

## KOPY GOLDFIELDS AB (publ) Half Year Report January – June 2018

### Financial information half year 2018

- The Company does not report any revenue
- Net income MSEK -9.3 (-8.2)
- Earnings per share before and after dilution SEK -0.12 (-0.10)
- Total cash flow of MSEK 8.0 (-4.9)
- Investments in exploration work and licenses MSEK 0.9 (0.1)
- Investments into joint ventures MSEK 0 (0)
- Cash and cash equivalents amounted to MSEK 13.8 (5.8) at period end

MSEK	Jan - Jun		Jan – Dec
	2018	2017	2017
Investments in exploration work and licenses	0.9	0.1	2.3
Investments into joint ventures	0.0	0.0	8.5
Cash & cash equivalents at end of period	13.8	5.8	5.9
Profit/loss after financial items	-9.3	-8.2	-17.0
Net income for the period	-9.3	-8.3	-13.9
Earnings per share before and after dilution, SEK	-0.12	-0.10	-0.17

### Significant events January – June 2018

#### In June 2018, a JORC mineral resource update was announced for the Krasny project

- The report was developed by Micon International which did the JORC resource estimation for Krasny last year as well. The report is based on the exploration data acquired through March 2018.
- The report shows a 32% increase in gold resources to 1,832 koz for the Krasny project since last year, reflecting the successful exploration activities of 2017.
- The resource estimation includes both “Krasny” and “Vostochny” (previously “Krasny North”). For Krasny, the resource estimation shows 291 koz of Indicated mineral resources (mineral resources of 7,539,000 tons at an average grade of 1.20 g/t Au) and 1,202 koz of Inferred mineral resources (18,515,000 tons at an average grade of 2.02 g/t Au). Vostochny shows a total of 339 koz of Inferred mineral resources (6,689,000 tons at an average grade of 1.57 g/t Au). All resources are reported within economically minable open pits. The report also includes 257 koz of Probable gold reserves.

#### In Q1 2018, a new mineral processing test for the Vostochny gold mineralization was completed

- The processing test was done by TOMS Engineering, a consultancy from Irkutsk, Russia. Its target was to evaluate the possibility of processing gold ore from the Vostochny mineralization using the flow chart previously proposed for the Krasny gold ores.
- The report confirmed that the gold ore from the Vostochny mineralization may be processed using the processing flow chart proposed for the Krasny ore. The total gold recovery for the Vostochny gold ores was reported at 90.19% using the flow chart proposed for the Krasny ores.
- The report confirmed that the gold ore from Vostochny may be mixed in any proportions with the ore from the Krasny deposit with no loss of gold recovery.
- It was confirmed that Vostochny is a similar type of gold mineralization as Krasny and may be viewed as a satellite deposit of Krasny which means that they may be developed together, sharing the same infrastructure and one central processing plant.

#### Results from the 2017 exploration program on the Northern Territories were reported in February 2018

- 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 strong exploration potential for the NT 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 ready for drilling and trench sampling.

#### **In February 2018, a loan of SEK 15 million was granted from Scandinavian Credit Fund I AB**

- The loan was paid in two installments: SEK 10 million on March 5, 2018 and SEK 5 million on May 3, 2018.
- The loan is due for repayment in 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 with no arrangement fee.

### **Significant events after the reporting period**

#### **In July 2018, the sales agreement for the Kopylovskoye project was signed**

- A legally binding agreement for the sale of 100% of LLC Taiga was executed on July 13, 2018 by a notary in Moscow. LLC Taiga is a 100% subsidiary of Kopy Goldfields AB, holding the four bedrock gold exploration and production licenses Kopylovskoye, Vostochnaya Ploshad, Pravovesenny and Takhtykan, of which the Kopylovskoye deposit has reported 7.4 tons of C1+C2 bedrock gold reserves.
- The buyer represents a group of Russian private investors.
- The total sale price is equal to USD 6 million and will be paid in several installments over 36 months. RUB 10 million, corresponding to SEK 1.4 million was to be paid shortly following the signing of the agreement. The remaining amount will be paid in several installments over 36 months. However, if the payment is accelerated and finalized within 24 months, the sale price will be discounted by USD 1 million for a total of USD 5 million. Until the full payment is made, the project will be pledged in favor of Kopy Goldfields.
- At the time of issuance of this half-year report, the buyer has not fulfilled the obligations regarding payment of the first RUB 10 million, and currently actions are taken to receive the payment.

#### **In July 2018, the acquisition of several new licenses in the Amur region of Russia was initiated**

- On July 11, 2018, acquisition and joint venture agreements in relation to LLC Stanovoy, LLC Zolt and LLC Enercom in the Amur region of Russia were signed. Each of the subsidiaries is either the holder of an existing prospecting license for alluvial gold or is in the issuing process to be the holder of a license. The already issued licenses Bolshaya Kamenushka and Evtukan cover a total of 45.26 sq.km.
- Kopy Goldfields will pay no acquisition price for the licenses, but instead earn into the project based on the investments made in exploration activities. Partners in the project are well established local entrepreneurs.
- During the remaining months of 2018, the project acquisition process will be finalized, and a very limited verification exploration program will be carried out, which will be the basis of future investments decisions.

## Comments from the CEO

Dear shareholders,

For various reasons, 2018 is very different from all previous years. We are shifting our focus from running exploration activities on our projects to marketing our existing projects to realize their maximum value.

First, exploration in the Krasny project is almost finalized. From 2010 until early 2018, our company has been the operator of exploration activities in Krasny. We are happy and proud to see that we have moved the Krasny project from the initial greenfield to the current PFS stage of exploration, resulting in a total of 1.8 Moz of gold resources, as reported by Micon in May 2018. Although we see further potential for gold resources coming from the neighboring Batiy license, we believe it is a good time to realize the value of the project and we are now evaluating options to exit the project. The exploration activities within Krasny are now run by the major owner GV Gold and have been significantly scaled down compared to the initial plans from the beginning of 2018. We are currently discussing various development options for Krasny with our partner.

Second, we are in the process of selling our Kopylovskoye project, which includes four licenses – Kopylovskoye, Vostochnaya, Pravovesenny and Takhtykan. In July 2018, after several months of intensive negotiations, we signed a binding sale purchase agreement for the sale of 100% of OOO “Taiga”, which holds the titles for all four licenses that constitute the Kopylovskoye project. The buyer represents a consortium of Russian private investors. As disclosed in our press release from June 28, 2018, the total acquisition price is USD 6 million, payable within 36 months. If the total price is paid within 24 months, it is discounted to USD 5 million. The terms of the deal are beneficial for us although most of the sale price will be paid in the latter part of the three-year payment period. However, the buyer has not yet fulfilled his obligations regarding the first payment and now different actions are taken to receive the payment.

When we have fulfilled the strategy for Krasny and Kopylovskoye, we will have the promising Northern Territories project left in the Bodaibo area to proceed with. Following 10 years of successful operations in the area, we have very good knowledge of the Lena Goldfields geology and potential. To utilize our exploration expertise, we will continue looking for new projects in the area.

In the second quarter of 2018, we joined an alluvial exploration project in the Amur region of Russia. We joined the project without paying anything but will instead earn into the project by investing in exploration. As we presented in our press release from June 27, 2018, we took the decision to join it based on its exceptional exploration and production potential and we also believe it is a good way of diversifying operations. The project combines several alluvial exploration licenses located in an area with a long history of alluvial gold operations. It is also an area that offers a far more advanced infrastructure than Bodaibo. We are currently finalizing the acquisition process but during summer, we already commenced a very limited exploration program within the project to verify previous exploration results. Based on the outcome of the verification program, we will make further decisions on our investments in the Amur project by the end of this year.

I am happy to conclude that despite our relatively small size, we find our Company to be well received in the Russian gold exploration and mining industry. During the summer we were invited to speak at two different conferences: Minex Far East in Magadan and the Mining in Russia session during the China Gold Congress in Beijing. In September 2018, I will also be among the panelists at the Eastern Economic Forum 2018 in Vladivostok, invited to speak on the topic “Improving Legislation on Geological Prospecting Subsoil Users Speak”, where the Russian Minister of Natural Resources and Environment also will be on the panel.

I recognize that the share price has increased by 8% since the beginning of the year, following several years of successful growth. I appreciate that this share price increase does not fully reflect the potential of our company’s value growth and we are putting additional effort into making it more visible to the market.

With kind regards,

Mikhail Damrin

## Kopy Goldfields creates value through prospecting and exploration in Lena Goldfields and the Russian Far East



### 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 named Kopylovskoye. During the last ten years, the company has acquired 18 additional licenses, whereof six have been sold and two have been returned to the Russian state. Three of the existing licenses are being developed in joint venture with the Russian gold producer GV Gold, while two of the licenses, located in the Amur region, are in the acquisition process.

Kopy Goldfields AB is the ultimate holding company and holds 100% of the Swedish subsidiaries AB Krasny Gold Fields and Kopy Development AB and 100% of the Russian subsidiaries LLC Vostochny, LLC Patom Gold, and LLC Nirungda Gold, all domiciled in Bodaibo in the Irkutsk region of Russia. The Company also holds 51% of the Russian subsidiary LLC Enerkom, domiciled in Blagoveshensk in the Amur region of Russia and 49% of the Cyprus company Bodaibo Holding Ltd and the Russian company LLC Krasny. The dormant subsidiary LLC Kopylovskoye was divested at the end of 2017 and had no employees and no licenses. The subsidiary LLC Taiga was sold in July 2018, being the holder of four gold licenses. Kopy Goldfields AB is in the process of acquiring LLC Stanovoy and LLC Zolt, both domiciled in Blagoveshensk in the Amur region of Russia as part of the Amur project.

### Business concept and targets

Kopy Goldfields' vision is to become a world-class exploration company with a focus on 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 and bedrock gold mining 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

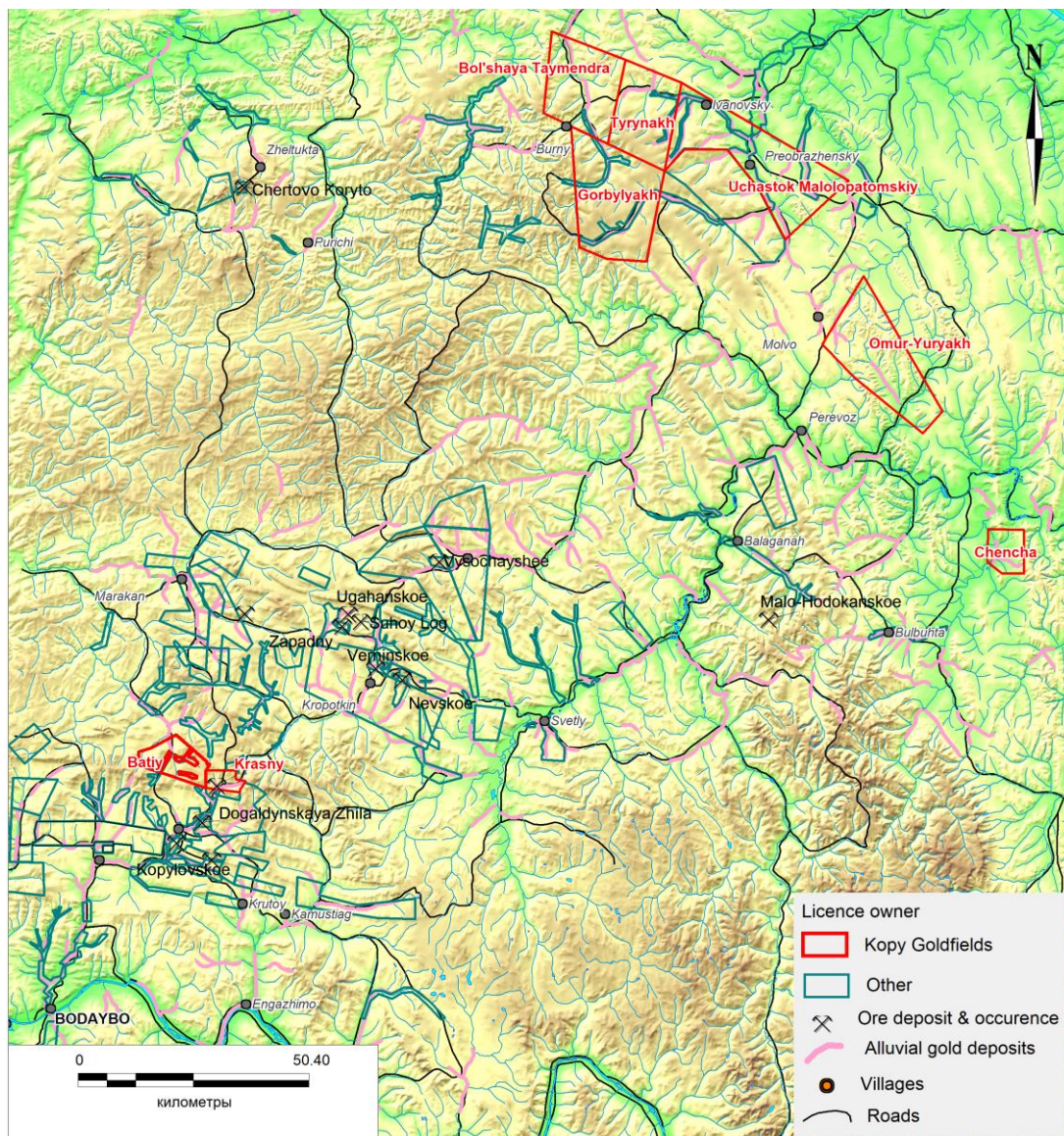
The Company has a diversified portfolio of exploration targets in different stages. All licenses have been grouped into a portfolio consisting of three projects: Krasny, the Northern Territories and Amur. The flagship project, Krasny, consists of three licenses (Krasny bedrock, Krasny alluvial and Batiy bedrock) with a total area of 117 km<sup>2</sup>. The Northern Territories project is split into six licenses (Tyrynakh, Bolshaya Taimendra, Gorbylyakh, Omur-Yuryakh, Chenchka, Malo-Patomsky) with a total area of 1,852 km<sup>2</sup>. The newly acquired Amur project currently includes two licenses (Evtukan and Bolshaya Kamenushka) with a total area of 45.26 km<sup>2</sup> and two more licenses nearby have been applied for.

The Krasny project is located within 75 km of the area's main town Bodaibo. The infrastructure is fairly well developed with water supply, electricity and federal roads to the deposits. The six licenses, which together make up the Northern Territories project, are geographically located 200-300 km from Bodaibo and are 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 being developed within the Northern



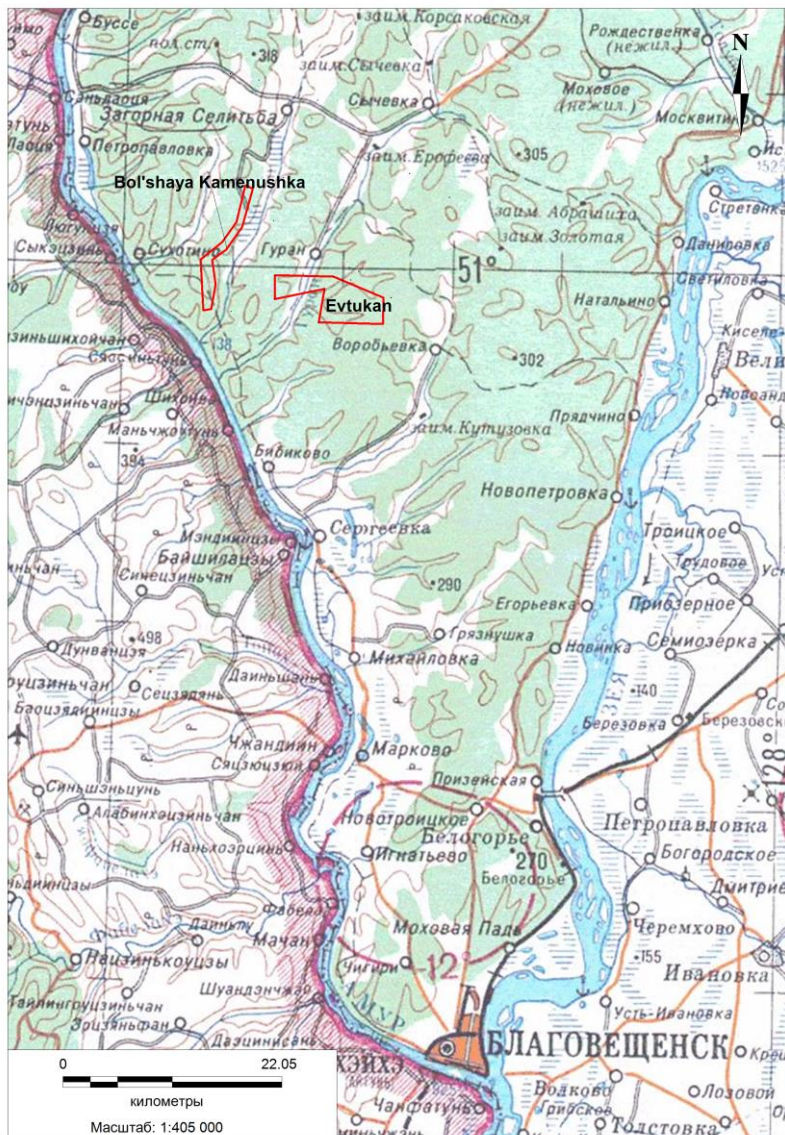
Territories and the Krasny license areas by external producers under separate alluvial licenses which sometimes coincide geographically with the boundaries of the Northern Territories and Krasny bedrock licenses. All Russian subsidiaries closely follow the Russian environmental and safety requirements and have a good relationship with local authorities.

All Bodaibo projects 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 USD 158 million. Currently, feasibility studies and an intensive exploration program are being carried out on Sukhoy Log, which includes 180,000 meters of drilling during 2018-2019, in addition to 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 is estimated at USD 2.5 billion.



The newly acquired Amur project is located within 60 km from the regional capital Blagoveshensk and most of the project can be reached by a concrete road. Infrastructure is well developed with roads, electricity and villages around.





### Development of the projects during the first six months of 2018

During the first six months of 2018, the Company focused on the Krasny-project, where it became clear that the main part of project value creation through exploration is completed and it is time to realize the value of Krasny. Currently different options to exit the project are being evaluated. During the first six months, a lot of effort was also put into evaluating the different options on hand to divest the Kopylovskoye project as well as preparing for the sale. With the planned exits from the Krasny and Kopylovskoye projects, more effort was put into the search for new exploration opportunities, resulting in a new alluvial exploration project in the Amur region of Russia being initiated on an earn-in basis.

### 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 on the Krasny project. Under the agreement, GV Gold earned a 51% interest in the Krasny Project by paying Kopy Goldfields USD 3 million in cash and investing USD 6 million in exploration. During 2016 and 2017, another USD 4 million for further development of the project was invested pro-rata 51/49 by GV Gold and Kopy Goldfields. Cumulative joint investments in the Krasny project totaled USD 17.8 million by the end of 2017.

In May 2018, field exploration activities on Krasny were mostly finalized and an update of the JORC resource estimation was issued in early June 2018. The report was developed by Micon International, which made the JORC resource estimation for Krasny in 2016 and 2017 as well. The report is based on the exploration data acquired through March 2018. The new estimation of 1,832 koz of Indicated and Inferred gold resources for the

Krasny project shows a 32% increase since last year which reflects successful exploration activities during 2017 and early 2018. The resource estimation includes both “Krasny” and “Vostochny” (previously “Krasny North”). For the Krasny deposit, the resource estimation shows 291 koz of Indicated mineral resources (mineral resources of 7,539,000 tons at an average grade of 1.20 g/t Au) and 1,202 koz of Inferred mineral resources (18,515,000 tons at an average grade of 2.02 g/t Au). The Vostochny mineralization shows a total of 339 koz of Inferred mineral resources (6,689,000 tons at an average grade of 1.57 g/t Au). All resources are reported within economically minable open pits. The report also includes 257 koz of Probable gold reserves.

During Q1 2018, a new mineral processing test for the Vostochny gold mineralization was completed. The processing test was done by TOMS Engineering, a company from Irkutsk, Russia. The test’s target was to evaluate the possibility of processing the gold ores from the Vostochny mineralization using the flow chart previously proposed for the Krasny gold ores. The test confirmed that the ore from the Vostochny mineralization may be processed using the processing flow chart proposed for the Krasny ore with 90.19% total gold recovery. The report confirmed that the gold ore from Vostochny may be mixed in any proportions with the ore from the Krasny deposit with no loss of gold recovery. It was proven that Vostochny is a similar type of gold mineralization as Krasny and may be viewed as a satellite deposit of Krasny which means that they may be developed together, sharing the same infrastructure and one central processing plant.

Since February 2018, Kopy Goldfields is no longer the operator of the exploration program on the Krasny project, since this role has now been handed over to our joint venture partner. Exploration activities on Krasny during 2018 included 11,638 meters of core drilling, primarily within the Krasny and Vostochny structures and within the Batiy license area. Water flow tests, engineering studies, a geochemical survey, as well as new processing tests for Vostochny were also completed during 1H 2018. A small portion of exploration activities are planned for the rest of 2018.

#### **The Northern Territories project**

The total area of the Northern Territories project is 1,852 km<sup>2</sup> (182,500 ha) and it is split into six properties. Geographically, the project is northeast of the Bodaibo area, approximately 250 km from Bodaibo. The area has high potential for 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 settings 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, the total license area of 1,852 sq. km was covered by 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, the Stage 2 exploration program was carried out, consisting of a soil geochemical survey using a 200\*50 meters grid, together with geological mapping within the seven most promising gold anomalies in 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 the expectations of the Northern Territories being an area with high exploration potential. In line with the target, it was possible to scale down the exploration area further and three anomalous geochemical areas were identified with a total area of 10.2 sq. km. All three anomalies, called Mezhdurechnaya, Sekushaya and Polovinka, correspond to the exploration parameters and target gold deposits of +1 Moz. They are now ready for drilling and trench sampling. In addition to these drilling and trench sampling targets, there are still another 14+ targets from 2016 left for detailed geochemical survey, similar to the exploration done in 2017.

#### **The Kopylovskoye project**

Within the Kopylovskoye project, focus has been on the sale of the project. On July 13, 2018 a legally binding agreement for the sale of 100% of LLC Taiga was executed by a notary in Moscow with a group of Russian private investors. LLC Taiga is a 100% subsidiary of Kopy Goldfields AB, holding the four bedrock gold exploration and production licenses Kopylovskoye, Vostochnaya Ploshad, Pravovesenny and Takhtykan, of which the Kopylovskoye deposit has reported 7.4 tons of C1+C2 bedrock gold reserves. The total sale price is in rubles and equals USD 6 million. RUB 10 million, corresponding to SEK 1.4 million, was to be paid shortly

following the signing of the agreement and the remaining amount will be paid in several installments over 36 months. However, if the payment is accelerated and finalized within 24 months, the sale price will be discounted by USD 1 million and will total USD 5 million. Until full payment is made, the project will be pledged in favor of Kopy Goldfields.

At the time of issuance of this half-year report, the buyer has not fulfilled the obligations regarding payment of the first RUB 10 million, and currently actions are taken to receive the payment.

#### **The Amur project**

In the spring of 2018, acquisition of several new licenses in the Amur region of Russia was initiated. On July 11, 2018, acquisition and joint venture agreements in relation to LLC Stanovoy, LLC Zolt and LLC Enercom in the Amur region of Russia were executed by a Russian notary. Each of the subsidiaries is either the holder of an existing prospecting license for alluvial gold or is in the issuing process to be the holder of a license. The already issued licenses Bolshaya Kamenushka and Evtukan cover a total of 45.26 sq.km.

Kopy Goldfields is investing in the project on an earn-in basis, making direct investments into exploration activities with no upfront payment involved. Partners in the project are well established local and seasoned entrepreneurs. During the rest of 2018, the target is to finalize the project acquisition process and proceed with a limited verification program which will be the basis of future investment decisions.



## January – June 2018

(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 0.9 (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 0.9 (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, 2018, investments in joint ventures amount to MSEK 94.9 (83.9) on the Balance Sheet and The Profit and Loss statement shows results from Joint Ventures of MSEK -2.5 (-2.8) for the period.

Operating expenses amounted to MSEK 9.4 (9.6), including results from joint ventures. The operating expenses further include MSEK 3.5 (3.5) of personnel costs.

Financial items for the period amounted to MSEK -1.3 (0), explained by interest 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 -9.3 (-8.3) which equals SEK -0.12 (-0.10) per share.

During the period January – June, the Russian ruble depreciated against the Swedish krona by approximately 0.2 % (-4.9 %), while the Euro strengthened by 5.8 % (-11.5 %). The Company reports exchange differences of MSEK 5.0 (-1.0) in the consolidated statement of comprehensive income for the six months' period.

In March and May 2018, the Company received a loan of totally MSEK 15 from Scandinavian Credit Fund I AB. This is reflected in the 2018 Cash Flow from financing activities.

Cash and cash equivalents amounted to MSEK 13.8 (5.8) at the end of the period.

Equity amounted to MSEK 105.7 (112.5) at the end of the period which equals SEK 1.3 (1.4) per share.

Equity asset ratio was 75.7 % (95.5) at the end of the period.

The average number of employees during the period was 8 (6). 5 (5) persons were permanent employees and 3 (1) persons were temporary employees involved in seasonal exploration work. Number of employees at period end was 9 (7).

## 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. In July 2018, the Company signed an agreement to sell the fully owned subsidiary LLC Taiga at a sales price corresponding to MUSD 6. The payment will be done in several tranches during the following 36 months, with the main part paid by the end of the period. If the total price is paid within 24 months, the total sales price is reduced to an amount corresponding to MUSD 5. After several years of exploration on Krasny, the Company is now evaluating the options to exit the project. Depending on the timing of this process, it cannot be excluded that further capitalizations will be needed to finance the Company's operations and to maintain the 49% stake in the Krasny project until it has been divested. The Board believes that this financing primarily should be done via new share issues possibly supplemented by bridge financing. Given the estimated values of the Company's assets, it is the Board's assessment that the Company can continue a going concern.

## Significant events after the reporting period

In July 2018, the sale of the Kopylovskoye project was finalized as a legally binding agreement for the sale of 100% of LLC Taiga was executed by the notary in Moscow. LLC Taiga is a 100% subsidiary of Kopy Goldfields AB, holding the four bedrock gold exploration and production licenses Kopylovskoye, Vostochnaya Ploshad, Pravovesenny and Takhtykan, of which the Kopylovskoye deposit has reported 7.4 tons of C1+C2 bedrock gold reserves. The buyer represents a group of Russian private investors and the total sales price is equal to MUSD 6. MRUB 10, corresponding to MSEK 1.4 was to be paid shortly following the signing of the agreement and the remaining part will be paid in several tranches over 36 months. However, if the payment is accelerated and finalized within 24 months, the sale price will be discounted by MUSD 1 and total MUSD 5. Until the full payment is done, the project will be pledged in favor of Kopy Goldfields. At the time of issuance of this half-

year report, the buyer has not fulfilled the obligations regarding payment of the first MRUB 10, and currently actions are taken to receive the payment.

On July 11, 2018, acquisition and joint venture agreements in relation to LLC Stanovoy, LLC Zolt and LLC Enercom in the Amur region of Russia were signed. Each of the subsidiaries is either the holder of an existing prospecting license for alluvial gold or is in the issuing process to be the holder of a license. The already issued licenses Bolshaya Kamenushka and Evtukan cover a total of 45.26 sq.km. Kopy Goldfields will pay no acquisition price for the licenses, but instead earn into the project on the basis of the investments into exploration activities. Partners in the project are well established local entrepreneurs. During the remaining part of 2018, the project acquisition process will be finalized, and a very limited verification exploration program will be carried out, which will be the basis of the future investments decisions.

## The Parent Company

Total assets at period end amounted to MSEK 135.8 (127.7). Cash and cash equivalents amounted to MSEK 13.0 (5.6). Net income for the period amounted to MSEK -5.8 (-4.0).

## Risks and uncertainties

A detailed description of the Company's risks is included in the 2017 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, the EU and USA have implemented sanctions towards Russia. The Company is not directly affected by the sanctions 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 23, 2018  
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 2018, published on March 21, 2019.

## 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 23, 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	Jan – Jun		Jan – Dec
		2018	2017	2017
Net turnover		0	0	0
Other revenue		631	1 333	3 093
<b>Total revenue</b>		<b>631</b>	<b>1 333</b>	<b>3 093</b>
Work performed by the company for its own use and capitalized		874	69	2 300
Other external costs		-3 421	-3 248	-9 014
Personnel costs		-3 488	-3 537	-6 619
Result from Joint Ventures		-2 531	-2 830	-4 307
Result from sale of subsidiary		-	-	-1 699
Depreciation and write-downs of intangible and fixed assets		-3	-3	-6
<b>Total operating expenses</b>		<b>-9 443</b>	<b>-9 618</b>	<b>-21 645</b>
<b>Operating result</b>		<b>-7 938</b>	<b>-8 216</b>	<b>-16 252</b>
Financial items		-1 335	-29	-754
<b>Result after financial items</b>		<b>-9 273</b>	<b>-8 245</b>	<b>-17 006</b>
Tax		-21	-43	3 058
<b>NET INCOME FOR THE PERIOD</b>		<b>-9 294</b>	<b>-8 288</b>	<b>-13 948</b>
<b>Earnings per share before and after dilution</b>		<b>-0,12</b>	<b>-0,10</b>	<b>-0,17</b>
Average number of shares before and after dilution		79 866 054	79 866 054	79 866 054
Number of shares at the end of the period		79 866 054	79 866 054	79 866 054

## Consolidated Statement of Comprehensive Income

KSEK	Jan – Jun		Jan – Dec
	2018	2017	2017
Net income for the period	-9 294	-8 288	-13 948
<i>Items that may be reclassified subsequently to profit or loss</i>			
Translation differences on foreign operations	4 993	-1 030	2 035
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-4 301</b>	<b>-9 318</b>	<b>-11 913</b>

## Condensed Consolidated Balance Sheet

KSEK	Note	Jun 30 2018	Jun 30 2017	Dec 31 2017
<b>ASSETS</b>				
<i>Non-current assets</i>				
<i>Intangible fixed assets</i>				
Exploration licenses and evaluation work		9 920	25 105	27 323
<i>Tangible fixed assets</i>				
Buildings and Machinery and equipment		1 185	1 490	1 430
<i>Financial fixed assets</i>				
Joint Ventures		94 908	83 858	92 283
Deferred tax		35	-	56
<b>Total non-current assets</b>		<b>106 048</b>	<b>110 453</b>	<b>121 092</b>
<i>Current assets</i>				
Inventory		13	69	14
Receivables		1 396	1 531	1 280
Cash & cash equivalents		13 839	5 786	5 871
<b>Total current assets</b>		<b>15 248</b>	<b>7 386</b>	<b>7 165</b>
Assets held for sale	6	18 304	-	-
<b>TOTAL ASSETS</b>		<b>139 600</b>	<b>117 839</b>	<b>128 257</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	7	<b>105 672</b>	<b>112 478</b>	<b>109 883</b>
<b>Total non-current liabilities</b>		<b>30 000</b>	<b>3 142</b>	<b>15 000</b>
<b>Total current liabilities</b>		<b>3 919</b>	<b>2 219</b>	<b>3 374</b>
Liabilities directly associated with the assets held for sale	6	9	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>139 600</b>	<b>117 839</b>	<b>128 257</b>

## Condensed Consolidated Cash Flow Statement

KSEK	Not	Jan - Jun		Jan - Dec
		2018	2017	2017
Cash flow from operating activities		-5 880	-5 211	-9 101
Cash flow from investing activities		-1 204	-100	-11 122
Cash flow from financing activities		15 049	397	15 397
Cash flow for the period		7 965	-4 914	-4 826
Cash at the beginning of the period		5 871	10 708	10 708
Exchange differences on cash		3	-8	-11
Cash at the end of the period		13 839	5 786	5 871

## Condensed Consolidated Statement of Changes in Equity

KSEK	Note	Jan - Jun	Jan - Jun	Jan - Dec
		2018	2017	2017
Equity at the beginning of the period		109 883	121 082	121 082
Share issue		0	-	0
Issue costs		0	-	0
Warrants	7	90	714	714
Net income for the period		-9 294	-8 288	-13 948
Translation differences on foreign operations		4 993	-1 030	2 035
Equity at the end of the period		105 672	112 478	109 883



## Parent Company Condensed Income Statement

KSEK	Jan – Jun		Jan – Dec
	2018	2017	2017
Revenue	1 819	1 764	3 420
Operating expenses	-3 082	-3 221	-7 107
<b>Operating result</b>	<b>-1 263</b>	<b>-1 457</b>	<b>-3 687</b>
Results from investments in subsidiaries	-2 822	-2 267	-4 496
Financial items	-1 700	-255	-5 719
<b>Result after financial items</b>	<b>-5 785</b>	<b>-3 979</b>	<b>-13 902</b>
Appropriations	0	0	575
<b>Result before tax</b>	<b>-5 785</b>	<b>-3 979</b>	<b>-13 327</b>
Tax	0	0	0
<b>NET INCOME FOR THE PERIOD</b>	<b>-5 785</b>	<b>-3 979</b>	<b>-13 327</b>

## Parent Company Condensed Balance Sheet

	Note	Jun 30	Jun 30	Dec 31
		2018	2017	2017
<b>ASSETS</b>				
<i>Non-current assets</i>				
<b>Tangible fixed assets</b>		<b>15</b>	<b>24</b>	<b>18</b>
<b>Financial fixed assets</b>		<b>119 263</b>	<b>119 237</b>	<b>119 236</b>
<i>Current assets</i>				
Receivables		3 530	2 808	1 157
Cash & cash equivalents		13 002	5 598	5 455
<b>Total current assets</b>		<b>16 532</b>	<b>8 406</b>	<b>6 612</b>
<b>TOTAL ASSETS</b>		<b>135 810</b>	<b>127 664</b>	<b>125 866</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>7</b>	<b>102 257</b>	<b>117 403</b>	<b>108 014</b>
<b>Non-current liabilities</b>		<b>30 000</b>	<b>0</b>	<b>15 000</b>
<b>Current liabilities</b>		<b>3 553</b>	<b>10 261</b>	<b>2 852</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>135 810</b>	<b>127 664</b>	<b>125 866</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 and the Russian Far East" section in this report.

### **Note 2 Accounting principles**

The interim report for the period ended June 30, 2018 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 2017 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 2017 and in the way they were described in the 2017 annual report. In accordance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations, the Kopylovskoye project, which are being held for sale as from the second quarter of 2018. The balance sheet has not been restated to reflect earlier periods.

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 2017 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 7, 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 2017 annual report.

### **Note 6 Assets held for sale**

On June 28, 2018, the Company publicly announced that negotiations of selling the Kopylovskoye project were held with external investors and that the transaction was close to completion. A legally binding agreement for the sale of 100% of LLC Taiga was executed on July 13, 2018 by a notary in Moscow. LLC Taiga is a 100% subsidiary of Kopy Goldfields AB, holding the four bedrock gold exploration and production licenses Kopylovskoye, Vostochnaya Ploshad, Pravovesenny and Takhtykan. The buyer represents a group of Russian private investors. The total sales price is equal to MUSD 6, whereof MRUB 10, corresponding to MSEK 1.4, was to be paid shortly following the signing of the agreement. The remaining part will be paid in several trenches over 36 months. However, if the payment is accelerated and finalized within 24 months, the sale price will be discounted by MUSD 1 and total MUSD 5.

At June 30, 2018, all assets and liabilities associated with LLC Taiga are classified as assets held for sale in accordance with IFRS 5:

	Jun 30
KSEK	2018
<b>Assets held for sale</b>	
Exploration licenses and evaluation work	18 238
Property, plant and equipment	60
Other receivables	6
<b>Total</b>	<b>18 304</b>
<b>Liabilities directly associated with the assets held for sale</b>	
Accounts payable	5
Other current liabilities	4
<b>Total</b>	<b>9</b>

## **Note 7          Warrants**

The Annual General Meeting 2018 approved two long-term incentive programs 2018/2021; one for management and one for the Board of Directors. Under the programs, a total of 1,700,000 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 646,376 at maximum. The exercise date is December 31, 2021 and strike price is SEK 1.70. As per June 30, 2018, the number of warrants issued amount to 1,700,000.

## **Note 8          Pledged assets and contingent liabilities**

	Group		Parent	
	Jun 30	Jun 30	Jun 30	Jun 30
KSEK	2018	2017	2018	2017
Floating charges to credit institutions	76 735	0	76 735	0