

## KOPY GOLDFIELDS AB (publ) Half Year Report January – June 2017

### Financial information half year 2017

- The Company does not report any revenue
- Net income MSEK -8.2 (-3.3)
- Earnings per share before and after dilution SEK -0.10 (-0.05)
- Total cash flow of MSEK -4.9 (7.7)
- Investments in exploration work and licenses MSEK 0.1 (0.1)
- Cash and cash equivalents amounted to MSEK 5.8 (9.1) at period end

MSEK	Jan – Jun		Jan – Dec
	2017	2016	2016
Investments in exploration work and licenses	0.1	0.1	1.9
Investments into joint ventures	0.0	0.0	8.6
Cash & cash equivalents at end of period	5.8	9.1	10.7
Profit/loss after financial items	-8.2	-3.3	-5.0
Net income for the period	-8.3	-3.3	-5.0
Earnings per share before and after dilution, SEK	-0.10	-0.05	-0.07

### Significant events during January – June 2016

**The Krasny Joint venture was granted a new bedrock license, called “Batiy”, in January 2017.**

- The license has a total area of 86 sq. km and borders the Krasny license on the northwest.
- The new license was granted without an auction and is deemed to have high exploration potential.

**Results from a mineral processing test of Krasny ore confirm 85.5% total gold recovery for ore from the Upper structure.**

- The total weight of the processed sample was 3,259 kg with an average gold grade of 1.92 g/t.
- The through gold recovery for the ore from the Upper structure is expected at 85,5 % which is higher than previous processing test results.

**Results from year 2016 exploration program on the Northern Territories was published and a new exploration program was commenced**

- 1,852 sq. km were covered with a stream sediment survey and 5,380 samples were collected, processed and analyzed.
- A great exploration potential was confirmed and 23 clusters for more detailed exploration were identified.
- In June 2017, Stage 2 exploration program for the NT was started, consisting of a detailed geochemical survey that targets to further explore the stream sediment anomalies identified during 2016. With this exploration program, the target is to localize and detail the secondary bedrock gold and pathfinder anomalies and use the information to preliminarily estimate the potential bedrock gold resources.

**Statutory approval for pilot mining operations on the Kopylovskoye license was received**

- The approval allows mining of 150,000 tons of ore during the next two years.
- A bulk sample from the Kopylovskoye deposit has been collected and sent for processing test at a neighboring plant to confirm gold grades and recovery.

**The nearby located Sukhoy Log deposit, formerly State owned, was sold in January 2017 at the auction price of USD 158 million.**

- The Sukhoy Log deposit is located 60 kilometers North from the Krasny license and is one of the biggest undeveloped gold deposits in the world.
- The deposit was acquired by a Joint venture between Polyus Gold, a Russian major gold producer, and Rostekh, a Russian state owned multi-industry company.

- Development of this deposit will provide a significant improvement of the local infrastructure which in turn expects to lead to a general reduction of the mining costs in the area.

## Significant events after the reporting period

### In July 2017, a preliminary JORC mineral resource update was announced for the Krasny deposit

- The report is developed by Micon International which made the JORC resource estimation for Krasny last year as well.
- Preliminary figures show 45% increase of gold resources to 1,388 koz for the Krasny project since last year, reflecting the successful exploration activities during 2016.
- For the first time, the resource estimation includes both “Krasny” and “Vostochny” (previously “Krasny North”). For Krasny, the resource estimation shows 273 koz of Indicated mineral resources (mineral resources of 7,617,000 tons at an average grade of 1.11 g/t Au) and 1,052 koz of Inferred mineral resources (18,536,000 tons at an average grade of 1.76 g/t Au). Vostochny shows a total of 63 koz of Inferred mineral resources (1,114,000 tons at an average grade of 1.76 g/t Au). All resources are reported within economically minable open pits.

### In July 2017, a MSEK 15 loan was received

- The loan was granted by Scandinavian Credit Fund I AB with purpose to finance the current exploration program on Krasny, as well as the 2017 exploration program on the Northern Territories.
- With the loan, Kopy Goldfields will be able to maintain the 49% ownership in Krasny through the current exploration program.
- The loan is due for repayment after two years, on July 7, 2019, but may be repaid, partially or fully, after the first 12 months. The loan bears an arrangement fee of SEK 75,000 and an annual interest rate of 11.5 percent.

## Comments from CEO

Dear shareholders,

2017 year is expected to make a significant difference in the Krasny project development, when the decision is taken to expand the project into definitive design, permitting and construction.

In February 2017, we initiated a JORC resource update by Micon International. Although the review has not yet been finalized, the preliminary results released last month confirmed a significant increase of total Krasny project resources: gold resources have increased by 45% to 1,388 koz of gold, which is the historic highest resource estimation for Krasny. We are particularly proud of the result, as we have been operating the Krasny exploration program from the very beginning. The resource increase primarily relates to the new gold structures identified within Krasny and Vostochny during the 2016 exploration activities and is negligibly effected by changes of gold price or cut off grade between the reports. For the first time, the resource estimation includes both "Krasny" and "Vostochny". The Vostochny mineralization was a new discovery of 2016. Based on the current exploration results from 2017, we believe that Krasny project has a strong potential for further resource increase.

The new exploration program Stage 4 for Krasny was commenced in March 2017 and have four main targets: 1) to convert part of Inferred resources of the Krasny Lower structure into Indicated category (infill drilling); 2) prospecting of both the Upper and Lower structure within Krasny to increase resources; 3) exploration of Vostochny mineralization along the strike as well as infill drilling; 4) prospecting within other parts of the Krasny license area. This means that subject to a successful completion of the program, we will be able to both increase the total gold resource base further and to convert inferred resources into indicated and indicated resources into reserves.

In parallel with the exploration drilling, we have completed a detailed processing test for the Krasny gold ores. The recommended flow chart includes gravitation and flotation circles with further leaching of gravity and flotation concentrates. All operations will be developed on the Krasny site. The Krasny processing plant will produce gold Dore bars which will be further refined at an external refinery to bankable quality gold bars. The through gold recovery for the ore from the Upper structure is expected at 85,5%, which is better than previously projected.

We are currently about to complete two important reports for Krasny: an Investment justification report, which is devoted to mine development of the Upper structure, and a Scoping study targeting development of the Lower structure. Both reports are developed by TOMS Engineering, which is one of the leading mining consultancy companies in Russia. Although it is clear that the Upper structure will be produced with an open pit, there are two options on how to proceed with development of the Lower structure – open pit or underground. Based on TOMS' recommendations, the decision will be taken how to develop Krasny project into mining.

With the current positive mining sector development, we advance our other projects – Northern Territories and Kopylovskoye. During the 2016 stream sediment exploration program for the Northern Territories project, we identified 23 exploration clusters and scaled down the total exploration area. With the 2017 exploration program, which commenced in June this year, we take the next step in the development of the Northern Territories. 2017 program consists of a detailed geochemical survey at several stream sediment anomalies identified during 2016. Upon completion of this program we target to localize and detail the secondary bedrock gold and pathfinder anomalies and use the information to preliminarily estimate the potential bedrock gold resources of the NT project.

Within Kopylovskoye project we are finalizing environmental and safety permitting to commence test mining operations. We collected a bulk sample and are now processing it at a neighboring processing plant to confirm recovery and grades. The 2017 plans for Kopylovskoye project are either to sell the project for cash if the market allows, or to develop pilot mining with a partner.

On the financial side, we have raised a 15 MSEK loan from Scandinavian Credit Fund I AB. The loan was received in July 2017 with the purpose to finance the current exploration program on Krasny, as well as the 2017 exploration program on the Northern Territories. We found the terms and conditions for the loan to be very favorable compared to what an alternative financing would cost.

I am glad to note that the share price has increased by 30% since the beginning of the year, following 55% in 2016 and 71% in 2015. This obviously reflects the progress we have shown on our Krasny project, but it my strong expectation that we have the major share price rally ahead of us, with Krasny heading towards production and the potential of Northern Territories coming more and more into sight.

On behalf of Kopy Goldfields AB, I thank you for your interest and support of the company. We receive a lot of questions from you about company results and do our best to serve all of them. We are working to further improve and develop our communication channels and we will appreciate any feedback from you.

With kind 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 following the acquisition of a gold deposit with the name Kopylovskoye. During the last ten years, the company has acquired 16 additional licenses, whereof two have been sold, two have been returned to the Russian state and three are developed in joint venture with the Russian gold producer GV Gold.

Kopy Goldfields AB is the holding company and holds 100% of the Russian subsidiaries LLC Kopylovskoye, LLC Vostochny, LLC Patom Gold, LLC Taiga and LLC Nirungda Gold, the Swedish subsidiaries AB Krasny Gold Fields and Kopy Development AB and 49% of the Cyprus company Bodaibo Holding Ltd and the Russian company LLC Krasny. The subsidiary LLC Nirungda Gold was established by the end of 2016 with the purpose to be the holding company of any newly acquired licenses in the future. All Russian subsidiaries are domiciled in Bodaibo, in the Irkutsk region in Russia.

### Business concept and targets

Kopy Goldfields' vision is to become a world-class exploration company with focus on Lena Goldfields, Russia. 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 Lena Goldfields in the Bodaibo area of the Irkutsk region in Russia, prospect and explore them until they reach the stage of being ready to be sold for cash or further developed in cooperation with a partner. The target for Kopy Goldfields is to become a near-term gold producer in cooperation with a producing partner under a joint venture agreement.

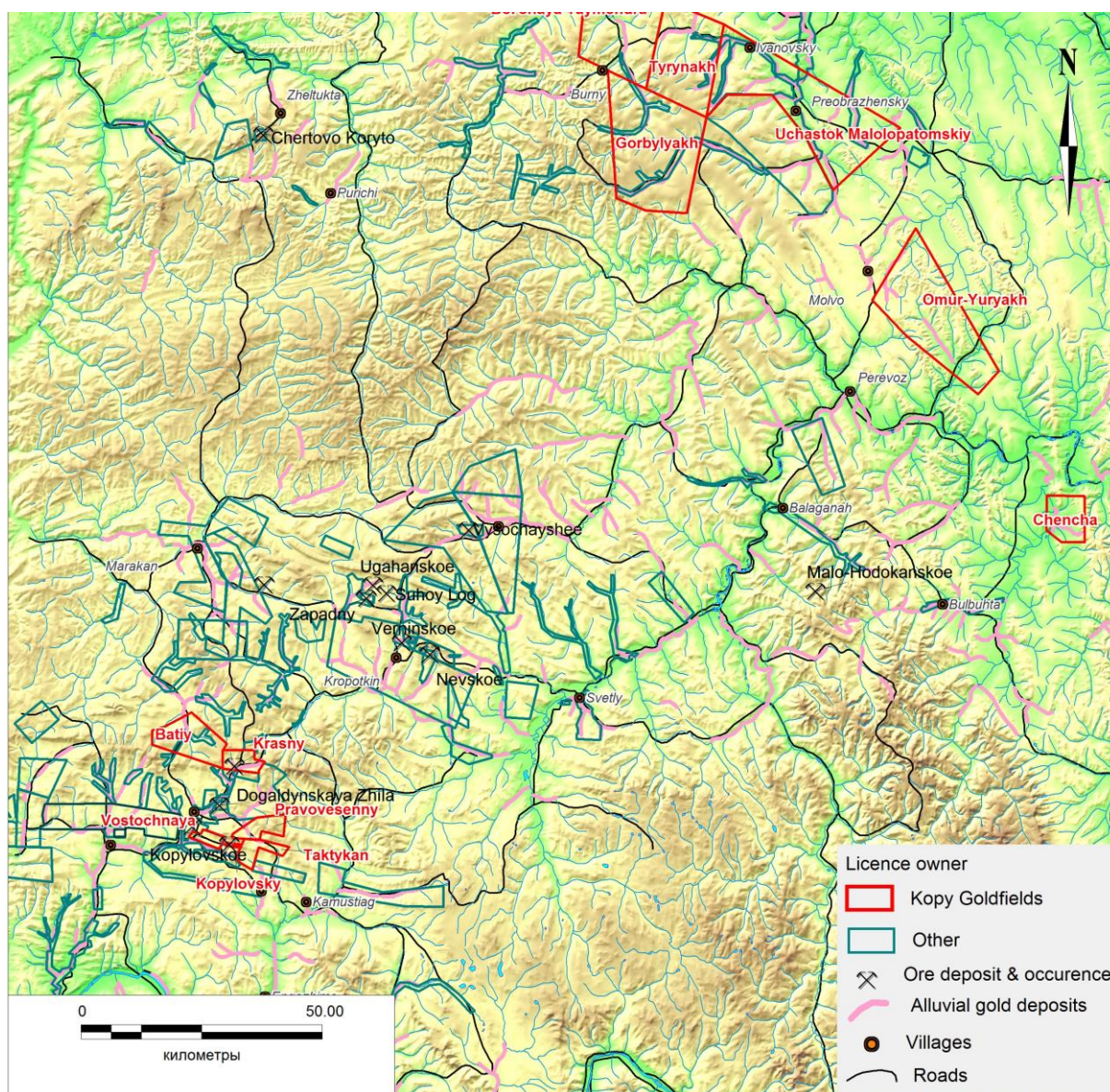
### Current projects in brief

The Company has a diversified portfolio of exploration targets in different stages. All licenses have been grouped into a portfolio consisting of 3 projects; Krasny, Kopylovskoye and the Northern Territories. The flagship project, Krasny, consists of 3 licenses (Krasny bedrock, Krasny alluvial and Batiy bedrock) with a total area of 117 km<sup>2</sup>. The Kopylovskoye-project includes 4 licenses (Kopylovskoye, Pravovesenny, Takhtykan and Vostochnaya) with a total area of 80 km<sup>2</sup>. The Northern Territories-project is split into 6 licenses (Tyrynakh, Bolshaya Taimendra, Gorbylyakh, Omur-Yuryakh, Chench, Malo-Patomsky) with a total area of 1,852 km<sup>2</sup>. The Krasny- and the Kopylovskoye-projects are geographically concentrated within a 40 x 20 km large area, within 50 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 fairly developed with water supply, electricity and federal roads to the deposits. The six licenses which together make the Northern Territories project, are geographically located 200 – 300 km from Bodaibo, are all served by gravel and seasonal roads and have a history of alluvial production. All Russian subsidiaries closely follow the Russian environmental and safety requirements and are on good record with local authorities.

All deposits are located up to 150 km from Sukhoy Log (60 Moz) which is the largest undeveloped gold deposit in Russia. Sukhoy Log was sold at a Russian State auction on January 26, 2017, to a Joint venture between



Polyus Gold, a Russian major gold producer, and Rostekh, a Russian state owned multi-industry company, for RUB 9.4 billion, approximately of USD 158 million.



## Development of the projects during the first six months 2017

During 2017, the Company focused on the Krasny-project and developed limited exploration programs on the Northern Territories and Kopylovskoye projects in parallel. With the Krasny project now progressing from exploration into feasibility studies, later construction and finally production, the other projects are now being prepared to move along a similar pipeline.

### The Krasny project

Krasny is Kopy Goldfields' most advanced gold project to date. In the summer of 2014, Kopy Goldfields entered 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 3 in cash and investing MUSD 6 into exploration. During the autumn 2016, Kopy Goldfields and GV Gold agreed to invest further MUSD 2 for further development of the project. The capital contribution was shared pro-rata 51/49 by GV Gold and Kopy Goldfields.

In February 2017, field exploration activities relating to Stage 3 (2016 exploration program) for Krasny were completed and an update of the JORC resource estimation was initiated. The report is developed by Micon International which made the JORC resource estimation for Krasny last year as well. Preliminary figures

published in July 2017 represent a 45% increase of gold resources to 1,388 koz for the Krasny project since last year. This resource increase reflects successful exploration activities during 2016. For the first time, the resource estimation includes both "Krasny" (previously "Central Krasny") and "Vostochny" (previously "Krasny North"). For Krasny, the resource estimation shows 273 koz of Indicated mineral resources (mineral resources of 7,617,000 tons at an average grade of 1.11 g/t Au) and 1,052 koz of Inferred mineral resources (18,536,000 tons at an average grade of 1.76 g/t Au). Vostochny shows a total of 63 koz of Inferred mineral resources (1,114,000 tons at an average grade of 1.76 g/t Au). All resources are reported within economically minable open pits.

In April 2017, the mineral processing test of a bulk sample, representing the gold ore of the Upper structure was completed by Irgiredmet engineering company in Irkutsk. The total weight of the processed sample was 3,259 kg with an average gold grade of 1.92 g/t. The test developed and finetuned the previous metallurgical results and recommended a flow chart for the Krasny gold ore treatment processes. The process will involve gravitation and flotation circles with further leaching of gravity and flotation concentrates. All operations will be developed on the Krasny site. The Krasny processing plant will produce gold Dore bars which will be further refined at an external refinery to bankable quality gold bars. The through gold recovery for the ore from the Upper structure is expected at 85,5 % which is higher than previous processing test results.

Exploration program Stage 4 for 2017 for Krasny was commenced in March 2017 pursuing several targets:

- Infill Exploration drilling on the Lower Structure to convert part of Inferred resources of the Lower structure into Indicated category in order to proceed with FS for the Lower structure;
- Prospecting of both the Upper and the Lower structures within Krasny, based on strong evidences for further increase of gold resources along the strike of mineralization;
- Exploration of the Vostochny mineralization along the strike as well as infill drilling;
- Prospecting within other parts of the Krasny license area with target to identify additional "Vostochny" type gold mineralizations.

The total 2017 program includes 18,855 meters of core drilling, 3,570 meters of trench sampling, geochemical survey for 13 sq. km and electro and magnetic surveys for 30 linear km. The budget for the 2017 exploration program is estimated at MUSD 4.4. The program is partially financed by a positive cash balance left after Stage 3 and partially by new investments by Kopy Goldfields and GV Gold.

Following the successful completion of the program, we target to both further increase the total gold resources and to convert some inferred resources into indicated and some indicated resources into reserves. Kopy Goldfields continues to be the operator of the exploration program for the project for the fourth year in a row since the start of the joint venture operations in 2014.

This exploration program does not cover the construction part of the Krasny project development. Upon the decision of construction start, a detailed development program will be prepared including a budget and a time plan.

An Investment justification report was initiated in October 2016 and is developed by TOMS Engineering, a Russian mining engineering consultancy. This report is nearly finalized and the delay is due to an increased scope of the report with extra modelling and discussions. The report will include drafting of a mining plan and production schedule, justification of the mill capacity, infrastructure layout, CAPEX for mill and pit construction, calculation of OPEX and a NPV-model for gold production. The report will focus on development of the Upper mineralization only and will be used as a basis for taking decision to proceed with Krasny project into mine construction. The final report is expected shortly.

In parallel with the Investment justification report, TOMS Engineering company is also doing a Scoping study for development of the Lower Mineralization. This study will evaluate both open pit and underground mining possibilities and will recommend the most profitable and feasible approach. The report is connected to the Investment justification report and is expected shortly as well.

The engineering reports by TOMS will make the background for taking a decision to further develop the Krasny project into definitive engineering study, permitting and construction. The formal decision to proceed to mine development is expected soon.



## 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 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.

In March 2017, we released results of our first-year field explorations on the Northern Territories project. In 2016, we covered the total license area of 1,852 sq. km with a stream sediment survey with a density of 5-6 samples per square km. In total, 5,380 samples were collected and all samples were analyzed both for gold and 24 other chemical elements. The collected geochemical data was then used to develop geochemical maps of gold and multiplicative anomalies for every license area. These anomalies, the result of 2016 exploration activities, were compared with historic exploration data existing before 2016. Based on the work done, 23 prospective clusters for more detailed exploration were identified. The results are very exciting showing a clear exploration potential of the Northern Territories project that may conceal several Sukhoy Log type deposits.

In June 2017, we commenced the Stage 2 exploration program for the Northern Territories which consists of a detailed geochemical survey that targets to further explore the stream sediment anomalies identified during 2016. Overall, the plan is to examine the seven most promising gold anomalies on a total area of 122 sq. km. The plan is to collect 12,790 geochemical soil samples with a density of 200\*50 meters. With this exploration program, we target to localize and detail the secondary bedrock gold and pathfinder anomalies and use the information to preliminarily estimate the potential bedrock gold resources. This data will be further used to plan trench sampling and drilling activities.

## The Kopylovskoye project

Within the Kopylovskoye project, a statutory approval for pilot mining operations has been received, allowing mining of 150,000 tons of ore during the next two years. We also finalize the environmental and safety permitting process to be ready to start test mining operations. We have collected a bulk sample from the Kopylovskoye deposit and sent it for processing test at a neighboring plant to confirm gold grades and recovery. The 2017 plans for the Kopylovskoye project are either to sell the project for cash if the market allows, or to develop pilot mining with a partner. With very strong fundamentals for gold mining in Russia, we see opportunities for both options.



## January – June 2017

(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 (0.1) 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 (0.1) 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, 2017, investments in joint ventures amount to MSEK 83.9 (73.2) on the Balance Sheet. The Profit and Loss statement shows results from Joint Ventures of MSEK -2.8 (1.5) for the period, the difference explained by exchange rate losses. On April 21, 2016, the Company received a conditional consideration of USD 2, corresponding to MSEK 16.3, referring to successful finalization of the exploration program on the Krasny project. The conditional consideration had 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 9.6 (4.8), including results from joint ventures. The operating expenses further include MSEK 3.5 (2.3) 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 -8.3 (-3.3) which equals SEK -0.10 (-0.05) per share.

During the period January – June, the Russian ruble depreciated against the Swedish krona by approximately 4.9 % (+15.8 %), and the Euro by 11.5 % (+3.5 %). The Company reports exchange differences of MSEK -1.0 (+9.2) in the consolidated statement of comprehensive income for the six months' period.

In April 2016, after receiving the additional consideration, short-term interest-bearing loans of MSEK 3.3 from five shareholders were repaid. This is reflected in the 2016 Cash Flow from financing activities.

Cash and cash equivalents amounted to MSEK 5.8 (9.1) at the end of the period.

Equity amounted to MSEK 112.5 (102.3) at the end of the period which equals SEK 1.4 (1.6) per share.

Equity asset ratio was 95.5 % (95.6) at the end of the period.

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

## Going concern

Gold exploration is a capital-intensive activity and as noted above the Company does not yet have any revenue. In July 2017, the Company raised a MSEK 15 loan. Depending on the outcome of the ongoing exploration and feasibility studies, it cannot be excluded that capitalizations will be needed to explore the Northern Territories further, to develop the Kopylovskoye-project or to maintain the ownership in Krasny. The formal decision to move Krasny into construction is planned for 2017, which may also lead to the need for further capital contributions to Krasny. 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 a going concern.

## Significant events after the reporting period

In July 2016, a preliminary JORC mineral resource update was announced for the Krasny deposit. The report is developed by Micon International which made the JORC resource estimation for Krasny last year as well. Preliminary figures show 45% increase of gold resources to 1,388 Koz for the Krasny project since last year, reflecting the successful exploration activities during 2016. For the first time, the resource estimation includes both "Krasny" and "Vostochny" (previously "Krasny North"). For Krasny, the resource estimation shows 273 Koz of Indicated mineral resources (mineral resources of 7,617,000 tons at an average grade of 1.11 g/t Au) and 1,052 Koz of Inferred mineral resources (18,536,000 tons at an average grade of 1.76 g/t Au). Vostochny shows

a total of 63 Koz of Inferred mineral resources (1,114,000 tons at an average grade of 1.76 g/t Au). All resources are reported within economically minable open pits.

In July 2017, a MSEK 15 loan was received from Scandinavian Credit Fund I AB with purpose to finance the current exploration program on Krasny, as well as the 2017 exploration program on the Northern Territories. With the loan, Kopy Goldfields will be able to maintain the 49% ownership in Krasny through the current exploration program. The loan is due for repayment after two years, on July 7, 2019, but may be repaid, partially or fully, after the first 12 months. The loan bears an arrangement fee of SEK 75,000 and an annual interest rate of 11.5 percent.

## The Parent Company

Total assets at period end amounted to MSEK 127.7 (130.8). Cash and cash equivalents amounted to MSEK 5.6 (8.8). Net income for the period amounted to MSEK -4.0 (-2.4).

## Risks and uncertainties

A detailed description of the Company's risks is included in the 2016 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. Since 2014, because of the uncertainties in Ukraine, the EU and USA have 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 24, 2017  
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 2017, published on March 22, 2018.

## For more information, please contact:

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Ticker codes: KOPY (Nasdaq First North)  
Number of shares 79,866,054

## 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 24, 2017.

Kopy Goldfields is since June 3, 2011, applying the internationally accepted JORC code to verify the mineral resources and ore reserves. Micon International Co Limited 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. Aqrar Fondkommission acts as Certified Adviser.

This half year report and additional information is 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
		2017	2016	2016
Net turnover		0	0	0
Other revenue		1 333	1 369	2 611
<b>Total revenue</b>		<b>1 333</b>	<b>1 369</b>	<b>2 611</b>
Work performed by the company for its own use and capitalized		69	60	1 560
Other external costs		-3 248	-4 012	-8 722
Personnel costs	6	-3 537	-2 257	-5 655
Result from Joint Ventures		-2 830	1 453	4 924
Depreciation and write-downs of intangible and fixed assets		-3	-32	-64
<b>Total operating expenses</b>		<b>-9 618</b>	<b>-4 848</b>	<b>-9 517</b>
<b>Operating result</b>		<b>-8 216</b>	<b>-3 419</b>	<b>-5 346</b>
Financial items		-29	161	382
<b>Result after financial items</b>		<b>-8 245</b>	<b>-3 258</b>	<b>-4 964</b>
Tax		-43	-21	-10
<b>NET INCOME FOR THE PERIOD</b>		<b>-8 288</b>	<b>-3 279</b>	<b>-4 974</b>
<b>Earnings per share before and after dilution*</b>		<b>-0,10</b>	<b>-0,05</b>	<b>-0,08</b>
<i>Average number of shares before and after dilution*</i>		79 866 054	63 161 330	66 847 713
<i>Number of shares at the end of the period*</i>		79 866 054	64 682 394	79 866 054

\*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 2016.

## Consolidated Statement of Comprehensive Income

KSEK	Jan - Jun		Jan - Dec
	2017	2016	2016
Net income for the period	-8 288	-3 279	-4 974
<i>Items that may be reclassified subsequently to profit or loss</i>			
Translation differences on foreign operations	-1 030	9 247	13 125
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-9 318</b>	<b>5 968</b>	<b>8 151</b>



## Condensed Consolidated Balance Sheet

KSEK	Note	Jun 30 2017	Dec 31 2016	Jun 30 2016
<b>ASSETS</b>				
<i>Non-current assets</i>				
<i>Intangible fixed assets</i>				
Exploration licenses and evaluation work		25 105	26 336	21 398
<i>Tangible fixed assets</i>				
Buildings and Machinery and equipment		1 490	1 716	1 732
<i>Financial fixed assets</i>				
Joint Ventures		83 858	86 184	73 168
<b>Total non-current assets</b>		<b>110 453</b>	<b>114 236</b>	<b>96 298</b>
<i>Current assets</i>				
Inventory		69	88	119
Receivables		1 531	1 461	1 460
Cash & cash equivalents		5 786	10 708	9 141
<b>Total current assets</b>		<b>7 386</b>	<b>12 257</b>	<b>10 720</b>
<b>TOTAL ASSETS</b>		<b>117 839</b>	<b>126 493</b>	<b>107 018</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	6	<b>112 478</b>	<b>121 082</b>	<b>102 310</b>
<b>Deferred Tax</b>		<b>3 142</b>	<b>3 013</b>	<b>2 667</b>
<b>Total current liabilities</b>		<b>2 219</b>	<b>2 398</b>	<b>2 041</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>117 839</b>	<b>126 493</b>	<b>107 018</b>

## Condensed Consolidated Cash Flow Statement

KSEK	Note	Jan – Jun		Jan – Dec
		2017	2016	2016
Cash flow from operating activities		-5 211	-5 236	-10 023
Cash flow from investing activities		-100	16 445	6 218
Cash flow from financing activities		397	-3 485	13 104
Cash flow for the period		-4 914	7 724	9 299
Cash at the beginning of the period		10 708	1 381	1 381
Exchange differences on cash		-8	36	28
Cash at the end of the period		5 786	9 141	10 708

## Condensed Consolidated Statement of Changes in Equity

KSEK	Note	Jan – Jun	Jan – Dec	Jan – Jun
		2017	2016	2016
Equity at the beginning of the period		121 082	93 347	93 347
Share issue		-	22 967	3 000
Issue costs		-	-3 383	-5
Warrants	6	714	-	-
Net income for the period		-8 288	-4 974	-3 279
Other comprehensive income for the period		-1 030	13 125	9 247
Equity at the end of the period		112 478	121 082	102 310

## Parent Company Condensed Income Statement

KSEK	Jan – Jun		Jan – Dec
	2017	2016	2016
Revenue	1 764	2 276	3 820
Operating expenses	-3 221	-3 549	-7 707
<b>Operating result</b>	<b>-1 457</b>	<b>-1 273</b>	<b>-3 887</b>
Results from investments in subsidiaries	-2 267	-1 046	-4 866
Financial items	-255	-123	-2 910
<b>Result after financial items</b>	<b>-3 979</b>	<b>-2 442</b>	<b>-11 663</b>
Appropriations	0	0	648
<b>Result before tax</b>	<b>-3 979</b>	<b>-2 442</b>	<b>-11 015</b>
Tax	0	0	0
<b>NET INCOME FOR THE PERIOD</b>	<b>-3 979</b>	<b>-2 442</b>	<b>-11 015</b>

## Parent Company Condensed Balance Sheet

KSEK	Note	Jun 30	Dec 31	Jun 30
		2017	2016	2016
<b>ASSETS</b>				
<i>Non-current assets</i>				
<b>Tangible fixed assets</b>		<b>24</b>	<b>24</b>	<b>56</b>
<b>Financial fixed assets</b>		<b>119 237</b>	<b>119 237</b>	<b>119 237</b>
<i>Current assets</i>				
Receivables		2 808	616	2 677
Cash & cash equivalents		5 598	10 578	8 788
<b>Total current assets</b>		<b>8 406</b>	<b>11 194</b>	<b>11 465</b>
<b>TOTAL ASSETS</b>		<b>127 664</b>	<b>130 455</b>	<b>130 758</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	6	<b>117 403</b>	<b>120 999</b>	<b>112 943</b>
<b>Current liabilities</b>		<b>10 261</b>	<b>9 456</b>	<b>17 815</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>127 664</b>	<b>130 455</b>	<b>130 758</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, 2017 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 2016 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 2016 and in the way they were described in the 2016 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 2016 annual report.

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

Financial assets include loans and accounts receivables, as well as 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. 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**

Except for what is said in Note 6, 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 2016 annual report.

### **Note 6 Warrants**

The Annual General Meeting 2017 approved two long-term incentive programs 2017/2020; one for management and one for the Board of Directors. Under the programs, a total of 3,400,000 warrants can be issued. Each warrant entitles the holder to subscribe for one (1) share in the Company, which means that the share capital can be increased by SEK 1,292,752 at maximum. The exercise date is December 31, 2020 and strike price is SEK 1.80. As per June 30, the number of warrants issued amount to 3,400,000.

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

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