

Kopy Goldfields AB (publ)
Press release 5/2016
Stockholm, March 24, 2016

KOPY GOLDFIELDS AB (publ) **Year End Report January – December 2015**

Financial information July – December and full year 2015

- The Company does not yet report any revenue
- Net income MSEK -3.9 (26.1), full year -3.7 (13.0)
- Earnings per share before and after dilution SEK -0.07 (0.81), full year -0.07 (0.40)
- Total cash flow of MSEK -1.3 (-1.3), full year 0.3 (-1.3)
- Investments in exploration work and licenses MSEK 2.1 (0), full year 2.7 (1.9)
- Cash and cash equivalents amounted to MSEK 1.4 (1.1) at period end
- The Board of Directors proposes that no dividend is paid

Significant events during July – December and full year 2015

On December 28, 2015, a mineral reserve report for the Krasny deposit was filed with the Russian GKZ authorities in Irkutsk for review and approval.

- The report is prepared in accordance with the Russian GKZ regulations, and the draft confirms gold reserves of 9.5 tons (305 koz) in the C1+C2 categories. Final approval is expected during March/April 2016.
- The results fulfil the requirements for receiving a conditional consideration of MUSD 2 of the joint venture agreement. As such, the Company reports other income of MSEK 4.7 for the full year 2015, and a current receivable of MSEK 16.7 as per year end.

Further Expansion drilling program was initiated on December 14, 2015 with target of adding extra resources along the strike and filling-in some blind spots left after previous drilling between drill profiles.

- This program was finalized on February 25, 2016 and included 16 drill holes that accounted for 3,504 meters of core drilling. The assay testing is still under way and the final exploration results are expected shortly.

In October 2015, the Company raised a MSEK 3.3 short term loan from three major shareholders and the Company's CEO and CFO.

- The loan is due for repayment when the conditional consideration from the Krasny license has been received, but latest on September 30, 2016, and bears an arrangement fee of 10 percent and an annual interest rate of 10 percent.

In March 2015, the joint venture partner GV Gold confirmed its interest to develop the Krasny project further and contributed with MUSD 3 for exploration Stage 2.

- Stage 2 Exploration program was commenced on June 10, 2015 and field drilling operations were completed on September 18, 2015. Results from Stage 1 and 2 Exploration program were used for further resource reporting under GKZ and JORC. In addition, the results have also served as the basis for internal production planning and justified taking the Krasny project into pre-FS and FS stages.

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. The loan was converted into shares in February 2016.

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.

Significant events after the reporting period

In February 2016, the short term loan of MSEK 3 was converted into shares

- In total, 5,454,545 new shares were issued by converting a debt of SEK 2,999,999.75 at the subscription price of 0.55 SEK/share. The share capital was increased by SEK 2,073,934.09 to SEK 22,775,080.27 and the number of shares amount to 59,899,541 following the share issue.

Comments from CEO

Dear shareholders,

I am happy to say that 2015 was a very positive year for Kopy Goldfields. We succeeded with our main objective for 2015 to advance the Krasny project towards reserves and closer to production while keeping other exploration spending limited. I am also glad to note that the overall investment climate for Russia and gold mining in general is recovering.

Exploration activities on the Krasny project were carried out through the summer 2015 into the autumn and winter 2015-2016. Stage 2 drilling on the Krasny project was commenced on June 10, 2015 and finalized according to schedule and below budget on September 18, 2015. The drilling results confirmed and developed the geological model for the Krasny deposit. In November 2015, we received the results from the mineral processing tests, which recommended similar processing technology for both oxidized and primary rock with projected total recovery of 90% for the primary ore and 75% for the oxidized ore. The recommended processing methods are well known and widely used in the gold industry representing limited technological risks.

Following completion of Stage 2 exploration activities, further Expansion drilling program was initiated on December 14, 2015 and finalized on February 25, 2016, including 16 drill holes that accounted for 3,504 meters of core drilling. The assay testing is still under way and the final exploration results are expected in March 2016. From December 2015, a second mineral processing test for the oxidized part of the Upper mineralization on Krasny has been carried out, based on new samples. The target of this processing test is to confirm the previous result of 75% recovery from the oxidized ore. The test is scheduled for completion in March 2016. In December 2015, we commenced technological mapping of the Upper mineralization within Krasny, in order to clarify the volume of the oxidized and primary ores for modelling of production schedule and economic results.

All the discussed exploration activities represent a step by step project development from prospecting to exploration and feasibility studies. We now move focus of our activities from drilling and geological modelling to mineral processing modelling, construction planning and production scheduling.

On December 28, 2015, we completed and filed a mineral reserve report for the Krasny deposit with the Russian GKZ authorities in Irkutsk. The report is prepared in accordance with the Russian GKZ regulations, and the draft confirms gold reserves of 9.5 tons (305 koz) in the C1+C2 categories. During the first quarter of 2016, the report was reviewed by experts appointed by the GKZ authorities in Irkutsk and then revised by us in accordance with their recommendations. The report has now been re-submitted to the authorities for final approval, which is expected shortly.

In parallel to the GKZ-report, a report on mineral resources in accordance with the JORC provisions is being developed by Micon International Co Limited. The drafting of the JORC report was commenced in November 2015, and the first draft of the report is expected during March 2016.

During 2016-2017, the Krasny project will move into Pre/Feasibility Studies, equipment procurement, construction and commissioning. We have commenced the Pre-Feasibility study, starting with the detailed Scoping study calculations. With a possible increase of the mine and plant capacity, we now estimate the first gold production for 2018, which will be further reviewed during the detailed Feasibility study later this year.

In parallel with the Krasny project, we proceed looking for partners both for the Kopylovskoye project and for the Northern Territories project. We notice an increasing interest of our projects from external investors

because of the currently very favorable gold mining economics in Russia in combination with bullish market expectations over future gold price development.

On behalf of Kopy Goldfields, I thank you for your interest and support of the company. The Krasny project is moving along a very exciting development and we hope you continue to join us on this 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 covering 1,963 sq km, of which the Krasny license is held 49% by the company. The preliminary forecast is to be in production in 2018. 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: 59,899,541