

ANNUAL REPORT 2015

KOPY GOLDFIELDS
GOLD EXPLORATION

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 target is to start gold production in 2018 in cooperation with GV Gold.



This English Annual Report is a translation of the Swedish Annual Report for 2015.
If any discrepancies exist in the translation, the Swedish language version shall prevail.
The translated English Annual Report has not been audited by the Company's auditors.

IMPORTANT STEPS TOWARDS GOLD PRODUCTION

The Swedish gold exploration company Kopy Goldfields was founded in 2007 with the aim of exploiting the rich bedrock gold deposits of Lena Goldfields, located in the Irkutsk region of Russia.

Combining the skills and knowledge of Russian geologists with an efficient, Swedish organization, we strive to create a world-class exploration company. Our business model is based on using our expertise in identifying high potential areas, while cooperating with partners to develop them into production.

During the year, we were able to prove the strength of our business model as the Krasny gold project showed drilling results strong enough to justify the start of feasibility studies. The goal is to start producing gold by the end of 2018 at the deposit that we are developing together with our partner GV Gold.

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The cover page shows core samples from the Krasny deposit

KOPY GOLDFIELDS IN BRIEF

1,5 Moz

of mineral resources under JORC including 100% of the Krasny license



4222

shareholders as per December 31, 2015. Listed on Nasdaq First North with ticker "KOPY"



11

bedrock and one alluvial exploration and production licenses



116

drill holes and 18,971 meters of core drilling during 2014-2016

+71%

Development of the Kopy Goldfields share during 2015

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.

Joint Venture

9 MUSD Joint Venture operations developed with GV Gold to take the Krasny-project towards production



THE YEAR IN BRIEF

■ Continued progress from the Joint Venture with GV Gold

In March 2015, Kopy Goldfields' joint venture partner GV Gold contributed with 3 million USD for Stage 2 of the exploration program on the Krasny-license. The drilling under Stage 2 was commenced on June 10, 2015 and completed on September 18, 2015. The results from exploration Stage 1 and 2 were then used for resource reporting under JORC. In addition, the results have also served as the basis for internal production planning and justified taking the Krasny project into Feasibility Studies.

On December 28, 2015, a mineral reserve report was filed with the Russian GKZ authorities in Irkutsk for review and approval. The report had been prepared in accordance with the Russian GKZ regulations, and confirms gold reserves of 9.7 tons (314 koz) in the C2 category, which in turn implied that the Company had fulfilled the requirements for receiving a conditional consideration in accordance with the joint venture agreement between the Company and GV Gold. The cash payment of 2 million USD was received on April 21, 2016. The JORC report is expected to be finalized in May 2016.

Results from metallurgical processing tests show that similar processing technology can be used for both oxidized and primary rock with projected total recovery of 90% for the primary ore and 78-79% for the oxidized ore.

During December 2015 – February 2016, an additional Expansion drilling program was carried out, which confirmed a significant gold mineralization in the Lower structure. The 2014 – 2015 results now confirm that the Lower gold mineralization is potentially minable

under the current market conditions. This result may radically increase the potential of the Krasny project by significantly expanding the gold reserve and including the Lower mineralization for production. A new drilling program is discussed for 2016, targeting to explore the Lower mineralization. Development of the Upper structure into production will continue in parallel with exploration of the Lower structure.

■ Short term loans during the year

In March 2015, an existing short term loan of 3 million SEK was renegotiated with new repayment date on April 29, 2016. The loan was converted into shares in February 2016.

In October 2015, the Company raised another short term loan of 3.3 million SEK from three major shareholders and the Company's CEO and CFO. The loan was repaid in April 2016.

■ A share issue raised 10.9 million SEK

In January 2015 a share issue with preferential rights for existing shareholders was completed, in which 24,586,547 shares were subscribed and 10.9 million SEK was raised.

■ The Kopy Goldfields share showed positive development

Kopy Goldfields' share price increased by 70.9 percent during 2015 and the turnover velocity increased to 223% compared to 130% during 2014. The number of shareholders increased by 6% to an amount of 4,222 as per December 31,

Key figures 2015

	2015	2014	2013	2012	2011
Earnings per share, SEK	-0.07	0.40	-2.45	-1.09	-11.02
Equity/Asset ratio, %	89.3	90.8	88.7	92.8	86.3
Investments in exploration and evaluation work, KSEK	2,672	1,859	19,376	34,321	36,430
Investments in licenses, KSEK	-	-	18	2,268	123
Average number of employees	8	14	38	62	93

FEASIBILITY STUDIES INITIATED AT KRASNY – EXPLORATION INDICATES EVEN LARGER GOLD DEPOSIT

With results at the high end of expectations from the extensive drilling program performed at the Krasny gold deposit in 2015, the project was brought a major step towards production. After a successful year, we are now entering a phase of feasibility studies in preparation of constructing the mine. Meanwhile, the project continues to confirm the strength of our business model, i.e. to team up with a partner to develop our exploration projects into mines – in this case GV Gold. The success has also been reflected in a major upswing in general interest in the company, as well as in the share price.



A total of 7,500 meters of exploration drilling was performed at the Krasny deposit throughout the summer 2015 and continued with additional 3,500 meters during the autumn and winter 2015/2016. The target was to confirm, as well as to develop, the geological model ahead of the feasibility studies and mineral processing modelling, construction planning and production scheduling of the Krasny mine.

The final results from the assay testing were delivered in March 2016. Not only did they confirm our expectations of content and grade in the Upper mineralization - but we also tested the Lower mineralization with exciting results. Analyses show grades above 2 g/ton and indicate an extra 20-23 tons of gold at the deposit. This would more than triple the previous estimation of around 9 tons of minable gold and could extend the life of the mine from the expected 8-9 years to 14-15 years as well as to increase annual average LOM gold production up to 1,750 kg. We will now continue to map out the mineralization in cooperation with GV Gold. According to our agreement, GV Gold was supposed to take over operations at the site in 2016, but we have now been entrusted with the task of carrying on as operator for another year.

Reporting according to GKZ and JORC

We entered into the joint venture with the major Russian gold producer GV Gold in 2014 with the object of exploiting the promising Krasny deposit. Continued exploration has proven an even stronger potential in the project than before GV Gold decided to invest its

initial 4 million USD in the venture. In March 2015, GV Gold contributed with another 3 million USD for the second stage of the exploration program. Following the mineral reserve report filed with the Russian GKZ authorities at the end of December 2015 and being approved by the end of March 2016, we received a conditional consideration cash payment from GV Gold of 2 million USD in April 2016.

The results from the exploration programs conducted at Krasny have been used for further resource reporting under both the Russian mining standard GKZ and its Australasian equivalent and internationally used standard, the JORC Code. Reporting according to the GKZ standard is compulsory for those wishing to conduct mining operations in Russia, while international investors often request reporting according to the JORC Code. For the Krasny project, this has been performed by Micon International Co Limited, a world-leading Canadian/British mineral industry consulting company familiar with the local geology in the Bodaibo area.

In January 2016, the pre-feasibility study was initiated at Krasny, starting with detailed scoping study calculations. This will be followed by further feasibility studies during the year. If everything proceeds according to plans, we will start the process of construction, commissioning and equipment procurement by the end of November 2016. Our goal is to produce the first gold at Krasny by the end of 2018/early 2019, but this could be further revised depending on the outcome of feasibility studies.

Acquisition of alluvial gold licence

During the year, we will decide whether to use the alluvial gold licence acquired in 2015 by our joint venture company for Krasny. If we come to the conclusion that the content and grade of the alluvial gold located in the soil on top of the planned mine is high enough



to motivate production, the operations would be further developed potentially by outsourcing to an alluvial producer in the area, thus requiring a minimum of investment. Stripping of the soil from the top of the bedrock would also be a step in preparing the ground ahead of the construction of the open-pit mine.

We will also apply to the authorities to have the Krasny project classified as an investment project in Siberia, as this would mean tax holidays as well as infrastructure subsidies. Planned infrastructure projects include a power line that could be used by residents and other producers in the area.

Surge of interest from external investors Krasny is our most advance project to date. Meanwhile, we continue to look for partners for our other projects; Kopylovskoye and the Northern Territories. Our strong performance combined with a recovering investment climate in Russia and bullish market expectations for the future gold price development have resulted in an increased interest in our projects from external investors.

This has also resulted in a strong increase in general interest in Kopy Goldfields, reflected in a 70 per cent rise in the share price during 2015.

I am proud of this sign of appreciation of what Kopy Goldfields has achieved so far. Together with my colleagues I will do my utmost to fulfil the high expectations placed on the company. I would like to thank both our shareholders and stakeholders of their continued support.

Stockholm, May 2016

Mikhail Damrin
CEO Kopy Goldfields

PREVIOUS ESTIMATION OF MINABLE GOLD MORE THAN TRIPLED AT KRASNY

Tests of the lower mineralization at the Krasny project in 2015 shows that the minable gold resources could be three times as big as initial expectations have indicated. This would add 20-23 tons of gold to the deposit and extend the expected life of the planned mine from 8-9 years to 14-15 years. Meanwhile, feasibility studies of the deposit have been initiated in preparation of starting the construction of the Krasny mine.

Krasny is Kopy Goldfields' most exciting gold project to date. Intense exploration drilling have been performed at the site since the autumn 2014 after a joint venture agreement had been signed with GV Gold to develop the promising gold deposit together.

Located in the vast expanse of the Patom Highland in the Bodaibo area of Irkutsk region of Russia and 75 kilometres from the city of Bodaibo, Krasny sits on an area of 31 square kilometres. The area is known for its alluvial gold production with four active placers within, or neighbouring, the license area. Kopy Goldfield's Krasny license is valid for 25 years and provide rights for bedrock gold prospecting, exploration and production.

GEOLOGY AND MINERALIZATION

The Krasny project is located in a gold rich lithological and stratigraphical area. It is characterized by intensive geochemical gold anomalies and rich alluvial gold deposits in the streams.

The Krasny deposit is localized within the Upper Riphean Vacha suite in the form of a single discontinuous-continuous mineralized zone consisting of two saddle-shaped groups of vein-veinlet-disseminated quartz-sulphide gold ore bodies (upper and lower), one put upon another one.

The mineralized zone is confined to the axial part of the main structure of the ore occurrence - the Rudnaya anticline. The anticline represents an oblique overfold of the southeast strike with the axial surface dipping at 70-85° northeast. The limbs are composed of bands of alternating sandstone and phyllites up to 60m thick. The southern limb dips northeast at 85°, and the northern limb dips northeast as well at 45-75°.

Within the Krasny deposit, the mineralized zone is traced in trenches and boreholes from the exploration line 14 (northwest) to the exploration line 58 (southeast) at 1725m. It is discontinuous-continuous lens-shaped or lens-shaped band-like in plan and saddle-shaped and lens-shaped in section, with bends, bulges, splits and thinning out. The thickness is up to 20-80m at the flanks and up to 160-200m at the central part. The contours of the ore bodies have no clear boundaries and are defined on the basis of core and channel sampling results only. The oxidation zone is developed to the depth of 20-100m.

Mineral Resource Statement for the Krasny Gold Deposit, Irkutsk Region, Russia, 000 Miramine, March 25, 2013

CUT-OFF, g/t	Resource Category	Million Tons	Au Grade (g/t)	Contained Au (tons)	Contained Au (Moz)
0.8	Measured	0,00	0,00	0,00	0,00
	Indicated	4.3	1.53	6.6	0.21
	Inferred	22.5	1.60	36.1	1.16

The upper group of the ore bodies is about 900m long; the vertical span of the mineralization is 210-305m; the lower group is 1620m long, and the vertical span of the mineralization is 180-280m. The total span of the mineralization studied in boreholes is 430m (elevation 110-580m) the length along the strike is 1,620m.

The intensity of mineralization correlates directly with the degree of occurrence of quartz-sulphide veinletting and imposition of other hydrothermal-metasomatic alterations. Meanwhile, the quartz content in the mineralized zone does not exceed 2-3%. The morphological type of mineralization is mineralized zones-beds with veinlet-disseminated quartz-sulphide mineralization with the total sulphide quantity up to 3-3.5%.

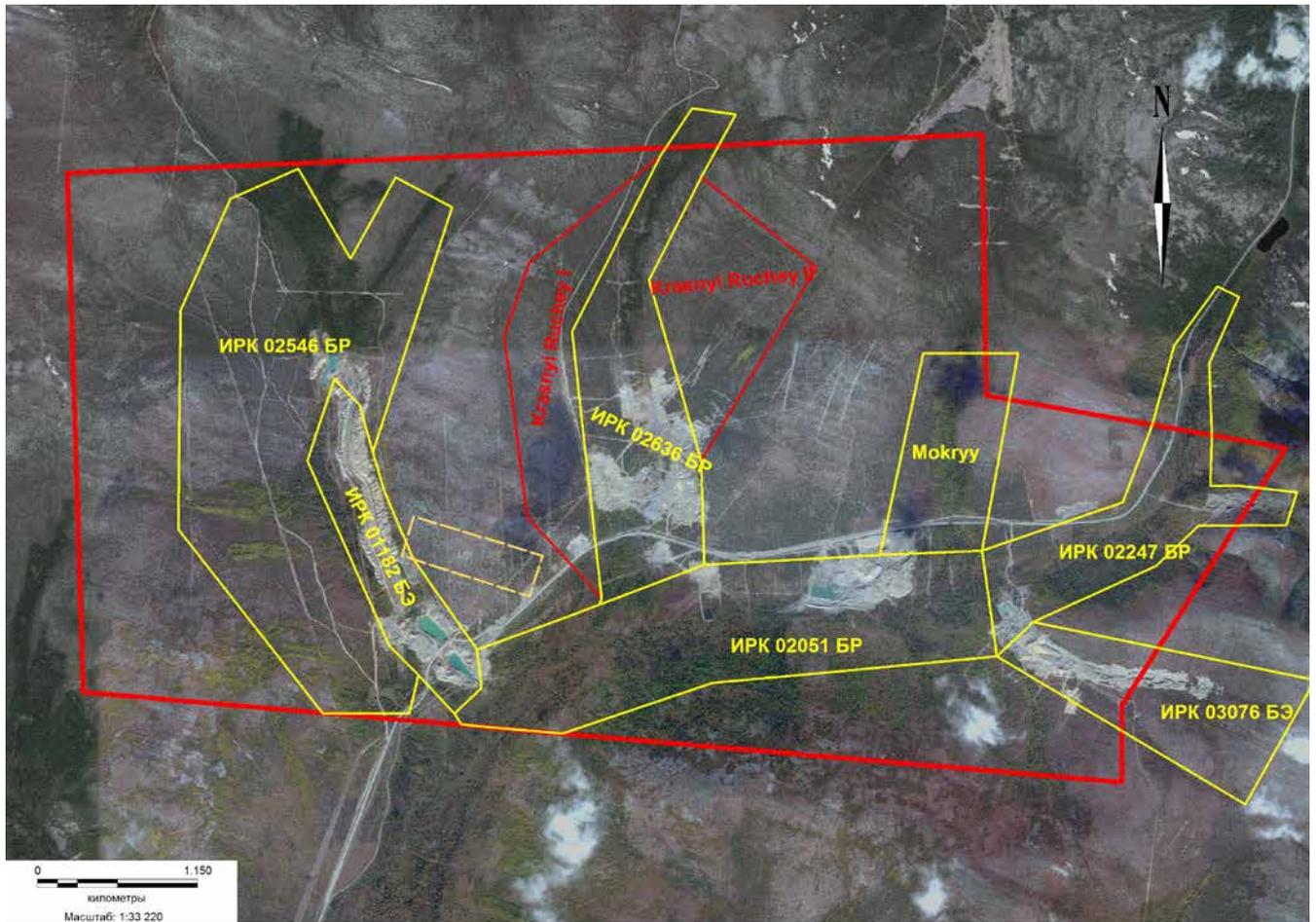
Hosting ore bodies are presented by alternation of carboniferous quartz-sericite schists, siltstone and sandstone of the Vacha suite. The main mineral type of ore is quartz low-sulphide (pyrite).

JOINT VENTURE WITH GV GOLD

In the summer 2014, Kopy Goldfields entered into a joint venture agreement with the Russian gold producer GV Gold over the Krasny project. Under the agreement, GV Gold earned a 51% interest in the Krasny Project by paying Kopy Goldfields MUSD 1 in cash and by financing an infill 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 has been financed by GV Gold in full. The exploration program was developed in two stages and targeted the Upper Mineralization of the Krasny deposit closest to the surface and limited to the depth of 200 meters.

STAGE 1 EXPLORATION TO CONFIRM EXISTING MODEL

During the first stage, exploration activities were aimed at confirming the existing model of the Krasny mineralization with a budget of MUSD 3, which was paid upon the signing of the joint venture contract. Exploration drilling was started in July 2014 and successfully completed on schedule by the end of November the same year. In total, 51 drill holes were completed, amounting to 7,916 meters of core drilling, while 1,712 meters of exploration trenches were also developed. In addition, three core holes covering a total of 582 meters were completed with



The boundaries of alluvial licenses owned by third companies are marked in yellow.
 The boundaries of alluvial licenses acquired by OOO Krasny during the summer of 2015 are marked in red.

the aim of collecting rock to run metallurgical processing tests.

In February 2015, two bulk samples of 1,000 kg each were sent to the Irgiredmet Engineering Company in Irkutsk, Russia, for metallurgical bulk sample processing tests for gold recovery. The results were received in November 2015 with a recommendation for similar processing technology for both the oxidized and primary rock with a projected total recovery of 90% for the primary ore and 75% for the oxidized ore. During December 2015 – March 2016, a second mineral-processing test based on new samples for the oxidized part of the Upper mineralization has been carried out. The gold recovery via gravitation-flotation-leaching process totaled 78-79%, which is hence better than the previous results of 75%.

STAGE 2 AIMED AT PLANNING GOLD PRODUCTION

Following the successful completion of Stage 1, GV Gold contributed with MUSD 3 for Stage 2 in March 2015. The following spring, a preliminary production model was drawn up based on available data in order to find the most optimal production scenario. Based on this, the Stage 2 exploration program was revised according to the updated scenario. The main objective of this stage was to collect information, as well as to plan for gold production on the Krasny license.

The stage 2 drilling was commenced on June 10, 2015 and finalized on September 18 the same year. Overall, 49 drill holes were completed, totalling 7,551 meters of core drilling. The drilling results confirmed and developed the geological model for Krasny deposit. Following completion of the Stage 2 exploration activities, an additional expansion drilling program was initiated on December 14, 2015 with the target of adding extra resources along the strike, but also filling in

some blind spots between the drilling profiles left after the previous drilling. This program was finalized on February 25, 2016 and included 16 drill holes and a total of 3,504 meters of core drilling.



TESTS INDICATE SUBSTANTIALLY MORE GOLD THAN EXPECTED

The final results from the assay testing were delivered in March 2016, confirming expectations of content and grade in the Upper mineralization. The Lower Mineralization was also tested, showing grades above 2 g/ton and indicating an extra 20-23 tons of minable gold at the deposit, in addition to the 9 tons from the Upper Mineralization previously mapped out. This could extend the life of the mine from the expected 8-9 years to 14-15 years. Further mapping out of the mineralization will now be carried out.

MINERAL RESERVE REPORTS ACCORDING TO GKZ AND JORC

In December 2015, the technological mapping of the Upper mineralization within Krasny was initiated with the target to clarify the volume of the oxidized and primary ores to use as basis for modelling a production schedule and forecasting economic results.

On December 28, 2015, a mineral reserve report for the Upper Mineralization of the Krasny deposit was completed and filed with the Russian GKZ authorities in Irkutsk. On March 30, 2016, the report was formally approved by the Federal Agency on Subsoil Usage (subsidiary of the Russian Ministry on Natural Resources) in Krasnoyarsk. The report classifies the Krasny mineralization to be a deposit with total ore reserves under the C2 category of 6,317 ktons with an average grade of 1.55 gr/t, that makes 9,767 kg of gold (314 koz). The report recommends the deposit for pilot gold production.

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. Micon is a world leading mineral industry consulting company with offices in Toronto and Vancouver (Canada) and in Norwich (United Kingdom). Micon Has previously been involved in other projects in the Bodaibo area and is therefore familiar with the local geology. The drafting of the JORC report was commenced in November 2015, and is expected to be finalized during May 2016.

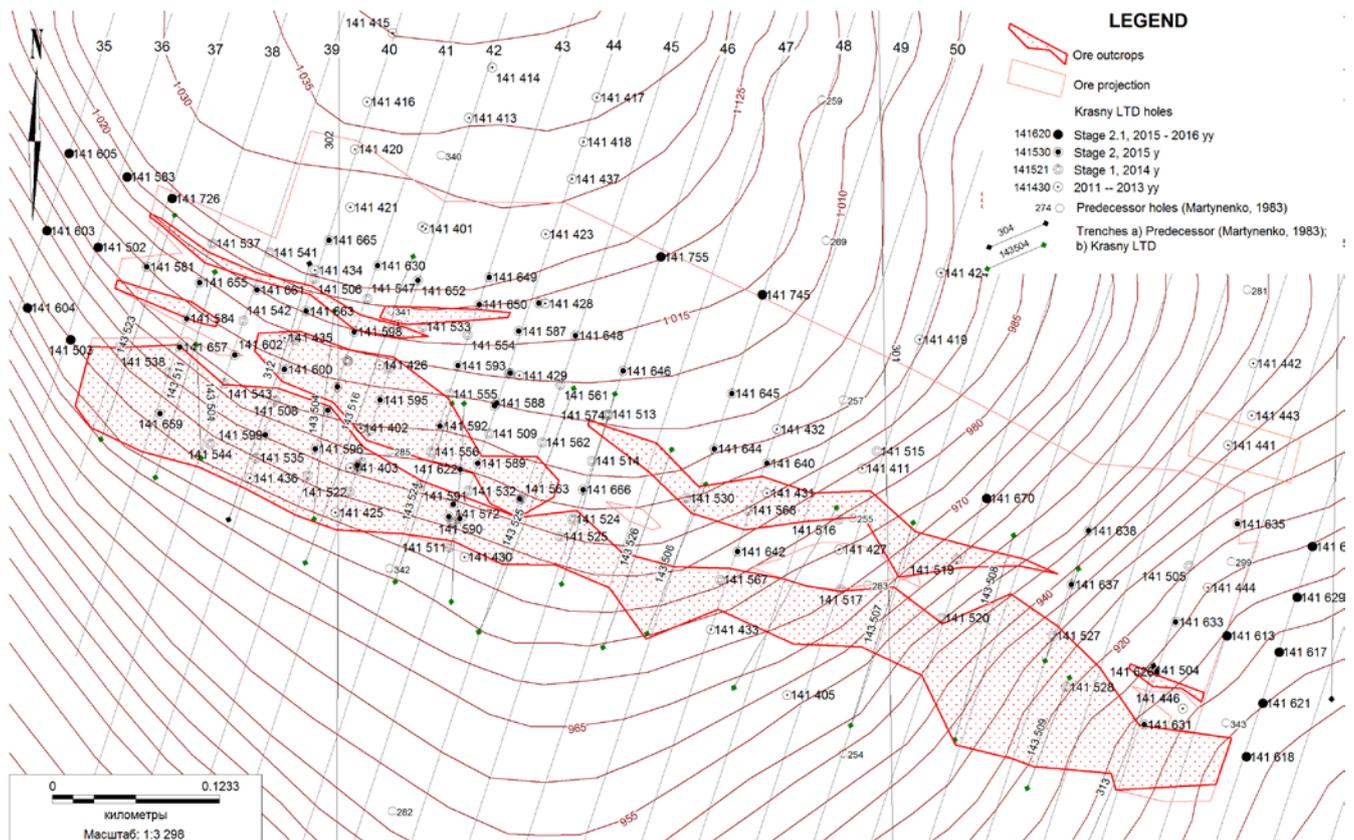
FEASIBILITY STUDIES

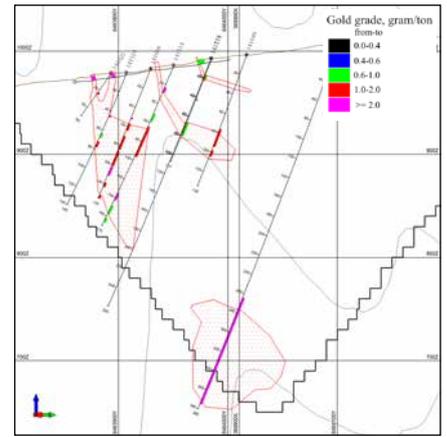
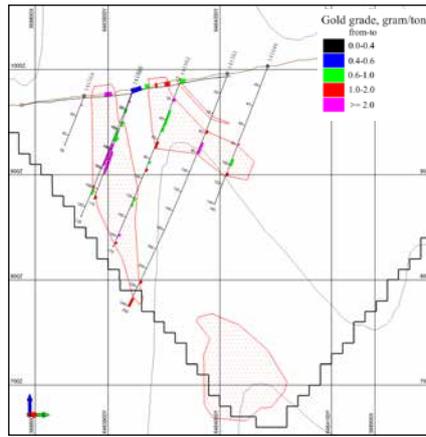
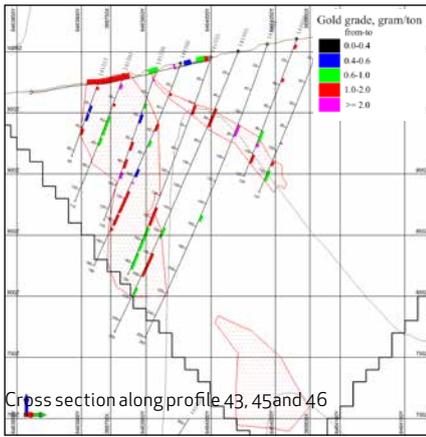
During 2016/2017, the Krasny project will move into Pre/Feasibility Studies, equipment procurement, construction and commissioning. In January 2016, the PreFeasibility study was commenced, starting with the detailed Scoping study calculations. With a possible increase of the mine and plant capacity, the first gold production is expected in 2018/2019, which will be further reviewed during the detailed Feasibility study later this year.

POTENTIAL FOR ALLUVIAL GOLD PRODUCTION

In July 2015, LLC Krasny, the Russian joint venture company, acquired an alluvial gold license. The license area includes two separate blocs, "Ruchey Krasny 1" and "Ruchey Krasny 2" and is located within the contour of the Krasny bedrock gold license, already held by LLC Krasny, where bedrock exploration activities are currently being conducted. The Krasny Ruchey license entails the right to explore and produce placer gold for 15 years. The total forecast of the Russian GKZ resources of the P2 category amount to 30 kg. In addition to LLC Krasny, three more companies participated in the auction and the final acquisition price totalled KRUB 280 (approximately KUSD 5), which was paid by LLC Krasny.

The alluvial project will be developed on a merit basis. If alluvial production from the Krasny Ruchey license area proves to be profitable, the alluvial gold will be produced in parallel with development of the Krasny bedrock mining operations so that they create synergies in terms of stripping operations. LLC Krasny does not need to run the placer mining itself since there is a number of alluvial producers in the area that can serve as operator of the project. In addition, GV Gold has both equipment and experience of alluvial mining in the area.





EXPLORATION ON KRASNY

TARGETS FOR 2016

- Finalize Feasibility Study and prepare for equipment procurement and construction start
- Increase resources by drilling Krasny Upper and Lower mineralization along the strike and testing the Krasny North Mineralization
- Upgrade the Krasny Lower Mineralization into Measured and Indicated categories
- Explore and decide on placer gold production
- Update the JORC reserve report

EXPLORATION ACTIVITIES 2015

- Mineral reserve report under the GKZ-regulations
- Mineral resource report under the JORC-code commenced
- Metallurgical processing tests
- Hydrological tests
- 49 drill holes
- 7,551 meters of core drilling

EXPLORATION ACTIVITIES 2014

- 51 drill holes completed
- 7,916 meters of core drilling
- 1,712 meters of exploration trenches
- Engineering and metallurgical processing initiated to develop the optimum processing technology

EXPLORATION ACTIVITIES 2013

- Scoping study report published

- Updated mineral resource estimation
- 1,695 meters of core drilling
- 195 meters of exploration trenches

EXPLORATION ACTIVITIES 2012

- A mineral resource estimate within JORC Code
- 11,030 meters of core drilling
- 1,161 meters of exploration trenches

EXPLORATION ACTIVITIES 2011

- Design of exploration activities
- Commence field activities and analysis
- Krasny exploration memo 2011
- 2,572 meters of trenching

EXPLORATION ACTIVITIES 2010

- Recognizance geological mapping of 100 km
- 100 km of exploration trenches
- Review and digitalize historic exploration data
- Prepare and communicate exploration plan

HISTORICAL EXPLORATION

- Detailed geochemical and geophysical survey of 1:25000 scale
- 14,723 meters of core drilling
- 110,797 meters of exploration trenches
- 130 meters of underground shifts

“EXPECTING AN EXCITING YEAR AT KRASNY”

“The results from the drilling performed at Krasny in 2015 exceeded our expectations. We’re very pleased with our cooperation with Kopy Goldfields so far - and I think we will be working together for a long time”, says Sergey Vasilyev, CEO of GV Gold. After 15 years of operations in Bodaibo, GV Gold is the only company with a solid track record of bedrock gold mining in the area. With a deposit just 8 kilometres away from the largest undeveloped gold deposit in the world, GV Gold has also been named “the gate to Sukhoy Log”.



Sergey Vasilyev, CEO of GV Gold

In August 2014, GV Gold (Vysochaishy, Open Joint Stock Company OJSC), acquired 51 per cent of the Krasny project. GV Gold is one of the top ten gold producers in Russia, with a current production rate of more than 5.2 tons (168 koz) of gold per year. Talks between GV Gold and Kopy Goldfields were initiated in 2012.

- We had been following the Krasny project for some time and found it interesting. The mining community here is very small and you quickly learn about what’s going on. We also knew the management of the company. After two years’ of on and off discussions, the right moment appeared for both companies to join forces in exploiting the Krasny deposit, says Sergey Vasilyev.

- We’re always on the look out for projects that we consider have a good potential for becoming profitable - but the joint venture with Kopy Goldfields is the first of its kind that we have entered into. After two years’ of cooperation we’re very pleased with the results and I think we’ll be working together for a long time, he continues.

ONE OF RUSSIA'S FASTEST GROWING GOLD PRODUCERS

GV Gold’s operations are based in two regions – the Bodaibo area of the Irkutsk region and in the Aldan area of the Sakha (Yakutia) Republic. Historically, the Bodaibo area has been the main centre of the company, which was established in 1998 for the purpose of developing the Golets Vysochaishy (GV) gold deposit in Bodaibo. In 2001, GV Gold produced its first 19 kilos of gold at the Golets Vysochaishy mine.

- GV Gold is not only one of Russia’s biggest gold producers, it is also one of the fastest growing, with a portfolio comprising of more than ten licences. They include nine in the Irkutsk region, with

more than 100 tons of gold reserves and 120 tons of gold resources. By 2017, the company plans to achieve a production rate of 12.4 tons (400 koz) of gold per year. Represented in Moscow, GV Gold’s head office is still located in Bodaibo, where the company has its production and technical base and is deeply involved in the development of the area.

- With a history of 15 years of gold production in the region and currently four processing plants in operation in the area, we have gained a lot of experience of how to conduct mining activities efficiently here. We’re not only the biggest player in the area - we’re also the most profitable. An important part of our success is that we have made sure that we have a continuous supply of mining competence with our own educational and training facilities.

- The main challenges in the region include infrastructure, electricity supply and the fact that it’s a remote region – but we’ve learnt how to deal with these issues, says Sergey Vasilyev.

“2016 WILL BE AN EXCITING YEAR”

Experience and know-how – apart from financial strength – is what he points out as the most important assets that GV Gold can contribute with in exploiting the Krasny deposit.

- I’m very pleased with the results of the drilling at Krasny so far. Not only have we been able to confirm the anticipated geological reserves, our findings have even exceeded expectations. 2016 will be an exciting year at the deposit with the feasibility study expected to be finished in November - and then we will start drawing up plans for building the mine.

LENA GOLDFIELDS - HOSTING THE LARGEST UNDEVELOPED GOLD DEPOSIT IN THE WORLD

Lena Goldfields in Siberia has a long history associated with gold. So far, alluvial production has been dominant with bedrock production initiated only some ten years ago. Today, the area hosts the largest undeveloped gold deposit in the world with an estimated 60 Moz of reserves; Sukhoy Log. In total, more than 30 million ounces of gold has been produced in Lena Goldfields to date. And large parts of the area still remain to be explored.



The regional centre of the Lena Goldfields area is the city of Bodaibo, located approximately 880 kilometres north east of Irkutsk. The Irkutsk region is bigger than France, but has a population of only 2.5 million people. Despite its remote location, the city of Bodaibo with its population of 16,000 people has long been a thriving society with much of its activities focused on gold.

The gold rush began in the 19th century, when the massive goldfields that lined the river Lena attracted gold pioneers from both Russia and abroad. The jointly owned Russian-British company “The Lena Gold Mining Joint Stock Company” was the principal owner of the majority of the goldfields in the region and one of the most profitable enterprises in the Russian Empire.

BEDROCK EXPLORATION WORK IN THE 70'S

Alluvial gold production has been conducted in the area ever since the 1840s and the region has steadily been producing around 0.25 Moz of alluvial gold per year.

But previous exploration work has also shown that the Bodaibo area hosts several world-class bedrock gold deposits, including Vysochaishiy (2.9 Moz) Verninskoye (3.8 Moz), Chertovo Koryto (2.4

Moz) and Sukhoy Log, the latter being the largest undeveloped gold deposit in the world with some 60 Moz of reserves.

In the 1970's, there were Soviet ambitions to exploit the bedrock deposits in Lena Goldfields and ambitious exploration work was carried out. Since the collapse of the Soviet Union, however, the Russian state has focused on producing oil and gas instead of exploiting its mineral reserves.

At the moment, Russia is in second place when it comes to estimated gold reserves in the world, with about 30 per cent of the total Russian gold production being conducted by international companies.

GOOD MINING INFRASTRUCTURE

Over the decades, good mining infrastructure has been developed in the region, including an airport in Bodaibo, federal year-round roads from Bodaibo to main gold production sites, a hydro-electric power plant on the Mamakan River and connection to the Russian national electric power grid, schools, hospitals and shops. Most of Kopy Goldfields' projects in Lena Goldfields are within a distance of 6 km from the federal road and national electric power grid.



EXPLORATION METHODS

Studying historical data. Electric and magnetic surveys. Soil sampling. Trenching. Drilling. Analysing. Evaluating. Modelling. The exploration of Kopy Goldfields' licence areas at Lena Goldfields is conducted in several stages, each of which requires great experience and knowledge for correct interpretation. The goal is to identify the gold deposits with the highest potential for future development into mineral reserves - ultimately resulting in gold production.

Many of the licence areas controlled by Kopy Goldfields in Lena Goldfields were subject to some bedrock exploration by Soviet geologists in the 1970's. Exploration work after acquiring a new licence typically starts by reviewing this data.

The next step is to locate geological anomalies and get a first indication of mineralizations. Airborne surveys are good for covering large areas.

Once these have been located, the next step is soil sampling and electric-magnetic surveys. These steps are relatively cheap as they do not require soil and rock movements. The next step is trenching to evaluate the anomaly at the surface. The topsoil is removed, a ditch is excavated and trench samples are taken along the line drawn along the floor of the ditch. Along this line, geologists use saws for cutting out mineral samples. These samples are then sent for analysis.

RC-DRILLING/CORE-DRILLING

If the sawn samples indicate interesting gold contents, the next step is drilling to evaluate the mineralization to depth. RC stands for Reverse Circulation and entails rock fragments – drill cuttings – being blown upwards, using compressed air in such a way that no contamination or mixing up of the samples can take place. The drill cuttings are chartered and sampled for chemical analysis.

Core drilling is a method where you collect a core from the drill hole in order to analyse the geology and structure of the mineralization.

EVALUATION

Numerous project ideas are required before a few projects can become producing mines. The process involves many phases, and costs increase as the project approaches a potential production start-up.

Once the exploration work is completed, the deposit is evaluated to determine whether the technical and economical preconditions exist for starting a new mine.

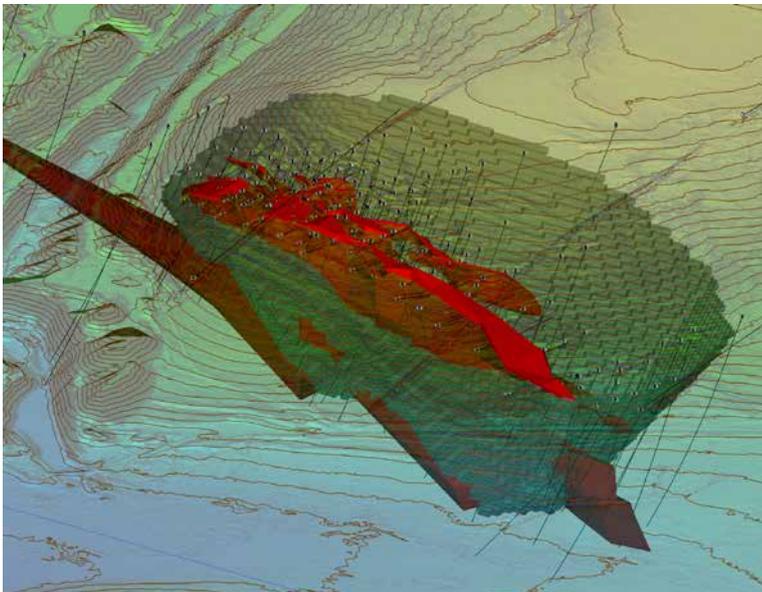
REPORTING ACCORDING TO JORC AND GKZ

Kopy Goldfields has decided to report all new mineral resources within the international JORC Code (Australasian Joint Ore Reserves Committee), which is sponsored by the Australian mining industry and its professional organisations. The JORC Code is widely accepted as a standard for professional reporting purposes.

Resources will also be reported according to GKZ, the Russian mineral reporting standard.

FEASIBILITY STUDIES IN PREPARATION OF MINE CONSTRUCTION

The devil is in the details. This is certainly true of a mining project, where the quality of the preparations will decide whether or not it has a potential to be developed into a profitable mine. Preparations include scoping and feasibility studies, which, if they confirm expectations, will lead to permitting, equipment procurement, construction and production.



3D model of the Krasny mineralization with optimized open pit

Many types of detailed geological data are required to begin the evaluation of a mineral deposit - and the data must be accurate, detailed, complete and consistent. Studies of a mining project are typically conducted in three stages; scoping studies, pre-feasibility studies and feasibility studies. The basic reason for these is to decide whether the project has a potential to become profitable, with each stage being based on more and more detailed information about the mineralization and lower uncertainty of modelling results. Each study is followed by a decision point whether to proceed further or not. Some feasibility studies are also called “bankable” if they also address a number of issues to which banks and credit lending institutes require an answer to before they finance a project.

The definition of a scoping study is that it is “a study that includes an economic analysis of the potential viability of mineral resources taken at an early stage of the project prior to the completion of a preliminary feasibility study”. On industry average

basis, accuracy of the scoping study calculations is usually about 40%.

When a successful scoping study has been finalised, it will be followed by the feasibility studies. By the time a decision is made to proceed with a pre-feasibility study, a preliminary mineral resource report has been finalised and as well as an orebody model, demonstrating its shape, tons and grade.

Feasibility studies include technical investigations, ore calculations, processing tests, environmental studies and permissions, assessments of market conditions - as well as an estimation of necessary investments and operational costs.

They involve the use of metrics and data specific to each project. 3 D-images are used to analyse how the holes have been drilled and what they reveal about the structure of the deposit – and what that implies for the future mining of the deposit. Geological data and interpretations form the basis of the entire evaluation process by delineating the mineralization, estimating the resource, and providing essential information for the mine and processing design. Accuracy of the feasibility study calculations is usually about 15 %.

The final feasibility study is usually based on the most attractive alternative for the project development as previously determined. The aim of the study is to remove all significant uncertainties and to present the relevant information with back up material in a concise and accessible way. The final feasibility study has a number of key objectives, including:

- to demonstrate within a reasonable confidence that the project can be constructed and operated in a technically sound and economically viable manner
- to provide a basis for detailed design and construction of the mine
- to enable the raising of finance for the project from banks or other sources
- to optimise the project for best use of the mineral, capital and human resources;

Other aspects to be considered include waste disposal and infrastructure requirements, such power and water supply as well as internal roads and plant infrastructure.

FROM EXPLORATION TO MINING PRODUCTION IN RUSSIA

The Russian system for conducting exploration and mining operations is based on a detailed and objective description of how the process should be conducted. It includes specifications for exploration methods, calculations of mineral resources and reporting

CLASSIFICATION OF MINERAL RESOURCES

Kopy Goldfields' operations consist of exploring the presence of gold within areas for which the company holds licences for gold exploration and production. The operations are conducted according to clearly defined methods. Through collecting samples and analyses, a clearer picture is gradually created of the presence of gold within a specific area. The end result is three-dimensional model of a gold bearing ore body, the content of which can be calculated through measuring concentrations in the ore and calculations of the volumes.

As exploration work continues and develops, knowledge about a deposit grows. In general, the amount of accuracy increases as a result of the number of holes and density between them. The end result of a project is thus an estimation of the deposit that is as accurate as today's technology, knowledge and methodology allows for. A finalised exploration report, conducted according to a generally accepted standard, constitutes the basis for a decision whether profitable production is possible. Gold deposits that have been confirmed according to an accepted standard are often considered as providing enough security to be granted bank loans in order to finance acquisitions or production plants and may be highly valued even before production has been initiated.

Exploration activities are conducted in several stages, with a decision taken to proceed or not with further explorations after each

stage. International classification systems (for example JORC, NI 43 101 and SAMREC) provide guidelines and a clearly defined reporting system, in which a competent person is responsible for the final results. These reports are based on the transparency, competency and relevancy of the competent person as well as the operations and process that are being evaluated.

The Russian system leaves less scope for professional estimations, being more based on a detailed and objective description of how the process should be conducted. It includes specifications for exploration methods, calculations of the mineral resources and reporting.

All approvals of calculations of mineral resources and ore reserves in Russia are made by GKZ, which is the state authorities dealing with major deposits. On the regional level GKZ is represented by its branches, TKZ, which deals with the majority of deposits in Russia.

MINERAL RESOURCES AND ORE RESERVES

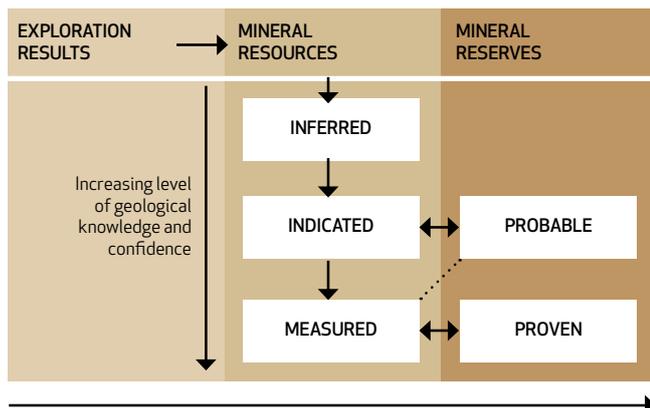
The Russian system uses a distinct system to classify mineralizations according to a number of qualities and characteristics. There are three main categories and seven sub-categories:

- Explored reserves and resources (A, B and C1)
- Examined reserves and resources (C2)
- Forecasted resources (P1, P2 and P3).

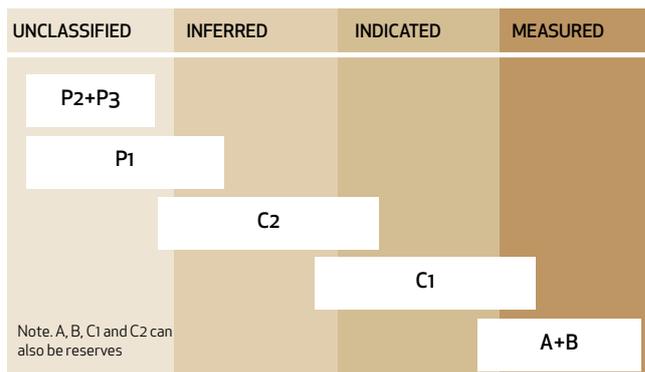
When deciding on commencing mining operations, normally the categories A, B, C1 and C2 are taken into consideration. This means that these categories could be roughly compared to the international system when it comes to measured and indicated ore reserves.

The international system is based on a similar system, in which the categories "inferred", "indicated" and "measured" refer to less certain estimations of the mineral resources. When denser test drilling has been performed, the deposit will be classified as an "ore reserve", which, in turn, can be divided into "probable" and "proven".

BASIC WESTERN APPROACH FOR MINERAL RESOURCE CLASSIFICATION



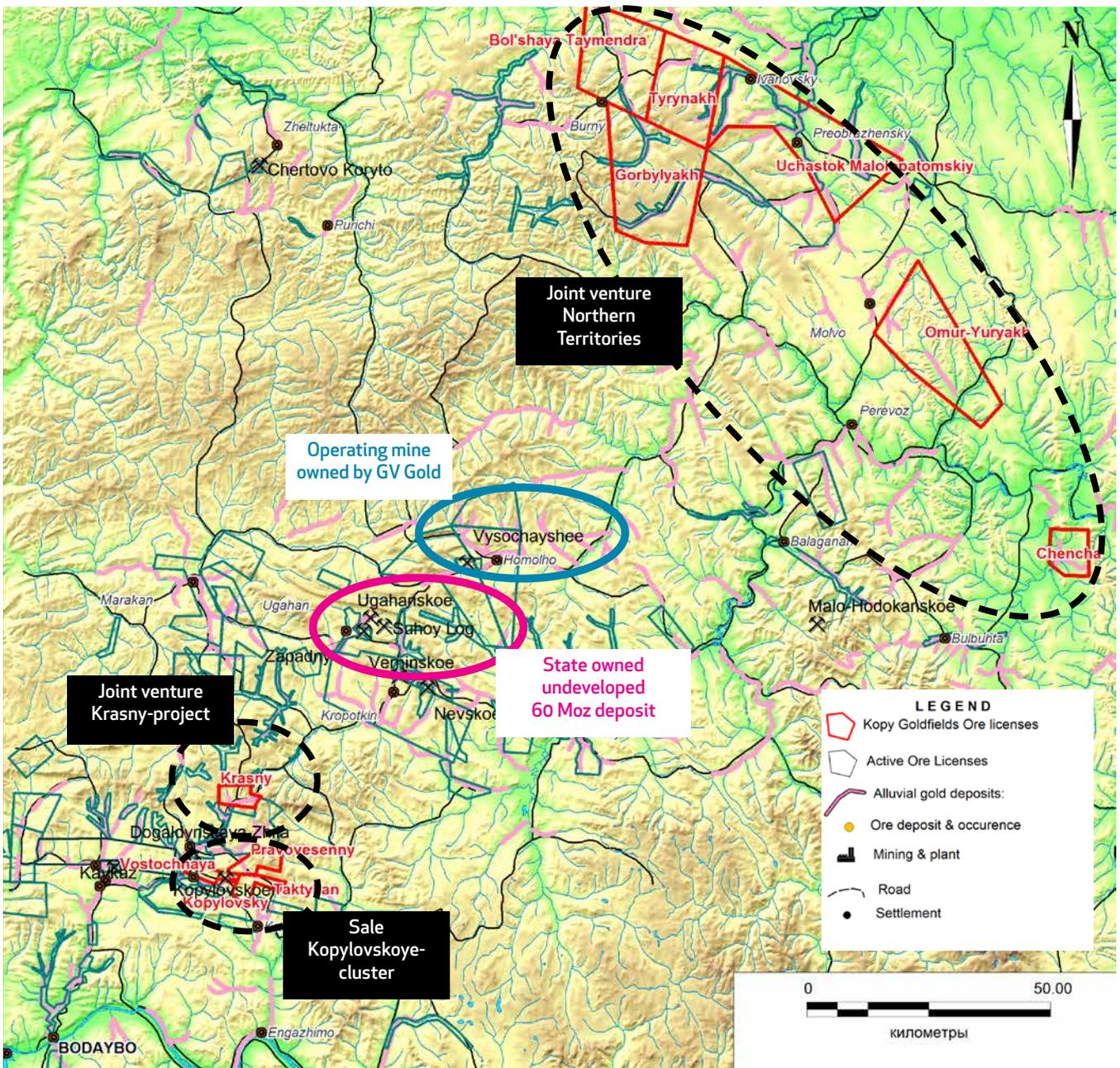
RECONCILIATION OF RUSSIAN AND INTERNATIONAL REPORTING SYSTEMS



OTHER PROJECTS

KOPYLOVSKOYE AND THE NORTHERN TERRITORIES

Kopy Goldfields has developed a diversified portfolio of exploration licences in Lena Goldfields. Apart from projects within the Krasny deposit, these have been grouped into two clusters - Kopylovskoye and the Northern Territories - based on their geographical and geological characteristics, and also because the licences would benefit from being developed together. The aim is to find partners to further develop each cluster.



KOPY GOLDFIELD'S PROJECTS IN LENA GOLDFIELDS

Kopy Goldfields has developed a diversified project portfolio of exploration licences in Lena Goldfields. Within each licence, one or more test-drilling project may be in operation. The projects are in different stages of development, with focus on the projects with the highest potential.

OTHER PROJECT

License	Acquired	Mineral resources according to JORC ('000)*	Mineral resources according to GKZ ('000)*	Valid until:	Ownership Kopy Goldfields AB	License area
Kopylovskoye	2007	JORC: Indicated: 37koz@1.31g/t Inferred: 80koz@1.07g/t Signed by SRK Consulting 2010	C1+C2: 332 koz P1: 417 koz	2020	100 %	1.5 sq km
Krasny (Bedrock)	2010	JORC: Indicated: 0.21 Moz@1.53g/t Inferred: 1.16 Moz@1.60 g/t Signed by Miramine 2013	C1+C2: 314 koz P1: 233 koz	2035	49 %	31 sq km
Krasny (Alluvial)	2015		P2: 1 koz	2030	49 %	2.46 sq km (within the bedrock license)
Pravovesenny	2010		P3: 64 koz	2030	100 %	35 sq km
Vostochnaya	2010		P2: 161 koz	2035	100 %	13 sq km
Takhtykan	2011		P3: 161 koz	2035	100 %	31 sq km
Tyrynakh	2012		P3: 578 koz	2037	100%	250 sq km
Bolshaya Taimendra	2012		P3: 578 koz	2037	100%	289 sq km
Gorbylyakh	2012		P3: 578 koz	2037	100%	417 sq km
Omur-Yuryakh	2012		P3: 160 koz	2037	100%	365 sq km
Chencha	2012		P3: 321 koz	2037	100%	71 sq km
Malo-Patomsky	2012		P3: 578 koz	2037	100%	460 sq km
Total		JORC: Indicated: 0.25 Moz Inferred: 1.24 Moz	Russian: C1+C2: 646 koz P1-P3: 3,830 koz			1,963 sq km

All projects in Kopy Goldfields' portfolio are located in the Irkutsk region in Siberia within 150 km from Sukhoy Log - the biggest undeveloped gold deposit in the world with some 60 Moz of gold. They are also within 300 kilometres from the regional centre Bodaibo. The infrastructure is well developed with state roads, as well as water and electricity at the sites. Kopy Goldfields is currently controlling potentially one of the biggest exploration area in Lena Goldfields.

Within each licence, one or more test-drilling project may be in operation. The goal is to find partners/form joint ventures for each cluster to continue mapping out the promising deposits. This would mean that the development process could be speeded up.

KOPYLOVSKYE

Kopylovskoye was Kopy Goldfields' first project – and also lent the company its name. The Kopylovskoye gold bedrock prospect was acquired by the company at the end of 2006 - early 2007. Historically, approximately 1.75 Moz of alluvial gold has been mined immediately west of Kopylovskoye.

After the acquisition, Kopy Goldfield's team of geologist prepared a comprehensive exploration program for Kopylovskoye prospect. The program was focused on exploring the mineralization at depth and outside the contour of proven reserves. The bedrock gold mineralization is up gradient of the alluvial mining and in the same drainage.

JORC mineral resource report in 2011

In June 2011, Kopy Goldfields reported the first mineral resource within the JORC Code signed by SRK Consulting, Reno-Office in US on the Kopylovskoye project. It showed 117 koz of Indicated and



Inferred resources (in total 717 koz Russian GKZ C1+C2+P1 gold resources). The estimation is based on trench samples, core-drilling and RC- drilling along a strike of around 1 km and down to maximum 180 meter; totally 6.8 km of drilling.

Today, the Kopylovskoye cluster includes the licences for Kopylovskoye, Pravovesenny, Takhtykan and Vostochnaya, covering a total area of 80 km². The resource potential is estimated at 1 Moz of gold and the licenses are valid through to 2020-2035 with possibilities for further extensions

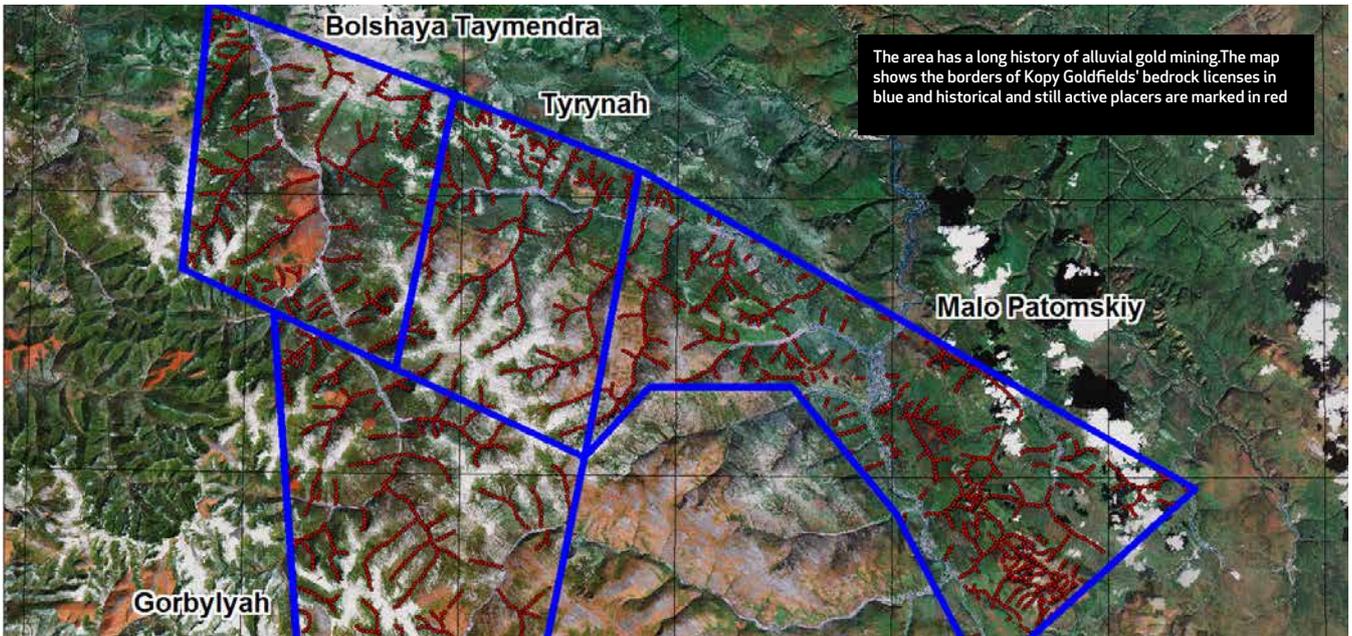
THE NORTHERN TERRITORIES

The Northern Territories, located to the north of Bodaibo, covers a total area of 1,852 km² (182,500 ha), split into six properties. Kopy Goldfields' licences for bedrock gold prospecting, exploration and production is valid for 25 years, with extension options.

The area is located in the Patomo-Nechersky gold district within Lena Goldfields with a 100-year history of successful alluvial gold mining and with many active mining projects of this type still going on. A majority of the river valleys in this part host alluvial gold deposits and placer miners have reported pristine gold grains in the area, which indicates the existence of bedrock sources of alluvial gold nearby. No serious and consistent bedrock gold exploration, however,

has been conducted in the area to date.

The general geological opinion is that there is a high potential of elephant gold discoveries in the license area. The geology and age of the rock in the area is similar to that of Sukhoy Log, with stratigraphy, lithology and structural setting favourable for primary gold mineralizations. There have been numerous reports from the area of secondary gold halo, zone and points of gold mineralization, as well as many grab samples with gold. Based on the known deposits in the area with similar characteristics, Kopy Goldfields is looking for strike extensions of above 500 meters and steep ore bodies with a thickness of 30 meters and upwards. Mineralizations consist of gold-sulphide, disseminated and veinlet-disseminated in black shale complexes.



EXPLORATION APPROACH NORTHERN TERRITORIES

Exploration approach

During the review of the historic exploration data and maps of the licences, 23 targets were identified based on a combination of geochemical anomalies, vicinity of alluvial mines, grab samples with gold and high concentration of pathfinder elements.

Kopy Goldfields' exploration approach includes covering the whole area with initial survey and further step-by-step target prioritization in order to reduce the whole area to 3-5 high potential targets, with at least 1 Moz resources each. By the end of the program, the company intends to report initial JORC Inferred resources for 3-5 targets.

- Cover the whole area 1,852 km² with stream sediment geochemical sampling (5-6 samples per km²), identify new exploration targets, compare with historic data and already pre-identified targets and prioritize at least 26 highly potential areas for the next stage explorations. With this step, new targets potentially missed in the past years will be covered. The company will also cover the whole area with dedicated explorations targeting bedrock gold
- Run detailed geochemical survey (100x50 meters, 1,000 samples per target, potential target size 5x1 km) combined with ground geophysical, electric and gamma survey and mapping for previously prioritized 26 targets and further reduce them to 13 targets on a merit basis

- Run ground exploration: trenching (total 1,600 meters per target: 4 trenches 400 m each) and drilling (NQ/HQ, 3 drill lines with 3 holes per line to 70 meters depth, (in total 630 meters per target) and preliminary technological testing for 13 targets
- Prioritize and make recommendations for further detailed exploration at 3-5 targets.
- Run mineral processing tests, topography survey and mineralogy tests for 3-5 targets followed by JORC gold resource estimation reports similar we issued in 2013 for Krasny
- Kopy Goldfields undertakes to finalise the proposed program within 3 years.

Following completion of the initial exploration program for the NT, we consider being able to report some 900 - 2,000 koz of gold resources for 3-5 targets. Our target deposit is above 1 Moz gold. Following the proposed exploration scope, we plan to be able to report for 3-5 deposits with interim resources of some 300+ koz Inferred per deposit (based on the confirmed strike and depth extension of mineralization representing only part of future resources per deposit and limited by the amount of drilling along the strike and to depth).

STAFF AND ENVIRONMENT

STAFF OF SKILLED GEOLOGISTS AND MINING PROFESSIONALS

Bodaibo is situated in a mining oriented area in Russia. That means that many young people choose professions linked to mining and exploration. Kopy Goldfields also has a cooperation agreement with the universities of Tomsk and Irkutsk that supply the company with highly skilled geologists and seasonal workers.

The company is a small employer in the area, but is focusing on creating interesting job opportunities in order to attract and retain the best possible employees. This strive includes offering competitive wages and personal development opportunities with training. During low season, the company supports education for employees.

Due to the necessity to cut costs in 2013 and 2014 as a result of the sharply dropping gold prices and the effect it had on the gold mining and exploration market, Kopy Goldfields had to radically reduce the number of employees, only keeping key members of staff.

RECRUITING IN THE AREA

The company seeks to recruit staff from the nearby area. However, some of the company's employees come from other regions and stay

on-site in purpose-built accommodation during the time of their shift.

Kopy Goldfields' core values are Commitment, Responsibility and Excellence. When recruiting, it is of great importance to the company that potential employees share these values.

FOCUS ON HEALTH AND SAFETY

All staff receives health and safety training as part of the initial introduction process. Job-specific training is then provided within each workplace. Health and safety monitoring as well as internal inspections of working environments are regularly undertaken to ensure compliance with Russian regulatory requirements. Regular medical reviews are organised in Bodaibo. The company is also seeking to go beyond this by bringing its projects in line with international best practice.

ENVIRONMENTAL GOALS

Kopy Goldfields' goal is to manage the environmental impact of its operations in accordance with international best practice.

The operations of the company in Russia across the full project lifecycle are performed in accordance with Russian regulatory requirements. All projects are subject to rigorous permitting requirements by the Russian authorities.

The State Mining and Technical Supervisory Body is reviewing Kopy Goldfields' operations on a regular basis. The result, so far, is that existing procedures have been found in compliance with the requirements of the Environmental and Safety regulations.

LOW AIR OR WATER POLLUTION IMPACT

Emissions from the company's operations are managed in strict compliance with Russian regulatory requirements. Monitoring data at all sites has identified no air or water quality impact. Kopy Goldfields utilizes electricity supplied from hydropower. As a result, the only significant emissions from the operations emanate from trucks and other vehicles.

REGULATIONS AND FULFILMENTS

- "On Air Protection" (edition as of 27.12.2009) Federal Law dd. 04.05.1999
- No 96-FL Adopted by the State Duma of the Federal Council of the Russian Federation
- "On Environmental Protection" Federal law dd. 10.01.2002 No 7-FL (adopted by the State Duma of the Federal Council of the Russian Federation on 20.12.2001)



Article 16. Payment for Negative Environmental Impact.

- "On Production and Consumption Waste" Federal Law dd. 24.06.1998 No 89-FL Safety requirements to exploration (PB 08-37-2005)

AN EXCITING JOURNEY



Kopy Goldfields is a Swedish exploration company listed on Nasdaq First North in Stockholm. A list of important events in the company's history is found below.

2006 Central Asia Gold AB (CAG) acquires OOO Kopylovsky and the Kopylovskoye license.

2007 Kopylovskoye AB is founded as a subsidiary to CAG and becomes the owner of OOO Kopylovsky.

2008 Acquisition of the Prodolny and Kavkaz licenses.

Kopylovskoye is distributed to CAG's shareholders and becomes an independent company.

2009 Exploration and development work is initiated after positive results from an evaluation made by SRK Consulting.

2010 Acquisition of the Krasny, Pravovesenny and Vostochnaya licenses.

The company is listed on Nasdaq First North Stockholm.

2011 Acquisition of the Takhtykan license.

The company changes name to Kopy Goldfields AB.

The company's first international mineral resource report in accordance with JORC for the Kopylovskoye deposit.

Eldorado Gold Corp becomes a major shareholder in Kopy Goldfields after investing 29 MSEK in the company.

The Krasny license shows substantial gold contents and grades.

2012 Acquisition of the Purpolskaya and Verkhnyaya Orlovka licenses as well as six licenses in the Maly-Patom area of Lena Goldfields, covering a total area of 1,852 km² (i.e. the "Northern Territories").

The company reports an international mineral resource report according to JORC for Krasny.

2013

Updated JORC report for Krasny.

A scoping study for Krasny indicates favourable conditions for open pit mining of 60 koz gold/year during 18 years.

Two licenses, Kavkaz and Prodolny, are sold for 50 MRUB in cash, confirming the possibilities to commercialise the licences, as well as the ability to repatriate cash from Russia.

A letter of intent is signed with the Russian gold producer GV Gold regarding the Krasny license.

2014 Two licenses, Purpolskaya and Verkhnyaya Orlovka, are returned to the Russian state as they are considered as being too early in the exploration stage.

A joint venture is formed with GV Gold to take Krasny to production. According to the

agreement, GV Gold invests 9 MUSD for 51 per cent of the licenses. A new, joint exploration program is initiated.

2015 Step 2 of the joint exploration program for Krasny. The drilling is performed June-September 2015. The results from step 1 and 2 are used for mineral resource reports according to GKZ and JORC as well as for production planning.

Decision to initiate Feasibility studies.

Test results from metallurgical processing tests indicate that the same technology can be used for both the oxidised ore and the primary ore with an estimated gold recovery of 90 % for the primary ore and 78-79 % for the oxidised ore.

2016 Dec 2015 – Feb 2016 an extended drilling program is carried out, confirming a substantial gold mineralization in the lower structure.

The GKZ authorities in Irkutsk formally approve a GKZ report, confirming gold reserves of 9.7 tons (314 koz) in the C2 category. This means that Kopy Goldfields receives an additional acquisition fee of 2 MUSD according to the agreement with GV Gold.

THE SHARE

Trading in shares

The abbreviation for the share is KOPY and the company is listed on NASDAQ First North in Stockholm since August 2010. During 2015, the total number of shares traded amounted to 98 291 611 shares, with a total value of MSEK 72.3. The corresponding number of shares traded during 2014, was 35 498 389 shares with a total value of MSEK 44.4. Share turnover in the Kopy Goldfields-share – a measure of the share's liquidity – amounted to 223 (130) percent during the period, compared with 58 (82) percent for First North over the same period. On average, 391 600 (142 564) shares were traded daily with a value of SEK 288 052 (178 331) daily.

Share price trend

Kopy Goldfields' share price on the NASDAQ First North in Stockholm increased by 70.9 percent during 2015 and closed at SEK 0.735 at the end of the year. The highest price paid for the share during the year was SEK 1.11 on December 2, 2015 and the lowest was SEK 0.36, paid on three different days, February 11, March 5 and March 16, 2015. The average price was SEK 0.74. During 2015, the First North base metal index, to which Kopy Goldfields belongs, increased by 30.85 percent.

Kopy Goldfields' total market capitalization amounted to MSEK 40.0 as of 31 December 2015 (MSEK 23.4 as of 31 December 2014 including subscription rights for the share issue with subscription period during January 2015) and by the end of April 2016 it amounted to approximately MSEK 110.

Share capital

Kopy Goldfields' share capital amounted to SEK 20 701 146 (20 000 637) on 31 December 2015, divided on a total of 54 444 996 (30 247 220) shares with a quota value of SEK 0.38 per share. 100 percent of the shares were registered on NASDAQ First North in Stockholm. All the shares have equal voting rights and equal rights to a share in the company's capital and profits.

Ownership structure

The number of shareholders by the end of the year amounted to 4 222 in total and the five largest shareholders are presented below.

Shareholder	Number of shares	(%)
KGK Holding AB	6 111 488	11,2 %
UBS Switzerland AG /Clients Account	4 448 966	8,2 %
Försäkringsbolaget Avanza Pension	4 364 912	8,0 %
Novatelligence AB	3 338 442	6,1 %
SIX SIS AG, W8IMY	2 076 906	3,8 %
Övriga aktieägare	34 104 282	62,7 %
Total number of shares	54 444 996	100,0 %

Dividend policy

The primary objective is to add value for the company's shareholders and employees by running a profitable business with growth. This is to be achieved through increased exploration activities in order to add gold mineral resources and reserves, through the development of discoveries and through the acquisition of gold assets thereby increasing the company's mineral resources and reserves and start production in the long run and thus in turn its cash flow and result. The total return to shareholders over time is expected to be attributable more to the increase in share price than to dividends received.

The Board of Directors recommends that no dividend be paid for the 2015 financial year.

Share issue

The Extra General Meeting, held on December 17, 2014, resolved to reduce the share capital by SEK 8,500,000 without redemption of shares. Further, it was resolved to issue shares with preferential rights for existing shareholders. For every five existing shares, the holder received 4 subscription rights and each subscription right entitled the holder to subscribe for one (1) new share at the subscription price of SEK 0.45 per share. The subscription rights were received in December 2014 while the subscription period ran during January 2015.

Both the reduction of share capital and the share issue was registered by the Swedish Companies Registration Office in February 2015 and all effects of the share capital reduction and the share issue is recognized during the financial year 2015. Following the registration, the number of shares issued in Kopy Goldfields amounts to 54 444 996 shares and the share capital amounts to SEK 20 701 146.

Warrants for the Board of Directors

The Annual General Meeting 2014 resolved upon an incentive program for the Board as a part of the Board remuneration, through issuance of maximum 650,000 warrants. The warrants were acquired by the Board members at market price. The subscription period runs until December 31, 2016 and each warrant entitles the holder to subscribe for one (1) new share in the Company at a subscription price of SEK 1.60 per share. The number of warrants issued amount to 520,000 in total, which means that the share capital can be increased by maximum SEK 197 715.

SHAREPRICE DEVELOPMENT DURING 2015



Share information 2015-12-31

Nasdaq First North Stockholm	KOPY
ISIN-kod	SE0002245548
Total number of shares	54 444 996

The Board of Directors and the Chief Executive Officer of Kopy Goldfields AB (publ), 556723-6335, hereby submit the annual report for the financial year January 1 – December 31, 2015.

Group structure and background

Kopy Goldfields AB is a Swedish gold exploration company listed on NASDAQ First North.

Kopy Goldfields AB is the Swedish parent company and holds 100% of the Russian subsidiaries LLC Kopylovskoye, LLC Vostochny, LLC Patom Gold and LLC Taiga, the Swedish subsidiaries AB Krasny Gold Fields and Kopy Development AB and 49% of the Cyprus subsidiary Bodaibo Holding Ltd with the Russian subsidiary LLC Krasny. All Russian subsidiaries are domiciled in Bodaibo, a town in the Irkutsk region in Russia. All subsidiaries are so called Limited Liability Companies (LLC). Each of the subsidiaries is the owner of different gold exploration and production licenses.

Vision and business concept

Kopy Goldfields vision is to become a world-class exploration company. The company's business concept is to create value by identifying and acquiring high potential gold projects, located within the established area of alluvial gold mining in the Lena Goldfields in Bodaibo area of Irkutsk Region in Russia, prospect and explore them until the stage when they can either be sold out for cash or developed in cooperation with another partner under a JV arrangement.

Operations

The Company is an exploration company and has not yet started extraction of gold as the projects have not yet reached production phase.

Kopy Goldfields holds twelve exploration licenses and has a well-diversified portfolio of exploration projects. All licenses are located within Lena Goldfields in the Irkutsk region of Siberia in Russia. Within each license several exploration targets may exist. The licenses are all in different development stages and the Company is currently focusing on the projects which show the most obvious potential.

The Company focuses on the Artemovskiy district of Lena Goldfields, which is the target exploration area with 20 Moz of historic alluvial gold production. Six of the licenses are geographically concentrated within a 40 x 20 km large area, within 40 to 75 km distance to the area's main town Bodaibo. The distance from the deposits to the main road is between one and ten km. The infrastructure is well developed with electricity supply and federal roads to the deposits. Six licenses, which forms the "Northern Territories", all acquired during 2012, are geographically located on a distance of 200 – 300 km from Bodaibo, all served by a public road and have a history of alluvial production. All projects are located up to 150 km from Sukhoy Log (60 Moz) which is the largest undeveloped gold deposit in Russia.

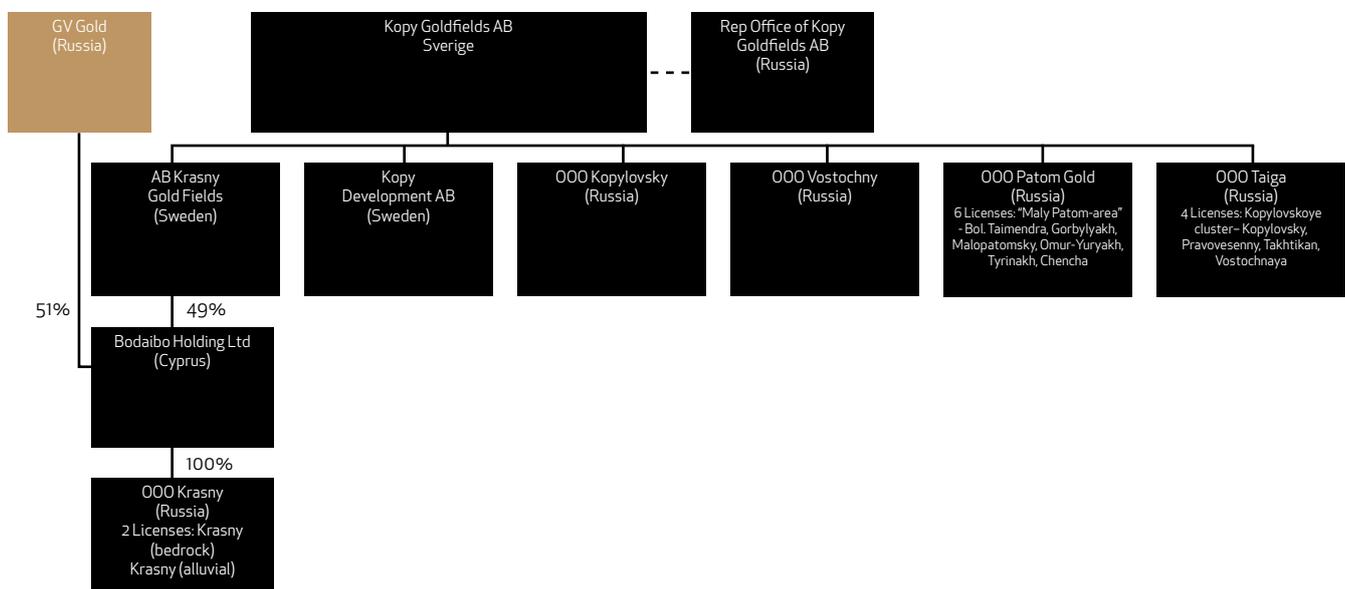
Kopy Goldfields currently holds one of the largest exploration areas in Lena Goldfields and has a diversified portfolio of exploration projects. The Company has identifies

a number of clusters to develop or divest, which are briefly presented below. During 2015, the Company focused all activities on the Krasny-project while exploration activities and expenditures on other projects were limited to statutory license reporting and maintaining the license properties. For detailed information regarding each license and exploration activities please refer to section "Previous estimation of minable gold more than tripled at Krasny" on page 8 and forward.

Krasny license

The Krasny license is the Company's main project. In March 2013, a mineral resource estimation according to the JORC-code was published, showing 1.37 Moz of indicated and inferred gold resources with an average grade of 1.59 g/t. The mineral resource estimate was signed by OOO Miramine and prepared in accordance with the Code JORC 2004 for reporting of Mineral Resources. This resource report is covering a part of the Krasny mineralization that has been drilled before 2014, and as such the resource estimation is limited to the most explored central part of the structure.

In the summer of 2014, Kopy Goldfields entered into a joint venture agreement with the Russian gold producer GV Gold over the Krasny project. Under the agreement, GV Gold earned a 51% interest in the Krasny Project by paying Kopy Goldfields MUSD 1 in cash and by financing a MUSD 6 in-fill exploration program followed by a reserve report in accordance with both the Russian GKZ classification and the international



DIRECTORS REPORT

JORC standard. The agreement also included a conditional consideration of MUSD 2, which was received on April 21, 2016.

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. Within Stage 1, the exploration activities aimed to confirm the existing model of the Krasny mineralization and the budget for Stage 1 was MUSD 3, which was paid upon signing of the joint venture contract.

Exploration activities were commenced in mid July 2014 and were completed on schedule by the end of November 2014. In total, 51 drill holes were completed, amounting to 7,916 meters of core drilling, and 1,712 meters of exploration trenches were developed. In addition, three core holes for a total of 582 meters were completed to collect rock to run metallurgical processing tests.

In February 2015, two bulk samples of 1,000 kg each were sent to Irgiredmet Engineering Company in Irkutsk, Russia for metallurgical bulk sample processing tests for gold recovery and the results were received in November 2015. The test results 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. During December 2015 – March 2016, a second mineral processing test of the oxidized rock from the Upper mineralization on Krasny has been developed using a new sample of 640 kg. The test was performed by Irgiredmet engineering consultancy in Irkutsk, which performed all the previous mineral processing tests for Krasny. The gold recovery via gravitation-flotation-leaching process totaled 78–79% (based on two experiments). This result is better than the previous results of 75% gold recovery that was released in early December 2015.

Following the completion of Stage 1, GV Gold contributed with MUSD 3 for Stage 2 in March 2015. 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.

Stage 1 of the exploration program did primarily target to verify the previous resource estimation as well as the geological modelling, which was all fulfilled. Within Stage 2, the main objective was instead to collect information and plan for gold production on the Krasny license.

Drilling on Stage 2 was commenced on June 10, 2015 and finalized on September 18, 2015. Overall, 49 drill holes were completed totaling 7,551 meters of core drilling. The drilling results confirmed and developed the geological model for Krasny deposit. Following completion of the Stage 2 exploration activities, an additional Expansion drilling program was initiated on December 14, 2015 with target of adding extra resources along the strike but also filling-in some blind spots between the drill profiles left after previous drilling. This program was finalized on February 25, 2016 and included 16 drill holes that accounted for 3,504 meters of core drilling. Based on the assay results, we are able to delineate the extension of the upper mineralization within the Krasny deposit along the strike. The most important outcome of the expansion drilling is the new confirmation of a significant gold mineralization in the Lower structure, intersected by the holes #141755 and #141745. Hole #141755, drilled in profile 46 demonstrated 111 meters of gold mineralization with an average grade of 2.54 g/t. Hole #141745, drilled in profile 48 disclosed 58 meters of gold mineralization with an average grade of 1.81 g/t. Both results confirm the initial geological modelling for the Lower structure which was the basis for the resource estimation of the Lower structure back in 2013 and the results are also far above the average gold grade and thickness of the Upper gold mineralization.

In December 2015, technological mapping of the Upper mineralization within Krasny was commenced with target to clarify the volume of the oxidized and primary ores for modelling of production schedule and economic results.

On December 28, 2015, a mineral reserve report for the Krasny deposit was completed and filed with the Russian GKZ authorities in Irkutsk. The report was prepared in accordance with the Russian GKZ regulations and was formally approved by the authorities on

March 30, 2016 confirming gold reserves of 9.7 tons (314 koz) in the C2 category.

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 report is expected to be finalized during the spring 2016.

In July 2015, LLC Krasny, the Russian joint venture company, acquired an alluvial gold license. The license area includes two separate blocks, “Ruchey Krasny 1” and “Ruchey Krasny 2” and is located within the contour of the Krasny bedrock gold license, already held by LLC Krasny, where the bedrock exploration activities are currently carried out. 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. In addition to LLC Krasny, three more companies participated in the action and the final acquisition price totalled KRUB 280 (approximately KUSD 5), which was paid by LLC Krasny.

The alluvial project will be developed on a merit basis and if alluvial production from the Krasny Ruchey license area proves to be profitable, it will be produced in parallel with development of the Krasny bedrock mining operations.

During 2016, the Krasny project will move into Feasibility Studies and equipment procurement. In parallel, a drill program of approximately 10,000 meters with the exploration activities targeting the lower structure will be carried out during the summer 2016.

Maly Patom area

The Maly Patom area consists of six licenses with a total area of 1 852 km², acquired in the end of year 2012. All licenses are located within the Maly Patom area of Lena Gold-fields, Bodaibo region of Russia, within geological structures with strong potential for elephant gold discoveries. They have all basic infrastructure in place and a long history of alluvial mining. The Maly Patom gold ore-placer area was first identified in 1970s during the regional geological survey on the gold content of black-slate strata. The

area was contoured following wide development of placer gold in river basins showing sulfide and quartz mineralizations and geochemical anomalies.

Since the acquisition, the Company has finalized the review of historical prospecting data for this area and also put together an exploration program. The target is to develop this project under a partnership to reduce the Company's exploration expenditures.

Kopylovskoye cluster

The Kopylovskoye cluster consists of the four licenses Kopylovskoye, Pravovesenny, Takhtykan and Vostochnaya. The Kopylovskoye-license has an area of 1.5 km² and the license terms are valid until year 2020 allowing both exploration and production. In June 2011, the Company announced maiden mineral resource estimation according to the JORC-code for the Kopylovskoye-license after appr 6,800 meters of RC- and core drilling. The mineral resource estimation showed 37 koz of Indicated resources at an average grade of 1.31 g/t gold and 80 koz of Inferred resources at an average grade of 1.07 g/t gold. The mineralization is open in all directions. The project is ready for Joint Venture production or sale.

Sale of licenses

On August 12, 2014, the Company entered into an agreement with the Russian gold producer GV Gold to take the Krasny-license to the production phase under a joint venture. GV Gold earned 51% of the Krasny-license by investing MUSD 9. Please refer to the separate section "Krasny license".

Ownership structure

On December 31, 2015, the number of shareholders was 4,222 in total. The five largest shareholders were KGK Holding AB 11.2 %, UBS AG Clients Account 8.2 %, Försäkringsbolaget Avanza Pension 8.0 %, Novatelligence AB 6.1 % and SIS SIS AG, W81MY 3.8 %.

The share

The Company's share is listed on NASDAQ First North since year 2010.

The Extra General Meeting, held on December 17, 2014, resolved to reduce the

share capital by SEK 8,500,000 without redemption of shares. Further, it was resolved to issue shares with preferential rights for existing shareholders amounting to totally MSEK 10.9. For every five existing shares, the holder received 4 subscription rights and each subscription right entitled the holder to subscribe for one (1) new share at the subscription price of SEK 0.45 per share. The subscription rights were received in December 2014 while the subscription period ran during January 2015. Both the reduction of share capital and the share issue was registered by the Swedish Companies Registration Office in February 2015 and all effects of the share capital reduction and the share issue is accounted for during the financial year 2015.

The number of outstanding shares as of December 31, 2015 amounted to 54,444,996 and the share capital amounted to SEK 20,701,146. All shares have equal voting rights and equal rights to a share in the company's capital and profits.

Result

The operating result amounted to MSEK -3.0 (19.8) which is MSEK 22.8 lower than the prior year. The change is primarily due to the joint venture agreement that was signed during 2014 regarding one of the Company's licenses, Krasny. The agreement implied that the Krasny project shall be accounted for according to the equity method as a joint venture on a separate line on the Balance sheet, initially valued to fair value as per transaction date. As a consequence, the profit and loss statement for the year 2014 showed other income of MSEK 37.0 and share of profit in joint ventures of MSEK -5.5. During 2015, the profit and loss statement shows other income of MSEK 4.7 related to revaluation of a conditional consideration connected to the Krasny-agreement and share of profit in joint ventures of MSEK -0.1. Further, the change in the operating result compared to last year refers to lower operating costs in 2015, with other external costs amounting to MSEK -6.1 (-11.2), which is an improvement of MSEK 5.1 compared to last year, and personnel costs of -5.1 (-7.4), which is an improvement of MSEK 2.3 and reflects savings from the cost cutting program being performed.

Result after financial items amounted to MSEK -3.8 (18.3) and the result after tax amounted to MSEK -3.7 (13.0). The financial net 2015 was MSEK -0.8 (-1.5), the difference compared with last year explained by lower negative exchange differences during 2015.

Tax

Net tax for the period amounted to MSEK 0 (-5.4), last year explained by changes in deferred tax liability as a result of restructuring and change in final tax in the Russian subsidiaries.

Management's assessment is that Group will not have any profits from the operations in the next few years. The Company does not recognize any deferred tax assets related to tax loss carry forwards.

Earnings per share

Earnings per share amounted to SEK -0.07 (0.40) for 2015. Equity per share amounted to SEK 1.71 (3.08)

Cash flow, liquidity and financial position

Cash flow from operating activities, before changes in working capital, amounted to MSEK -8.5 (-12.5). The change in working capital was MSEK -1.3 (-0.3). Cash flow from investing activities amounted to MSEK -1.6 (11.5), the change compared to previous year primarily explained by the sale of two licenses in 2013 paid in 2014, as well as a cash payment from the joint venture agreement that was signed in 2014. Cash flow from financing activities amounted to MSEK 11.3 (0). During the year, a rights issue of MSEK 8.0, net after issue costs, was closed and a short term bridge loan of MSEK 3.3 was raised, explaining the difference between the years. During last year, a short term loan of MSEK 3.0 was raised and MSEK 3.0 was repaid the same year.

Interest bearing loans amounted to MSEK 6.3 (3.0) at the end of the year. Cash and cash equivalents amounted to MSEK 1.4 (1.1) at the end of the year. During February 2016 MSEK 3.0 was repaid by converting a loan into shares. In April 2016, after a conditional consideration of MUSD 2 in cash was received, the remaining loans of MSEK 3.3 were repaid.

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The equity asset ratio amounted to 89 per cent at the end of the year compared to 91 per cent in the prior year. No dividend has been paid to the shareholders during the year.

During the period January – December the Russian rouble depreciated against the Swedish krona by approximately 17.5 % (–30.4 %), while the Euro depreciated by 3.8 % (+6.1 %). The Company reports exchange differences of MSEK –10.1 (–1.6) in the consolidated statement of comprehensive income for the year. See also note 4 for currency risks.

Equity

The Extra General Meeting held on December 17, 2014, resolved to reduce the share capital by MSEK 8.5 without redemption of shares. Further, it was resolved to issue shares with preferential rights for existing shareholders. The subscription rights were received in December 2014 while the subscription period ran during January 2015. In total, 24,197,776 new shares were subscribed and MSEK 10.9 was raised before issue costs. Both the reduction of share capital and the share issue was registered by the Swedish Companies Registration Office in February 2015 and all effects from the share capital reduction as well as the share issue are recognized in the financial year 2015.

Investments

The Group's investments in exploration and evaluation work amounted to MSEK 2.7 (1.9) during the year. No acquisition of licenses was done in 2015 or in the corresponding year. Of the exploration work, MSEK 1.4 (1.0) consisted of work performed by the company for its own use and capitalised. Investments in buildings, machinery and equipment amounted to MSEK 0 (0) in 2015.

Depreciation for the year amounted to MSEK 0.5 (0.7).

An impairment test of the Company's intangible and fixed assets was performed during the year. No impairment was identified.

Parent company

The Swedish parent company is a holding company without any significant operational activity. The parent company supports the subsidiaries with financing, strategy decisions etc.

Net income of the parent company amounted to MSEK –9.8 (–7.8) and equity amounted to MSEK 112.4 (114.3) on

December 31, 2015. During 2014, a joint venture agreement was signed with the Russian gold producer GV Gold regarding the Krasny license. Before signing the agreement, as part of the preparations, two new subsidiaries were established, AB Krasny Gold Fields, based in Sweden, and Bodaibo Holding Ltd, based on Cyprus. After this, the parent company sold the subsidiary LLC Krasny to Bodaibo Holding at book value, implying no effect in the profit and loss. The parent company shows reversed write-downs of receivables from group companies of MSEK 5.6 for 2014 as a result of the joint venture agreement.

Environmental policy

All exploration activity in the Kopy Goldfields group is in compliance with existing environmental regulations in the country where the activity takes place. There were no environmental accidents during 2015.

Personnel

The average number of full time employees in the Kopy Goldfields group was 8 (14) during 2015, of which 1 (3) was a woman. At the beginning of the year the number of employees was 10 and at the end of the year 6, whereof 5 men and 1 woman.

Work of the board

The Board consisted of four to three members during 2015. During the year, the Board held 12 meetings where minutes were kept and in addition the Board stayed in continuous contact with each other. The Board also keeps a continuous contact with management. During the year special attention was given by the Board to the performance of the joint venture agreement with GV Gold and monitoring the exploration activities.

The Board's intention is to implement the Swedish Corporate Governance Code.

SIGNIFICANT RISKS AND UNCERTAINTIES

Market-related risks

Risks related to macroeconomic factors

A negative outlook for the world economy and disruptions on the global capital markets may affect the Company's operations and may make the possibilities to finance the Company more difficult in the future.

Volatility in gold price

A decline in the gold price as an effect of reduced demand, increased supply, fluctuations in the US dollar or other macroeconomic

factors, could negatively affect the Company's future revenue, income and financial position. Fluctuations in the official exchange rate of the Russian rouble, Euro and US dollar affects directly and indirectly the value of assets and liabilities.

Insurance

The insurance industry is not yet developed in Russia and several forms of insurance protection common in more economically developed countries are not yet available in Russia at equivalent terms.

Risks related to Russia

To operate in Russia is subject to a number of political, legal and economic factors that may affect the Company's operations and financial position. The Company sees the following risks as the biggest challenges in operating in Russia:

International capital flows can be hampered by global financial difficulties.

Changes in inflation may affect the Company's financial position.

The relation between Russia and the EU and/or the USA may be worsened and the current sanctions may be extended. The Company is as of today not affected by the sanctions but do monitor the development.

Conflicts in the Russian federal system, including illegal or profit making state events may develop uncertainty in the daily operations.

Crime and corruption and the use of illegal or unacceptable business methods.

The Company is dependent on the approval of state and local authorities which may be a time consuming process.

Changes in laws, which currently prevent the nationalization of international assets, may have a negative effect on the Company's operations.

The risk that Russia would not accept decisions in a foreign court of law and pursue issues to local arbitration.

Russia's infrastructure is to some extent underdeveloped and may impair or delay the Company's operations or lead to increased costs.

The tax and legal system in Russia is subject to frequent changes and are thereby difficult to anticipate. Furthermore the Russian tax system is subject to different interpretations on federal and local level.

Risks related to the Company's operations

Geological risk

Gold exploration is associated with high risk. All estimates of recoverable mineral resources in the ground are largely based on probabilities. Estimates of mineral resources and ore reserves is based on extensive test drilling, statistical analysis and model studies and remains theoretical in nature up until verification by industrial mining. Methodology is lacking to determine with certainty the exact amount of gold available, and the shape of a potential ore body and its distribution. The exact amount of gold is known only when the gold has been extracted from the gold deposit. Data relating to mineral resources and ore reserves as presented by the Company, and by others, should be seen against this background and therefore can deviate from this.

Technical risk

Technical risks can arise from the exploration of mineral deposits, which could lead to interruptions in exploration work and negatively affect the Company. Lack of or delay of advanced drilling equipment or rental of equipment could lead to increased costs and delays in the growth of the Company.

Environmental risk

If exploration and production is made using incorrect technical and chemical equipment environmental risks may arise in the Company, which may delay the Company's operations and also increase the cost of exploration which may affect the financial position of the Company. Environmental requirements and counterparty costs may be raised against the Company which may delay other work or increase the costs of the Company.

Currently, the Company does not have any material asset retirement obligations. However, a change in the governing laws may impose more strict requirements regarding asset retirement procedures, which could lead to increased costs for the Company

License management

Delays may occur in the exploration work, with the result that the Company must renew the production licenses, which may lead to delays in the start of production and which may affect the Company's financial position negatively. The Company may delay obligations in newly acquired licenses which may affect the Company's financial position

negatively. In addition, breach of license obligations may result in license withdrawal, which may have a significant negative effect to the Company's financial position

Useful life of the deposits

The useful life and bearing capacity of a deposit depends on a number of factors such as metal prices, mineral resource, finance costs, etc. An unforeseen negative development of any of these parameters may negatively affect the Company's result and financial position. There is a risk that the ore reserves may change in the future depending on changes in production costs, process or product price.

Suppliers

Dependence on third parties and local suppliers and their services, access to equipment and assistance at construction may be delayed

Risks related to acquisitions

The acquisition of licenses is part of the Company's strategy. All acquisitions and divestments are associated with risks and uncertainty. While the Company believes it is in a favorable position to make a fair assessment of development opportunities and risks associated with exploration and production licenses, there can be no guarantee that the expected potential of acquired licenses in terms of value creation for the Company will ultimately be realized. In addition, it should be noted that some of the Company's Russian subsidiaries were established before they were acquired by the Company and that the history of the shares in these companies therefore is not entirely transparent. Hence, it cannot be excluded that the title to shares in these subsidiaries might be challenged based on historical grounds, for example due to actual or alleged deficiencies in the formation of the company, payment of the charter capital or previous share transfers.

Dependence on qualified personnel

The Company's development is to a great extent dependent on existing management and organization and their ability to recruit and retain experienced personnel for the future operations. The workforce, located in the Bodaibo area, may move to bigger cities which can make it difficult to recruit competent personnel.

Accidents

Mining and exploration is a more accident-prone industry than many others. As such, the Company's employees are exposed to risks regarding accidents while working. In addition to this, mining and exploration work is also exposed to the possibilities of natural disasters. In the event of a serious accident or natural disaster, the Company's income or financial position may be significantly negatively impacted.

Reporting process

The Company's management processes and internal controls reporting may suffer, unless its subsidiaries follow the established processes for reporting to the parent company, since the reporting of financial data must be reliable and timely reported.

Risks related to the parent company

The Company's financial position depends on the subsidiaries contractual and legal possibilities to recognize and settle intra group balances. A reduction of these possibilities can have a negative effect on the Company's financial position and operating result.

Financial risks

Currency risks

Kopy Goldfields has significant costs, assets and liabilities in Russian rubles (RUB), US-dollars and Euro, which creates a currency exposure in the income statement, balance sheet and cash flow statement. In dealing with currency risks, Kopy Goldfields separates transaction exposure and translation exposure.

Transaction exposure

The transactions in the Russian subsidiaries are predominantly in their functional currency, RUB. The existing transaction exposure primarily relates to when the parent company forwards loans to the subsidiaries, which normally is done in USD, and historically also in RUB. The currency risk related to the ruble denominated loans is therefore concentrated to the Swedish parent company. Since the loans are relatively long-term, there is an exposure in the parent company.

Translation exposure

The net income in the Russian subsidiaries and the value of the parent company's net investment in these are affected by changes in exchange rates, which affects the consolidated

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balance sheet and income statement when translated to SEK.

Interest-rate risks

Kopy Goldfields is to a relatively small extent exposed to interest rate risk, since the Company currently only has a small portion of loan financing. The discount interest rate and the fair value of certain balance sheet items are however affected by changes in the underlying interest. Interest income and cost is also affected by changes in interest rates.

Financing risks

Need for additional capital

The Company may in the future require additional capital. This may take place through the issuance of shares, other equity instruments or debt instruments, or by obtaining other external financing. It cannot be guaranteed that the Company will be able to obtain financing or that such financing can be obtained on terms and conditions advantageous for the Company or without considerable dilution for the shareholders. The failure to obtain additional financing at the right time may result in the Company being forced to postpone, decrease, or terminate business operations and investments or to sell assets. It cannot be guaranteed that such sale of assets can take place on terms and conditions that are advantageous to the Company.

Liquidity risk

The liquidity risk is that Kopy Goldfields cannot meet its short term payment obligations due to lack of cash funds or illiquid cash reserves. Since the Company is expected to show negative cash flow from operations during the next several years, the Company must continue to raise external capital or to find joint venture partners /buyers to be able to continue to develop the operations and to meet future obligations.

Re-financing risk

The re-financing risk is the risk that Kopy Goldfields cannot finance its outstanding liabilities on acceptable terms, or at all, at a given point in time. Since the Company has little outstanding financial debt, the re-financing risk is considered limited.

Risks related to the share

Investing in shares is associated with risk and an investor may lose all or part of the value of the investment.

SUBSEQUENT EVENTS

In February 2016, a 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.

On March 30, 2016, the formal approval of a mineral reserve report for the Krasny deposit was received by the Russian authorities. The report was prepared in accordance with the Russian GKZ regulations and confirms gold reserves of 9.7 tons (314 koz) in the C2 category, which in turn means that the Company has fulfilled the requirements for receiving a conditional consideration of MUSD 2 in accordance with the joint venture agreement between the Company and GV Gold. The cash payment of MUSD 2 was received on April 21, 2016 and at the same time, the remaining short term interest bearing loan of MSEK 3.3 was repayed.

OPERATIONAL OUTLOOK 2016

The Company will be focusing on advancing of Krasny project into reserves and FS in order to come to production by the end of 2018 – early 2019. The exploration and development program for 2016 will be partially financed from the funds left in the Joint venture following completion of 2014-2015 explorations and partially by new investments by GV Gold and Kopy Goldfields on pro-rata basis.

The Company will also proceed with the Kopylovskoye project. The project has Russian reserves approved, which provide a background for production planning under joint venture agreements. The company faces a number of interests from Russian Investors.

To increase the potential of exploration, the Company will continue with acquisition of new ground within the Lena Goldfields. The priority will be the land located in the most geologically prospective area for significant bedrock gold discoveries with established alluvial operations.

GOING CONCERN

Exploration is a capital intensive activity and as disclosed elsewhere in these financial statements the Company does not yet report any revenue. Given the recently received additional consideration from the Krasny-project, it is however the Board's assessment is that the Company is financed for the rest of the year and can continue as a going concern.

FIVE YEAR SUMMARY

	2015	2014	2013	2012	2011
Earnings per share, SEK	-0.07	0.40	-2.45	-1.09	-11.02
Equity / asset ratio, %	89.3	90.8	88.7	92.8	86.3
Investments in intangible assets, MSEK	2.7	1.9	19.4	36.6	36.6

PROPOSED DISPOSITION OF EARNINGS

At the annual general meeting's disposal:

SEK	
Additional paid-in capital	180774385
Fund for real value	-6845999
Retained earnings	-72371048
Net loss for the year	-9845696
Total	91711642

The Board of Directors proposes the loss for the year to be carried over to retained earnings.

CONSOLIDATED INCOME STATEMENT

KSEK	Note	2015	2014
Other revenue	6	6 977	40 212
Total revenue		6 977	40 212
Work performed by the company for its own use and capitalized		1 418	3 694
Operating expenses			
Other external costs	9	-6 077	-11 203
Personnel costs	10	-5 122	-7 388
Share of profit in associated companies and joint ventures	22	-138	-5 460
Depreciation and amortization of tangible and intangible assets	8	-58	-58
Operating result		-3 000	19 797
Result from financial investments			
Financial income	12	60	208
Financial costs	12	-816	-1 668
Result after financial items		-3 756	18 337
Tax	13	13	-5 353
Net loss		-3 743	12 984
Attributable to the shareholders of Kopy Goldfields AB		-3 743	12 984
Earnings per share before and after dilution*	14	-0,07	0,40
Average number of shares before and after dilution*		51 515 950	32 171 965

* Earnings per share before and after dilution as well as Average number of shares before and after dilution has been recalculated to reflect the rights issue done in 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KSEK	2015	2014
Net income	-3 743	12 984
Items that may be reclassified subsequently to profit or loss		
Translation differences on foreign operations	-10 080	-1 575
Total comprehensive income	-13 823	11 409
Attributable to the shareholders of Kopy Goldfields AB	-13 823	11 409

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

KSEK	Note	2015-12-31	2014-12-31
Assets			
Non-current assets			
<i>Intangible fixed assets</i>			
Explorations licenses and evaluation work	15	18 419	19 838
		18 419	19 838
<i>Tangible fixed assets</i>			
Buildings	16	935	1 800
Machinery and equipment	17	1 208	1 064
		2 143	2 864
<i>Financial fixed assets</i>			
Associated companies and Joint Ventures	22	65 349	72 141
		65 349	72 141
Total non-current assets		85 911	94 843
Current assets			
Inventory	18	88	463
		88	463
<i>Current receivables</i>			
Trade receivables		102	290
Other receivables	19	16 864	12 293
Prepaid expenses and accrued income	20	151	146
		17 117	12 729
<i>Short term investments</i>			
Cash and cash equivalents		1 381	1 111
		1 381	1 111
Total current assets		18 586	14 303
Total assets		104 497	109 146

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CNTD

KSEK	Note	2015-12-31	2014-12-31
Equity			
<i>Capital and reserves attributable to the shareholders of the parent company</i>			
Share capital	23	20 701	20 001
Other paid-in capital		278 067	270 751
Reserves		-46 302	-36 222
Retained earnings, incl current year net income		-159 119	-155 376
Total equity		93 347	99 153
Non-current liabilities			
Deferred tax	13	2 294	2 786
Total non-current liabilities		2 294	2 786
Current liabilities			
Current liabilities – interest bearing	24	6 300	3 000
Accounts payable		735	1 713
Current tax payable		21	260
Other current liabilities		196	372
Accrued expenses and prepaid income	25	1 604	1 862
Total current liabilities		8 856	7 207
Total equity and liabilities		104 497	109 146
Pledged assets and contingent liabilities			
Pledged assets	28	Inga	Inga
Contingent liabilities	28	Inga	Inga

CONSOLIDATED CHANGES IN EQUITY

KSEK	Share capital	Not-registered share capital	Other paid in capital	Reserves	Retained earnings	Total equity
Opening balance 2014	20 000	4	270 706	-34 647	-168 360	87 703
Other comprehensive income				-1 575		-1 575
Net income					12 984	12 984
Registered share issue	1	-4	3			-
Warrants			42			42
Closing balance 2014	20 001	-	270 751	-36 222	-155 376	99 153
Other comprehensive income				-10 080		-10 080
Net income					-3 743	-3 743
Share capital reduction	-8 500		8 500			-
Share issue	9 201		1 688			10 889
Issue costs			-2 872			-2 872
Closing balance 2015	20 701	-	278 067	-46 302	-159 119	93 347

The equity is fully attributable to the shareholders of Kopy Goldfields AB. Reserves fully consist of translation differences

CONSOLIDATED STATEMENT OF CASH FLOW

KSEK	Note	2015	2014
Operating activities			
Result after financial items ¹⁾		-3 756	18 337
Adjustment for items not affecting cash flow	26	-4 771	-30 805
Paid / received taxes		0	0
Cash flow from operating activities before changes in working capital		-8 527	-12 468
Cash flow from changes in working capital:			
Increase (-)/Decrease (+) in inventory		357	165
Increase (-)/Decrease (+) in current receivables		3 875	-2 099
Increase (+)/Decrease (-) in current liabilities		-5 160	1 611
Cash flow from operating activities		-9 455	-12 791
Cash flow from investing activities			
Expenditures on intangible assets	15	-2 254	-4 091
Proceeds on disposal of property, plant and equipment		691	1 094
Proceeds on disposal of subsidiaries/licenses	27	-	14 459
Cash flow from investing activities		-1 563	11 462
Cash flow from financing activities			
Proceeds from Share issues		10 889	4
Issue costs		-2 872	-
Proceeds from warrants		-	42
Proceeds from loans received		3 300	3 000
Repayment of loans		-	-3 000
Cash flow from financing activities		11 317	46
Cash flow for the year		299	-1 283
Cash and cash equivalents at the beginning of the year		1 111	2 476
Translation differences in cash		-29	-82
Cash and cash equivalents at the end of the year		1 381	1 111
Supplemental information to the cash flow			
Cash and cash equivalents			
The following is included in cash and cash equivalents:			
Cash and bank balances		1 381	1 111

¹⁾ The amount includes received interest of KSEK 12 (32) and paid interest of KSEK 300 (379)

INCOME STATEMENT, PARENT COMPANY

KSEK	Note	2015	2014
Revenue	7	3 327	3 321
Total revenue		3 327	3 321
Operating expenses			
Other external costs	9	-3 857	-4 222
Personnel costs	10	-3 704	-3 694
Depreciation and amortization of tangible and intangible assets	8	-58	-58
Total operating expenses		-7 619	-7 974
Operating result		-4 292	-4 653
Result from financial items			
Results from shares in group companies	11	-3 066	-8 247
Results from other financial assets	7, 12	-2 074	6 656
Interest income	7, 12	60	75
Interest expenses	12	-474	-1 667
Result after financial items		-9 846	-7 836
Tax	13	-	-
Net income		-9 846	-7 836

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

KSEK	2015	2014
Net income	-9 846	-7 836
Other comprehensive income		
Exchange differences	-31	-18
Total comprehensive income	-9 877	-7 854

BALANCE SHEET, PARENT COMPANY

KSEK	Note	2015-12-31	2014-12-31
Assets			
Non-current assets			
<i>Tangible fixed assets</i>			
Machinery and equipment	17	58	117
		58	117
<i>Financial fixed assets</i>			
Shares in group companies	11, 21	119 237	119 237
Receivables, group companies	12	0	0
		119 237	119 237
Total non-current assets		119 295	119 354
Current assets			
<i>Current receivables</i>			
Other receivables	19	152	303
Prepaid expenses	20	87	134
Cash and cash equivalents		1 203	841
Total current assets		1 442	1 278
Total assets		120 737	120 632
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital	23	20 701	20 001
Total restricted equity		20 701	20 001
<i>Non-restricted equity</i>			
Additional paid-in capital		180 774	181 958
Fund for real value		-6 846	-6 815
Retained earnings, incl net income		-82 217	-80 871
Total non-restricted equity		91 711	94 272
Total equity		112 412	114 272
Current liabilities			
Interest bearing liabilities	24	3 000	3 000
Accounts payable		644	1 348
Loans from Group companies	12	3 097	0
Other current liabilities		56	150
Accrued expenses and prepaid income	25	1 528	1 862
Total current liabilities		8 325	6 360
Total equity and liabilities		120 737	120 632
Pledged assets and contingent liabilities			
Pledged assets	28	Inga	Inga
Contingent liabilities	28	Inga	Inga

CHANGES IN EQUITY, PARENT COMPANY

KSEK	Share capital	Not registered share capital	Additional paid-in capital	Fund for real value	Retained earnings incl. net income	Total equity
Opening balance 2014	20 000	4	181 913	-6 798	-73 035	122 085
Registered share issue	1	-4	3			-
Warrants			42			42
Other comprehensive income				-18		-18
Net income					-7 836	-7 836
Closing balance 2014	20 001	-	181 958	-6 815	-80 871	114 272
Share capital reduction	-8 500				8 500	-
Share issue	9 201		1 688			10 889
Issue costs			-2 872			-2 872
Other comprehensive income				-31		-31
Net income					-9 846	-9 846
Closing balance 2015	20 701	-	180 774	-6 846	-82 217	112 412

Fund for real value relates to currency exchange differences on loans in foreign currency to subsidiaries.

CASH FLOW STATEMENTS, PARENT COMPANY

KSEK	Note	2015	2014
Operating activities			
Result after financial items ¹⁾		-9 846	-7 836
Adjustment for items not affecting cash flow	26	1 892	-819
Cash flow from operating activities before changes in working capital		-7 954	-8 655
Cash flow from changes in working capital:			
Increase (-)/Decrease (+) in current receivables		213	-225
Increase (+)/Decrease (-) in current liabilities		-1 084	-1 639
Cash flow from operating activities		-8 825	-10 519
Investing activities			
Shareholder contributions		-1 861	-993
Proceeds on disposal of subsidiaries	27	-	8 278
Loans to group companies		61	1 683
Cash flow from investing activities		-1 800	8 968
Financing activities			
Share issue		10 889	4
Issue costs		-2 872	-
Proceeds from warrants		-	42
Proceeds from loans received		2 970	3 000
Repaid loans		-	-3 000
Cash flow from financing activities		10 987	46
Cash flow for the year		362	-1 505
Cash at the beginning of the year		841	2 346
Cash at the end of the year		1 203	841
Supplemental information to cash flow			
Cash and cash equivalents			
The following components are included in cash and cash equivalents:			
Cash and bank balances		1 203	841

¹⁾ The amount includes received interest of KSEK 12 (32) and paid interest of KSEK 300 (379)

NOTES

Company information

Kopy Goldfields AB (publ) is a Swedish limited liability company domiciled and with head office in Stockholm (corporate registration number 556723-6335). The Group's operation is to conduct gold exploration in the Bodaibo district in the Irkutsk region of Russia. The parent company's functional and reporting currency is SEK. The annual report for the year ending December 31, 2015 was approved for publication by the Board of Directors on May 4, 2016 and will be presented to the Annual General Meeting for adoption on May 26, 2016.

Accounting principles

The most significant accounting principles that have been applied when preparing the consolidated financial statements are described below. These principles are unchanged for all years presented, unless otherwise stated.

Basis of presentation

The consolidated financial statements are prepared on the historical cost basis and in accordance with International Financial Reporting Standards, IFRS, and the interpretations from the IFRS Interpretations Committee, as they have been adopted by the EU and in accordance with the Annual Accounts Act ("ÅRL") and the Swedish Accounting Standards Council's recommendation RFR 1, "Supplementary Accounting Rules for Consolidated Accounts".

The parent company has prepared its financial statements in accordance with the Annual Accounts Act (1995:1554) through the application of RFR 2 "Accounting for legal entities". In accordance with RFR 2 the parent company should apply all of the IFRSs that have been adopted by the EU to the extent possible within the framework of the Annual Accounts Act and taking the link between accounting and taxation into account. The recommendation states which exceptions and additions that should be done from / to IFRS.

Shares in subsidiaries are carried at cost unless otherwise stated.

The consolidated financial statements have been prepared in accordance with the purchase method and include the parent company and its subsidiaries.

Financial statement in accordance with IFRS

The preparation of financial statements in accordance with IFRS requires the use of certain significant estimates for accounting purposes. It also requires management to make certain judgments in the application of the accounting principles of the Group. Areas where a high degree of estimation, which are complex or areas where such judgments and estimations have a significant impact on the consolidated financial statements are described in note 5 "Significant estimates and judgments for accounting purposes".

Application of new or changed standards

a) *New and changed standards which have been applied by the Group*

No new or amended IFRS standards that have come into effect as of January 1, 2015 have had any material impact on the Kopy Goldfields Group's financial statements.

b) *New standards, changes and interpretations of existing standards that have not yet come into force and that have not been early adopted by the Group.*

A number of new standards and amendments to interpretations and existing standards took effect for fiscal years beginning after 1 January 2016 and were not applied when preparing the consolidated financial statements. None of these are expected to have a material impact on the consolidated financial statements except for the following:

IFRS 9 "Financial Instruments". The standard is intended to replace IAS 39 "Financial Instruments: Recognition and Measurements", and addresses the classification and measurement of financial instruments and hedge accounting. The effective date is January 1, 2018 but the standard has not yet been endorsed by the EU. The Group is yet to assess the full impact of IFRS 9.

IFRS 15 "Revenue from Contracts with Customers". The standard addresses the revenue recognition from contract and sale of some non-financial assets. This new standard replaces IAS 11 and IAS 18. The effective date is January 1, 2018 but the standard has not yet been endorsed by the EU. The Group is yet to assess the full impact of IFRS 15.

IFRS 16 Leases. The standard requires the lessee to recognize all leases in the balance sheet, except for contracts shorter than 12 months and/or small amounts. The accounting for the lessor will be substantially unchanged. The standard replaces IAS 17 with interpretations. IFRS 16 is effective from 1 January 2019 but the standard has not yet been endorsed by the EU. The Group does currently

not hold any leasing agreements and is yet to assess the full impact of the new standard.

There are no other IFRS's or IFRIC interpretation that are not yet effective that would be expected to have a material impact on the Group.

NOTE 1 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all companies (including special purpose companies) where the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to use its power to affect its returns. Generally, this follows from a shareholding in excess of 50% of the shares voting power or where the Group, by agreement, alone exercises a controlling influence. Subsidiaries are included in the consolidated financial statements as of the day when the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements as of the day when the controlling influence ceases.

When a business combination in effect is an acquisition of an exploration license that is not part of a business the purchase price is allocated to the separate identifiable assets and liabilities based on their relative values at the acquisition date. Deferred tax is not accounted for in asset acquisitions.

The Company applies the purchase method when accounting for business combinations. The cost of an acquisition is the fair value of assets given as consideration, issued equity instruments and liabilities assumed at the date of acquisition. Up until 2009 expenses directly attributable to the acquisition are included in the cost of the acquisition. Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are valued at fair value on the date of acquisition, regardless of any minority interest. Any excess in the cost of the acquisition over the fair value of identifiable acquired assets, assumed liabilities and contingent liabilities is recognized as goodwill. If the cost of the acquisition is less than the fair value of identifiable acquired assets, assumed liabilities and contingent liabilities the difference is recognized immediately in the income statement.

Intra group transactions, balances and unrealized profits on transactions between group companies are eliminated. Also unrealized losses are eliminated, but any losses are treated as an indication that impairment may be at hand. The accounting principles for subsidiaries have, when needed, been adjusted to guarantee a consistent application of the accounting principles of the Group.

Joint Venture

A joint venture is a form of joint arrangement that arises when the parties that have joint control have rights to the net assets in an arrangement. Since August 2014, the Company is part of a joint venture and recognizes its share as per the equity method. This means that the carrying value of interests in the joint venture corresponds to the Group's share of reported equity of the joint venture, any goodwill, and any other remaining fair value adjustments recognized at acquisition date.

When subsidiaries are divested to joint venture, the former stake in the subsidiary is adjusted to fair value at acquisition date. Any gain or loss is recognized in the income statement.

"Shares of profit in joint ventures", included in the income statements, comprises the Group's share of the joint venture's income after tax adjusted for any amortization and depreciation, impairment losses, and other adjustments arising from any remaining fair value adjustments recognized at acquisition date.

Equity investments

All companies where the Group has a significant but not controlling influence, which in general are shareholdings between 20% and 50% of the votes, are accounted for as equity investments. Holdings in equity investees are accounted for in accordance with the equity method and are initially recognized at cost. Currently the Group does not have any equity investments.

Segment reporting

Operating segments are reported in a way that corresponds to the internal reporting that is given to the chief operating decision maker. The chief operating decision maker is the function which is responsible for allocation of resources and assessment of the operating segment results. Within the Group this function has been identified as the managing director.

All of the exploration activity within Kopy Goldfields is exposed to similar risks and possibilities and is performed within Russia. The Company's operations are reported as one operating segment.

Foreign currency translation

The functional currency for each entity within the Group is determined taking the economic environment where each entity operates into consideration. Local currency generally corresponds to functional currency in the respective country. Monetary assets and liabilities in foreign currency are translated at the balance sheet date exchange rate. All differences are recorded in the income statement except for those differences related to loans in foreign currency which are a hedge of the net investment in a foreign operation. Those differences are recorded in other comprehensive income in the Consolidated Statement of Comprehensive income.

The following exchange rates were used in the Group:

Currency	2015		2014	
	Balance sheet date rate	Average rate	Balance sheet date rate	Average rate
RUB	0.1146	0.1390	0.1388	0.1809
USD	8.3524	8.435	7.8114	6.8577
EUR	9.1333	9.3562	9.4893	9.0968

Group companies

Result and financial position for all group companies (of which none have a hyperinflation currency as functional currency) which have a different functional currency than the reporting currency are translated to the reporting currency of the Group in the following way:

Assets and liabilities for each of the balance sheets are translated at the balance sheet date exchange rate

Revenue and expenses for each of the income statements are translated at the average exchange rates

All translation differences are recorded in other comprehensive income.

Exchange differences in the consolidation, which are the result of the translation of the net investment in the Russian operations, are recorded in equity. When a foreign operation is disposed of, partly or in full, exchange differences recorded in equity are transferred to the income statement and form a part of the capital gain/loss.

Adjustments of fair value arising at the acquisition of a foreign operation are treated as assets and liabilities in the foreign operation and are translated at the balance sheet date exchange rate.

Cash flow statement

The cash flow statement is prepared according to the indirect method. The presented cash flow only includes transactions which are payments to or from the Group. Cash and cash equivalents in the cash flow statement corresponds to the definition of cash and cash equivalents in the balance sheet.

Revenue

Revenue recognition

Kopy Goldfields does not have any gold sales as the Company has not yet reached the production phase. Existing revenue include sale of subsidiaries, inventory and certain equipment. Revenue is recognized exclusive of value added tax, returns and discounts and after elimination of intra group sales.

Intangible assets

Intangible assets in Kopy Goldfields consist of:

Exploration licenses

The Company's licenses for exploration are initially recorded at cost. Such licenses are normally acquired at open public auctions in Russia, whereby the winning auction price equals cost.

Exploration work

In the next step there is exploration work. Exploration work can be of a varying nature such as different kind of drilling, geochemical and magnetic surveys and laboratory analysis. Further, exploration work can be included in personnel costs for employees doing the work. Generally the exploration work is performed for two reasons, on the one hand as a pure exploration activity to find new ores to

mine, or, on the other hand, as part of the evaluation activity in order to better determine the financial potential for extraction from an already proven mine deposit or alluvial deposit.

Exploration expenses for pure exploration are expensed in the period in which they are incurred while expenses for evaluation work are expensed up until the period in which the Company has decided, or deem it probable that a decision will be taken, to extract ore from a deposit. Alternatively the assessment can relate to the possibility to dispose of the deposit in the future. From that moment expenses are capitalized as exploration licenses and are subject to depreciation according to generally accepted principles as described below.

Licenses which are auctioned have in several cases been subject to exploration work to a greater or lesser extent under Soviet times. Normally this means that a mineralization already has been determined in the license area and that the additional exploration efforts are focused on to better evaluate the financial potential in the object. The issue of a Russian mineral license does not, however, guarantee existence of minerals that are economically worth mining in the license area. Kopy Goldfields has assessed that part of the work on the main license have been economically worth mining while others have not. The latter have been expensed.

If the assessment of the economic potential in the exploration costs that have been capitalized is changed, they are immediately written down. All capitalized exploration costs are subject to impairment tests if there are circumstances indicating that a write down may be required.

The production licenses are depreciated when production commences.

Tangible fixed assets

All tangible fixed assets are recognized at cost less accumulated depreciation, Cost includes expenses directly attributable to acquisition of the asset.

Additional expenses are added to the cost of the asset, or are recognized as a separate asset when more suitable, only when it is probable that the future economic benefits attached to the asset will flow to the Company and the cost of the asset can be measured in a reliable way. The carrying amount of a replaced asset is removed from the balance sheet. All other form of repair and maintenance are recognized as costs in the income statement in the period in which they arise.

Depreciation, to allocate the cost of an asset to its residual value over the useful life, is done on a straight-line basis according to the following useful lives:

Type of asset	Useful life (years)
Buildings	5-30
Plants	5-30
Machinery	2-15
Computers	2-5

The residual values and useful lives are tested each balance sheet date and adjusted as needed. Gains and losses arising at the disposal of assets is determined by comparing the selling price to the carrying value and are recognized in the income statement as other income and other costs respectively.

Write down of non-financial assets

Assets that have indeterminable useful lives and capitalized exploration costs which have not yet been taken into use are not depreciated but are tested annually for impairment. Assets that are depreciated are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. A write down is done with an amount that is the difference between the carrying value and its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling costs and its value in use. When assessing the need for write down assets are grouped on the lowest levels where there are separately identifiable cash flows (cash generating units). At each balance sheet date, assets, other than financial assets and goodwill, which previously have been written down are tested to determine if the write down should be reversed.

Leasing

Fixed assets which are leased are classified in accordance with the economical substance of the leasing agreement. Assets under financial leases are capitalized as fixed assets and future leasing payments as interest bearing liabilities. The leasing payments for assets under operational leases are recognized as an operational cost in the income statement. Leased fixed assets where a significant portion of the risks and rewards associated to ownership are transferred to the

NOTES

Group are classified as finance leases. Financial leases are recognized at the beginning of the leasing period at the lower of fair value and present value of the future minimum lease payments of the asset. Other leases are classified as operational leases. Payments under the leasing period (less any discounts from the lessor) are expensed on a straight line basis over the leasing period. Currently the Group does not have any assets held under leasing.

Financial assets

The Company classifies its financial assets in the following categories: financial assets at fair value through the income statement and loan receivables. The classification depends on the purpose for why the asset was acquired. Management determines the classification of the financial assets when they are initially recognized and reassess the classification at each balance sheet date.

General

The acquisition and disposal of financial assets are recognized on the transaction date – the date when the Group has an obligation to acquire or dispose of the asset. Financial instruments are initially recognized at fair value plus transaction costs, which applies for all financial assets that are not recognized at fair value through the income statement. Financial assets recognized at fair value through the income statement are initially recognized at fair value, while related transaction costs are recognized in the income statement. Financial assets are removed from the balance sheet when the right to receive cash flows from the asset has ceased or been transferred and the Group has transferred practically all risks and benefits associated with the ownership. Financial assets recognized at fair value through the income statement are after initial recognition accounted for at fair value.

At each balance sheet date the Group assess whether there are objective proof of impairment for a financial asset or a group of financial assets, such as the cessation of an active market or that it is probable that a debtor cannot fulfill his obligations.

Financial assets at fair value through the income statement

Financial assets recognized at fair value through the income statement are financial assets which are held for trading and other financial assets that the Kopy Goldfields Group initially has classified in this category (fair value option). Financial instruments in this category are valued at fair value through the profit and loss. The additional consideration from the Krasny license is recognized under the sub-category fair value option.

Loan receivables

Loan and other receivables are financial assets that are not derivatives. They have determined or determinable payments and are not quoted on an active market. They are included in current assets with the exception of items that have a maturity after more than 12 months after the balance sheet date. Such assets are classified as non-current assets. Loan receivables are classified as other receivables and non-current loan receivables respectively in the balance sheet.

Inventory

Inventory is measured at the lower of cost and net realizable value. Cost is determined using the first-in first-out method (FIFO). Cost for products for sale and work in progress is cost for design, raw material, direct personnel, and other directly attributable costs and attributable indirect costs (based on normal production capacity). Borrowing costs are not included. Net realizable value is the estimated selling price less variable selling costs.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash and bank balances. Cash and bank balances are included in the cash flow statement.

Accounts payable

Accounts payable are initially recognized at fair value and subsequently at amortized cost.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs. Borrowings are subsequently recognized at amortized cost and any difference between amounts received (net of transaction costs) and the amounts to be repaid are recognized in the income statement allocated over the loan period, using the effective interest method. Borrowing costs is recognized in the income state-

ment in the period to which they belong. Borrowings are classified as current unless the Group has an unconditional right to postpone the payment of the debt for at least 12 months after the balance sheet date.

Income taxes

Income taxes include tax to be paid or received in the current year, adjusted for prior year current and deferred tax. All tax liabilities and receivables are valued at nominal amounts and in accordance with tax rules that are enacted, announced or that are probable.

Tax effects of items recognized in the income statement are also recognized in the income statement. Tax effects of items recognized in other comprehensive income or directly in equity are also recognized in other comprehensive income or directly in equity. Deferred tax is determined using the balance sheet method on all temporary differences arising between carrying value and tax value on assets and liabilities.

Deferred tax receivable related to loss carry forwards or future tax deductions are recognized to the extent that it is probable that the deduction can be offset against future profits. As management cannot estimate when a possible taxable profit will arise, Kopy Goldfields has chosen not to recognize any deferred tax receivables.

Remuneration to employees

Pension

The Group does not have any pension costs in Russia. In Sweden the Group pays defined contribution pension fees for one employee.

Termination remuneration

Remuneration at termination is paid when the employee is terminated by Kopy Goldfields and the employee accepts a voluntary termination in exchange for such remunerations. Kopy Goldfields recognizes termination payments when the Group demonstrably has the obligation to either terminate employees according to a detailed formal plan without the possibility to cancel, or when termination payments is the result of an offer to encourage voluntary termination. Benefits due after more than 12 months after the balance sheet date are discounted to present value.

Provisions

Provisions for primarily guarantees but also legal demands in those cases when they arise are recognized when the Group has a legal or informal obligation as a result of earlier events, it is probable that an outflow of resources are required to settle the obligation, and the amount can be reliably estimated. Provisions are not made for future operating losses.

Earnings per share

Earnings per share is calculated based on net income (total net income from continued and discontinued operations) in the Group attributable to the shareholders of the parent company and based on the average number of outstanding share during the period. When calculating earnings per share after dilution net income and average number of shares is adjusted to reflect effects of potential dilutive ordinary shares, which under reporting periods are issued shares and options. Dilution from options occurs only when the exercise price is lower than fair value of the shares and the larger the difference the larger the dilution. Convertible loans and options are not considered dilutive if the earnings per share from continuing operations would improve (greater earnings or lower loss) after dilution.

NOTE 2 PARENT COMPANY ACCOUNTING PRINCIPLES

The parent company applies in all material respects the same accounting principles as the Group. In addition RFR 2 "Accounting for legal entities" is applied.

Differences in accounting principles between the Group and the parent company

Skillnader mellan koncernen och moderbolagets redovisningsprinciper framgår nedan. De nedan angivna redovisningsprinciperna har tillämpats konsekvent på samtliga perioder som presenteras i moderbolagets finansiella rapporter.

Subsidiaries

Shares in subsidiaries are recognized in the parent company according to the cost method.

Group and shareholder contributions

Shareholder's contributions are capitalized as investments in subsidiaries, in the Parent Company's balance sheet, subject to impairment tests. Paid group contributions are being recognized as shares in subsidiaries in accordance with RFR2.

Presentation of income statement and balance sheet

The Parent company comply with the presentation format for income statement and balance sheet in ÅRL, which among other things means that the format for equity is different and that provisions has its own heading in the balance sheet.

NOTE 3 RELATED PARTY TRANSACTIONS

In October 2015, the Company raised a short term loan of MSEK 3,3 from three major shareholders as well as CEO and CFO. The loan is due when the conditional consideration from the Krasny-license has been received, but no later than September 30, 2016. It bears an arrangement fee of 10 per cent and an annual interest rate of 10 per cent. The loan was repaid in April 2016.

See also note 10, personnel, for remuneration to Board of Directors and Management.

NOTE 4 FINANCIAL RISK FACTORS

During 2015, the financial risk management has followed the Kopy Goldfields financial policy. Kopy Goldfields classifies financial risk as:

- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk and re-financing risk

See also Director's report, page 23 and forward.

Currency risk

Kopy Goldfields have significant costs, assets and liabilities in Russian rubles (RUB), Euro (EUR) and US Dollars (USD) which leads to a currency exposure in the income statement, balance sheet and cash flow statement. In dealing with currency risks, Kopy Goldfields separates transaction exposure and translation exposure:

Transaction exposure

The transactions in the Russian subsidiaries are predominantly in their functional currency, RUB. The existing transaction exposure relates to when the parent company forwards loans to the subsidiaries which normally is done in USD. Since loans and credit terms are relatively long-term there is an exposure in both the parent company and the subsidiaries.

Translation exposure

The net income in the Russian Group companies and the value of the net investment are affected by changes in exchange rates, which affects the Group statement of financial position and income statement when translated to SEK. The current year translation effect on net income and consolidated statement of financial position was KSEK -559 (-1 652).

The Group's revenue / capitalized work and net income are divided in the following currencies, KSEK:

Currency	Capitalized amounts/revenue	Net income
SEK	-	-5047
RUB	3 662	-3429
USD	4 733	4 733
EUR	-	-
Total	8 395	-3 743

The Group's assets and liabilities are divided in the following currencies:

Currency	Assets	Liabilities
SEK	1 435	8 603
RUB	22 521	2 547
USD	16 764	-
EUR	63 777	-
Total	104 497	11 150

The Group has chosen not to hedge any of the above translation exposures against the Rouble.

Interest rate risk

Kopy Goldfields is to a relatively small extent exposed to interest rate risk since there is only a small portion of loan financing. The net liability amounted to MSEK -4.9 (-1.9) at the end of 2015, consisting of cash MSEK 1.4 (1.1) and interest bearing liabilities of MSEK -6.3 (-3.0).

Credit risk

Credit risk is primarily attached to the financial credit risk since the Company does not have any commercial accounts receivable or similar.

Financial credit risk

Investments in financial instruments leads to a risk that the counterparty will not fulfill his obligations. This exposure arises in investments in cash and other financial instruments with positive unrealized results against banks and other counterparties. Kopy Goldfields limits these risks by placing surplus cash funds with counterparties with high credit ratings, currently one of the large commercial banks.

Liquidity risk

The liquidity risk is that Kopy Goldfields cannot meet its short term payment obligations due to lack of cash funds or illiquid cash reserves.

As described previously the Company's activities are to its nature very capital intensive and the Company has a large need for capital in the future in order to be able to continue to develop the operations and to meet future obligations. Access to capital is required to secure this. The Board's opinion is that future financing should in the coming years primarily be done via equity in combination with sale of assets.

Re-financing risk

The re-financing risk is the risk that Kopy Goldfields cannot finance its outstanding liabilities on acceptable terms, or at all, at a given point in time.

It is the Board's judgment that financing probably will be obtained for the next twelve month period, but maybe on different terms than previously.

The outstanding loans, all shareholders' loans, at the balance sheet date had the following structure, average interest and maturity. One lone, amounting to KSEK 3,000 was converted into shares in February 2016 and the remaining loan of KSEK 3,300 was repaid in April 2016.

2015

Loan	Average interest (%)	Within 1 year	2-5 years	Later than 5 years	Total	Fair value
Other loans	10 %	6 300	-	-	6 300	6 300
Total		6 300	-	-	6 300	6 300

2014

Loan	Average interest (%)	Within 1 year	2-5 years	Later than 5 years	Total	Fair value
Other loans	10 %	3 000	-	-	3 000	3 000
Total		3 000	-	-	3 000	3 000

NOTES

NOTE 5 SIGNIFICANT ESTIMATES AND JUDGEMENTS FOR ACCOUNTING PURPOSES

The Group makes estimates and judgments about the future. The estimates for accounting purposes that are the result of these will, by definition, rarely correspond to the final outcome. The estimates and judgments that include a significant risk for material adjustments in the carrying values of assets and liabilities in the next financial year are described below.

Extractable deposit

Exploration expenses for pure exploration work is expensed while expenses for evaluation work is capitalized from the point in time when the Company has determined, judge that it is probable, that a decision will be taken to extract gold from a deposit. Alternatively a judgment can relate to the possibility to in the future sell the deposit with a profit. The above are judgments that to a great extent affect the Company's balance sheet and income statement.

Classification of acquisition of subsidiaries

In an acquisition the acquisition must be analyzed whether it is a business combination or an acquisition of an asset. It is common that exploration licenses are acquired via the acquisition of a subsidiary. In such cases an analysis is done to determine whether the acquisition meets the criteria for a business combination or not.

The criteria that Kopy Goldfields reviews is the purpose of the acquisition, if the purpose is to acquire a business or an asset. If the acquisition of a company does not meet the criteria for a business combination it is recognized as an acquisition of an asset. Companies which only have a license without the associated management / administration of the license are normally classified as an acquisition of an asset.

Useful lives of intangible and tangible fixed assets

Management determines the estimated useful lives and the associated depreciation for the Group's intangible and tangible fixed assets. These estimations are based on historical knowledge about the equivalent assets useful lives. Useful life and estimated residual values are tested at each balance sheet date and adjusted as needed. For carrying values for the respective balance sheet date, see note 15-17.

Impairment test for Exploration licenses and evaluation work

Each year the Group reviews if any needs for write down exist for exploration licenses and evaluation work in accordance with the accounting principle which is described in the section "Write down of non-financial assets". The recoverable amount for cash generating units is the higher of the asset's fair value less selling costs and its value in use. When assessing the value in use, certain estimates are made for these calculations related to discount rate, price of gold, reserves etc.

In 2015, no impairment was done.

Valuation of loss carry forwards

Each year the Group reviews if deferred tax receivables can be recognized related to tax loss carry forwards. While it is highly uncertain whether the Group will have any taxable surplus in the nearest five year period the Company has chosen not to recognize any deferred tax assets related to tax loss carry forwards.

Going concern

Exploration is a capital intensive activity and as disclosed elsewhere in these financial statements the Company does not yet report any revenue. Given the recently received additional consideration from the Krasny-project, it is the Board's assessment that the Company is financed for the rest of the year and can continue on a going concern.

NOTE 6 OTHER REVENUE

KSEK	Group	
	2015	2014
Sale of property plant and equipment	552	2 382
Result from transition to joint venture	-	37 039
Revaluation of additional consideration	4 733	-
Sale of inventory	154	134
Invoicing of services to joint venture	645	657
Other	893	-
Total	6 977	40 212

On August 12, 2014, Kopy Goldfields entered a joint venture agreement with the Russian gold producer GV Gold. GV Gold earned 51% of the Krasny license by investing USD 9 million. When divesting shares in subsidiaries to joint venture, the former shareholding in the subsidiary is valued to fair value as per transaction date. Any profit or loss is recognized in the income statement. The divested subsidiaries net assets as per transaction date are disclosed below. See also note 22.

KSEK	Bodaibo Holding and LLC Krasny
Intangible fixed assets	48 139
Tangible fixed assets	16
Financial fixed assets	1 620
Other receivables	1 393
Cash and cash equivalent	0
Account payables and other liabilities	-8 067
Net identified assets and liabilities	43 101
Fair value	80 140
Net result	37 039

NOTE 7 INTRA GROUP PURCHASE AND SALES

100 per cent (97) of the parent company's net revenue or KSEK 3 327 (3 321) was related to sales to other companies within the Group. 80 per cent (94) or KSEK 230 (1 087) of the interest income in the parent company is related to other companies within the Group.

NOTE 8 DEPRECIATION AND AMORTIZATION

KSEK	Group		Parent company	
	2015	2014	2015	2014
Buildings	175	278	-	-
Machinery and equipment	302	425	58	58
Impairment	-	-	-	-
Total	477	704	58	58

Of the amount above, KSEK 419 (646) has been capitalized as intangible assets.

NOTE 9 AUDIT FEES

KSEK	The Group		Parent company	
	2015	2014	2015	2014
<i>Ernst & Young</i>				
Audit fee	247	246	247	246
Audit activities other than the audit assignment	23	-	23	-
Other services, tax	-	-	-	-
Other services, other	14	55	14	55
Total	284	301	284	301
<i>Other audit firms</i>				
Audit fee	109	143	-	-
Audit activities other than the audit assignment	-	-	-	-
Other services, tax	-	-	-	-
Other services, other	-	-	-	-
Total	109	143	-	-
Total	393	444	284	301

Audit fee include the audit of the financial statements and accounting records and the administration of the Company by the Board and CEO, other assignments that fall on the Company's auditor to do and advice and other assistance which is the result of the audit. All other assignments are Tax services or Other services.

Other services in the table above mainly relates to reviews in relation to preparation of prospectuses and specific accounting issues.

NOTE 10 PERSONNEL

	2015		2014	
	Total	Of which women	Total	Of which women
Average number of employees				
<i>Parent company</i>				
Sweden	2	0	2	0
<i>Group companies</i>				
Russia	6	1	12	3
Total for the Group	8	1	14	3

As of December 31, 2015 there were 5 full time permanent employees (8) in the Group. During the course of a year the Company use temporarily hired employees for exploration work. This explains the higher average number of employees.

Gender distribution in the Group (incl subsidiaries) for the Board of Directors and management

	2015		2014	
	As of December 31	Of which women	As of December 31	Of which women
Board of Directors	3	0	4	0
CEO and management	4	0	4	0
Total for the Group	7	0	8	0

Salaries, remuneration and social security costs

	2015	2014
<i>The Group</i>		
Board, CEO and management (of which variable)	3 604 (702)	3 950 (691)
Other employees	559	1 673
Total	4 163	5 623
Social security costs (of which pension costs)	1 102 (131)	1 824 (129)
Total	5 265	7 447
<i>Parent Company</i>		
Board, CEO and management (of which variable)	2 795 (385)	2 776 (349)
Other employees	0	0
Total	2 795	2 776
Social security costs (of which pension costs)	918 (131)	921 (129)
Total	3 713	3 697

NOTES

Remuneration to the Board and management during the financial year (KSEK):

	Salary/fee	Variable remuneration	Other benefits	Pension cost	Total
Chairman of the Board, Kjell Carlsson	195	79	0	0	274
Board member, Markus Elsasser ¹⁾	0	0	0	0	0
Board member, Johan Österling	75	32	0	0	107
Board member, Andreas Forssell	75	0	0	0	75
CEO, Mikhail Damrin	1 234	89	0	0	1 323
Deputy CEO, Tim Carlsson	831	185	0	131	1 147
Other management (2 persons)	491	317	0	0	808
Total Board and management	2 901	702	0	131	3 734

¹⁾ Markus Elsasser resigned from the Board of Directors on the Annual General Meeting in May 2015 and has not received any remuneration being a major shareholder.

Benefits to management

Principles

Remuneration to the Board, including the Chairman, is set by the shareholders at the annual general meeting and is valid until the next annual general meeting.

Remuneration and benefits to the board

The total remuneration to the Board for the financial year 2015 amounted to KSEK 456 (620), of which KSEK 274 (295) was remuneration to the Chairman of the Board. For remuneration to other Board members, see table above. The Chairman has via own company, in addition to the board remuneration, invoiced KSEK 79 related to extra work done during 2015. The work done has been related to financing issues and operational matters. The Board member Johan Österling has via own company, in addition to the board remuneration, invoiced KSEK 32 related legal services during 2015.

Board incentive program 2014/2016

The Annual General Meeting 2014 resolved upon an incentive program for the Board as a part of the Board remuneration, through issuance of maximum 650,000 warrants. The warrants were acquired by the Board members at market price and have no transfer restrictions. After recalculation of the terms following the share issue in January 2015, each warrant entitles the holder to subscribe for 1.02 new shares in the Company at a subscription price of SEK 1.57 per share. The subscription period runs from June 1, 2015 until December 31, 2016. The number of warrants issued amount to 520,000 in total. See note 30 for more information.

As of December 31, 2015, the board warrants were allocated as below:

Participant	Number of warrants
Kjell Carlsson (Chairman)	260 000
Andreas Forssell	130 000
Johan Österling	130 000
Total	520 000

Remuneration and benefits to the CEO

Remuneration to the CEO amounted to KSEK 1 323 (1 124) KSEK for 2015. The remuneration consists of fixed salary and variable remuneration based on annual targets. The CEO has a fixed annual salary of KUSD 135 (135) net after tax. The variable remuneration amounts to maximum 20% of the fixed salary and is based on both soft and hard targets. The CEO has previously been part of the Group's long term incentive program, but is currently not participating in any program. There are no pension commitments towards the CEO.

Pension plans

The parent company pays defined contribution pension fees to the deputy CEO. The Group does not have any other pension obligations in the subsidiaries or the parent company.

Termination period and severance pay

The CEO and the Company has a mutual notice period of six months and for other management three months. There are no agreements regarding severance payments.

Short term loan from CEO and CFO

In October 2015, the Company raised a short term loan of MSEK 3.3 from three major shareholders as well as CEO and CFO. The loan had an arrangement fee of 10 per cent and an annual interest rate of 10 per cent and was repaid in April 2016. In total, the CEO received KSEK 16 and the CFO KSEK 32.

NOTE 11 RESULTS FROM SHARES IN GROUP COMPANIES

KSEK	Parent company	
	2015	2014
Sale of shares in subsidiaries	-	133
Impairment	-3 066	-8 380
Total	-3 066	-8 247

Impairment for 2015 refers to the Russian subsidiary LLC Kopylovsky and corresponds to the amount of paid shareholders contributions.

During last year, as part of the preparations for the joint venture agreement over the Krasny license, the subsidiary LLC Krasny was sold in an internal sales transaction from the Parent Company to the newly established subsidiary Bodaibo Holding Ltd. The sale was done at book value and hence no result is shown in the profit and loss statement of the Parent Company. All effects of the joint venture agreement are shown in notes 6, 15, 21 and 22.

NOTE 12 FINANCIAL INCOME AND COST

KSEK	The Group		Parent company	
	2015	2014	2015	2014
<i>Financial income</i>				
Interest income	60	75	60	75
Other financial income	-	133	-	-
Interest income from Group companies	-	-	230	1 087
Reversal of write-down	-	-	-	5 569
Total financial income	60	208	290	6 731
<i>Financial costs</i>				
Impairment	-	-	-2 304	-
Interest cost	-748	-524	-406	-524
Exchange differences	-68	-1 144	-68	-1 143
Total financial costs	-816	-1 668	-2 778	-1 667
Net financial income and costs	-756	-1 460	-2 488	5 064

Impairments during 2015 refer to intra group receivables. For 2014, as a consequence of the joint venture agreement over the Krasny-license, the Parent company shows reversed write-downs of receivables from group companies of MSEK 5.6.

NOTE 13 TAX

KSEK	The Group	
	2015	2014
Current tax	-	-
Deferred tax	13	-5353
Total	13	-5 353

The deferred tax in the Group is primarily related to temporary differences in the capitalized exploration expenses.

Reconciliation of the weighted average tax and actual tax:

KSEK	The Group		Parent company	
	2015	2014	2015	2014
Result after financial items	-3756	18 337	-9 846	-7 836
Tax at current tax rate	827	-4 034	2 166	1 724
Difference in tax rate in foreign operations	37	-1 271	-	-
<i>Tax effects from:</i>				
Result from joint ventures	-30	-1 201	-	-
Nondeductible items	0	-2	-1 182	-1 846
Nontaxable items	1 673	9 240	632	1 254
Loss carry forwards for which deferred tax is not recognized	-2 494	-8 084	-1 616	-1 133
Reported tax	13	-5 353	0	0

Tax rates are 22% in Sweden and 20% in Russia.

As of December 31, 2015 the Group had tax loss carry forwards of approximately MSEK 65.5. Deferred tax receivables related to tax loss carry forwards are recognized only to the extent that it is probable that they will be used. Since the Company's future possibility to use the tax loss carry forwards are uncertain the Company has not recognized any deferred tax receivables. The value of the tax losses are approximately MSEK 14.3, whereof MSEK 13.9 relates to the Parent company in Sweden and MSEK 0.4 to Russian subsidiaries. The tax loss carry forwards can be used for indefinite time in Sweden, while they can be used for 10 years in Russia.

Deferred tax receivables and liabilities relates to the following:

	2015-12-31	2014-12-31
<i>Deferred tax liabilities</i>		
Intangible assets	2 294	2 786
Total deferred tax liabilities	2 294	2 786

Change in the net of deferred tax liabilities

	Opening balance	Recognized in the income statement	Translation differences	Closing balance
<i>Deferred taxes</i>				
Intangible assets	-2 786	13	479	-2 294
Total	-2 786	13	479	-2 294

NOTE 14 EARNINGS PER SHARE

Change in number of shares	2015		2014	
Outstanding at the beginning of the period	30 247 220		30 246 257	
Share issue January				963
Share issue February		24 197 776		
Outstanding at the end of the period	54 444 996		30 247 220	

The Extra General Meeting, held on December 17, 2014, resolved to issue shares with preferential rights for existing shareholders. The subscription rights were received in December 2014 while the subscription period ran during January 2015. In total, 24 197 776 shares were subscribed and the transaction was registered at the Swedish Companies Registration Office in February 2015.

Earnings per share before and after dilution	2015		2014	
Net income, KSEK, attributable to the shareholders of the parent company		-3 743		12 984
Average number of shares before and after dilution		51 515 950		32 171 965
Earnings per share before and after dilution (SEK)		-0.07		0.40

Earnings per share before and after dilution is calculated by dividing the net income attributable to the shareholders of the parent company by the average number of outstanding ordinary shares during the period exclusive of repurchased treasury shares held by the parent company.

Since net income for 2015 is negative, potential dilution from outstanding warrants are not taken into account, as earnings per share would improve considering the dilution effect. The outstanding warrants at year end 2014 has a subscription price that is exceeding the average price for the underlying share, which means that they are excluded from the calculation of earnings per share after dilution.

NOTES

NOTE 15 EXPLORATION LICENSES AND EVALUATION WORK

KSEK	The Group	
	2015	2014
Opening acquisition cost	65 654	152 272
Investments	2 672	1 859
Disposals	-	-59 594
Translation differences	-12 091	-28 883
Closing acquisition cost	56 235	65 654
Opening accumulated write down	-45 816	-72 973
Disposals	-	6 505
Translation difference	8 000	20 652
Closing accumulated write down	-37 816	-45 816
Carrying value	18 419	19 838

The balance for exploration licenses and evaluation work includes approximately MSEK 13 of acquired licenses and the remaining part relates to capitalized exploration and evaluation work, approximately MSEK 5.

During 2014, the Company entered into a joint arrangement agreement regarding the Krasny-license, which has been classified as a joint venture according to existing accounting standards. The joint venture is accounted for according to the equity method on a separate line in the Balance sheet, see note 22. As a consequence, the Company shows disposals of exploration licenses and evaluation work amounting to MSEK -53. During 2014 two other licenses, both fully impaired to an amount of MSEK 6.5, were returned to the Russian state

In assessing the possible impairment on exploration licenses and evaluation work, the carrying values are compared with the recoverable amount. The recoverable amount is the higher of the asset's fair value less selling costs and its value in use. No impairment has been done during the year.

NOTE 16 BUILDINGS

KSEK	The Group	
	2015	2014
Opening acquisition cost	5 566	8 070
Disposals	-2 927	-69
Translation difference	-458	-2 435
Closing acquisition cost	2 181	5 566
Opening accumulated depreciation	-1 822	-2 363
Depreciation	-175	-278
Disposals	489	47
Translation difference	263	771
Closing accumulated depreciation	-1 245	-1 822
Opening accumulated write down	-1 944	-2 789
Disposals	1 944	-
Translation difference	-	845
Closing accumulated write down	-	-1 944
Carrying value	935	1 800

NOTE 17 MACHINERY AND EQUIPMENT

KSEK	The Group		Parent Company	
	2015	2014	2015	2014
Opening acquisition cost	3 934	9 284	292	292
Disposals	-1 732	-3 392	-	-
Translation difference	-332	-1 958	-	-
Closing acquisition cost	1 870	3 934	292	292
Opening accumulated depreciation	-1 440	-2 579	-175	-116
Depreciation	-302	-425	-58	-58
Disposals	992	953	-	-
Translation difference	87	612	-	-
Closing accumulated depreciation	-663	-1 440	-234	-175
Opening accumulated write down	-1 430	-4 777	-	-
Write down	1 431	2 382	-	-
Translation difference	-1	964	-	-
Closing accumulated write down	-	-1 430	-	-
Carrying value	1 208	1 064	58	117

NOTE 18 INVENTORY

KSEK	The Group	
	2015	2014
Raw material and consumables	88	463
Carrying value	88	463

NOTE 19 OTHER RECEIVABLES

KSEK	The Group		Parent company	
	2015	2014	2015	2014
Value added tax	148	273	125	262
Receivable additional consideration	16 663	11 930	-	-
Other	53	90	27	41
Total	16 864	12 293	152	303

The receivable of the additional consideration from the Krasny license is valued at fair value through the profit and loss according to level 3. Other items under other short term receivables are estimated to in all material respects correspond to the carrying values as the maturities are short term. See also note 31, Financial instruments.

NOTE 20 PREPAID EXPENSES

KSEK	The Group		Parent company	
	2015	2014	2015	2014
Prepaid rent	26	30	26	30
Prepaid exploration	64	12	-	-
Other	61	104	61	104
Total	151	146	87	134

NOTE 21 SHARES IN SUBSIDIARIES

KSEK	Parent company	
	2015	2014
At the beginning of the year	119 337	118 465
Acquisitions	2 267	50
Shareholder contributions	3 066	85 065
Disposals	-	-75 963
Impairment	-5 333	-8 380
Carrying value at the end of the year	119 237	119 237

In 2014, as part of the preparations for the Krasny-license joint venture agreement, the subsidiary LLC Krasny was sold in an internal sale from the Parent company to the newly established subsidiary Bodaibo Holding Ltd. The sale was done at book value of MSEK 76 and as such, no effect is shown in the profit and loss. The effects from the joint venture agreement are shown in note 6, 11, 15 and 22.

The table below specifies the subsidiaries of the Group as of December 31, 2015:

	Corporate Identification No	Domicile	Ownership, %	Carrying value in parent company
LLC Kopylovsky	1043800732337	Bodaibo, Russia	100	42 452
LLC Vostochny	1103802000389	Bodaibo, Russia	100	0
LLC Patom Gold	1123802000519	Bodaibo, Russia	100	0
LLC Taiga	1123802000552	Bodaibo, Russia	100	0
AB Krasny Gold Fields	556955-9726	Stockholm, Sweden	100	76 735
Kopy Development AB	556858-1747	Stockholm, Sweden	100	50

NOTE 22 ASSOCIATED COMPANIES AND JOINT VENTURES

KSEK	The Group	
	2015	2014
At the beginning of the year	72 141	-
Result from transition to joint venture	-	80 140
Net income	-138	-5 460
Translation differences	-6 654	-2 539
Carrying value at the end of the year	65 349	72 141

The table below specifies the joint ventures of the Group as of December 31, 2015:

KSEK	Corporate Identification No	Domicile	Assets	Liabilities	Revenue	Net income	Equity stake, %
Bodaibo Holding Ltd	HE 318777	Limassol, Cyprus	137 810	75	-	9 809	49
LLC Krasny	1103802000048	Bodaibo, Russia	46 245	43 037	-	-10 188	49

On August 12, 2014, the Company entered into a joint venture agreement with the Russian gold producer GV Gold over the Krasny-license. According to the terms of the agreement, GV Gold may earn up to 51% of the Krasny-project by investing MUSD 9 split into the following parts:

KUSD	
Cash consideration	1 000
Exploration work, Stage 1	3 000
Exploration work, Stage 2	3 000
Additional consideration	2 000
Total value	9 000

GV Gold had the possibility to stop further investments following the completion of Stage 1 but in March 2015 they formally confirmed their commitment to proceed to Stage 2 and invested further USD 3 million into exploration. On March 30, 2016 the formal statutory approval of a mineral reserve report for the Krasny license was received. The report was prepared in accordance with the Russian GKZ regulations and confirms gold reserves of 9.7 tons (314 koz) in the C2 category, which in turn implied that the Company had fulfilled the requirements for receiving

a conditional consideration in accordance with the joint venture agreement between the Company and GV Gold. The cash payment of 2 million USD was received on April 21, 2016.

The cash consideration of MUSD 1.0 was recorded in the cash flow under cash flow from investing activities in 2014. According to accounting rules and based on the agreement terms, the Krasny project shall be accounted for according to the equity method as a joint venture, initially valued to fair value as per transaction date. As a consequence, the profit and loss statement for 2014 shows other income of MSEK 37.0, see note 6, other income.

On the Balance sheet, as per year end, investments in joint ventures amount to MSEK 65.3, after a loss from joint ventures of MSEK 0.1 for the full year, as well as translation differences of MSEK -6.7. The Company also reports other income of MSEK 4.7 for the full year 2015, referring to an additional consideration in the joint venture agreement, which has been discounted and estimated with a probability. The conditional consideration is reported as a current receivable of MSEK 16.7 as per year end, corresponding to the nominal value, exposed for exchange rate and counterparty risks, see note 19.

NOTES

NOTE 23 CHANGES IN SHARE CAPITAL

Year	Event	Change in share capital, SEK	Capitalization excl issue costs	Change in number of shares	Nominal value, SEK	Total share capital	Total number of shares
2007	Company establishment	100 000	100 000	10 000	10,00	100 000	10 000
2007	Share issue	1 250 100	35 002 800	125 010	10,00	1 350 100	135 010
2007	Share issue	7 400 000	106 638 200	740 000	10,00	8 750 100	875 010
2007	Share issue	1 249 900	34 997 200	124 990	10,00	10 000 000	1 000 000
2008	Split 1:849	-	-	848 000 000	0,01	10 000 000	849 000 000
2009	Reverse split 1:100	-	-	-840 510 000	1,1779	10 000 000	8 490 000
2009	Reduction share capital	-9 500 000	-	-	0,0589	500 000	8 490 000
2009	Preferential issue	11 500 000	19 527 000	195 270 000	0,0589	12 000 000	203 760 000
2009	Directed share issue	402 500	683 445	6 834 450	0,0589	12 402 500	210 594 450
2010	Share issue	4 971 000	24 478 198	84 407 580	0,0589	17 373 500	295 002 030
2010	Share issue (Subscription of warrants)	4 308 678	23 411 630	73 161 345	0,0589	21 682 178	368 163 375
2010	Reverse split 1:100	-	-	-364 481 742	5,89	21 682 178	3 681 633
2010	Share issue	17 345 728	64 796 688	2 945 304	5,89	39 027 905	6 626 937
2011	Share issue (Subscription of warrants)	1 508	6 400	256	5,89	39 029 413	6 627 193
2011	Directed share issue	10 011 780	17 000 000	1 700 000	5,89	49 041 193	8 327 193
2011	Directed share issue	5 889 283	12 000 000	1 000 000	5,89	54 930 476	9 327 193
2012	Reduction share capital	-22 500 000	-	-	3,48	32 430 476	9 327 193
2012	Share issue	24 322 855	26 582 497	6 995 394	3,48	56 753 331	16 322 587
2012	Share issue	22 701 330	24 810 329	6 529 034	3,48	79 454 661	22 851 621
2013	Reduction share capital	-59 454 661	-	-	0,88	20 000 000	22 851 621
2013	Share issue	6 471 870	11 091 954	7 394 636	0,88	26 471 870	30 246 257
2013	Transfer of funds to share capital	53 028 130	-	-	2,63	79 500 000	30 246 257
2013	Reduction share capital	-59 500 000	-	-	0,66	20 000 000	30 246 257
2014	Share issue (Subscription of warrants)	637	3 852	963	0,66	20 000 637	30 247 220
2015	Reduction share capital	-8 500 000	-	-	0,38	11 500 637	30 247 220
2015	Share issue	9 200 509	10 888 999	24 197 776	0,38	20 701 146	54 444 996

A short term loan of MSEK 3 was converted into shares in February 2016. In total, 5,454,545 new shares were issued and SEK 2,999,999.75 was converted at the share price of SEK 0.55 per share. The share capital was increased by SEK 2,073,934.09 to SEK 22,775,080.27 and the number of shares following the conversion amounts to 59,899,541.

NOTE 24 FINANCIAL LIABILITIES

The gross financial liability, including accrued interest, amounted to KSEK 6 426 (3 050) at the end of 2015. The following table specifies the maturity of the financial liability. For interest rate risk see note 4.

KSEK	The Group		Parent company	
	2015	2014	2015	2014
<i>Current financial liabilities</i>				
Matures within 1 year	6 300	3 000	3 000	3 000
Total current financial liabilities	6 300	3 000	3 000	3 000
<i>Non-current financial liabilities</i>				
Other non-current loans with maturity >1 year <5 year	-	-	-	-
Total non-current financial liabilities	-	-	-	-
Total financial liabilities	6 300	3 000	3 000	3 000

The short term bridge loan of MSEK 3,0 as of December 31, 2013, was converted into shares in February 2016, see note 23. The remaining loan of MSEK 3,3 was repaid in April 2016.

Fair value of current financial liabilities is estimated to equal carrying value.

The interest rate on current financial liabilities is estimated to equal fair market interest rate as they have a short term interest rate.

NOTE 25 ACCRUED EXPENSES

KSEK	The Group		Parent company	
	2015	2014	2015	2014
Interest	126	50	50	50
Board fee	484	872	484	872
Social security fees	121	98	121	98
Other personnel related items	693	662	693	662
Other	180	180	180	180
Total	1 604	1 862	1 528	1 862

NOTE 26 ADJUSTMENT FOR ITEMS NOT AFFECTING CASH FLOW

KSEK	The Group		Parent company	
	2015	2014	2015	2014
Depreciation and impairment	58	58	5 429	2 869
Accrued interest	76	-	-167	-1 119
Share of profit in joint ventures	137	5 460	-	-
Gains on sale of property plant and equipment	0	-934	-	-
Revaluation of additional consideration	-4 733	-	-	-
Result from transition to joint venture	-	-37 039	-	-
Gains on sale of subsidiaries	-	695	-	608
Translation differences	-30	-328	-30	11
Other	-279	1 283	-3 340	-3 188
Total	-4 771	-30 805	1 892	-819

NOTE 27 DISPOSALS OF SUBSIDIARIES/LICENSES

KSEK	The Group		Parent company	
	2015	2014	2015	2014
Sale of LLC Kavkaz and LLC Prodolny	-	8 278	-	8 278
Joint venture agreement Krasny	-	6 181	-	-
Total	-	14 459	-	8 278

In December 2013, the licenses Kavkaz and Prodolny, owned by subsidiaries with corresponding names, were sold in a cash sale amounting to MRUB 50. 10% of the sales amount was received in December 2013 and the remaining 90% were received in February 2014. Both entities were directly owned by the Parent company before the sale.

During 2014, the Company entered into a Joint Venture agreement with the Russian gold producer GV Gold. Before signing the agreement, as part of the preparations, two new subsidiaries were established, AB Krasny Gold Fields, domiciled in Sweden, and Bodaibo Holding Ltd, domiciled on Cyprus. After this, the parent company sold the subsidiary LLC Krasny to Bodaibo Holding at carrying value and the sale was financed through a shareholders contribution, implying no cash flow effect in the Parent company. When entering into the agreement in August 2014, the Company received a cash contribution from GV Gold of MUS\$ 1, which is recorded in the cash flow for 2014 under cash flow from investing activities. See also note 6, 11, 21 and 22.

NOTE 28 PLEDGED ASSETS AND CONTINGENT LIABILITIES

The Company had no pledged assets or contingent liabilities on the balance day.

There are no known on-going disputes on the balance day.

In June 2015, the Company received the final award from the Arbitration Institute of the Stockholm Chamber of Commerce regarding a dispute concerning an agreement between SAT Commerce Ltd and Kopy Goldfields that was entered into in May 2013 and expired in June 2014. Kopy Goldfields lost the dispute and 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.

NOTE 29 LEASING

The Company's leasing agreements, where the risks and rewards associated with the ownership falls on the Group, are classified as financial leases. Currently the Group does not have any assets held under leasing

NOTE 30 OUTSTANDING OPTIONS

KSEK	Board Program 2014/2016
Exercise price, SEK	1.57
First exercise date	2015-06-01
Last exercise date	2016-12-31
Number of options issued at the beginning of the year	520 000
Exercised	-
Forfeited	-
At the end of the year	520 000
Of which fully vested at December 31, 2013 ¹⁾	520 000
Theoretical value ²⁾	41 600
Theoretical value per option at issue ²⁾ , SEK	0.08
Theoretical value per option at December 31, 2014 ³⁾ , SEK	0.0006
Theoretical dilution ³⁾	1.0 %

¹⁾ The Annual General Meeting 2014 resolved upon an incentive program for the Board as a part of the Board remuneration, through issuance of maximum 650,000 warrants. The warrants were acquired by the Board members at market price and have no transfer restrictions. After recalculation following the share issue in January

2015, each warrant entitles the holder to subscribe for 1.02 new shares in the Company at a subscription price of SEK 1.657 per share. The subscription period runs from June 1, 2015 until December 31, 2016. The number of warrants issued amount to 520,000 in total, which means that the share capital can be increased by SEK 201 669 at maximum.

²⁾ Theoretical value of issued options has been determined using a generally accepted option value model (Black&Scholes) at the time of issue. Volatility of 30 per cent, a risk free interest rate of 1.0 %, expected life of 2.6 years was the main assumptions used. Fair value of Kopy Goldfields was estimated using the closing share price as of June 10, 2014 which amounted to SEK 1.08.

³⁾ In February 2016, 5,454,545 new shares were issued through conversion of debt, see note 23. This transaction has not been taken into account in the above calculation.

NOTES

NOTE 31 FINANCIAL INSTRUMENTS

KSEK	Financial assets valued at fair value through profit and loss	Loans and accounts receivables	Financial assets available for sale	Financial liabilities valued at fair value through profit and loss	Other financial liabilities	Total
2015-12-31						
Assets in the Balance sheet						
Accounts receivables and Other receivables	-	302	-	-	-	302
Receivable additional consideration	16 664	-	-	-	-	16 664
Cash and cash equivalents	-	1 381	-	-	-	1 381
Total	16 664	1 683	-	-	-	18 347
2014-12-31						
Assets in the Balance sheet						
Accounts receivables and Other receivables	-	653	-	-	-	653
Receivable additional consideration	11 930	-	-	-	-	11 930
Cash and cash equivalents	-	1 111	-	-	-	1 111
Total	11 930	1 764	-	-	-	13 694
2015-12-31						
Liabilities in the Balance sheet						
Current interest bearing liabilities	-	-	-	-	6 300	6 300
Accounts payable	-	-	-	-	735	735
Other current liabilities	-	-	-	-	171	171
Total	-	-	-	-	7 206	7 206
2014-12-31						
Liabilities in the Balance sheet						
Current interest bearing liabilities	-	-	-	-	3 000	3 000
Accounts payable	-	-	-	-	1 713	1 713
Other current liabilities	-	-	-	-	347	347
Total	-	-	-	-	5 060	5 060

Loans and accounts receivables, as well as other financial liabilities are valued at amortized cost. The receivable of the additional consideration from the Krasny license is valued at fair value through the profit and loss according to level 3. Tax related receivables and liabilities are not included. The fair value of other financial assets and liabilities are estimated to in all material respects correspond to the carrying values as the maturities are short term or the interest rates are estimated to on market terms.

Calculation of fair value

Kopy Goldfields classifies fair value measurement using a fair value hierarchy that reflects the reliability of the inputs used in making the measurements. In accordance with IFRS 13 for financial instruments, disclosures about fair value measurement must be made by level. The fair value hierarchy consists of these levels:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly as prices or indirectly as derived prices, for example.
- Level 3 – Inputs for the asset or liability that are not based on observable information. The appropriate level is determined on the basis of the lowest level of input that is significant to measuring the fair value

NOTE 30 SUBSEQUENT EVENTS

In February 2016, a 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.

On March 30, 2016, the formal approval of a mineral reserve report for the Krasny deposit was received by the Russian authorities. The report was prepared in accordance with the Russian GKZ regulations and confirms gold reserves of 9.7 tons (314 koz) in the C2 category, which in turn means that the Company has fulfilled the requirements for receiving a conditional consideration of MUSD 2 in accordance with the joint venture agreement between the Company and GV Gold. The cash payment of MUSD 2 was received on April 21, 2016 and at the same time, the remaining short term interest bearing loan of MSEK 3.3 was repayed.

The Board of Directors and the CEO hereby provide an assurance that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) to the extent they have been adopted by the EU, and that they provide a true and fair view of the Group's financial position and results. The annual report has been prepared in accordance with generally accepted accounting standards and provides a fair and true view of the Parent Company's financial position and results.

The Director's report for the Group and the Parent Company provides a true and fair overview of the development of the Group's and the Parent Company's operations, financial position and results, and describes significant risks and uncertainties to which the Parent Company and the companies in the Group are exposed.

The income statement and statement of financial position of the Group and the income statement and balance sheet of the Parent Company are subject to adoption at the Annual General Meeting on May 26, 2016.

Stockholm on May 4, 2016

Kjell Carlsson
Chairman

Mikhail Damrin
CEO

Johan Österling

Andreas Forssell

Our audit report was issued on May 4, 2016

Ernst & Young AB

Per Hedström
Authorized public accountant

AUDITOR'S REPORT

To the annual meeting of the shareholders of Kopy Goldfields AB (publ), corporate identity number 556723-6335

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Kopy Goldfields AB (publ) for the financial year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 23-51.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December

2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Kopy Goldfields AB (publ) for the financial year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, May 4, 2016

Ernst & Young AB

Per Hedström
Authorized Public Accountant

THE BOARD OF DIRECTORS

Organization

The parent company is responsible for the group strategy and manages the subsidiaries, while performing intra-group functions such as financing, external information, financial reporting and the management of certain agreements.

The parent company has its registered office in Stockholm, while the subsidiaries have offices in Moscow, Russia and Bodaibo, Russia, where the Company's geologists and exploration teams are employed. The average number of employees for the 2015 financial year was 8, including temporarily hired employees.

Corporate governance

Kopy Goldfields is listed on First North, and companies listed on First North are not obliged to comply with the Swedish Corporate Governance Code ("the Code"). The Company does not employ the Code at present, but will gradually apply the Code to where it is deemed relevant for the Company and the shareholders.

Board of Directors

Responsibilities of the Board of Directors

The Board of Directors is responsible for the Company's strategy and targets; to approve budgets and business plans; approve costs and investments; and major corporate changes within Kopy Goldfields AB. The Board of Directors also appoints the CEO and determines the remuneration and other terms for the CEO.

Composition of the Board of Directors

Kopy Goldfields' Board of Directors consists of three members, of which Kjell Carlsson is the chairman. The members of the Board are presented in detail below. The Board of Directors is elected until next annual general meeting. All shareholdings are including family and privately-held companies.



Kjell Carlsson

Chairman of the Board and Board member since 2010.

Born: 1951, Swedish citizen.

Education: MSc mechanical engineering.

Work experience: Senior management positions with Sandvik, Atlas Copco and ABB.

Other assignments: Board member, Appalto AB; Board member, Kopy Development AB; Board member, AB Krasny Gold Fields; Board member, EuroMaint Rail AB; Board member, Bruzholms Bruk AB

Relinquished assignments during the last five years: Chairman of the Board, Sandvik Nora AB; CEO and Board member, Sandvik Mining and Construction Tools AB; Chairman of the Board, AB Sandvik KPS; Board member, Monitoring Control Center MCC AB; Board member, Sandvik Mining and Construction Sverige AB; Partner of Ingenjör-firma C.J. Carlsson HB.

Shareholding in Kopy Goldfields: 125,000

Warrants: 260,000



Andreas Forssell

Board member since 2011

Born: 1971, Swedish citizen.

Education: Master's Degree in Business Administration and MBA

Work experience: CEO and Board member, Crown Energy AB; Managing Director, Tomsk Refining

Other assignments: Board member, Andreas Forssell AB; Board member, AB Krasny Gold Fields

Relinquished assignments during the last five years: CEO, Tomsk Refining AB; Board member, Tomsk Konsult AB; Board member, Play on TV Europe AB; Board member, Stella Nova Filmproduktion AB; Shareholding in Kopy Goldfields: 126,000

Warrants: 130,000



Johan Österling

Board member since 2011

Born: 1946, Swedish citizen.

Education: Swedish LLM (Master in Law) and BA (business administration). Dipl. Air Space Law, McGill University.

Work experience: Advokat (Member Swedish Bar Association), Partner of Foyen law firm until 2011

Other assignments: I.a. Board member, Dragon Mining (Sweden) AB; Chairman, Kilimanjaro Gold AB; Board member, AB Surditer; Chairman of the Board, Göthes AB; Chairman of the Board, Fahlia AB; Chairman of the Board, Penclic AB; Chairman of the Board, ByggBag AB; Chairman of the Board, JE Österling Förvaltning AB; Board member, Hydropulsor AB

Relinquished assignments during the last five years: I.a. Nomor AB (publ), Board member, Bofors Bruk AB, Hedera Group AB (publ)

Shareholding in Kopy Goldfields: 500,000

Warrants: 130,000

Auditor

Ernst & Young, responsible Per Hedström, Authorized Public Accountant

MANAGEMENT

MANAGEMENT

Kopy Goldfields' management consists of four members, of which Mikhail Damrin is the CEO, and these are presented in detail below. All shareholdings are including family and privately-held



Mikhail Damrin

CEO since 2009.

Born: 1970, Russian citizen.

Education: MSc mechanical engineering, Moscow Technical University; Bachelor's degree in mining technology, Tomsk Polytechnical University; Bachelor's degree in international finance, Russian Academy of Foreign Trade; MBA, Cranfield University, Bachelor's degree in open pit mining from the Moscow Mining University.

Work experience: Business development and M&A manager of Central Asia Gold; senior management positions with West Siberian Resources.

Other assignments: Board member, LLC Krasny Relinquished assignments during the last five years: – Shareholding in Kopy Goldfields 196 681

Warrants: –



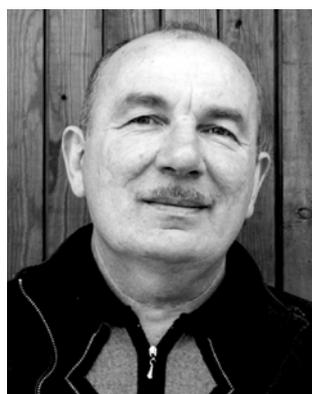
Tim Carlsson

CFO since 2011, Deputy CEO since 2012.

Born: 1979, Swedish citizen.

Education: Master's Degree in Business Administration, Linköping University, Sweden; Business studies, Eberhard Karls Universität Tübingen, Germany; Russian language studies, Herzen University, St Petersburg, Russia.

Work experience: Authorized Public Accountant, KPMG Other assignments: Board member, LLC Krasny Relinquished assignments during the last five years: Board member, Brf Oxen Mindre 22 Shareholding in Kopy Goldfields: 500,000 Warrants: –



Alexander Vamboldt

Managing director of LLC Kopylovsky since 2010.

Born: 1957, Russian citizen.

Education: Master in Mining engineering, Krasnoyarsk Institute of Non-Ferrous Metals. Work experience: Executive director with GUAM S.a.r.l. in Guinea with responsibility for placer gold prospecting and exploration; director of Minusinsk Exploration Expedition with responsibility for placer gold production at the Beika deposit in the Republic of Khakassia; manager of MAVAX S.a.r.l. in Guinea, with responsibility for bedrock gold exploration planning and development; director of OOO Tardan Gold with responsibility for construction and management of an open pit gold mine and processing plant.

Other assignments: Russian Statutory Committee on Reserves (GKZ) expert with Krasnoyarsk Relinquished assignments during the last five years: – Shareholding in Kopy Goldfields: – Warrants: –



Dr. Evgeny Bozhko

Chief geologist since 2011, employed in Kopy Goldfields since 2010

Born: 1968, Russian citizen.

Education: PhD in geological and mineralogical science. Degree in Prospecting and Exploration Geology from Voronej State University, Russia Work experience: Several Senior Geologist/Chief geologist positions within Russian and African exploration- and mining companies.

Other assignments: – Relinquished assignments during the last five years: – Shareholding in Kopy Goldfields: – Warrants: –

Alluvial gold

Mineralization in the river bed on ground level.

Enrichment

Concentration of a constituent of a mixture to be processed.

Enrichment plant

Plant for processing.

Core drilling

A drilling method to examine the rock core, which is used partly in connection with exploration, i.e. searching for minerals worth mining.

Chips

Fine-grained drill cuttings samples (chips) of bedrock that is obtained from RC drilling.

Cut-off

The lowest mineral content where the deposit is mined.

Diamant drilling

Drilling method to drill the cores of rock, including core drilling.

Deposit

The presence of mineralization.

Doré bars

Non-refined gold bullion containing mostly silver and gold.

ETF

Exchange traded fund, usually focused on gold investments.

Exchange

The percentage of the amount of a particular metal in a raw material extracted in the enrichment process.

Exploration

Search for economic mining ores and minerals.

Fault

The crust formation, which raised, lowered or moved sideways.

Feasibility Study

Feasibility and profitability study which forms the basis for decisions on mining investment.

Flotation

Part of the enrichment process in which chemicals are used to significantly increase the concentration of valuable minerals.

Geochemistry

Science of metals and other chemical substances on their natural behaviour in the environment.

Geophysics

Study of soil physics properties. Magnetic and electrical measurements and gravity measurements are some geophysical methods of exploration.

Gravimetric

Separation method based on the various minerals that has different weight.

Indicated mineral resource

The part of the mineral resource that has less geological knowledge and confidence than inferred and measured.

Inferred mineral resource

The part of the mineral resource that have little geological knowledge and confidence. Inferred mineral resource may not be added up with the reserves or measured and indicated resources, and may not be the basis for economic evaluations.

JORC

Code – recognized standard set by the Australian Joint Ore Reserve Committee (JORC) for calculation of mineral resources.

Measured mineral resource

The part of the mineral resource that has high geological knowledge and confidence.

Leaching

Chemical dissolution of metals for selective extraction from the leachate.

Lena Goldfields

The name of gold-producing area 150 years ago, which lies between the rivers Lena and Vitim in Irkutsk region. Geographical coincides with the northern part of Bodaibo area.

Mineral resources

The proportion of mineralized ring which quantity, grade, shape and

physical characteristics are known in the borehole and analysis and allows a satisfactory interpretation of the geological picture of the mineralization must be continuous (be related). Mineral resources must meet reasonable demands to be extracted economically. An estimate of the measured and indicated mineral resource is sufficient to serve as the basis of a preliminary feasibility study and can be the basis for significant development and expansion decisions.

Mineralization

Natural concentration of minerals in the bedrock.

Open pit

A place where mining deposits are shallow and where mining takes place in open day.

Ore Reserve

Is part of a mineral resource in which economic extraction demonstrated by at least a preliminary feasibility study and could be economic mined.

Measured mineral resources

The part of the ore reserve of high geological knowledge and confidence.

Quartz

Quartz is a mineral composed of silica, SiO₂. The colour is white or transparent.

RAB-drilling

Rotary air blast drilling rig/Technique, which is a drilling technology for exploration.

RC-drilling

A drilling method used primarily in connection with exploration that is searching for mineral deposits. RC is an abbreviation of Reverse Circulation.

Russian GKZ reserves

The Russian State Commission on Mineral Reserves. Responsible for register and approve mineral resources and ore reserves.

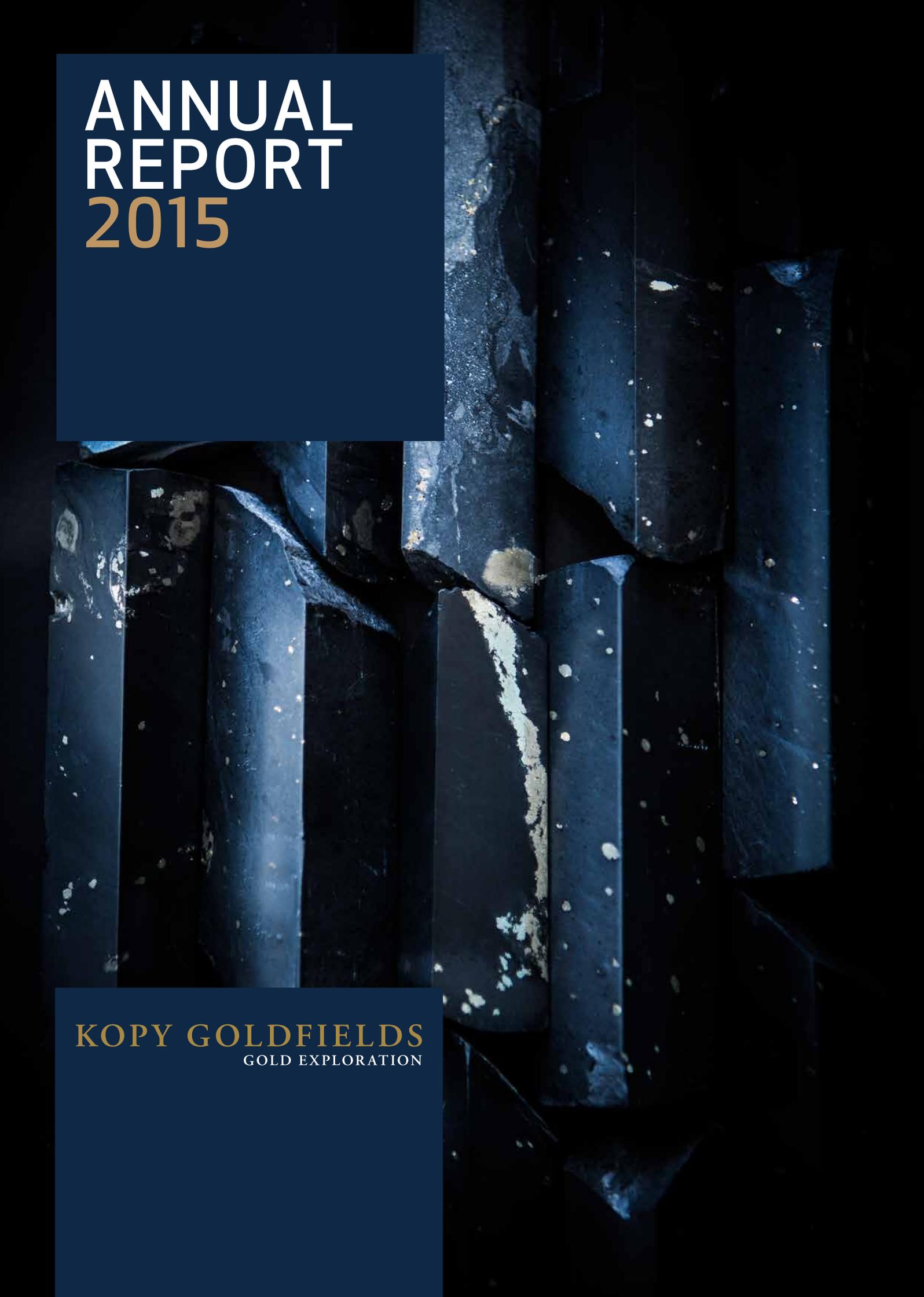
Recovery

Percentage of a mineral in a material that can be extracted from the enrichment process.

Troy ounce (oz)

1 oz = 31,304 gram. Measure for gold.

www.kopygoldfields.com



ANNUAL REPORT 2015

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