

## KOPY GOLDFIELDS AB (publ) Half Year Report January – June 2016

### Financial information half year 2016

- The Company does not yet report any revenue
- Net income MSEK -3.3 (0.1)
- Earnings per share before and after dilution SEK -0.06 (0.00)
- Total cash flow of MSEK 7.7 (1.6)
- Investments in exploration work and licenses MSEK 0.1 (0.6)
- Cash and cash equivalents amounted to MSEK 9.1 (2.7) at period end

MSEK	Jan – Jun		Jan – Dec
	2016	2015	2015
Investments in exploration work and licenses	0.1	0.6	2.7
Cash & cash equivalents at end of period	9.1	2.7	1.4
Profit/loss after financial items	-3.3	0.1	-3.8
Net income for the period	-3.3	0.1	-3.8
Earnings per share before and after dilution, SEK	-0.06	0.00	-0.07

### Significant events during January – June 2016

#### 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 confirmed gold reserves of 9.767 tons (314 koz) in the C2 category. The project was recommended for development into production.
- The Krasny mineralization was classified as a “gold deposit” and the Company was graded as a “pioneer discoverer” in Russia.

#### In April 2016, a conditional consideration was received and a short term loan was repaid

- On April 21, 2016 the Company received a conditional consideration of MUSD 2 from GV Gold in accordance with the joint venture agreement and at the same time, the short term interest bearing loan of MSEK 3.3 from five shareholders was repaid. The Company is now debt free.

#### In May 2016 a new positive scoping study was announced for the Krasny deposit

- The scoping study was performed by Irgiredmet engineering consultancy and included all exploration results until and including Stage 2 of the exploration program.
- The study evaluated gold production from the Upper structure only and confirmed feasibility of Krasny mine development with a total undiscounted free cash flow of USD 94 million at a fixed gold price of 1,100 USD/oz and estimated total production costs of 475 USD/oz.

#### In May 2016 a JORC mineral resource update was announced for the Krasny deposit

- The updated JORC mineral resource estimate was issued by Micon International Co Limited and was based on the exploration data acquired until January 2016 and covered both the Upper and Lower mineralization.
- It shows 288,000 oz of Indicated mineral resources (7,848,000 tons of rock at an average grade of 1.141 g/t Au) and 667,000 oz of Inferred mineral resources (12,324,000 tons at an average grade of 1.682 g/t Au) within an economically minable open pit.

## Comments from CEO

Dear shareholders,

We started 2016 from a solid foundation thanks to the efforts and money invested in previous years. Our flagship project – Krasny – is quickly moving towards construction and production, while our other projects – Northern Territories and Kopylovskoye – after being idle for several years, now return into development. The background is growing gold prices, booming shares of gold mining companies and general recovery of the investment climate in Russia. We seem to be in the right industry and in the right momentum and we are now fully prepared to join the ride.

After three months of detailed reviews, the mineral reserve report for the Krasny deposit, prepared in accordance with the Russian Statutory Reserve Committee reporting regulations, was formally approved by the Russian Federal Agency on Subsoil Usage on March 30, 2016. The report classifies the Krasny mineralization to be a deposit with total ore reserves in the C2 category of 6,317 ktons with an average grade of 1.55 g/t, which makes 9,767 kg of gold (314 koz). The report is based on geological data acquired before January 2015 and does not include the 2015 drill results and covers the Central Upper mineralization only. We are very happy with this outcome as we now have a legal right to produce gold from Krasny and we have also become pioneer gold discoverers, which is something that every exploration company seeks to achieve but which rarely happens in the real world. Following the GKZ reserve approval, in accordance with the Krasny Joint venture agreement, we received a conditional consideration of USD 2 million from GV Gold which significantly strengthened our cash position. Overall, our relations with GV Gold develop very successfully and we see GV Gold as an experienced and reliable partner to develop the Krasny project with into production.

In parallel with the GKZ reporting, in Q1 2016, we received a new scoping study for Krasny done by Irgiredmet, one of the top mining engineering companies in Russia. This study was based on the exploration results until and including Stage 2 of the exploration program. The study evaluated gold production from the Upper structure only and confirmed feasibility of Krasny mine development with a total undiscounted free cash flow of USD 94 million at a fixed gold price of 1,100 USD/oz and estimated total production costs of 475 USD/oz.

By the end of May 2016, we announced an updated JORC mineral resource estimate for the Krasny deposit made by Micon. This report was based on the exploration data acquired until January 2016 and covered both the Upper and Lower mineralization. The report shows a total of 955,000 oz of gold within an economically minable open pit and leaves part of the Krasny gold mineralization outside as it cannot be produced with profit at the current gold price and operating costs. However, this part of the gold mineralization that is currently left outside of the open pit would become minable if the market conditions improve (the Micon report was based on the 1200 USD/oz gold price and we see strong increase in gold price since the beginning of the year). Although the total of the new resources is somewhat lower than the previous reported in 2013, they are more reliable and robust as they are based on more drilling information and reflect the current market conditions. Even if we have seen a 30% gold price decrease between 2013 and 2016, Krasny proves to be a solid 1 Moz gold deposit. We see a lot of potential to further increase resources along the strike, to the depth and within parallel mineralized structures, and as an example, we reported a discovery of the Krasny North mineralization in the recent operational updates this year.

Backed by these positive investment reports, we commenced the 2016 exploration program for Krasny which is focused on finalizing the mineral processing technology tests and developing the flow chart. The program also includes in-fill drilling of the Lower mineralization and some exploration around the Krasny license area to estimate the total resource potential for the area before making the decision to proceed to mine development by the end of 2016. Based on internal calculations, the Irgiredmet scoping study and the GKZ and JORC reports, we see that the minable gold resources in the Upper mineralization seem to be enough to commence profitable mining operations. However, we wish to have more certainty over the Lower mineralization (convert from Inferred into Indicated) to be able to model the future production. We also have some concerns over the optimal mineral processing technology which shall be able to efficiently address both the oxidized rock from the Upper mineralization and the primary rock from the Lower mineralization. These two issues will be covered in detail by the current 2016 exploration program.

On top of Krasny, we commenced some modest operations on the Northern Territories and Kopylovskoye projects. The Northern territories project is very similar in geology to the closely located Sukhoy Log deposit which is an undeveloped 60 Moz, state owned deposit which is expected to be privatized soon. We believe that

with the returning investor interest in gold mining industry and potential sale of the Sukhoy Log deposit, our Northern Territories project can easily become an exploration diamond in the area attracting attention of all coming and existing players in the region.

We have commenced Stage 1 of the prospecting program on the Northern Territories project which include covering the total 1,852 km<sup>2</sup> license area with a geochemical stream sedimentary survey. The 2016 exploration program will generate 20-26 targets for the next stage exploration, which will be a detailed geochemical and geophysical survey followed by trench sampling, drilling and mineral processing tests. We believe that with a 3 years' exploration program, we would have very good chances to identify 2-5 gold deposits within the Northern Territories project, each with more than 1 Moz of bedrock gold.

Within the Kopylovskoye project, we target to renew exploration and mining permits for the license in order to update and extend the license terms and potentially run a bulk sample test to confirm the grades and volume of mineralization. The work is ongoing and we have filed all necessary documents and expect to have the relevant permits and extended license terms in place during the coming months.

On behalf of Kopy Goldfields, I thank you for your interest and support of the company. Our management team will put all efforts in developing the company towards production on Krasny and new exiting discoveries on other projects.

With best regards,

Mikhail Damrin, CEO

## Kopy Goldfields creates value through prospecting and exploration in Lena Goldfields



### History of Kopy Goldfields

Kopy Goldfields AB (publ) (ticker: KOPY) is a public junior Swedish gold exploration company, listed on Nasdaq First North, Stockholm. The Company was established in 2007 after having acquired a gold deposit with the name Kopylovskoye. During the last nine years the company has acquired 14 additional licenses, whereof two have been sold, two have been returned to the Russian state and one is developed in joint venture.

Kopy Goldfields AB is the holding 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 and the Russian subsidiary LLC Krasny.

### Business concept and targets

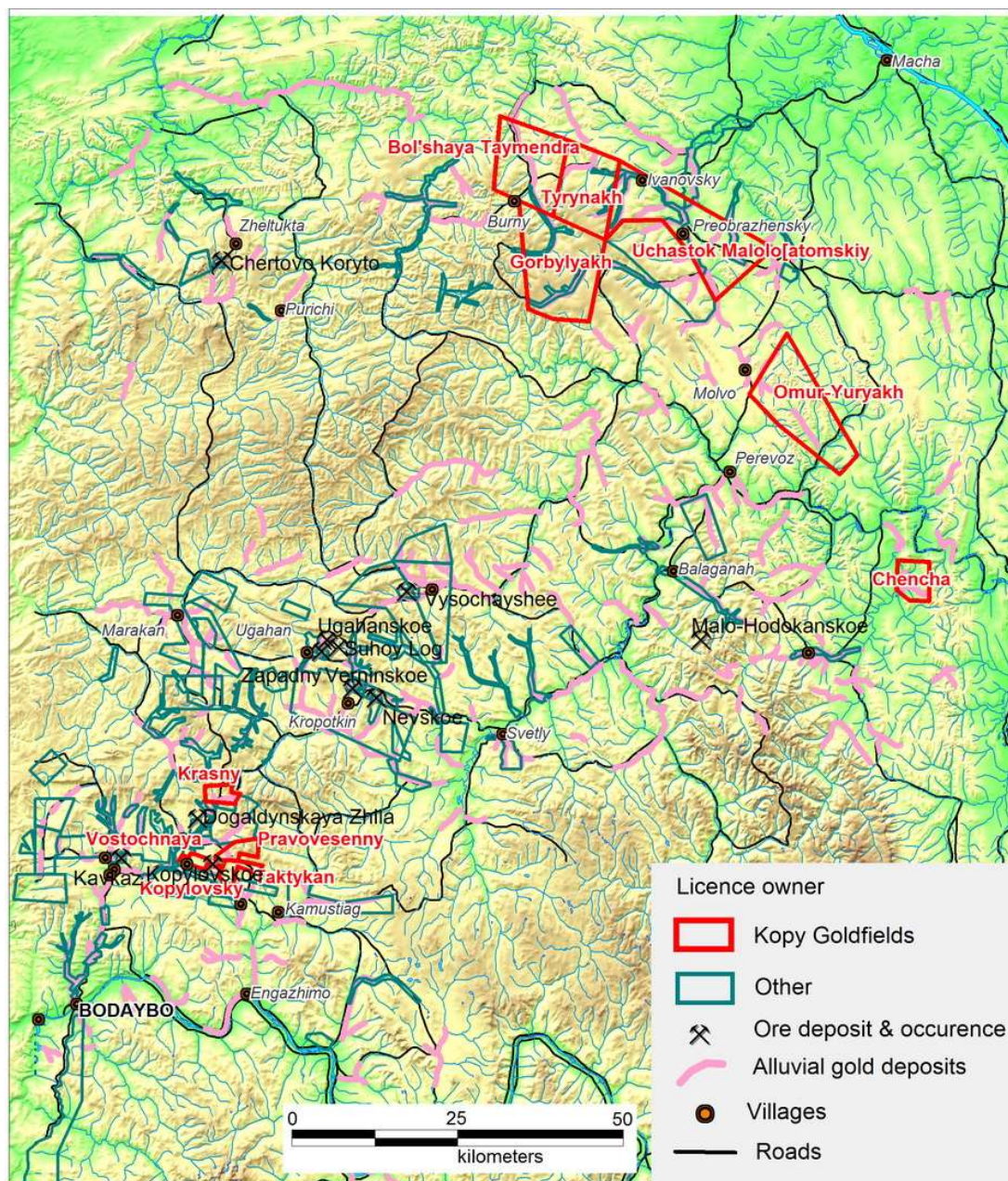
Kopy Goldfields vision is to become a world-class exploration company. The company's business concept is to create value by identifying and acquiring high potential gold projects, located within the established area of alluvial gold mining in the Lena Goldfields in Bodaibo area of Irkutsk Region in Russia, 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. The target for Kopy Goldfields is to become a near-term gold producer in cooperation with a producing partner under JV agreement.

### Well-developed infrastructure and trusted by local authorities

The Company does now have a diversified portfolio of exploration targets in different stages. Five 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 kilometers. The infrastructure is well developed with water supply, electricity and federal roads to the deposits. Six licenses, all acquired during 2012, make together the "Northern Territories" project, 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 deposits are located up to 150 km from Sukhoy Log (60 Moz) which is the largest undeveloped gold deposit in Russia. Artemovsky district (Lena Goldfields) is the target exploration area with 20 Moz of historic alluvial gold production. All Russian subsidiaries closely follow the Russian environmental and safety requirements and are on good record with local authorities.





### Development of the projects during the first six months 2016

During 2016, the Company focused activities on the Krasny-project and developed limited exploration programs on the Northern Territories and Kopylovskoye projects. With the Krasny project proceeding according to plan, through exploration into feasibility studies, construction and finally production, the other projects are now being prepared to move along a similar pipeline.

### The Krasny project

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 an in-fill exploration program followed by a reserve report in accordance with both the Russian GKZ classification and the international JORC standard. The budget for the total exploration program was MUSD 6 and has been financed by GV Gold in full. The exploration program was developed in two stages and primarily targeted the part of the Krasny deposit which is closer to surface and limited to the depth of 200 meters.

On December 28, 2015, a mineral reserve report for the Krasny deposit was filed with the Russian GKZ authorities in Irkutsk for review and approval. The report was formally approved on March 30, 2016 and

confirmed Russian gold reserves of 9.767 tons (314 koz) in the C2 category. On April 21, 2016, following the GKZ report approval and in accordance with the joint venture agreement, the Company received a conditional consideration payment of MUS\$ 2 from GV Gold.

Exploration on the Krasny project has been developed in stages with clear decision points in between the stages. Following the completion of Stage 2 exploration program in October 2015, an Expansion drilling program was commenced in mid-December 2015 and completed in February 2016 with 16 holes drilled, accounting for 3,504 meters of core drilling. The main outcome of this drilling program was delineation of the Krasny Upper mineralization along the strike and a new confirmation of the thickness and grades of the Lower Mineralization.

In parallel with the Expansion drilling, a second mineral processing test for the oxidized rock from the Upper mineralization on Krasny was developed with a new sample of 640 kg. The test was performed by Irgiredmet engineering consultancy in Irkutsk, which performed the previous mineral processing tests for Krasny. The gold recovery via gravitation-flotation-leaching process totaled 78-79% (based on two experiments), showing improvement from the previous results of 75% gold recovery that was released in early December 2015.

During January – March 2016 and before commencing the Stage 3 exploration program for Krasny, a new scoping study was done by Irgiredmet engineering consultancy. This study was based on the exploration results until and including the Stage 2 program. The study evaluated gold production from the Upper structure only and confirmed feasibility of Krasny mine development with total undiscounted free cash flow of USD 94 million at a fixed gold price of 1,100 USD/oz and estimated total production costs of 475 USD/oz. This study did not include any development of the Lower structure thus leaving the upside from gold production of the Lower structure for the future.

In May 2016, the Company announced an updated JORC mineral resource estimate for the Krasny deposit. The updated estimate was issued by Micon International Co Limited and showed 288,000 oz of Indicated mineral resources (7,848,000 tons of rock at an average grade of 1.141 g/t Au) and 667,000 oz of Inferred mineral resources (12,324,000 tons at an average grade of 1.682 g/t Au) within an economically minable open pit. This resource estimation increased the quality of gold resources, and Indicated resources now represent 30% of the total mineral resources reported, compared to 15% in the previous JORC report from 2013. This estimation did not include the drill results acquired since January 2016.

Following the positive scoping study results and the strong JORC resource report, the exploration and development program Stage 3 on the Krasny project was commenced in April 2016. This program includes a range of exploration and feasibility activities:

- Upgrade category and increase volume of gold resources
- Finalize and approve mineral processing technology with flow chart development
- Proceed with engineering and geotechnical studies for rock properties and infrastructure positioning on site
- Evaluate potential for alluvial gold production

The exploration develops according to plan and by the end of July 2016, 24 drill holes amounting to 6,123 meters of core drilling were completed and 1,748 meters of trench samples were taken. Most of the 4.5 tons' sample of rock material to be taken from core drill holes for new mineral processing test have been accumulated and the study will commence shortly.

The formal decision to proceed to mine development will be taken by the end of 2016 or early 2017. The 2016 program on Krasny addresses the activities needed to take this decision with certainty and as such, this year is a transition year in which Krasny will move from exploration to construction.

### The Northern Territories project

Total area of the Northern Territory project is 1,852 km<sup>2</sup> (182,500 ha) and it is split into 6 properties. Geographically, the project is located in the North-East of the Bodaibo area; approximately 250 km from Bodaibo. The general geological opinion is that there is a high potential of elephant gold discoveries in the license area and the area is known for a long history of successful alluvial mining and within Kopy Goldfields' bedrock licenses there are still a lot of active alluvial mines. The alluvial gold production in the area has historically reported a lot of pristine gold grains, not reshaped gold grains, which directly indicates for existence



of the bedrock source of alluvial gold nearby. The geology and age of rock in the area is similar to that of Sukhoy Log, with stratigraphy, lithology and structural setting favorable for primary gold mineralization. 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. No serious and consistent bedrock gold exploration, however, has been conducted in the area to date.

The exploration program 2016 is done at a limited cost which will allow Kopy Goldfields to stay within the strategy to do initial prospecting and exploration and then develop the projects in partnerships. The target is to finance the first stage, which is the least expensive. The area has been mapped historically before Kopy Goldfields acquired it, and the current approach is to cover the total license area with a systematic and modern method for exploration to identify and prioritize multiple targets. During this year, the plan is to collect 5,500 stream sediment samples which will cover the total 1,852 km<sup>2</sup> license area with a density of 6 samples per square km, and the samples will then be analyzed for a number of chemical elements, including gold. This will make it possible to identify geochemical anomalies for gold and map them. The new anomalies will then be compared with the existing ones which have already been mapped based on historic data to test, and validate both.

The 2016 exploration program will generate 20-26 targets (each target covering approximately 10 sq. km and representing one potential deposit) for next stage of exploration, which will include a detailed geochemical and geophysical survey with a density of 200 samples per sq. km followed by trench sampling and drilling. The exploration on the Northern Territories is developing in accordance with schedule with the first batch of samples already sent to the lab.

#### **The Kopylovsky project**

During 2015-2016, a return of investor interest to the Kopylovskoye project was noted. This was triggered by the current low cost gold mining environment in Russia which followed the Ruble devaluation and strengthening of gold prices. Most investors looking at the Kopylovsky project wish to perform a verification test of the historic resources before entering the project. This year, Kopy Goldfields will renew exploration and mining permits for the Kopylovskoye project and potentially run a bulk sample test to confirm grades and volume of mineralization.

## January – June 2016

(Numbers in brackets refer to the same period last year)

The Company has not yet started production and does therefore not report any net revenue.

During the first six months, the Company invested MSEK 0.1 (0.6) in exploration work. No acquisition of licenses was done during the period or during the corresponding period last year. Of the exploration work, MSEK 0.1 (0.4) consisted of work performed by the company for its own use and capitalized.

Since 2014, the Company is part of a Joint Venture agreement with the Russian gold producer GV Gold regarding the Krasny project. As per June 30, 2016, investments in joint ventures amount to MSEK 73.2 (77.3) on the Balance Sheet and the Profit and Loss statement shows results from Joint Ventures of MSEK 1.5 (3.6) for the period. On April 21, 2016, the Company received a conditional consideration of MUSD 2, corresponding to MSEK 16.3, referring to successful finalization of the exploration program on the Krasny project. The conditional consideration has been accounted for and discounted and estimated with a probability in previous periods and as per December 31, 2015, the receivable amounted to MSEK 16.7. For the first six months 2016, the Cash Flow from investing activities shows MSEK 16.3 from sale of subsidiaries and the Profit and Loss statement shows translation differences of MSEK -0.4, included in operation expenses.

Operating expenses amounted to MSEK 4.8 (2.8), including results from joint ventures. The operating expenses further include MSEK 2.3 (2.6) of personnel costs.

Net tax for the period amounted to MSEK 0 (0). The company does not record any deferred tax assets related to tax loss carry forwards.

Net profit for the period amounted to MSEK -3.3 (0.1) which equals SEK -0.06 (0.00) per share.

During the period January – June, the Russian ruble strengthened against the Swedish krona by approximately 15.8 % (7.7 %), and the Euro by 3.5 % (3.7 %). The Company reports exchange differences of MSEK 9.2 (3.2) in the consolidated statement of comprehensive income for the six months' period.

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.

In April 2016, after receiving the additional consideration, the remaining short term interest bearing loans of MSEK 3.3 from five shareholders were repaid. The Company is now debt free.

Cash and cash equivalents amounted to MSEK 9.1 (2.7) at the end of the period.

Equity amounted to MSEK 102.3 (110.5) at the end of the period which equals SEK 1.7 (2.0) per share.

Equity asset ratio was 95.6 % (92.1) at the end of the period.

The average number of employees during the period was 6 (9). 5 (7) persons were permanent employees and 1 (2) person was a temporary employee involved in seasonal exploration work. Number of employees at period end was 6 (7).

## Going concern

Gold exploration is a capital intensive activity and as noted above the Company does not yet have any revenue. The Company will require additional financing to continue the operations for the next 12-month period. The Board believes that financing primarily should be done via either sale of assets or new share issues possibly supplemented by bridge financing. Given the estimated values of the Company's, it is the Board's assessment that the Company can continue on a going concern.

## Significant events after the reporting period

No significant events were reported after the reporting period.

## The Parent Company

Total assets at period end amounted to MSEK 130.8 (126.3). Cash and cash equivalents amounted to MSEK 8.8 (2.5). Net income for the full year amounted to MSEK -2.4 (-1.9).



## Risks and uncertainties

A detailed description of the Company's risks is included in the 2015 annual report of Kopy Goldfields. The risks include, among others, geological risks, risks related to the deposits, supplier and contractor delivery risk, impairment test risks, financing risks, gold price risks, currency exchange risk and political risks. During 2014, as a consequence of the uncertainties in Ukraine, the EU and USA implemented sanctions towards Russia. The Company is not affected by the sanction as per today, but does continuously monitor the development.

This report has not been reviewed by the Company's auditors.

The Board of Directors and CEO declare that the interim report gives a fair view of the business development, financial position and result of operation of the Parent Company and the consolidated Group, and describes significant risks and uncertainties that the Parent Company and its subsidiaries are facing.

Stockholm August 25, 2016  
Kopy Goldfields AB (publ)

Mikhail Damrin  
*CEO*

Kjell Carlsson  
*Chairman*

Andreas Forssell  
*Director*

Johan Österling  
*Director*

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## Upcoming financial reporting

The next financial reporting will be the year-end report for January – December 2016, published on March 23, 2017.

## For more information, please contact:

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Ticker codes: KOPY (Nasdaq First North)  
Number of shares 59,899,541

## Publication under Swedish law

This information is information that Kopy Goldfields AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8:45 CEST on August 25, 2016.

Kopy Goldfields is since June 3, 2011, applying the internationally accepted JORC code to verify the mineral resources and ore reserves. SRK Consulting and OOO Miramine act as consultants and will approve the mineral resources according to the JORC Code. Kopy Goldfields AB applies International Financial Reporting Standards (IFRS), as approved by the European Union. Aqurat Fondkommission acts as Certified Adviser.

This half year report and additional information are available on [www.kopygoldfields.com](http://www.kopygoldfields.com)

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This report is an in-house translation of the original in Swedish

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## Condensed Consolidated Income Statement

KSEK	Note	Jan – Jun		Jan – Dec
		2016	2015	2015
Net turnover		0	0	0
Other revenue		1 369	2 730	6 977
<b>Total revenue</b>		<b>1 369</b>	<b>2 730</b>	<b>6 977</b>
Work performed by the company for its own use and capitalized		60	429	1 418
Other external costs	6	-4 012	-3 700	-6 077
Personnel costs		-2 257	-2 582	-5 122
Result from Joint Ventures	6	1 453	3 579	-138
Depreciation and write-downs of intangible and fixed assets		-32	-136	-58
<b>Total operating expenses</b>		<b>-4 848</b>	<b>-2 839</b>	<b>-11 395</b>
<b>Operating result</b>		<b>-3 419</b>	<b>320</b>	<b>-3 000</b>
Financial items		161	-190	-756
<b>Result after financial items</b>		<b>-3 258</b>	<b>130</b>	<b>-3 756</b>
Tax		-21	9	13
<b>NET INCOME FOR THE PERIOD</b>		<b>-3 279</b>	<b>139</b>	<b>-3 743</b>
<b>Earnings per share before and after dilution*</b>		<b>-0,06</b>	<b>0,00</b>	<b>-0,07</b>
<i>Average number of shares before and after dilution*</i>		58 490 950	48 538 357	51 515 950
<i>Number of shares at the end of the period*</i>		59 899 541	54 444 996	54 444 996

\*Earnings per share before and after dilution and Average number of shares before and after dilution, as well as Number of shares at the end of the period has been recalculated to reflect the rights issue in 2015.

## Consolidated Statement of Comprehensive Income

KSEK	Jan – Jun		Jan – Dec
	2016	2015	2015
Net income for the period	-3 279	139	-3 743
<i>Items that may be reclassified subsequently to profit or loss</i>			
Translation differences on foreign operations	9 247	3 190	-10 080
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>5 968</b>	<b>3 329</b>	<b>-13 823</b>

## Condensed Consolidated Balance Sheet

KSEK		Jun 30	Dec 31	Jun 30
	Note	2016	2015	2015
<b>ASSETS</b>				
<i>Non-current assets</i>				
<i>Intangible fixed assets</i>				
Exploration licenses and evaluation work		21 398	18 419	22 026
<i>Tangible fixed assets</i>				
Buildings and Machinery and equipment		1 732	2 143	3 156
<i>Financial fixed assets</i>				
Joint Ventures	6	73 168	65 349	77 300
<b>Total non-current assets</b>		<b>96 298</b>	<b>85 911</b>	<b>102 482</b>
<i>Current assets</i>				
Inventory		119	88	357
Receivables	6	1 460	17 117	14 485
Cash & cash equivalents		9 141	1 381	2 708
<b>Total current assets</b>		<b>10 720</b>	<b>18 586</b>	<b>17 550</b>
<b>TOTAL ASSETS</b>		<b>107 018</b>	<b>104 497</b>	<b>120 032</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>102 310</b>	<b>93 347</b>	<b>110 501</b>
<b>Deferred Tax</b>		<b>2 667</b>	<b>2 294</b>	<b>3 001</b>
<b>Total current liabilities</b>		<b>2 041</b>	<b>8 856</b>	<b>6 530</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>107 018</b>	<b>104 497</b>	<b>120 032</b>

## Condensed Consolidated Cash Flow Statement

KSEK	Note	Jan – Jun		Jan – Dec
		2016	2015	2015
Cash flow from operating activities		-5 236	-5 967	-9 455
Cash flow from investing activities	6	16 445	-469	-1 563
Cash flow from financing activities		-3 485	8 017	11 317
Cash flow for the period		7 724	1 581	299
Cash at the beginning of the period		1 381	1 111	1 111
Exchange differences on cash		36	16	-29
Cash at the end of the period		9 141	2 708	1 381

## Condensed Consolidated Statement of Changes in Equity

KSEK	Note	Jan – Jun	Jan – Dec	Jan – Jun
		2016	2015	2015
Equity at the beginning of the period		93 347	99 153	99 153
Share issue		3 000	10 889	10 889
Issue costs		-5	-2 872	-2 872
Net income for the period		-3 279	-3 743	139
Other comprehensive income for the period		9 247	-10 080	3 190
Equity at the end of the period		102 310	93 347	110 501



## Parent Company Condensed Income Statement

KSEK	Jan – Jun		Jan – Dec
	2016	2015	2015
Revenue	2 276	1 822	3 327
Operating expenses	-3 549	-4 360	-7 619
<b>Operating result</b>	<b>-1 273</b>	<b>-2 538</b>	<b>-4 292</b>
Results from investments in subsidiaries	-1 046	-1 477	-3 066
Financial items	-123	2 077	-2 488
<b>Result after financial items</b>	<b>-2 442</b>	<b>-1 938</b>	<b>-9 846</b>
Tax	0	0	0
<b>NET INCOME FOR THE PERIOD</b>	<b>-2 442</b>	<b>-1 938</b>	<b>-9 846</b>

## Parent Company Condensed Balance Sheet

KSEK	Note	Jun 30	Dec 31	Jun 30
		2016	2015	2015
<b>ASSETS</b>				
<i>Non-current assets</i>				
<b>Tangible fixed assets</b>		<b>56</b>	<b>58</b>	<b>88</b>
<b>Financial fixed assets</b>		<b>119 237</b>	<b>119 237</b>	<b>121 503</b>
<i>Current assets</i>				
Receivables		2 677	225	2 200
Cash & cash equivalents		8 788	1 203	2 506
<b>Total current assets</b>		<b>11 465</b>	<b>1 428</b>	<b>4 706</b>
<b>TOTAL ASSETS</b>		<b>130 758</b>	<b>120 723</b>	<b>126 297</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>112 943</b>	<b>112 414</b>	<b>120 348</b>
<b>Current liabilities</b>		<b>17 815</b>	<b>8 309</b>	<b>5 949</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>130 758</b>	<b>120 723</b>	<b>126 297</b>

## Notes

### **Note 1 Information about the Company**

Kopy Goldfields AB (publ), corporate identity number 556723-6335, with registered office in Stockholm, Sweden, is a public company listed on Nasdaq First North, Stockholm under the ticker code "KOPY". The Company's and its subsidiaries' operations are described in the "Kopy Goldfields creates value through prospecting and exploration in Lena Goldfields" section in this report.

### **Note 2 Accounting principles**

The interim report for the period ended June 30, 2016 has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act (Sw. Årsredovisningslagen). The interim consolidated financial statements have been prepared, consistently with the 2015 consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and by the Swedish Annual Reports Act. The parent company's financial statements have been prepared in accordance with the Swedish Annual Reports Act and the recommendations "RFR 2 on Financial Reporting for Legal Entities" issued by the Swedish Financial Reporting Board (Sw. Rådet för finansiell rapportering).

The same accounting principles have been applied during the period as were applied during the financial year 2015 and in the way they were described in the 2015 annual report.

The interim report does not contain the entirety of the information that appears in the annual report and accordingly, the interim report should be read in conjunction with the 2015 annual report.

### **Note 3 Fair value of financial instruments**

Financial assets include loans and accounts receivables, cash and cash equivalents and receivables from the additional consideration of the Krasny license. All financial liabilities have been classified as other financial liabilities valued at amortized cost, which includes non-current financial liabilities, current interest bearing liabilities, accounts payable and part of other current liabilities. The receivable of the additional consideration from the Krasny license has been valued at fair value through the profit and loss according to level 3. 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 be on market terms.

### **Note 4 Segment reporting**

The Company applies IFRS 8 for segment reporting. All of the exploration activity within Kopy Goldfields is exposed to similar risks and possibilities and is performed within Russia. The Company's operations constitute one segment and segment information is therefore not disclosed.

### **Note 5 Related party transactions**

In October 2015, the Company raised a MSEK 3.3 short term loan from three major shareholders and the Company's CEO and CFO. The loan was repaid in April 2016 and had an arrangement fee of 10 percent and an annual interest rate of 10 percent.

Except from above, there have been no significant changes in the relationships or transactions with related parties for the Group or Parent Company compared with the information given in the 2015 annual report.

### **Note 6 Joint Venture**

Since 2014, the Company is part of a Joint Venture agreement with the Russian gold producer GV Gold regarding the Krasny project. As per June 30, 2016, investments in joint ventures amount to MSEK 73.2 (77.3) on the Balance Sheet and the Profit and Loss statement shows results from Joint Ventures of MSEK 1.5 (3.6) for the period.

On April 21, 2016, the Company received a conditional consideration of MUSD 2, corresponding to MSEK 16.3, referring to successful finalization of the exploration program on the Krasny project. The conditional consideration has been accounted for and discounted and estimated with a probability in previous periods and as per December 31, 2015, the receivable amounted to MSEK 16.7. For the first six months 2016, the Cash Flow from investing activities shows MSEK 16.3 from sale of subsidiaries and the Profit and Loss statement shows translation differences of MSEK -0.4, included in operation expenses.

### **Note 7 Pledged assets and contingent liabilities**

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