are defined as cash and bank balances, as well as short-term investments with a maturity of three months or less from acquisition date which can easily be transformed into cash.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs. Subsequently, borrowings are carried at amortised cost applying the effective interest method.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Split accounting is applied for convertible bonds to measure the liability and the equity components upon initial recognition of the instrument. The fair value of the consideration in respect of the liability component is measured first, at the fair value of a similar liability that does not have any associated equity conversion option. This becomes the liability component's carrying amount at initial recognition. The liability component is classified as other financial liability measured at amortised cost using the effective interest method. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The equity component is not remeasured after initial recognition and classified in equity part of the balance sheet.

(p) Trade and other payables

Trade payables are accrued when the counterparty has performed its obligations under the contract; they are carried at amortised cost applying the effective interest method.

(q) Value added tax

Gold production and subsequent sales are not subject to output value added tax. Input VAT is recoverable against income tax. Where input VAT is not recoverable, the VAT provision is reported in the statement of financial position corresponding with the statement of comprehensive income in the relevant period.

(r) Leases

The Group assesses all contracts whether they contain leases and recognises a right-of-use asset and corresponding lease liability with respect to all lease agreements in which it is the lessee except for leases of low value (assets of a value less than US$ 5 thousand) and leasing liability with remaining term of twelve months or less. These assets are not included when determining the liability or right-of-use asset in the balance sheet.

Lease liabilities are initially measured at the present value of the future lease payments, fixed and variable depending on an index or a rate, discounted by the incremental borrowing rate. Each lease payment is allocated between an amortization of the liability and finance cost. Lease liabilities are remeasured when there are changes in future lease payments. Right-of-use assets are measured at cost, comprising the amount of the initial measurement of the lease liability, lease payments made at or before the commencement date and any initial direct costs and any restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease. When there is a remeasurement of, or adjustment to the lease liability, a corresponding adjustment is made to the right-of-use asset.

The right-of-use assets are presented within Tangible fixed assets in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss when incurred.

For more information refer to Note 13.

The parent company applies the exception rules according to RFR 2 and does not apply IFRS 16. The Parent company did not have any leasing contracts as of December 31, 2021 and December 31, 2020.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The Group reviews its site restoration provisions annually. The provisions for site restoration at the reporting date represents management's best estimate of the present value of the future restoration costs required. Changes to estimated future costs are reported in the statement of financial position by either increasing or decreasing the restoration liability.

(t) Equity

Transaction costs directly related to new share issues or options are recognised in equity as a reduction of the issue proceeds.

(u) Cash flow statement

Cash flows from operating, investing and financing activities are reported using the direct method.

Interest paid and received is classified as financing activities in the cash flow statement.

Cash and cash equivalents are defined as cash and bank balances, as well as short-term investments with maturity of three months or less from the date of acquisition, which can easily be transformed into cash.

(v) Management of 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. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group attempts to mitigate the effects of these risks by ensuring that the Board and the management have the relevant competence. Consequently, the company works proactively by carrying out suitable measures to counteract and manage the risks and, in addition, the Group obtains advice from consultants, when necessary. The company does not use derivative instruments to hedge financial risks.

The Group's assessed risk exposure relating to financial instruments is further described in Note 20.

(w) Segment reporting

Operating segments are recognised in a manner complying with the internal reporting submitted to the chief operating decision maker. At the Group level, this function has been identified as the CEO, who is responsible for and manages the day-to-day administration of the Group in accordance with the guidelines of the Board.

Since the date of its formation, the Group has only extracted one product, gold, in one economic environment, Russia. An operating segment is a Group of assets and performed activities exposed to risks and rewards differentiating them from other operating segments. A geographical area is an area in which assets, goods or services are exposed to risks relating to a certain economic environment differentiating them from risks associated with activities in other economic environments. As a result, the Group is only considered to have one operating segment.

ESTIMATIONS AND EVALUATIONS IN THE FINANCIAL STATEMENTS

In order to prepare financial statements in accordance with IFRS, estimations and assumptions must be undertaken affecting the reported assets and liabilities, as well as income and expenses and other information submitted in the annual financial statements. The evaluations and estimations made by the Board of Directors and the management are based on historic experience and forecasts of future developments. The actual outcome may differ in future periods from these estimations.

In particular, information about significant areas of uncertainty regarding the estimations considered by management in preparing the consolidated financial statements is provided below.

Ore calculation principles

The Group reports ore reserves in accordance with Russian geological standards. In brief, this means that, after the initial exploration period for a mining licence, all mineral licence holders in Russia must undergo an ore classification inspection (roughly equivalent to a western feasibility study) by the Russian State Committee on Reserves, GKZ, either in Moscow or at GKZ's appropriate regional office. This ore classification is performed once and can, then, be updated as required. If the ore reserves are approved, they are entered in the Russian state register of reserves and will provide the basis for production requirements that are, consequently, drawn up for the licence holder. The Russian principles for ore classification are similar, but not identical, to western standards.

The Russian registered ore reserves form the basis for the Group's amortisation of mining permits and exploration costs in accordance with the Unit of production method.

The registered ore reserves are, thus, established by an external, governmental body (GKZ), which is independent of the Group. The calculation of the reserves is based on a very comprehensive range of geological and financial data summarised in a Russian feasibility study. Ore reserves are not static, but may vary over time depending on factors, such as the price of gold, new geological information, currency exchange rates and cost levels. A change in ore reserves can have a considerable impact on such matters as amortisation, restoration costs and the value of assets.

Restoration costs

An obligation regarding future restoration costs arises when there is an environmental impact due to a mining operation in the form of exploration, evaluation, development or on-going production. The restoration costs are calculated on the basis of a restoration plan. The Group reviews its mine restoration provision annually. Significant estimates and assumptions are made in determining the provision for mine restoration as there are numerous factors affecting the ultimate amount to be paid. These factors include estimates of the extent and costs of restoration activities, technological changes, regulatory changes, cost increases as compared with inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the reported provisions. The provisions at reporting date represent management's best estimate of the present value of future, required restoration costs. Changes in estimated future costs are reported in the statement of financial position by increasing, or decreasing, the restoration liability and restoration asset provided the initial estimate was originally reported as part of an asset measured in accordance with IAS 16 Property, Plant and Equipment. Any reduction in the restoration liability and, therefore, any deduction from the reported restoration asset, may not exceed the reported value of that asset. If it does, any excess over the reported value is reported immediately in profit or loss. If the change in the estimate results in an increase in the restoration liability and, therefore, an increase in the reported value of the asset, the entity is required to consider whether this is an indication of an impairment of the asset as a whole and is to test for impairment in accordance with IAS 36.

The amount of the restoration costs depends on the type of land in which the mining operation is located. If the mining operation is located within an area originally classified as agricultural, forestry or building land, the restoration requirements are more extensive. If, on the other hand, the land in question did not have any particular alternative use at the time of the initiation of the mining operation, the restoration requirements are more modest. At present, none of the different mining licences in eastern Siberia held by the Group are located on agricultural, forestry or building land. See Note 18 for further details.

Impairment of assets

The Group reviews each cash generating unit annually, in order to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell, and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates, such as the cost of future expansion plans and eventual disposal, applying assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of funds and the risks specific to the asset. Management has assessed its cash generating units as comprising an individual mining licence, which is the lowest level for which cash inflows are largely independent of the other assets.

An impairment test was carried out on the Group's productive gold assets as at December 31, 2021. The most significant portion of the intangible and tangible fixed assets relates to the Tardan license area. For this purpose, a discounted cash flow model has been applied extending over a 10-year period, together with a consideration of the value of registered reserves. A number of variables are simulated in the model. Among the more important assumptions are the price of gold and the required yield. The base assumption regarding the average price of gold during the period is a value of 1,750 US$/oz and the required yield is 8.0% per year. A number of other assumptions are also important. The results of the assessment of these base assumptions are that no impairment is required at year-end 2021.

An impairment test of significant assets is also performed at Parent Company level. The impairment test is based on an 10-year cash flow model forecast prepared for Auriant's production units. Cash flows are discounted to their present value using a discount rate reflecting current market assessments of the time value of funds and the risks specific to the asset. The net present value of the forecasted cash flow is compared with the book values of shares and loans provided by the Parent Company. Where an impairment indicator exists, i.e. the book value exceeds the net present value of the forecasted cash flow; an impairment provision is recorded at year end. As at December 31, 2021, the impairment test performed at Parent Company level showed that there were impairment requirements. Impairment of investment in the subsidiary LLC "Tardan Gold" have been calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows and amounted to MSEK 87.1 (US$ 10.1 mln). See Note P9 Shares in Group companies for further details.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are to be reported in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecasted earnings from the operations and on the application of existing tax laws in each jurisdiction. To the extent that actual taxable income differs significantly from estimated, forecasted taxable income, the ability of the Group to realise the net deferred tax assets reported at reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to secure tax deductions in future periods. See Note 8 for further details.

Inventories

Net realisable value tests are performed at least once per year and represent the estimated future sales price of the product, based on prevailing spot metal prices at the reporting date, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by means of periodic surveys. See Note 14 for further details.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities reported in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in determining fair values. The judgments include considerations of inputs, such as liquidity risk, credit risk and volatility. Changes in assumptions regarding these factors could affect the reported fair value of the financial instruments. See Note 20 for further details.

Note 1

REVENUE

Group revenue from the sale of gold and gold equivalents of US$ 47.7 mln in 2021 (2020: US$ 53.4 mln) was generated by the Russian entities of the Group. No revenue was generated in Sweden. The Group had one customer for gold – the Russian bank, VTB. The Group's mining activities were focused on the Pravoberezhniy deposit at Tardan, which was the main source of ore in 2021 and 2020. Physical volume of gold sold decreased by 14% or 128 kg to 819 kg (26,316 oz) in 2021. In a strong gold price environment, the average realized gold price per ounce increased by 3% from US$ 1,755 in 12m 2020 up to US$ 1,812 in 12m 2021.

	2021 US$000	2020 US$000
Revenue from sale of hard rock gold	46,531	52,594
Revenue from sale of alluvial gold	1,013	673
Revenue from sale of gold equivalents	141	142
Total revenue from sale of gold and gold equivalents	**47,685**	**53,409**

Note 2

COST OF SALES

	2021 US$000	2020 US$000
External expenses	8,420	6,696
Materials	7,587	6,718
Employee benefit expenses	8,024	7,499
Taxes	639	421
Alluvial operator costs	708	475
Depreciation, amortization and write downs	8,302	8,054
Change in stripping asset	-588	3
Change in stock of finished and semi-finished goods	-2,852	-2,488
Total cost of sales	**30,240**	**27,378**

In 2021, the Group's cost of sales increased by 10% compared to 2020, to US$ 30.2 mln, while cash operating expenses increased by 16%, to US$ 25.4 mln. Higher stripping volumes and lower gold grades negatively impacted the cost performance during the reporting period. The average cash cost per ounce produced at Tardan increased by 19% from US$ 676/oz in 2020 to US$ 806/oz in 2021, driven by higher volumes of stripping and exploratory drilling, lower average grade, indexation of salaries, which were in line with the Company's plan, as well as first time maintenance costs on the CIL plant.

In the reporting period, a 1% devaluation of the RUB against the USD had a slight positive effect on the Group's margin.
In 2021, deferred stripping at Ore Zone #26 and Ore Zone #3 has been pulled forward to secure access to ore in 2022-2023. The changes in work in progress in 2021 and 2020 were in line with mining and production activities.

In 2020 LLC "Tardan Gold" 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 %.

In 2021 and 2020, the Company engaged one contractor working at Solcocon, on the basis of 85% split of gold sales. Alluvial operator costs increased by 49% in line with the gold production: 18 kg (563 oz) of gold was produced in 2021 compared to 12 kg (386 oz) in 2020.

Note 3

GENERAL AND ADMINISTRATIVE EXPENSES

	2021 US$000	2020 US$000
Employee benefit expenses	1,934	1,982
External expenses*	744	950
Depreciation, amortization and write downs	76	13
Total general and administrative expenses	**2,754**	**2,945**

General and administrative expenses relate to Management Company and Parent Company.

* External expenses include audit servises. For the remuneration to auditors refer the table below:

Audit fees

	2021 US$000	2020 US$000
PWC		
Audit engagement	117	109
Other statutory engagements	-	2
Tax advisory services	1	2
Other services	20	16
Total fees for the audit and related services to PWC	**138**	**128**
Other auditing firms		
Statutory audit and related services	11	10
Total fees for the audit and related services to auditing firms	**149**	**138**

Audit assignment is defined as fees for the statutory audit (i.e. audit work required to present the Audit Report and provide audit advice in connection with the audit assignment).

Note 4

OTHER INCOME AND EXPENSES

	2021 US$000	2020 US$000
Other operating income		
Fixed assets sale	58	23
Services to contractors (rent, accomodation services, other)	30	17
Inventory tock-take surplus	-	41
Other	11	15
Total other operating income	**99**	**96**

	2021 US$000	2020 US$000
Other operating expenses		
Additional waste disposal payment 2019-2020	-2,280	-
Penalties from suppliers and tax authorities	-233	-867
Write-off fix assets	-189	-
Sponsorship fees	-62	-72
Inventory obsolescence	-53	-
Bank fees	-28	-134
Prior year loss	-4	-28
Write-off of stipping assets	-	-1,959
Other	-112	-
Total other operating expenses	**-2,962**	**-3,059**

Other operating expenses in 2021 amounted to US$ 3.0 mln and mainly consisted of US$ 2.3 mln of additional provision for waste disposal, accrued by LLC “Tardan Gold”. In November 2021, LLC “Tardan Gold” received a request from the Russian State Service for Supervision of Natural Resource Usage (Rosprirodnadzor, “RPN”) to make an additional payment for waste disposal in the amount of US$ 1.1 mln. The request related to placement of waste rock mass from the Pravoberezhny deposit on stockpiles located at the mine in 2019 and 2020. Under the Russian regulations, waste rock is classified as “waste”, which entails the requirement to obtain a quota from RPN for its stockpile storage. Failure to obtain a quota results in the application of a multiplying coefficient, leading to a higher than normal waste disposal payment. The Group anticipated that a waste disposal payment for 2021 would also be calculated with the multiplying coefficient. This resulted in additional provision for 2021 of US$ 1.2 mln.

In 2020 other operating expenses mainly included the write off of US$ 0.8 mln VAT refund asset in LLC “Rudtechnology” and US$ 1.9 mln of stripping assets in LLC “Tardan Gold”.

Note 5

EMPLOYEE BENEFITS

	2021 US$000	2020 US$000
Salaries and remuneration in Sweden		
Board of Directors	183	172
Senior executives	112	47
CEO	46	20
	341	**239**
Salaries and remuneration in Russia		
CEO	302	511
Senior executives	407	242
Other employees	6,742	6,659
	7,451	**7,412**
Total salaries and remuneration	**7,792**	**7,651**
Social security expenses in Sweden		
Board of Directors	40	33
Senior executives	39	21
CEO	15	6
including pension expenses	-	5
	94	**60**
Social security expenses in Russia		
CEO	1	74
including pension expenses	-	*8*
Senior executives	86	47
including pension expenses	*42*	*20*
Other employees	1,985	1,649
including pension expenses	*1,331*	*1,255*
	2,072	**1,770**
Total social security expenses	**2,166**	**1,830**
Total employee benefit expenses	**9,958**	**9,481**

The Group's personnel costs for the financial years ended 31 December 2021 and 2020 are included in the consolidated income statement lines Cost of sales and General and administrative expenses.

Remuneration and other benefits of the Board and Senior executives

	2021 US$000	2020 US$000
Board of directors		
Lord Daresbury (Peter), Chairman of the Board	53	48
Preston Haskell	37	30
James Provoost Smith	32	30
Jukka Tapani Pitkäjärvi	32	18
Birgit Köster Hoffman	20	-
Danilo Lange	9	18
Ingmar Haga	-	12
Patrik Perenius	-	12
Andrey Barinskiy	-	4
Total Board of directors	**183**	**172**
Senior Executives*		
Payroll	519	289
including bonuses	*82*	*16*
Chief Executive Officer		
Payroll	348	531
including bonuses	*66*	*50*
*including termnation benefits***	-	*221*
Total Senior Executivies and CEO	**867**	**820**

Remuneration to the Board of Directors is approved by AGM.
* Senior Executives in 2021 includes CFO, Deputy CEO, Group General Counsel, Chief Operating Officer and Head of HR (2020: CFO, Deputy CEO, Group General Counsel, Chief Operating Officer and Head of HR).
** In 2020, payroll of CEO included termination benefits paid to CEO, Sergey Ustimenko, who has been CEO since January 16, 2016 and left the Company on September 4, 2020. Danilo Lange was appointed as CEO from September 5, 2020.

	2021	2020
Group – Board of Directors at year-end		
Women	1	-
Men	4	4
Group – Management at year-end		
Women	2	2
Men	4	4

Number of employees	**Total 2021**	**of which woman**	**Total 2020**	**of which woman**
Average number of employees				
Parent Company in Sweden	2	1	1	1
Subsidiaries in Russia	582	109	570	107
Total for the Group	**584**	**110**	**571**	**108**
Number of employees at year-end				
Parent company in Sweden	2	1	1	1
Subsidiaries in Russia	576	97	557	107
Total for the Group	**578**	**98**	**558**	**108**

Note 6

FINANCIAL INCOME

	2021 US$000	2020 US$000
Exchange rate differences	911	-
Other interest income	4	-
Total financial income	**915**	**-**

Other interest income in 2021 related to interest on bank deposits.

Note 7

FINANCIAL EXPENSES

	2021 US$000	2020 US$000
Interest expenses on loans and borrowings	-2,877	-5,252
Interest expenses on leasing	-243	-419
Unwinding of discount of site restoration provision	-39	-
Total interest expenses	**-3,159**	**-5,671**
Exchange rate differences	-	-935
Total financial expenses	**-3,159**	**-6,606**

In 2021 interest expense on loans and borrowings reduced significantly due to repayments of VTB loans, as well as reduction in the average interest rate on VTB loans from 8.4% to 4.4%.
Interest expenses on leasing reduced by 42% due to expiration of lease agreements 2017-2019 years.

Note 8

INCOME TAX AND DEFERRED INCOME TAX

	2021 US$000	2020 US$000
Current tax	-2,456	-
Deferred tax	-41	-3,075
Total	**-2,497**	**-3,075**
Connection between tax expense and reported profit/loss		
Pre-tax profit/loss	9,585	13,518
Tax according to applicable tax rate	1,173	2,770
Tax effect of expenses that are non-deductible for tax purposes	-3,456	-6,683
Tax effect of non-taxable income	500	806
Reversal of deferred tax liability	310	-
Tax losses for which no deferred income tax asset was recognised	-276	-115
Previously unrecognised tax losses now recouped to reduce tax expense	-	147
Tax effect of loss carry-forwards for which deferred taxes recoverable are not reported	-748	-
Total	**-2,497**	**-3,075**

The applicable tax rate for the Russian subsidiaries is 20%. The main business activities in the Group are carried out in Russia and the applicable tax rate used for the Group is 20%.

In the subsidiaries, deferred tax assets on tax losses carried forward are reported when it is probable that the subsidiary will generate sufficient taxable profits to utilise the tax losses within the foreseeable future. According to the Russian tax law, tax losses available for offsetting against future taxable income are not limited in time.

In 2020, LLC Tardan Gold 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. In 2021, income tax charge of US$ 3.0 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”. Thus, LLC “Tardan Gold” utilised accumulated deferred tax asset related to tax loss carry forward in full in 2021.

Tax loss carry-forwards in the Parent Company are not reported as deferred tax assets in the balance sheet, as it is uncertain whether such tax losses can be utilised based on the managerial character of the Parent Company.

As at 31 December 2021 the total accumulated tax losses carried forward amounted to US$ 17.3 mln with US$ 9.6 mln related to the Parent Company and US$ 7.7 mln to Russian subsidiaries.

Deferred tax relates to the following:

	Consolidated statement of financial position, US$ 000		Consolidated statement of profit or loss, US$ 000	
	2021	2020	2021	2020
Deferred tax assets:				
Losses available for offsetting against future taxable income	1,546	2,029	-462	-3,396
Site restoration provision	51	68	-15	-
Accruals	61	13	15	-
Inventories	1	22	-21	-
Functional currency on non-monetary items	6,241	5,892	218	-112
Other current assets	10	44	-4	-22
Total deferred tax assets	**7,910**	**8,068**		
Deferred tax liabilities:				
Exploration costs	-1,754	-2,543	782	511
Work in progress	-1,427	-1,085	-349	-92
Leasing of equipment	-406	-195	-215	20
Depreciation of fixed assets	-230	-241	9	-71
Expenses capitalised	-	-1	1	88
Total deferred tax liabilities	**-3,817**	**-4,065**		
Deferred tax expense			**-41**	**-3,075**
Net deferred tax assets	**4,093**	**4,003**		
Reflected in the statement of financial position as follows:				
Deferred tax assets	**4,093**	**4,003**		
Deferred tax liabilities	**-**	**-**		

Note 9

MINING PERMITS AND CAPITALISED EXPLORATION COSTS

	31-12-2021 US$000	31-12-2020 US$000
Opening balance	39,844	38,386
Capitalized exploration costs	2,436	900
FV revaluation of contingent liability effect	1,367	558
Closing balance	**43,647**	**39,844**
Opening balance amortizations and write downs	-21,320	-18,350
Amortization for the period	-3,113	-2,970
Closing amortizations and write downs	**-24,433**	**-21,320**
Closing net book value	**19,214**	**18,524**

Assets are mainly represented by exploration and mine development costs and are held by the Russian subsidiaries of the Group (no assets are held by the Swedish Parent Company). Intangible assets represent a significant portion of the assets in the Group and impairment tests are regularly carried out by management in order to ensure that the recoverable values of these assets is not lower than their carrying values. The impairment tests are carried out through the use of a discounted cash flow model over the calculated lifetime of the asset/deposit and with consideration of the registered reserves on the deposit/license area. A number of variables are simulated in the model. Among the more important variables are the price of gold and the yield required. An impairment test was carried out on the Group's productive gold assets as at 31 December, 2021. The most significant portion of the intangible assets refers to the Tardan license area. The key assumptions applied in the test were the average price of gold during the test period of 1,750 USD/oz, and a discounting rate of 8.0%. The result of the impairment tests on LLC "Tardan Gold" was that no impairment of the intangible assets was required as at December 31, 2021.

Note 10

BUILDINGS AND LAND

	31-12-2021 US$000	31-12-2020 US$000
Opening balance	23,623	13,767
Fixed assets put into use*	133	9,856
Change in site restoration provision	730	-
Internal transfer	-7	-
Disposals	-817	-
Closing balance accumulated acquisition values	**23,662**	**23,623**
Opening balance	-8,925	-7,694
Depreciation for the financial year	-1,380	-1,231
Disposals	642	-
Internal transfer	7	-
Closing balance accumulated depreciation	**-9,656**	**-8,925**
Closing net book value	**14,006**	**14,698**

*Commissioning of new CIL plant at LLC "Tardan Gold" in 2020.

Note 11

MACHINERY, EQUIPMENT AND OTHER TECHNICAL PLANTS

	31-12-2021 US$000	31-12-2020 US$000
Opening balance	43,132	31,094
Purchases	1,964	679
Fixed assets put into use*	160	11,630
Internal transfer	-3	-
Disposals	-2,206	-271
Closing accumulated acquisition values	**43,047**	**43,132**
Opening balance	-27,972	-24,119
Depreciation for the financial year	-3,892	-3,853
Disposals	2,479	-
Internal transfer	24	-
Closing accumulated depreciation	**-29,361**	**-27,972**
Closing net book value	**13,686**	**15,160**

*Commissioning of new CIL plant at LLC “Tardan Gold” in 2020.

Note 12

CONSTRUCTION IN PROGRESS

	31-12-2021 US$000	31-12-2020 US$000
Opening balance	373	20,502
Purchases during the year	737	1,386
Fixed assets put into use	-292	-21,515
Internal transfer	-21	-
Closing book value	**797**	**373**

Note 13

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

This note provides information for leases where the group is a lessee. At 31 December 2021 right-of-use assets comprised of properties related to Tardan license area. Lease terms for production equipment are generally between 3 and 5 years.
The Company excluded the following lease agreements from the right-of-use assets and lease liabilities and recognises the lease payments associated with those leases as expenses on a straight-line basis over the lease term:

- Lease agreements of land plots to explore for or use minerals and similar non-generative resources;

- Short-term lease agreements that expire within 12 months from the date of initial application.

Amounts recognised in the Consolidated statement of financial position:

	31-12-2021 US$000	31-12-2020 US$000
Right-of-use assets		
Machinery, equipment and other technical plants	5,103	5,116
Total Right-of-use assets	**5,103**	**5,116**
Lease liabilities		
Current	451	1,217
Non-current	424	261
Total lease liabilities	**874**	**1,478**

For information on the maturity of the lease liability, please refer to Note 20.

Amounts recognised in the Consolidated income statement:

	31-12-2021 US$000	31-12-2020 US$000
Depreciation charge of right-of-use assets	-1,504	-1,415
Interest expense	-243	-419

The total cash outflow for leases in 2021 was US$ 2.1 mln (2020: US$ 2.4 mln).
The Company has no leasing agreements that have not yet begun but to which the Company is committed.
No significant variable lease payments that are not included in the lease liability have been identified.

Note 14

INVENTORIES

	31-12-2021 US$000	31-12-2020 US$000
Raw materials and consumables	2,045	1,695
Finished goods	3,516	1,701
Work in progress	5,003	4,053
Total	**10,564**	**7,449**

The cost of inventories recognised as expense amounted to US$ 7.6 mln (2020: US$ 6.7 mln).
Work in progress included the balances of ligature gold at Tardan's safe of 29.4 kg (nil as at 31 December 2020), gold in process of 57.9 kg (2020: 58.1 kg) and the ore in stock of 131.6 thousand tonnes (101.4 thousand tonnes as at December 31, 2020).
The balance of finished goods on December 31, 2021 related to 123.1 kg of gold produced but not sold (57.2 kg on December 31,2020).

Note 15

OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES

	31-12-2021 US$000	31-12-2020 US$000
VAT receivable*	1,432	1,055
Other current receivables	219	235
Total other current receivables	**1,651**	**1,290**
Prepaid expenses	844	1,361
Total prepaid expenses	**844**	**1,361**

* The sale of gold is subject to 0% output VAT but the purchase of the majority of materials is subject to input VAT at a rate of 20%. Consequently, Auriant Mining Group companies always have a significant amount of VAT receivables with the state. It usually takes 3-6 months to recover VAT.

Prepaid expenses are comprised of advances paid out to suppliers for materials and services to be provided in 2022 during the normal course of the Group's business.

Note 16

CASH AND CASH EQUIVALENTS

	31-12-2021 US$000	31-12-2020 US$000
Cash at bank	283	422
Bank deposits*	1,191	-
Total cash and cash equivalents	**1,474**	**422**

*Bank deposits are short term investments with a maturity of three months or less which can easily be transformed into cash. Bank deposits as at 31 December 2021 are presented by the RUR deposits in VTB bank, bearing an average interest rate of 5.2% per annum.

Note 17

EARNINGS PER SHARE AND OTHER INFORMATION REGARDING SHARE AND EQUITY

a) Before dilution

Earnings per share before dilution are calculated by dividing the profit/loss attributable to the Parent Company's shareholders by the weighted average number of ordinary shares during the period.

	2021 US$000	2020 US$000
Profit/Loss attributable to the Parent Company's shareholders	7,087	10,442
Weighted average number of ordinary shares	98,768,270	98,698,673
Earnings per share, US$	0.07	0.11

b) After dilution

As at the end of 2021, there were no outstanding stock options or warrants in the Company.

	2021 US$000	2020 US$000
Profit/Loss attributable to the Parent Company's shareholders	7,087	10,442
Weighted average number of ordinary shares	98,768,270	98,698,673
Number of share options at year end	-	-
Average number of shares for the period after dilution	98,768,270	98,698,673
Earnings per share after dilution, US$	0.07	0.11

c) Number of shares outstanding, quotient value per share, and the limits of share capital

At the 2021 and 2020 year-ends, the number of shares was as follows:

Number of shares	2021	2020
Opening balance	98,768,270	98,648,502
New share issued during the period	-	119,768
Number of shares outstanding at each year-end	98,768,270	98,768,270
Share capital (Quotient value SEK 0,1125 per share)	**11,111,430**	**11,111,430**
Share capital in US$	**1,438,254**	**1,438,254**

The share capital limits at the 2021 year-end according to the articles of association were not less than MSEK 5.3 and not more than MSEK 21.3. The limit for number of shares was not less than 47,400,000 and not more than 189,600,000. The number of authorised and fully paid shares at the year-end 2021 is 98,768,270.

Note 18

PROVISIONS

	31-12-2021 US$000	31-12-2020 US$000
Opening provision for restoration costs	492	617
Additional provisions charged to property, plant and equipment (Note 10)	730	-
Unwinding of discount	39	19
Reversal of provision for site restoration	-	-44
Translation difference	-14	-100
Total provisions	**1,247**	**492**

The present value of restoration costs is calculated for each license in each subsidiary on an annual basis and is based on technical specialists' assessment of the amount of work and machinery needed to comply with the restoration requirements in each license agreement. The assessment of future restoration costs is based on the assumptions stated in each license agreement.

Increase of site restoration provision in 2021 relates to the re-estimation of costs required to eliminate the impact on the environment caused by the mining activities and change in discount rate. The provision for restoration costs as regards the Tardan license area is estimated to be utilised at the end of the mining license period - 2032. The provision relating to the Staroverinskaya license area is estimated to be utilized at the end of the mining license period - 2029.

Note 19

LONG TERM AND SHORT-TERM LOANS, BONDS AND NOTES

	31-12-2021 US$000	Effective interest rate in 2021	31-12-2020 US$000	Effective interest rate in 2020
Debt to shareholder, USD*	35,955	5.4%	35,338	6.7%
Long-term bank loans payable, USD**	8,083	4.4%	17,695	8.4%
Long-term notes payable, RUR	272	-	273	-
Total long-term loans, notes and bond	**44,309**		**53,306**	
Short-term bank loans payable, USD**	10,363	4.4%	9,199	8.4%
Total short-term loans and bond	**10,363**		**9,199**	

* Debt to shareholder was represented by Consolidated bond, the liability to Golden Impala Limited (a company related to the major shareholder). In December 2021 a new Addendum to bond issue agreement regarding extension of Maturity date till 31 December 2024 and new Interest rate of three months U.S. Dollars LIBOR plus 6.44 percent was signed.

** In 2021, the Group repaid US$ 8.4 mln to VTB in accordance with the repayment schedule. In June 2021, the Group has negotiated with VTB a further reduction of the interest rate to 3 months LIBOR plus 3.7% and the cancellation of a compulsory "cash sweep" clause in the loan agreement.

	US$000
Liability to Golden Impala as of December 31, 2020	**35,338**
Changes during the period due to:	
Interest accrued	1,816
Interest paid	-1,199
Liability to Golden Impala as of December 31, 2021	**35,955**

Note 20

FINANCIAL ASSETS, LIABILITIES AND RISKS

This Note contains information regarding financial assets and liabilities, including the risks in the financial instruments to which the Group is exposed.
All financial assets and liabilities are valued at amortized cost except for royalty liabilities that are valued at fair value.
The Group's financial instrument categories and classifications are described in note "Summary of significant accounting policies".

Financial liabilities

	31-12-2021 US$000	31-12-2020 US$000
Debt to shareholder*	35,955	35,338
Bank loans and notes payable**	8,354	17,968
Lease payable	424	261
Other long-term liabilities***	8,957	7,590
Total long-term financial liabilities	**53,690**	**61,157**
Bank loans payable**	10,363	9,199
Lease payable	451	1,217
Liability to KFM****	3,722	3,649
Trade accounts payable	648	740
Total short-term financial liabilities	**15,183**	**14,805**

* Debt to shareholder was represented by Consolidated bond, the liability to Golden Impala Limited (a company related to the major shareholder).
** Bank loans payable were represented by the liability to Russian Bank - VTB.
*** Other long-term liabilities as at December 31, 2021 and December 31, 2020 included liability to Centerra in accordance with royalty agreement, described in note 24 "Other long-term liabilities".
**** KFM has agreed to a reduction in the capital repayment for 2021, which resulted in a US$ 2.65 mln deferral until 31 December 2022. The outstanding amount as at 31 December 2021 is US$ 3.65mln.

A Group maturity analysis in relation to the total contractual, undiscounted cash flows is presented below:

	2022 US$000	2023 US$000	2024 US$000	2025 US$000	after 2025 US$000
Bank loans payable	10,363	8,083	-	-	-
Debt to shareholder	-	-	35,955	-	-
Notes payable	-	-	-	-	272
Leases liability	451	393	30	-	-
Other long-term liabilities	-	-	-	-	8,957
Trade accounts payable	648	-	-	-	-
Liability to KFM	3,722	-	-	-	-
TOTAL	**15,183**	**8,476**	**35,985**	**-**	**9,229**

Fair and carrying values of financial liabilities, US$000	31-12-2021 US$000 Fair value	31-12-2021 US$000 Carrying amount	31-12-2020 US$000 Fair value	31-12-2020 US$000 Carrying amount
Debt to shareholder	35,955	35,955	35,338	35,338
Bank loans payable	18,446	18,446	26,894	26,894
Other current and long-term liabilities	12,679	12,679	11,239	11,239
Trade accounts payable	648	648	740	740
Leases payable	874	874	1,478	1,478
Notes payable	272	272	273	273
Total financial liabilities	**68,873**	**68,873**	**75,962**	**75,962**

The fair values of non-current borrowings and finance lease liabilities are based on discounted cash flows using a current borrowing rate. The fair values of the borrowings and finance lease liabilities are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a shortterm nature. The fair values of trade and other payables are the same as their carrying amounts due to their short-term nature.

Maturity structure of financial liabilities as at December 31, 2021	< 1 year from reporting date, US$000	> 1 year but < 5 years from reporting date, US$000	> More than 5 years, US$000
Trade accounts payable	648	-	-
Liability to KFM	3,722	-	
Other liabilities	-	1,573	7,384
Debt to shareholder	-	35,955	-
Banks loans payable	10,363	8,083	-
Notes payable	-	-	272
Leases payable	451	424	-
Total financial liabilities	**15,183**	**46,035**	**7,655**

Interest rates are included in the Maturity structure of financial liabilities. Interest rates for lease liabilities are fixed. Interest rates on loans received from banks and shareholders are virable during the terms of the loan and the Group is, therefore, currently directly exposed to an interest rate risk in the short-term.

Finance lease liabilities are payable as follows:

	31-12-2021 US$000 Minimum lease payments	31-12-2021 US$000 Interest	31-12-2021 US$000 Present value of payments
Less than one year	520	69	451
Between one and five years	447	23	424
Total	**967**	**92**	**874**

Financial assets disclosures:

Cash and cash equivalents, US$000	31-12-2021 US$000 Fair value	31-12-2021 US$000 Reported value	31-12-2020 US$000 Fair value	31-12-2020 US$000 Reported value
Cash and cash equivalents in SEK	-	-	-	-
Cash and cash equivalents in EUR	31	31	5	5
Cash and cash equivalents in USD	113	113	215	215
Cash and cash equivalents in RUR	1,330	1,330	202	202
Total cash and cash equivalents	**1,474**	**1,474**	**422**	**422**

Fair and carrying values of financial assets:

All amounts in US$000	31-12-2021 US$000 Fair value	31-12-2021 US$000 Reported value	31-12-2021 US$000 Maximum credit risk	31-12-2020 US$000 Fair value	31-12-2020 US$000 Reported value	31-12-2020 US$000 Maximum credit risk
Accounts receivable trade	15	15	15	165	165	165
Less, provision for impairment of trade receivables	-	-	-	-	-	-
Accounts receivable, net	15	15	15	165	165	165
Other current receivables	219	219	219	235	235	235
Cash and cash equivalents	1,474	1,474	-	422	422	-
Total financial assets	**1,708**	**1,708**	**234**	**822**	**822**	**400**

The fair value of the financial instruments is included at the price that would be received in selling an asset or paying to transfer a liability in an orderly transaction between market participants as at measurement date. The Group applies the following hierarchy for determining and disclosing the fair value of financial instruments measured at fair value through the valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques used inputs having a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments measured at fair value apply Level 2 valuation techniques in both years. There have been no transfers between fair value levels during the reporting period.

Due to their short-term nature, the carrying amounts of trade and other receivables approximate their fair values. Cash and cash equivalents are carried at amortised cost which approximates their current fair value.

Policy for the management of 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. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group attempts to mitigate the effects of these risks by ensuring that the Board and the management have the relevant competence. Consequently, the Group works proactively by carrying out suitable measures to counteract and manage the risks and, in addition, the Group obtains advice from consultants, when necessary. The Group does not use derivative instruments to hedge financial risks.

a1) Currency and gold price risk

The Group is exposed, through its activities, to both currency risk and gold price risk, as changes in exchange rates and gold prices affect the Group's results and cash flows. The Group's policy is, in general, not to hedge this currency and gold price risk. However, under certain circumstances, e.g. if lending banks require it or if the Board of Directors considers it to be warranted, the risks can be limited, e.g. through forward sales of gold or through currency hedging measures.

Currency exposure and analysis

The Group is exposed to foreign exchange risk in relation to net financial items denominated in foreign currencies. The functional currency of individual companies is determined by the primary economic environment in which the entity operates or the one in which it primarily generates and expends cash. The functional currency of the subsidiaries operating in Russia is the U.S. dollar, while the functional currency of Parent Company is SEK. The consolidated accounts are presented the U.S. dollar 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 was translated into USD.

In addition, the Group is exposed to currency risk in its operations, as changes in exchange rates affect the Group's results and cash flow. The Group's policy is, in general, not to hedge this currency risk. In the event of fluctuations in the exchange markets, material adverse effects may arise as regards the Group's business, financial condition and results.

The Group's income is subject to exchange rate fluctuations. The Group's revenue from gold sales is linked to U.S. dollars, whereas the majority of the Group's operating expenses are denominated in roubles. Accordingly, an appreciation of the rouble against the U.S. dollar may negatively affect the Group's margins by increasing the U.S. dollar value of its rouble-denominated costs. Conversely, an appreciation of the U.S. dollar may positively affect the Group's margins by decreasing the U.S. dollar value of its rouble-denominated costs. In the reporting period, a 1% devaluation of the RUB against the USD had a slight positive effect on the Group's margin. In 2021 the average USD/RUB exchange rate amounted to 73.67, compared to 72.32 in 2020.

Group financial assets and liabilities by currency:

All amounts in US$000	31-12-2021 US$000 SEK	31-12-2021 US$000 USD	31-12-2021 US$000 EUR	31-12-2021 US$000 RUR	31-12-2021 US$000 Total
Cash and cash equivalents	-	113	31	1,330	1,474
Trade accounts receivable	-	-	-	15	15
Other current receivables	8	-	-	211	219
Total financial assets	**8**	**113**	**31**	**1,556**	**1,708**
Trade accounts payable	88	-	-	560	648
Other current and long-term liabilities	-	12,679	-	-	12,679
Debt to shareholder	-	35,955	-	-	35,955
Loans payable	-	18,446	-	-	18,446
Notes payable	-	-	-	272	272
Lease payable	-	-	-	874	874
Total financial liabilities	**88**	**67,079**	**-**	**1,706**	**68,873**
Net financial items	**-80**	**-66,966**	**31**	**-150**	**-67,165**

The sensitivity analysis of profit before tax to foreign exchange risk is shown in the table below:

31-12-2021 Changes in Exchange rate of RUR, %	31-12-2021 Effect on profit before income tax, US$000	31-12-2021 Changes in Exchange rate of SEK, %	31-12-2021 Effect on profit before income tax, US$000
10%	Decrease by 15	10%	Decrease by 8
-10%	Increase by 15	-10%	Increase by 8

Price risk analysis

The Group is exposed, through its activities, to a gold price risk, as changes in gold prices affect the Group's results and cash flow. The Group's policy is to manage these risks through sales of gold to a diversified client base (different banks and refineries). As a result, various bases for spot gold prices are used such as the London AM/ PM fixing, Central Bank rate and trade-book market orders (stop-loss or take-profit). The Group derives substantially all of its revenue from the sale of gold. Accordingly, the Company's financial results largely dependent on the price of gold. The gold market is cyclical and sensitive to changes in general economic conditions, and may be subject to significant volatility. As a result, it is not possible to accurately forecast the price of gold. The price of gold is influenced by various factors, many of which are outside the control of the Group, including, but not limited to:

• speculative trading activities in gold;
• currency exchange rates, particularly movements in the value of the U.S. dollar against other currencies;
• the overall level of forward sales by gold producers;
• the overall level and cost of production;
• actual or expected inflation and interest rates;
• global and regional supply and demand, and expectations of future supply and demand.

The market gold price is significant factor that influences the Group's profitability and operating cash flow generation. The average realized gold price per ounce increased by 3% from US$ 1,755 in 12m 2020 up to US$ 1,812 in 12m 2021.

Significant sustained declines in the price of gold may render any of the gold exploration or development activities undertaken by the Group less profitable or unprofitable and may have a material adverse effect on the Group's business, results and financial position. The table below summarises the impact on profit before tax of changes in gold prices. The analysis is based on the assumption that the gold prices move 10% with all other variables held constant.

Change in price of gold in USD by:	Effect on operating profit, US$000
+10%, other things being equal	Increase by 4,768
-10%, other things being equal	Decrease by 4,768

a2) Interest rate risk

The Group's interest-bearing loans are comprised of loans in Russian banks and loans from shareholders/related parties. Currently, all interest bearing loans have variable interest rates during the terms of the loans and, therefore, the Group is currently directly exposed to an interest rate risk in the short term. In the event of a higher interest rate in the future, there may be material adverse effects on the Group's business, financial condition and results.

A substantial amount of Group's interest-bearing loans are long-term loans, i.e. due for repayment in more than one year. The remaining portion is due in less than 5 years. The Group is engaged, on a regular basis, in negotiations with existing finance providers in order to roll current obligations over to subsequent periods and in order to maintain an optimal debt repayment pattern. The terms and conditions of the loans can be changed or adjusted during these negotiations, including potential interest rate increases. In the case of the Group not being able to find alternative finance sources, there may be an increase in in interest rate expenses, which, in its turn, may have a material adverse effect on the Group's business, net income and financial position.

Sensitivity

The Group's sensitivity profit or loss to interest rates is prepared assuming a 100 basis point change as it is used when reporting interest rate risk internally for key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower, the Group's profit for the year ended 31 December 2021 would have decreased/increased by TUSD 562 (2020: TUSD 54).

b) Credit risk

As a rule, surplus liquidity is to be kept in current bank accounts or invested in savings accounts or overnight deposits, as the case may be. Accounts and deposits are opened in the same banks as those providing financing to the Group. With respect to gold sales, there are generally no receivables arising from these transactions – the Group sells gold to the bank, which holds a special license for conducting operations with precious metals. In the course of transaction, the Group either receives a pre-payment from the bank once the refinery reports have been received with the Dore bar from the Group or, if gold is not sold on a pre-payment basis, once the buyer settles its obligation within three working days. Auriant has quite a small amount of accounts receivable from other parties, with overwhelming majority originating from the renting out the Group's equipment. Provisions for bad debts are reported based on the estimation of expected credit losses. In the event of a counterparty default, material adverse effects may impact the Group's business, financial condition and results.

c) Liquidity risk

The Company is at a development stage, and, therefore, requires continued capital expenditure. Funds for these investments cannot only be obtained from internally generated income. The Company's growth, therefore, remains dependent on external financing. External financing may be secured in the form of borrowing or via a capital injection. For companies in a development stage, equity financing is the most common method. Since its formation, the company has executed preferential or directed new share issues on several occasions. The successful execution of share issues is, however, and to a large extent, dependent on the market climate. However, external financing in the form of bank loans has become, for the Group, one of the most important sources of working capital and has, also, ensured investment activity growth. If the Group is unable to secure financing, material adverse effects may impact the Group's business, financial condition and results. The Group is leveraged although most of its debt is medium to long-term (i.e. due after 1 year) and fits the Company's future cash flows pattern. Newly built gold producing plant is capable to provide steady production flow without seasonality which is going to be main source for debt repayment in coming years.

Financial and economic sanctions imposed by the global community against the Russian economy led to the termination by the Austrian Financial Market Authority of business operations of Sberbank Europe AG, where the Parent Company previously had its bank account. The Company is working with several banks to open a new bank account, however the process to open a new bank account will take additional time. To enable the Parent Company to pay its general corporate expenses the Company has entered into a conditional loan commitment agreement with its related party, GoMobile Nu AB, which holds approximately 23 percent of the shares and the votes in the Company. The agreement is conditional in such way that its validity is subject to approval by the general meeting of the Company, which is to be held on 10 May 2022. Under the loan commitment agreement, the creditor makes available, between 10 May 2022 and 9 May 2023 (the commitment period), a loan facility of up to SEK 9,400,000, which may be drawn by the Company in one or more tranches. The payable interest is 6,5 percent per annum on any amount drawn under the loan facility, and a stand-by fee of 1,5 percent per annum is payable on any undrawn amount of the loan facility during the commitment period. The Company is entitled to end the commitment period anytime, and thus limit the amount of the stand-by fee. Any amounts drawn shall be repaid by 10 May 2023, on which date also the interest and the stand-by fee shall be payable. The Company is also considering other business options in order to secure sustainable operation of the Parent Company beyond the 12-month period.

Risk related to political situation.

The current conflict in Ukraine and related new economic and political sanctions imposed by Europe, the USA and other countries on certain Russian institutions and individuals may pose a risk to the Group's operations. Economic sanctions had already resulted in restricted access to the global financial system, cross-border financial transactions and trade as well as depreciation of the Russian Rouble. However, neither the Group nor its major shareholders were directly targeted by sanctions imposed by the global community. As new sanctions and counter-sanctions continue to emerge, the full impact of the situation on future operations and the financial position of the Company is difficult to estimate now. The Company will continue to monitor the situation and take additional mitigation measures.

Note 21

TRADE AND OTHER ACCOUNTS PAYABLE

	31-12-2021 US$000	31-12-2020 US$000
Trade accounts payable	723	740
Advances received	44	-
Other payables*	482	1,370
Accrued fees	81	83
Total trade and other accounts payable	**1,330**	**2,193**

* As at 31 December 2021 and 2020, other payables mainly consisted of finance lease liability.

Note 22

OTHER CURRENT LIABILITIES

	31-12-2021 US$000	31-12-2020 US$000
Short-term debt to KFM	3,722	3,649
Payroll and social contributions	1,661	1,306
Tax liabilities*	2,578	151
Total other current liabilities	**7,961**	**5,106**

* Tax liabilities at the end of year 2021 included the waste disposal provision of US$ 2.3 mln accrued in LLC "Tardan Gold" for 2019-2021 ($1.1 m for 2019-2020 and $ 1.2 m for 2021).

Note 23

PLEDGED ASSETS

	31-12-2021 US$000	31-12-2020 US$000
Fixed assets	14,966	27,062
Net assets of pledged subsidiaries (excluding directly pledged fixed assets)*	29,471	-
Total	**44,437**	**27,062**

Under the loan agreements with VTB the Group pledged 100% of shares of LLC "Tardan Gold" and signed guarantee agreements with Auriant Mining AB, LLC "GRE-324" and LLC "Management Company" in favor of VTB bank.

*As at 31 December 2020, the pledged fixed assets are higher than net assets of pledged subsidiaries.

Note 24

OTHER LONG-TERM LIABILITIES

	31-12-2021 US$000	31-12-2020 US$000
Other long-term liabilities *	8,957	7,590
Lease payable	424	261
Total other long-term liabilities	**9,381**	**7,851**

* In October 2014, the Group acquired 70% interest in LLC "Kara-Beldir" from Canada's Centerra Gold Inc. and increased it's share in LLC "Kara-Beldir" to 100%. As consideration for this transaction, Auriant Mining AB will pay Centerra Gold Inc. a Net Smelter Royalty of 3.5% on any mineral revenue from Kara-Beldir in the future. As result, the Group accrued contingent consideration to Centerra Gold Inc. The value of contingent consideration was measued based on the fair value from the cash flow model. Cash flow model included 3 scenarios: realistic, optimistic and pessimistic with probabilities of 90%, 5% and 5% respectivelly. The range of main assumptions for scenarios were the following: Gold price: 1600-1900 $/oz, WACC - 17.5%. All changes in fair value considerations are accounted for through the asset's cost. As of December 31, 2021 contingent consideration equals to US$ 9.0 mln (December 31, 2020 – US$ 7.6 mln).

Note 25

TRANSACTIONS WITH RELATED PARTIES

The majority shareholder and the ultimate parent of Auriant Mining AB is Bertil Holdings Limited owning approximately 52% of the shares in the Company. Bertil Holdings Limited is a company indirectly owned by a Board Member Mr. Preston Haskell. The remaining approximately 48% of the shares in Auriant are held amongst 3,456 shareholders.

Financing

As at 31 December 2021, the bond liability to Golden Impala Limited amounted to US$ 36.0 mln.
Accrued interest expenses for transactions with related parties in 2021 amounted to US$ 1.8 mln, compared to US$ 2.4 mln in 2020. During 2021, interests of US$ 1.2 mln were repaid to Golden Impala.

Financing Golden Impala	US$000
Liability to Golden Impala as of December 31, 2019	**37,601**
Revolving bridging loan facility repaid	-2,000
Interest accrued	2,405
Interest paid	-2,668
Liability to Golden Impala as of December 31, 2020	**35,338**
Interest accrued	1,816
Interest paid	-1,199
Liability to Golden Impala as of December 31, 2021	**35,955**

The table below summaries transactions undertaken with related parties during the year:

	2021 US$000	2020 US$000
Purchases from related parties:		
Consulting services from companies related to Board Members	-	106
Legal services from a company related to the main shareholder	-	48
Interest expenses to related parties:		
Interest to companies controlled by the ultimate controlling party	1,816	2,405
Balances with related parties at the end of the year:		
Liabilities to companies related to the ultimate controlling party	35,955	35,461

For Board and Senior Executives remuneration please refer to Note 5.

Note 26

SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOW

The following table shows changes in liabilities attributable to financing activities:

	Liabilities from financing activities							
	Debt to shareholder	Borrowings due within 1 year	Borrowings due after 1 year	Finance leases due within 1 year	Finance leases due after 1 year	Other liabilities within 1 year	Other liabilities after 1 year	Total
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Financial liabilities as at January 1, 2020	**37,601**	**19,150**	**20,174**	**1,418**	**1,342**	**2,095**	**2,149**	**83,929**
Cash flows	-4,668	-15,344	-	-2,413	-	-677	-	-23,102
Acquisitions - finance leases	-	-	-	135	217			352
Reclassifications	-	2,524	-2,524	1,298	-1,298	2,149	-2,149	-
Other non-cash movements	2,405	2,868	45	779	-	82	-	6,179
Financial liabilities as at December 31, 2020	**35,338**	**9,199**	**17,695**	**1,217**	**261**	**3,649**	**-**	**67,359**
Cash flows	-1,199	-9,437	-	-2,053	-	-123	-	-12,812
Acquisitions - finance leases	-	-	-	628	359	123	-	1,110
Reclassifications	-	9,612	-9,612	197	-197	-	-	-
Other non-cash movements	1,816	989		463	-	73	-	3,341
Financial liabilities as at December 31, 2021	**35,955**	**10,363**	**8,083**	**451**	**424**	**3,722**	**-**	**58,998**

Note 27

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The current conflict in Ukraine has led to new severe sanctions imposed by Europe, the USA and other countries on certain Russian institutions and individuals. These sanctions resulted in restricted access to the global financial system, cross-border financial transactions and trade as well as depreciation of the Russian Rouble. As new sanctions and counter-sanctions continue to emerge, the full impact of the situation on future operations and the financial position of the Company is difficult to estimate now. The Company implements measures to secure sales and supply channels, and manage liquidity, and takes other steps to minimise the impact of economic sanctions.

The Company has entered into a conditional loan commitment agreement with its related party, GoMobile Nu AB, which holds approximately 23 percent of the shares and the votes in the Company. The agreement is conditional in such way that its validity is subject to approval by the general meeting of the Company, which is to be held on 10 May 2022. Under the loan commitment agreement, the creditor makes available, between 10 May 2022 and 9 May 2023 (the commitment period), a loan facility of up to SEK 9,400,000, which may be drawn by the Company in one or more tranches. The payable interest is 6,5 percent per annum on any amount drawn under the loan facility, and a stand-by fee of 1,5 percent per annum is payable on any undrawn amount of the loan facility during the commitment period. The Company is entitled to end the commitment period anytime, and thus limit the amount of the stand-by fee. Any amounts drawn shall be repaid by 10 May 2023, on which date also the interest and the stand-by fee shall be payable. The facility will enable the Company to pay its general corporate expenses while the Company is working to open a new bank account, following the termination by the Austrian authorities of business operations of Sberbank Europe AG, where the Company previously had its bank account.

However, despite a wide range of uncertainties we will be working under in 2022, it is our current intention to operate as normally as possible but remain agile to evolving circumstances. The Group reiterates its current production guidance of 800 – 830 kg of gold for FY 2022. The scope of operational activities and capital project advancement is not expected to change materially in the light of recent developments. Further updates will be provided as the circumstances change. The Company currently forecasts to continue to deliver positive free cash flow.

Parent Company Financial Statements

Parent Company Income Statement

	Note	2021 TSEK	2020 TSEK
Income			
Other operating income	P3	950	750
Operating costs			
General and administrative expenses	P4	-8,191	-9,802
Operating result		**-7,241**	**-9,052**
Financial income	P6	10,746	16,593
Financial expenses	P7	-40,252	-22,765
Impairment: Investment in subsidiaries	P9	-87,058	-180,808
Result after financial items		**-123,805**	**-196,032**
Income tax	P8	-	-
Result for the year		**-123,805**	**-196,032**

Parent Company Statement of Comprehensive Income

	Note	2021 TSEK	2020 TSEK
Net result for the year		**-123,805**	**-196,032**
Other comprehensive income			
Translation differences		-	-
Total comprehensive income for the year		**-123,805**	**-196,032**

Parent Company Balance Sheet

	Note	31-12-2021 TSEK	31-12-2020 TSEK
ASSETS			
NON-CURRENT ASSETS			
Financial non-current assets			
Investments in subsidiaries	P9	325,817	411,549
Loans to subsidiaries	P10	100,132	97,159
Total non-current assets		**425,948**	**508,708**
CURRENT ASSETS			
Other current receivables	P11	1,251	1,717
Prepaid expenses	P11	205	236
Cash and cash equivalents	P15	278	542
Total current assets		**1,734**	**2,495**
TOTAL ASSETS		**427,682**	**511,203**
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital		11,111	11,111
Statutory reserve		266,306	266,306
Total restricted equity		**277,417**	**277,417**
Unrestricted equity			
Share premium reserve		780,639	780,639
Translation difference		-	-
Retained earnings		-867,127	-671,095
Net result for the year		-123,805	-196,032
Total unrestricted equity		**-210,293**	**-86,488**
TOTAL EQUITY		**67,124**	**190,929**
NON-CURRET LIABILITIES			
Long-term loans	P12	325,164	289,371
Total non-current liabilities		**325,164**	**289,371**
CURRENT LIABILITIES			
Trade and other accounts payable	P13	1,406	822
Other current liabilities	P14	33,988	30,081
Total current liabilities		**35,394**	**30,903**
TOTAL EQUITY AND LIABILITIES		**427,682**	**511,203**

Parent Company Statement Of Changes in Equity

	Restricted Equity		Unrestricted Equity				
All amounts in TSEK	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings	Net income for the period	Total equity
Equity as at December 31, 2019	**11,098**	**266,306**	**780,426**	-	**-684,217**	**13,123**	**386,736**
Profit/loss brought forward	-	-	-	-	13,123	-13,123	-
Comprehensive income							
Net profit/loss for the period	-	-	-	-	-	-196,032	-196,032
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	**-196,032**	**-196,032**
Transactions with owners in their capacity as owners							
Proceeds from exercise of share options	13	-	213	-	-	-	226
Total transactions with owners in their capacity as owners	**13**	**-**	**213**	**-**	**-**	**-**	**226**
Equity as at December 31, 2020	**11,111**	**266,306**	**780,639**	**-**	**-671,095**	**-196,032**	**190,929**
Profit/loss brought forward	-	-	-	-	-196,032	196,032	-
Comprehensive income							
Net profit/loss for the period	-	-	-	-	-	-123,805	-123,805
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	**-123,805**	**-123,805**
Equity as at December 31, 2021	**11,111**	**266,306**	**780,639**	-	**-867,127**	**-123,805**	**67,124**

Parent Company Cash Flow Statement

	2021 TSEK	2020 TSEK
OPERATING ACTIVITIES		
Receipts from customers	897	750
VAT and other reimbursement	-	56
Payments to suppliers	-5,241	-7,935
Payments to employees and Board Members	-2,829	-2,697
Net cash flows used in operating activities	**-7,173**	**-9,826**
INVESTING ACTIVITIES		
Borrowings given/Proceeds from borrowings given	17,253	58,454
Net cash flows used in investing activities	**17,253**	**58,454**
FINANCING ACTIVITIES		
Proceeds from exercise of share options	-	94
Repayment of borrowings	-	-22,880
Interest paid	-10,323	-26,165
Net cash from financing activities	**-10,323**	**-48,951**
Net increase/(decrease) in cash and cash equivalents	**-243**	**-323**
Net foreign exchange difference	-21	-216
Opening balance cash and cash equivalents	542	1,081
Closing balance cash and cash equivalents	**278**	**542**

Notes to the Parent Company Financial Statements

Note P1

GENERAL INFORMATION

Auriant Mining AB (publ.) ("AUR AB", "the Parent company" or "the Company") and its subsidiaries (collectively referred to as "the Group" or "the Auriant Mining Group") are focused on gold exploration and production in Russia, primarily in Zabaikalye and the Republics of Khakassia and Tyva. The Parent Company is a registered public limited liability company with its head office in Sweden. The address of the head office is Box 55696, 102 15 Stockholm. AUR AB was listed on the Swedish NGM Nordic Growth Market stock exchange on March 29, 2005 and has been listed on the Swedish NASDAQ First North Premier Growth Market stock exchange since July 19, 2010. At present, the Company has 3,457 shareholders.

Note P2

ACCOUNTING PRINCIPLES AND BASIS OF PREPARATION

The Parent Company accounts have been 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 Company are the same as for the Group with a few exceptions. These exceptions are, where applicable, described under each section of Summary of significant accounting policies on pages 63-74 of the annual report. The Annual Report was prepared on a historical cost basis.
In accordance with the Swedish Accounting Act, the Parent Company's financial information is reported in Swedish krona.

Note P3

REVENUE FROM SUBSIDIARY COMPANIES

	2021 TSEK	2020 TSEK
Other operating income		
Consulting services to subsidiary	950	750
Total other operating income	**950**	**750**

The total amount of the Parent Company´s revenue for 2021 and 2020 year is related to consulting services provided to the subsidiary company LLC "Auriant Management".

Note P4

GENERAL AND ADMINISTRATIVE EXPENSES

	2021 TSEK	2020 TSEK
Employee benefit expenses	3,735	2,755
External expenses*	4,456	7,047
Total general and administrative expenses	**8,191**	**9,802**

* External expenses include audit servises. For the remuneration to auditors refer the table below:

	2021 TSEK	2020 TSEK
PWC		
Audit engagement	1,000	1,000
Other statutory engagements	-	16
Tax advisory services	9	16
Other services	172	145
Total fees for the audit and related services to PWC	**1,181**	**1,176**

Audit assignment is defined as fees for the statutory audit (i.e. audit work required to present the Audit Report and provide audit advice in connection with the audit assignment).

Note P5

EMPLOYEE BENEFITS

	2021 TSEK	2020 TSEK
Salaries and remuneration in Sweden		
Board of Directors	1,569	1,591
Senior executives	960	422
CEO	407	187
	2,935	**2,200**
Social security expenses in Sweden		
Board of Directors	339	301
Senior executives	332	195
CEO	128	59
including pension expenses	-	43
	799	**555**
Total employee benefit expenses	**3,735**	**2,755**

Remuneration and other benefits of the Board* and Senior executives

	2021 TSEK	2020 TSEK
Board of directors		
Lord Daresbury (Peter), Chairman of the Board	450	450
Preston Haskell	318	275
James Provoost Smith	275	275
Jukka Tapani Pitkäjärvi	275	170
Birgit Köster Hoffman	175	-
Danilo Lange	76	170
Ingmar Haga	-	106
Patrik Perenius	-	106
Andrey Barinskiy	-	39
Total Board of directors	**1,569**	**1,591**
Senior Executives*		
Payroll	960	422
Chief Executive Officer		
Payroll	407	187
including bonuses	*121*	-
Total Senior Executivies and CEO	**1,367**	**609**

Remuneration to the Board of Directors is approved by AGM.

	2021	2020
Group – Board of Directors and CEO at year-end		
Women	1	-
Men	5	5
Group – Management at year-end		
Women	1	1
Men	-	-

Note P6

FINANCIAL INCOME

	2021 TSEK	2020 TSEK
Interest income from Group companies	10,746	14,373
Exchange rate differences	-	2,220
Total financial income	**10,746**	**16,593**

Note P7

FINANCIAL EXPENSES

	2021 TSEK	2020 TSEK
Interest expenses on loans and borrowings	-16,176	-22,765
Total interest expenses	**-16,176**	**-22,765**
Exchange rate differences	-24,076	-
Total financial expenses	**-40,252**	**-22,765**

Note P8

INCOME TAX

	2021 TSEK	2020 TSEK
Current tax	-	-
Deferred tax	-	-
Total	**-**	**-**
Connection between tax expense and reported profit/loss		
Pre-tax profit/loss	-123,805	-196,032
Tax according to applicable tax rate	25,504	41,951
Tax effect of expenses that are non-deductible for tax purposes	-19,082	-43,302
Previously unrecognised tax losses now recouped to reduce tax expense	-	1,351
Tax effect of loss carry-forwards for which deferred taxes recoverable are not reported	-6,422	-
Total	**-**	**-**

The applicable tax rate for the Parent Company is 20.6% (2020: 21.4%). Currently, tax loss carry-forwards in the Parent Company are not reported as deferred tax assets in the balance sheet, as it is uncertain whether such tax losses can be utilised based on the managerial character of the Parent Company. The total tax losses carried forward in the parent company amounts to MSEK 86 and are not limited in time.

Note P9

SHARES IN GROUP COMPANIES

Subsidiaries	Co. ID	Regd office	Proportion of ordinary shares directly held by Parent (%)	Proportion of ordinary shares held by the group (%)	Book value of shares in subsidiaries on Parent Company on December 31, 2021 (TSEK)	Book value of shares in subsidiaries on Parent Company on December 31, 2020 (TSEK)
LLC Tardan Gold	1041700563519	Kyzyl	100%	100%	290,032	377,090
LLC Uzhunzhul*	1071901004746	Abakan	1%	100%	2,577	2,577
LLC GRE-324*	1037542001441	Chita	60%	100%	-	-
LLC Rudtechnology*	1077530000570	Kalga	51%	100%	-	-
LLC Auriant Management Company	1097746422840	Moscow	100%**	100%	8,518	8,518
Auriant Cyprus Limited***	334919	Limassol	100%	100%	423	-
Awilia Enterprises Limited	270158	Limassol	30%	100%	24,268	23,364
LLC Kara-Beldir****	1071701001460	Kyzyl	0%	100%	-	-
Total					**325,817**	**411,549**

* The subsidiaries LLC “Uzhunzhul”, LLC “GRE-324” and LLC “Rudtechnology” are indirectly owned by 100% through the subsidiary LLC “Tardan Gold”.
** The ownership information is presented as of 31 December 2021. In the beginning of 2022, LLC “Tardan Gold” acquired a 50% share in LLC “Auriant Management” by making a contribution into its charter capital. The remaining 50% share in LLC “Auriant Management” is owned by AUR AB.
*** 70% of Awilia Enterprises Limited is indirectly owned through the subsidiary Auriant Cyprus Ltd.
**** The subsidiary LLC “Kara-Beldir” is indirectly owned through the subsidiary Awilia Enterprises Limited; hence there is no book value for this company in Auriant Mining AB.

The investment in subsidiaries represent a significant portion of the assets in the Parent Company and impairment tests are regularly carried out by the board and management of Auriant Mining AB in order to assess that the recoverable value of these assets is not less than their reported values. The impairment test is carried out through the application of discounted cash flow model. The model is sensitive to a number of variables and assessments, with some of the more important being the price of gold and required yield. The key assumptions applied in the test were the average price of gold during the test period of 1,750 USD/oz, and a discounting rate of 8.0%. Based on the Impairment test perfomed as at December 31, 2021 an impairment of investment in the subsidiary LLC “Tardan Gold” at MSEK 87.058 had been reported. In 2015, all investments and loans into Solcocon (LLC “GRE 324”, LLC “Rudtechnology”) were impaired.

Note P10

LOANS TO SUBSIDIARIES

	31-12-2021 TSEK	31-12-2020 TSEK
Opening balance	97,159	183,529
Loans given during the year	-	-
Accrued interest	10,746	14,373
Repaid during the year	-17,472	-58,883
Translation difference	9,698	-41,860
Closing book value	**100,132**	**97,159**

Note P11

OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES

	31-12-2021 TSEK	31-12-2020 TSEK
VAT receivable	44	129
Other current receivables	1,207	1,588
Total other current receivables	**1,251**	**1,717**
Prepaid expenses	205	236
Total prepaid expenses	**205**	**236**

Note P12

TRANSACTIONS WITH RELATED PARTIES

The majority shareholder and the ultimate parent of Auriant Mining AB is Bertil Holdings Limited owning approximately 52% of the shares in the Company. Bertil Holdings Limited is a company indirectly owned by a Board Member Mr. Preston Haskell. The remaining approximately 48% of the shares in Auriant are held amongst 3,456 shareholders.

Financing

As at 31 December 2021, the bond liability to Golden Impala Limited amounted to MSEK 325.2.
Accrued interest expenses for transactions with related parties in 2021 amounted to MSEK 15.5, compared to MSEK 22.0 in 2020. During 2021, interests of MSEK 10.3 were repaid to Golden Impala.

Financing Golden Impala	TSEK
Liability to Golden Impala as of December 31, 2019	**350,334**
Revolving bridging loan facility repaid	-18,634
Interest accrued for the period	22,009
Interest paid	-24,609
Translation difference	-39,729
Liability to Golden Impala as of December 31, 2020	**289,371**
Interest accrued for the period	15,549
Interest paid	-10,320
Exchange rate differences	30,564
Liability to Golden Impala as of December 31, 2021	**325,164**

The table below summaries transactions undertaken with related parties during the year:

	2021 TSEK	2020 TSEK
Purchases from related parties:		
Consulting services from companies related to Board Members	-	981
Legal services from a company related to the main shareholder	-	443
Interest expenses to related parties:		
Interest to companies controlled by the ultimate controlling party	15,549	22,009
Balances with related parties at the end of the year		
Receivables from		
Liabilities to companies related to the ultimate controlling party	325,164	289,371

Note P13

TRADE AND OTHER ACCOUNTS PAYABLE

	31-12-2021 TSEK	31-12-2020 TSEK
Trade accounts payable	678	144
Other payables	13	13
Accrued fees*	715	665
Total trade and other accounts payable	**1,406**	**822**

*Accrued expenses represented by auditor's fees.

Note P14

OTHER CURRENT LIABILITIES

	31-12-2021 TSEK	31-12-2020 TSEK
Short-term debt to KFM	33,657	29,877
Payroll and social contributions	275	172
Tax liabilities	56	32
Total other current liabilities	**33,988**	**30,081**

Note P15

SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOW

The following table shows changes in liabilities attributable to financing activities:

	Debt to shareholder TSEK	Other liabilities within 1 year TSEK	Other liabilities after 1 year TSEK	Total TSEK
Financial liabilities as at January 1, 2020	**350,334**	**19,520**	**20,020**	**389,874**
Cash flows	-43,243	-5,802	-	-49,045
Reclassifications	-	20,020	-20,020	-
Foreign exchange adjustments	-39,729	-4,616	-	-44,345
Other non-cash movements	22,009	755	-	22,764
Financial liabilities as at December 31, 2020	**289,371**	**29,877**	**-**	**319,248**
Cash flows	-10,323	-	-	-10,323
Reclassifications	-	-	-	-
Foreign exchange adjustments	30,567	3,153	-	33,720
Other non-cash movements	15,549	627	-	16,176
Financial liabilities as at December 31, 2021	**325,164**	**33,657**	**-**	**358,821**

Note P16

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company has entered into a conditional loan commitment agreement with its related party, GoMobile Nu AB, which holds approximately 23 percent of the shares and the votes in the Company. The agreement is conditional in such way that its validity is subject to approval by the general meeting of the Company, which is to be held on 10 May 2022. Under the loan commitment agreement, the creditor makes available, between 10 May 2022 and 9 May 2023 (the commitment period), a loan facility of up to SEK 9,400,000, which may be drawn by the Company in one or more tranches. The payable interest is 6,5 percent per annum on any amount drawn under the loan facility, and a stand-by fee of 1,5 percent per annum is payable on any undrawn amount of the loan facility during the commitment period. The Company is entitled to end the commitment period anytime, and thus limit the amount of the stand-by fee. Any amounts drawn shall be repaid by 10 May 2023, on which date also the interest and the stand-by fee shall be payable.

The facility will enable the Company to pay its general corporate expenses while the Company is working to open a new bank account, following the termination by the Austrian authorities of business operations of Sberbank Europe AG, where the Company previously had its bank account.

Board Assurance

The Board of Directors and the Chief Executive Officer confirm that the consolidated financial statements and the annual report have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU and that they provide a true and fair view of the Group's results and financial position. The financial statements of the Parent Company have been prepared in accordance with generally excepted accounting principles in Sweden and provide a true and fair view of the Parent Company's results and financial position. The Directors' Report for the Group and the Parent Company, respectively, provide a true and fair view of the Group's and the Parent Company's activities, results and financial position, and describe significant risks and areas of uncertainty faced by the Parent Company and the companies within the Group.

Stockholm, April 19, 2022

Lord Daresbury
Chairman of the Board

Preston Haskell
Board Member

Jukka Pitkäjärvi
Board Member

Birgit Köster Hoffmann
Board Member

Danilo Lange
CEO

The annual report and the consolidated financial statements have, as stated above, been approved for issue by the Board of Directors on April 19, 2022. The Group's income statement and balance sheet, and the Parent Company's income statement and balance sheet will be subject adoption by the annual general meeting on May 10, 2022.

Our audit report was submitted on April 19, 2022
Ohrlings PricewaterhouseCoopers AB

Anna Rozhdestvenskaya

Authorised Public Accountant

Auditor's Report

Unofficial translation
To the general meeting of the shareholders of Auriant Mining AB (publ), corporate identity number 556659-4833

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Auriant Mining AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 40 – 53, 58 – 111 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

EMPHASIS OF MATTER

We would like to draw attention to the section Financial risks as well as note 20, where the board of directors presents the assessment of the liquidity risk.

Financial and economic sanctions imposed by the global community against the Russian economy led to the termination of business operations of the bank where the Parent Company had its current bank account, which resulted in the termination of the company's bank account. The company is working with several banks to open a new bank account, however the process may take time. To enable the parent company to pay its general corporate expenses a conditional loan commitment agreement was entered with its related party, GoMobile Nu AB, which holds approximately 23 percent of the shares and the votes in the company. Under the loan commitment agreement, the creditor makes available, between 10 May 2022 and 9 May 2023 (the commitment period), a loan facility of up to SEK 9,400,000, which may be drawn by the Company in one or more tranches. The agreement is conditional in such a way that its validity is subject to approval by the general meeting of the Company, which is to be held on 10 May 2022.

Our opinion is not modified in this matter.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-46 and 54-57 The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required.

RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar.This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Auriant Mining AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for that the corporate governance statement on pages 47-53 has been prepared in accordance with the Annual Accounts Act. Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions. A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 19 April 2022
Öhrlings PricewaterhouseCoopers AB

Anna Rozhdestvenskaya
Authorized Public Accountant

Additional Information

TRANSLATION

This text is the English version of the 2021 Swedish Annual Report. If any discrepancies exist between the two versions, the Swedish version shall prevail.

DEFINITIONS

"Auriant Mining", "AUR" and "the Company" refer to Auriant Mining AB (publ) with Swedish Corporate Identity number 556659-4833 and to its subsidiary companies.

DATES FOR FINANCIAL INFORMATION IN 2022

Auriant Mining AB's financial year runs from 1 January to 31 December. In 2022, the Company will issue interim financial information as follows:

Interim report (1) January-March 2022:
31 May 2022
Interim report (2) January - June 2022:
31 August 2022
Interim report (3) January - September 2022:
30 November 2022
Interim report (4) January - December 2022:
28 February 2023

AURIANT

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