KOPY GOLDFIELDS AB (publ)
Interim Report January – June 2013

Significant events during second quarter 2013

A scoping study was done for the Krasny project and was released in April 2013. The scoping study confirms a potential for 60 koz of open pit production of gold per year during 18 years and financial returns of USD 360 million in free cash flow. Highlights of the scoping study are the following:

- Total gold resources mined: 1.3 Moz (40.7 tons) at an average grade of 1.53 g/t
- Annual gold production: 62.8 koz (1,955 kg)
- Undiscounted project value: USD 362 million (USD 458 million pretax)
- Discounted project value (NPV): USD 192 million at 5% discount rate (USD 101 million at 10%)
- IRR: 23.9%
- Annual average revenue from gold sales: USD 105 million
- Annual average profit before tax: USD 26.5 million
- Capital costs (plant, open pit, infrastructure): USD 147 million
- Production costs (mining and processing): 855 USD/oz
- Average Gold price: 1,670 USD/oz (sensitivity analysis shows positive cash flow at a gold price of 1,240 USD/oz)
- Plant capacity: 1.5 million tons per year
- Average strip ratio: 4.6 m^3/t
- Overall recovery: 85%
- Life of mine: 18 years

In June 2013 new results from the latest exploration program on Krasny were presented. The program included follow-up drilling of 2,495 meters and resampling of 343 meters of core from previous drilling programs.

- With the results it was confirmed that the Krasny mineralization is traced by means of drilling for totally 1,668 meters along the strike.
- The resampling of formerly extracted core returned positive results, adding mineralized sections to the upper structure. This implies more resources closer to the surface and enhanced economics of gold mining with low stripping ratio.

On June 12, 2013, the Board of Directors decided, with authorization from the AGM 2013, to issue shares with preferential rights for existing shareholders.

- The share issue was finalized and registered in July-August 2013 and all effects of the share issue will be accounted for during the 3rd quarter 2013.

Further cost reductions were implemented and significant personnel reductions were made. The Company reviewed the asset portfolio and identified licenses and other fixed assets to divest.

- The cash flow effect from the year 2013 cost cutting program amounts to SEK 4 million on a rolling 12 months basis and is expected to be fully implemented as from the 4th quarter.
- In August 2013, the Company announced the filing of an application for return of two prospecting licenses to the Russian state. This implies that the Company accounts for a write down of the capitalized acquisition and exploration costs of KSEK 4,953 as per June 30, 2013.

Financial information second quarter 2013

- The Company does not yet report any revenue
- Net income MSEK -6.5 (-4.2)
- Earnings per share before and after dilution SEK -0.29 (-0.37)
- Total cash flow of MSEK -0.9 (-14.6)
- Cash and cash equivalents amounted to MSEK 1.6 (23.6) at period end

MSEK	Apr – Jun		Jan - Jun		Jan - Dec
	2013	**2012**	**2013**	**2012**	**2012**
Evaluation work and licenses	3.9	7.8	12.4	14.8	36.7
Cash & cash equivalents at end of period	1.6	23.6	1.6	23.6	11.4
Profit/loss after financial items	-6.5	-3.5	-9.1	-6.7	-14.8
Net income for the period	-6.5	-4.2	-5.4	-8.1	-17.0
Earnings per share before and after dilution, SEK	-0.29	-0.37	-0.24	-0.77	-1.23

Significant events after the reporting period

In July 2013 the preferential rights issue was finalized and 7,394,636 shares were subscribed and MSEK 11.1 was raised. Remaining shareholder loans of MSEK 1.3 were set-off against shares and a short term loan of MSEK 2.0 was repaid. The share issue was registered by the Swedish Companies Registration Office on August 20, 2013.

The Extra General Meeting, held on August 14, 2013, resolved to re-establish the share capital again after the share capital reduction approved by the Annual General Meeting on June 4, 2013. This is done by transferring funds from non-restricted equity to the share capital, in combination with the recent share issue. Following this decision, the Extra General Meeting resolved to decrease the share capital without redemption of shares by transferring funds to non-restricted equity. All decisions where in accordance with the proposal from the Board of Directors.

On August 16, 2013, the Company announced the filing of an application for return of two prospecting licenses to the Russian state. The return of the licenses is not expected to have any negative impact on the cash flow, but implies a write down of the capitalized acquisition and exploration costs of KSEK 4,953, which is affecting the net income as per June 30, 2013.

Comments from CEO

Dear shareholders,

The second quarter of 2013 will be forever marked for a fundamental change in the development of the gold mining industry.

After ten years of growth since year 2002, the gold price has turned down: during April 5th to April 19th, the gold price fell by 11% reaching 1406 USD/Oz, followed by the next fall during June 14 to June 27 of further 13% reaching 1200 USD/Oz. Overall from the beginning of the year until August 15, the gold price has fallen 19% from 1656 USD/Oz to 1340 USD/Oz.

Following this fall in the gold price, the gold mining industry initiated a general change in strategy and development; many new mine development projects were put on hold or abandoned, exploration costs for new and ongoing projects were reduced or totally cut, and companies from the industry are concentrating on increasing operating performance and profit margins. Worldwide the companies report major write-downs of their investments.

Nevertheless, good projects will always find their way through. We believe that “mothballing” or “wait and see” approach will not work in the reality since there is a risk that the market sentiments will not change within the near future. Following the “wait and see” scenario, we might end up within 1 year from now in the same bearish market and with overdue license liabilities. With this in mind, Kopy Goldfields AB is now focusing on cost optimization and developing a new strategy forward.

First of all, we have radically reduced all our expenditures, both within administration and exploration. We have significantly cut our personnel in Bodaibo, however kept the key members to develop our projects forward. We put some of our equipment, machinery and real estate in Bodaibo on sale, reflecting the lower scope of exploration activities.

Secondly, we initiated a rigorous search for exploration and production partners for our projects targeting both to reduce our own exploration spending and to develop the projects forward. We are actively looking for partners who can bring cash and experience into our project development. We also consider divestments of some projects and cashing in. Several potential partners have confirmed interest in our projects and the discussions are ongoing. In connection with this we are also continuously monitoring the book value of our assets and the assumptions used for the valuation.

Thirdly, we reviewed all our exploration projects on a merit basis and identified two licenses, Verkhnyaya Orlovka and Purpolskaya, to return to the Russian state. This will improve the cash flow, by reducing exploration expenditures, and expenditures related to license obligations. Both licenses were acquired in 2012; both are at a very early exploration stage and would require significant time and funds to be ready for production or farm out. After the return, the company will have a diversified portfolio of 13 licenses in different stages of exploration.

We are not alone with our case on the market. During the last three months we have been in contact with many private exploration companies with projects in Russia, of which some are in the pre-production stage. All these companies have in common that they are struggling to find a way forward and we are considering various type of cooperation with them.

After several years of prospecting and exploration, we came to the current crisis with a portfolio of assets with a clear value. We are now responding to the revision in the market by reducing costs, we have repaid all our loans and we have also, despite the tough market, managed to close a share issue that provided us with cash.

With kind regards,

Mikhail Damrin

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 OMX First North, Stockholm. The Company was established in 2007 after having acquired a gold deposit with the name Kopylovskoye. During the last six years the company has acquired 14 additional licenses (whereof eight announced in 2012) and developed a portfolio of 26 exploration targets hence the company decided to change name from Kopylovskoye AB to Kopy Goldfields AB (publ) in 2011. Kopy Goldfields AB is the holding company for seven Russian subsidiaries: LLC Kavkaz Gold, LLC Kopylovskoye, LLC Krasny, LLC Prodolny, LLC Vostochny, LLC Patom Gold and LLC Taiga and the Swedish subsidiary Kopy Development AB. During 2012 LLC Kopylovskoye Management was closed down and a representative office in Moscow was opened the same year. During the third quarter 2013, the Company has filed an application to return two licenses to the Russian state and after returning the licenses, the Company will have 24 exploration targets within 13 licenses.

Business concept and targets

Kopy Goldfields vision is to become a world-class exploration and production 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 agreement. The long-term target is to discover 5 Moz of mineral resources to support production of 0.2 Moz of gold within existing and new license areas.

Operating in one of the world's most gold rich areas

During the second quarter of 2013, Kopy Goldfields focused exploration activities on the Krasny project, where we drilled, logged and assayed 2,495 meters. Further, 340 meters of the 2012 core drilling were resampled with fire assay test.

We proceeded with summarizing and reinterpreting the historic exploration data covering the Northern Territories where we received 6 exploration properties covering 1,852 km^2 in late 2012 with the target to develop the exploration program for these properties for the coming season.

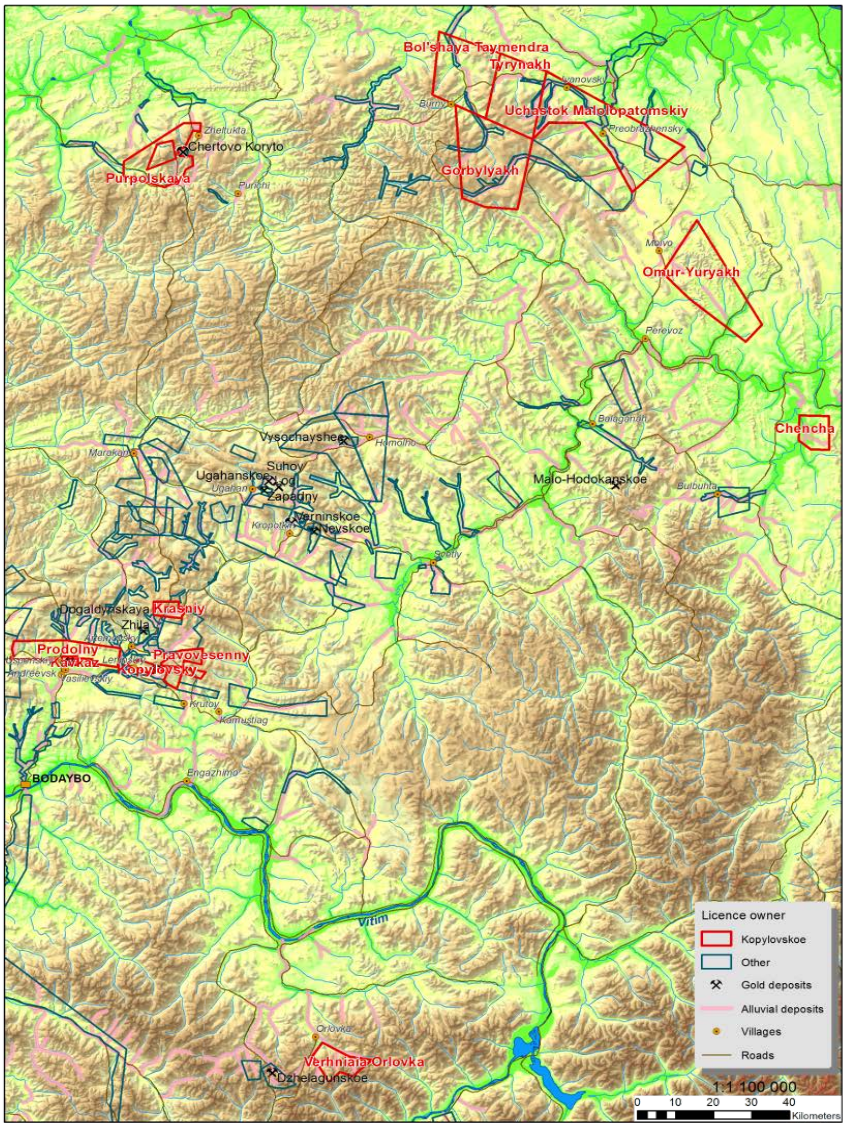
Kopy Goldfields has a pipeline of 24 projects within 13 licenses on 2,107 km^2

Well-developed infrastructure and trusted by local authorities

Seven 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. From Kavkaz in the west to Takhtykan in the east, the distance is only 25 km, creating a good opportunity for servicing several deposits from one processing plant. The infrastructure is well developed with water supply, electricity and federal roads to the deposits. Six licenses, 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 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.

During the third quarter 2013, the Company has filed an application to return two licenses to the Russian state and after returning the licenses, the Company will have 24 exploration targets within 13 licenses.



April – June 2013

(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 second quarter the Company invested MSEK 3.9 (7.8) in exploration work. No acquisition of licenses was done during the period. Of the exploration work MSEK 2.5 (3.0) consisted of work performed by the company for its own use and capitalised. On August 16, 2013 the Company announced the filing of an application for return of two prospecting licenses to the Russian state. The return of the licenses implies a write down of the accumulated capitalized acquisition and exploration costs of the two licenses, amounting to KSEK 4,953.

Operating expenses amounted to MSEK 8.9 (6.7) of which MSEK 3.4 (5.2) were personnel costs. The operating expenses include the write-down of two prospecting licenses which will be returned to the Russian state of MSEK 4.9.

Net profit for the period amounted to MSEK -6.5 (-4.2) which equals SEK -0.29 per share (-0.37).

During the period April – June the Russian rouble depreciated against the Swedish krona by approximately 2.5 %, compared to a depreciation of 6.0 % during the corresponding period last year. Since a large portion of the Groups assets are denominated in roubles, the Company reports exchange differences of MSEK -4.3 (-7.4) in the consolidated statement of comprehensive income for the quarter.

Cash and cash equivalents amounted to MSEK 1.6 (23.6) at the end of the period. In July 2013 a share issue was closed which provided the Company with MSEK 7.8 net after repayment of loans.

January – June 2013

During the first six months, the Company invested MSEK 12.4 (14.8) in exploration work. No acquisition of licenses was done during the period (MSEK 0.1 in 2012). Of the exploration work MSEK 6.0 (6.3) consisted of work performed by the company for its own use and capitalised. On August 16, 2013 the Company announced the filing of an application for return of two prospecting licenses to the Russian state. The return of the licenses implies a write down of the accumulated capitalized acquisition and exploration costs of the two licenses, amounting to KSEK 4,953. After the value adjustment, the exploration licenses and evaluation work amounts to MSEK 140.5 (117.0) in the balance sheet.

Operating expenses amounted to MSEK 15.0 (13.5), including the write-down of two prospecting licenses of MSEK 4.9, which will be returned to the state. The operating expenses further include MSEK 7.6 (9.5) of personnel costs, reflecting savings from a cost cutting program.

Net tax for the period amounted to MSEK 3.7 (-1.3), explained by changes in deferred tax liability as a result of restructuring and change in final tax in the Russian subsidiaries. The company does not record any deferred tax assets related to tax loss carry forwards.

Net profit for the period amounted to MSEK -5.4 (-8.1) which equals SEK -0.24 per share (-0.77).

During the period January – June the Russian rouble depreciated against the Swedish krona by approximately 4.7 %, compared to depreciation by 1.5 % during the corresponding period last year. Since a large portion of the Groups assets are denominated in roubles, the Company reports exchange differences of MSEK -7.1 (-2.9) in the consolidated statement of comprehensive income for the quarter.

Cash and cash equivalents amounted to MSEK 1.6 (23.6) at the end of the period. In July 2013 a share issue was closed which provided the Company with MSEK 7.8 net after repayment of loans.

Equity amounted to MSEK 141.8 (136.8) at the end of the period which equals SEK 6.21 per share (8.27).

Equity asset ratio was 92.4 % (87.0 %) at the end of the period.

The average number of employees during the period was 52 (64). 19 (38) persons were permanent employees and 33 (26) persons were temporary employees involved in seasonal exploration work. Number of employees at period end was 44 (67).

Going concern

Gold exploration is a capital intensive activity and as noted above the Company does not yet have any revenue. As described in the 2012 annual report and in the information memorandum published in June 2013, 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. The priority is given to get revenue through divestment or Joint venture agreements over the Kopylovskoye-, Kavkaz- and Krasny projects. Given the estimated values of the Company's licenses and probable additionally raised capital the Board's assessment is that the Company can continue on a going concern.

Significant events after the reporting period

In July 2013 the preferential rights issue was finalized and 7,394,636 shares were subscribed and MSEK 11.1 was raised. Remaining shareholder loans of MSEK 1.3 were set-off against shares and a short term loan of MSEK 2.0 was repaid. The share issue was registered by the Swedish Companies Registration Office on August 20, 2013.

The Extra General Meeting, held on August 14, 2013, resolved to re-establish the share capital again after the share capital reduction approved by the Annual General Meeting on June 4, 2013. This is done by transferring funds from non-restricted equity to the share capital, in combination with the recent share issue. Following this decision, the Extra General Meeting resolved to decrease the share capital without redemption of shares by transferring funds to non-restricted equity. All decisions where in accordance with the BOD´s proposal.

On August 16, 2013, the Company announced the filing of an application for return of two prospecting licenses to the Russian state. The return of the licenses is not expected to have any negative impact on the cash flow, but implies a write down of the capitalized acquisition and exploration costs of KSEK 4,953, which is affecting the net income as per June 30, 2013.

The Parent Company

Total assets at period end amounted to MSEK 252.3 (232.0). Cash and cash equivalents amounted to MSEK 1.6 (21.2). Net income for the six months period amounted to MSEK -8.2 (-3.2). The net income includes a MSEK 4.9 write-down of shares in subsidiaries, due to the two prospecting licenses that will be returned to the state.

During the 2012, LLC Kopy Management was closed down and a representative office was opened in Moscow, which means that the profit and loss statement of the Parent Company includes the expenses of the Moscow office, amounting to MSEK 1.1, in year 2013. This transaction had no impact on the consolidated accounts.

Risks and uncertainties

A detailed description of the Company's risks is included in the 2012 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, liquidity risks, gold price risks, currency exchange risk and political risks.

The second quarter 2013 has included a dramatically fall in the gold price and overall from the beginning of the year until August 15, the gold price has fallen 19% from 1,656 USD/Oz to 1,340 USD/Oz. As per June 30, 2013, the Board finds the book values to be justified, but following the fluctuations in the gold price and the general change on the market, the Board and management of Kopy Goldfields are monitoring the book value of the assets and the assumptions used for valuation.

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 22, 2013
Kopy Goldfields AB (publ)

Kjell Carlsson
Chairman

Mikhail Damrin
CEO

Johan Österling
Director

Andreas Forssell
Director

Sergey Petrov
Director

Markku Mäkelä
Director

Markus Elsasser
Director

Upcoming financial reporting

November 14, 2013	Interim report Q3 2013
March 27, 2014	Year End report, Jan – Dec 2013

For more information, please contact:

Mikhail Damrin, CEO, +7 916 808 1217
Tim Carlsson, CFO, +46 70 231 87 01

Address:

Kopy Goldfields AB (publ) (CIN 556723-6335)
Skeppargatan 27, 4th floor, 114 52 Stockholm, SWEDEN
Tel: +46 702 31 87 01
www.kopygoldfields.com

Ticker codes: KOPY (Nasdaq OMX First North)
Number of shares: 30,246,257

Publication under Swedish law

Kopy Goldfields AB (publ) is publishing this information in accordance with the Swedish Financial Markets Act (Sw. Lag om värdepappersmarknaden) and/or the Swedish Financial Trading Act (Sw. Lag om handel med finansiella instrument). This information was released for publication on August 22, 2013 at 08.00 CET.

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 interim report and additional information are available on www.kopygoldfields.com

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

Condensed Consolidated Income Statement

	Apr – Jun		Jan – Jun		Jan – Dec
KSEK	**2013**	**2012**	**2013**	**2012**	**2012**
Net turnover	0	0	0	0	0
Other revenue	85	427	325	986	1 778
Total revenue	***85***	***427***	***325***	***986***	***1 778***
Work performed by the company for its own use and capitalized	2 500	2 970	5 956	6 272	12 186
Other external costs	-594	-1 461	-2 420	-3 967	-10 115
Personnel costs	-3 360	-5 222	-7 621	-9 530	-18 004
Depreciation and write-downs of intangible and fixed assets	-4 968	-30	-4 983	-32	-60
Total operating expenses	***-8 922***	***-6 713***	***-15 024***	***-13 529***	***-28 179***
Operating result	**-6 337**	**-3 316**	**-8 743**	**-6 271**	**-14 215**
Financial items	-173	-225	-322	-478	-609
Result after financial items	**-6 510**	**-3 541**	**-9 065**	**-6 749**	**-14 824**
Tax	-18	-628	3 686	-1 313	-2 203
NET INCOME FOR THE PERIOD	**-6 528**	**-4 169**	**-5 379**	**-8 062**	**-17 027**
*Earnings per share before and after dilution**	*-0,29*	*-0,37*	*-0,24*	*-0,77*	*-1.23*
*Average number of shares before and after dilution**	*22 851 621*	*11 419 888*	*22 851 621*	*10 429 977*	*13 838 263*
*Number of shares at the end of the period**	*22 851 621*	*16 539 148*	*22 851 621*	*16 539 148*	*22 851 621*

**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 issues in 2012.*

Consolidated Statement of Comprehensive Income

	Apr – Jun		Jan – Jun		Jan – Dec
KSEK	**2013**	**2012**	**2013**	**2012**	**2012**
Net income for the period	-6 528	-4 169	-5 379	-8 062	-17 027
Items that may be reclassified subsequently to profit or loss					
Translation differences on foreign operations	-4 288	-7 376	-7 106	-2 857	-1 460
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-10 816**	**-11 545**	**-12 485**	**-10 919**	**-18 487**

Condensed Consolidated Balance Sheet

KSEK	Note	Jun 30 2013	Dec 31 2012	Jun 30 2012
ASSETS				
Non-current assets				
Intangible fixed assets				
Exploration licenses and evaluation work		140 533	140 422	117 035
Tangible fixed assets				
Buildings and Machinery and equipment		6 439	7 237	8 557
Financial fixed assets				
Deferred tax		1 119	0	0
Total non-current assets		**148 091**	**147 659**	**125 592**
Current assets				
Inventory		1 607	1 876	1 992
Receivables		2 134	5 245	6 075
Cash & cash equivalents		1 602	11 421	23 593
Total current assets		**5 343**	**18 542**	**31 660**
TOTAL ASSETS		**153 434**	**166 201**	**157 252**
EQUITY AND LIABILITIES				
Equity		**141 809**	**154 307**	**136 835**
Total non-current liabilities	**6**	**0**	**3 672**	**11 101**
Total current liabilities	**6**	**11 625**	**8 222**	**9 316**
TOTAL EQUITY AND LIABILITIES		**153 434**	**166 201**	**157 252**

Condensed Consolidated Cash Flow Statement

KSEK	Note	Apr – Jun 2013	Apr – Jun 2012	Jan – Jun 2013	Jan – Jun 2012	Jan – Dec 2012
Cash flow from operating activities		**1 158**	**-1 629**	**-144**	**-6 072**	**-14 945**
Cash flow from investing activities		**-4 022**	**-7 727**	**-11 625**	**-14 541**	**-34 616**
Cash flow from financing activities	**6**	**2 001**	**24 004**	**1 988**	**23 915**	**40 617**
Cash flow for the period		**-863**	**-14 648**	**-9 781**	**3 302**	**-8 944**
Cash at the beginning of the period		**2 480**	**9 055**	**11 421**	**20 386**	**20 386**
Exchange differences on cash		-15	-110	-38	-95	-21
Cash at the end of the period		**1 602**	**23 593**	**1 602**	**23 593**	**11 421**

Condensed Consolidated Statement of Changes in Equity

KSEK	Note	Jan – Jun 2013	Jan – Dec 2012	Jan – Jun 2012
Equity at the beginning of the period		**154 307**	**121 926**	**121 926**
Share issue		0	51 394	0
Not yet registered share issue		0	0	26 583
Issue costs		-13	-1 359	-755
Warrants		0	833	0
Net income for the period		-5 379	-17 027	-8 062
Other comprehensive income for the period		-7 106	-1 460	-2 857
Equity at the end of the period		**141 809**	**154 307**	**136 835**

Parent Company Condensed Income Statement

	Apr – Jun		Jan – Jun		Jan – Dec
KSEK	**2013**	**2012**	**2013**	**2012**	**2012**
Revenue	84	262	144	568	919
Operating expenses	-6 504	-2 630	-8 041	-3 983	-8 015
Operating result	**-6 420**	**-2 368**	**-7 897**	**-3 415**	**-7 096**
Financial items	-173	-10	-300	239	-6 144
Result after financial items	**-6 593**	**-2 378**	**-8 197**	**-3 176**	**-13 240**
Tax	0	0	0	0	0
NET INCOME FOR THE PERIOD	**-6 593**	**-2 378**	**-8 197**	**-3 176**	**-13 240**

Parent Company Condensed Balance Sheet

		Jun 30	Dec 31	Jun 30
KSEK	**Note**	**2013**	**2012**	**2012**
ASSETS				
Non-current assets				
Total tangible fixed assets		**205**	**234**	**263**
Total financial fixed assets		**252 091**	**249 921**	**231 776**
Current assets				
Receivables		7 729	7 593	7 091
Cash & cash equivalents		1 551	9 890	21 230
Total current assets		**9 280**	**17 483**	**28 321**
TOTAL ASSETS		**261 576**	**267 638**	**260 360**
EQUITY AND LIABILITIES				
Equity		**255 539**	**263 683**	**249 198**
Total non-current liabilities	6	**-**	**-**	**8 314**
Total current liabilities	6	**6 037**	**3 955**	**2 848**
TOTAL EQUITY AND LIABILITIES		**261 576**	**267 638**	**260 360**

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 OMX 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, 2013 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 2012 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 2012 and in the way they were described in the 2012 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 2012 annual report.

Note 3 Fair value of financial instruments

Financial assets include loans and accounts receivables, prepayments and cash and cash equivalents. 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 fair value of the 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

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 2012 annual report. See also note 6.

Note 6 Liabilities

In June 2013, the Company raised a short term bridge loan of MSEK 2.0 which was repaid in July 2013.

Since Q2 2012, shareholder loans have been reclassified from non-current liabilities to current liabilities since they were due for payment in July 2013. The majority of the loans were repaid in 2012 and due for payment as per June 30, 2013 was MSEK 1.3 including interest. The loans were repaid in July 2013 through set off against shares in the share issue.

Note 7 Contingent liabilities

The Company has no contingent liabilities on the balance day.