

## KOPY GOLDFIELDS AB (publ) Year End Report January – December 2017

### Financial information July – December and full year 2017

- The Company does not yet report any revenue
- Net income MSEK -5.6 (-1.7), full year -13.9 (5.0)
- Earnings per share before and after dilution SEK -0.07 (-0.02), full year -0.17 (-0.08)
- Total cash flow of MSEK 0.1 (1.6), full year -4.8 (9.3)
- Investments in exploration work and licenses MSEK 2.2 (1.8), full year 2.3 (1.9)
- Investments into joint ventures MSEK 8.5 (8.6), full year 8.5 (8.6)
- Cash and cash equivalents amounted to MSEK 5.9 (10.7) at period end
- The Board of Directors proposes that no dividend is paid

| MSEK  | Jul – Dec |       | Jan – Dec |       |
|---|-----------|-------|-----------|-------|
|   | 2017      | 2016  | 2017      | 2016  |
| Investments in exploration work and licenses      | 2.2       | 1.8   | 2.3       | 1.9   |
| Investments into joint ventures                   | 8.5       | 8.6   | 8.5       | 8.6   |
| Cash & cash equivalents at end of period          | 5.9       | 10.7  | 5.9       | 10.7  |
| Profit/loss after financial items                 | -8.8      | -1.7  | -17.0     | -5.0  |
| Net income for the period                         | -5.6      | -1.7  | -13.9     | -5.0  |
| Earnings per share before and after dilution, SEK | -0.07     | -0.02 | -0.17     | -0.08 |

### Significant events during July – December and full year 2017

#### In January 2017, the Krasny Joint venture was granted a new bedrock exploration license, called “Batiy”

- 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.

#### In September 2017, a JORC mineral resource update was announced for the Krasny project

- The report is developed by Micon International which made the JORC resource estimation for Krasny last year as well. The report is based on the exploration data acquired until the end of the 2016 exploration program.
- The report shows 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. The report also includes 240 koz of Probable gold reserves.

#### In December 2017, positive results from a new scoping study was announced for the Krasny deposit

- The scoping study was performed by TOMS engineering consultancy and included the exploration results until (but not including) the 2017 exploration program. It did not include the Vostochny mineralization.
- The study evaluated different gold production options; including development of, either, only the Upper mineralization, or, both the Upper and Lower mineralizations, as well as only open pit

production, or a combination of open pit and underground mining. All production scenarios returned positive free cash flows.

- The best outcome is estimated when producing both the Upper and Lower mineralizations in an open pit with total undiscounted free cash flow of MUSD 373, at a fixed gold price of 1,250 USD/oz and production costs of 601 USD/oz.

#### **The year 2017 exploration program on the Northern Territories was finalized**

- The exploration program covered seven out of the 21 exploration targets that were identified during the 2016 stream sediment survey. These seven exploration targets cover an area of 122 sq. km and 12,896 soil samples were collected and analyzed for 32 chemical elements plus gold.
- A great exploration potential is confirmed, and in line with the targets, the exploration area could be further scaled down.
- Three anomalous geochemical areas were identified with a total area of 10.2 sq. km that are now ready for drilling and trench sampling.

#### **Statutory approval for pilot mining operations on the Kopylovskoye license was received and bulk sampling was carried out during July – August 2017**

- The approval allows mining of 150,000 tons of ore during the next two years.
- 32 tons of ore, representing different parts of the Kopylovskoye mineralization was processed at a neighboring plant to confirm gold grades and recovery.

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

- The loan was granted by Scandinavian Credit Fund I AB with purpose to finance the 2017 exploration program on Krasny and Northern Territories.
- With the loan, Kopy Goldfields will be able to maintain the 49% ownership in Krasny through the 2017 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 nearby located Sukhoy Log deposit, formerly State owned, was sold in January 2017 at the auction price of MUSD 158**

- 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 February 2018, a MSEK 15 loan was granted from Scandinavian Credit Fund I AB**

- The loan will be paid in two installments; MSEK 10 was paid on March 5, 2018 and MSEK 5 will be paid on May 3, 2018.
- The loan is due for repayment after two years, on March 3, 2020, but may be repaid, partially or fully, after the first 12 months. The loan bears an annual interest rate of 11.75 percent and no arrangement fee.

## Comments from CEO

Dear shareholders,

In 2017 we advanced on all three of our projects, Krasny, the Northern Territories and Kopylovsky, and we are happy to report positive developments for all of them.

As planned, the majority of our efforts and funds were focused on the Krasny project, which returned excellent results. An updated mineral resource report according to the JORC code issued by Micon International in September confirmed a 45% increase in gold resources to 1,388 koz of gold. This resource increase primarily relates to the new gold structures identified within Krasny and Vostochny during the 2016 exploration activities, which means that the results from the 2017 exploration program were not taken into account. In 2017, we drilled an additional 79 core holes for a total of 19,569 meters within the Krasny and Vostochny mineralizations, and based on the exploration results, we see significant potential for a further resource increase. We aim to update the JORC resource estimation shortly.

Following the 2017 exploration activities, both the Krasny and the Vostochny mineralizations were left open along the strike and down dip. On January 19, 2018, we resumed exploration drilling with the primary objective of prospecting in the Vostochny structure further along the strike and testing several other targets within our Krasny and Batiy license areas. We look forward to more exciting exploration results in 2018.

During the year, results from a scoping study were released, including several options for production on the Krasny project, and I am delighted to conclude that all scenarios returned positive free cash flows. The best outcome is estimated when producing both the upper and lower structures in an open pit, which would return a total undiscounted free cash flow of MUS\$ 373 at a fixed gold price of 1,250 USD/oz and production costs of 601 USD/oz. Just like the recent JORC report, this scoping study was also based on the 2016 resource data. With the new drill results from 2017, we aim to update the scoping study during 2018.

During the year we noted a worldwide return of interest in exploration projects. According to S&P Global, gold exploration budgets increased worldwide by 22% in 2017 y-o-y. The gold price increased moderately in 2017 by 13% and is forecasted to be stable in 2018. With these positive developments in the mining sector, we advanced our other two projects, the Northern Territories (NT) and Kopylovskoye. The 2017 exploration program on the NT covered seven of the 21 exploration targets that were identified during the 2016 stream sediment survey. A soil geochemical survey at 200\*50 meters grid, together with geological mapping, was done of the total area of 122 sq km; 12,896 soil samples were collected and analyzed for 32 chemical elements plus gold. The results confirm our expectations of the Northern Territories being an area with high exploration potential. We identified three anomalous geochemical areas with a total area of 10.2 sq. km ready for drilling and trench sampling.

For the Kopylovskoye project, we received the environmental and safety permits required for a test mining program. This program was carried out in cooperation with a local partner in July-August 2017. A total of 32 tons of ore representing different parts of the Kopylovskoye mineralization were collected and processed at a neighboring mill. The 2018 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.

I am of course happy to look back on a year with an increasing share price. In 2017 the share price increased by 14%, following a 55% increase in 2016 and 71% in 2015. This obviously reflects the progress we have made on our Krasny project, but we believe that we have the major share price rally ahead of us, with Krasny heading towards production and the potential of the Northern Territories becoming increasingly clearer.

On behalf of Kopy Goldfields, I thank you for your interest and support of the company. I wish everyone an interesting and rewarding 2018 with our company, and we will do our best to make this happen.

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 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 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. The dormant subsidiary LLC Kopylovskoye was divested by the end of 2017 and had no employees and no licenses. All Russian subsidiaries are domiciled in Bodaibo, in the Irkutsk region in Russia.

### Business concept and targets

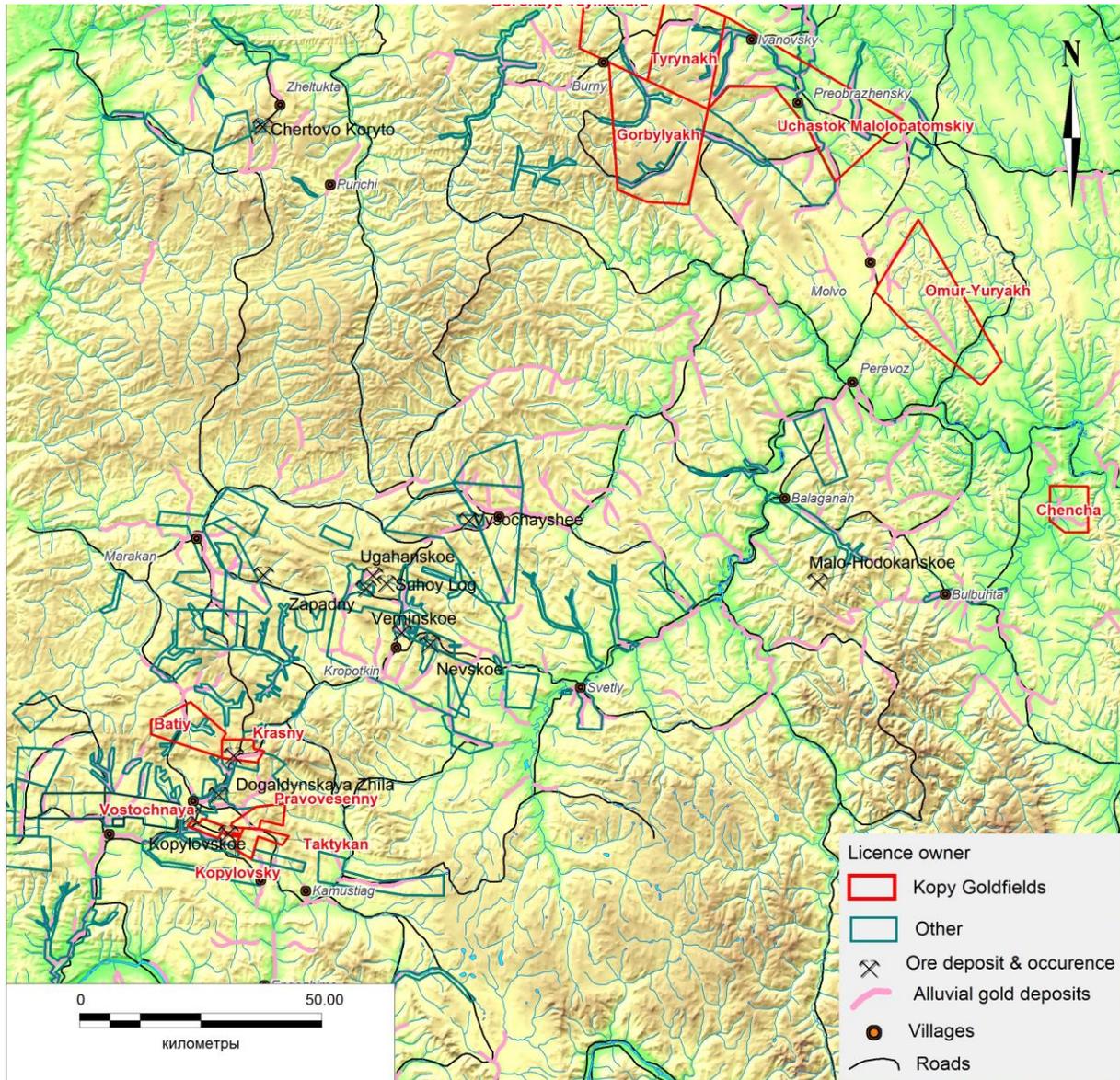
Kopy Goldfields' vision is to become a world-class exploration company with focus on Lena Goldfields, Russia. The Company's business concept is to create value by identifying and acquiring high potential gold projects located within the established area of alluvial gold mining in Lena Goldfields in the 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, the Northern Territories and Kopylovskoye. 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 Northern Territories-project is split into 6 licenses (Tyrynakh, Bolshaya Taimendra, Gorbylyakh, Omur-Yuryakh, Chenchka, Malo-Patomsky) with a total area of 1,852 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 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, and all served by gravel and seasonal roads. The area of the Northern Territories licenses has a history of rich alluvial production. Alluvial (placer) gold mining operations are currently developed within the Northern Territories and Krasny license areas by external producers under separate alluvial licenses which sometimes coincide geographically with the boundaries of our Northern

Territories and Krasny bedrock licenses. 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 MUSD 158. Currently, Feasibility Studies and an intensive exploration program is carried out on Sukhoy Log, which includes 180,000 meters of drilling during 2018 – 2019, in addition to the historic drilling of approximately 300,000 meters. Production start is planned for 2025 at a rate of 1.6-1.7 Moz of gold per year. Total CAPEX to take the project into production are estimated at USD 2.5 billion.



### Development of the projects during 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, followed by 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 2016 and 2017, further MUSD 4 for further development of the project was invested pro-rata 51/49 by GV Gold and Kopy Goldfields. Cumulative joint investments into Krasny project totaled MUSD 17.8 by the end of 2017. 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 was developed by Micon International which made the JORC resource estimation for Krasny in 2016 as well. In September 2017, the new resource estimation of 1,388 koz of gold for the Krasny project was released representing a 45% increase of gold resources y-o-y. The 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”) mineralizations, and the report also includes Probable reserves for Krasny. 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). This resource statement also reports 240 koz of Probable gold reserves (7,327,00 tons at an average grade of 1,02 g/t Au) as a part of total gold resources. 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 and completed in December 2017 pursuing several targets:

- Infill Exploration drilling on the Lower Structure to convert part of Inferred resources of the Lower structure into Indicated category to proceed with Feasibility Studies 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.

During 2017, 79 core holes were drilled, totaling 19,569 meters. In addition to drilling, all trench sampling activities were finalized in October 2017. In total, 3,110 meters of trenches were developed and logged, of which 1,425 meters were sampled and assay tested. All targets of the exploration program 2017 were achieved. Kopy Goldfields was the operator of the exploration program for the fourth year in a row since the start of the joint venture operations in 2014. The budget for the 2017 exploration program was planned at MUSD 4.4 and the program was partially financed by a positive cash balance left after Stage 3 and partially by new investments by Kopy Goldfields and GV Gold by the amount of MUSD 2.1.

Based on the results from the 2017 exploration program, we plan to both further increase the total gold resources and to convert some inferred resources into indicated resources, and some indicated resources into reserves. The most significant outcome of the drilling activities during 2017 is the discovery of the Lower structure at Vostochny mineralization which will significantly increase the Vostochny gold resources and influence the mining potential of the total Krasny project positively.

An Investment justification report was initiated in October 2016 and was developed by TOMS Engineering, a Russian mining engineering consultancy. The report was focused on development of the Upper mineralization only. In parallel with the Investment justification report, TOMS Engineering company also prepared a Scoping study for development of both the Upper and Lower Mineralization, however not including the newly discovered Vostochny mineralization. The study evaluated different gold production options, including development of only open pit production or a combination of open pit and underground mining. All production scenarios returned positive free cash flows. The best outcome is estimated when producing both the Upper

and Lower Mineralizations in an open pit with total undiscounted free cash flow of USD 373 million at a fixed gold price of 1,250 USD/oz and production costs of 601 USD/oz.

Based on positive exploration results from 2017, the new 2018 exploration program on Krasny and Vostochny was commenced in January 2018. The program includes drilling of 25 thousand meters of core holes targeting further resource increase at Vostochny and Krasny and collecting data to proceed with Feasibility Studies.

### **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 area has high potential of elephant gold discoveries and it is known for a long history of successful alluvial mining. Within Kopy Goldfields' bedrock licenses there are still a lot of active alluvial mines. 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 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.

In 2017, we commenced the Stage 2 exploration program consisting of a soil geochemical survey at 200\*50 meters grid, together with geological mapping within the seven most promising gold anomalies on a total area of 122 sq. km. Totally 12,896 soil samples were collected and analyzed for 32 chemical elements plus gold. The results confirm our expectations of the Northern Territories being an area with high exploration potential. In line with target, we were able to scale down the exploration area further and identified three anomalous geochemical areas with a total area of 10.2 sq. km. All three anomalies called Mezhdurechnaya, Sekushaya and Polovinka correspond to our exploration parameters and target gold deposit of +1 Moz. They are now ready for drilling and trench sampling. In addition to these drilling and trench sampling targets, we still have another 14+ targets from 2016, left for detailed geochemical survey, similar to the exploration done in 2017.

### **The Kopylovskoye project**

Within the Kopylovskoye project, a statutory approval, environmental and safety permits for test mining operations has been received, allowing mining of 150,000 tons of ore during the next two years. 32 tons of ore, representing different parts of the Kopylovskoye mineralization, were collected and processed at a neighboring mill. This program was carried out in cooperation with a local partner during July-August 2017. The 2018 plans for Kopylovskoye project are either to sell the project for cash if the market allows, or to develop pilot mining with a partner. With continued improvement of gold mining sentiments in Russia and worldwide, we see opportunities for both options.

## July – December 2017 and full year 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 last six months, the Company invested MSEK 2.2 (1.8) in exploration work, of which MSEK 1.1 (1.0) consisted of work performed by the company for its own use and capitalized. For the full year 2017, the Company invested MSEK 2.3 (1.9) in exploration work, of which MSEK 2.2 (1.6) consisted of work performed by the company for its own use and capitalized. No acquisition of licenses was done during the year or during the last year.

Since 2014, the Company is part of a Joint Venture agreement with the Russian gold producer GV Gold regarding the Krasny project. As per December 31, 2017, investments in joint ventures amount to MSEK 92.3 (86.2) on the Balance Sheet and the Profit and Loss statement shows results from Joint Ventures of MSEK -1.5 (3.5) for the last six months and MSEK -4.3 (4.9) for the full year 2017. On April 21, 2016, the Company received a conditional consideration of MUS\$ 2, corresponding to MSEK 16.2, which means that the Cash Flow from investing activities for 2016 shows MSEK 16.2 from sale of subsidiaries and the Profit and Loss statement shows translation differences of MSEK -0.5, included in operation expenses. During the autumn 2017, Kopy Goldfields and GV Gold agreed to invest MUS\$ 2.1 into the Krasny project for further development of the Krasny project within the 2017 exploration and development program. The capital contribution was split pro-rata 51/49 by GV Gold and Kopy Goldfields and paid in two tranches on September 30 and November 30, 2017. Kopy Goldfields' total pro-rata share amounted to MUS\$ 1.0, corresponding to MSEK 8.5, shown in the Cash Flow from investing activities.

In December 2017, the dormant subsidiary OOO Kopylovskoye was wound up, which was done through a sale to an external legal advisor that will liquidate the company. OOO Kopylovskoye had no personnel and no license assets. Consequently, the Kopy Goldfields shows a loss of MSEK 1.7 in the Profit and Loss statement and a cash flow effect of MSEK +1 in the Cash Flow from investing activities.

Operating expenses for the six months' period amounted to MSEK 12.0 (4.7), and MSEK 21.6 (9.5) for the full year, including results from joint ventures. The operating expenses further include MSEK 3.1 (3.4) of personnel costs for the last six months and MSEK 6.6 (5.7) for the full year.

Net tax for the six months' period amounted to MSEK 3.1 (0) and for the full year MSEK 3.1 (0) explained by changes in deferred tax liability as a result of the divestment of OOO Kopylovskoye. The company does not record any deferred tax assets related to tax loss carry forwards.

Net profit for the last six months amounted to MSEK -5.7 (-1.7), which equals SEK -0.07 (-0.02) per share. The full year Net profit amounted to MSEK -13.9 (-5.0), which equals SEK -0.17 (-0.08) per share.

In July 2017, a MSEK 15 loan was received from Scandinavian Credit Fund I AB with purpose to finance the 2017 exploration program on Krasny and Northern Territories. The loan is recorded in the Cash Flow from financing activities for the 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.

A share issue was done in 2016 which provided the Company with MSEK 16.6 net after issue costs. The cash flow effect is shown in cash flow from financing activities for 2016.

Cash and cash equivalents amounted to MSEK 5.9 (10.7) at the end of the period.

Equity amounted to MSEK 109.9 (121.1) at the end of the period which equals SEK 1.38 (1.52) per share.

Equity asset ratio was 85.7 % (95.7) at the end of the period.

The average number of employees during the period was 7 (6). 5 (5) persons were permanent employees and 2 (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 February 2018, the Company was granted a MSEK 15 loan and it is the opinion of the Board that the operating capital is sufficient to cover the needs of Kopy Goldfields for the twelve months of 2018. 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 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 February 2018, a MSEK 15 loan was granted from Scandinavian Credit Fund I AB. The loan will be paid in two installments; SEK 10 million was paid on March 5, 2018 and SEK 5 million will be paid on May3, 2018. The loan is due for repayment after two years, on March 3, 2020, but may be repaid, partially or fully, after the first 12 months. The loan bears an annual interest rate of 11.75 percent and no arrangement fee.

## The Parent Company

Total assets at period end amounted to MSEK 125.9 (130.5). Cash and cash equivalents amounted to MSEK 5.5 (10.6). Net income for the period amounted to MSEK -13.3 (-11.0).

## 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.

Stockholm March 22, 2018  
Kopy Goldfields AB (publ)

The Board of Directors

## Upcoming financial reporting

The next financial reporting will be the half year report for January – June 2018, published on August 23, 2018.

## Annual Report

The Annual Report 2017 will be published on the Company's homepage [www.kopygoldfields.com](http://www.kopygoldfields.com) in the beginning of May 2018.

## Annual General Meeting

The Annual General Meeting for Kopy Goldfields AB will be held on Tuesday, May 29, 2018 at 10 am at the Company's head office on Skeppargatan 27, 4th floor in Stockholm.

## 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 CET on March 22, 2018.

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. Hagberg & Aneborn Fondkommission acts as Certified Adviser.

This year-end 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 | Jul – Dec         |                   | Jan – Dec         |                   |
|---|------|-------------------|-------------------|-------------------|-------------------|
|   |      | 2017              | 2016              | 2017              | 2016              |
| Net turnover  |      | 0                 | 0                 | 0                 | 0                 |
| Other revenue   |      | 1 760             | 1 242             | 3 093             | 2 611             |
| <b>Total revenue</b>  |      | <b>1 760</b>      | <b>1 242</b>      | <b>3 093</b>      | <b>2 611</b>      |
| Work performed by the company for its own use and capitalized |      | 2 231             | 1 500             | 2 300             | 1 560             |
| Other external costs  |      | -5 766            | -4 710            | -9 014            | -8 722            |
| Personnel costs   |      | -3 082            | -3 398            | -6 619            | -5 655            |
| Result from Joint Ventures                                    |      | -1 477            | 3 471             | -4 307            | 4 924             |
| Result from sale of subsidiary                                |      | -1 699            | 0                 | -1 699            | 0                 |
| Depreciation and write-downs of intangible and fixed assets   |      | -3                | -32               | -6                | -64               |
| <b>Total operating expenses</b>                               |      | <b>-12 027</b>    | <b>-4 669</b>     | <b>-21 645</b>    | <b>-9 517</b>     |
| <b>Operating result</b>                                       |      | <b>-8 036</b>     | <b>-1 927</b>     | <b>-16 252</b>    | <b>-5 346</b>     |
| Financial items   |      | -725              | 221               | -754              | 382               |
| <b>Result after financial items</b>                           |      | <b>-8 761</b>     | <b>-1 706</b>     | <b>-17 006</b>    | <b>-4 964</b>     |
| Tax   |      | 3 101             | 11                | 3 058             | -10               |
| <b>NET INCOME FOR THE PERIOD</b>                              |      | <b>-5 660</b>     | <b>-1 695</b>     | <b>-13 948</b>    | <b>-4 974</b>     |
| <b>Earnings per share before and after dilution*</b>          |      | <b>-0,07</b>      | <b>-0,02</b>      | <b>-0,17</b>      | <b>-0,08</b>      |
| <i>Average number of shares before and after dilution*</i>    |      | <i>79 866 054</i> | <i>70 494 026</i> | <i>79 866 054</i> | <i>66 289 450</i> |
| <i>Number of shares at the end of the period*</i>             |      | <i>79 866 054</i> | <i>79 866 054</i> | <i>79 866 054</i> | <i>79 866 054</i> |

\*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 2015 and 2016.

## Consolidated Statement of Comprehensive Income

| KSEK   | Jul – Dec     |              | Jan – Dec      |              |
|--|---------------|--------------|----------------|--------------|
|  | 2017          | 2016         | 2017           | 2016         |
| Net income for the period  | -5 660        | -1 695       | -13 948        | -4 974       |
| <i>Items that may be reclassified subsequently to profit or loss</i> |               |              |                |              |
| Translation differences on foreign operations                        | 3 065         | 3 878        | 2 035          | 13 125       |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                     | <b>-2 595</b> | <b>2 183</b> | <b>-11 913</b> | <b>8 151</b> |

## Condensed Consolidated Balance Sheet

| KSEK                                     | Note | Dec 31         | Dec 31         | Jun 30         | Jun 30         |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2017           | 2016           | 2017           | 2016           |
| <b>ASSETS</b>                            |      |                |                |                |                |
| <i>Non-current assets</i>                |      |                |                |                |                |
| <i>Intangible fixed assets</i>           |      |                |                |                |                |
| Exploration licenses and evaluation work |      | 27 323         | 26 336         | 25 105         | 21 398         |
| <i>Tangible fixed assets</i>             |      |                |                |                |                |
| Buildings and Machinery and equipment    |      | 1 430          | 1 716          | 1 490          | 1 732          |
| <i>Financial fixed assets</i>            |      |                |                |                |                |
| Joint Ventures                           |      | 92 283         | 86 184         | 83 858         | 73 168         |
| Deferred tax                             |      | 56             | 0              | 0              | 0              |
| <b>Total non-current assets</b>          |      | <b>121 092</b> | <b>114 236</b> | <b>110 453</b> | <b>96 298</b>  |
| <i>Current assets</i>                    |      |                |                |                |                |
| Inventory                                |      | 14             | 88             | 69             | 119            |
| Receivables                              |      | 1 280          | 1 461          | 1 531          | 1 460          |
| Cash & cash equivalents                  |      | 5 871          | 10 708         | 5 786          | 9 141          |
| <b>Total current assets</b>              |      | <b>7 165</b>   | <b>12 257</b>  | <b>7 386</b>   | <b>10 720</b>  |
| <b>TOTAL ASSETS</b>                      |      | <b>128 257</b> | <b>126 493</b> | <b>117 839</b> | <b>107 018</b> |
| <b>EQUITY AND LIABILITIES</b>            |      |                |                |                |                |
| <b>Equity</b>                            | 6    | <b>109 883</b> | <b>121 082</b> | <b>112 478</b> | <b>102 310</b> |
| <b>Total non-current liabilities</b>     |      | <b>15 000</b>  | <b>3 013</b>   | <b>3 142</b>   | <b>2 667</b>   |
| <b>Total current liabilities</b>         |      | <b>3 374</b>   | <b>2 398</b>   | <b>2 219</b>   | <b>2 041</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>      |      | <b>128 257</b> | <b>126 493</b> | <b>117 839</b> | <b>107 018</b> |

## Condensed Consolidated Cash Flow Statement

| KSEK                                       | Note | Jul – Dec    |               | Jan – Dec     |               |
|--|------|--------------|---------------|---------------|---------------|
|  |      | 2017         | 2016          | 2017          | 2016          |
| Cash flow from operating activities        |      | -3 890       | -4 787        | -9 101        | -10 023       |
| Cash flow from investing activities        |      | -11 022      | -10 227       | -11 122       | 6 218         |
| Cash flow from financing activities        |      | 15 000       | 16 589        | 15 397        | 13 104        |
| <b>Cash flow for the period</b>            |      | <b>88</b>    | <b>1 575</b>  | <b>-4 826</b> | <b>9 299</b>  |
| <b>Cash at the beginning of the period</b> |      | <b>5 786</b> | <b>9 141</b>  | <b>10 708</b> | <b>1 381</b>  |
| Exchange differences on cash               |      | -3           | -8            | -11           | 28            |
| <b>Cash at the end of the period</b>       |      | <b>5 871</b> | <b>10 708</b> | <b>5 871</b>  | <b>10 708</b> |

## Condensed Consolidated Statement of Changes in Equity

| KSEK   | Note | Jan – Dec      | Jan – Dec      |
|--|------|----------------|----------------|
|  |      | 2017           | 2016           |
| <b>Equity at the beginning of the period</b> |      | <b>121 082</b> | <b>93 347</b>  |
| Share issue                                  |      | 0              | 22 967         |
| Issue costs                                  |      | 0              | -3 383         |
| Warrants                                     |      | 714            | 0              |
| Net income for the period                    |      | -13 948        | -4 974         |
| Other comprehensive income for the period    |      | 2 035          | 13 125         |
| <b>Equity at the end of the period</b>       |      | <b>109 883</b> | <b>121 082</b> |

## Parent Company Condensed Income Statement

| KSEK                                     | Jul – Dec     |               | Jan – Dec      |                |
|--|---------------|---------------|----------------|----------------|
|  | 2017          | 2016          | 2017           | 2016           |
| Revenue                                  | 1 656         | 1 544         | 3 420          | 3 820          |
| Operating expenses                       | -3 886        | -4 158        | -7 107         | -7 707         |
| <b>Operating result</b>                  | <b>-2 230</b> | <b>-2 614</b> | <b>-3 687</b>  | <b>-3 887</b>  |
| Results from investments in subsidiaries | -2 229        | -3 820        | -4 496         | -4 866         |
| Financial items                          | -5 464        | -2 787        | -5 719         | -2 910         |
| <b>Result after financial items</b>      | <b>-9 923</b> | <b>-9 221</b> | <b>-13 902</b> | <b>-11 663</b> |
| Appropriations                           | 575           | 648           | 575            | 648            |
| <b>Result before tax</b>                 | <b>-9 348</b> | <b>-8 573</b> | <b>-13 327</b> | <b>-11 015</b> |
| Tax                                      | 0             | 0             | 0              | 0              |
| <b>NET INCOME FOR THE PERIOD</b>         | <b>-9 348</b> | <b>-8 573</b> | <b>-13 327</b> | <b>-11 015</b> |

## Parent Company Condensed Balance Sheet

| KSEK                                | Note | Dec 31         | Dec 31         | Jun 30         | Jun 30         |
|-------------------------------------|------|----------------|----------------|----------------|----------------|
|                                     |      | 2017           | 2016           | 2017           | 2016           |
| <b>ASSETS</b>                       |      |                |                |                |                |
| <i>Non-current assets</i>           |      |                |                |                |                |
| Tangible fixed assets               |      | 18             | 24             | 24             | 56             |
| Financial fixed assets              |      | 119 236        | 119 237        | 119 237        | 119 237        |
| <i>Current assets</i>               |      |                |                |                |                |
| Receivables                         |      | 1 157          | 616            | 2 808          | 2 677          |
| Cash & cash equivalents             |      | 5 455          | 10 578         | 5 598          | 8 788          |
| <b>Total current assets</b>         |      | <b>6 612</b>   | <b>11 194</b>  | <b>8 406</b>   | <b>11 465</b>  |
| <b>TOTAL ASSETS</b>                 |      | <b>125 866</b> | <b>130 455</b> | <b>127 664</b> | <b>130 758</b> |
| <b>EQUITY AND LIABILITIES</b>       |      |                |                |                |                |
| 6                                   |      |                |                |                |                |
| Equity                              |      | 108 014        | 120 999        | 117 403        | 112 943        |
| Non-current liabilities             |      | 15 000         | 0              | 0              | 0              |
| Current liabilities                 |      | 2 852          | 9 456          | 10 261         | 17 815         |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | <b>125 866</b> | <b>130 455</b> | <b>127 664</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 December 31, 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 December 31, the number of warrants issued amount to 3,400,000.

### Note 7 Pledged assets and contingent liabilities

|   | Group  |        | Parent |        |
|---|--------|--------|--------|--------|
|   | Dec 31 | Dec 31 | Dec 31 | Dec 31 |
| KSEK                                    | 2017   | 2016   | 2017   | 2016   |
| Floating charges to credit institutions | 76 735 | 0      | 76 735 | 0      |