

Kopy Goldfields AB (publ)  
Press release 7/2014  
Stockholm, July 15, 2014

## **Kopy Goldfields signs agreement with GV Gold to take the Krasny Project to production stage**

**Kopy Goldfields AB (publ) (“Kopy Goldfields” or “the Company”) is pleased to announce that its subsidiary company AB Krasny Gold Fields has entered into an agreement with the Russian gold producer Open Joint Stock Company “GV Gold” (“GV Gold”) for the exploration and development of the Krasny Project. Under the agreement GV Gold will invest up to USD 9 million, of which USD 1 million is a cash consideration immediately payable to Kopy Goldfields upon Completion, USD 6 million is ear marked for exploration activities, and a potential additional consideration payment of USD 2 million in the event of successful exploration program. This will earn GV Gold up to a 51% interest in the Krasny Project. Completion shall take place within 30 days. Exploration will however start immediately.**

Under the terms of the agreement, GV Gold may earn up to a 51% interest in the Krasny Project by financing an in-fill exploration program followed by a reserve report in accordance with both the Russian GKZ classification and the international JORC standard. The program will primarily target the part of the Krasny deposit which is closer to surface and limited to the depth of 200 meters. The exploration program is scheduled for 18 months including the reserve reporting. The exploration program will be developed in two stages. Within Stage 1, the exploration activities aim to confirm the existing model of the Krasny mineralization for 840 meters along the strike and include 7,415 meters of core drilling and 1,733 meters of trench sampling. The budget for Stage 1 is USD 3 million. Depending on the results from Stage 1, GV Gold has the right to stop further financing of the Krasny project or continue exploration work in accordance with the revised exploration program. It is planned that during the exploration period, Kopy Goldfields will act as an operator for the Project.

The budget for the total exploration program in two stages is USD 6 million and includes the cost of all prospecting activities and the reserve reporting. This will be financed by GV Gold in accordance with the agreement. All further works shall be financed by the shareholders pro rata to the share interests held in the Krasny project or through third party financing. The deal also includes a cash payment from GV Gold of USD 1 million to cover internal debts between Kopy Goldfields’ Russian subsidiary and the Parent Company which refers to previous exploration programs, as well as a possibility of an additional consideration of USD 2 million subject to the results of the reserve reporting.

Signing of the agreement means that the parties have agreed to the final details of the deal structure and the exploration program. Before Completion can take place, certain corporate procedures need to be finalized, which is expected within 30 days.

The Management team for the project has already been agreed and mobilized to Bodaibo and the exploration activities will start immediately. The drilling contractor has been approved and the drilling contract is ready for signing. Drilling is expected to start within July.

*Mikhail Damrin, CEO of Kopy Goldfields, comments the news: “Signing this agreement with GV Gold is a very important step for Kopy to bring the Krasny project into production. It also confirms the high quality of Kopy Goldfields’ exploration assets. Upon Completion, we will be able to continue a full speed development of the Krasny-deposit into a mine. Having one of the Russia’s largest and fast*

*growing gold producers with extensive competence and experience of building and operating gold mines in the Lena Goldfields area as a partner, makes production plans very realistic. We are pleased to get a full carry forward for the agreed exploration program."*

## **About GV Gold**

GV Gold (Vysochaishy, OJSC) is a dynamically-developing private Russian group of gold mining companies which has a high production efficiency level - it is the 8-th largest gold producing company in Russia. GV Gold group produces more than 5.4 t (175.5 koz) of gold p.a. and has the balanced portfolio of mining and exploration assets, comprising 13 license areas in the Irkutsk Region and the Sakha (Yakutia) Republic. The total resource base is 632 t (20.32 Moz). In accordance with the results of 2013 the Group of companies earned the net profit of RUB 2.3 billion (RAS). The Company plans to increase the gold production up to 9 t (300 koz) of gold by 2017.

Homepage: <http://www.gvgold.ru/en/>.

## **For more information, please contact:**

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## **About Kopy Goldfields AB**

Kopy Goldfields AB (publ), listed at NASDAQ OMX First North in Stockholm is a gold exploration and production company operating in one of the most gold rich areas in the world; Lena Goldfields, Bodaibo, Russia. The company holds 100% of 11 bedrock exploration- and production licenses on 1,963 sq km. The target for Kopy Goldfields is to create value by identifying and acquiring high potential gold projects, prospect and explore them until the stage when it can be either sold out for cash or developed in cooperation with another partner under JV agreement.

Kopy Goldfields AB applies International Financial Reporting Standards (IFRS), as approved by the European Union. Aqurat Fondkommission acts as Certified Adviser, contact number: +46-8-684 05 800.

## **The Share**

Ticker: KOPY

<http://www.nasdaqomxnordic.com/shares/microsite?Instrument=SSE77457>

Outstanding shares: 30,247,220