

## KOPY GOLDFIELDS AB (publ) Half Year Report January – June 2019

### Financial information half year 2019

- The Company does not report any revenue
- Income from sale of the Kopylovskoye project MSEK 2.9 (0)
- Net income MSEK -0.6 (-9.3)
- Total comprehensive income MSEK 2.9 (-4.3)
- Earnings per share before and after dilution SEK -0.01 (-0.11)
- Total cash flow MSEK -8.7 (8.0), including paid interest of MSEK -2.8 (0) and new loans MSEK 0 (15)
- Investments in exploration work and licenses MSEK 0 (0.9)
- Investments into joint ventures MSEK 0 (0)
- Cash and cash equivalents amounted to MSEK 11.4 (13.8) at period end

Key ratios	Jan - Jun		Jan – Dec
	2019	2018	2018
Investments in exploration work and licenses, MSEK	0.0	0.9	2.5
Investments into joint ventures, MSEK	0.0	0.0	5.1
Cash & cash equivalents at end of period, MSEK	11.4	13.8	20.1
Net income for the period, MSEK	-0.6	-9.3	-43.8
Total comprehensive income for the period, MSEK	2.9	-4.3	-5.1
Earnings per share before and after dilution, SEK	-0.01	-0.11	-0.52
Equity per share, SEK	1.25	1.30	1.22
Equity asset ratio, %	79.4	75.7	78.2

### Significant events January – June 2019

#### Existing long-term loans were renegotiated and extended in March 2019

- As per year end 2018, the Company held two loans of SEK 15 million each, granted by Scandinavian Credit Fund I AB, originally due for repayment on July 7, 2019 and March 3, 2020.
- In March 2019, the loans were merged into one loan of SEK 30 million and accumulated interest of SEK 2.8 million was paid.
- New repayment date is set to March 4, 2021 and the loan bears an annual interest rate of 11.75 percent and no arrangement fees.

#### In April 2019, a new exploration property to the Maly Patom project was acquired by the Company

- The new exploration license, called Polovinka, is bordering the Gorbylyakh license area, which is part of the Maly Patom exploration project.
- The new property covers an area of 88 sq. km and provides the right for bedrock gold prospecting and exploration for seven years.
- The license was issued by the Russian State Federal authorities on a “first come, first served” basis with no upfront payment. If gold is discovered within the license area, Kopy Goldfields is entitled to a priority production permit for the area.
- The license is 100% controlled via the fully owned Russian subsidiary LLC Patom Gold.

#### In June 2019, a new scoping study for the Krasny project was published

- The Scoping study was developed by AMC Consultants Pty Ltd from Perth, Australia, which has a strong expertise for Lena Goldfields area by working for Poluys Gold’s local projects. The scoping study was based on the most recent gold resource estimation in accordance with the JORC from 2018.
- The study provides several production scenarios for developing the Krasny project, all with positive NPV.

- The recommended production option for Kopy Goldfields, providing the highest internal rate of return (IRR), uses an annual 1 million tonne plant throughput rate and a combined open pit and underground mine at the Krasny deposit in combination with an open pit mine at the Vostochny mineralization.
- The recommended option returns a Pre-tax NPV of USD 90 to 104 million at 6% discount rate and pre-tax IRR of 20% to 26%, using a gold price of 1,300 USD/oz

## Significant events after the reporting period

### An exploration program was initiated on the Maly Patom project in the summer 2019

- The exploration program at Maly Patom exploration project will target gold discoveries at 1-3 previously identified gold anomalies
- The exploration program will include core drilling, trench sampling, logging and assay testing.
- The drilling will commence within the Gorbylyakh license area. Explorations will start with trench sampling to better understand the geometry of gold mineralization.
- The follow up drilling program will preliminary include drilling of several holes to the depth of 80-100 meters within drill profiles located 160-200 meters apart within identified mineralized area.

### In July 2019, the Company paid a contribution to the Krasny JV to defend it's 49% stake in Krasny project

- During the summer 2018, Kopy Goldfields and GV Gold agreed to invest totally USD 2.3 million into the Krasny project to support sales activities, the 2018 exploration and other value adding activities. GV Gold paid its part in full during 2018, while Kopy Goldfields, after the finalization of the 2018 share issue, paid USD 559 thousand in November 2018 and the rest, amounting to USD 599 thousand including accumulated interest, was due for payment in July 2019.

## Comments from the CEO

Dear shareholders,

During the first part of 2019, many activities have been going on behind the scenes. Our main project is Krasny, and of course, most of the work has been focused on this project, but in parallel, we are preparing our Company for further growth. We acquired new licenses and we initiated an exploration program in Maly Patom (Northern Territories).

To support the Krasny sales process, we assigned AMC Consultants Pty Ltd from Perth, Australia to do a scoping study for the project. The scoping study was published during the spring and provided several production scenarios for developing the Krasny project, all with positive NPV. The recommended production option for Kopy Goldfields, providing the highest internal rate of return (IRR) but not the highest NPV for the investments, shows a pre-tax NPV of USD 90 to 104 million at a 6% discount rate and pre-tax IRR of 20% to 26%, using a gold price of 1,300 USD/oz. We see that this scoping study provides both a valuation benchmark for the project and several potential mine development alternatives. The study is based on the most recent gold resource estimation from 2018 and it comes as the fourth report of similar studies. All studies have returned positive NPV results for the project.

We have approached many mining companies and investors with Krasny and we do appreciate that Krasny is not a “simple” project and it would require further drilling and various studies to be completed before it is ready for mine construction and production. Many investors are looking for “ready to mine” gold reserves but there are no simple projects in the gold mining industry nowadays. The worldwide market for gold mining projects above 1 Moz is very limited and it is getting more and more scarce every year. We notice an increase in M&A activity in the Russian gold mining industry with several significant transactions reported during the first half of 2019. With the rising gold prices of 2019, we are not interested in divesting Krasny at just any price since we wish to realize the best possible value of the project.

In 2018, we sold our Kopylovskoye project with payment terms through 2021. The total sale price amounts to USD 6 million with a potential reduction to USD 5 million if all payments are made before the end of 2020. We are closely following the buyer’s process of prolonging the license terms and preparation for production. So far, the process appears to be on track so we expect to receive the future payments as agreed. The expected payments are discounted by the end of each reporting period, and as per June 30, 2019, profit and loss shows income of SEK 2.9 million from the Kopylovskoye sale.

Lena Goldfields is an exciting gold mining and exploration region. The area is currently producing some 0.5% of the annual global gold output. With the announced start of the Sukhoy Log mine in the mid-2020s, the gold production from the area will increase to 2% of global output. Kopy Goldfields currently has a land position corresponding to 28% of the total gold properties in the area, which makes us one of three major players. Following the completed sale of the Kopylovskoye project and the targeted exit from Krasny, our next project to develop will be the Maly Patom (Northern Territories) project, which we believe is likely to contain good discoveries. We are working on strengthening the Maly Patom project this year to prepare for further growth of the Company.

In April 2019, we completed the acquisition of a new exploration property called “Polovinka”, which extended the Maly Patom project by 88 sq.km. The license entitles us to prospect and explore for bedrock gold for seven years and the area of the new license covers the likely extension of the previously identified soil geochemical gold anomaly located within one of our already owned Maly Patom licenses. In August 2019, we commenced a drilling program at Maly Patom. The exploration program targets gold discoveries at previously identified gold anomalies and will focus on one to three previously identified targets. It will include core drilling, trench sampling, logging and assay testing. We are excited about this new exploration program and will provide regular updates and exploration results during the autumn.

We welcome all our existing shareholders and new investors to follow Kopy Goldfields development in 2019. We foresee a very interesting and exciting period ahead with a new exploration program, an ongoing sale process and an increasing gold price.

With kind regards,

Mikhail Damrin

## Kopy Goldfields creates value through prospecting and exploration with a primary focus on Lena Goldfields in Russia



### History of Kopy Goldfields

Kopy Goldfields AB (publ) (ticker: KOPY) is a public junior Swedish gold exploration company, listed on Nasdaq First North, Stockholm. The Company was established in 2007 following the acquisition of a gold deposit named Kopylovskoye. During the last 12 years, the company has acquired totally 23 licenses, whereof six have been sold and two have been returned to the Russian state. Three of the existing licenses, located in Lena Goldfields area, are developed in a joint venture with the Russian gold producer GV Gold, and four licenses, located in the Amur region, are 51% owned.

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, OOO Stanovoy and OOO Zolt, all domiciled in Blagoveshensk in the Amur region of Russia, and 49% of the Cyprus company Bodaibo Holding Ltd and the Russian company LLC Krasny. The subsidiary LLC Taiga was sold in December 2018, being the holder of four gold licenses.

### Business concept and targets

Kopy Goldfields' vision is to become a world-class exploration company with a focus on Russia. The Company's business concept is to create value by identifying and acquiring high potential gold projects located within the established area of alluvial and bedrock gold mining in Russia, prospect and explore them until they reach the stage of being ready to be sold for cash or further developed in cooperation with a partner. The target for Kopy Goldfields is to become a near-term gold producer in cooperation with an industrial partner.

### Current projects in brief

The Company has a diversified portfolio of exploration targets in different stages. All licenses have been grouped into a portfolio consisting of four projects: Krasny, the Maly Patom (former called Northern Territories), Amur and the newly acquired license Verkhovya Tamaraka. The flagship project, Krasny, which is at the feasibility development stage, consists of three licenses (Krasny bedrock, Krasny alluvial and Batiy bedrock) with a total area of 117 km<sup>2</sup>. The Maly Patom project, which is in the prospecting stage, is split into seven licenses (Tyrynakh, Bolshaya Taimendra, Gorbylyakh, Omur-Yuryakh, Chench, Maly-Patomsky and Polovinka) with a total area of 1,940 km<sup>2</sup>. The Amur project, being in the prospecting stage, includes four licenses with a total area of 104.4 km<sup>2</sup>. The Verkhovya Tamaraka license, with an area of 83 km<sup>2</sup> and in the prospecting stage, is located in the Bodaibo area, but stays separately from Krasny and Maly Patom, and if successful, will grow into a standalone project.

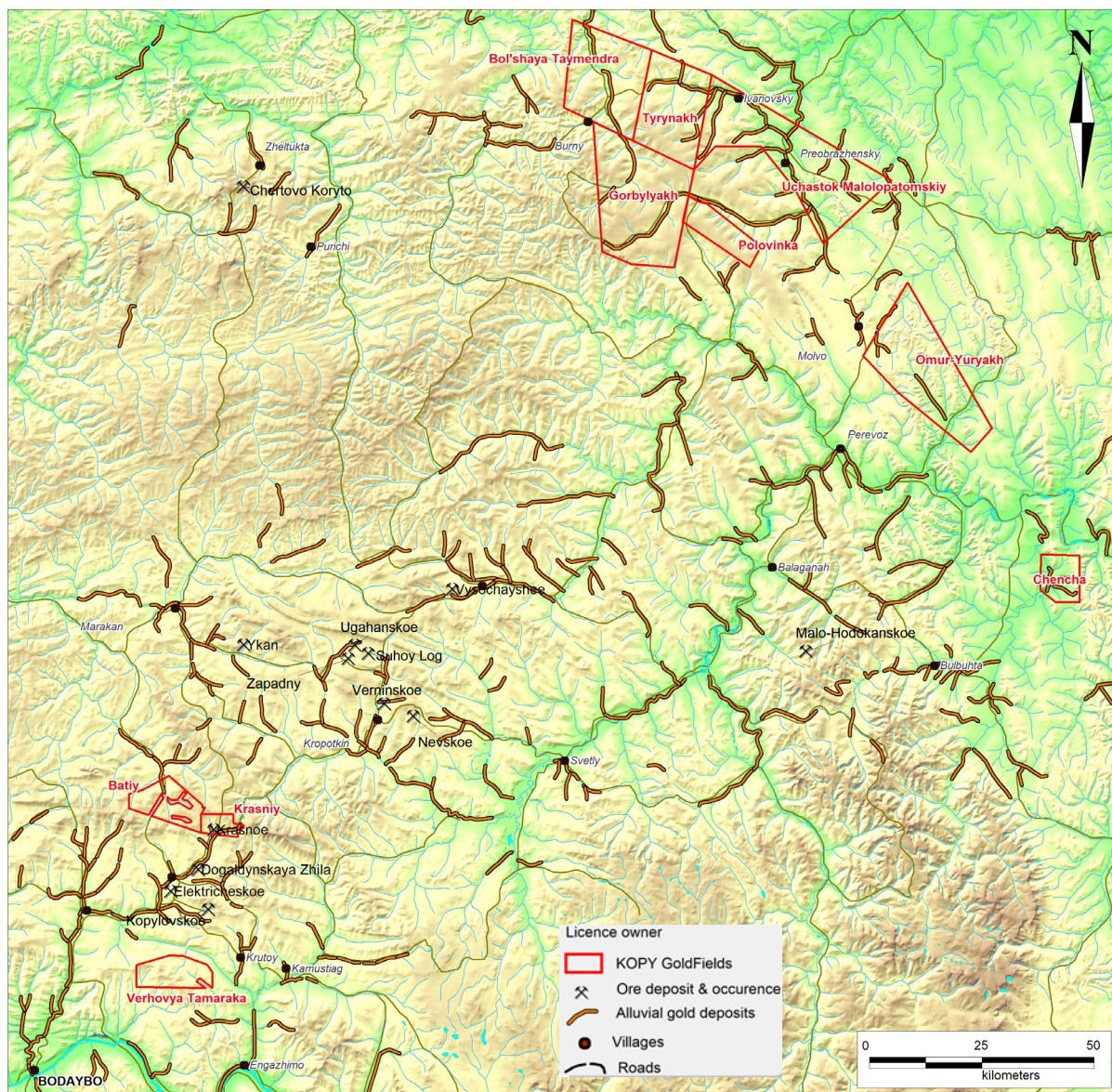
Most of the Company's projects are located within the Lena Goldfields which is an exciting gold mining and exploration region on the global scale. The first gold production was officially recorded in 1840s. The area is currently producing some 0.5% of the annual global gold output with around 50% of this amount still coming from alluvial gold mining. With the announced start of the Sukhoy Log mine in mid 2020s, the gold production from the area will increase to 2% of the global output. Kopy Goldfields currently has a land position



corresponding to 28% of the total gold properties in the area, which makes the Company one of three major players in the area after Poluys Gold and GV Gold.

The Krasny project is located within 75 km of the area's main town Bodaibo and within 12 km of Artem community. The infrastructure is well developed with water supply, electricity and federal roads to the deposits. The seven licenses, which together make up the Maly Patom project, are geographically located 200-300 km from Bodaibo and are all served by gravel and seasonal roads. The area of the Maly Patom licenses has a history of rich alluvial production. Alluvial (placer) gold mining operations are currently being developed within the Maly Patom and the Krasny license areas by external producers under separate alluvial licenses which sometimes coincide geographically with the boundaries of the Maly Patom 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 within 100-200 km from Sukhoy Log (60 Moz), which is the largest undeveloped gold deposit in Russia. Sukhoy Log was sold at a Russian State auction in January 2017 to a joint venture between Polyus Gold, a Russian major gold producer, and Rostekh, a Russian state-owned multi-industry company. Currently, feasibility studies and an intensive exploration program are being carried out on Sukhoy Log, which includes 180,000 meters of drilling during 2018-2019, in addition to historic drilling of approximately 300,000 meters. Production start is planned for 2025 at a rate of 1.6-1.7 Moz of gold per year which will make some 2% of the worldwide annual mine gold production. Total CAPEX to take the project into production is preliminary estimated at USD 2.5 billion.



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

## Development of the projects during 2019

During the first half of 2019, the Company focused primarily on the Krasny-project, where different options to exit the project are evaluated. In parallel to the planned exit from the Krasny project and the sale of the Kopylovskoye project, more efforts were put into the search for new growth opportunities. The Company acquired the new Polovinka license, extending the Maly Patom project and initiated a drilling program on the Maly Patom project.

## The Krasny project

Krasny is Kopy Goldfields' most advanced gold project to date. In the summer of 2014, Kopy Goldfields entered a joint venture agreement with the Russian gold producer GV Gold on the Krasny project. Under the agreement, GV Gold earned a 51% interest in the Krasny Project by paying Kopy Goldfields USD 3 million in cash and investing USD 6 million in exploration. During 2016 to 2018, another USD 6 million for further development of the project has been invested by GV Gold and Kopy Goldfields.

During the summer 2018, Kopy Goldfields and GV Gold agreed to invest totally USD 2.3 million into the Krasny project to support sales activities, the 2018 exploration and other value adding activities. GV Gold paid its part in full during 2018, while Kopy Goldfields, after the finalization of the 2018 share issue, paid USD 559 thousand in November 2018 and the rest was postponed in accordance with the shareholders' agreement between the parties. In July 2019, the Company contributed with USD 599 thousand including interest. With that payment, the Company defended its 49% ownership in Krasny. Cumulative joint investments in the Krasny project totaled USD 20 million by the end of July 2019.

In the middle of 2018, all field exploration activities on Krasny were put on hold and the project was opened for divestment. In September 2018, as part of the marketing activities, an update of the JORC resource estimation was issued by Micon International, which also made the JORC resource estimation for Krasny in 2016 and 2017. The report is based on the exploration data acquired through March 2018. The new estimation of 1,832 koz of Indicated and Inferred gold resources for the Krasny project shows a 32% increase since previous year, which reflects successful exploration activities during 2017 and early 2018. The resource estimation includes both "Krasny" and "Vostochny". For the Krasny deposit, the resource estimation shows 291 koz of Indicated mineral resources (mineral resources of 7,539,000 tons at an average grade of 1.20 g/t Au) and 1,202 koz of Inferred mineral resources (18,515,000 tons at an average grade of 2.02 g/t Au). The Vostochny mineralization shows a total of 339 koz of Inferred mineral resources (6,689,000 tons at an average grade of 1.57 g/t Au). All resources are reported within economically minable open pits. The report also includes 257 koz of Probable gold reserves.

In the end of 2018, AMC Consultants Pty Ltd from Perth, Australia, was assigned to do a scoping study for the project. The scoping study results were published in June 2019 and provide several production scenarios for developing the Krasny project, all with positive NPV. The recommended production option for Kopy Goldfields, providing the highest internal rate of return (IRR) but not the highest NPV for the investments, shows a Pre-tax NPV of USD 90 to 104 million at 6% discount rate and pre-tax IRR of 20% to 26%, using a gold price of 1,300 USD/oz. This scoping study provides both a valuation benchmark for the project and also several potential mine development alternatives. The study is based on the most recent gold resource estimation from 2018.

In 2018, Kopy Goldfields took a decision to evaluate the exit opportunities for the Krasny project and agreed with GV Gold to review various options how to develop the project going forward, including divestment of 100% of Krasny. Although an external sale is Kopy Goldfields' primary objective, being the 49% owner means that the sales process is dependent on external factors including the majority partner's interest.

## The Maly Patom (former called Northern Territories) project

The total area of the Maly Patom project is 1,940 km<sup>2</sup> (194,000 ha), and following the recent acquisition of the Polovinka license area in April 2019, it is now split into seven properties. Geographically, the project is located northeast of the Bodaibo area, approximately 250 km from Bodaibo. The area has high potential for new gold discoveries, and it is known for a long history of successful alluvial mining. Within Kopy Goldfields' bedrock licenses there are still a lot of active alluvial mines. The geology and age of rock in the area is similar to that of Sukhoy Log, with stratigraphy, lithology and structural settings favorable for primary gold mineralization. There have been numerous reports from the area of secondary gold halo, zone and points of gold mineralization, as



well as many grab samples with gold. No serious and consistent bedrock gold exploration, however, has been conducted in the area to date.

In 2016, the area of 1,852 sq. km was covered by a stream sediment survey with a density of 5-6 samples per square km. In total, 5,380 samples were collected, and all samples were analyzed both for gold and 24 other chemical elements. The collected geochemical data was then used to develop geochemical maps of gold anomalies for every license area. These anomalies, the result of 2016 exploration activities, were compared with historic exploration data existing before 2016. Based on the work done, 23 prospective clusters for more detailed exploration were identified.

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

In April 2019, a new license area called Polovinka was added to the Maly Patom project. The new exploration license is bordering the Gorbylyakh license area, which was already a part of the Maly Patom exploration project, and covers the potential extension of the previously identified soil gold anomaly also called Polovinka. The new property covers an area of 88 sq. km. The license provides the right for bedrock gold prospecting and exploration for seven years. The license was issued by the Russian State Federal authorities on a "first come, first served" basis with no upfront payment. If gold is discovered within the license area, Kopy Goldfields is entitled to a priority production permit for the area.

In summer 2019 the Company commenced a Stage 3 drilling program at Maly Patom exploration project targeting gold discoveries at 1-3 previously identified gold anomalies. The exploration program will include core drilling, trench sampling, logging and assay testing. The drilling will commence at the Zhelanny target within the Gorbylyakh license area. The recently acquired Polovinka property covers the extension of this target. Explorations will start with drifting surface trenches with preliminary length of 300 meters at a distance of 160 meters between cuts, and collecting chip samples (3 m composite) to better understand geometry (dip and strike) of gold mineralization. The follow up drilling program will preliminary include drilling of several holes to the depth of 80-100 meters within drill profiles located 160-200 meters apart within identified mineralized area.

#### **The Kopylovskoye project**

Kopylovskoye project was sold in December 2018 with payment terms until the end of 2021. The total sales price amounts to USD 6 million, with a potential reduction to USD 5 million all payments are done before the end of 2020. The Company closely follows the buyer's activities to prolong the license terms and prepare for production. So far, the activities appear to be generally on track and hence the future payments are anticipated on schedule.

#### **The Amur project**

In October 2018, the acquisition of the Amur project was completed. The Amur project includes four alluvial exploration properties covering 104 sq. km, valid for five years. All licenses are located within 60 km from Blagoveshensk, the capital of Amur region, in a historic gold mining area with well-developed infrastructure.

Kopy Goldfields paid 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. Kopy Goldfields has received 51% controlling interest in the project against future investments into explorations with an option to increase to 75%.

A limited revision program, which included exploration drilling and sample testing, was completed in 2018 in order to verify historic data and confirm exploration upside. Results from the program were fully reviewed and summarized. So far, the project is put on hold until a further decision on how to proceed with the Amur explorations.

## January – June 2019

(Numbers in brackets refer to the same period last year)

The Company has not yet started production and does therefore not report any net revenue.

During the first six months, the Company invested MSEK 0 (0.9) in exploration work. One license was acquired with no upfront payment (no acquisitions last year).

Since 2014, the Company is part of a Joint Venture agreement with the Russian gold producer GV Gold regarding the Krasny project. As per June 30, 2019, investments in joint ventures amount to MSEK 103.1 (94.9) on the Balance Sheet and The Profit and Loss statement shows results from Joint Ventures of MSEK 4.6 (-2.5) for the period, the difference between the years mainly explained by exchange rate differences.

Operating expenses amounted to MSEK 6.7 (9.4), including MSEK 3.8 (3.5) of personnel costs.

In December 2018, Kopy Goldfields sold the fully owned subsidiary LLC Taiga. The total sales price amounts to MUSD 6, corresponding to MSEK 54.3. The sales amount will be paid in several installments until the end of 2021. If all payments are accelerated and completed by December 31, 2020, the total price is reduced to MUSD 5. As per December 31, 2018, the sales amount of MUSD 5 was discounted and recorded in the profit and loss. The receivable as per December 31, 2018, net after transaction costs, amounted to MSEK 32.2. The expected payments are discounted by the end of each reporting period, and as per June 30, 2019, the receivable amounts to MSEK 35.1 and the profit and loss shows income of MSEK 2.9 within the financial net.

Financial items for the period amounted to MSEK 1.1 (-1.3), explained by the income from the Kopylovskoye sale and by interest costs referring to long term loans.

Net tax for the period amounted to MSEK -0.1 (0). The company does not record any deferred tax assets related to tax loss carry forwards.

Net profit for the period amounted to MSEK -0.6 (-9.3) which equals SEK -0.01 (-0.11) per share.

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

Cash and cash equivalents amounted to MSEK 11.4 (13.8) at the end of the period.

Equity amounted to MSEK 129.8 (105.7) at the end of the period which equals SEK 1.25 (1.30) per share.

Equity asset ratio was 79.4 % (75.7) at the end of the period.

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

## Going concern

Gold exploration is a capital-intensive activity and as noted above the Company does not yet have any revenues. In December 2018, the Company signed an agreement to sell the fully owned subsidiary LLC Taiga at a sales price corresponding to MUSD 6. The payment will be done in several tranches until December 31, 2021, with the main part paid by the end of the period. If the total price is paid before December 31, 2020, the total sales price is reduced to an amount corresponding to MUSD 5. After several years of exploration on Krasny, the Company is now evaluating the options to exit the project. Depending on the timing of this process, it cannot be excluded that further capitalizations will be needed to finance the Company's operations and to maintain the 49% stake in the Krasny project until it has been divested. The Board believes that this financing primarily should be done via new share issues possibly supplemented by bridge financing. Given the estimated values of the Company's assets, it is the Board's assessment that the Company can continue a going concern.

## Significant events after the reporting period

An exploration program was initiated on the Maly Patom project in the summer 2019 which will target gold discoveries at 1-3 previously identified gold anomalies. The exploration program will include core drilling, trench sampling, logging and assay testing. The drilling will commence within the Gorblyakh license area. Explorations will start with trench sampling to better understand the geometry of gold mineralization. The follow up drilling program will preliminary include drilling of several holes to the depth of 80-100 meters within drill profiles located 160-200 meters apart within identified mineralized area.



In July 2019, the Company paid a contribution of KUSD 599 including interest to the Krasny JV to defend its 49% stake in Krasny project. This was a result of the agreement done during the summer 2018 between Kopy Goldfields and GV Gold, where the parties agreed to invest totally USD 2.3 million into the Krasny project to support sales activities, the 2018 exploration and other value adding activities. GV Gold paid its part in full during 2018, while Kopy Goldfields, after the finalization of the 2018 share issue, paid KUSD 559 in November 2018 and the rest was due for payment in July 2019.

## The Parent Company

Total assets at period end amounted to MSEK 137.5 (135.8). Cash and cash equivalents amounted to MSEK 11.3 (13.0). Net income for the period amounted to MSEK -3.2 (-5.8).

## Risks and uncertainties

A detailed description of the Company's risks is included in the 2018 annual report of Kopy Goldfields. The risks include, among others, geological risks, risks related to the deposits, supplier and contractor delivery risk, impairment test risks, financing risks, gold price risks, currency exchange risk and political risks. Since 2014, the EU and USA have implemented sanctions towards Russia. The Company is not directly affected by the sanctions as per today but does continuously monitor the development.

## Audit

This report has not been reviewed by the Company's auditors.

## Signatures

The Board of Directors and CEO declare that the interim report gives a fair view of the business development, financial position and result of operation of the Parent Company and the consolidated Group and describes significant risks and uncertainties that the Parent Company and its subsidiaries are facing.

Stockholm August 29, 2019  
Kopy Goldfields AB (publ)

Mikhail Damrin  
*CEO*

Kjell Carlsson  
*Chairman*

Andreas Forssell  
*Director*

Tord Cederlund  
*Director*

Lennart Schönning  
*Director*

Johan Österling  
*Director*

## Upcoming financial reporting

The next financial reporting will be the year-end report for January – December 2019, published on March 26, 2020.

## For more information, please contact:

Mikhail Damrin, CEO, +7 916 808 1217

Tim Carlsson, CFO, +46 70 231 87 01

## Address:

Kopy Goldfields AB (publ) (CIN 556723-6335)

Skeppargatan 27, 4th floor, 114 52 Stockholm, SWEDEN

Tel: +46 702 31 87 01

[www.kopygoldfields.com](http://www.kopygoldfields.com)

Ticker code: KOPY (Nasdaq First North)

Number of shares 103,825,869

## Publication under Swedish law

This information is information that Kopy Goldfields AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8:30 CEST on August 29, 2019.

Kopy Goldfields is since June 3, 2011, applying the internationally accepted JORC code to verify the mineral resources and ore reserves. Micon International Co Limited act as consultants and will approve the mineral resources according to the JORC Code. Kopy Goldfields AB applies International Financial Reporting Standards (IFRS), as approved by the European Union. Hagberg & Aneborn Fondkommission acts as Certified Adviser, contact number: +46 8 408 933 50, e-mail: [info@hagberganeborn.se](mailto:info@hagberganeborn.se).

This interim report and additional information is available on [www.kopygoldfields.com](http://www.kopygoldfields.com)

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

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## Condensed Consolidated Income Statement

KSEK	Note	Jan – Jun		Jan – Dec
		2019	2018	2018
Net turnover		0	0	0
Result from Joint Ventures		4 560	-	-
Other revenue		474	631	796
<b>Total revenue</b>		<b>5 034</b>	<b>631</b>	<b>796</b>
Work performed by the company for its own use and capitalized		0	874	0
Other external costs		-2 835	-3 421	-6 763
Personnel costs		-3 773	-3 488	-6 491
Result from Joint Ventures		-	-2 531	-7 453
Result from sale of subsidiary	5	0	0	-20 394
Depreciation and write-downs of intangible and fixed assets		-99	-3	-209
<b>Total operating expenses</b>		<b>-6 707</b>	<b>-9 443</b>	<b>-41 310</b>
<b>Operating result</b>		<b>-1 673</b>	<b>-7 938</b>	<b>-40 514</b>
Financial items	5	1 143	-1 335	-3 247
<b>Result after financial items</b>		<b>-530</b>	<b>-9 273</b>	<b>-43 761</b>
Tax		-88	-21	-249
<b>NET INCOME FOR THE PERIOD</b>		<b>-618</b>	<b>-9 294</b>	<b>-44 010</b>
<i>Attributable to:</i>				
Equity holders of the parent		-623	-9 294	-43 844
Non-controlling interests		5	0	-166
		<b>-618</b>	<b>-9 294</b>	<b>-44 010</b>
<b>Earnings per share attributable to the equity holders of the parent, before and after dilution*</b>		<b>-0,01</b>	<b>-0,11</b>	<b>-0,52</b>
<i>Average number of shares before and after dilution*</i>		<i>103 825 869</i>	<i>81 577 469</i>	<i>83 710 877</i>
<i>Number of shares at the end of the period*</i>		<i>103 825 869</i>	<i>81 577 469</i>	<i>103 825 869</i>

\*Earnings per share before and after dilution and Average number of shares before and after dilution, as well as Number of shares at the end of the period has been recalculated to reflect the rights issue in 2018.

## Consolidated Statement of Comprehensive Income

KSEK	Jan – Jun		Jan – Dec
	2019	2018	2018
Net income for the period	-618	-9 294	-44 010
<i>Items that may be reclassified subsequently to profit or loss</i>			
Translation differences on foreign operations	3 470	4 993	38 851
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2 852</b>	<b>-4 301</b>	<b>-5 159</b>

## Condensed Consolidated Balance Sheet

KSEK	Note	Jun 30 2019	Jun 30 2018	Dec 31 2018
<b>ASSETS</b>				
<i>Non-current assets</i>				
<i>Intangible fixed assets</i>				
Exploration licenses and evaluation work		12 070	9 920	10 547
<i>Tangible fixed assets</i>				
Buildings and Machinery and equipment		970	1 185	982
<i>Financial fixed assets</i>				
Joint Ventures		103 078	94 908	96 708
Deferred tax assets		43	35	44
Other non-current financial assets	5	31 260	-	32 221
<b>Total non-current assets</b>		<b>147 421</b>	<b>106 048</b>	<b>140 502</b>
<i>Current assets</i>				
Inventory		15	13	11
Receivables	5	4 748	1 396	1 140
Cash & cash equivalents		11 386	13 839	20 078
<b>Total current assets</b>		<b>16 149</b>	<b>15 248</b>	<b>21 229</b>
Assets held for sale		-	18 304	-
<b>TOTAL ASSETS</b>		<b>163 570</b>	<b>139 600</b>	<b>161 731</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	6	<b>129 768</b>	<b>105 672</b>	<b>126 371</b>
<b>Total non-current liabilities</b>		<b>30 657</b>	<b>30 000</b>	<b>15 576</b>
<b>Total current liabilities</b>		<b>3 145</b>	<b>3 919</b>	<b>19 784</b>
Liabilities directly associated with the assets held for sale		-	9	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>163 570</b>	<b>139 600</b>	<b>161 731</b>



## Condensed Consolidated Cash Flow Statement

KSEK	Not	Jan - Jun		Jan - Dec
		2019	2018	2018
Cash flow from operating activities		-6 131	-5 880	-15 831
Cash flow from investing activities		-36	-1 204	-6 553
Cash flow from financing activities		-2 534	15 049	36 607
Cash flow for the period		-8 702	7 965	14 223
Cash at the beginning of the period		20 078	5 871	5 871
Exchange differences on cash		10	3	-16
Cash at the end of the period		11 386	13 839	20 078

## Condensed Consolidated Statement of Changes in Equity

KSEK	Note	Jan – Jun	Jan – Jun	Jan – Dec
		2019	2018	2018
Equity at the beginning of the period		126 371	109 883	109 883
Share issue		0	0	25 158
Issue costs		0	0	-3 601
Warrants	7	544	90	90
Net income for the period		-618	-9 294	-44 010
Other comprehensive income for the period		3 470	4 993	38 851
Equity at the end of the period		129 768	105 672	126 371

## Parent Company Condensed Income Statement

KSEK	Jan – Jun		Jan – Dec
	2019	2018	2018
Revenue	1 580	1 819	3 141
Operating expenses	-4 135	-3 082	-7 478
<b>Operating result</b>	<b>-2 555</b>	<b>-1 263</b>	<b>-4 337</b>
Results from investments in subsidiaries	-4 485	-2 822	-14 914
Financial items	3 866	-1 700	-2 553
<b>Result after financial items</b>	<b>-3 174</b>	<b>-5 785</b>	<b>-21 804</b>
Appropriations	0	0	0
<b>Result before tax</b>	<b>-3 174</b>	<b>-5 785</b>	<b>-21 804</b>
Tax	0	0	0
<b>NET INCOME FOR THE PERIOD</b>	<b>-3 174</b>	<b>-5 785</b>	<b>-21 804</b>

## Parent Company Condensed Balance Sheet

KSEK	Note	Jun 30	Jun 30	Dec 31
		2019	2018	2018
<b>ASSETS</b>				
<i>Non-current assets</i>				
<b>Tangible fixed assets</b>		<b>9</b>	<b>15</b>	<b>12</b>
Shares in group companies	5	83 837	119 263	83 837
Other non-current financial assets	5	31 260	-	32 221
<b>Financial fixed assets</b>		<b>115 097</b>	<b>119 263</b>	<b>116 070</b>
<i>Current assets</i>				
Receivables	5	11 155	3 530	6 087
Cash & cash equivalents		11 263	13 002	19 938
<b>Total current assets</b>		<b>22 418</b>	<b>16 532</b>	<b>26 025</b>
<b>TOTAL ASSETS</b>		<b>137 524</b>	<b>135 810</b>	<b>142 095</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	6	<b>104 871</b>	<b>102 257</b>	<b>107 724</b>
<b>Non-current liabilities</b>		<b>30 000</b>	<b>30 000</b>	<b>15 000</b>
<b>Current liabilities</b>		<b>2 653</b>	<b>3 553</b>	<b>19 371</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>137 524</b>	<b>135 810</b>	<b>142 095</b>

## Notes

### **Note 1 Information about the Company**

Kopy Goldfields AB (publ), corporate identity number 556723-6335, with registered office in Stockholm, Sweden, is a public company listed on Nasdaq First North, Stockholm under the ticker code "KOPY". The Company's and its subsidiaries' operations are described in the "Kopy Goldfields creates value through prospecting and exploration with a primary focus on Lena Goldfields in Russia" section in this report.

### **Note 2 Accounting principles**

The interim report for the period ended June 30, 2019 has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act (Sw. Årsredovisningslagen). The interim consolidated financial statements have been prepared, consistently with the 2018 consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and by the Swedish Annual Reports Act. The parent company's financial statements have been prepared in accordance with the Swedish Annual Reports Act and the recommendations "RFR 2 on Financial Reporting for Legal Entities" issued by the Swedish Financial Reporting Board (Sw. Rådet för finansiell rapportering).

The interim report does not contain the entirety of the information that appears in the annual report and accordingly, the interim report should be read in conjunction with the 2018 annual report.

The same accounting principles have been applied during the period as were applied during the financial year 2018 and corresponding interim reporting period in the way they were described in the 2018 annual report, except for the adoption of new and amended standards as set out below.

#### New and amended accounting principles 2019 that have been adopted by the Group

IFRIC 23 Uncertainty over income tax treatments came into force as of January 1, 2019. The transition had no impact on Group's consolidated financial statements. The company applies IFRIC 23 as of January 1, 2019.

IFRS 16 Leases. The company applies IFRS 16 as of 1 January 2019. This standard supersedes all previous lease requirements under IFRS. For the IFRS 16 transition, the company has decided to apply the simplified approach and thus has not restated comparative amounts for 2018, the year prior to first adoption. All right-of-use assets are measured at the amount of the lease liability on adoption, and are adjusted for any prepaid or accrued lease expense. IFRS 16 mainly affects lessee accounting and the main impact is on the leases previously recognized as operating leases. As of 1 January 2019, following the IFRS 16, no distinction is made between operating and finance leases, but all are recognised as a right-of-use assets and as a leasing liability.

The Group applies an exemption to the new rules whereby in the recognition of low value leases, no right-of-use asset or leasing liability are recognized. According to the standard, lessees may elect not to recognise assets and liabilities for leases with a lease term of 12 months or less. The company has operating leases for offices premises which are negotiated on an individual basis and contain different terms and conditions. Common to all lease contracts is that all leases are short term which means that the company uses the exemption and recognises the lease payments in profit or loss on a straight-line basis over the lease term.

The IFRS 16 had no impact on Group's consolidated financial statements' opening balances.

The parent company applies an exemption to the rules in accordance with RFR 2 and thus does not apply IFRS 16. The parent company continues to report all leasing agreements as operating leases. As at 30 June 2019, the parent company had no outstanding lease liabilities.

Other new and amended IFRSs with future adoption are not expected to have any impact on the company's financial statements.

### **Note 3 Segment reporting**

The Company applies IFRS 8 for segment reporting. All of the exploration activity within Kopy Goldfields is exposed to similar risks and possibilities and is performed within Russia. The Company's operations constitute one segment and segment information is therefore not disclosed.

### **Note 4 Related party transactions**

Except for what is said in Note 6, there have been no significant changes in the relationships or transactions with related parties for the Group or Parent Company compared with the information given in the 2018 annual report.

**Note 5 Result from sale of subsidiary**

June 30, 2018, all assets and liabilities associated with the fully owned subsidiary LLC Taiga were classified as assets held for sale in accordance with IFRS 5. A legally binding agreement for the sale of 100% of LLC Taiga was executed in December 2018.

The buyer represents a group of Russian private investors. The total sales price is equal to USD 6 million, corresponding to SEK 54.3 million and will be paid in several trenches until December 31, 2021. However, if the payments are accelerated and finalized on December 31, 2020, the sale price will be discounted by USD 1 million and total USD 5 million.

As per December 31, 2018, the sales amount of USD 5 million, corresponding to SEK 45.2 million, was discounted and recorded in the profit and loss. The receivable as per December 31, 2018, net after transaction costs, amounted to SEK 32.2 million. In accordance with IFRS 10, historical exchange differences of SEK 33.1 million, referable to the Kopylovskoye-project was recorded as a cost in the profit and loss, which resulted in an accounting loss of SEK 20.4 million from sale of subsidiaries for the year 2018

The expected payments are discounted by the end of each reporting period, and as per June 30, 2019, the receivable totals SEK 35.1 million and the profit and loss shows income of SEK 2.9 million in the financial net.

**Note 6 Warrants**

The Annual General Meeting 2019 approved two long-term incentive programs 2019/2022; one for management and one for the Board of Directors. Under the programs, a total of 2,835,000 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 1,077,927 at maximum. The exercise date is December 31, 2022 and strike price is SEK 1.30. As per June 30, 2019, the number of warrants issued amount to 2,835,000.

**Note 7 Pledged assets and contingent liabilities**

	Group		Parent	
	Jun 30	Jun 30	Jun 30	Jun 30
KSEK	2019	2018	2019	2018
Floating charges to credit institutions	103 078	94 908	81 618	76 735