

KOPY GOLDFIELDS
GOLD EXPLORATION

INVITATION TO SUBSCRIBE FOR SHARES IN KOPY GOLDFIELDS AB (PUBL)

STOCKHOLM
CORPORATE
FINANCE



Important information

Information to investors

This Information Memorandum (the "Information Memorandum") has been prepared in connection with the Rights Issue in Kopy Goldfields AB (publ). The Rights Issue (as defined below) is made pursuant to applicable exemptions in the Swedish Financial Instruments Trading Act (Sw. lagen (1991:980) om handel med finansiella instrument). The Rights Issue (as defined below) will be made by means of this Information Memorandum which has been prepared by Kopy Goldfields AB (publ). The Information Memorandum is available in electronic form on the Company's website www.kopygoldfields.com, Stockholm Corporate Finance's website www.stockholmcorp.se and on Hagberg & Aneborn's website www.hagberganeborn.se. This Information Memorandum is not a prospectus and has not been approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen).

The subscription rights, the paid subscribed shares ("BTA") and the new shares to be offered in the Rights Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States of America (the "U.S." or the "United States") or under any securities law or local law in Canada and may not, in absence of registration or applicable exemption from registration be offered for sale or subscription, or be transferred in the U.S. or Canada, or to citizens or persons resident in such jurisdictions, or to or under commission by or for the benefit of U.S. Persons as defined in Regulation S in the Securities Act.

The Rights Issue is, further, not directed to any person whose participation requires further Information Memorandums, prospectuses, registration or other actions than required under Swedish law. The Information Memorandum, application for subscription forms and any other documents related to the Rights Issue may not be distributed in or into the U.S., Canada, Australia, New Zealand, South Africa, Hong Kong, Singapore or Japan or any jurisdiction where the distribution or the Rights Issue would require an action according to the previous sentence, or would constitute a breach against laws or regulations in such jurisdiction. An application for subscription for new shares indirectly or directly in breach of the above may be deemed invalid.

An investment in the Company's shares is associated with certain risks; refer in particular to section "Risk factors" below. In making a decision to invest in the Company's shares, an investor must rely on his or her own assessment of the Company, and the terms of the Rights Issue, including the merits and risks involved, not relying solely on the information contained in this Information Memorandum. Neither the publication nor the distribution of the Information Memorandum does mean that the information contained in the Information Memorandum is up to date as of any time after the date of this Information Memorandum, or that the Company's business, results or financial position has remained unchanged after this date.

No person is or has been authorised by the Company to give any information or to make any representation or warranty in connection with the Rights Issue other than contained in this Information Memorandum and, if given or made, such information, representation or warranty may not be relied upon as having been authorised by the Company and the Company accepts no liability with respect to any such information, representation or warranty. Further, no representation or warranty, expressed or implied, is

made by any member of the board of directors of the Company or, except for what follows from applicable law and regulations, anybody else as to the correctness and/or completeness of any of the information contained in this Information Memorandum.

Any dispute arising from this Information Memorandum, the Rights Issue or other legal matters related thereto shall be settled exclusively by a Swedish court of law and resolved in accordance with Swedish law without reference to any of its choice of law principles. The district court of Stockholm (Sw. Stockholms tingsrätt) shall be the court of first instance. The Information Memorandum has been prepared in English. It should also be noted that an investor bringing court action in connection with the information disclosed in this Information Memorandum may be obliged to pay for a translation of the Information Memorandum.

Forward-looking information and market information

This Information Memorandum contains certain forward-looking statements reflecting the Company's current view of future events and financial and operational performance. Such forward-looking statements are associated with both known and unknown risks and circumstances beyond the Company's control. All statements in this Information Memorandum other than statements of historical or current facts or circumstances are forward-looking statements. Forward-looking statements are made in several sections of the Information Memorandum and can be identified by the use of terms or expressions such as "may", "could", "should", "anticipated", "estimated", "likely", "forecasted", "plans to", "aims to", or conjugations of such terms or similar terms. The "Risk factors" section below contains a description of some but not all factors that may cause the Company's future earnings and development to deviate significantly from those expressed or implied in any forward-looking statement. The forward-looking statements only apply as of the date of this Information Memorandum. The Company has no intent or obligation to publish updated forward-looking statements or any other information contained in this Information Memorandum based on new information, future events etc. other than required by applicable law, regulation or regulatory framework. This Information Memorandum contains certain information regarding the market and the industry in which the Company operates and its position in relation to its competitors which may be based on third party information as well as the Company's estimates based on third party information. The Company has accurately reproduced such third party information and, as far as the Company's board of directors is aware, no details have been omitted in a manner that would make the reproduced information inaccurate or misleading. However, the Company has not independently verified the correctness or completeness of any third party information and therefore the Company cannot guarantee its correctness or completeness.

Presentation of financial information

Some amounts and percentages stated in the Information Memorandum have been rounded off and may therefore not always correctly add up. Other than when expressly stated in the Information Memorandum, no information in the Information Memorandum has been examined or audited by the Company's auditors.

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SELECTED DEFINITIONS AND ABBREVIATIONS

| | |
|--|---|
| “Kopy Goldfields”/“the Company”/“Kopy” | refers to Kopy Goldfields AB (publ), reg. no. 556723-6335, a Swedish public limited liability company, and subsidiaries, depending on context, unless otherwise stated. |
| “First North” | refers to Nasdaq First North. |
| “Rights Issue” | refers to the offering of new shares in the Company as described in the Information Memorandum. |
| “Information Memorandum” | refers to this document, i.e. information memorandum. |
| “SEK”/“KSEK”/“MSEK” | refers to Swedish krona/thousand Swedish kronor/million Swedish kronor. |
| “RUB”/“MRUB” | refers to Russian ruble/million Russian rubles. |
| “USD”/“MUSD” | refers to US dollar/million US dollars. |
| “oz”/“koz”/“Moz” | refers to troy ounces/thousand troy ounces/million troy ounces |
| “t”/“ktons” | refers to tons/thousand tons. |
| “Au” | refers to Aurum, the element symbol for gold. |
| “AGM” | refers to annual general meeting. |

TERMS OF THE RIGHTS ISSUE IN BRIEF

| | |
|---|--|
| Preferential rights for existing shareholders | Shareholders registered owning shares in Kopy Goldfields have the preferential right to subscribe for three (3) new shares for ten (10) existing shares owned on record date. |
| Subscription rights | Shareholders in Kopy Goldfields receive one (1) subscription right for each, on the record date, owned share. Ten (10) subscription rights are required to subscribe for three (3) new shares. |
| Subscription price | SEK 1.05 per share. |
| Record date | October 17, 2018. |
| Subscription period | October 22, 2018 to November 7, 2018 |
| Last day of trading in shares entitling participation in the Rights Issue | October 15, 2018. |
| Trading in subscription rights | October 22, 2018 to November 5, 2018. |
| Trading with BTA | October 22, 2018 until the Rights Issue has been registered with the Swedish companies' registration office. |
| Subscription without preferential right | Applications for subscription can also be done without preferential rights. Such application shall be made during the subscription period. |
| Payment for shares subscribed without preferential rights | In accordance with distributed contract note. |

OTHER INFORMATION

| | | | |
|----------------------|-----------|----------------------|--------------|
| Ticker | | ISIN code | |
| Shares: | KOPY | Shares: | SE0002245548 |
| Subscription rights: | KOPY TR | Subscription rights: | SE0011788496 |
| BTA1: | KOPY BTA | BTA1: | SE0011788504 |
| BTA2: | KOPY BTA2 | BTA2: | SE0011788512 |

RISK FACTORS

An investment in shares, paid subscribed shares (Sw. Betald Tecknad Aktie, abbrev. BTA) or subscription rights involves risk-taking. Below is a description of a number of risks that may have an effect on the operations and future development of the Company. The order in which these risks are presented is not intended to indicate their likelihood of occurrence, significance or potential effect on the Company's operations, performance or financial position. The description of risk factors is not exhaustive and contains only examples of such risk factors which an investor should consider together with the other information provided in this Information Memorandum. Thus, further risk factors that are currently not known or not considered to be significant for the moment could also influence the Company's operation, performance and financial position. The value of an investment in the Company may be materially affected if any of the below risks materializes. Investors should make their own assessment of the significance of the below risk factors and other potential risk factors for the Company's operations and future development.

This Information Memorandum also contains forward-looking statements that are subject to future events, risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of many different factors, including but not limited to the risks described below and elsewhere in this Information Memorandum.

Risks related to the Company and the industry Risks related to macroeconomic factors

A negative development of the world economy and disruptions on the global capital markets may affect the Company's operations and may make the possibilities to finance the Company more difficult in the future. The Company is exposed to the general market environment such as supply and demand, inflation and interest rate fluctuations, upswings and downturns and the will to invest, etc. These factors are outside the Company's control and may have a negative effect on the Company's business, financial position and potential profits in the future.

Volatility in gold price

The gold price may change due to reduced demand, changes in the US dollar or other macroeconomic factors, which may adversely affect the Company's operations and financial position. Fluctuations in the official exchange rate of the Russian ruble, euro and US dollar directly and indirectly affects the value of assets and liabilities.

Insurance

The insurance industry is not yet developed in Russia and several forms of insurance protection common in more economically developed countries are not yet available in Russia on equivalent terms. This makes the Company more exposed to risks related to accidents or other unforeseen events that could negatively impact the Company's financial position.

Risks related to Russia

Operating in Russia subjects the Company to several political, legal and economic factors that may affect its operations and financial position. The Company sees the following risks as the biggest challenges to operating in Russia:

- International capital flows can be hampered by global financial difficulties.
- Changes in inflation may affect the Company's financial position.
- Relations between Russia and the EU and/or the US may worsen and current sanctions may be extended. The Company is not currently affected by the sanctions but does monitor developments.
- Conflicts in the Russian federal system, including illegal or lucrative state incidents, may lead to uncertainty in daily operations.

-Crime and corruption and the use of illegal or unacceptable business methods.

-The Company is dependent on the approval of state and local authorities, which may be a time-consuming process.

-Changes in laws, which currently prevent the nationalization of international assets, may have a negative effect on the Company's operations.

-The risk that Russia does not accept the decisions of a foreign court of law and pursues issues in local arbitration.

-Russia's infrastructure is to some extent underdeveloped and may impair or delay the Company's operations or lead to increased costs.

-The tax and legal system in Russia is subject to frequent changes and is thereby difficult to anticipate. The Russian tax system is also subject to different interpretations on the federal, regional and local levels.

Geological risk

Gold exploration is associated with high risk. All estimates of recoverable mineral resources in the ground are largely based on probabilities. Estimates of mineral resources and ore reserves are based on extensive test drilling, statistical analyses and model studies and remain theoretical in nature until verified by industrial mining. There is no methodology for determining with certainty the exact amount of gold available or the shape of a potential ore body and its distribution. The exact amount of gold is known only when the gold has been extracted from the gold deposit. Data relating to mineral resources and ore reserves as presented by the Company, and by others, should be viewed against this background and may therefore deviate from this.

Technical risks

Technical risks can arise from the exploration of mineral deposits, which could lead to interruptions in exploration work and negatively affect the Company. Lack of or delay of advanced drilling equipment or rental of equipment could lead to increased costs and delays in the growth of the Company.

Environmental risk

If incorrect technical or chemical equipment is used in exploration and production, environmental risks may arise that may delay the Company's operations and increase the cost of exploration, which

may have a negative effect on the financial position of the Company. Environmental requirements and counterparty costs may be directed toward the Company, which may delay other work or increase the Company's costs. Currently, the Company does not have any material asset retirement obligations. However, a change in the governing laws may impose stricter requirements regarding asset retirement procedures, which could lead to increased costs for the Company.

License management

Delays may occur in the exploration work, with the result that the Company must renew the production licenses, which may lead to delays in the start of production and which may affect the Company's financial position negatively. The Company may be late in meeting the obligations of newly acquired licenses, which may affect the Company's financial position negatively. In addition, breach of license obligations may result in license revocation, which may have a significant negative effect on the Company's financial position.

Useful life of the deposits

The useful life and profitability of a deposit depends on several factors, such as metal, including gold, prices, the size of the mineral resource, financing costs, etc. An unforeseen negative development in any of these parameters may negatively affect the Company's earnings and financial position. There is a risk that ore reserves may change in the future due to changes in production costs, processing yield or product price.

Suppliers

To a large extent, the Company is dependent on third parties and local suppliers for certain services, access to equipment and assistance with construction. If the delivery or execution of such services are delayed or impaired, the Company's operations may be affected negatively, along with the Company's income and financial position.

Risks related to acquisitions and divestments

The acquisition and divestment of licenses is part of the Company's strategy. All acquisitions and divestments are associated with risks and uncertainty. While the Company believes it is in a favorable position to make a fair assessment of development opportunities and risks associated with exploration and production licenses, there can be no guarantee that the expected potential of acquired licenses in terms of value creation for the Company will ultimately be realized.

Litigations and disputes

During the ordinary course of business, the Company may become involved in proceedings. Such proceedings may involve claims for payment and/or correction of work as well as other possible consequences connected to failure in providing products or services. Moreover, the Company may be subject to outstanding payment from customers, suppliers or partners as well as other situations which could force the Company to take legal actions.

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 was a 100 % owned 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 MUSD 6 and will be paid in several installments over 36 months. MRUB 10, corresponding to MSEK 1.4 was to be paid shortly following the signing of the agreement. The remaining amount will be paid in several installments over 36 months. Until the full payment is made, the project will be pledged in favor of Kopy Goldfields. At the time of issuance of this Information Memorandum, the buyer has not fulfilled the obligations regarding payment of the first MRUB 10.

It cannot be excluded that the Company could be involved in material proceedings going forward which could have a significant effect on the Company's business, financial position and profitability.

Dependence on qualified personnel

The Company's development is highly dependent on the existing

management and organization and their ability to recruit and retain experienced personnel for future operations. Moreover, the Company is dependent on new hiring and retaining certain skilled personnel to continue its growth and to reach future success. If the Company cannot maintain its ability to attract skilled personnel it may have an adverse impact on the Company's business, financial position and profits in the future.

Accidents

Mining and exploration is a more accident-prone industry than many other industries. As such, the Company's employees are exposed to occupational risks. Mining and exploration work is also exposed to potential natural disasters. A serious accident or natural disaster could have a significant negative effect on the Company's earnings and financial position.

Reporting processes

The Company's management processes and internal reporting controls may suffer if its subsidiaries do not follow established procedures for reporting to the parent company, since the reporting of financial data must be reliable and timely.

Risk related to the parent company

The Company's financial position depends on the subsidiaries' contractual and legal possibilities to recognize and settle intra group balances. A deterioration in these possibilities can have a negative effect on the Company's financial position and operating profit.

Financial Risks

Currency risks

Kopy Goldfields has considerable costs, assets and liabilities in Russian rubles (RUB), euros (EUR) and US dollars (USD), which leads to currency exposure in the income statement, balance sheet and cash flow statement. In dealing with currency risks, Kopy Goldfields distinguishes between two types of exposure: transaction exposure and translation exposure

Transaction exposure

Transactions in Russian subsidiaries are predominantly in RUB, their functional currency. Transaction exposure arises when the Parent company loans money to the subsidiaries, normally in USD. Since the loans and credit periods are relatively long-term, there is an exposure risk in the parent company and the subsidiaries.

Translation exposure

Net earnings from the Russian Group companies and the value of the net investment are affected by exchange rate fluctuations, which in turn affects the consolidated balance sheet and income statement when translated to SEK. For example, the year's (2017) translation effect on net income in the income statement and statement of financial position was KSEK -188, compared to the previous year's effect of KSEK +1,168.

Financing risks

Need for additional capital

The Company may in the future require additional capital. The capital may be acquired through the issuance of shares, other equity instruments or debt instruments, or by obtaining other external financing. There is no guarantee that the Company will be able to obtain financing or that the terms and conditions of such financing will be advantageous for the Company or without considerable dilution for the shareholders. Failure to obtain additional financing at the right time may result in the Company being forced to postpone, decrease, or terminate business operations and investments or to sell assets. There is no guarantee that such sale of assets can be done on terms and conditions that are advantageous to the Company.

Liquidity risk

Liquidity risk is the risk that Kopy Goldfields cannot meet its short-term payment obligations due to lack of cash funds or illiquid cash

reserves. Since the Company is not in production yet and hence is expected to show negative cash flow from operations over the next several years, it must continue to raise external capital or to find joint venture partners or asset buyers to be able to continue to develop the business and meet future obligations.

The Company's operations are inherently very capital-intensive and will need large amounts of capital in the future to keep going and develop the business and to meet future obligations. Ensuring this requires access to capital. The Board believes that future financing should primarily be through sales of assets or equity combined with loans over the next few years.

Re-financing risk

Refinancing risk is the risk of Kopy Goldfields being unable to refinance its outstanding liabilities on acceptable terms, or at all, at any given time.

Risks related to the securities and the Rights Issue

Limited liquidity of the Company's share

Even though the Company fulfils the listing requirements of First North, there may in the future, at times, be insufficient trading volume in the share. The difference between the sell and purchase price may from time to time be significant, making it difficult for a shareholder to sell shares at a moment, and to a price, deemed appropriate.

Fall in stock market

An investment in the Company is related to risk. There are no guarantees for the share price to increase. The market could fall for many reasons; for example, an interest rate increase, political changes, currency changes and a deteriorating business cycle globally or locally. Psychological factors also affect the market.

Fluctuations in share price for the Company's share

The Company's share price may in the future fluctuate significantly, partly as a result of exploration results, quarterly variations in the results, the general economic situation and changes in capital market interest in the Company. In addition, the stock market in general could react with price and volume fluctuations which are not necessarily related or proportionate to operational results of individual companies.

Non-secured subscription and guarantee agreements

Some existing shareholders have committed to subscribe for shares in the Rights Issue. These subscription agreements amount to 30 percent of the Rights Issue. The Company has also entered into guarantee agreements with guarantors, which amount to 45 percent of the Rights Issue. The guarantors have undertaken, if and to the extent that less than 75 percent of the shares in the Rights Issue are subscribed for with or without preferential rights, to subscribe for any shares not subscribed for up to 75 percent of the shares in the Rights Issue. The Company has not demanded that the subscription committers and guarantors must ensure all their undertakings by deposit of cash, pledges of securities, the presentation of bank guarantee or otherwise. Those who entered into such agreements are aware that agreements involve a legally binding obligation against the Company and promising to maintain the necessary resources available to fulfill entered agreements. However, there is a risk that one or more of those who have entered agreements cannot fulfill them, which could have a negative effect on the Company's ability to successfully implement the Rights Issue. For further information please refer to the section "Legal issues and additional information".

New issues

In order to, inter alia, raise capital or enable acquisitions the Company may in the future issue additional shares or share related instruments. Such issues may decrease the proportional ownership and share of voting power as well as profit per share of the shareholders in the Company. Moreover, such issues may adversely affect the market price of the shares.

First North

The Company's shares are listed on Nasdaq First North. First North is an MTF (multilateral trading facility), i.e. not a regulated marketplace. Companies with shares listed on First North are not obliged or forced to comply with the same rules as companies with shares traded on a regulated marketplace, but to less extensive rules and regulations. Such rules and regulations are preferably adapted for smaller and growth companies, why an investment in a company listed on First North may imply more risk than an investment in a company with shares traded on a regulated marketplace.

INVITATION TO SUBSCRIBE FOR SHARES IN KOPY GOLDFIELDS AB (PUBL)

The board of Kopy Goldfields decided on October 9, 2018, with authorization from the AGM on May 29, 2018 to issue shares with preferential rights for shareholders of the Company (the Rights Issue). Those who are registered as shareholders on the record date October 17, 2018, have the preferential right to subscribe for three (3) new shares for each ten (10) existing shares at a subscription price of SEK 1.05 per new share. Subscription for shares with preferential rights shall be made through simultaneous cash payment. Applications for subscription of shares can also be made without subscription rights, see the section "Terms and Conditions".

In the Rights Issue, the share capital may increase by a maximum of SEK 9,110,031.58 (to a maximum of SEK 39,476,805.02) by issuing a maximum of 23,959,815 new shares (to a maximum of 103,825,869 shares). The Rights Issue would bring approximately MSEK 25.2 to Kopy Goldfields before transaction costs, estimated at MSEK 3.5, including guarantee compensation representing about MSEK 0.9. The dilution for shareholders who are not using their subscription right in connection with the Rights Issue will, upon full subscription, be approximately 23.1 percent.

Subscription and guarantee agreements of 75 percent, equivalent to approximately MSEK 18.9, of the Rights Issue have been obtained from existing shareholders and external investors. Subscription commitments from existing shareholders, which receive no compensation, amount to 30 percent, representing approximately MSEK 7.7 of the Rights Issue. Guarantee agreements amount to 45 percent of the Rights Issue, representing approximately MSEK 11.3. Guarantors will receive a cash compensation from Kopy Goldfields equivalent to 8 percent of the guaranteed amount. Guarantee reimbursement thus amounts to a total of approximately MSEK 0.9. The subscription price is deemed, by the board of directors of Kopy Goldfields, to be according to market terms. Brokerage commission will not be charged.

The Board of Director's insurance of liability

The board of directors of Kopy Goldfields AB (publ) is responsible for the contents of this Information Memorandum. Information about the members of the board of directors is to be found under the "Board of directors, senior management and auditors" section. The board of directors hereby assures that all relevant precautions have been taken into account to secure that the information provided in this Information Memorandum, to the best of its knowledge, conform with actual conditions and that nothing that could affect its importance has been left out. With background of above, existing shareholders, public and institutional investors are invited to subscribe for shares in Kopy Goldfields under the terms of the Information Memorandum.

Stockholm, October 19, 2018
Kopy Goldfields AB (publ)
Board of Directors

BACKGROUND AND REASONS

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 eleven years, the Company has acquired 21 additional licenses, whereof two have been returned to the Russian state and six have been sold.

The latest transaction was done during the summer 2018, when Kopy Goldfields completed negotiations for a cash sale of the Kopylovskoye project for MUS\$ 6 to a group of Russian investors. Under the agreement, Kopy Goldfields sells 100 % of its subsidiary LLC Taiga, holding four bedrock gold exploration and production licenses. The Kopylovskoye deposit has reported 7.4 tons of C1+C2 bedrock gold reserves.

Kopy Goldfields currently holds nine bedrock and five alluvial exploration and production licenses, covering a total area of 2,159 km². All licenses have been grouped into a portfolio consisting of three projects: Krasny, the Northern Territories and Amur.

The 100 % owned Northern Territories-project, is a greenfield area located in the Patomo-Nechersky gold district in Lena Goldfields, with a geology similar to the Sukhoy Log gold deposit, which is one of the largest undeveloped gold deposits in the world with estimated mineral reserves of 60 Moz. The target for Northern Territories project is to find potential deposits exceeding 1 Moz each. After some initial exploration during 2016-2017, consisting of stream sediment and soil geochemical surveys, results were in line with the set targets and confirmed a strong exploration potential for the Northern Territories.

The Amur project is a new exploration project that the Company entered during the second half of 2018 through the acquisition of several new alluvial licenses. The project is located in the Russian Far East, within 60 km from the regional capital Blagoveshchensk. Infrastructure is well developed and most of the project can be reached by a concrete road. Kopy Goldfields is investing in the Amur project on an earn-in basis, making direct investments into exploration activities with no upfront payment involved. Kopy Goldfields owns 51 % of the project and partners in the project are well established local seasoned entrepreneurs. A limited exploration program consisting of exploration drilling and testing work, with a budget of approximately MUS\$ 0.3 is currently being conducted.

The Krasny project was initially discovered and acquired by Kopy Goldfields in 2010. It is the Company's most advanced project and also the current flagship project. Since 2014, the Krasny project is a joint venture between the Company and the major Russian gold producer GV Gold. Under the joint venture agreement, GV Gold earned a 51 % interest in the project by paying Kopy Goldfields MUS\$ 3 in cash and by financing a MUS\$ 6 exploration program, including a reserve report in accordance with both the Russian GKZ classification and the international JORC standard.

So far, totally 85,276 meters have been drilled and 10.6 thousand meters of trenches have been developed within the Krasny project since 2010. The first JORC mineral resource report was published in 2012, followed by resource updates in 2016, 2017 and 2018. In total, MUS\$ 17.8 have been invested into the Krasny project until the end of 2017. A satellite deposit, Vostochny, was confirmed in 2017 and a neighboring license, Batiy, was acquired the same year.

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 the first half of 2018, adding to the scope of a feasibility study. A small portion of exploration activities are planned for the rest of 2018. The 2018 exploration program is financed by the parties pro-rata, but Kopy Goldfields has the right, according to the shareholders agreement, to postpone the payment 360 days until July 2019.

During the last twelve months, the following highlights have been announced as a result of the Company's exploration programs on Krasny:

- In December 2017, positive results from a new scoping study were announced. The engineering consultancy firm estimated that the project would generate 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.
- In the first quarter of 2018, a new mineral processing test for the Vostochny gold mineralization was completed. It was confirmed that Vostochny is a similar type of gold mineralization as Krasny and they may be developed together, sharing the same infrastructure and one central processing plant.
- In June 2018, a JORC mineral resource update was announced for the Krasny project. The report showed a 32 % increase in total gold resources to 1,832 koz for the Krasny project since 2017. For Krasny, the resource estimation showed 1,492 koz of Inferred and Indicated mineral resources, including 257 koz of Probable gold reserves. Vostochny showed a total of 338 koz of Inferred mineral resources.

Exploration in the Krasny project is almost finalized and the project is progressing to the development phase. The next exploration step is to finalize Russian reserve reporting and to plan for production. Kopy Goldfields has been the operator of exploration activities on Krasny from 2010 until early 2018. During the period, the project has moved from the initial greenfield to the current pre-feasibility stage of exploration. The activities within Krasny are now run by the major owner GV Gold and for Kopy Goldfields it appears to be a good time to exit the project. During 2018, Kopy Goldfields decided to evaluate the options to exit the Krasny project. Kopy Goldfields and GV Gold have agreed on a budget for some value adding exploration and sale activities which shall be financed pro-rata and Kopy Goldfields capital contribution for sales activities is due for payment by the end of November 2018. GV Gold has already paid their part of both the 2018 exploration program and the sales activities, and Kopy Goldfields part of the financing must be paid before a sales transaction of Krasny is settled. The board assess that the existing operating capital is not sufficient to cover the needs of the Company for the next twelve months if the Company shall maintain the 49 % ownership in the joint venture.

Against this background, the board of directors decided on October 9, 2018, with authorization from the AGM on May 29, 2018, to issue new shares with preferential rights for shareholders of the Company (the Rights Issue). The proceeds are intended to provide the Company with funds to finance the sales process of the Krasny-project and the 2018 exploration program. The proceeds are further intended to cover the 2019 interest payments for Kopy Goldfields, as well as administrative costs. It is the opinion of the board that the operating capital, after the completion of the Rights Issue and the completion of the sale of Krasny, is sufficient to cover the needs of Kopy Goldfields for the next twelve months as of the date of the Information Memorandum. Depending on the outcome of the sales process of the Krasny project, and ongoing exploration and feasibility studies, however, it cannot be excluded that further capitalizations will be needed. If no proceeds have been received from Krasny in July 2019, the Company need to renegotiate the MSEK 15 loan that is due for repayment in July 2019.

The proceeds from the Rights Issue, if fully subscribed, will amount to approximately MSEK 25 before transaction costs, estimated to about MSEK 3.5, which, in order of priority, is planned to be spent on exploration and sales activities at Krasny of MSEK 10, interest costs of MSEK 3.5 and other needed working capital for current management and administrative costs of MSEK 8.

The Rights Issue has, to 75.1 percent, been secured via subscription and guarantee agreements from existing shareholders and external investors. The board looks forward to including new investors of Kopy Goldfields willing to participate in the Rights Issue, thus interested in joining and contributing to the development of the Company.

Stockholm October, 19, 2018

Board of directors Kopy Goldfields AB (publ)

A WORD FROM THE CEO



Dear shareholders,

2018 is very different from all previous years as we have changed our focus from running exploration activities on our projects to marketing our existing projects to realize their maximum value. 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 Prefeasibility stage of exploration, resulting in a total of 1.8 Moz of gold resources, as reported by Micon in June 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 have started the process of divesting our 49 % stake in close cooperation with GV Gold

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 bedrock 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 MUSD 6, payable within 36 months. If the total price is paid within 24 months, it is discounted to MUSD 5. 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, starting from 18 months. However, the buyer has not yet fulfilled his obligations regarding the first payment and now different actions are taken to receive the payment. In parallel we are discussing with other potential investors since we have an option to take the license back under the agreement.

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 continuously look for new projects in the area and in September this year we acquired a new exploration property 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 upfront but will instead earn into the project by investing in exploration. The decision to join was 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 have completed the acquisition process and are currently proceeding with a limited exploration program 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. On one hand we have the possibility to increase our stake to 67 % and on another hand we have no obligation to invest anything more and may leave the project if it does not turn out to be as promising as we hope.

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 society. During the last quarter we were invited to speak at three different mining events: Minex Far East in Magadan, the Mining in Russia session during the China Gold Congress in Beijing and during the Eastern Economic Forum in Vladivostok of Russia.

My experience from the mining events I have participated in, I see that the Gold mining industry is developing well. According to the expert opinion, the industry has passed the bottom in the mining cycle and is approaching a peak expected within 2-3 years. Russian gold mining industry has greatly benefited from the ruble devaluation back in 2014. Since then, Russian mining costs are among the lowest worldwide which keeps operational margins as investors' interests high.

The proceeds from the current share issue will be spent primarily on exploration and sales activities at Krasny and will enable us to maintain our 49 % stake in the joint venture. Putting it all together, we see that this share issue gives an excellent opportunity to invest in a gold project well on its way to production; with significantly reduced exploration risks and still with a lot of potential for value increase.

With kind regards,
Mikhail Damrin
CEO
Stockholm,
October 19, 2018

TERMS AND CONDITIONS

Preferential subscription rights

Shareholders of Kopy Goldfields AB (publ) on the record date of October 17, 2018 have preferential rights to subscribe for shares in the Rights Issue in relation to their previous holdings. Ten (10) shares held on the record date carry entitlement to subscribe for three (3) new share at a price of SEK 1.05 per share.

Subscription rights ("TR")

Shareholders of Kopy Goldfields will receive one (1) subscription right for each (1) share held. Ten (10) subscription rights are required to subscribe for three (3) new shares.

Subscription price

The subscription price is SEK 1.05 per share. No brokerage commission will be charged.

Record date

The record date with Euroclear Sweden AB (referred to below as "Euroclear") for the right to participate in the Rights Issue is October 17, 2018. The final date for trading in the Kopy Goldfield's share including the right to participate in the Rights Issue is October 15, 2018. The first date for trading in the Kopy Goldfield's share excluding the right to participate in the Rights Issue is October 16, 2018.

Subscription period

Subscription of new shares with subscription rights will take place during the period from and including October 22, 2018 up to and including November 7, 2018. Upon expiry of the subscription period, unexercised subscription rights will lapse and become worthless. Unexercised subscription rights will be removed from the respective shareholders' securities account without Euroclear providing any separate notification.

Trading in subscription rights

Subscription rights will be traded on First North during the period from and including October 22, 2018 up to and including November 5, 2018. Shareholders are to directly contact their bank or other brokerage company with the requisite permit to purchase and sell subscription rights. Subscription rights acquired during the trading period stated above carry the same rights to subscribe for new shares during the subscription period as the subscription rights that shareholders receive based on their holdings in the Company on the record date. Received subscription rights must either be used for subscription not later than November 7, 2018 or sold not later than November 5, 2018 in order to avoid becoming worthless.

Issue statements and application forms

Shareholders residing outside Sweden (not including shareholders residing in the USA, Australia, Hong Kong, Japan, Canada, New Zealand, Singapore and South Africa) who are entitled to subscribe for shares in the rights issue may contact Hagberg & Aneborn Fondkommission at the telephone number below for information regarding subscription and payment unless the enclosed subscription forms not can be used for subscription and payment of shares.

Directly registered shareholders

A pre-printed issue statement with an attached payment form, special application form, letter from board, information folder and application form for subscription without subscription rights will be sent to registered shareholders and representatives of shareholders, who on the record date of October 17, 2018 are registered in the shareholders' register maintained by Euroclear on behalf of the Company. Information will be available for download on the Company's website www.kopygoldfields.com and on Hagberg & Aneborn Fondkommission's

website www.hagberganeborn.se. Persons included in the special list of pledge holders, etc. maintained in connection with the shareholders' register will not receive any information and will be informed separately. Securities notification stating the registration of subscription rights on the shareholders' securities account will not be sent out.

Subscription with preferential rights

Subscription with preferential rights is to take place by a simultaneous cash payment being made not later than November 7, 2018. Subscription by payment takes place either by using the pre-printed payment form attached to the issue statement or using the payment form attached to the special application form according to the following two options:

1) Issue statement – pre-printed payment form

If all subscription rights received on the record date are utilized for subscription, only the pre-printed payment form is to be used for subscription by cash payment. The special application form is not to be used in this case.

2) Special application form

If a different number of subscription rights than that stated on the pre-printed issue statement is to be utilised for subscription, for example, by acquiring or divesting subscription rights, the special application form (Sw. Särskild anmälningssedel) is to be used for subscription by cash payment. On this application form, shareholders are to state the number of subscription rights to be utilized, the number of shares subscribed for and the amount to be paid. If payment is made other than by using the attached payment form, a securities account is to be provided as reference. Incomplete or incorrectly completed application forms may be disregarded. Special application forms are available from Hagberg & Aneborn Fondkommission at the telephone number stated below. Completed application forms are to be sent or faxed, along with payment, to the address/number below, and must have been received by Hagberg & Aneborn Fondkommission not later than 3:00 p.m. on November 7, 2018. Applications are binding.

Hagberg & Aneborn Fondkommission AB

Re: Kopy Goldfields

Valhallavägen 124

SE-114 41 Stockholm

Fax: +46 8 408 933 51

Phone: +46 8 408 933 50

Email: info@hagberganeborn.se (scanned application form)

Nominee-registered shareholders

Shareholders whose holdings in Kopy Goldfields are nominee-registered at a bank or other nominee will not receive an issue statement, but will receive a shareholder letter and Information folder. Subscription and payment is to take place in accordance with the instructions from the nominee.

Subscription without preferential rights

If not all shares are subscribed for with preferential rights, the board, within the framework of the highest amount of the Rights Issue, is to decide how shares for subscription without preferential rights are to be allotted, and in which case allotment will take place in the following order:

- i) Allotment to subscribers who have subscribed for shares with subscription rights, regardless of whether such a subscriber was a shareholder on the record date, and also in the event of oversubscription, is to take place on a pro rata basis in relation to the number of subscription rights that such subscribers utilized to subscribe for shares. If this is not possible, allotment is to take place

- by drawing lots.
- ii) Allotment to subscribers who have subscribed for shares without subscription rights, and also in the event of oversubscription, is to take place on a pro rata basis in relation to their subscription. If this is not possible, allotment is to take place by drawing lots.
 - iii) Guarantors are to be allotted shares on a pro rata basis in relation to what is stated in the guarantee.

Applications to subscribe for shares without preferential rights are to be made using the "Subscription without subscription rights" application form (Sw. Anmälningsedel för teckning utan företräde), which can be downloaded from www.hagberganeborn.se.

Nominee-registered shareholders are to apply for subscription of shares without preferential rights to the respective nominee and in accordance with instructions from the nominee, or if the holding is registered with several nominees, from each of these. Note that applicants with a depository account subject to specific rules on securities transactions, for example, an investment savings account (ISK) or an endowment insurance account (KF), must check with their bank or other nominee that the acquisition of securities within the framework of the Rights Issue is possible. In such a case, applications are to be made in agreement with the bank/ brokerage company.

Incomplete or incorrectly completed application forms may be discarded. Only one (1) "Subscription without subscription rights" application form may be submitted. If more than one such application forms are submitted, only the most recently received form will be taken into consideration, and other such application forms will thus be discarded. Application forms must have been received by Hagberg & Aneborn Fondkommission AB not later than 3:00 p.m. on November 7, 2018. Applications are binding.

Allotment for subscription without preferential rights

Decisions regarding a possible allotment of shares for subscription without preferential rights are to be made by submitting the allotment decision, for each subscriber, in the form of a contract note. Payment is to be made by bank giro in accordance with the instructions provided on the contract note. Please note that it is not possible to withdraw the amount from the stated securities account or depository account. If payment is not made on time, the shares may be transferred to another party. Should the selling price for such a transfer be lower than the price specified in the Rights Issue, the party to whom the shares were originally allotted may be required to pay the entire difference or a portion thereof. Those who have not been allotted shares will not be notified.

Shareholders residing abroad

Shareholders residing outside Sweden (not including shareholders residing in the USA, Australia, Hong Kong, Japan, Canada, New Zealand, Singapore and South Africa) who are entitled to subscribe for shares in the rights issue may contact Hagberg & Aneborn Fondkommission at the aforementioned telephone number for information regarding subscription and payment. Due to restrictions in the securities legislation in the USA, Australia, Hong Kong, Japan, Canada, New Zealand, Singapore and South Africa, subscription rights will not be offered to shareholders with registered addresses in any of these countries. Accordingly, the offer to subscribe for shares in Kopy Goldfields will not be directed to shareholders in these countries.

Paid subscribed shares

Subscription by payment is to be registered with Euroclear as soon as possible, normally a few banking days after payment is made. Thereafter, the subscriber will receive a securities notification indicating that paid subscribed shares (referred to as "BTA" in Swedish) have been registered in the subscriber's securities account. Subscribed shares are to be entered as paid subscribed shares in the securities account until such

time as the Rights Issue has been registered with the Swedish Companies Registration Office.

According to the Swedish Companies Act, a portion of the Rights Issue may be registered with the Swedish Companies Act under certain circumstances. If the option of partial registration is exercised for the Rights Issue in question, additional series of paid subscribed shares will be issued, upon which the first series will be designated as "BTA 1" with Euroclear. BTA 1 will be assimilated into ordinary shares as soon as the initial partial registration has occurred. A second series of paid subscribed shares (designated as "BTA 2") will be issued for subscriptions made at such a time that the issued shares cannot be included in the initial partial registration and will be assimilated into ordinary shares as soon as the Rights Issue is finally registered, which is expected to occur in the week starting November 26, 2018. Shareholders whose holdings are registered in a custody account with a bank or securities brokerage company will receive information from their respective nominee.

Trading in paid subscribed shares

Paid subscribed shares will be traded on First North from October 22, 2018 until the date on which the Rights Issue is registered with the Swedish Companies Registration Office. In the event that partial registration of the Rights Issue takes place and several series of paid subscribed shares are issued, these series will not be traded on First North at the same time. Subscribed shares are to be entered as paid subscribed shares in the securities account until such time as the Rights Issue has been registered with the Swedish Companies Registration Office, which is expected to take place in the week starting November 26, 2018.

Delivery of shares

About seven days after the issue has been registered with the Swedish Companies Registration Office, BTA will be assimilated into ordinary shares without special notification from Euroclear.

Announcement of outcome of the Rights Issue

The Company will announce the outcome of the Rights Issue via a press release as soon as possible after the end of the subscription period, announcement is expected to take place on or about November 13, 2018.

Applicable legislation

The shares are issued under the Swedish Companies Act (2005:551) and are governed by Swedish law.

Right to dividends on new shares

The newly issued shares carry a right to dividends for the first time on the record date for the dividend that occurs immediately after the share issue has been registered. Payment of dividends will be administrated by Euroclear, or for nominee registered shareholdings, in accordance with the procedures of the individual nominee.

Shareholders' register

The Company is a CSD-registered company with Euroclear. The Company's shareholders' register, containing information about shareholders, is maintained by Euroclear, address Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden.

Shareholder rights

Shareholder rights pertaining to profit distribution, voting rights, preferential rights in new share issues, etc. are governed by the Company's Articles of Association, which are available on the Company's website, and by the Swedish Companies Act (2005:551).

Subscription and guarantee agreements

Subscription and guarantee agreements of 75 percent, equivalent to approximately MSEK 18.9, of the Rights Issue have been obtained from existing shareholders and external investors. Subscription commitments from existing shareholders, which receive no compensation, amount to 30 percent, representing approximately MSEK 7.7 of the Rights Issue. Guarantee agreements amount to 45 percent of the Rights Issue, representing approximately MSEK 11.3. Compensation to guarantors are paid as a cash payment from Kopy Goldfields equivalent to 8 percent of the guaranteed amount.

Trading in the share

The shares in Kopy Goldfields are listed on First North. The shares are traded under the ticker KOPY and ISIN code SE0002245548. The new shares will be admitted to trading in conjunction with the assimilation of paid subscribed shares into ordinary shares.

Dilution

Upon full subscription of the rights issue, the number of shares in Company will increase from 79,866,054 to maximum 103,825,869, corresponding to a dilution effect of approximately 23.1 per cent (calculated as the number of new shares as a result of the Rights Issue

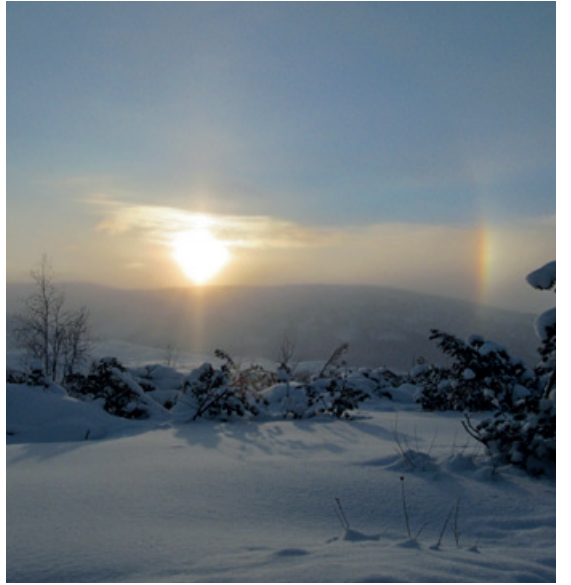
divided by the total number of shares in the Company after the fully subscribed Rights Issue).

Other

The board of the Company reserves the right to extend the subscription period and payment period. Subscriptions of new shares, with or without the support of subscription rights, are binding.

In the event that the amount paid by a subscriber for the new shares is too high, Hagberg & Aneborn Fondkommission AB will arrange for the excess amount to be repaid. Amounts under SEK 100 will not be repaid automatically.

Stockholm Corporate Finance AB is financial adviser to the Company in relation to the Rights Issue and has advised the Company when drafting this Information Memorandum. Since all information in this Information Memorandum is based on information provided by the Company, Stockholm Corporate Finance AB excludes themselves from all liability in relation to investors in the Company, as well as to other direct and/or indirect consequences following investment decisions and/or other decisions, which are fully or partly based on information contained in this Information Memorandum. Hagberg & Aneborn Fondkommission AB acts as issuer agent in relation to the Rights Issue



ABOUT KOPY GOLDFIELDS

The Company

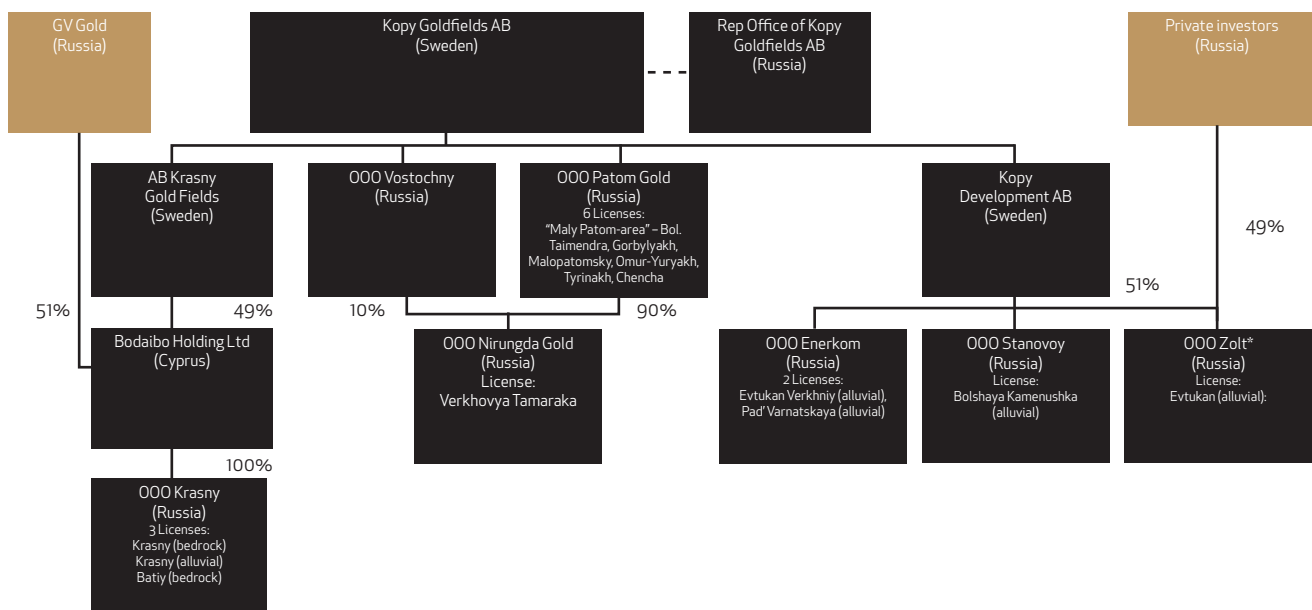
Kopy Goldfields AB (publ) (ticker: KOPY) is a public junior Swedish gold exploration company, listed on Nasdaq First North, Stockholm. The Company was established in 2007 following the acquisition of a gold deposit named Kopylovskoye. During the last ten years, the

Company has acquired 21 additional licenses, whereof six have been sold and two have been returned to the Russian state. The current 14 licenses cover an area of 2,159 km² and are located in Lena Goldfields of Siberia and in the Amur Region of the Russian Far East. Total mineral resources according to JORC amounts to 1,832 koz.



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 subsidiaries LLC Enerkom, LLC Stanovoy and LLC Zolt, all domiciled

in Blagoveshchensk 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.



Organizational structure of Kopy Goldfields AB Group, Source: Kopy Goldfields

Vision, strategy 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.



Illustration of Kopy Goldfields business concept, Source: Kopy Goldfields.

Proof of concept

In 2018, Kopy Goldfields sold the Kopylovskoye gold project, consisting of four licenses. The project was acquired in 2007 and an exploration program was developed at the site during 2008-2011. The exploration reported 7.4 tons of C1+C2 bedrock gold reserves when the project was sold to Russian investors. The total sales price equaled MUSD 6.

In 2014, the two licenses Kavkaz and Prodolny were sold for MRUB 50 in cash, corresponding to approximately MSEK 10.

In 2014, after three years of exploration, Kopy Goldfields sold 51 % of the Krasny license to the Russian gold producer GV Gold. GV Gold paid MUSD 3 in cash to Kopy Goldfields and invested MUSD 6 for further exploration.

Current projects in brief

The Company has a diversified portfolio of exploration targets in different stages. Kopy Goldfields currently holds nine bedrock and five alluvial exploration and production licenses. 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 km². The Northern Territories project is split into six bedrock licenses (Tyrynakh, Bolshaya Taimendra, Gorbylyakh, Omur-Yuryakh, Chench, Malo-Patomsky) with a total area of 1,852 km². The newly acquired Amur project currently includes four alluvial licenses (Evtukan, Bolshaya Kamenushka, Pad' Varnatskaya and Evtukan Verchniy) with a total area of 104.4 km² and two more licenses nearby have been applied for. In September 2018, a bedrock license in the Bodaibo area was acquired but no exploration has been started.

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 2017, to a joint venture between Rostekh, a Russian state-owned multi-industry company, and Polyus Gold, a Russian major gold producer for RUB 9.4 billion (approximately MUSD 158). Currently, feasibility studies and an intensive exploration program are being carried out on Sukhoy Log by Polyus Gold, 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 cost to take the project into production is estimated at USD 2.5 billion.

The Amur project combines several alluvial exploration licenses located in an area with a history of alluvial gold operations. The licenses are located within 60 km from the regional capital of the far east Russia, Blagoveshchensk. It is also an area that offers more advanced infrastructure than Bodaibo, with a highway and railway connecting it to Belogorsk on the Trans-Siberian Railway and Trans-Siberian Highway, and an international airport located 15 km northwest of Blagoveshchensk.

| License | Acquired | Mineral reserves according to JORC | Mineral resources according to JORC ('000)* | Mineral resources according to GKZ ('000)* | Valid until: | Ownership Kopy Goldfields AB | License area |
|---------------------|----------|------------------------------------|--|---|--------------|------------------------------|---|
| Krasny (Bedrock) | 2010 | Krasny Probable: 257 koz@1.09 g/t | Krasny Indicated: 290 koz@1.2 g/t Krasny Inferred: 1 201 koz@2.02 g/t Vostochny Inferred: 338 koz@1.57 g/t Signed by Micon 2018 | C2: 314 koz P1: 233 koz | 2035 | 49 % | 31 sq km |
| Krasny (Alluvial) | 2015 | | | P2: 1 koz | 2030 | 49 % | 2.46 sq km (within the bedrock license) |
| Batiy | 2017 | | | P3: 322 koz | 2024 | 49% | 86 sq km |
| Tyrynakh | 2012 | | | P3: 578 koz | 2037 | 100% | 250 sq km |
| Bolshaya Taimendra | 2012 | | | P3: 578 koz | 2037 | 100% | 289 sq km |
| Gorbylyakh | 2012 | | | P3: 578 koz | 2037 | 100% | 417 sq km |
| Omur-Yuryakh | 2012 | | | P3: 160 koz | 2037 | 100% | 365 sq km |
| Chencha | 2012 | | | P3: 321 koz | 2037 | 100% | 71 sq km |
| Malo-Patomsky | 2012 | | | P3: 578 koz | 2037 | 100% | 460 sq km |
| Verkhovya Tamaraka | 2018 | | | P3: 1476 koz | 2025 | 100% | 83.08 sq km |
| Bolshaya Kamenushka | 2016 | | | | 2021 | 51% | 12.85 sq km |
| Evtukan | 2018 | | | | 2023 | 51% | 32.41 sq km |
| Pad' Varnatskaya | 2018 | | | | 2023 | 51% | 1.45 sq km |
| Evtukan Verchniy | 2018 | | | | 2023 | 51% | 57.71 sq km |
| Total | | Probable: 257 koz | JORC: Indicated: 290 koz Inferred: 1 539 koz | Russian: C1+C2: 646 koz P1-P3: 4,152 koz | | | 2,159 sq km |

Staff of skilled geologists and mining professionals

The Company is a small employer in the area but is focusing on creating interesting job opportunities to attract and retain skilled employees. This includes offering competitive wages and personal development opportunities with training. During low season, the Company supports education for employees. Kopy Goldfields strives to keep costs down, and therefore only keep key members of staff on the permanent payroll.

Recruiting in the area

The Company seeks to recruit staff from the nearby area. However, some of the Company's employees come from other regions and stay on-site in purpose-built accommodation during the time of their shift. In addition, the Company has an office and a dormitory in the city of Bodaibo. Kopy Goldfields' core values are Commitment, Responsibility and Excellence. When recruiting, it is of great importance to the Company that potential employees share these values.

Focus on health and safety

All staff receives health and safety training as part of the initial introduction process. Job specific training is then provided within each workplace. Health and safety monitoring as well as internal inspections of working environments are regularly undertaken to ensure compliance with Russian regulatory requirements. Regular medical reviews are organized in Bodaibo. The Company is also seeking to go beyond this by bringing its projects in line with international best practice.

Environmental goals

Kopy Goldfields' goal is to manage the environmental impact of its operations in accordance with international best practice.

The Company's operations in Russia are performed in accordance with Russian regulatory requirements across the full project lifecycle. All projects are subject to rigorous permitting requirements by the Russian authorities. The State Mining and Technical Supervisory Body is reviewing Kopy Goldfields' operations on a regular basis. The result, so far, is that existing procedures have been found in compliance with the requirements of the Environmental and Safety regulations.

Low air or water pollution impact

Emissions from the Company's operations are managed in strict compliance with Russian regulatory requirements. Monitoring data at all sites has identified no air or water quality impact. Kopy Goldfields utilizes electricity supplied from hydropower. As a result, the only significant emissions from the operations emanate from diesel electric generators, trucks and other vehicles.

Regulations and compliance

Kopy Goldfields operations are performed in compliance with the Russian Environmental and Safety regulations:

- "On Air Protection" (edition as of 27.12.2009) Federal Law dd. 04.05.1999
- No 96-FL Adopted by the State Duma of the Federal Council of the Russian Federation
- "On Environmental Protection" Federal law dd. 10.01.2002 No 7-FL (adopted by the State Duma of the Federal Council of the Russian Federation on 20.12.2001) Article 16. Payment for Negative Environmental Impact.
- "On Production and Consumption Waste" Federal Law dd. 24.06.1998 No 89-FL Safety requirements to exploration (PB 08-37-2005)

HISTORY

The key events in the history of the Company are listed chronologically below:

- 2006** Central Asia Gold AB (CAG) acquires OOO Kopylovsky and the Kopylovskoye license.
- 2007** Kopylovskoye AB is founded as a subsidiary to CAG and becomes the owner of OOO Kopylovsky.
- 2008** Acquisition of the Prodolny and Kavkaz licenses. Exploration activities for the Kopylovskoye project commenced. Kopylovskoye AB shares are distributed to CAG's shareholders in a spin off and becomes an independent company.
- 2009** Exploration and development work continues following positive results from an evaluation made by SRK Consulting.
- 2010** Acquisition of the Krasny, Pravovesenny and Vostochnaya licenses. The Company is listed on Nasdaq First North Stockholm.
- 2011** Acquisition of the Takhtykan license. The Company changes name to Kopy Goldfields AB. The Company publishes its first international mineral resource report in accordance with JORC for the Kopylovskoye deposit. Eldorado Gold Corp becomes a major shareholder in Kopy Goldfields. The Krasny license shows substantial gold contents and grades.
- 2012** Acquisition of the Purpolskaya and Verkhnyaya Orlovka licenses as well as six licenses in the Maly-Patom area of Lena Goldfields, covering a total area of 1,852 km² (i.e. the "Northern Territories"). The Company reports an international mineral resource report according to JORC for Krasny.
- 2013** Updated JORC report for Krasny. A scoping study for Krasny indicates favourable conditions for open pit mining of 60 koz gold/year during 18 years. Two licenses, Kavkaz and Prodolny, are sold for MRUB 50 in cash (approx. MSEK 10), confirming the possibilities to commercialise the licences, as well as the ability to repatriate cash from Russia. A letter of intent is signed with the Russian gold producer GV Gold regarding the Krasny license.
- 2014** Two licenses, Purpolskaya and Verkhnyaya Orlovka, are returned to the Russian state as they are considered as being too early in the exploration stage. A joint venture is formed with GV Gold to take Krasny to production. According to the agreement, GV Gold invests MUS\$ 9 for a 51 % stake of the licenses. Step 1 of a new, joint exploration program on Krasny is initiated.
- 2015** Step 2 of the joint exploration program for Krasny is initiated. The drilling is performed June-September 2015. The results from step 1 and 2 are used for mineral resource reports according to GKZ and JORC, as well as for production planning. Decision is made to initiate Feasibility studies and to explore the Lower Structure of Krasny as well. Test results from metallurgical processing tests indicate that the same technology can be used for both the oxidised ore and the primary ore with an estimated gold recovery of 90 % for the primary ore and 78-79 % for the oxidised ore.
- 2016** In February, a substantial gold mineralization in the lower structure of Krasny is confirmed. The GKZ authorities in Irkutsk formally approve a GKZ report, confirming gold reserves of 9.7 tons (314 koz) in the C2 category. The Company receives

an additional consideration of MUS\$ 2 according to the agreement with GV Gold. In May, an updated JORC report is issued, based on the exploration data acquired up until January 2016, covering both upper and lower mineralization of Krasny. It shows 288 koz of Indicated mineral resources and 667 koz of Inferred mineral resources within an economically mineable open pit. A scoping study performed by the Irgiredmet engineering consultancy group is issued the same month, confirming feasibility in the Krasny mine development. Feasibility studies are commenced and a new exploration program, Step 3, targeting the Lower structure of Krasny, starts.

- 2017** Step 3 of the joint exploration program on Krasny is finalized in February 2017. An updated mineral resource report according to the JORC code issued by Micon International in September 2017, but based on the 2016 exploration program, confirmed a 45 % increase in resources to 1,388 koz of gold. The increase primarily relates to the new gold structures identified within the northern part of Krasny – Vostochny. During the year, results from a scoping study are released, including several options for production on the Krasny project. All scenarios return positive free cash flows. In 2017, a new exploration program, step 4, is carried out, and additionally 79 core holes, covering 19,569 meters, are drilled. The results show that there is a significant potential for a further resource increase. Meanwhile, 2017 also sees progress on the two project areas with test mining on the Kopylovskoye site carried out with a partner and geochemical tests at the Northern Territories, confirming expectations that this is a high potential area.
- 2018** In February 2018, a loan of MSEK 15 is granted from Scandinavian Credit Fund I AB and paid in two installments: MSEK 10 on March 5, 2018 and MSEK 5 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 %, with no arrangement fee. Results from the 2017 exploration program on the Northern Territories are 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 km², and 12,896 soil samples were collected and analyzed for 32 chemical elements plus gold. A strong exploration potential for the Northern Territories is confirmed, and in line with the targets, the exploration area could be further scaled down. Three anomalous geochemical areas are identified with a total area of 10.2 km² that are ready for drilling and trench sampling. In the first quarter of 2018, a new mineral processing test for the Vostochny gold mineralization is completed, by TOMS Engineering. 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 confirms 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 is reported at 90.2 % using the flow chart proposed for the Krasny ores. The report confirms 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, which means that Vostochny is a similar type of gold mineralization as Krasny and may be viewed as a satellite deposit of Krasny, and that they may be developed together, sharing the same infrastructure and one central processing plant. In June 2018, a JORC mineral resource update is announced

for the Krasny project. The report shows a 32 % increase in gold resources to 1,832 koz for the Krasny project since 2017. The resource estimation includes both Krasny and Vostochny. 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 July 2018, the sales agreement for the Kopylovskoye project is signed. A legally binding agreement for the sale of 100 % of LLC Taiga is executed on July 13, 2018 by a notary in Moscow. LLC Taiga is a 100 % owned 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 MUSD 6 and will be paid in several installments over 36 months. MRUB 10, corresponding to MSEK 1.4 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 MUSD 1 for a total of MUSD 5. Until the full payment is made, the project will be pledged in favor of Kopy Goldfields. At the time of issuance of this Information Memorandum, the buyer has not fulfilled the obligations regarding payment of the first MRUB 10, and currently actions are taken to receive the payment.

During the summer 2018, the acquisition of several new licenses in the Amur region of Russia is announced, with the Company earning 51 % interest in the project and control over operations. The four new licenses Bolshaya Kamenushka, Evtukan, Pad' Varnatskaya and Evtukan Verchniy cover a total of 104.4 km². Kopy Goldfields pays 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 autumn 2018 a very limited verification exploration program is carried out, which results will create a basis for future investments decisions.

During 2018, Kopy Goldfields hands over the operatorship of Krasny to GV Gold and decides to exit the 49 % stake in the project. The sales process is initiated during the autumn 2018.



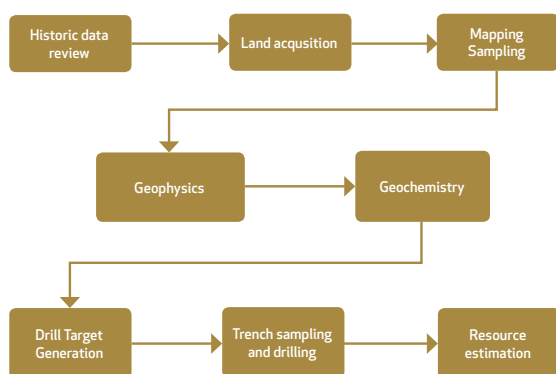
EXPLORATION

Kopy Goldfields' operations consist of exploring for the presence of gold within areas for which the Company holds licenses for gold exploration and production. The goal is to identify the gold deposits with the highest potential for future development into mineral reserves – ultimately resulting in gold production with a cooperation partner or a cash sale.

Kopy Goldfields' exploration work is conducted in several stages and based on methods such as studying historical data, electric and magnetic surveys, soil sampling, trench sampling, drilling, analysing, evaluating and modelling, each of which requires great experience and knowledge for correct interpretation.

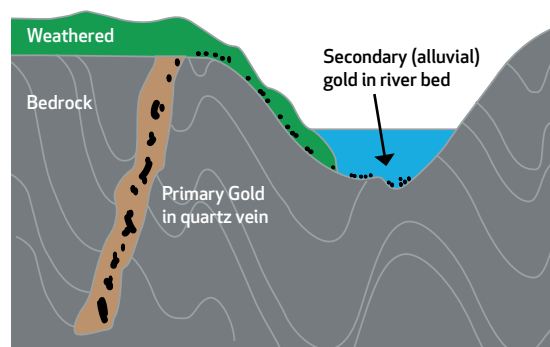
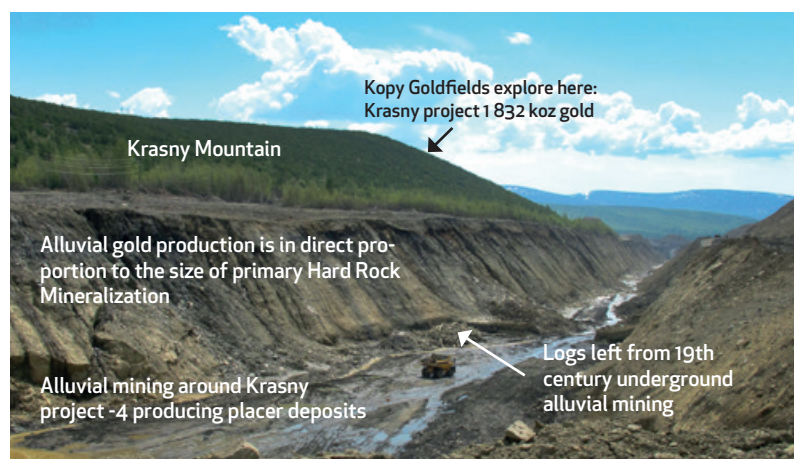
Some of the license areas controlled by Kopy Goldfields in Lena Goldfields were subject to bedrock exploration by Soviet geologists in the 1960'-80's. Exploration work after acquiring a new licence typically starts by reviewing this historic exploration data. The next step is to locate geological anomalies and get a first indication of a mineralization. Airborne surveys are sometimes used for covering large areas.

EXPLORATION PROCESS



Once indications of a mineralization have been located, the next step is soil sampling and electric-magnetic surveys. These steps of the exploration process are relatively cheap, as they do not require soil and rock movements. As a result of these surveys, a number of soil gold anomalies are identified and the best of them are promoted for further explorations. The next step is trenching to evaluate the bedrock gold anomaly at the surface. The topsoil is removed, a ditch is excavated, and trench samples are taken along the line drawn along the floor of the ditch. Along this line, geologist use saws for cutting out mineral samples. These samples are then sent for analysis to identify gold content.

WE LOOK FOR BEDROCK SOURCES OF PLACER GOLD (KRASNY DEPOSIT)



The picture above visualizes how bedrock gold goes into the riverbed

Drilling and evaluation

If surface samples indicate gold contents above common cut-off grades, the next step is drilling to evaluate the mineralization at depth. RC stands for Reverse Circulation and entails rock fragments – drill cuttings – being blown upwards, using compressed air in such a way that no contamination or mixing up of the samples can take place. The drill cuttings are chartered and sampled for chemical analysis. Core drilling is a method where you collect a core from the drill hole in order to analyse the grade, geology and structure of the mineralization.

As a rule of thumb, only one out of a hundred gold mineralizations identified ends up being a producing mine. The exploration process involves many phases, and costs increase as the project approaches a potential production start-up. Once the exploration work is completed, the deposit is evaluated to determine whether the technical and economical preconditions exist for starting a new mine.

Reporting according to JORC and GKZ

Kopy Goldfields has decided to report all new mineral resources within the international JORC Code (Australasian Joint Ore Reserves Committee), which is sponsored by the Australian mining industry and its professional organisations. Resources are also reported according to GKZ rules, the Russian mineral reporting standard. JORC and GKZ reports, although using similar basic geological principals of resource calculation, are drafted under different framework and reporting procedures and therefore usually provide different estimations of resources and particularly reserves. This means that the outcome from the JORC report will not necessarily be the same as from the GKZ report. Developing and filing a GKZ report is a statutory responsibility for a Russian mineral producer to enable mineral production.¹

When accepted by the Russian authorities, the GKZ report creates rights and obligations for a Russian producer in terms of annual production levels and gold recoveries/losses through mineral processing. It is also used as a basis for calculation of various taxes and commitments.² The JORC-report is a globally accepted standard of reporting mineral resources and as such, the JORC-figures may be used when communicating with investors, banks or other international stakeholders.³

¹ Arden, H. and Tverdov, A. (2014) Resource and Reserve Valuation Practices in CIS Countries <http://www.imcmontan.ru/files/HA-AT---Resource-and-Reserve-Valuation-Practices-in-CIS-Countries.pdf>

² Ibid

³ JORC, n.d. What is the JORC Code? <http://www.jorc.org/>

FROM EXPLORATION TO MINING IN RUSSIA

Russia has a strong mining tradition and is known for highly skilled mining specialists. It is also estimated to have the second largest minable gold reserves in the world. Gold mining, however, is not regarded as a strategic industry in Russia and international companies currently account for some 30 % of the gold production. Half of the top ten largest gold producing companies are also international, with a favourable tax legislation, amongst other factors, creating an attractive framework.

Classification of mineral resources

The mining and tax legislation climate in Russia is favourable – it only takes 6-12 months in average to get production permits. Meanwhile, production costs are low as a result of a good supply of local expertise, combined with comparatively cheap electricity and fuel. Production costs in terms of USD is affected by the exchange rate of the Russian ruble. Cash cost for companies comparable to Kopy Goldfields, operating in Lena Goldfields, amount to 500-700 USD/oz.

Most exploration data in Russia goes back to the 1960-70s and new exploration data collected with modern technology is limited to brown field projects. The known gold deposits are not exploited to their full potential and large areas of Russia remain to be explored.

Detailed system for exploration and mining

The Russian system for conducting exploration and mining operations is based on a detailed and objective description of how the process should be conducted, leaving less scope for professional estimations. It includes specifications for exploration methods, calculations of mineral resources and reporting.

All approvals of calculations of mineral resources and ore reserves in Russia are made by GKZ, which is the state authorities dealing with major deposits. On the regional level GKZ is represented by its branches, TKZ, which deals with the majority of deposits in Russia.

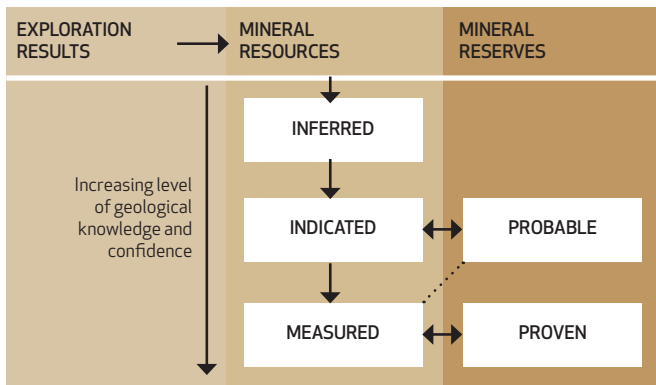
Mineral resources and ore reserves

The Russian system uses a distinct system to classify mineralizations according to a number of qualities and characteristics. There are three main categories and seven sub-categories:

- Explored reserves and resources (A, B and C1)
- Examined reserves and resources (C2)
- Forecasted resources (P1, P2 and P3).

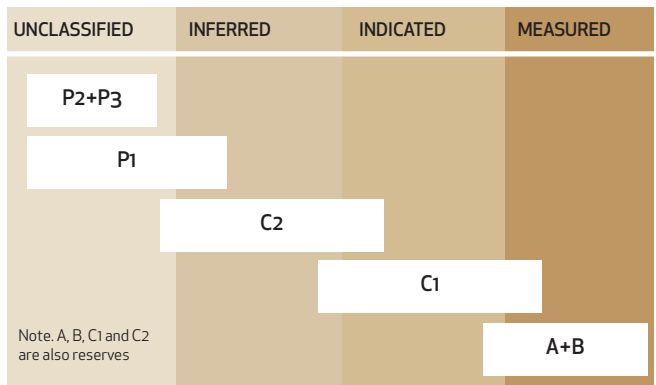
When deciding on commencing mining operations, normally the categories A, B, C1 and C2 are taken into consideration. This means that these categories could be roughly compared to the international system when it comes to measured and indicated ore reserves.

BASIC WESTERN APPROACH FOR MINERAL RESOURCE CLASSIFICATION



Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the "modifying factors")

RECONCILIATION OF RUSSIAN AND INTERNATIONAL REPORTING SYSTEMS



Legal framework

In accordance with the Constitution of the Russian Federation, mining and mining rights are joint competence of Russian Federation and its constituent bodies. As a result, the mining legislation comprises federal legislative acts and regional legislative acts. The most important of the federal legislative acts are:

- the Subsoil Law
- the Law on Dangerous Production Facilities
- the Law on Precious Metals and Precious Stones

The competence pertaining to mining and mining rights is divided between federal and regional authorities, as envisaged by the legislation. Legislative acts promulgated by regional authorities cannot contradict the federal ones.

Designated usage

Pursuant to Article 6 of the Subsoil Law, subsoil areas are granted for geological study, exploration of natural resources, extraction of natural resources, construction and exploitation of subsoil facilities.

Holders of mining rights

As a general rule, both Russian and foreign individuals and legal entities (joint ventures) can be holders of mining rights unless otherwise stipulated by the federal laws.

Terms of mining rights

Terms of mining rights differ based on the type of mining rights and

type of deposit; for instance, mining rights for extraction of natural resources can be granted for a term specified in the technical and economic substantiation concerning the particular mining area.

Grounds for provision of mining rights

The Subsoil Law enumerates various grounds for provision of mining rights, including:

- Decision of the Government of the Russian Federation
- Mining auction
- Succession in interest – for legal entities (joint ventures)
- Production-sharing agreements

The most important document, which evidences the existence of mining rights, is the license. The license is issued by statutory authorities and is supplemented by the mining terms and conditions or contract. The mining terms and conditions cannot contravene the provisions of the license. Licenses can be suspended, revoked or limited if a holder of mining rights (the license-holder) violates the Subsoil Law or requirements or obligations set forth in the license or, as the case may be, in the mining terms and conditions and the contract. Suspension, revocation or limitation of the license can be challenged either in court or administrative proceedings.

Industrial safety and dangerous production facilities

Both the Subsoil Law and the Law on Dangerous Production Facilities impose quite stringent requirements and obligations on the holders of mining rights. In most cases, gold mines, areas and occurrences are qualified as dangerous production facilities. Hence, the requirements and obligations thereunder are applicable to the holders of mining rights for gold mining areas and gold occurrences. Holders of mining rights for gold mining areas and gold occurrences are supposed to have the following documents:

- Development plan approved by relevant statutory authorities
- Insurance contract (policy) which covers liability arising out of, or in connection with, potential harm to life and health of people, their property and the environment
- Documents proving employees' qualification in the sphere of industrial safety
- Documents on inclusion of dangerous production facilities in the State Register of Dangerous Production Facilities
- Documents proving the personnel engaged in works on the dangerous production facilities is equipped with the required individual and collective protective gear and equipment

Gold refining

The Law on Precious Metals and Precious Stones directs that extracted and produced precious metals shall be placed for gold refining to

legal entities certified by the Government of the Russian Federation. However, holders of mining rights remain owners of precious metals and precious stones placed for gold refining unless otherwise agreed with gold refining companies.

Law on strategic deposits

In 2008, Russia introduced legislation relating to strategically and nationally important industries and assets, including certain mineral resources. A gold deposit of over 50 tonnes (1.6 Moz) of gold reserves is considered to be of national significance, and thus falls within this legislative framework. The Act means, among other things, that only Russian companies can hold these assets and that the authorities have certain rights relating to a strategic resource and the companies that exploit it, including appointing directors. The government may deny a foreign investor in a Russian company to develop a strategic deposit, in exchange for reimbursement of costs incurred according to a particular model.

The system of taxes and payments

The Subsoil Law delineates the system of taxes and payments for the mining industry. The system includes:

- Natural Resources Extraction Tax (NRET) and other taxes, as provided by the Tax Code
- Regular mining payments
- Non-recurrent mining payments

Natural resources extraction tax (NRET)

Legal entities and sole entrepreneurs – users of subsoil resources – shall be considered as taxpayers. Extracted natural resources shall be considered as the object of taxation. The tax base is to be determined by the taxpayer with regard to every type of extracted natural resource, generally, as the value of extracted natural resources. The tax period of NRET is one calendar month. Tax rates depend on the type of the mineral resource. For gold, the current applicable tax rate is 6 %. The quantity and value of the extracted natural resources is determined directly (through the application of measurement means and devices) or indirectly (by means of calculations, by the data on the content of extracted natural resource in a natural raw material (waste, lost rock) extracted from subsoil). Regular mining payments may refer to annual payments for license holders regarding subsoil use for purposes of search, assessment and exploration, and water tax for the use of water on the license areas.^{4,5}

⁴ ICG (September 25, 2017), Mining Law 2018 Russia <https://iclg.com/practice-areas/mining-laws-and-regulations/russia#chaptercontent10>

⁵ Josefson, J and Rotar, A. (May 1, 2018), Mining in the Russian Federation: overview [https://uk.practicalallaw.thomsonreuters.com/w-011-1888?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&comp=pluk&bhcp=1#co_anchor_a850900](https://uk.practicalallaw.thomsonreuters.com/w-011-1888?transitionType=Default&contextData=(sc.Default)&firstPage=true&comp=pluk&bhcp=1#co_anchor_a850900)

FEASIBILITY STUDIES



Feasibility studies in preparation of mine construction

Developing a deposit into a mine requires a great amount of knowledge, investments and, not least, detailed analysis ahead of each step to ensure the future potential and profitability of the project. Studies of a mining project are typically conducted in three stages: preliminary economic assessment (PEA) / scoping studies, pre-feasibility studies and feasibility studies. Each of these stages is followed by a decision whether or not to proceed.

Quality of preparations is essential

Scoping and feasibility studies will decide whether or not a project has a potential to be developed into a profitable mine. They analyse all aspects of a project; including the estimated amount of mineral, costs for exploiting it (type of mine and mining methods required to extract the mineral) and marketing potential. The quality and detail of analysis increase from scoping to feasibility studies, continuously increasing the accuracy of forecasting. If they confirm expectations, the feasibility study will lead to permitting, equipment procurement, construction and production. Some feasibility studies are also called “bankable” if they also address a number of issues, to which banks and credit lending institutes require an answer to before they finance a project. Many types of detailed geological data are required to begin the evaluation of a mineral deposit. The data must be accurate, detailed, complete and consistent, with each stage being based on more and more detailed information about the mineralization and lower uncertainty of modelling results. The definition of a scoping study is that it is “a study that includes an economic analysis of the potential viability of mineral resources taken at an early stage of the project prior to the completion of a preliminary feasibility study”. On industry average basis, accuracy of the scoping study calculations is usually about 40 %.⁶

3D-images used to analyse the deposit

When a successful scoping study has been finalised, it will be followed by the feasibility studies. By the time a decision is made to proceed with a pre-feasibility study, a preliminary mineral resource report has been finalised as well as an orebody model, demonstrating its shape, tons and grade. Feasibility studies include technical investigations, ore calculations, processing tests, environmental studies and permissions, assessments of market conditions - as well as an estimation of necessary capital investments and operational costs. They involve the use of metrics and data specific to each project. 3D-images are used to

analyse how the holes have been drilled and what they reveal about the structure of the deposit – and what that implies for the future mining of the deposit. Geological data and interpretations form the basis of the entire evaluation process, by de-lineating the mineralization, estimating the resource, and providing essential information for the mine and processing design. The accuracy of the feasibility study calculations is usually about 15 %.

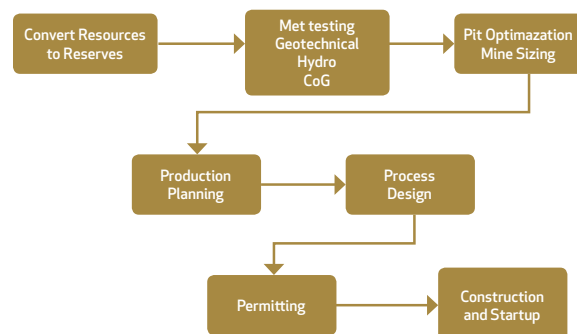
Optimising the project

The final feasibility study is usually based on the most attractive alternative for the project development as previously determined. The aim of the study is to remove all significant uncertainties and to present the relevant information with back up material in a concise and accessible way. The final feasibility study has a number of key objectives, including:

- to demonstrate within a reasonable confidence that the project can be constructed and operated in a technically sound and economically viable manner
- to provide a basis for detailed design and construction of the mine
- to enable the raising of finance for the project from banks or other sources
- to optimise the project for best use of the mineral, capital and human resources⁷

Other aspects to be considered include waste disposal and infrastructure requirements, such power and water supply as well as internal roads and plant infrastructure.

MINE DEVELOPMENT PROCESS



⁶ De la Vergne, Jack (2014). Hard Rock Miner's Handbook. Edmonton, Alberta: Stantec Consulting. pp. 54-65.
⁷ Ibid

LENA GOLDFIELDS

Kopy Goldfields is a public junior Swedish gold exploration company, with a focus on gold projects located in eastern Russia. The Company operates in the Irkutsk and Amur regions of Russia. Both regions are established gold exploration areas with a long history of alluvial and bedrock gold mining. Major cities in the regions are Irkutsk and Bodaibo, located in the Irkutsk region and Blagoveshchensk, located in the Amur region of the Russian far east.



Ten of the licenses are located in Lena Goldfields
- one of the most gold rich and underexplored area of the world

Lena Goldfields - golden history with high future potential

Kopy Goldfields' operations have until recently been concentrated to Lena Goldfields in the Irkutsk area of Russia. Lena Goldfields has a long history associated with gold. The regional center of the Lena Goldfields area is the city of Bodaibo, located approximately 880 km north east of Irkutsk. The Irkutsk region is bigger than France but has a population of only 2.5 million people. So far, alluvial production has been dominant with bedrock production initiated only some ten years ago. In total, more than 40 Moz of gold has been produced in Lena Goldfields to date, with large parts of the area still remaining to be explored.

Location and geology

The area of Lena Goldfields covers 105,000 km² and lies between 57 and 60 degrees North latitude, approximately 900 km south of the Arctic circle. The region comprises a broad, subcircular topographic dome, termed the Patom Highland, rising to more than 1,800 meters with a diameter of approximately 350 km. It is partly encircled by the Vitim and Lena Rivers. The deep alluvial and colluvial deposits in most channels and river valleys result from long periods of gentle drainage and glacial erosion. The major high-level landforms developed during several episodes of Pleistocene ice-sheet erosion, a late phase of trunk valley glaciation, lengthy periods of periglacial erosion and several phases of interglacial warm climate chemical erosion. The regional geological setting of Sukhoy Log and the Lena Goldfields is a complex folded sedimentary sequence at the exposed northeast end of the Akitkar Foldbelt and the included Olokit Zone, parts of which extend into the western side of the goldfield.⁸

History

The gold rush began in Lena Goldfields in the 19th century, when the massive goldfields that lined the river Lena attracted gold pioneers from both Russia and abroad. The jointly owned Russian-British company "The Lena Gold Mining Joint Stock Company" was the principal ow-

ner of the majority of the goldfields in the region and one of the most profitable enterprises in the Russian Empire.

Alluvial gold production has been conducted in the area ever since the 1840s⁹ and the region has steadily been producing around 0.25 Moz of alluvial gold per year. Previous exploration work has also shown that the Bodaibo area hosts several world-class bedrock gold deposits, including Vysochaishiy (2.9 Moz), Verninskoye (3.8 Moz), Chertovo Koryto (2.4 Moz) and Sukhoy Log, the latter being the largest undeveloped gold deposit in the world with some 60 Moz of reserves. In the 1970's, there were Soviet ambitions to exploit the bedrock deposits in Lena Goldfields and ambitious exploration work was carried out. Since the collapse of the Soviet Union, however, the Russian state has focused on producing oil and gas instead of exploiting its mineral reserves. The Russian Central Bank has been the largest buyer of gold for the past six years and earlier this year overtook China to have the fifth largest reserves¹⁰, with about 30 % of the total Russian gold production being conducted by international companies.

Infrastructure

The regional centre of Lena Goldfields, Bodaibo, is a lively city of more than 16,000 citizens, with schools, colleges, hospital and other service facilities, and the majority of the population have a relation to the gold mining industry. The area has developed infrastructure with an airport in Bodaibo, state roads maintained all-year round to access the most important gold production sites, and hydropower plant located on the local Mamakan river. There are several established electric grids crossing the Krasny site, although the current exploration activities are supported by diesel electric generators. The Krasny sites are located favourable, with the distance to the main state road – which runs north from Bodaibo to the town of Kropotkinsky – ranging between 1 and 10 km. The Northern Territories project is accessible by all-year-round roads. The licenses owned by Kopy Goldfields have been grouped into projects with a geographical distribution that makes it possible to process ore from several deposits at one production plant per project.

⁸ Wood, B.L. and Popov, N.P. (2006), The giant Sukhoy log gold deposit, Siberia. <https://www.smedg.org.au/apr03BryceWood.pdf>

⁹ Ibid

¹⁰ US Global Investors (July 5, 2018), Top 10 countries with the largest gold reserves <http://www.usfunds.com/investor-library/frank-talk/top-10-countries-with-largest-gold-reserves/#W6lejWgzaUk>

SUKHOY LOG - ONE OF THE WORLD'S LARGEST GOLD RESERVES

With estimated reserves of some 1,953 tons of gold (62.8 Moz), Sukhoi Log in the Irkutsk region of Russia is one of the world's largest untapped deposits of gold. In January 2017, the right to develop the formerly state-owned deposit, which is located next to Kopy Goldfields' project areas in Lena Goldfields, was sold to a joint venture.



History

Sukhoi Log – the name means “dry valley” – was discovered in 1961 and intensively explored in the 1970's. Although many internal reports were written, and a few papers got published in Russia, little was known of the deposit abroad because of former official secrecy restrictions. But the exploration for – and discovery of – the Sukhoi Log deposit was in fact the culmination of many years of study and development of the Lena Goldfields by several generations of geologists and miners. The deposit is entirely “blind”, i.e. has no surface outcrop, and was discovered only by geologists using new ways of geochemical prospecting. Intensive exploration started in 1971 and was completed in 1977. The work included 209.6 km of diamond core drilling in 846 drill holes, 11.7 km of underground drives, 61 raises, of which 1,546 m were in ore, 110.3 km of trenches, 13,000 channel samples, three bulk samples of 150 t, 800 t and 980 t – and many tens of thousands of assays for gold. In addition to the Sukhoi Log deposit, several smaller gold deposits of the same type were discovered in the region, including Verninsky, Vysochaishy and Ugakhan. The two major underground drives of the 1970's exploration program was re-opened in 1995 and provided direct access to – and observation of – a large part of the interior of the orebody for the feasibility study that was conducted in

1995-96 by Star Mining Corporation, based in Sydney, Australia.¹¹

Sold on an auction in January 2017

In January 2017, the right to develop Sukhoi Log was sold to a joint venture of miner Polyus and state conglomerate Rostec. The joint venture, SL Zoloto, acquired the deposit for RUB 9.4 billion (MUSD 158), compared with the starting bid price of RUB 8.6 billion. Polyus is the largest gold producer in Russia and one of the top ten gold miners globally, by ounces produced. Polyus also holds the fourth largest mineral resources base in the world.¹²

SL Zoloto intends to conduct additional exploration works and a feasibility study, which is expected to last for approximately three to four years, supported by international mining and engineering consultants. Based on the results of the study, the company will evaluate options to initiate construction activities at Sukhoi Log. CAPEX is estimated at RUB 90-100 billion (approximately USD 1.5-1.7 billion) with development costs of some USD 4 -5 billion. The development of such a large project is expected to have a significant impact on the social and economic development of the Irkutsk region, where Sukhoi Log is based, with considerable investments in infrastructure, etc.

¹¹Wood, B.L. and Popov, N.P. (2006), The giant Sukhoi log gold deposit, Siberia. <https://www.smedg.org.au/apr03BryceWood.pdf>

¹²Reuters (January 26, 2017), Russia says sells Sukhoi Log gold deposit to Polyus-Rostec JV <https://www.reuters.com/article/russia-sukhoilog/russia-says-sells-sukhoi-log-gold-deposit-to-polyus-rostec-jv-idUSR4NiC601R>

AMUR REGION – LOCATED IN THE RUSSIAN FAR EASTERN LAND OF GOLD

Kopy Goldfields acquired a new project in the Amur region, located in the Russian Far East, in 2018. The Russian Far East is host to a huge endowment of gold. The area includes several bedrock gold deposits as well as large alluvial placer deposits and more than 6,500 tons of gold has been produced in the Far East Russia since the 1860s.¹³ The Company’s project in the Amur region is located within 60 km from the regional capital Blagoveshchensk.

Four of the licenses are located in the Amur region - the third largest gold mining region in Russia



History

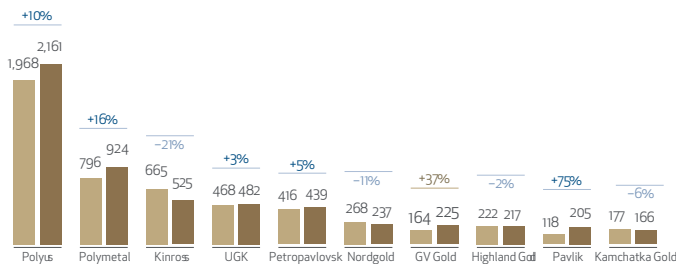
The city Blagoveshchensk is one of the oldest settlements in the far eastern Russia and has become a regional centre of the Russian Far East. The Amur province is one of Russia’s most mineral-rich regions, thanks to favourable geological conditions. The region is located across the Mongolo–Okhotskiy zone, a major belt of mineralisation associated with the ancient collision of the Eurasian and Amur tectonic plates.¹⁴ In production terms, the Amur region is the third largest gold mining region in Russia.¹⁵

The first alluvial gold was mined in the Amur region in 1867. The majority of deposits currently being developed in the Russian Far East were opened and surveyed during the Soviet period. Expenditure on geological survey work on the Russian Far East’s mineral resource base rose by 30 % in 2017, reaching around RUB 6 billion (approximately MUSD 90¹⁶), with plans to allocate around RUB 16 billion (approximately MUSD 239¹⁷) over the 2017–2020 period. In total, the Amur region has produced 1,100 tons (approximately 33.6 Moz) of gold to date.¹⁸

Local infrastructure

Located 7,985 km from Moscow, Blagoveshchensk originally emerged as an outpost of Russia in the Far East. It is separated from the Chinese city Heihe only by the Amur River. Today, Blagoveshchensk have a population of about 224,000 citizens. The city became famous after the discovery of gold in the area, starting a gold rush during the 19th century. The infrastructure in Blagoveshchensk is well developed, with a branch highway and railway connecting it to Belogorsk on the Trans-Siberian Railway and Trans-Siberian Highway, and an international airport located 15 km northwest of Blagoveshchensk. Most of Kopy Goldfields Amur project can be reached by a concrete road.¹⁹

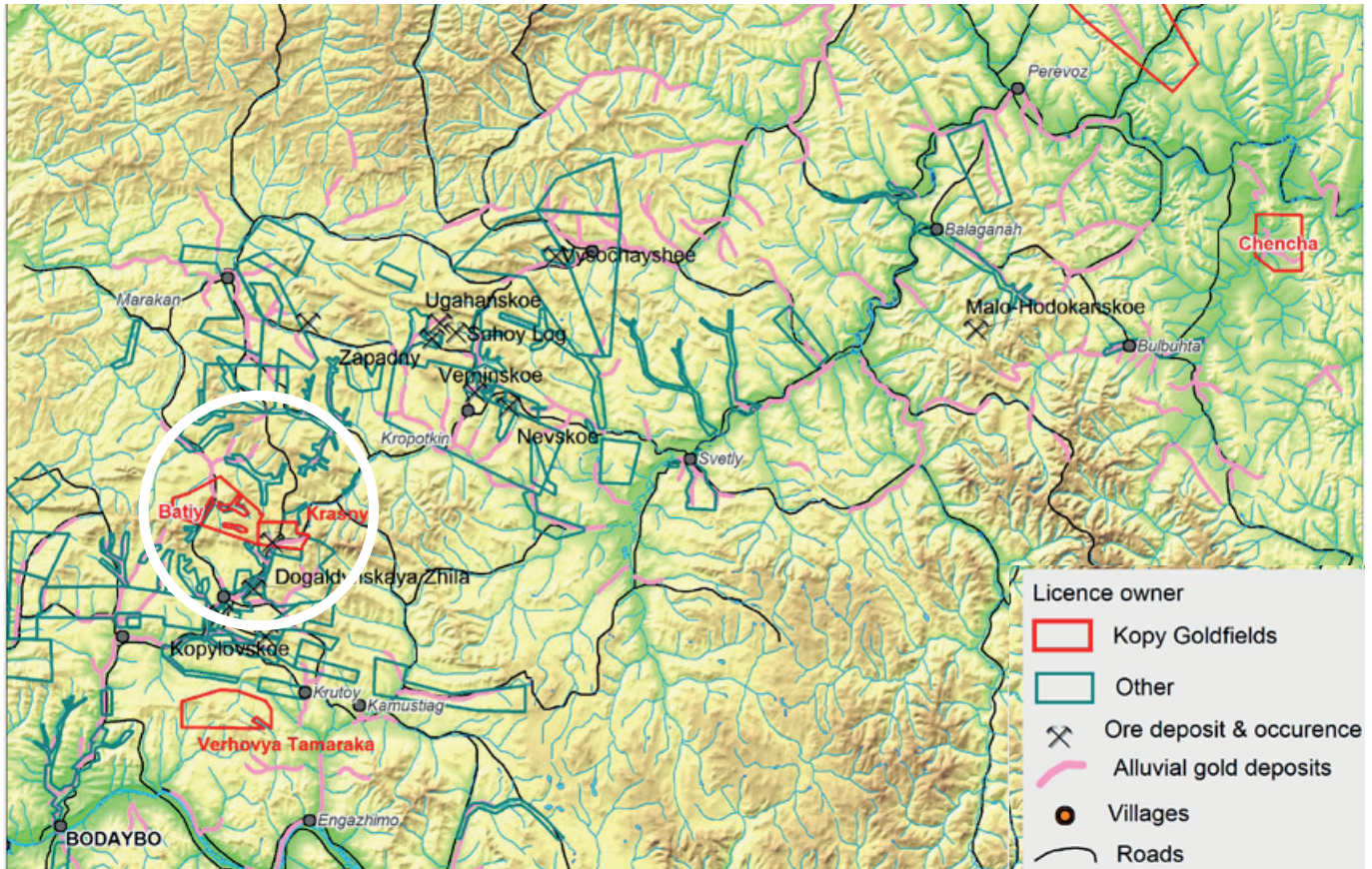
2017 GOLD PRODUCTION OF THE TOP RUSSIAN GOLD MINING COMPANIES, KOZ



¹³ Goryachev, N., Pirajno, F. (2013), Gold deposits and gold metallogeny of Far East Russia
¹⁴ Petropavlovsk. (2017), Annual Report 2017 <http://www.petropavlovsk.net/wp-content/uploads/2018/05/POG-Report-and-Accounts-2017.pdf>
¹⁵ Austmine (March 21, 2017), Russian gold mining a booming business <http://www.austmine.com.au/News/russian-gold-mining-a-booming-business>
¹⁶ At exchange rate conversion of 0.015 RUB/USD on October 15, 2018
¹⁷ Ibid
¹⁸ Goryachev, N., Pirajno, F. (2013), Gold deposits and gold metallogeny of Far East Russia
¹⁹ RussiaTrek, n.d. Blagoveshchensk city <http://russiatrek.org/blagoveshchensk-city>

PROJECT KRASNY

In the first quarters of 2018, the majority of Kopy Goldfield's exploration efforts and funds were put into the Krasny project. An updated mineral resource report according to the JORC Code was finalized during the year, showing a 32 % increase y-o-y of the gold resources at the Krasny deposit to 1,832 koz. Exploration in the Krasny Project is almost finalized and Kopy Goldfields and GV Gold are now evaluating alternatives for an exit. The 49 % stake of the project, held by Kopy Goldfields, have a book value of MSEK 95, as per June 30, 2018.



Krasny is Kopy Goldfields' most advanced gold project to date and consists of three licenses – the Krasny bedrock license, the Krasny alluvial license and the neighboring Batiy bedrock license. Exploration activities have been performed at the site since 2010, when the project was acquired from the Russian state through a competitive public auction. Located in the vast expanse of the Patom Highland in the Bodaibo area of Irkutsk region of Russia and 75 km from the city of Bodaibo, Krasny sits on an area of 31 km². The area is known for its alluvial gold production with several placers (including three active) within, or neighboring, the license area. Kopy Goldfields' Krasny license is valid until 2035 and provides rights for bedrock gold prospecting, exploration and production.

Geology and mineralization

The Krasny project is located in a gold rich lithological and stratigraphical area. It is characterized by intensive geochemical gold anomalies and rich alluvial gold deposits in the streams. The Krasny deposit is located within the Upper Riphean Vacha suite in the form of a single discontinuous-continuous mineralized zone, consisting of two saddle-shaped groups of vein-veinlet-disseminated quartz sulphide gold ore bodies (upper and lower), one ore body put upon another one. The mineralized zone is confined to the axial part of the main structure of the ore occurrence - the Rudnaya anticline. The anticline represents an oblique overfold of the southeast strike with the axial surface dipping at 70-85°

northeast. The limbs are composed of bands of alternating sandstone and phyllites up to 60 m thick. The southern limb dips northeast at 85°, and the northern limb dips northeast as well at 45-75°.

Within the Krasny deposit, the mineralized zone is traced in trenches and boreholes from the exploration line 8 (northwest) to the exploration line 67 (southeast) at 2,360 meters. It is discontinuous-continuous lens-shaped or lens-shaped band-like in plan and saddle-shaped and lens shaped in section, with bends, bulges, splits and thinning out. The thickness is up to 20-80 meters at the flanks and up to 160-200 meters at the central part. The contours of the ore bodies have no clear boundaries and are defined on the basis of core and channel sampling results only. The oxidation zone is developed to the depth of 20-100 meters. The upper group of the ore bodies is about 1,200 meters long; the vertical span of the mineralization is 250 meters wide; the lower group of the ore bodies is 2,360 meters long, and the vertical span of the mineralization is 400 meters. The total span of the mineralization studied in boreholes is 590 meters (elevation 1,010-420 meters) the length along the strike is 2,360 meters. The intensity of mineralization correlates directly with the degree of occurrence of quartz-sulphide veinletting and imposition of other hydrothermal-metasomatic alterations.

The mineralized zone within the Vostochny gold occurrence (initially called "Krasny North") is traced in trenches and boreholes for 2,340 meters from the exploration line 146 in the west to the exploration line 205 in the east. The gold mineralization is located within the northern

and southern limbs of the upper structure and within the hinge zone of the lower structure. Within the upper structure, the ore bodies have a thickness of 5-8 meters. The northern limb of the upper structure is dipping north-east at 45 degrees. The southern limb dips sub vertically. It is possible, that the hinge zone of the upper ore body has been fully eroded. The vertical span of the upper mineralization is 130 meters. The lower structure has been traced between the drill profiles 150 and 158. The lower mineralization is located at the saddle zone of the anticline. It dips to the north-east at 61-65 degrees. It has been traced for 100 meters down the dip. Both the upper and the lower mineralizations are open along the strike and down the dip. Vostochny and Krasny represent the same type of gold mineralizations and may be processed together.

Meanwhile, the quartz content in the mineralized zone does not exceed 2-3 %. The morphological type of mineralization is mineralized zones-beds with veinlet-disseminated quartz-sulphide mineralization with the total sulphide quantity up to 3-3.5 %. Hosting ore bodies are presented by alternation of carboniferous quartz-sericite schists, silstone and sandstone of the Vacha suite. The main mineral type of ore is quartz low-sulphide (pyrite).

Joint venture with GV Gold

In the summer of 2014, the Company entered into a joint venture agreement with the Russian gold producer GV Gold over the Krasny project. Under the agreement, GV Gold earned a 51 % interest in the Krasny Project by paying the Kopy Goldfields MUSD 1 in cash and by financing an infill exploration program followed by a reserve report in accordance with both the Russian GKZ classification and the international JORC standard. The budget for the total exploration program was MUSD 6 and was financed by GV Gold in full. The initial exploration program was developed in two stages and targeted the Upper Mineralization of the Krasny deposit closest to the surface and limited to the depth of 200 meters. In April 2016, following a formal approval of a mineral reserve report for the Krasny deposit by the Russian GKZ authorities in Irkutsk, Kopy Goldfields received a further MUSD 2 in a conditional consideration cash payment from GV Gold.

Stage 1 - exploration to confirm existing model

During the first stage, exploration activities were aimed at confirming the existing model of the Krasny Central Upper mineralization to the depth of approximately 200 meters. The total budget for Stage 1 was estimated at MUSD 3, which was paid by GV Gold upon the signing of the joint venture contract. Exploration drilling started in July 2014 and was successfully completed on schedule by the end of November the same year. In total, 51 drill holes were completed, amounting to 7,916 meters of core drilling, while 1,712 meters of exploration trenches were also developed. In addition, three core holes covering a total of 582 meters were completed with the aim of collecting rock to run metallurgical processing tests.

Stage 2 - aimed at planning gold production

Following the successful completion of Stage 1, GV Gold contributed the next MUSD 3 for Stage 2 in March 2015 into the joint venture. During spring, a preliminary production model was drawn up based on available data, in order to find the most optimal production scenario. Based on this, the Stage 2 exploration program was revised according to the updated scenario. The main objective of this stage was to collect information, as well as to plan for gold production on the Krasny license. The stage 2 drilling was commenced on June 10, 2015 and finalized on September 18 the same year.

Overall, 49 drill holes were completed, totaling 7,551 meters of core drilling. The drilling results confirmed and developed the geological model for Krasny deposit. Following completion of the Stage 2 exploration activities, an additional expansion drilling program was initiated on December 14, 2015 with the target of adding extra resources along the strike, but also filling in some blind spots between the drilling profiles left after the previous drilling. This program was finalized on February 25, 2016 and included 16 drill holes and a total of 3,504 meters of core drilling. In December 2015, the technological mapping

of the Upper mineralization within Krasny was initiated with the target to clarify the volume of the oxidized and primary ores to use as basis for modelling a production schedule and forecasting economic results. The final results from the assay testing were delivered in March 2016, confirming expectations of content and grade in the Upper mineralization. The Lower Mineralization was also tested, showing grades above 2 g/ton and indicating an extra 20-23 tons of minable gold at the deposit, in addition to the 9 tons from the Upper Mineralization previously mapped out.

Stage 3 - satellite gold mineralization discovered

The Stage 3 program was started in April 2016 and completed in February 2017. The program was partially financed by remaining funds from Stage 1 and 2, but also by a joint investment from Kopy Goldfields and GV Gold of MUSD 2, split in accordance with the ownership structure. The exploration program included a total of 100 core holes drilled, accounting for 19,622 meters of core drilling. In addition, 1,965 meters of trench sampling was performed and 21,822 fire assay tests for gold received. Most of the drilling was focused on the Central part of the Krasny deposit and within the Upper structure, with the target to upgrade the quality of the gold resources from Inferred to Indicated. The exploration results also confirmed the modelling of the Lower structure mineralization, with new high-grade intervals being discovered. The drilling results confirmed that the Lower mineralization's extend further along the strike both on the Western and the Eastern flanks outside both the initial model of 2012 and the reported JORC resources in 2016. On the western extension it also comes closer to the surface. The mineralization is still open to depth on most of the drill profiles.

During 2016, a satellite gold mineralization within the Krasny North structure was confirmed, which is located within 3-4 km from the Krasny Central. This mineralization is within the borders of the same Krasny license and makes part of the bigger Krasny project.

Stage 4 - all targets achieved

The exploration program Stage 4 for Krasny was commenced in March 2017 and completed in December the same year, 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. Cumulative joint investments in the Krasny project totaled MUSD 17.8 by the end of 2017.

The most significant outcome of the drilling activities during 2017 was the discovery of the Lower structure at Vostochny mineralization. Based on positive exploration results from 2017, the new 2018 exploration program on Krasny and Vostochny was commenced in January 2018. 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 the first half of 2018.



Since February 2018, the joint venture partner, GV Gold, is the operator of the exploration program on the Krasny project.

Mineral processing studies

The initial mineral processing test was made in 2012 with a 60 kg bulk sample, representing primary ore. The test confirmed an 85 % recovery with conventional gravitation-flotation-leaching technology. In February 2015, two bulk samples of 1,000 kg each were sent to the Irgiredmet engineering company in Irkutsk, Russia, for metallurgical processing tests. The results were received in November 2015 with a recommendation for similar processing technology for both the oxidized and primary rock with a projected total recovery of 90 % for the primary ore and 75 % for the oxidized ore. A second mineral-processing test based on new samples for the oxidized part of the Upper mineralization was carried out during December 2015-March 2016. The gold recovery via gravitation-flotation-leaching process totaled 78-79 %.

2017

In April 2017, a mineral processing test of a bulk sample, representing the gold ore of the Upper structure, was completed by Irgiredmet. 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 proposed 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 Doré 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.

2018

During the first quarter of 2018, a mineral processing test for the Vostochny gold mineralization was completed. The processing test was done by TOMS Engineering, a mining engineering consultancy from Irkutsk, Russia. The 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 90.2 % 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. This means that Krasny and Vostochny may be developed together, sharing the same infrastructure and one central processing plant.

Mineral reserve reports according to GKZ and JORC

The initial mineral processing test was made in 2012 with a 60 kg bulk sample, representing primary ore. The test confirmed an 85 % recovery with conventional gravitation-flotation-leaching technology. In February 2015, two bulk samples of 1,000 kg each were sent to the Irgiredmet engineering company in Irkutsk, Russia, for metallurgical processing tests. The results were received in November 2015 with a recommendation for similar processing technology for both the oxidized and primary rock with a projected total recovery of 90 % for the primary ore and 75 % for the oxidized ore. A second mineral-processing test based on new samples for the oxidized part of the Upper mineralization was carried out during December 2015-March 2016. The gold recovery via gravitation-flotation-leaching process totaled 78-79 %.

2017

In February 2017, an update of the 2016 JORC resource estimation was initiated by Micon. The report was completed in September 2017 and confirmed a 45 % increase in gold resources to 1,388 koz of gold y-o-y. The resource estimation included both the Krasny and Vostochny mineralizations. The report also included Probable reserves for Krasny. For Krasny, the resource estimation showed 273 koz of Indicated mineral resources (mineral resources of 7,617 ktons at an average grade of 1.11 g/ t Au) and 1,052 koz of Inferred mineral resources (18,536 ktons at an average grade of 1.76 g/ t Au). The resource statement also

reported 240 koz of Probable gold reserves (7,327 ktons at an average grade of 1.02 g/ t Au) as a part of total gold resources. Vostochny showed a total of 63 koz of Inferred mineral resources (1,114 ktons at an average grade of 1.76 g/ t Au). All resources were reported within economically minable open pits.

2018

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

Scoping study

Several scoping studies covering the Krasny development have been completed over the last few years. All provided positive outcomes. The first report was done by Miramine Mining Consultancy in 2013. The next report was developed by Irgiredmet in 2016. In October 2017, an Investment justification report was commenced by TOMS Engineering, focusing on development of the Upper mineralization only. In parallel with the Investment justification report, TOMS Engineering also prepared a Scoping study for the development of both the Upper and Lower Mineralization. The study did not, however, include the

newly discovered Vostochny mineralization, leaving this as an upside. The study evaluated different gold production options, including the development of open pit production and 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 earlier planned scoping study for Vostochny mineralization in 2018 was postponed, after the joint decision between Kopy Goldfields and GV Gold to start evaluating possible alternatives for an exit of the project.

Batiy license neighboring Krasny

In January 2017, the Krasny Joint Venture was granted a bedrock exploration license, called “Batiy”, with a total license area of 86 km². The new license borders the Krasny license on the Northwest. The license was granted without auction on the “first come – first serve” basis for a period of 7 years and provides rights for bedrock gold prospecting and exploration.

Based on knowledge of the Krasny deposit and the area, the Batiy license geologically has a good exploration potential. The gold bearing structures of the Krasny deposit potentially continues within the Batiy license area, which is located on the western strike continuations of both Krasny deposit and Vostochny mineralization. There are several direct indications of a bedrock gold mineralization, including identified quartz veins type mineralization, geochemical anomalies of gold and pathfinder metals²⁰, as well as placer gold deposits. Within the boundary of the license area, a historic bedrock gold mineralization, called Antiklinalnoye, was previously reported with potential gold resources of 20 tons. Backed by the discovery of the Vostochny mineralization, the Company forecast discoveries of a similar scale as the Vostochny within the direct vicinity of the Krasny Central deposit, which will make it one production cluster with several potential mine sites and a central ore processing plant located at the Krasny Central.

Mineral Reserve Statement for the Krasny Gold Deposit, Irkutsk Region, Russia, Micon International, April, 2018*

| JORC Reserves | Tonnage (kt) | Au grade (g/t) | Au (kg) | Au (koz) |
|-----------------------|--------------|----------------|--------------|------------|
| Krasny | | | | |
| Probable | 7 342 | 1.09 | 7 999 | 257 |
| Total reserves | 7 342 | 1.09 | 7 999 | 257 |

*NOTES:

- Reserves stated as contained within an economically minable open pit stated above a 0.4 g/t Au cut-off;
- Pit optimization is based upon an assumed gold price of \$1,250/oz, metallurgical recovery of 77.5% for oxide ore, 87.8% for transition ore and 88.5% for primary ore. The open-pit slope angle is between 40 and 52 degrees for different directions. The operating cost values are \$1.38/t for waste mining, \$1.82/t for ore mining, \$6.95/t for ore processing, and G&A costs are \$5.54/t at fixed 60 Rub/USD exchange rate;
- Mining losses - 5%, ore dilution - 10%.
- Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding;

Mineral Resource Statement for the Krasny Gold Deposit (inclusive of Mineral reserves), Irkutsk Region, Russia, Micon International, April 17, 2018**

| Category | Tonnage (kt) | Au grade (g/t) | Au (kg) | Au (koz) |
|---------------------|---------------|----------------|---------------|--------------|
| Krasny | | | | |
| Indicated | 7 539 | 1.20 | 9 045 | 291 |
| Inferred | 18 515 | 2.02 | 37 371 | 1 202 |
| Krasny total | 26 054 | | 46 416 | 1 493 |
| Vostochny | | | | |
| Inferred | 6 689 | 1.57 | 10 537 | 339 |
| Grand total | 32 743 | | 56 953 | 1 832 |

**NOTES:

- Mineral Resources are not Ore Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into an Ore Reserves estimate;
- Resources stated as contained within a potentially economically mineable open pit stated above a 0.4 g/t Au cut-off;
- Pit optimization is based upon an assumed gold price of \$1,250/oz, metallurgical recovery of 77.5% for oxide ore, 87.8% for transition ore and 88.5% for primary ore. The open-pit slope angle ranges between 40 and 52 degrees for different pit wall orientations. The operating cost values are \$1.38/t for waste mining, \$1.82/t for ore mining, \$6.95/t for processing, and G&A costs are \$5.54/t processed;
- Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding;
- Mineral resources presented in Table 2 are inclusive of the reserves shown in Table 1.

²⁰ In geochemical exploration, the occurrence of certain minerals or elements found in close association with a commodity being sought serves as a pathway to the element which is the main object.

Exploration on Krasny

A summary of the exploration activities on Krasny are listed below:

Historical exploration (before 2010) within the license area

- Detailed geochemical and geophysical survey of 1:25,000 scale
- 14,723 meters of core drilling
- 130 meters of underground shifts

Exploration activities 2010 - 2015

- Recognize geological mapping of 100 km
- 103 km of exploration trenches
- Review and digitalize historic exploration data. Design of exploration activities
- Totally 30,764 meters of core drilling 100 drill holes
- Scoping study report and updated mineral resource estimation
- Engineering and metallurgical processing tests
- Mineral reserve report under the GKZ-regulations
- Mineral resource report under the JORC-code
- Hydrological tests

Activities 2016

- Mineral resource report under the JORC-code published
- Mineral processing flow chart commenced
- Investment justification report commenced
- 95 drill holes
- 18,838 meters of core drilling
- 1,965 meters of exploration trenches

Activities 2017

- New bedrock exploration license “Batiy” granted, bordering the Krasny license to the northwest and covering 86 km²
- Results from a mineral processing test of Krasny ore confirm 85.5 % gold recovery with an average grade of 1.92 g/ t
- Updated JORC resource report released showing 45 % increase of gold resources
- New scoping study based on several production scenarios – all yielding positive free cash flows
- 79 core holes drilled, totaling 19,569 meters

Activities 2018

- JORC resource estimation for Krasny shows a 32 % increase in gold resources to 1,832 koz for the Krasny project since 2017.
- Results from a mineral processing test of Vostochny ore confirms 90.2 % gold recovery, using the flow chart proposed for the Krasny ores.
- Drilling of 11,638 meters of core holes, primarily within the Krasny and Vostochny structures and within the Batiy license area

- Developed detailed mineral processing flow chart for the Krasny ore representing lower structure
- Developed detailed mineral processing flow chart for the Vostochny mineralization

Kopy Goldfield share of expenses related to the exploration activities conducted in 2018 amounts to KUSD 552. The Company have the right to postpone the payment of KUSD 552, for up to 360 days. Thus, the payment must be made before July 2019, in order for the 49 % stake to be retained.

Total investments

- Cumulative joint investments into Krasny project totaled MUSD 17.8 by the end of 2017
- Kopy Goldfields and GV Gold have agreed to finance Krasny with additionally MUSD 2.3 to cover the 2018 exploration and development program and sales costs for marketing Krasny. GV Gold has already paid its part. For Kopy Goldfields to keep the 49 % interest, KUSD 559 shall be paid by the end of November 2018 and KUSD 552 in July 2019

Economics

Scoping Study done by TOMS Engineering and published in December 2017 shows the following (excluding any statutory tax benefits):

- Total gold mined: 40.6 tons of gold (1,304 koz)
- Average grade: 1.68 g/t
- Mine and plant capacity: 1,600 ktons of ore per annum
- Gold recovery: 86 %
- Life of mine: 17 years
- Total gold produced: 34.9 tons (1,123 koz)
- Average gold price: 1,250 USD/oz at fixed RUB/USD rate of 60
- Initial capital costs (no VAT): MUSD 182 (mill, open pit, infrastructure, equipment and machinery)
- Total production costs (mining, processing, royalty and admin), LOM: 601 USD/oz
- Annual average revenue from gold sales: MUSD 82.5
- Annual average profit before profit tax: MUSD 28
- Undiscounted project value (Free CF): MUSD 373 (MUSD 490) pretax
- Average strip ratio, LOM: 5.1 m³/t

Going forward

Moving the Krasny project from the initial greenfield to the current Prefeasibility stage of exploration from 2010 to 2018, Kopy Goldfields and GV Gold believe it is a good time to realize the value of the project. Kopy Goldfields is now committed to exit the Krasny project during 2018-2019.

PROJECT THE NORTHERN TERRITORIES

The Maly Patom-area, also called “the Northern Territories”, is located to the north of Bodaibo and covers a total area of 1,852 km² (182,500 ha), split into six properties that were acquired at the end of year 2012. Kopy Goldfields’ licenses for bedrock gold prospecting, exploration and production in the Northern Territories project are valid to 2037, with extension options. The area is located in the Patomo-Nechersky gold district within Lena Goldfields, with a 100-year history of successful alluvial gold mining and with many active mining projects of this type currently ongoing. A majority of the river valleys in this part host alluvial gold deposits and placer miners have reported pristine gold grains in the area, which indicates the existence of bedrock sources of alluvial gold nearby. No serious and consistent bedrock gold exploration, however, has been conducted in the area to date.



Geographic location of Kopy Goldfields licenses in project Northern Territories, Source: Kopy Goldfields

The general geological opinion is that there is a high potential of elephant gold discoveries in the license area. The geology and age of the rock in the area is similar to that of Sukhoy Log, with stratigraphy, lithology and structural setting favorable for primary gold mineralizations. 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. Based on the known deposits in the area with similar characteristics, the Company is looking for strike extensions of above 500 meters and steep ore bodies with a thickness of 30 meters and upwards. Mineralizations consist of gold-sulphide, disseminated and veinlet-disseminated in black shale complexes.

Exploration approach

During the initial review of the historic exploration data and maps of the licenses, preliminary targets were identified based on a combination of geochemical anomalies, vicinity of alluvial mines, grab samples with gold and high concentration of pathfinder elements. Kopy Goldfields has prepared an exploration program for the project and the exploration approach includes covering the whole area with initial survey and further step-by-step target prioritization in order to reduce the whole area to 3-5 high potential targets, with at least 1 Moz resources each. By the end of the program, outlined below, the Company intends to report initial JORC Inferred resources for 3-5 targets.

Based on characteristics of major gold deposits within Lena Gold-

fields (Sukhoy Log, Verninskoye, Vysochaishy) with similar geology to the area, the following exploration parameters are expected for the Northern Territories project:

- Strike extension of gold mineralization: from 500 meters; steep ore bodies with thickness from 30 meters
- Type of gold mineralization: gold sulfide, disseminated and veinlet-disseminated in black shale complexes
- Average gold grade: around 2 g/t

Exploration program 2016

During 2016, stage 1 of the exploration program was commenced with the target of covering the total licence area with a systematic and modern method for exploration, to identify and prioritize multiple targets during the first year of field operations. The plan was to verify historic data and to identify new clusters for the next stage of exploration. Initially, the whole area of 1,852 km² was covered with a stream sediment survey with a density of 5-6 samples/km². In total, 5,380 samples were

collected and analysed, both for gold and 24 other chemical elements. The collected geochemical data was then used to develop geochemical maps of gold and concomitant elements distribution. A statistical review of the identified anomalies based on gold and pathfinder elements was completed. Further, multiplicative anomalies were identified and mapped for every license area. These anomalies, identified in the 2016 exploration activities, were compared with historic exploration data existing before 2016. Comparing the historic and the new exploration results, 21 exploration clusters were selected for more detailed Stage 2 follow-up explorations with a total exploration area of 243 km².

Exploration program 2017

In 2017, stage 2 of the exploration program was carried out, covering seven of the 21 exploration targets that were identified during the 2016 stream sediment survey. A detailed geochemical survey at 200*50 meters grid, together with geological mapping, was conducted of the area, corresponding to 122 km². In total, 12,896 soil samples were collected

Exploration approach Northern Territories



and analyzed for 32 chemical elements plus gold.

Results from the 2017 exploration program were reported in February 2018. The results confirmed 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 km². All three anomalies, called Mezhdurechnaya, Sekushaya and Polovinka, corresponded to the exploration parameters and target gold deposits of 1+ Moz and 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. Alluvial (placer) gold mining operations are currently being developed within the Northern Territories license areas by external producers under separate alluvial licenses.

Major events at Northern territories in 2017-2018:

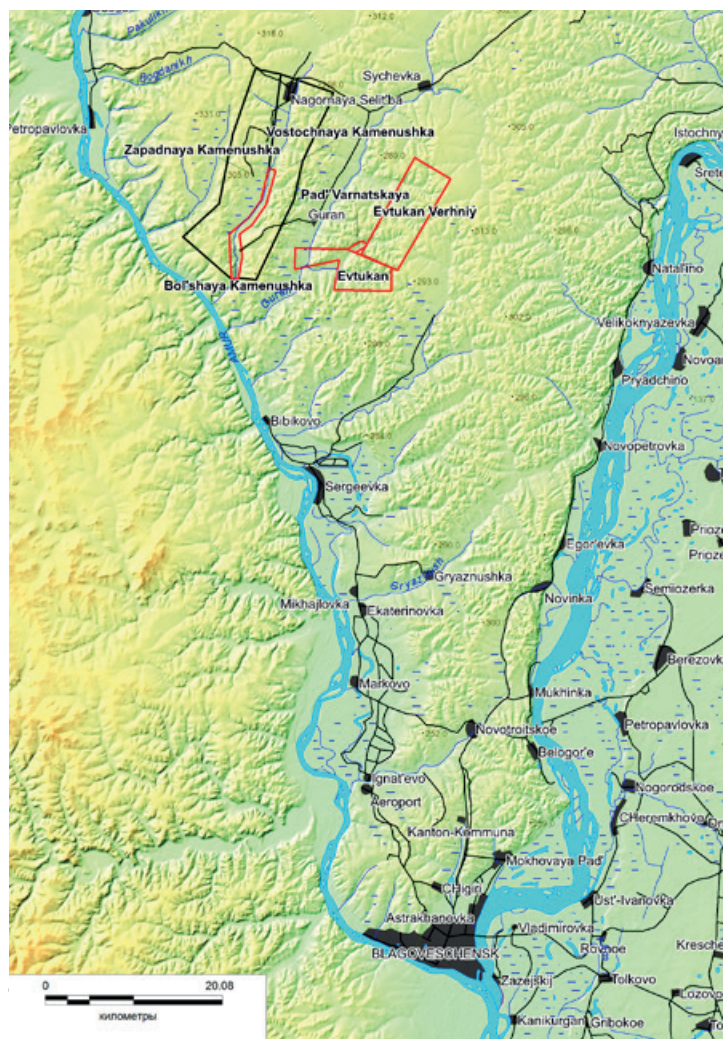
- Exploration program covered seven out of the 21 exploration targets identified during the 2016 stream sediment survey
- 12,896 soil samples collected and analysed
- Great exploration potential for gold confirmed and 14 clusters left for detailed geochemical survey
- Three anomalous geochemical areas were identified with a total area of 10.2 km² that are ready for drilling and trench sampling.

Going forward

The Company believes in a great exploration potential of the area. Within the next two years of exploration activities, the first gold resources may be discovered and reported within the area, which would significantly increase the value of the Company. The Company now reviews different possibilities on how to finance further exploration activities within the Northern territories project.

PROJECT AMUR

The Amur project is an alluvial exploration project located in the Amur region of Russia, initiated as a joint venture in relation to LLC Stanovoy, LLC Zolt and LLC Enercom, in 2018. The project is located within 60 km from the regional capital Blagoveshchensk and most of the project can be reached by a concrete road. Infrastructure is well developed with roads, electricity and villages around



Geographic location of Kopy Goldfields licenses in the project Amur, Source: Kopy Goldfields

The first alluvial gold in the Amur region was mined in 1867. The majority of deposits currently being developed in the Russian Far East were opened and surveyed during the Soviet period. The Amur province is the third largest gold producing region in Russia, with 834 koz produced in 2017. The gold production has varied between 735 – 985 koz for the last eight years. Expenditure on geological survey work on the Russian Far East's mineral resource base rose by 30 % in 2017, reaching around RUB 6 billion, with plans to allocate around RUB 6 billion (approximately MUSD 90²¹), with plans to allocate around RUB 16 billion (approximately MUSD 239²²) over the 2017–2020 period. In total, the Amur region has produced 1,100 t (approximately 33.6 Moz) of gold to date.

The project currently includes four licenses with a total area of 104.4 km² and two more licenses nearby have been applied for. The total license area exceeds 150 km². The Amur province is located in the Rus-

sian Far East with a long history of alluvial gold operations. It is also an area that offers far more advanced infrastructure than the Company's main site of exploration, Bodaibo. 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. Before entering the project, the Company performed verification drilling within the area. The initial verifications returned promising results.

Going forward

During the rest of 2018, the Company's target is to proceed with limited verification programs, which acts as the basis of future investment decisions. The project has great exploration potential, and relatively short lead time to gold production compared to bedrock gold projects.

²¹ At exchange rate conversion of 0.015 RUB/USD on October 15, 2018

²² Ibid

MARKET OVERVIEW

Kopy Goldfields AB (publ) is a public junior Swedish gold exploration company active in Russia. The Company is affected by developments in the gold price as this affects the value of the Company's licenses and future cash flows. The Company is also dependent on the development of the Russian economy, as it affects the prices of products and services the Company consume in Russia. Currently, the gold price in Russian roubles is on historically high levels and Russian gold producers are producing at cost levels deemed to be among the lowest in the world.

Gold market

Gold is a popular precious metal for investment purposes due to several reasons. One reason is that gold, throughout history, has been used as a substitute for money, which has led to many central banks still holding large reserves of gold. Because of this, gold is still a significant part of the economic system and is considered a very stable asset class that protects the owner against inflation, turbulent stock markets and other uncertainties in the financial system.

Today, there are some 165,000 metric tons of gold in existence above ground, according to recent estimates. If every single ounce of this gold should be placed next to each other, the resulting cube of pure gold would only measure 20 meters in any direction. Gold differs from many other assets in the way that it is virtually indestructible, being one of the least reactive chemical elements, which means that all gold that has ever been produced, still exists.²³

The price of gold is determined by supply and demand, but because gold can be re-used and production have long lead times, for example, opening a mine can take several years, demand plays a bigger role than the supply on the price development. Demand for gold is driven by several factors, but in general it can be said that the price correlates negatively with factors such as the stock market's rise and fall in inflation.

The demand for gold derives from diverse sources in many geographies and sectors. Around 50 % of today's gold becomes jewelry, where India and China with their expanding economic power have been at the forefront of consumption in recent times. But jewelry creates just one source of demand; investment, central bank reserves and the technology sector are all significant.²⁴

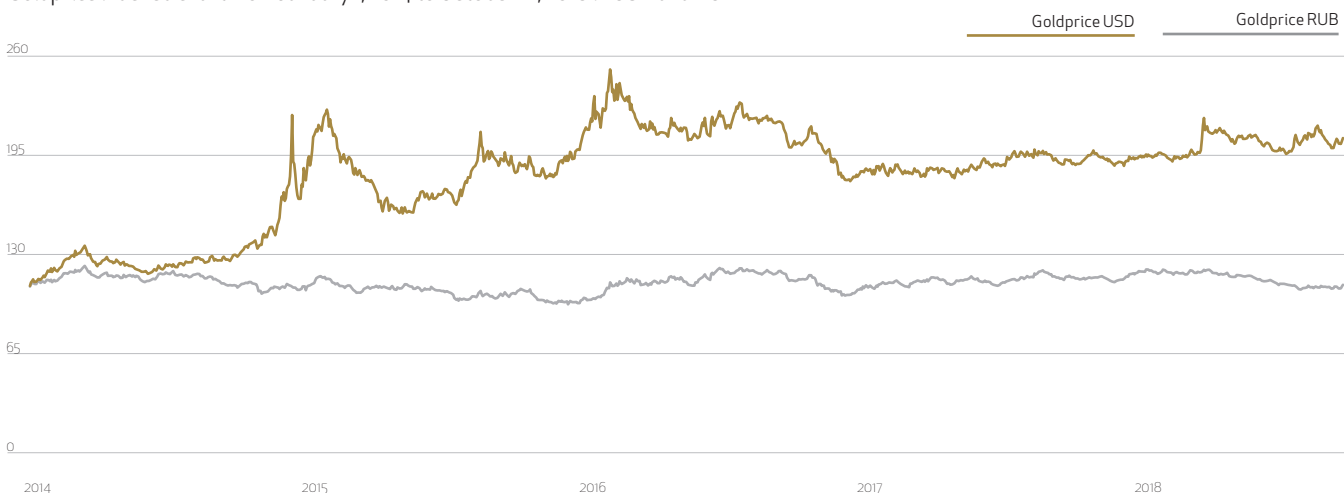
Production around the globe

Gold mining companies operate on every continent of the globe, except for the Antarctic where mining is banned until 2048.²⁵ The vast majority of the world's gold has been mined in the modern, post-war era and as the industry has evolved it has also diversified. A greater number of countries have emerged as gold producers over recent decades, which means mine supply has become less geographically concentrated and therefore, overall, more stable.

The annual total supply of gold has averaged around 4,000 tons over the last 10 years.²⁶ Mining is not the only way in which gold is supplied to the market, however. Mine production accounts for typically 75 % of gold supply each year. Recycled gold accounts for the remaining 25 % and is most responsive to the gold price and economic fluctuations.²⁷ Gold production experience long lead times and it takes more than ten years before a mine is ready for production. That means mining output is relatively inelastic and unable to respond quickly to a change in price outlook. Because of the long lead times, even a sustained price rally does not translate easily into increased production.

South Africa was the dominant gold producer during the 20th century, accounting for 70 % of the total gold production in the world in the 1970's. This has changed radically – China was the largest producer in the world in 2017, accounting for 13 % of total global production. Australia and Russia were the second and third largest producers, with 9 and 8.6 % of total global production respectively. Asia as a whole produced some 17 % of all newly mined gold. Around 12 % of production came from Africa and 14 % from the CIS region.²⁸ Central and South America produced around 14 % of the total, with North America supplying around 17 %.²⁹

Goldprice indexed chart from January 1, 2014 to October 12, 2018 in USD and RUB



Goldprice development, Source: www.gold.org

²³ Worth Group, n.d. https://www.worthmetals.com/product_gold.aspx

²⁴ World Gold Council (2018), Gold Demand Sectors <https://www.gold.org/about-gold/gold-demand/sectors-demand>

²⁵ Hook, L. and Mander, B. (May 24, 2018). The fight to own Antarctica. Financial Times. <https://www.ft.com/content/2fab8e58-59b4-11e8-b8b2-d6ceb45fa9d0>

²⁶ Bullion For Less (2018), Why Bullion? <https://www.bullionforless.co.uk/why-bullion.aspx>

²⁷ World Gold Council (2018), Gold supply <https://www.gold.org/about-gold/gold-supply>

²⁸ CIS stands for Commonwealth of Independent States, which is a regional organisation of 10 post-Soviet republics in Eurasia formed following the dissolution of the Soviet Union

²⁹ World Gold Council (2018), Gold mining map <https://www.gold.org/about-gold/gold-supply/gold-mining/gold-mining-map>



The global demand for jewelry fabrication is expected to reach a three-year high in 2018 of 2,186 tons from 2,143 tons last year. India is expected to see a 14 % rise in jewelry demand, while China's demand is expected to improve by 3 %. The demand is expected to persist for the longer term, supported by a greater proportion of middle-class consumers in emerging market economies, particularly in China and India who are two of the largest consumers today. Physical investments are expected to increase by 4 % in 2018, while net official-sector purchases are projected to decline marginally to 350 tons in 2018 from 374 tons last year.³⁰

Already accounting for 9 % of gold demand globally, golds use in technology is expected to increase in the future, as its unique attributes make it the only alternative for certain critical applications. Gold can be used to build highly-targeted methods for delivering drugs into the human body, to create conducting plastics and specialised pigments, or advanced catalysts that can purify water or air. It has also been used in dentistry for centuries. Although most technological applications use low volumes of gold, their impacts are very diverse and wide-reaching.³¹

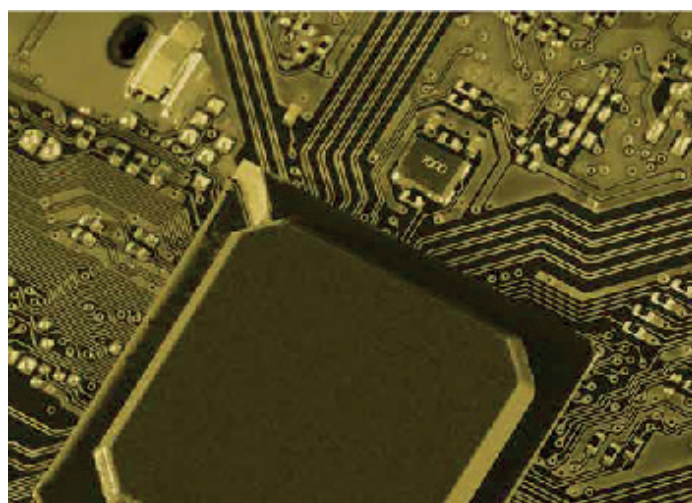
Gold market development

Gold in 2018 will deliver its strongest annual price performance in five years, according to GFMS analysts, a unit of Thomson Reuters, as political uncertainty drives investment in bars and bullion-backed investment funds.³² Gold price has moved sideways in a tight range since the start of 2018, as markets have lacked decisive triggers. Factors likely to eventually boost gold include slower-than-expected economic growth in the U.S., renewed U.S. dollar weakness, real short-term interest rates remaining negative, and a lack of material upside in the stock market,

with possible corrections. Although US interest rates increases are likely to act as a headwind, their impact on the gold prices will be limited since they are largely prices in, according to the sector consultancy Metal Focus. Additionally, the report expect that the gold price carries risk premium from macro-economic tail-risks, even if they do not actually materialise. Among these macro-economic risks, rising trade-protectio-nism and the possibility of outright trade wars stand out.³³

Market development in Russia

From recession in 2016, Russia's economy emerged with GDP expanding by 1.5 % year-on-year in 2017, with domestic demand being the main engine of growth. Improved macroeconomic stability, firming energy prices, and a recovering global economy further contributed. With recovered oil prices, macro stabilization, and improved business and consumer confidence, Russia's economy is expected to keep growing. Global Economic Prospects project a continued economic growth in Russia between 1.7 and 1.8 % in 2018-20.³⁴ Mining commodities, including oil, gas and metals, contributes to 11 % of Russia's total GDP. Russia's gold mining industry amounts to MUS\$ 908 in exports every year. In the last 10 years, according to the Russian Union of Gold Producers, Russia mined 2,189 tons of gold and plans to increase the annual production to 400 tons by 2030.³⁵ During the increase in gold mining production in recent years, Russia's weakened currency (RUB) have helped cope with relatively low global gold prices since 2014. There are a number of major gold mining regions in Russia. The regions of Amur and Magadan are the fastest growing gold hubs, while Siberian city Irkutsk is also one of the most prominent mining areas in the country.



³⁰ Bhayani, R. (April 5, 2018), India, China to drive global demand for gold, jewellery: Metal Focus. Business Standard <https://www.business-standard.com/article/markets/india-china-to-drive-global-demand-for-gold-jewellery-metal-focus-118040500051.1.html>

³¹ World Gold Council (2018), Gold Demand Sectors <https://www.gold.org/about-gold/gold-demand/sectors-demand>

³² Harvey, J. (May 8, 2018), Gold seen at highest annual price for five years in 2018: GFMS. Reuters. <https://www.reuters.com/article/us-gold-gfms/gold-seen-at-highest-annual-price-for-five-years-in-2018-gfms-idUSKBN1905B>

³³ Northern Miner Staff (April 26, 2018), Metals Commentary: Gold could hit US\$1,450 this year, says Metals Focus <http://www.northernminer.com/news/metals-focus-gold-could-hit-us1450-this-year/1003795665/>

³⁴ The World Bank Group (2018), The World Bank in Russia <http://www.worldbank.org/en/country/russia/overview>

³⁵ Gold Mining Russia (April 18, 2018), <https://www.goldminingrussia.com/>

SELECTED FINANCIAL INFORMATION

The selected financial information below related to the financial years 2018 and 2017 has been derived from the audited consolidated financial statements for 2017 and the unaudited half year report January – June 2018. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as adopted by the EU.

Condensed Consolidated Income Statement

| KSEK | Jan – Jun | | Jan – Dec |
|---|---------------|---------------|----------------|
| | 2018 | 2017 | 2017 |
| Net turnover | 0 | 0 | 0 |
| Other revenue | 631 | 1 333 | 3 093 |
| Total revenue | 631 | 1 333 | 3 093 |
| 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 |
| Total operating expenses | -9 443 | -9 618 | -21 645 |
| Operating result | -7 938 | -8 216 | -16 252 |
| Financial items | -1 335 | -29 | -754 |
| Result after financial items | -9 273 | -8 245 | -17 006 |
| Tax | -21 | -43 | 3 058 |
| NET INCOME FOR THE PERIOD | -9 294 | -8 288 | -13 948 |

Consolidated Statement of Comprehensive Income

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

Condensed Consolidated Balance Sheet

| KSEK | Jan - Jun | | Jan - Dec |
|---|----------------|----------------|----------------|
| | 2018 | 2017 | 2017 |
| ASSETS | | | |
| <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 |
| Total non-current assets | 106 048 | 110 453 | 121 092 |
| <i>Current assets</i> | | | |
| Inventory | 13 | 69 | 14 |
| Receivables | 1 396 | 1 531 | 1 280 |
| Cash & cash equivalents | 13 839 | 5 786 | 5 871 |
| Total current assets | 15 248 | 7 386 | 7 165 |
| Assets held for sale | 1 | 18 304 | - |
| TOTAL ASSETS | 139 600 | 117 839 | 128 257 |
| EQUITY AND LIABILITIES | | | |
| Equity | 105 672 | 112 478 | 109 883 |
| Total non-current liabilities | 30 000 | 3 142 | 15 000 |
| Total current liabilities | 3 919 | 2 219 | 3 374 |
| Liabilities directly associated with the assets held for sale | 1 | 9 | - |
| TOTAL EQUITY AND LIABILITIES | 139 600 | 117 839 | 128 257 |

Notes**Note 1 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 MUS\$ 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 tranches over 36 months. However, if the payment is accelerated and finalized within 24 months, the sale price will be discounted by MUS\$ 1 and total MUS\$ 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:

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

Condensed Consolidated Cash Flow Statement

| KSEK | 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 |

Key Ratios

| KSEK | Jan - Jun | | Jan - Dec |
|--|-----------|--------|-----------|
| | 2018 | 2017 | 2017 |
| EBITDA, MSEK | -7 949 | -8 235 | -16 150 |
| Equity/Asset Ratio, % | 75.7 | 95.5 | 85.7 |
| Return on Equity, % | -8.6 | -7.1 | -12.1 |
| Return on total capital, % | -5.9 | -6.7 | -12.7 |
| Investments in exploration work and licenses, MSEK | 0.9 | 0.1 | 2.3 |
| Investments into joint ventures, MSEK | 0.0 | 0.0 | 8.5 |
| Average number of employees | 8 | 6 | 7 |

Key ratio definitions**EBITDA**

Result before interest, tax, depreciation and write-downs.

Equity/Asset ratio

Equity divided by total assets at the end of the period.

Return on equity

Result after tax divided by the average of the opening and closing equity for the period.

Return on total capital

Operating result plus financial income divided by the average of the opening and closing total assets for the period.

Equity per share

Equity at the period end divided by number of shares at the end of the period.

Earnings per share

Result after tax divided by average number of shares during the period.

Data per share

| KSEK | Jan - Jun | | Jan - Dec |
|--|------------|------------|------------|
| | 2018 | 2017 | 2017 |
| Earnings per share before and after dilution, SEK | -0.12 | -0.10 | -0.17 |
| Equity per share, SEK | 1.32 | 1.41 | 1.38 |
| Share price at the end of the period, SEK | 1.4 | 1.42 | 1.3 |
| Market capitalization, MSEK | 112 | 113 | 104 |
| | 0.9 | 0.1 | 2.3 |
| 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 |

Financial position

As of June 30, 2018, the Company had interest bearing liabilities of MSEK 30.0. At the same time cash and cash equivalents amounted to MSEK 13.8, which means that the interest-bearing net liability amounted to MSEK 16.2 as of June 30, 2018. Equity, including accumulated losses, amounted to MSEK 105.7 as of June 30, 2018 which corresponds to an equity/asset ratio of 75.7 %. The table below shows the equity and net liability of the Company as of June 30, 2018.

| Equity and indebtedness, MSEK | As of June 30, 2018 |
|---|---------------------|
| Total current liabilities | 3.9 |
| Against guarantee | 0.0 |
| Against security | 0.0 |
| Unsecured credits | 3.9 |
| Total non-current liabilities | 30.0 |
| Against guarantee | 0.0 |
| Against security | 30.0 |
| Unsecured credits | 0.0 |
| Equity (excl. losses carried forward) | 283.7 |
| Share capital | 30.4 |
| Restricted reserves | 0.0 |
| Other reserves | 253.3 |
| Total capitalization (excl. losses carried forward) | 317.6 |
| Net indebtedness, MSEK | As of June 30, 2018 |
| A. Cash | 0.0 |
| B. Cash equivalents | 13.8 |
| C. Quickly realizable securities | 0.0 |
| D. Total liquidity (A+B+C) | 13.8 |
| E. Current financial receivables | 0.0 |
| F. Current bank debt | 0.0 |
| G. Current portion of non-current liabilities | 0.0 |
| H. Other current liabilities | 3.9 |
| I. Total current liabilities (F+G+H) | 3.9 |
| J. Net current indebtedness (I-E-D) | -9.9 |
| K. Non-current bank loans | 0.0 |
| L. Issued bonds | 0.0 |
| M. Other non-current loans | 30.0 |
| N. Total non-current liabilities (K+L+M) | 30.0 |
| O. Net indebtedness (J+N) | 20.1 |

Financial resources and operating capital

As described elsewhere in this Information Memorandum, the Company is part in a joint venture regarding the Krasny license. The owners, Kopy Goldfields and GV Gold, have agreed on a budget to cover some sales and value adding activities as well as the 2018 exploration program, and the parties will finance the budget pro-rata. The capital contribution for sales activities is due for payment by the end of November 2018, and Kopy Goldfields has the right to postpone the payment for the 2018 exploration program until July 2019. As of June 30, 2018, Kopy Goldfields' cash and cash equivalents amounted to MSEK 13.8. The board assess that the existing operating capital is not sufficient to cover the needs of the Company for the next twelve months if the Company shall maintain the 49 % ownership in the joint venture.

The Company has therefore a need for working capital to finance the sales activities of Krasny as well as the 2018 exploration program. Additionally, the Company has a need for capital to finance interest costs during 2019 and for some costs for general corporate purposes. Against this background, the board of directors has decided, with support of the authorization approved by the annual general meeting on May 29, 2018, to issue shares with preferential rights for shareholders of the Company.

The proceeds from the Rights Issue, if fully subscribed, may provide the Company with approximately MSEK 25 before transaction costs, estimated to about MSEK 3.5, which, in order of priority, is planned to be spent on exploration and sales activities at Krasny of MSEK 10, interest costs of MSEK 3.5 and other needed working capital for current management and administrative costs of MSEK 8.

It is the opinion of the board that the operating capital, after the completion of the Rights Issue and the completion of the sale of Krasny, is sufficient to cover the needs of Kopy Goldfields at least for the next twelve months as of the date of the Information Memorandum. Depending on the outcome of the ongoing sales activities on Krasny, however, it cannot be excluded that further capitalizations will be needed to maintain the ownership in Krasny. If no proceeds have been received from Krasny in July 2019, the Company need to renegotiate the MSEK 15 loan that is due for repayment in July 2019.

Investment commitments

The Company does not have any ongoing investments and has no other commitments for future investments, other than those required under the terms and conditions of the exploration- and production licenses.

Significant changes in the Company's position

There have been no significant changes in the Company's financial position or position on the market after August 23, 2018 when the Company published its interim report for the period January 1 – June 30, 2018.

SHARE CAPITAL AND OWNERSHIP

The share and share capital

The share capital of Kopy Goldfields amounts to SEK 30,366,773.44 allocated on 79,866,054 fully issued and paid shares. The quota value of the shares is SEK 0.38. All shares participate equally in Company's assets, net income and potential surplus in a liquidation. All shares have the same voting rights at a general meeting and each shareholder is entitled to vote for the full number of shares owned or represented at a general meeting. All shares also give the same preferential right to subscribe for share in an issue of new shares in Kopy Goldfields unless the general meeting, or the board under an authorization from a general meeting, resolves to deviate from the preferential rights of the shareholders. The existing shares are denominated in Swedish krona, SEK, and the new shares will be denominated in SEK. The existing shares are not and have not been subject to an offer which is given pursuant to a compulsory requirement to give an offer, redemption right

or redemption obligation. There have been no public offers to acquire the shares of the Company during the current or previous financial year. Euroclear Sweden AB is the central securities depository (CSD) and clearing organisation for the shares in accordance with the Central Securities Depositories and Financial Instruments Accounts Act (*Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). Hence, no share certificates are issued and any transfers of shares are made electronically. The ISIN-code for the Company's shares is SE0002245548. All shares are freely transferable. According to the articles of association the minimum share capital shall be SEK 22,000,000 and the maximum share capital shall be SEK 88,000,000 and the minimum number of shares shall be 59,500,000 and the maximum number of shares shall be 238,000,000.

The table below shows changes in the share capital since the inception of the Company.

| Year | Event | Change in number of shares | Subscription price, SEK | Quota value, SEK | Change in share capital, SEK | Total share capital, SEK | Total number of shares |
|------|--------------------------------|----------------------------|-------------------------|------------------|------------------------------|--------------------------|------------------------|
| 2007 | Company formation | 10 000 | 10.00 | 10.00 | 100 000 | 100 000 | 10 000 |
| 2007 | Share issue | 125 010 | 280.00 | 10.00 | 1 250 100 | 1 350 100 | 135 010 |
| 2007 | Share issue | 740 000 | 144.11 | 10.00 | 7 400 000 | 8 750 100 | 875 010 |
| 2007 | Share issue | 124 990 | 280.00 | 10.00 | 1 249 900 | 10 000 000 | 1 000 000 |
| 2008 | Share split 1:849 | 848 000 000 | | 0.01 | 0 | 10 000 000 | 849 000 000 |
| 2009 | Reverse share split 1:100 | -840 510 000 | | 1.1779 | 0 | 10 000 000 | 8 490 000 |
| 2009 | Reduction of share capital | 0 | | 0.0589 | -9 500 000 | 500 000 | 8 490 000 |
| 2009 | Rights issue | 195 270 000 | 0.10 | 0.0589 | 11 500 000 | 12 000 000 | 203 760 000 |
| 2009 | Directed share issue | 6 834 450 | 0.10 | 0.0589 | 402 500 | 12 402 500 | 210 594 450 |
| 2010 | Rights issue | 84 407 580 | 0.29 | 0.0589 | 4 971 000 | 17 373 500 | 295 002 030 |
| 2010 | Exercise of warrants | 73 161 345 | 0.32 | 0.0589 | 4 308 678 | 21 682 178 | 368 163 375 |
| 2010 | Reverse share split 1:100 | -364 481 742 | | 5.89 | | 21 682 178 | 3 681 633 |
| 2010 | Rights issue | 2 945 304 | 22.00 | 5.89 | 17 345 728 | 39 027 905 | 6 626 937 |
| 2011 | Exercise of warrants | 256 | 25.00 | 5.89 | 1 508 | 39 029 413 | 6 627 193 |
| 2011 | Directed share issue | 1 700 000 | 10.00 | 5.89 | 10 011 780 | 49 041 193 | 8 327 193 |
| 2011 | Directed share issue | 1 000 000 | 12.00 | 5.89 | 5 889 283 | 54 930 476 | 9 327 193 |
| 2012 | Reduction of share capital | | | 3.48 | -22 500 000 | 32 430 476 | 9 327 193 |
| 2012 | Rights issue | 6 995 394 | 3.80 | 3.48 | 24 322 855 | 56 753 331 | 16 322 587 |
| 2012 | Rights issue | 6 529 034 | 3.80 | 3.48 | 22 701 330 | 79 454 661 | 22 851 621 |
| 2013 | Reduction of share capital | | | 0.88 | -59 454 661 | 20 000 000 | 22 851 621 |
| 2013 | Rights issue | 7 394 636 | 1.50 | 0.88 | 6 471 870 | 26 471 870 | 30 246 257 |
| 2013 | Bonus issue | | | 2.63 | 53 028 130 | 79 500 000 | 30 246 257 |
| 2013 | Reduction of share capital | | | 0.66 | -59 500 000 | 20 000 000 | 30 246 257 |
| 2014 | Exercise of warrants | 963 | 4.00 | 0.66 | 637 | 20 000 637 | 30 247 220 |
| 2015 | Reduction of share capital | | | 0.38 | -8 500 000 | 11 500 637 | 30 247 220 |
| 2015 | Rights issue | 24 197 776 | 0.45 | 0.38 | 9 200 509 | 20 701 146 | 54 444 996 |
| 2016 | Conversion of loan | 5 454 545 | 0.55 | 0.38 | 2 073 934 | 22 775 080 | 59 899 541 |
| 2016 | Rights Issue | 19 966 513 | 1.00 | 0.38 | 7 591 693 | 30 366 773 | 79 866 054 |
| 2018 | The Rights Issue ³⁵ | 23 959 815 | 1.05 | 0.38 | 9 110 032 | 39 476 805 | 103 825 869 |

³⁵ Maximum number of shares under the Share Issue

Ownership structure prior to the Rights Issue

The number of shareholders by September 28, 2018 were 4,704 in total, and the ten largest shareholders are presented below.

| Holdings prior the Offering | | |
|---|-------------------|------------|
| Shareholder | Shares/votes | Percent |
| KGK Holding AB | 8,148,650 | 10.2 |
| Novatelligence AB | 7,812,864 | 9.8 |
| Försäkringsaktiebolaget, Avanza Pension | 5,517,829 | 6.9 |
| UBS Switzerland AG/Clients account | 5,246,322 | 6.6 |
| Swedbank Försäkring | 1,145,254 | 1.4 |
| Gustav Olsson | 1,137,600 | 1.4 |
| Sparekassen Kronjylland | 1,065,231 | 1.3 |
| Anders Danielsson | 1,025,000 | 1.3 |
| Nordnet Pensionsförsäkring AB | 906,632 | 1.1 |
| Other shareholders | 47,860,672 | 59.9 |
| Total | 79,866,054 | 100 |

Rights associated with the shares

The Company's shares are issued in accordance with Swedish law and the shareholders' rights related to the shares may only be modified or altered in accordance with the Swedish Companies Act. The Company only has one class of shares. Shareholders are entitled to vote for their full number of shares and each share entitles to one vote at shareholders' meetings.

Authorization

At the annual general meeting on May 29, 2018 the Company's board was authorized to, until the next annual general meeting, with or without deviation from the preferential rights of the shareholders, at one or more occasions, resolve to issue shares, warrants, convertible and or a combination thereof. The number of shares to be issued, or to issue through the exercise of warrants or convertible bonds issued pursuant to the authorization, but prior to any re-calculation under the terms of these, is limited to maximum 25,000,000. The purpose of the authorization is, inter alia, to strengthen the Company's overall financial position, broaden its ownership base and to enable financing of acquisitions, parts of companies or other assets that the board deems to be of value for the Company. Deviation from the shareholders' preferential rights is to take place when a new issue, due to time, business or similar considerations are more favorable for the Company. Payment may be made in cash, in kind or set-off. The authorization has been utilized by the board for the Rights Issue, which can lead to issuance of maximum 23,959,815 shares.

Dividend policy

The primary objective is to add value for the Company's shareholders and employees by running a profitable business with growth. This is to be achieved through increased exploration activities in order to add gold mineral resources and reserves, through the development of discoveries and through the acquisition of gold assets thereby increasing the Company's mineral resources and reserves. When resources and reserves have been established, the Company has two ways of generating cash flow and results – either by divesting the gold asset for cash or by star-

ting production. The total return to shareholders over time is expected to be attributable more to the increase in share price than to dividends received. Extra dividends can however be the case if a sale of an asset is generating more cash than needed for developing the remaining assets.

Listing on First North

The ticker for the share is KOPY and the Company is listed on Nasdaq First North in Stockholm since August 2010. When listing on First North, all companies are required to engage a Certified Adviser (CA) in connection with the application process. The Certified Adviser is obliged to guide the Company in the process and to monitor that the Company is in compliance with the rules and regulations, both during the application process as well as when traded on Nasdaq First North. The Company has engaged Hagberg & Aneborn Fondkommission AB as Certified Adviser.

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. The number of warrants issued amount to 3,400,000.

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. The number of warrants issued amount to 1,700,000.

Both programs are subject, under the terms and conditions of the respective incentive programs, to be recalculated based on the Rights Issue.

BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS

This section contains selected information regarding board of directors, senior management and auditors. As far as the board of directors is aware, there have not been any arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which a board member, senior management or auditor have been appointed or elected other than as disclosed in this section.

Organization

The Parent Company is responsible for the Group's strategy and manages the subsidiaries along with performing Group-wide functions such as financing, external information, financial reporting and the management of certain agreements. The Parent Company and the Swedish subsidiaries are domiciled and headquartered in Stockholm and the Parent Company also has a representative office in Moscow, Russia. The Russian subsidiaries have offices in Bodaibo and Blagoveshchensk, Russia, where the Company's geologists and exploration teams work. The average number of employees between January 1, 2018 and June 30, 2018 was eight, including seasonal workers.

Corporate governance

The Swedish Corporate Governance Code ("the Code") applies to Swedish limited liability companies whose shares are listed for trading on a regulated market in Sweden. Kopy Goldfields is listed on Nasdaq First North, which is not a regulated market, so the Company is not obliged to comply with the Code. The Company does not employ the

Code at present but intends to gradually apply the Code to where it is deemed relevant for the Company and the shareholders.

Board of Directors

Responsibilities of the Board of Directors

The Board is responsible for determining the Company's long-term strategy and setting goals, approving budget and business plans, examining and approving costs, and making decisions about investments and major changes within the Group. The Board also appoints the Parent Company's CEO and determines the salary and other benefits for the CEO.

Composition of the Board of Directors

Kopy Goldfields' Board consists of three members as presented below, of which Kjell Carlsson is the chairman. All board members are elected at the annual general meeting for the period until the next annual general meeting. All shareholdings include family and privately-held companies.



Kjell Carlsson

Position: Chairman of the Board and Board member since 2010.

Born: 1951, Swedish citizen.

Education: MSc mechanical engineering.

Work experience: Senior management positions with Sandvik, Atlas Copco and ABB.

Other activities: Board member, Appalto AB; Board member, Kopy Development AB; Board member, AB Krasny Gold Fields; Board member, EuroMaint Rail AB; Board member, Bruzholms Bruk AB.

Relinquished activities over the last five years: Chairman of the Board, Sandvik Nora AB; CEO and Board member, Sandvik Mining and Construction Tools AB; Chairman of the Board, AB Sandvik KPS; Board member, Monitoring Control Center MCC AB; Board member, Sandvik Mining and Construction Sverige AB; Partner of Ingenjörfirma C.J.

Shareholding in Kopy Goldfields: 260,000

Warrants: 1,125,000



Andreas Forssell

Position: Board member since 2011.

Born: 1971, Swedish citizen.

Education: Master of Business Administration (MBA).

Work experience: CEO, Crown Energy AB; CEO, Tomsk Refining AB.

Other activities: Board member Andreas Forssell AB; Board member AB Krasny Gold Fields; Board member Crown Energy Iraq AB; Board member Amicoh Resources Ltd; Board member Crown Energy Ventures Corporation; Board member Simbo Petroleum No.2 Limited

Relinquished activities over the last five years: Board member Crown Energy AB.

Shareholding in Kopy Goldfields: 168,000

Warrants: 570,000



Johan Österling

Position: Board member since 2011.

Born: 1946, Swedish citizen.

Education: Swedish LL.M (Master in Law) and BA (business administration).

Work experience: Lawyer (Member Swedish Bar Association), Partner of Foyen law firm until 2011.

Other activities: Board member, AB Krasny Gold Fields; Board member, Bodaibo Holding Ltd; Board member, Dragon Mining Sverige AB; Board chairman, Kilimanjaro Gold AB; Board member, AB Surditet; Board chairman, Fahlia AB; Board chairman, Penclit AB; Board chairman, ByggBag AB; Board chairman, JE Österling Förvaltning AB; Board chairman, Hydropulsor AB (publ).

Relinquished activities over the last five years: Board chairman, Göthes AB; Nomor AB (publ); Bofors Bruk AB; Hedera Group AB (publ).

Shareholding in Kopy Goldfields: 700,000

Warrants: 570,000

SENIOR MANAGEMENT

As of the date of the Information Memorandum, the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”), Managing Director in OOO Vostochny and the Chief Exploration Geologist constitute the management of the Company. All shareholdings include family and privately-held companies.



Mikhail Damrin

Position: CEO since 2009.

Born: 1970, Russian citizen.

Education: MSc mechanical engineering, Moscow Technical University; Bachelor’s degree in mining technology, Tomsk Polytechnical University; Bachelor’s degree in international finance, Russian Academy of Foreign Trade; MBA, Cranfield University, Bachelor’s degree in open pit mining from the Moscow Mining University.

Work experience: Business development and M&A manager of Central Asia Gold; senior management positions with West Siberian Resources and Vostok Nafta Investment Ltd.

Other activities: Board member, LLC Krasny.

Relinquished activities over the last five years: -
Shareholding in Kopy Goldfields: 262,241
Warrants: 1,125,000



Tim Carlsson

Position: CFO since 2011, Deputy CEO since 2012.

Born: 1979, Swedish citizen.

Education: Master of Business, Linköping University, Sweden. Russian Studies, Herzen University, St. Petersburg, Russia, Economics Studies Eberhard Karls Universität Tübingen, Germany.

Work experience: Authorized Public Accountant, KPMG.

Other assignments: Board member, LLC Krasny.

Relinquished activities over the last five years: Board member of BRF Oxen Mindre 22.

Shareholding in Kopy Goldfields: 800,000
Warrants: 570,000



Alexander Vamboldt

Position: CEO of the Russian subsidiaries based in Bodaibo since 2010.

Born: 1957, Russian citizen.

Education: Geologist and degree in Mining engineering, Krasnoyarsk Institute of Non-Ferrous Metals. Master level.

Work experience: Working Board member for GUAM S.a.r.l. in Guinea with responsibility for placer gold prospecting and exploration; director of Minusinsk Exploration Expedition with responsibility for placer gold production at the Beika deposit in the Republic of Khakassia; manager of MAVAX S.a.r.l. in Guinea, with responsibility for bedrock gold exploration planning and development; director of OOO Tardan Gold with responsibility for construction and management of an open pit gold mine and processing plant.

Other activities: Expert at Russian Statutory Committee on Reserves (TKZ) in Krasnoyarsk.

Relinquished activities over the last five years: -
Shareholding in Kopy Goldfields: -
Warrants: 570,000



Dr. Evgeny Bozhko

Position: Chief geologist since 2011, employed at Kopy Goldfields since 2010.

Born: 1968, Russian citizen.

Education: PhD in geological and mineralogical science. Master in Prospecting and Exploration Geology from Voronej State University, Russia.

Work experience: 1990-2000, geologist at various projects in Yakutia, Russia, and lecturer at Voronej State University; 2000-2010, many senior positions as chief geologist for exploration and mining companies operating in Africa.

Other activities: -
Relinquished activities over the last five years: -
Shareholding in Kopy Goldfields: -
Warrants: 570,000

Auditor

The Company’s auditor is the publicly authorized audit firm Ernst & Young AB (EY) with Björn Ohlsson as the responsible auditor. The auditor was elected at the annual general meeting on May 28, 2018. The postal address of Ernst & Young AB is P.O. Box 7850, 111 44 Stockholm, Sweden and the visiting address is Jakobsbergsgatan 24, 111 44 Stockholm, Sverige. Chief auditor Björn Ohlsson is an authorized public accountant a member of Far.

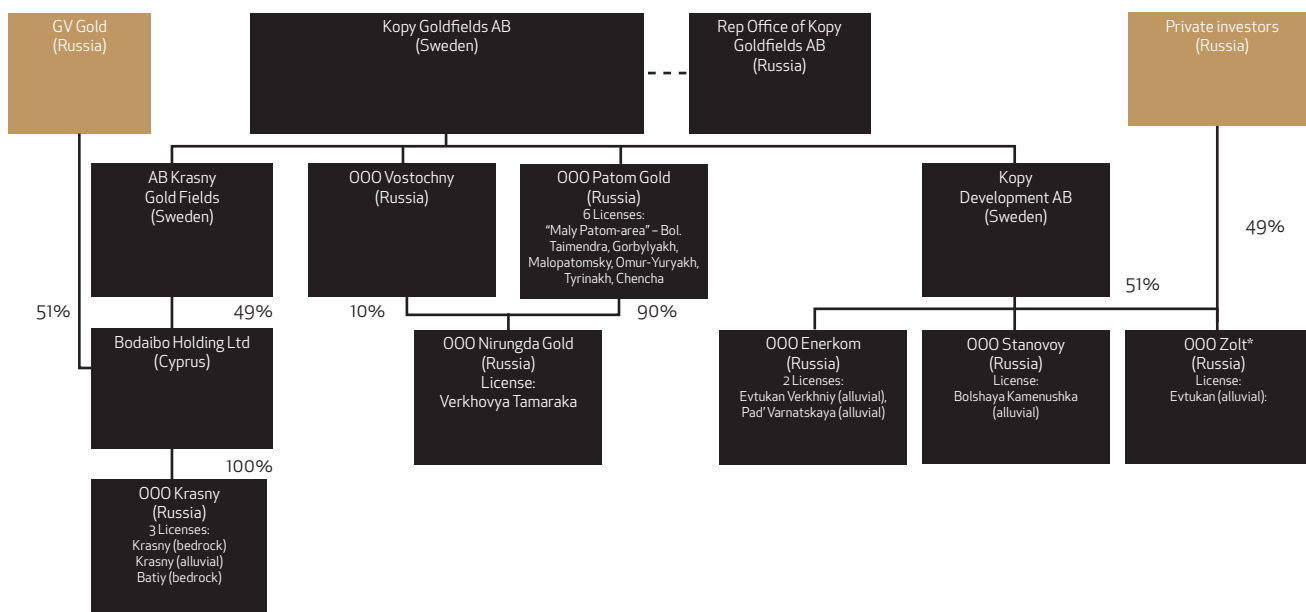
LEGAL ISSUES AND ADDITIONAL INFORMATION

Incorporation and legal form of business

Kopy Goldfields AB (publ), with corporate registration number 556723-6335, was registered at Swedish Companies Registration Office on February 14, 2007. The Company's legal form of business entity is limited liability company and is regulated by the Swedish Companies Act (Sw. aktiebolagslagen (2005:551)). The provisions in the articles of association are not more far-reaching than those in the Companies Act as far as it comes to changing the shareholder rights. The shares in the Company are freely transferrable.

Kopy Goldfields AB is the ultimate holding company and holds 100 % of the Swedish subsidiaries AB Krasny Gold Fields and Kopy Develop-

ment 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 subsidiaries LLC Enerkom, LLC Stanovoy and LLC Zolt, all domiciled in Blagoveshchensk 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.



Organizational structure of Kopy Goldfields AB Group, Source: Kopy Goldfields

The average number of employees for the 2017 financial year was 7, including temporarily hired employees. The registered office of the board is in Stockholm. The address of the head office is Skeppargatan 27, 114 52 Stockholm. Kopy Goldfields AB (publ) main business is gold exploration as well as other activities compatible therewith. Please refer to the full articles of association, under section "Articles of association" for more information about the Company.

Significant agreements

The Company entered into a joint venture with the Russian gold producer GV Gold in 2014. GV Gold acquired 51 % of the shares in the Cyprus entity Bodaibo Holding, which is the 100 % owner of the Russian entity LLC Krasny that holds the Krasny bedrock and alluvial licenses. Kopy Goldfields holds 49 % of the shares in Bodaibo Holding. The parties have agreed on a shareholder's agreement stipulating the responsibilities between the parties.

The Company acquired 51 % of the Russian entities LLC Enerkom, LLC Stanovoy and LLC Zolt from Russian private persons in 2018. The parties have agreed on a shareholder's agreement stipulating the responsibilities between the parties.

The Company has entered into two different loan agreements with Scandinavian Credit Fund I AB. The first loan amounts to MSEK 15 and bears an annual interest rate of 11.5 per cent and is due for repayment on July 7, 2019. The second loan amounts to MSEK 15 and bears an annual interest rate of 11.75 per cent and is due for repayment on March 3, 2020. Both loans are repayable before maturity date. The Company has pledged its shares in the subsidiary AB Krasny Goldfields.

Disputes and legal matters

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 MUSD 6 and will be paid in several installments over 36 months. MRUB 10, corresponding to MSEK 1.4 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 MUSD 1 for a total of MUSD 5. Until the full payment is made, the project will be pledged in favor of Kopy Goldfields. At the time of issuance of this Information Memorandum, the buyer has not fulfilled the obligations regarding payment of the first MRUB 10, and currently actions are taken to receive the payment.

Auditors

The Company's auditor is the publicly authorized audit firm Ernst & Young AB (EY) with Björn Ohlsson as the responsible auditor. The auditor was elected at the annual general meeting on May 28, 2018. The postal address of Ernst & Young AB is P.O. Box 7850, 111 44 Stockholm, Sweden and the visiting address is Jakobsbergsgatan 24, 111 44 Stockholm, Sverige. Chief auditor Björn Ohlsson is an authorized public accountant a member of Far.

Subscription and guarantee agreements

Subscription agreements and guarantee commitments of 75 percent, equivalent to approximately MSEK 18.9, of the Rights Issue have been obtained from existing shareholders and external investors. Subscription commitments from existing shareholders, which receive no compensation, amount to 30 percent, representing approximately MSEK 7.7 of the Rights Issue. Guarantee agreements amount to 45 percent of the Rights Issue, representing approximately MSEK 11.3. The guarantors have undertaken, if and to the extent that less than 75 percent of the shares in the Rights Issue are subscribed for with or without prefe-

rential rights, to subscribe for any shares not subscribed for up to 75 percent of the shares in the Rights Issue. Guarantors will receive a cash compensation from Kopy Goldfields equivalent to 8 percent of the guaranteed amount. Guarantee reimbursement thus amounts to a total of approximately MSEK 0.9. All agreements were entered into during October 2018. The agreements are not secured by a pledge, blocked funds or any similar arrangement. Documentation related to the subscription commitments and guarantee agreements are available at Kopy Goldfields. Subscription and guarantee agreements are stated below.

| Name | Subscription commitment | | Issue guarantee | | Total commitment | | Percent (%) |
|-------------------------|-------------------------|------------------|-------------------|-------------------|-------------------|-------------------|--------------|
| | Number of shares | Amount (SEK) | Number of shares | Amount (SEK) | Number of shares | Amount (SEK) | |
| KGK Holding AB | 2,444,595 | 2,566,825 | 428,571 | 450,000 | 2,873,166 | 3,016,825 | 11.99 |
| Novatelligence AB | 2,343,859 | 2,461,052 | 428,571 | 450,000 | 2,772,430 | 2,911,052 | 11.57 |
| Bengt Wahlqvist | 1,883,506 | 1,977,681 | 0 | 0 | 1,883,506 | 1,977,681 | 7.86 |
| Tim Carlsson | 240,000 | 252,000 | 0 | 0 | 240,000 | 252,000 | 1.00 |
| Johan Österling | 210,000 | 220,500 | 0 | 0 | 210,000 | 220,500 | 0.88 |
| Kjell Carlsson | 78,000 | 81,900 | 0 | 0 | 78,000 | 81,900 | 0.33 |
| Andreas Forsell AB | 50,400 | 52,920 | 0 | 0 | 50,400 | 52,920 | 0.21 |
| Mikhail Damrin | 39,336 | 41,303 | 0 | 0 | 39,336 | 41,303 | 0.16 |
| Ehsan Ashrafi | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Jussi Ax | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Irgens Bergh | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Sebastian Clausin | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Niclas Corneliusson | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Gerhard Dal | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Fårö Capital AB | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Hemo Spray & Pump AB | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Göran Källebo | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Kivsvalk AB | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Fredrik Lundgren | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Rune Löderup | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Niklas Löwgren | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Ulf Mannestig | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Jens Miöen | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Modelio Equity AB | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Myacom Investment AB | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Christian Månsson | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Navitex Trading AB | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Nordic Emotion Group AB | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Willhelm Risberg | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Dag Rolander | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| Tuida Holding AB | 0 | 0 | 428,571 | 450,000 | 428,571 | 450,000 | 1.79 |
| TOTAL | 7,289,696 | 7,654,181 | 10,714,275 | 11,250,000 | 18,003,971 | 18,904,181 | 75.14 |

Advisers

Stockholm Corporate Finance AB ("SCF") is financial adviser to the Company in relation to the Rights Issue and has advised the Company when drafting this Information Memorandum. Since all information in this Information Memorandum is based on information provided by the Company, SCF excludes themselves from all liability in relation to investors in the Company, as well as to other direct and/or indirect consequences following investment decisions and/or other decisions, which are fully or partly based on information contained in this Information Memorandum. Hagberg & Aneborn Fondkommission AB acts as issuer agent in relation to the Rights Issue.

Possible conflicts of interest

Stockholm Corporate Finance AB and Hagberg & Aneborn Fondkommission AB has an agreed in advance compensation for their services in connection with the Rights Issue. In addition to that, there is no financial or other relevant interest in the Rights Issue.

Certified adviser

The Company has appointed Hagberg & Aneborn Fondkommission AB as Certified Adviser on First North. Hagberg & Aneborn Fondkommission AB owns no shares in the Company.

ARTICLES OF ASSOCIATION

Articles of Association Kopy Goldfields AB

The Articles of Association were adopted at the Annual General Meeting on May 26, 2016. The Company's registration number is 556723-6335.

ARTICLES OF ASSOCIATION OF

Kopy Goldfields AB (PUBL)

Registration number: 556723-6335

§ 1 COMPANY NAME

The company name is Kopy Goldfields AB (publ).

§ 2 REGISTERED OFFICE

The registered head office of the company is in the municipality of Stockholm, Stockholm county.

§ 3 OBJECTS OF THE COMPANY

The objects of the company shall be to pursue production and / or exploration of minerals, in own name, via subsidiaries or through smaller partnership and with that compatible operations.

§ 4 SHARE CAPITAL

The share capital shall be not less than SEK 22,000,000 and not more than SEK 88,000,000.

§ 5 AMOUNT OF SHARES

The amount of shares shall be not less than 59,500,000 and not more than 238,000,000.

§ 6 BOARD OF DIRECTORS AND COMPANY AUDITORS

The board of directors shall consist of not less than 3 and not more than 8 members.

The company shall have 1 – 2 auditors, with not more than 2 deputy auditors, or an registered auditing company.

§ 7 CONVENING OF SHAREHOLDERS' MEETING

Notice of general meeting of shareholders shall be published in the Official Swedish Gazette (Sw: Post- och Inrikes Tidningar) as well as at the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

§ 8 OPENING OF SHAREHOLDERS' MEETING

The chairman of the board, or a person so appointed by the board, is to open the shareholders' meeting and preside over its proceedings until a chairman has been elected for the meeting.

§ 9 ANNUAL GENERAL MEETING

The annual general meeting shall be held annually within 6 months after the end of the financial year.

The following business shall be considered at the annual general meeting:

1. Election of chairman of the meeting
2. Drawing up and approval of the voting list
3. Approval of the agenda
4. Election of one or two persons to certify the minutes
5. Determination of whether the meeting was duly convened
6. Presentation of the submitted annual report and auditors' report and, where applicable, the consolidated annual report and the auditors' report for the group
7. Resolutions
 1. a) regarding the adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and balance sheet
 2. b) regarding allocation of profit or loss in accordance with the adopted balance sheet
 3. c) regarding the discharge from liability of the board members and, where applicable, of the managing director
8. Determination of fees for the board and, where applicable, for the auditors
9. Election of the board and, where applicable, an auditing company or auditors and possible deputy auditors
10. Other matters which rest upon the meeting according to the Swedish Companies Act or the company's articles of association

§ 10 FINANCIAL YEAR

The company's financial year shall be 0101–1231.

§ 11 RIGHT TO PARTICIPATE IN SHAREHOLDERS' MEETINGS

Shareholders wishing to attend to a shareholders' meeting shall to the company give notice of participation and number of assistants before 4.00 p.m. on the day specified in the notice of the shareholders' meeting. That day may not be a Sunday, Bank Holiday, Saturday, Midsummer Night's Eve, Christmas Eve or New Years Eve and may not fall earlier than on the fifth weekday prior to the meeting. Proxies do not need to give notice of number of assistants. Number of assistants may not be more than two.

§ 12 RECONCILIATION ACCOUNT

The company's shares shall be registered in a central securities depository register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

WORD LIST

Alluvial gold

Mineralization in river beds at ground level.

Chips

Fine-grained drill cutting samples (chips) of bedrock that are obtained from RC drilling.

Core drilling

Drilling method used to explore bedrock.

Cut-off

The lowest grade at which a deposit is economically workable.

Deposit

The presence of mineralization.

Diamond drilling

Exploration method where rock cores are bored, also known as core drilling.

Doré bars

Unrefined gold bullion containing mostly silver and gold.

Enrichment

Concentration of a constituent of a mixture to be processed.

Enrichment plant

Plant for processing.

ETF

Exchange traded fund, can be focused on gold investments.

Exchange

The percentage of the amount of a particular metal in a raw material extracted in the enrichment process.

Exploration

Search for economic mining ores and minerals.

Fault

The crust formation, which raised, lowered or moved sideways.

Feasibility Study

Feasibility and profitability study which forms the basis for decisions on mining investment.

Flotation

Part of the enrichment process in which chemicals are used to significantly increase the concentration of valuable minerals.

Geochemistry

Science of metals and other chemical substances on their natural behaviour in the environment.

Geophysics

Study of soil physics properties. Magnetic and electrical measurements and gravity measurements are some geophysical methods of exploration.

GKZ

The Russian State Commission on Mineral Reserves. The state authority responsible for the registration and approval of mineral resource and ore reserve estimates.

Gravimetric separation

Separation method by which different types of minerals are separated based on their weight.

Indicated mineral resource

The part of a mineral resource measured to a lesser degree and reliability than measured mineral resources, but measured to a higher degree and reliability than inferred mineral resources.

Inferred mineral resource

The part of a mineral resource measured to a lesser degree and reliability, compared to measured and indicated mineral resources. Inferred mineral resources may not be added up with measured and indicated mineral resources and may not constitute a basis for financial assessments.

JORC

Approved standard set by the Australian Joint Ore Reserve Committee (JORC) for the calculation and reporting of mineral resources and ore reserves.

koz

Abbreviation of thousand ounces.

Leaching

Chemical dissolution of metals for selective extraction from the leachate.

Lena Goldfields

An area between the Vitim and Lena Rivers in the Irkutsk region, overlapping the northern part of the Bodaibo area, with a history of over 150 years of gold production.

LOM

Life-of-mine, which is the time the ore reserves, or such reasonable extension of the ore reserves as conservative geological analysis may justify, will be extracted.

Measured mineral resources

The part of a mineral resource measured at the highest degree and with the highest reliability.

Mineral

Combination of elements in the earth's crust.

Mineral resources

The proportion of mineralized ring in which quantity, grade, shape and physical characteristics are known in the borehole and analysis, and which allows a satisfactory interpretation of the geological picture of the mineralization. Must be continuous (be related). Mineral resources must meet reasonable demands to be extracted economically. An estimate of the measured and indicated mineral resource is sufficient to serve as the basis of a preliminary feasibility study and can be the basis for significant development and expansion decisions.

Mineralization

Natural concentration of mineral in the bedrock or the earth's crust that is thought to be economically workable in terms of quantity, grade, shape and physical characteristics.

Moz

Abbreviation of million ounces.

Open pit

Type of mine where superficial deposits are mined above ground.

Ore reserve

The part of a mineral resource that is economically viable.

Quartz

A mineral consisting of silica, SiO₂, with a white or transparent color.

RAB drilling

Rotary air blast drilling, which is a drilling technology used in exploration.

RC drilling

Reverse circulation drilling, which is a drilling method used for sampling drill cuttings, used on certain types of deposits and often at an earlier stage compared with diamond drilling.

Recovery

The percentage of a mineral in a material that can be extracted in the enrichment process.

Troy ounce (oz)

31.103 grams. Weight measure for gold.

ADDRESSES

The Company

Kopy Goldfields AB (publ)
SE-114 52 Stockholm
Visiting address: Skeppargatan 27
Website: www.kopygoldfields.com

Financial Adviser

Stockholm Corporate Finance AB
Birger Jarlsgatan 32 A
SE-114 29 Stockholm
Visiting address: Engelbrektsplan 1
Website: www.stockholmcorp.se

Issuing Agent

Hagberg & Aneborn Fondkommission AB
SE-114 41 Stockholm
Visiting address: Valhallavägen 124
Telephone: +46 (8) 408 933 50
Website: www.hagberganeborn.se

Auditor

Ernst & Young AB (EY)
Box 7850
SE-103 99 Stockholm
Visiting address: Jakobsbergsgatan 24
Telephone: +46 (8) 520 590 00
Website: www.ey.com/se

Central Securities Depository

Euroclear Sweden AB
Box 191
SE-101 23 Stockholm
Website: www.euroclear.com

