

Kopy Goldfields AB (publ)  
Press release 10/2016  
Stockholm, May 12, 2016

## **Krasny project – new positive scoping study results for the upper structure**

**Kopy Goldfields AB (publ) (“Kopy Goldfields” or the “Company”) is happy to announce positive scoping study results for the Krasny gold project. The study evaluated gold production from the Upper structure only and confirmed feasibility of Krasny mine development with total undiscounted free cash flow of USD 94 million at a fixed gold price of 1,100 USD/oz and estimated total production costs of 475 USD/oz.**

The scoping study was performed by Irgiredmet engineering consultancy during January – March 2016 and included all exploration results until and including Stage 2 of the recently finalized exploration program. The study evaluated financial results of gold production from the Upper structure only and did not include any development of the Lower structure thus leaving the upside from gold production of the Lower structure for the future. The scoping study confirmed the feasibility of mine development based on the Upper gold structure only and was used as an external justification for moving the Upper gold structure into Feasibility Studies.

The scoping study was done in parallel with the GKZ-reporting and the JORC-reporting which means that the amount of gold mined in the scoping study is based on an internal calculation rather than the approved GKZ-reserves or the coming JORC-report. Compared to the scoping study released in April 2013, this study is based on only the Upper mineralization and a fixed gold price of 1,100 USD/oz is used instead of 1,670 USD/oz.

Highlights of the scoping study:

- Total gold resources mined: 5,927 ktons
- Average grade: 1.75 g/t
- Total gold mined: 10,351 kg of gold (332 koz)
- Mine and plant capacity: 800 ktons of rock per annum
- Overall recovery: 78%
- Life of mine: 8 years
- Total gold produced: 8,075 kg (260 koz)
- Average annual gold production, LOM: 1,009 kg (32 koz)
- Average gold price: 1,100 USD/oz at fixed Rub/USD rate of 70
- Annual average revenue from gold sales: USD 35 million
- Annual average profit before tax: USD 15 million
- Initial capital costs (no VAT): USD 49 million (plant, open pit, infrastructure, equipment and machinery)
- Total capital costs (incl. resale of equipment and land reclamation, Rub/USD rate of 70): USD 38 million
- Total production costs (mining, processing, royalty and admin): 475 USD/oz
- Undiscounted project value: USD 94 million (USD 119 million pretax)
- Discounted project value (NPV): USD 25 million at 10% discount rate
- IRR: 18%
- Average strip ratio: 2.84 m<sup>3</sup>/t

The scoping study does not discuss financing options for project development. Financing of the mine and plant will be discussed later this year when the results from Feasibility Studies and the 2016 explorations activities of the Lower structure will be summarized. However, there is a general

understanding between the Company and GV Gold that majority of financing should be raised by debt.

*Mikhail Damrin, CEO of Kopy Goldfields, commented the results: "We are pleased with the results of the scoping study. There have been several valuations of the Krasny gold production done internally already and there will be many more valuations in the future, however all studies confirm feasibility of mine development on Krasny. The target of this study was to get an external verification of future production and capital costs before commencing the 2016 development program. The results of the study confirm that the Krasny project is profitable even if the mine development is limited to the Upper structure only. We believe that the Lower structure is minable as well at the current conditions and following the 2016 explorations we will update the valuation by adding production from the Lower structure as well. We have now moved into feasibility activities for the Upper structure and further exploration activities for the Lower structure with confidence".*

**For more information, please contact:**

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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 in total 1,963 sq km, of which the Krasny licenses (bedrock and alluvial) are 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