

Kopy Goldfields AB (publ)  
Pressrelease 17/2016  
Stockholm, 13 September 2016

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## **Kopy Goldfields announces a rights issue of approximately MSEK 20, underwritten to 80% via subscription undertakings and underwriting commitments**

**The Board of Directors of Kopy Goldfields AB (publ) ("Kopy Goldfields" or "the Company") decided on 13 September 2016, with authorization from the AGM on May 26, 2016, to issue new shares with preferential rights for shareholders in Kopy Goldfields of approximately MSEK 20.0 before transaction costs (the "Rights Issue"). The Rights Issue is underwritten to 80 per cent via subscription undertakings and underwriting commitments. The funds will mainly be used for financing a part of the development of the Krasny-project towards start of gold production together with GV Gold.**

### **Summary**

- A rights issue of shares with preferential rights for shareholders in Kopy Goldfields. Shareholders will receive one (1) subscription right for each, on the record date, owned share. Three (3) subscription rights entitle the holder to subscribe for one (1) new share in Kopy Goldfields. Each new ordinary share shall have the same rights as currently issued shares in the Company.
- The subscription price in the Rights Issue is SEK 1.00 per share, which represents issue proceeds of approximately MSEK 20.0 (before transaction costs).
- The record date for right to participate in the Rights Issue with preferential rights is 21 September 2016.
- The subscription period will run from and including 26 September up until and including 10 October 2016.
- Shareholders, who are not using their subscription rights to subscribe in the Rights issue, will experience a dilution of totally 25 percent, assuming full subscription of shares.

Subscription undertakings amounting to 2.1 per cent of the Rights Issue have been entered into by existing shareholders of the Company, and underwriting commitments from external investors amount to 77.9 per cent of the Rights Issue.

### **Background and reasons for the Rights Issue**

Kopy Goldfields is a Swedish gold exploration company operating in Lena Goldfields, in the Irkutsk region of Russia, which is one of the most gold rich areas in the world. The Company currently holds 12 licenses, grouped into three projects, which entitles to exploration and production of gold. Kopy Goldfield's strategy is to create value by identifying and acquiring high potential gold projects, prospect and explore them until they reach the stage of being ready to be sold for cash or further developed in cooperation with a partner.

In the summer of 2014, Kopy Goldfields entered into a joint venture agreement with the Russian gold producer GV Gold over the Krasny project. GV Gold earned a 51% interest in the Krasny Project by

paying Kopy Goldfields MUSD 1 in cash and 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 budget for the total exploration program was MUSD 6 and was financed by GV Gold in full. The exploration program was developed in two stages and primarily targeted the part of the Krasny deposit which is closer to surface and limited to the depth of 200 meters. During the first six months of 2016, the following highlights have been announced as a result of the exploration program:

- In March 2016, a mineral reserve report for the Krasny deposit, prepared in accordance with the Russian Statutory Reserve Committee reporting regulations, was formally approved by the Russian Federal Agency on Subsoil Usage. The report classifies the Krasny mineralization to be a deposit with total ore reserves in the C2 category of 6,317 ktons with an average grade of 1.55 g/t, which makes 9,767 kg of gold (314 koz). The report was based on geological data acquired before January 2015 and did not include the 2015 drill results and covers the Central Upper mineralization only.
- In April 2016, following the approval of the Russian reserve report, the Company received a conditional consideration of MUSD 2 from GV Gold in accordance with the terms in the joint venture agreement.
- During Q1 2016, the Company announced a new scoping study for Krasny. This study was based on the exploration results until and including the Stage 2 program. The study evaluated gold production from the Upper structure only and confirmed feasibility of Krasny mine development with total undiscounted free cash flow of MUSD 94 at a fixed gold price of 1,100 USD/oz and estimated total production costs of 475 USD/oz.
- In May 2016, the Company announced an updated JORC mineral resource estimate for the Krasny deposit, covering both the Upper and Lower mineralization of the Krasny deposit and exploration data acquired until January 2016. The updated estimate was issued by Micon International Co Limited and showed 955,000 oz of gold in total, whereof 288 koz of Indicated mineral resources at an average grade of 1.141 g/t Au and 667 koz of Inferred mineral resources at an average grade of 1.682 g/t Au within an economically minable open pit. The report was based on a gold price of 1,200 USD/oz. Despite a significant drop in the gold price between 2013 (when the previous JORC report was announced) and 2016, Krasny proves to be a solid 1 Moz gold deposit.

The Krasny gold project has showed results strong enough to justify the start of feasibility studies and with the current activities proceeding in accordance to plan, the formal decision to move Krasny into mine construction is expected to be taken in early 2017. The Company also sees a lot of potential to further increase resources in Krasny along the strike, to the depth and within parallel mineralized structures. Results from the on-going exploration confirm these assumptions. It is the Company's intention to maintain the 49% stake in the joint venture.

The main purpose of this Rights issue is to provide Kopy Goldfields with funds to finance part of the development of the Krasny-project towards start of gold production together with GV Gold. If fully subscribed, the proceeds from the Rights issue are planned to be spent on:

- Exploration and feasibility studies at Krasny
- Exploration on other licenses
- Other needed working capital for current management and administrative costs

For more details, please refer to the Information Memorandum which is expected to be published on September 23, 2016.

## **Main Terms**

The Board of Directors of Kopy Goldfields AB decided on 13 September 2016, with authorization from the AGM on May 26, 2016, to issue new shares with preferential rights for shareholders in Kopy Goldfields of approximately MSEK 20.0 before transaction costs.

For each share held on the record date shareholders will receive one (1) subscription right. Three (3) subscription rights entitle to subscription of one (1) new share at a subscription price of SEK 1.00 per share. The record date in Euroclear Sweden AB for the right to participate in the Rights Issue with preferential rights is 21 September 2016. The subscription period will run from and including 26 September up until and including 10 October 2016 or such later date as determined by the Board of Directors. The Company's share capital can increase by a maximum of SEK 7,591,693.55 by the issue of a maximum 19,966,514 new shares.

The Rights Issue is underwritten to 80 per cent via subscription undertakings from existing shareholders and underwriting commitments from external investors.

Shareholders who choose not to participate in the Rights Issue will have their shareholding diluted, but will have the opportunity to sell their subscription rights on Nasdaq First North.

## **Time Schedule for the Rights Issue**

<b>19 September 2016</b>	<b>Last day of trading in Kopy Goldfield's shares including the right to participate in the Rights Issue</b>
<b>20 September 2016</b>	<b>First day of trading in Kopy Goldfield's shares excluding the right to participate in the Rights Issue</b>
<b>21 September 2016</b>	<b>The Record Date for participation in the Rights Issue, i.e. shareholders registered in the share register of the Company as of this date will receive subscription rights for participation in the Rights Issue</b>
<b>23 September 2016</b>	<b>Information Memorandum is estimated to be released</b>
<b>26 September – 10 October 2016</b>	<b>The subscription period for the Rights Issue</b>
<b>26 September – 6 October 2016</b>	<b>Trading in subscription rights</b>
<b>26 September 2016 until registration of the Rights Issue</b>	<b>Trading in paid subscribed shares (Sw. BTA)</b>
<b>On or about 12 October 2016</b>	<b>Announcement of the preliminary outcome</b>

## **Financial advisor and Issuing Agent**

Stockholm Corporate Finance is acting as financial advisor in the Rights Issue. Aqrur Fondkommission AB is acting as Issuing Agent in the Rights Issue.

*This is a translation of the Swedish version. In case of any discrepancy between the English and the Swedish version, the Swedish version shall take precedence.*

**For further information, please contact**

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*This information is information that Kopy Goldfields is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 17.50 CEST on September 13, 2016.*

**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 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

**IMPORTANT INFORMATION**

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