

Kopy Goldfields AB (publ)
Press release 14/2015
Stockholm, August 20, 2015

KOPY GOLDFIELDS AB (publ) **Half Year Report January – June 2015**

Financial information half year 2015

- The Company does not yet report any revenue
- Net income MSEK 0.1 (-13.1)
- Earnings per share before and after dilution SEK 0.00 (-0.41)
- Total cash flow of MSEK 1.6 (0)
- Investments in exploration work and licenses MSEK 0.6 (2.1)
- Cash and cash equivalents amounted to MSEK 2.7 (2.5) at period end

Significant events during January – June 2015

Following the successful completion of Stage 1 of the current exploration program on the Krasny license, Kopy Goldfields' joint venture partner GV Gold contributed with MUSD 3 for Stage 2 in March 2015. This confirms the expectations of taking the Krasny license into production.

- During the spring 2015, preliminary production modelling was done based on the figures on hand in order to find the most optimal production scenario. Based on this, the Stage 2 exploration program was revised to fulfil this updated scenario.
- Since February 2015, metallurgical bulk sample processing tests for gold recovery are carried out. Two bulk samples of 1,000 kg each have been sent to an engineering company in Irkutsk, Russia, and the metallurgical test are expected to be finalized by September 2015.
- The drilling of Stage 2 started on June 10, 2015 and is expected to be finalized by the end of September 2015.
- Due to the sharp Ruble depreciation during 2014-2015, the accumulated exploration costs for Krasny project are significantly lower than the initial budget. The preliminary cost forecast for Stage 2 is MUSD 2, compared to the initial budgeted MUSD 3. This means that there will be funds left in the Joint Venture after the finalization of Stage 2 to start the Feasibility Studies.
- According to accounting rules, the Krasny project shall be accounted for according to the equity method as a joint venture. On the Balance sheet, investments in joint ventures amount to MSEK 77.3, after a profit from joint ventures of MSEK 3.6 for the period, as well as translation differences.

A share issue was finalized and registered by the Swedish Companies Registration Office in combination with the share capital reduction approved by the General Meetings in December 2014.

- In January 2015 the preferential rights issue was finalized and 24,586,547 shares were subscribed to a value of MSEK 10.9.
- The share issue and the reduction of share capital were registered by the Swedish Companies Office in February 2015 and all effects of the share issue are accounted for during the first half year 2015.

In March 2015, the Company renegotiated the MSEK 3.0 short term loan

- New repayment date is April 29, 2016 and the lender has the right to convert the loan including accrued interest into shares at a subscription rate of SEK 0.55 per share.

In June 2015, the Company received the final award from the Arbitration Institute of the Stockholm Chamber of Commerce

- The dispute concerned an agreement between SAT Commerce Ltd and Kopy Goldfields AB (publ) that was entered into in May 2013 and expired in June 2014. The Arbitration Institute of the Stockholm Chamber of Commerce ordered Kopy Goldfields to pay to SAT an amount of KUSD 100 plus interest and legal costs.

Significant events after the reporting period

In July 2015, it was announced that LLC Krasny had acquired an alluvial gold production license.

- LLC Krasny, which is the joint venture between Kopy Goldfields and GV Gold, acquired an alluvial gold license for using the Krasny Ruchey site (“ruchey” is a Russian word for “brook”), located within the boundary of the already owned Krasny bedrock gold license. The Krasny Ruchey license will give the right to explore and produce placer gold for 15 years and the total prognostic Russian GKZ resources of the P2 category amount to 30 kg.
- Three more companies participated in the action and the final acquisition price totaled KRUB 280 (approximately KUSD 5).

In July 2015 an update and intermediate results from the Stage 2 exploration drilling was released.

- The drilling continues in accordance with schedule and 3,151 meters had been drilled as per July 26, 2015.
- The exploration results of Stage 2 are so far in line with the existing geological model of the Krasny deposit, which accounts for 300 koz of gold to the depth of 200 meters.
- New mineralized intervals discovered increase the upside potential.
- In July 2015, drafting of the Russian reserve report was begun. The report is expected to be finalized by the end of 2015 and in January 2016, the Krasny reserve report is scheduled for review by the Russian Committee on Reserves.

Comments from CEO

Dear shareholders,

The main objective for Kopy Goldfields during 2015 will be advancing the Krasny project into reserves and production while keeping other exploration project alive but with limited exploration spending.

Based on the positive results from the Stage 1 exploration activities on Krasny, Kopy Goldfields in cooperation with GV Gold, used the first quarter of 2015 for updating the Stage 2 exploration program by doing detailed modelling of the mineralization and developing different scenarios of future production. Based on the exploration results from Stage 1, both Kopy Goldfields and GV Gold are confident that Krasny gold resources are in line with the forecast and we have at least 10 tons of gold to the depth of 200 meters. We also see a strong potential for resource increase within the current limits of 200 meters depth since the mineralization is open along the strike. This means that there is a general strike continuation from east to west, and our most western and eastern drill profiles and surface trenches are still crossing gold mineralization. Drilling further along the strike will be an obvious future exploration target. We agreed with our partners to develop the Krasny project in stages and for now, we do not target the lower gold mineralization which is located below 200 meters depth. However, this is will be a natural step later when the gold price will recover. Below 200 meters, we already have shown Indicated and Inferred gold resources and the mineralization is open down dip. Taken this into consideration and also including the potential of a similar type of gold mineralization called “Krasny North”, which is located to the North from the current operations, but still within the boundaries of our license and yet to be explored, we strongly believe that the Krasny mining operations will not be limited to 10 tons of gold which is the immediate reserve target, but will have a long life with new gold discoveries and reserve increase coming.

In March 2015, GV Gold confirmed its intention to proceed to Stage 2 and paid 3 MUSD into the Joint Venture of the Krasny project. Same as for Stage 1, Kopy Goldfields proceeds serving as operator of the Stage 2 exploration activities. The main objective of the Stage 2 activities is to collect information and plan for gold production on the Krasny license, which broadly corresponds to Pre-Feasibility Studies (PFS) including issue of Russian GKZ and JORC reserve reports.

The Stage 2 drilling on the Krasny project was commenced on June 10, 2015. Currently two drill rigs are in operation and we expect to complete the Stage 2 exploration drilling by the end of September. We are also doing metallurgical bulk sample processing tests for gold recovery and the results are expected to be finalized by September 2015. Based on the assay tests received so far from the Stage 2 drilling, we see that the new exploration results strongly confirm the existing geological model and new mineralized intervals discovered increase the upside potential. In July 2015, we commenced drafting the Russian reserve report which goes in

parallel with the exploration and the reserve report is expected to be finalized by the end of 2015 and in January 2016, it is scheduled for review by the Russian Committee on Reserves.

The Krasny project will then move into Feasibility Studies (FS) and construction, and the first production is preliminary estimated in early 2017.

We proceed looking for a partner for both the Kopylovskoye project and the Northern Territories project targeting bedrock gold in the northern part of Bodaibo area. We are happy to note that the interest for our projects from external investors has increased as a result of the current very favorable gold mining economics in Russia.

On behalf of Kopy Goldfields AB, I thank you for your interest and support of the company. The Krasny project is now heading towards a very exciting development and we hope that you continue to join us on the exiting journey.

With kind regards,

Mikhail Damrin

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About Kopy Goldfields AB

Kopy Goldfields AB (publ), listed at NASDAQ 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 11 bedrock exploration- and production licenses and one alluvial license on 1,963 sq km, of which the Krasny license is held to 49 % and is preliminary forecasted to be in production in 2017. The target for Kopy Goldfields is to become a near-term gold producer in cooperation with a producing 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: 54,444,996