KOPY GOLDFIELDS

ANNUAL REPORT 2020

Underground mining at Krasivoe deposit (Yubileyniy project)

Brekchiyevaya open pit (Perevalnoe project)

CONTENT

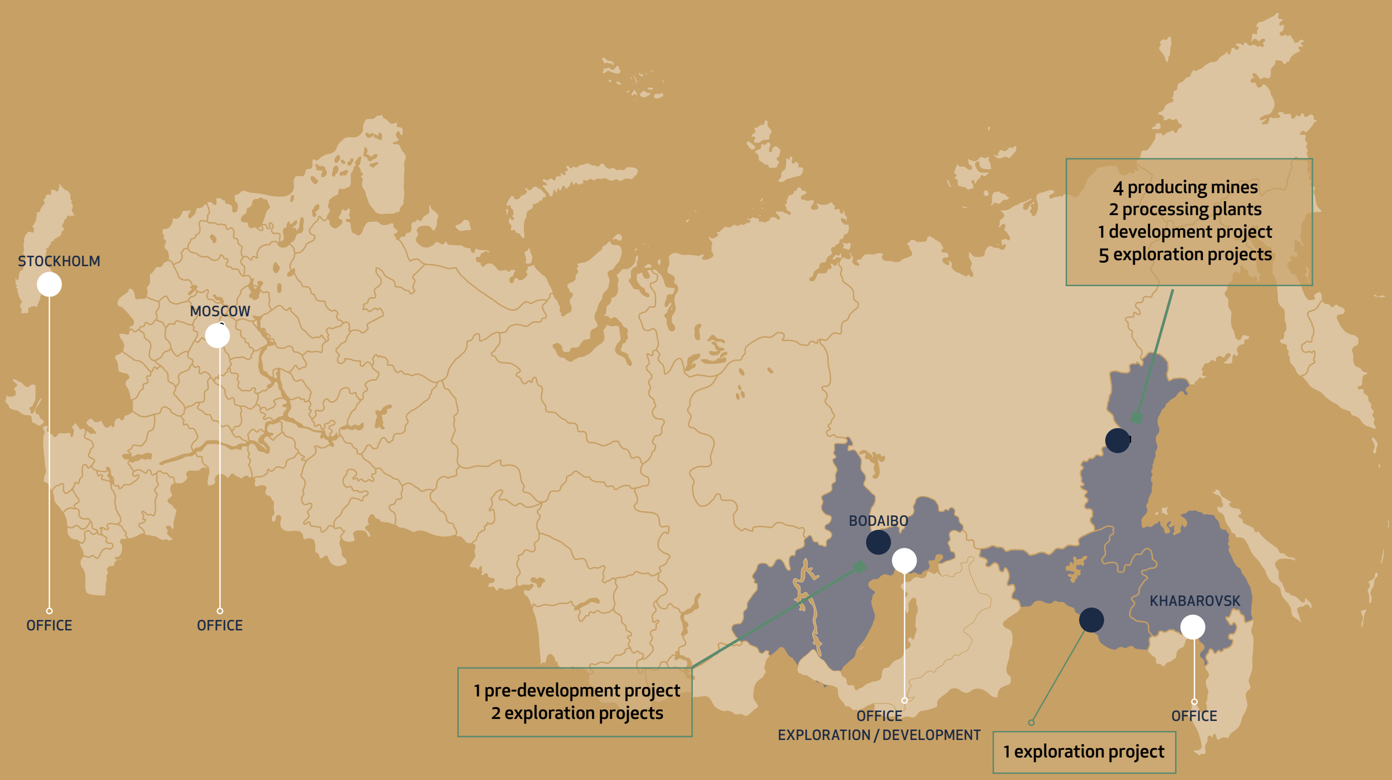
THIS IS KOPY GOLDFIELDS

Kopy Goldfields is a leading Swedish gold exploration and production company operating in the most renown gold mining regions of Russia.

Through the synergies created in exploration and production know-how, combined with operational excellence, the company is well positioned in the mid-cap segment with a strong foundation for future growth.

In 2020, the company produced 53.1 koz of gold and gold equivalents with revenues amounting to USD 99 million. The company has measured, indicated and inferred mineral resources of 2.8 Moz gold across a selection of assets.

Kopy Goldfields' shares have been traded on Nasdaq First North Growth market, Stockholm since 2010.



Attractive growth and exploration potential in our robust asset portfolio

Production target
> **100** koz of gold by **2025**

2020 IN BRIEF

REVERSE TAKEOVER of Amur Zoloto approved by AGM on June 30 2020. The transaction completed in September 1 2020 when Kopy Goldfields acquired 100 percent of Amur Zoloto. This was followed by successful integration of the two companies.

NEW MANAGEMENT team appointed and new KPIs set. The process to adopt the Swedish Corporate Governance Code was initiated.

DESPITE COVID-19, gold production increased. Negative impact on alluvial mining operations which under performed in 2020.

NEW UNSECURED FINANCE FACILITY of TRUB 3,125,000 (USD 42,301k) for funding of the investment program.

CONSTRUCTION AND DEVELOPMENT activities started for the production growth projects Perevalnoe Heap Leach and Maluytka Heap Leach.

THE KRASNY PROJECT at near feasibility stage, will be the priority exploration target during 2021.

NEW ESTIMATION of Mineral Resources announced by SRK Consulting Russia LTD (SRK) corresponding to a 32% increase since 2019.

53.1 KOZ
Gold and gold equivalents produced

+13.8%
Increase in gold sales, koz

Measured, indicated and inferred mineral resources, according to the latest mineral resource statement issued by SRK in October 2020

+32%
of Resources since 2019

+22%
of Reserves since 2019

45,620 TUSD
EBITDA

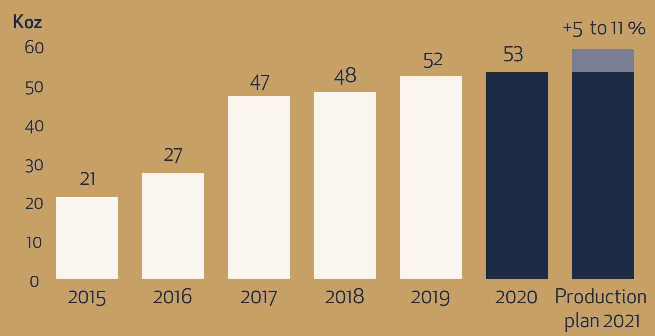
+67%
EBITDA

USD 2,064/OZ
Gold price reaches an all-time high and remains high

+27%
Average gold price 2020 vs 2019

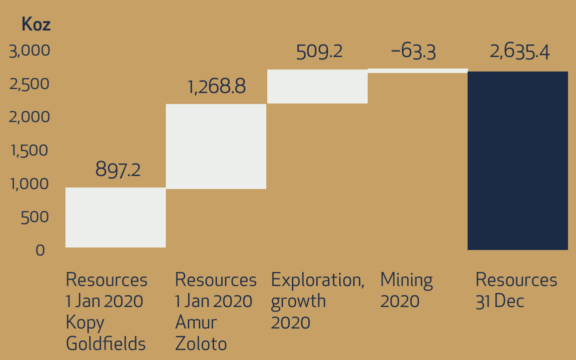
KEY FIGURES 2020	2020	2019	Change
Gold production, koz	**53.11**	52.26	+2
Gold sales, koz	**55.4**	48.7	+14
Revenues, TUSD	**98,841**	70,114	+41
EBITDA, TUSD	**45,620**	27,310	+67
Profit before tax, TUSD	**24,728**	11,719	+111
Profit for the period, TUSD	**19,153**	9,160	+109
Debt/EBITDA, x	**0.92**	1.60	-42
Total cash costs (TCC) USD/oz	**836**	738	+13
All in sustaining costs (AISC) USD/oz	**1,096**	1,050	+4

TOTAL GOLD AND GOLD EQUIVALENT PRODUCTION

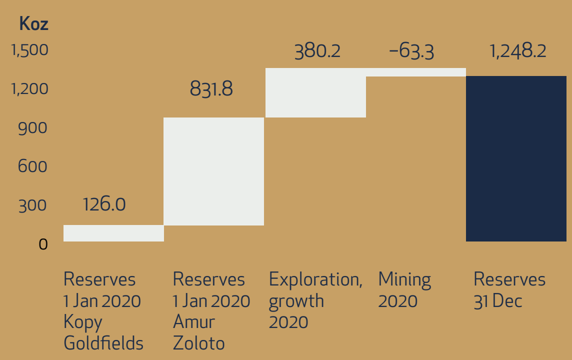


Gold equivalent includes silver production recalculated into gold based on the relation between gold and silver prices

DEVELOPMENT OF RESOURCES 2020



DEVELOPMENT OF RESERVES 2020



Words from the CEO

A whole new Kopy Goldfields, with a unique asset base and robust organic growth potential

2020 was the year when Kopy Goldfields became a leading Swedish gold producer via the reverse takeover of Amur Zoloto. Our focus during the year, apart from tackling the challenges of Covid-19, has been to merge the two companies into one joint operation with a clear strategy for growth going forward, and to continue to increase production as well as develop our different sites. Our strong cash flow from operations fuels our growth projects and allows us to maintain a safe debt ratio. Our healthy balance sheet enables us to borrow over the long term on an unsecured basis from the leading Russian commercial banks.

Kopy Goldfields' business concept is to combine our solid and proven track record of gold exploration with long-term sustainable growth potential from our existing mining sites. Our exploration and production sites are based in the eastern part of Russia, in areas that are well known for their gold deposits, where there is access to people with mining experience.

Continued interest in the Russian gold mining industry

During recent years we have seen an increasing interest in Russian gold mining projects. One reason for this is that Russia is reported to have roughly 8,000 tons of minable gold reserves. At the same time, Russia produces approximately 80 percent of all European gold. Production is also on an upward trajectory compared to both China and Australia, which are experiencing production slowdowns. Upcoming projects in Russia and new discoveries from greenfield explorations or at existing mines will continue to add further resources.

Interest for Russian gold exploration and production is also being driven by low production costs combined with increasing gold prices and a relatively weak ruble. As Russian gold production costs are in ruble and revenues are in USD, currency fluctuations such as the ones we have seen during these past few years have an immediate effect on margins for Russian gold producers.

Expanding our CAPEX for continued growth

In 2021 we plan to increase our capital construction expenditures to approximately USD 48 million, which will be invested in three key production growth projects. The first project is Maluytka where we plan to commence gold production by 2023. Maluytka is an open pit deposit where gold is planned to be recovered using a heap leach method. During the first quarter of 2021, we have started moving

> *"* We are on our way to doubling our gold production, safely and transparently, by 2025 compared to 2020. To remain on track, we need to work hard and keep a steady pace in developing the company towards this target.

equipment and fuel to the site and once production starts it will be with an initial capacity of 250 ktpa, reaching a full production rate of 1.5 Mtpa within one year. Maluytka will thus be one of the key drivers for growth for Kopy Goldfields.

The second project is Yubileyniy. Today the Yubileyniy project is already a producing gold mine with a production capacity of 130 ktpa of gold ore in 2020. This year we are planning to continue our construction activities to increase the production capacity to 250 ktpa as well as develop access to reserves below 850 meters above sea level. During 2020 we reported strong exploration results for Yubileyniy which justify a further increase in the annual capacity to 400 kt by 2025. Yubileyniy is an important building block in reaching our production goals.

The third project is Perevalnoe where we will transform from open pit operations to underground mining in 2021. This year at Perevalnoe we are also preparing for heap leach operations to process low grade ore with an annual capacity of 200 kt. Initial gold production is anticipated in 2022.

In addition to CAPEX for production projects we will also invest approximately USD 8 million in exploration. We have a solid track record and extensive experience of identifying and running successful exploration projects, with low discovery costs. During 2021 our focus will be on projects both in the Khabarovsk and the Irkutsk regions covering both early-stage exploration and reserve drilling. The Krasny project will be our priority and we aim to advance Krasny into the feasibility stage and production planning by the end of 2021.

Altogether, the three production projects and the exploration projects add up to the largest CAPEX spending in the company's history and they are an important part of our journey to achieve gold production of 100 koz by 2025.

Preparing for Nasdaq main market and focusing on ESG activities

It is our ambition to be listed on the Nasdaq main market. Kopy Goldfields has been listed on First North since 2010. Following the merger with Amur Zoloto, we believe that the company has grown sufficiently to be listed on the main market, which will also provide better conditions for the future growth of the company. A pre-listing review has been initiated and as part of those preparations, we have started to report quarterly as well as adjusting to other rules and regulations applicable to the main market.

In line with our mission to create value for all stakeholders, towards the end of 2020 we also performed a review and GAP analysis of our ESG work. Following the review, we have set up an action plan targeting the gaps as well as improving our existing operations to create a robust ESG framework.

2021 and onwards

We are on our way to doubling our gold production, safely and transparently, by 2025 compared to 2020. To remain on track, we need to work hard and keep a steady pace in developing the company towards this target. I am very happy that we ended 2020 and entered 2021 with such positive momentum. That is true for both our ongoing exploration and production and investments in securing our future growth, as well as for the favorable market conditions in the mining industry.

In 2021, I look forward to seeing our projects, our people and our company thrive as we follow our growth strategy.

Moscow, May 2021

Mikhail Damrin
CEO

From gold mineralization to gold bullions - a systematic approach to value creation

A RESILIENT GLOBAL MARKET, WITH AN ETERNALLY DESIRED, RARE, HARD-TO-GET COMMODITY – GOLD

RESOURCES

Assets
- Four producing mines with two processing plants
- Nine exploration projects
- One development project and one pre-development project

Location
- Operations in the Irkutsk and Khabarovsk regions of Russia, one of the most interesting gold mining countries in terms of great exploration upside and favourable mining legislation
- Ownership of infrastructure in remote areas creates barriers to entry for competitors

Financial strength
- USD 94 million in equity
- Solid debt financing to accelerate growth
- Solid balance sheet and attractive debt multiples

Employees and expertise
- More than 600 competent and qualified employees with knowledge in geology, mining, engineering, chemistry, finance, management and more
- Experienced management team with track record of finding and bringing resources into production
- Board of Directors with a history of growing mining businesses
- Ambitious standards for Corporate Governance

Good relations and trust
- Good relations with local communities and partners in the industry
- Trusted relations with Russian commercial banks
- Long-standing cooperation with leading refinery

COMBINATION OF OPERATIONAL EXCELLENCE AND EXPLORATION POTENTIAL

In-house cash generation supporting continued exploration and test drilling

Synergies in exploration and production know-how as well as streamlined processes

VISION

To be an efficient and continuously growing gold exploration and production company focused on Russia and the CIS

MISSION

Kopy Goldfields explores and develops gold deposits to create value for all stakeholders

GROWTH AND VALUE FOR ALL STAKEHOLDERS

Complementary asset base adding both resources and reserves

Well positioned in the mid-cap segment and a strong foundation for future growth

Outcome 2020
- M, I&I mineral resources of 2,756 koz including probable reserves of 1,313 koz
- 53.11 koz gold produced
- 55.43 koz koz gold sold
- EBITDA margin of 46%

Employees
- Competitive compensation and development opportunities
- Good and safe workplace environment, and attractive on-site amenities for employee wellbeing

Community
- Transparent company with solid corporate governance and reporting and zero tolerance for corruption and fraud
- Job creation in remote locations
- Considerate of public opinion in the implementation of new projects

Supplier and business partners
- Long-term business relations and responsible business methods

Shareholders
- Relatively low-risk growth agenda
- Higher share price, also thanks to high price of gold

Environment
- Lowest possible environmental footprint through best practices in mining, and lower-impact processing techniques

OUR VALUES

Our work is done with excellence and long-term profitability

We believe in honesty, integrity and transparency

We respect local traditions and interests whatever they are

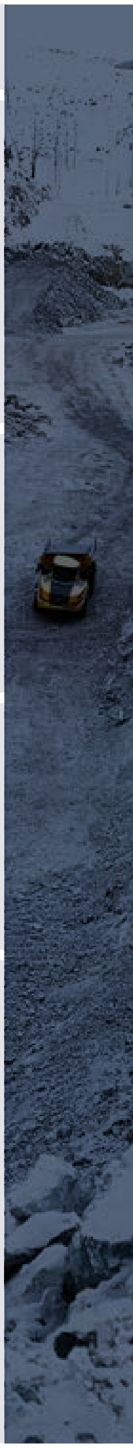
We are a trustworthy, respectful and caring employer

We strive to minimize our environmental footprint

Performance Indicators

Kopy Goldfields monitors and reports on the company's progress towards its ambitious growth targets through a number of key performance indicators.

Key performance indicator	Description	Outcome in 2020
Gold and equivalents produced (koz)	Gold and equivalents produced from the Perevalnoe, Yubileyniy, and placer operations. A strong cash flow from operations fuels Kopy Goldfields' growth projects and allows a healthy debt ratio to be maintained.	Total 2020 production amounted to 53.11 koz (1,652.04 kg) of gold equivalent, which was 1.6% above the 2019 production level of 52.26 koz (1,625.41 kg).
EBITDA (USD k)	The EBITDA demonstrates the company's ability to generate operating cash flows, which is critical to capital expenditure requirements and the growth strategy.	EBITDA for the year amounted to USD 45,620k (27,310), a significant improvement compared to the corresponding period in 2019, primarily driven by higher gold prices and increased sales.
Net Debt/EBITDA	Net Debt/EBITDA reflects the company's ability to repay its incurred debt.	In 2020, Kopy Goldfields successfully managed to reduce its Net Debt/EBITDA level. Kopy Goldfield has an attractive debt ratio and is well positioned to service its debt from significant cash flow generation going forward.
Total Cash Costs (USD/oz)	The TCC metric along with revenue from sales, is a key indicator of the company ' s ability to generate operating earnings and cash flows from its mining operations.	Total Cash Costs (TCC) per ounce sold increased during the year from USD 738/oz for the full year 2019 to USD 836/oz during 2020. This relates to lower average grades in ore processed at Yubileyniy and Perevalnoe in 2020 due to operational optimizations because of Covid-19 restrictions. Higher personnel expenses, diesel, services, and other consumables also negatively impacted the cost performance.
All-in Sustaining Costs (USD/0z)	The company also monitors the AISC which better reflects the full cost of keeping the mine in business.	All-in Sustaining Costs (AISC) per ounce sold increased during the year from USD 1,050/oz for full year 2019 to USD 1,096/oz during 2020. The higher AISC was mainly a result of increased TCC but was partially offset by higher sales volumes and lower sustaining capital expenses in 2020 and a significant local currency depreciation compared to the previous year.



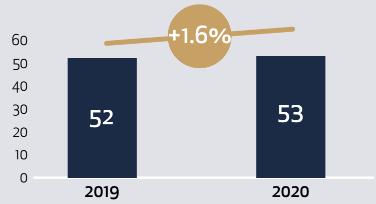
DIVIDEND POLICY

The Board of Directors proposes that no dividend be paid for the 2020 financial year.

Kopy Goldfields' current strategy is to consolidate its position following the transformation of the Company in 2020 and redeploy cash flows from operations through its capital expenditure program aimed at increasing resources, reserves, and production. Consequently, no dividend has been proposed for the 2020 financial year. The dividend policy will be reviewed annually with the long-term objective to distribute a portion of operating cash flows as dividends. The dividend payout ratio will be determined based on the company's financial position, capital expenditure plans, and relevant peer group benchmarks.

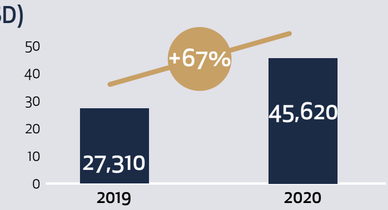
Future expectations

Gold and equivalents produced (koz)



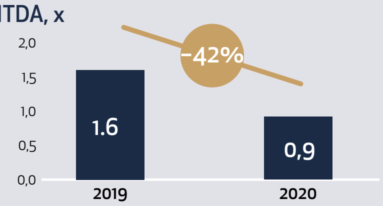
The company's long-term target is to double the current gold production through organic growth to above 100 koz per year by 2025 from Perevalnoe, Yubileyniy, Maluytka and placer operations. All construction projects leading towards the long-term production target have already commenced.

EBITDA (TUSD)



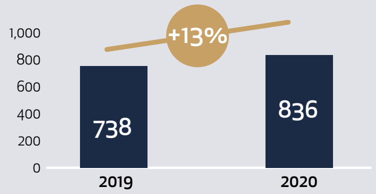
Kopy Goldfield's long-term target is to secure a healthy EBITDA. The company expects to bring good operating cost efficiencies to production through the modernization investments already underway.

Net debt/ EBITDA, x

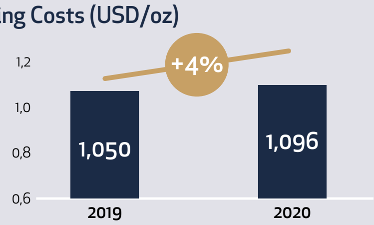


The company will maintain a prudent approach to financial leverage, focusing on keeping the right balance between optimal capital structure, capex investments, resulting leverage and dividends.

Total Cash Costs (USD/oz)



All-in Sustaining Costs (USD/oz)



Kopy Goldfields expects TCC and AISC to decrease in the next few years due to economies of scale and a higher portion of HL operations.

By reporting on these standardised metrics for the mining industry, the company will provide transparency into the costs associated with the gold production.

Strategies for efficient and continuous growth

Kopy Goldfields' strategy is to combine local geological and mining knowledge and science with international management, industry best practices, and modern and efficient technology, to identify and develop mineral deposits in a cost-efficient, safe and transparent way. Through the synergies created in exploration and production know-how, combined with operational excellence, the company is well positioned in the mid-cap segment with a strong foundation for future growth.

UNIQUE QUALITY ASSET BASE

The company has adopted a sustainable model of mining operations with projects in every stage of reserves development - from prospecting and exploration to construction and mining.

This robust portfolio provides the basis for medium-term cash flow generation and long-term sustainable value creation.

2020 outcomes:

- The combination of asset bases that took place in 2020 resulted in a new Kopy Goldfields with material gold production that generates cash flows providing a sustainable foundation to fund exploration.
- Explorations within the Kharbarovsk cluster proceeded and a new resource report was released in October 2020 showing a significant increase in mineral resources and ore reserves at the Krasivoe underground gold deposit.
- Maluytka, Yubileyniy and Perevalnoe HL projects were initiated to extend production capacity.
- Annual gold production grew and sales increased despite the Covid-19 pandemic.

OPERATIONAL EXCELLENCE

Gold mining is highly complex, and to function it requires effective collaboration between people and technology. Over its years in business, Kopy Goldfields has amassed a strong body of experience that positions it well in the industry.

2020 outcomes:

- An experienced management team was formed, composed of specialists in management, mining, exploration, gold markets, engineering, geology, and corporate finance.
- Organizational integration was completed during the latter part of the year.
- Specific targets have been identified for operations across the entire company.
- An overview of the shift rotation process is underway in the mining business to ensure a consistent, skilled, robust workforce supply, in line with growth ambitions.

DISCIPLINED CAPITAL ALLOCATION

Kopy Goldfields always targets investment options that would yield the best possible risk-adjusted return on capital, and is driving value growth through selective CAPEX allocation while maintaining a solid balance sheet.

2020 outcomes:

- A five-year strategic development program was agreed, including selective capital investments of approximately USD 130m until 2025, which is fully funded by long-term bank debt and expected cash generation.
- KopyGoldfields' growth profile scores are above market peers at approximately 10% CAGR over the next few years.
- The Board proposes that no dividend be paid for the 2020 financial year to enable the company to consolidate its position and redeploy cash flows from operations to its capital expenditure program.

SOLID GOVERNANCE MODEL

Kopy Goldfields is convinced that exemplary governance is key to ensuring successful value creation for all stakeholders. The company puts safety and environmental protection first and manages its operations with integrity, transparency, and fairness with zero tolerance for corruption and fraud.

2020 outcomes:

- A full environmental, sustainability and governance review was carried out in the fourth quarter.
- Targets and an action plan are in progress, with the ESG framework implementation to take place throughout 2021.
- Adoption and implementation of the Swedish Corporate Governance Code is underway.

MERGERS & ACQUISITION

Kopy Goldfields is constantly reviewing arising M&A opportunities and bolt-on acquisition options to enhance its operating and exploration portfolio.

2020 outcomes:

- Kopy Goldfields and Amur Zoloto joined forces in September 2020, significantly transforming and increasing the size of the company.
- While the company's main focus in the latter part of 2020 was on integrating the two companies, monitoring of the market continued for appropriate add-on acquisitions.

Gold – the metal of eternal value

Indestructible, subtly beautiful, abundant yet elusive – these factors meant that we humans bestowed a value on gold already in ancient times, and made it a natural substitute for money. Its chemical properties make it indestructible, so all the gold that has ever been produced, still exists… as jewellery, as art, stashed away in vaults, or perhaps today as a component in life-sustaining technologies. In modern times gold's value is expressed in the price of gold, which reached an all-time high in 2020.

It is gold's permanence that made it into a popular precious metal for investment purposes. Many central banks still hold large reserves of gold and because of this, gold is still a significant part of the economic system. It is considered a very stable asset class that protects the owner against inflation, turbulent stock markets and other uncertainties in the financial system.

WHAT AFFECTS THE PRICE OF GOLD?

The price of gold is determined by the mechanics of supply and demand.

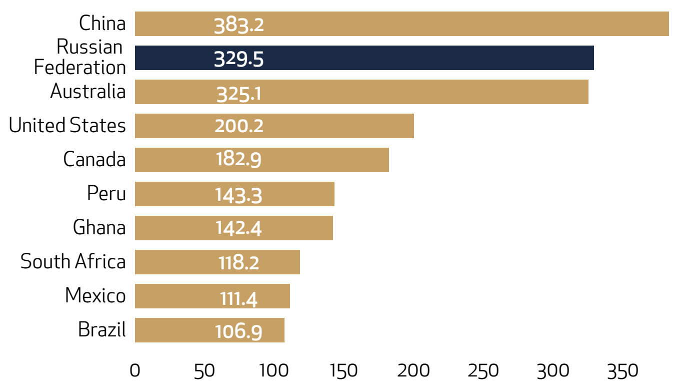
Supply is driven by mine production (75% of gold supply per year) and recycled gold (the remaining 25% per cent). Supply can increase due to sales by government holders, new mine developments and improved mining and production methods. Production has long lead times so there is no great supply elasticity.

Demand and patterns of consumption play a larger role on price development. In times of expansion, jewellery and technology consumption rise, as do long-terms savings in gold. Generally, the price of gold correlates negatively with factors such as the stock market's rise and a fall in inflation, and positively in times of international economic and political uncertainty.

WHERE IS GOLD MINED?

The supply of gold has become less geographically concentrated and overall, more stable as more countries have emerged as gold producers over recent decades.

Top 10 Gold Producing Countries in 2019 (tonnes)



Source World Gold Council, June 2020

THE MARKET FOR GOLD

Gold is largely used as an investment, a reserve asset, a luxury good or as a technology component.

Jewellery industry – the largest gold consumer. Around 50 per cent of today's produced gold becomes jewellery, with India and China being the major markets for consumption in recent times.

Private investments/ownership – the portion in investment portfolios varies, depending on the global economic situation, but gold is often sought after in times of uncertainty, volatility and a weak economy.

Central bank reserves – these have grown considerably over the last decade and account for one third of all the gold in the world.

Other industries, including technology, electronics, aerospace, medicine and others.

GOLD INSIDE?

High durability, good conductivity, high temperature resistance and resistance to corrosion means gold is valued in a range of industries:

Technology & electronics – As an excellent conductor of electricity, very low volumes of gold are found in many mobile telephones and computers.

Aerospace – It is also used in aeronautical circuitry for its conductive properties. Gold-coated polyester film helps reflect infrared radiation helping to stabilise the temperature onboard aircrafts.

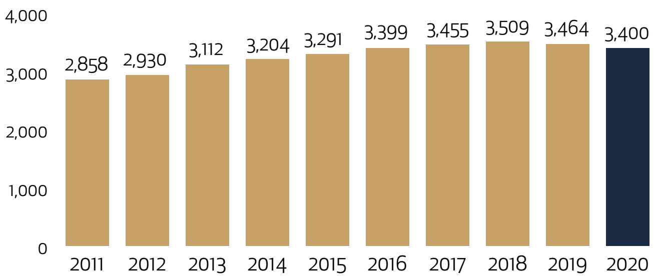
Medicine – Since gold does not react to the human body, it is used in surgical instruments, life support devices and other drug administration. It can also be used in cancer diagnosis and therapy.

Dentistry – Easy to shape and non-allergenic, gold is the perfect dental crown or filling.

SUPPLY AND DEMAND FOR GOLD IN 2020

After many years of consecutive growth, gold mining output decreased slightly in 2019, and then saw its largest annual decline in 2020 (see chart). While the 2019 drop was the result of the limited number of new gold discoveries since the mid-1990s and general decreased levels of exploration spend over recent years, the continued downward trend in 2020 was exacerbated by coronavirus-related disruption to mine production. At the same time, the supply of second-hand gold only marginally increased by 1% in 2020 to 1,297.4 tonnes.

Worldwide gold mining output (tonnes)



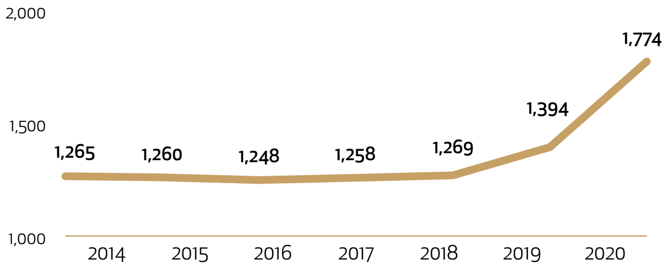
On the demand side in 2020, Covid pandemic restrictions on retail, high gold prices and an economic slow-down all hit wallets hard, and led to shrinking consumer demand for gold all over the world. Despite a quarterly recovery in demand for jewellery in Q4, the 2020 overall level was down 34% compared to 2019.

There was also significantly lower central bank buying of gold during the year, even though central banks were net buyers, with a drop of almost 60% compared to 2019.

Despite the tumultuous year for gold, it still appears to be the safe haven in uncertain times. Investment demand was the bright spot in 2020, with the highest total annual gold investment in the World Gold Council's (WGC) data series, up 40% on 2019. A major part of this year-on-year growth was driven by the demand for gold-backed ETFs (exchange-traded funds), also seeing record high inflows of 877.1 tonnes, as investors sought to diversify their portfolios and hedge against market uncertainty, economic slow-down and extremely low interest rates.

In summary, 2020 ended on an 11-year demand low, with a 14% decline in annual demand to 3,759.6 tonnes, the first sub-4,000 tonne year since 2009.

Gold price, average (USD/OZ)



Source: Statista

GOLD PRICE AT A MULTI-YEAR HIGH

Gold price has experienced a double-digit increase in the last twelve months and in quarter three of 2020 it traded at close to USD 2,000/oz (and broadly within the range of USD 1,800-2,000/oz). It dropped somewhat at the end of November, with positive news about the Covid-19 vaccine generating an upturn in investor risk sentiment. Thereafter, the price of gold recovered to close the year at USD 1,887.6/oz representing 25% annual growth, the largest increase since 2010.

IS THE NEAR FUTURE STILL SHIMMERING BRIGHT FOR GOLD?

Gold is and will continue to be a rare, precious and valued asset that takes time and effort to bring to market. In 2021, mining output is likely to improve as mines experience fewer pandemic-related stoppages. Kopy Goldfields believes that the medium-term trend will be a decrease in output though, given that all the "easy" gold discoveries have been made.

What about the demand for gold in 2021? According to the World Gold Council, the pace of economic recovery and low interest rates will set the tone. Volatility will remain, particularly throughout the first half of the year, due to the Covid-19 pandemic, international trade tensions, changing trade regulations and domestic political situations across the globe. However, the last quarter of 2020 suggested that the major jewellery markets of China and India seemed to be on stronger footing and investors appeared to be optimistic that the worst was over.

According to the WGC, investors are likely to see the low interest rate environment as an opportunity to add risk assets in the hope that economic recovery is on the immediate horizon, while also navigating risks related to high budget deficits, inflation and market corrections.

In its 2021 outlook for gold, the WGC states that it believes investment demand will remain well supported while gold consumption should benefit from the nascent economic recovery, especially in emerging markets.

GOLDEN NUGGETS

- Gold gets its name from the Anglo-Saxon word "geolo" for yellow.
- Around 2600 BC, Egyptian hieroglyphs describe gold as being "more plentiful than dirt". The earliest known map dates from this time and shows the plan of a gold mine.
- Coins containing gold appeared around 800 B.C. The first pure gold coins were struck during the rein of King Croesus of Lydia, in Asia Minor about 300 years later.
- The U.S. monetary system was based on a gold standard until the 1970s.
- If every single ounce of gold were placed next to each other, the resulting cube of pure gold would only measure 20 meters in any direction.

Mining in Russia

Kopy Goldfields explores and mines gold in the most attractive regions of Russia, one of the most attractive countries in the world in terms of exploration upside.

Gold was first discovered in Russia's Ural Mountains in 1745. Today, some 80 per cent of European gold comes from Russia, largely mined in the country's Far East regions and Siberia. The regions of Amur, Magadan and Khabarovsk are fast-growing gold hubs, while the Siberian town of Bodaibo is also one of the most prominent mining areas in the country. Kopy Goldfields is present in all these areas.

Production in Russia has been increasing every year since 2010, and Russia is currently the world's second largest producer of gold, just after China. While gold production slowed in many countries around the world in 2020, Russia was one of the few where production increased, up by 3% compared to 2019.

RECENT MARKET DEVELOPMENTS

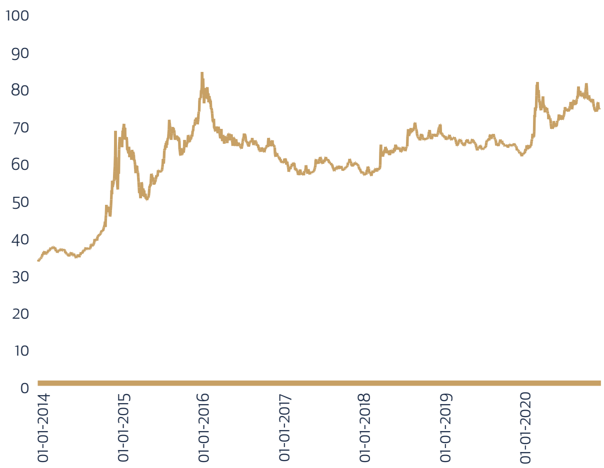
2020 was a remarkable year for gold mining in Russia, with the ruble at its lowest for years, gold prices hitting an all-time high, new regulations and the central bank ceasing purchasing.

Over the last ten years, according to the Russian Union of Gold Producers, Russia has mined 2,189 tons of gold and plans to increase the annual production to 400 tons by 2030. During the increase in gold mining production in recent years, Russia's weakened ruble counteracted the relatively low global gold prices from 2014–2019. Due to Covid-19, relatively little gold was collected from recyclables in 2020, however, Russian production from the mines increased slightly by 3% to 341 t.

A FRAGMENTED MARKET

The Russian gold production market is fragmented with many producing companies. In 2020, approximately 80 per cent of the gold produced came from 30 companies, one of which was Kopy Goldfields. The six largest gold producers are Polyus, Polymetal International, Petrapavlovsk, Kinross Gold, Nordgold and Yuzhuralzoloto. In 2020 these six companies accounted for 50 per cent of the production.

Rub-USD FX rate 2014–2020



Gold price per oz in RUB, 2014–2020

Source: World Gold Council and Review of the Union of Gold Producers of Russia

View from the top of the Krasny deposit

Eight reasons that make mining in Russia an attractive proposition

1. **Gold rich with great potential** - Russia is estimated to have the second largest minable gold reserves in the world. The known gold deposits are not exploited to their full potential and large areas of Russia still remain to be explored.

2. **Support of local authorities** - For most mining areas in Russia, mining is the only business in the area and the source of wages, taxes and infrastructure development.

3. **Talented, skilled human resources** - Russia has a strong mining tradition and is known for highly skilled mining specialists.

4. **Low taxes and favourable tax legislation** - Tax rates depend on the type of mineral resource in Russia. For gold, the current applicable mineral extraction tax rate is 6%.

5. **Straight-forward permit process** – It only takes 6-12 months on average to obtain production permits in Russia. 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.

6. **Low production costs** – Russia offers low production costs per ounce of gold mined. This is a result of a good supply of local expertise, combined with comparatively cheap electricity and fuel.

7. **Favourable currency conditions** – In the first quarter of 2020, the RUB plummeted by 29 percent against the USD to its lowest level in more than four years, and remained low throughout the rest of 2020. As Russian gold production costs are in RUB and revenues in USD, this immediately pushed up margins for Russian gold producers by 15–20 percent.

8. **Established market infrastructure** – Russia offers producers world-class refineries with spare capacity, reliable freight shipping companies and five commercial banks that are experienced in working with and buying gold with good conditions.

A sustainable, coherent business model for growth and value creation

Kopy Goldfields is a leading Swedish gold exploration and production company operating in the most renown gold mining regions of Russia. The company has identified, explored and developed high potential areas into gold producing mines for over a decade, resulting in a solid track record of bringing profitable ounces online.

CURRENT PRODUCTION

MINING

- Extracting ore from the earth safely and in the most environmentally friendly way
- Dealing with the waste sustainably

Kopy Goldfields has four producing mines

- 2 hard rock mines, Krasivoye in Yubileyniy underground mine and Perevalnoe open pit
- 2 operating alluvial mines, Placers

PROCESSING

- Getting the gold from the ore efficiently
- Producing Doré bars to be refined

Kopy Goldfields has

- Two processing plants: Yubileyniy and Perevalnoe
- Good cooperation with leading refinery where the output Doré bars are refined to make gold bullions of bank quality

SELLING

- Monitoring global gold prices and trends
- Selling physical gold to Russian commercial banks at international market gold price

Kopy Goldfields has

- Competent sales team in Moscow
- Sales of physical gold to 3 of Russia's commercial banks

FUTURE PRODUCTION

PROSPECTING & EXPLORATION

- Finding resources for future mining
- Calculating how much and what kind of gold

Kopy Goldfields has multiple exploration projects

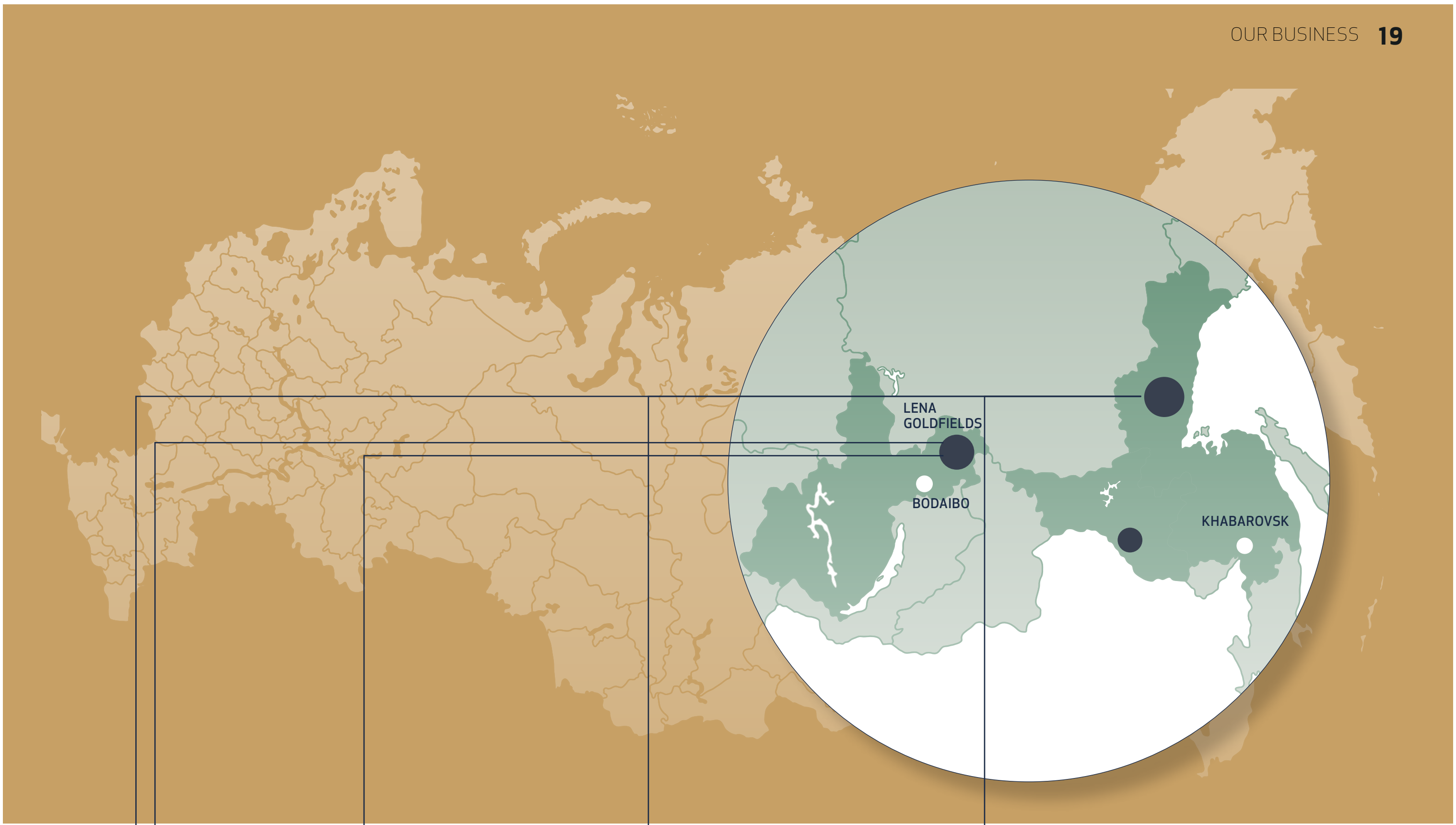
- Krasny project, Irkutsk region
- Maly Patom project, Irkutsk region
- Krasivoye deposit and many others in the Khabarovsk region

DEVELOPING A MINE

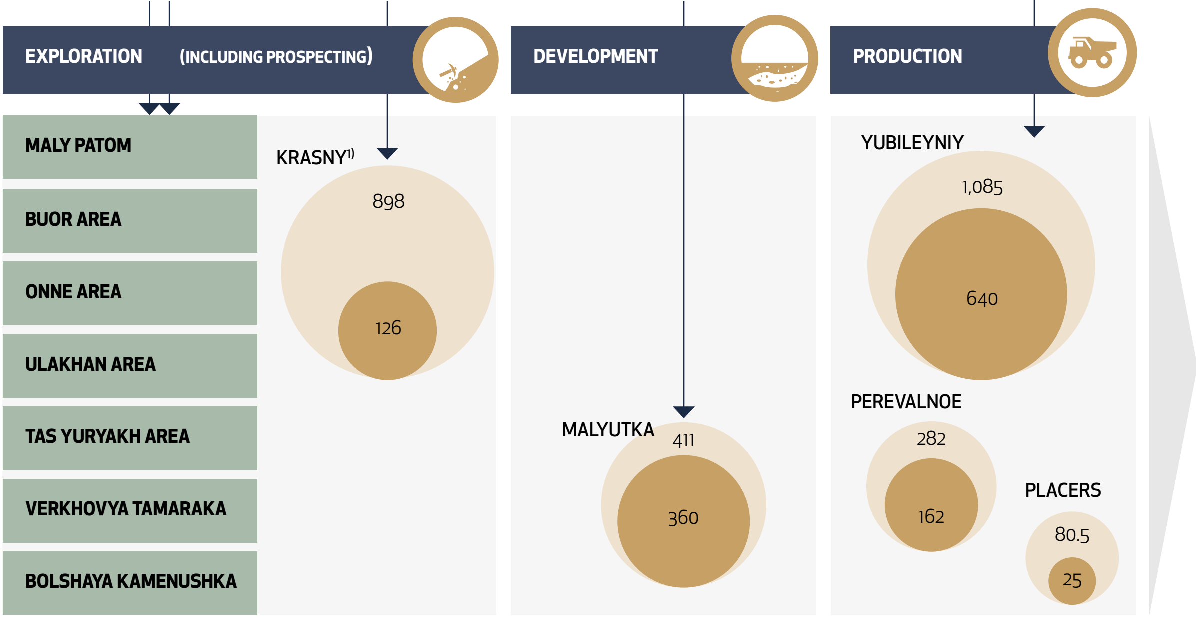
- Assessing if the gold is worth mining for
- Deciding and designing how to extract it safely and efficiently

Kopy Goldfields

- Malyutka gold production to commence in 2023
- Extend Perevalnoe from open pit into underground mine



ROBUST ASSET PORTFOLIO ALLOWING FOR STRATEGIC GROWTH



Resources: 1,309 koz
Reserves: 486 koz

Resources: 1,448 koz
Reserves: 827 koz

2025 TARGET

ORGANIC GROWTH
- PRODUCTION OF MORE THAN 100 KOZ

+ increase in production from ongoing exploration
+ expected production to come online from Krasny project
+ non-organic growth from potential M&A

Resources to be estimated | M&I, I Resources koz | 2P Reserves koz

(1) Shown on an attributable basis –49% Kopy Goldfields' ownership

PRODUCING ASSETS

PEREVALNOE COMPLEX
Open pit mine and processing plant
Production (open pit mine)
2020: 30.01 koz

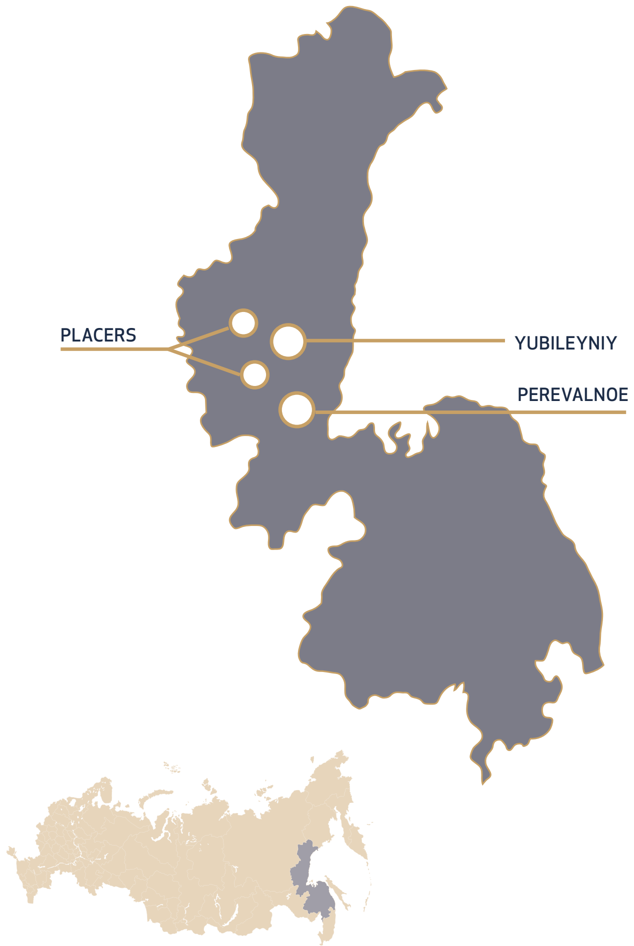
YUBILEYNIY COMPLEX
Underground mine and processing plant
Production (underground mine)
2020: 14.13 koz

PLACER & OTHER
Several active gold placers
Production
2020: 6.93 koz

Mining

Kopy Goldfields is an experienced gold mining company with strong mining expertise in the Russian Far East and a solid industrial reputation. The company has conducted active gold production since the 1970s. Kopy Goldfield's mineral assets include four producing gold mines (two hard rock and two alluvial) and two processing plants.

These are located in the Ayano-Maisky and Tuguro-Chumikansky municipal districts of the Khabarovsk Region, in the Russian Far East. Kopy Goldfields conducts open-pit mining at its Perevalnoe complex and underground mining at the Krasivoye mine, part of the Yubileyniy complex. The two operating placer mines are Buor-Sala and Kagkan-Chudny.



The company also has another processing plant which has been mothballed since 2015 as the gold reserve nearby was depleted. However, explorations continue in the surrounding area and in the event of any discovery, Kopy Goldfields will be able to start production soon thereafter.

SOLID BEDROCK ASSETS FOR GROWTH

A number of the company's mines were successfully developed during the period of 2015–2019, leading to a significant increase in production from 21 koz of gold in 2015 to 52 koz in 2019, with a gradual expansion of its reserve base. This has resulted in a solid and broad base of gold producing assets with a high organic growth potential.

In 2020, the company produced 1,652.04 kg (1,625.41) of gold and gold equivalents (GE), equivalent to 53.11 koz (52.26), which is slightly above the 2019 production level. The 2020 GE production includes 3,026 kg or 97 koz of silver which is an equivalent of 42.15 kg or 1.36 koz of gold. Total cash costs were USD836/oz, and all-sustaining cash costs were USD 1,096.

Kopy Goldfields target is to produce 56–59 koz of gold equivalent in 2021, which would correspond to an increase of 5–11% compared to 2020.

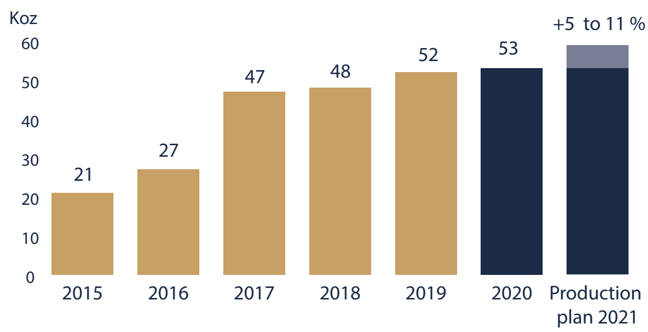
Kopy Goldfields has total mineral assets of 1.3 Moz of Proven and Probable reserves and 2.8 Moz of Measured, Indicated and Inferred resources (including Proven and Probable Reserves).

Production, Reserves & Resources

Gold production, FY 2020, koz	53.11
Gold resources, Moz	2.8
Gold reserves, Moz	1.3

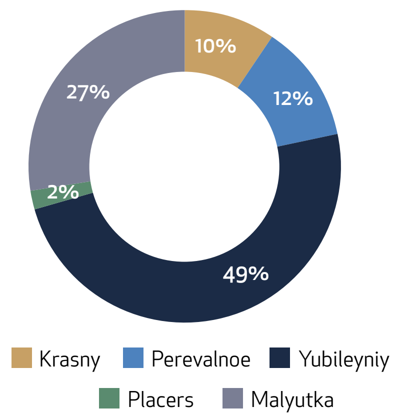
For complete information about Kopy Goldfields' Resources and Reserves, see the table on pages 100-103.

Gold production (2015–2020) koz

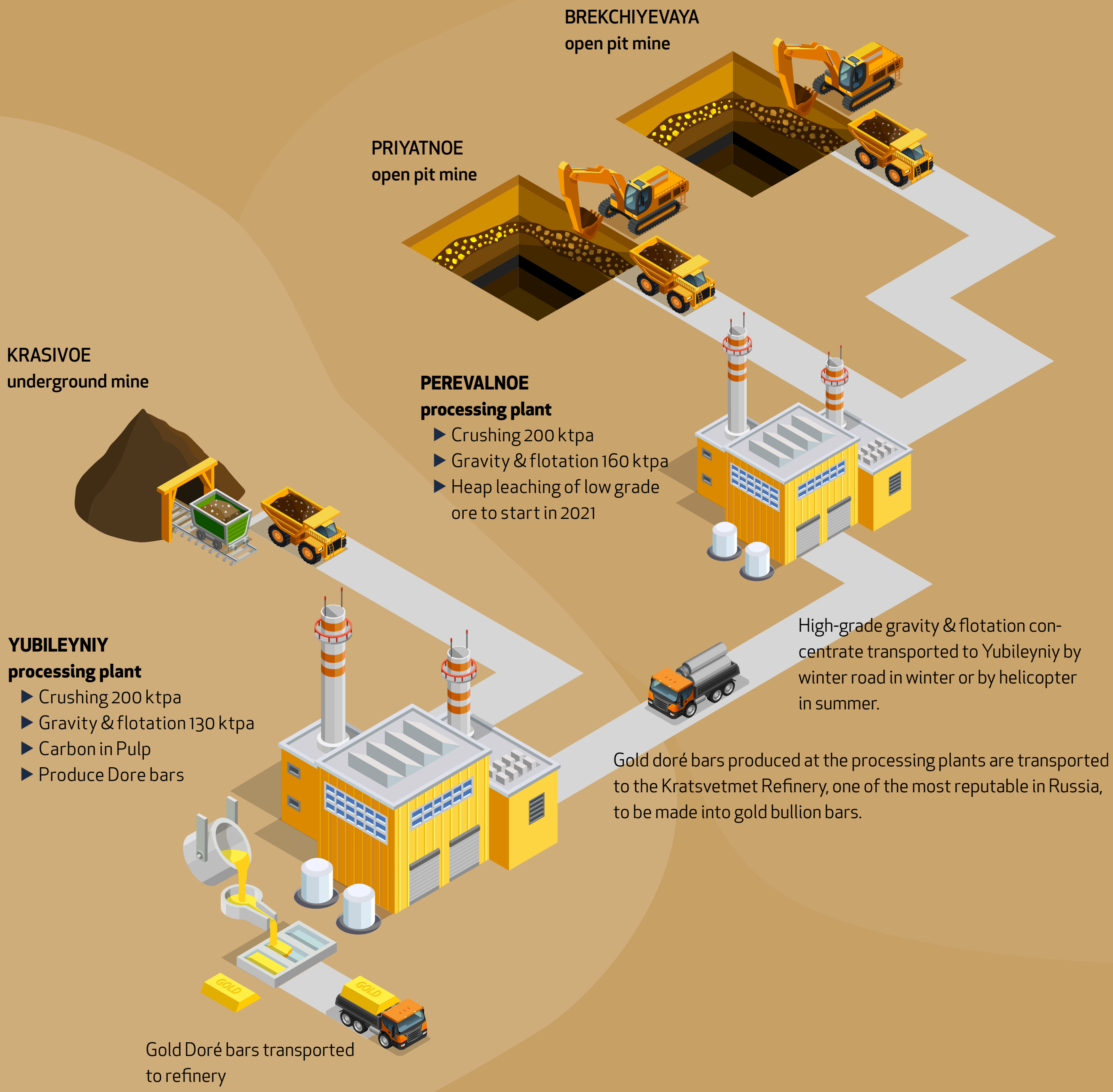


Gold equivalent includes silver production recalculated into gold based on the relation between gold and silver prices

Proven and Probable reserves by deposit, October 2020



Processing



How Kopy Goldfields makes gold

Kopy Goldfields conducts processing of gold ore, refining and production of gold. Processing takes place at the Yubileyniy mill and the Perevalnoe mill and includes crushing and grinding, gravity and flotation concentration , CIP leaching, , electrowinning and smelting.

Strongly positioned for organic growth in mining and processing

Kopy Goldfields' strategy is to combine historical, local geological and mining knowledge and science with international management, industry best practices and modern and efficient technology to identify and develop mineral deposits in a cost-efficient, safe and transparent way.

The company has ambitious growth targets – to produce more than 100 koz of gold and gold equivalents per year by 2025. This represents a doubling of gold production compared with 2020, which will be achieved through organic growth. Targets are based on current mineral reserves (and does not yet include any potential from future production in Krasny).

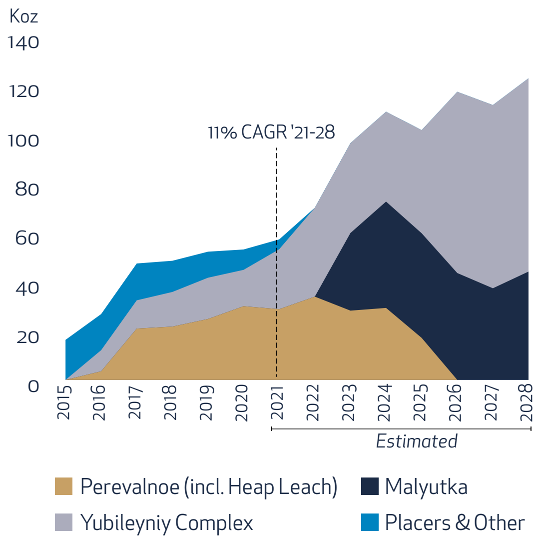
MODERNIZATION AND OPERATIONAL EXCELLENCE IN PROCESSING

Several growth and modernization projects have been initiated to extend production capacity – see the specific plans in the following section. These expansion projects will mean that the combined throughput capacity of Kopy Goldfields' two processing plants will go from approximately 290 kpta today to 410 ktpa by the end of 2022.

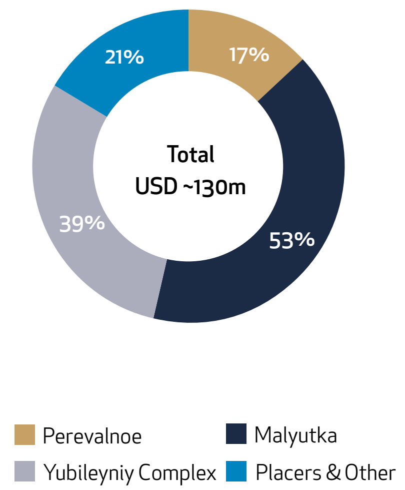
Capital expenditure for investment between the years 2020–2025 is estimated at USD 130m. This will be financed through internally generated cash flow from current gold production and available debt facilities. Investments include exploration costs in both the Khabarovsk and Irkutsk regions.

On top of the above investments, Kopy Goldfield has already adopted a number of modern ore processing methods and chemical treatment techniques in its operations. The company aims to use the best available technology and other engineering innovations modernization continues.

KOPY GOLDFIELDS' PRODUCTION PROFILE AND OUTLOOK, KOZ



CAPITAL REQUIREMENTS BY ASSET, 2020-2025



The Yubileyniy Complex

The Yubileyniy Complex comprises the Krasivoye underground mine, the Ulun deposit and the Yubileyniy processing plant. The assets are situated about 5 km apart, in the north-western part of Ayano-Maysky municipal district of Khabarovsk Region, within the Dansky Ore Field.

YUBILEYNIY PROCESSING PLANT

The Yubileyniy plant produces gravity and flotation concentrates that are processed further by CiP leaching and cyanidation to Dore bars with an average recovery over 2017–2018 of 89% gold and 62% silver. The plant has a crushing capacity of 200 kilo tonnes per annum ("ktpa") and the gravity and flotation section has a capacity of 130 ktpa. The plant processes ore from the neighbouring Krasivoye underground gold mine and flotation and gravity concentrates from Perevalnoe mine. A new stage of growth and modernization envisages a material increase in production rates and plant capacity.

ULUN DEPOSIT

Ulun is a gold deposit adjacent to Krasivoye which will be mined in the future when Krasivoye deposit will be depleting to feed the Yubileyniy plant. No production has yet taken place from the deposit.

YUBILEYNIY DEVELOPMENTS IN 2020

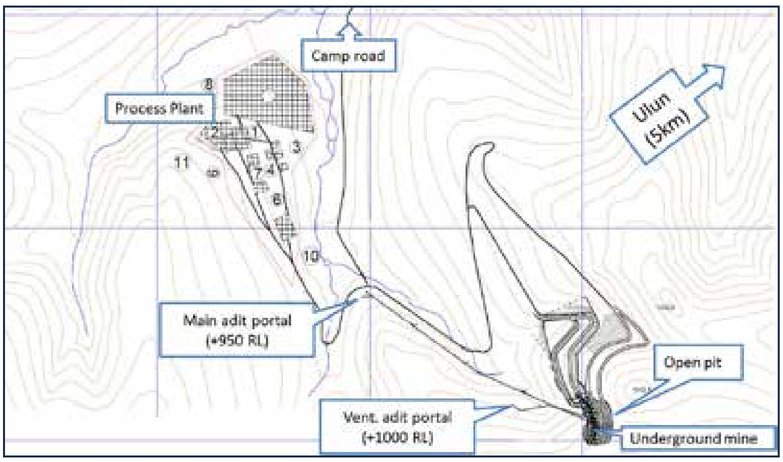
- Successful exploration campaign during 2019 and 2020 resulted in significant increase in mineral resources and ore reserves at Krasivoye underground gold deposit.
- Investments started to increase capacity, with the new crusher and mill equipment put in place.
- In December 2020, the pace of mineral processing and underground mining operations at Yubileyniy was reduced due to Covid-19. The reduction affected the volume of ore processed and total gold production for Q4 at Yubileyniy. All operations have since been restored to the planned scale.

OPERATIONAL EXPANSION 2021-2025

- Develop decline access to reserves below the lowest adit at 850 meters above sea level.
- Increase output from heap leach operations.
- Complete construction of a second gravity and flotation line to be commissioned in 2021, to process increased feed from the Krasivoe and Ulun deposits. Capacity will increase from 130 ktpa to 250 ktpa in Q4 2021 and 400 ktpa by 2025. Upgrades will take place successively to avoid production disruption.

YUBILEYNIY FACTS AND FIGURES, 31 DECEMBER 2020

Mining since	2004
Reserves & Resources	**2020**
Gold resources	1,085 koz
Gold reserves	640 koz
Production	**2020**
Gold production	14.13 koz
Number of employees	
Mining	75
Processing	57
Total	**202**



Krasivoye underground mine

Krasivoye is a high grade, underground gold mine that feeds the nearby Yubileyniy processing facility. The mine commenced production in 2004, initially using open pit methods and then switched to underground mining in 2010. The Krasivoye underground mine is accessed by adits and mining is carried out through the sub-level open stoping method. Mineral resources are classified as Indicated to the level 750 meters and Inferred below that.

Perevalnoe complex

Perevalnoe operates two open pit mines and a processing plant. Mining from the Perevalnoe open pit commenced in 2015 and the processing plant was commissioned in 2017. The facility produces gravity and flotation concentrates, which are further leached (CIP) at the Yubileyniy process plant.

MINING

Currently ore is mined from the open pits at Brekchiyevaya and Priyatnoe. However, in the future it will be mined from an underground mine below the open pit at Brekchiyevaya. Open pit mining at the Brekchiyevaya Zone will continue during the first half of 2021 when the pit to the 1080 m horizon is completed. The underground mine will be developed and start producing in 2021, following the open pit. Production will continue until the reserves are exhausted after 2023.

PROCESSING

The plant has capacity to treat ore at a rate of 160 ktpa. It produces gravity and flotation concentrates which are trucked year-round to the Yubileyniy facility for processing via cyanide leaching (CIP). For a more complete and rational usage of the reserves, the low-grade ore mined on site is stockpiled for heap leaching. A heap leach (HL) plant to process this lower grade "halo" ore is planned to be commissioned and operating by the end of 2021. It will process ore stockpiled since 2015 at a rate of 200 ktpa.

PEREVALNOE FACTS AND FIGURES, 31 DECEMBER 2020

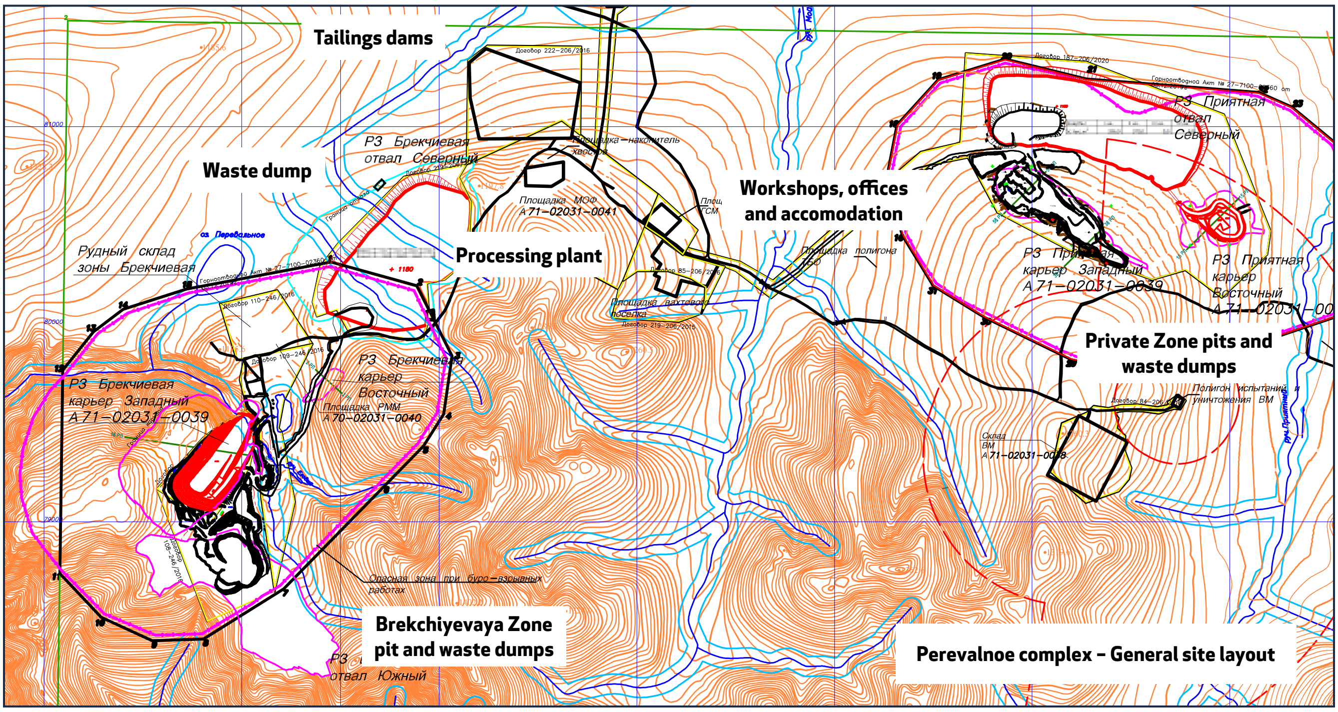
Mining since:	2015
Reserves & Resources	**2020**
Gold resources	282 koz
Gold reserves	162 koz
Production	**2020**
Gold production	30 koz
Number of employees	
Mining	68
Processing	52
Total	**200**

PEREVALNOE DEVELOPMENTS IN 2020

- 29% increase in flotation concentrate and 26% increase in ore processing at the Perevalnoe mill compared to 2019.

OPERATIONAL EXPANSION 2021–2025

- Transformation from open pit to underground mining at Brekchiyevaya during 2021.
- A heap leach plant to process lower grade ore will commence operations from 2021 with an annual capacity of 200 kt. Initial gold production is anticipated in 2022.



Perevalnoe complex – General site layout

Placers

Kopy Goldfields currently produces from several small-scale placer deposits at Buor-Sala and Kagkan-Chudny. These are essentially shallow stream placers which are dozed and loaded into articulated haul trucks and hauled to semi-mobile processing plants to reduce transportation costs. The waste stripping is conducted largely in the autumn with washing of gravels from May to October.

Together the placers are estimated to produce some 400–500 kg (13–16 koz) of gold per year. Production will continue at this currently profitable level until the reserves are exhausted, which is expected to be in 2022 or 2023. Future gold placers are planned to be mined at Khayunda and Kurun-Uryakh.

PLACER DEVELOPMENTS IN 2020

- Gold production from placer operations decreased by 35% compared to 2019. The decline is explained by a significantly lower volume of placer gravel being processed due to the late start of alluvial mining because of Covid-19 travel restrictions.

PLACER MINES FACTS AND FIGURES, 31 DECEMBER 2020

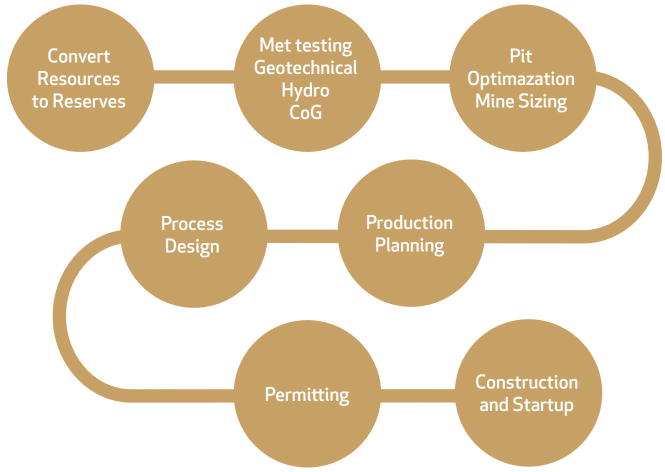
Mining since:	The company's production activities originated with placer mining in 1969
Reserves & Resources	**2020**
Gold resources	80.5 koz
Gold reserves	25.4 koz
Production	**2020**
Gold production	6.93 koz
Number of employees (seasonal)	71

Winter roads in Khabarovsk region

Development

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

MINE DEVELOPMENT PROCESS



HIGH-QUALITY PREPARATIONS ARE ESSENTIAL

Scoping and feasibility studies decide whether or not a project has the potential to become 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 improving the accuracy of forecasting. If they confirm expectations, the feasibility study will lead to permitting, equipment procurement, construction and production. "Bankable" feasibility studies 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. Each stage is based on increasingly detailed information about the mineralization rendering lower uncertainty of modelling results. The definition of a scoping study is that it "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 of the accuracy of the scoping study calculations is usually about 40%.

3D-IMAGES USED TO ANALYSE THE DEPOSIT

A successful scoping study will be followed by the feasibility studies. By the time a decision is made to proceed with a pre-feasibility study, a 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, and an estimation of necessary capital investments and operational costs. They use 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 delineating 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. 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 range 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 the best use of the mineral, capital and human resources

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

Mining at Brekchiyevaya open pit (Perevalnoe project)

Malyutka

Malyutka is a development project planned to start production in 2023, and it is located in the Tas-Yuryakh area, in the Verhneulinskaya placer district. Malyutka represents one of the major drivers of growth for Kopy Goldfields in the medium term. It is an open pit deposit where gold is planned to be recovered using a heap leaching circuit.

OPERATIONAL EXPANSION 2021–2025

Malyutka represents one of the major drivers of growth for Kopy Goldfields in the medium term. It is an open pit deposit where gold is planned to be recovered using a heap leaching circuit.

In the first quarter of 2021, Kopy Goldfield will take advantage of the winter roads to start to move equipment and fuel to the Malyutka site.

During 2021 the camp facilities will be arranged on site and the permitting process will be finalised. Most of the equipment will be procured during 2021 and delivered to the site during the winter period 2021/2022. Most of construction activities will take place in 2022. Waste stripping will also commence in 2022.

PRODUCTION TO START IN 2023

Conventional, small-scale, selective mining fleets will be used with all material being drilled and blasted. Ore will be stacked and leached. The heap leaching plant is envisaged to commence gold production in 2023 with an initial capacity of 250ktpa, reaching a production rate of 1.5 Mtpa one year after commencing production.

Due to the remote location, the mine is intended to be operated on a rotational basis. Staff will be flown to the site from Khabarovsk. Most operating staff will be sourced from the Far East region with specialist staff recruited from elsewhere in Russia.

FACTS ABOUT MALYUTKA, 31 DECEMBER 2020

Acquired	2010
Reserves & Resources	
Mineral resources	411 koz@1.4 g/t
Mineral resources	360 koz@1.2 g/t
Valid until	2030
Ownership Kopy Goldfields	100%
License area	6.3 km^2

MALYUTKA TIMELINE

EXPLORATION

2002–2005
Exploration programs, including a total of 9,503 m of core drilling from 126 holes and 12,153 m of channel sampling were completed.

2008–2012
Exploration of assessed known mineralized zones by trenching over 80 m, separate ore bodies were intersected by core drilling up to the depth of 200 m.

2014
Based on the results of exploration until 2013, the TEO Konditsii (Russian equivalent of a Pre-feasibility Study) and mineral resource estimation reports were prepared for open pit mining.

2017
A new resource model and mining optimization study was commissioned to update the Malyutka project with contemporary resource, cost and revenue factors.

PRODUCTION PREPARATION

2018–2021
Pit designs defined. Production schedule defined with a mine life of six years. Mining equipment requirements defined. Further metallurgical test work carried out.

2020–2021
Equipment purchasing taking place. Mine maintenance facilities to be constructed. These will enable routine maintenance and component exchange capabilities.

2021–2022
In the first quarter of 2021, Kopy Goldfields will take advantage of the winter roads to start to move equipment and fuel to the Malyutka site. Waste stripping and mining will commence in 2022.

PRODUCTION

2023
Production start

2024–2028
Gold production at annual capacity 1.5 Mtpa

MALYUTKA DEPOSIT: MINERAL RESOURCE STATEMENT AS AT 1 JULY 2020

Classification	Ore Type	Quantity, Mt	Au Grade, g/t	Au, t	Au, koz	Ag Grade, g/t	Ag, t	Ag, koz
Indicated	Heap Leach	9.2	1.4	12.8	411	1.2	11.4	366
Total Malyutka		**9.2**	**1.4**	**12.8**	**411**	**1.2**	**11.4**	**366**

1) The Mineral Resources are inclusive of Ore Reserves.
2) The Mineral Resource Estimation was conducted based on 0.4 g/t.
3) Gold price used 1,200$/oz.
4) Mineral resources are reported within Ore reserve pit.

Marketing a liquid commodity

Kopy Goldfields sells refined gold in standard bullion bars of 400 ounces, as well as a small amount of silver. Gold bullion are produced by the refinery, and stored securely until sales transactions take place. Kopy Goldfields' gold sales in 2020 amounted to 55.43 koz (1,723.96 kg), compared to 48.71 koz (1,515.01 kg) in 2019.

THERE ARE FOUR MAIN SALES CHANNELS FOR GOLD PRODUCERS IN RUSSIA:

- **Sales to the government:** The Central Bank has paused all purchasing of gold from 1 April 2020.
- **Sales to Russian commercial banks:** There are more than five commercial banks that trade actively with gold.
- **Sales to export:** This channel entails higher logistics costs and requires export licenses. In 2020 Russia exported gold worth a total of USD 18.5 bn, which is 3.2 times more than in 2019.
- **Sales through the Moscow Stock Exchange:** Trading in physical gold is a developing but growing channel. Exchange tariffs are high.

While Kopy Goldfields monitors all of these sales channels, the company currently sells exclusively to three of Russia's commercial banks: VTB Bank, Otkritie Bank and Sberbank.

HEDGING OF GOLD SALES

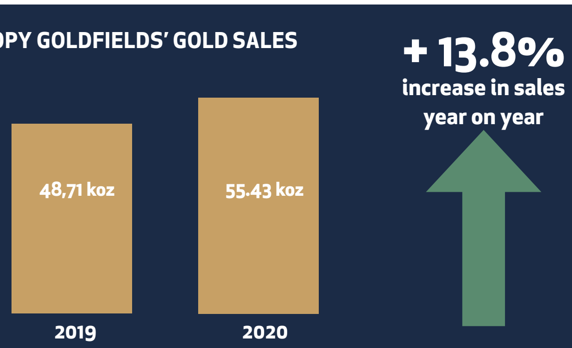
The group prepares detailed budgets and forecasts and reviews the global and domestic gold price environment on a monthly basis in order to optimize gold sales. As part of debt financing requirements,, hedging instruments are used to form a corridor between floor and ceiling gold prices. The instruments provide a secured floor gold price of USD 1,400/oz for approximately 40% of the projected gold production for 2021–2025 with ceiling prices exceeding USD 2,500/oz.

SENSITIVITY TO THE PRICE OF GOLD

Kopy Goldfields sells gold at international US dollar prices. Operations are thus impacted by fluctuations in the price of gold. In 2020, the price of gold increased dramatically, and the company's average realized gold price increased by 27% to USD 1,773/oz for the full year, compared USD 1,400/oz in 2019.

A 10% increase in the price of gold would lead to an increase of 20% in EBITDA (assuming constant exchange rates).

KOPY GOLDFIELDS' GOLD SALES



Kopy Goldfields currently sells exclusively to three of Russia's commercial banks: VTB Bank, Otkritie Bank and Sberbank.

SENSITIVITY ANALYSIS TO THE PRICE OF GOLD

(TUSD)	−10% gold price	2020 Actual	+10% gold price
Revenues	89,013	98,841	108,669
EBITDA	36,382	45,620	54,858
Profit before tax	15,490	24,728	33,966

Exploration – Finding future growth

Where are those longer-term value creating assets? Kopy Goldfields explores for the presence of gold in Russia's most attractive untapped regions, where the company holds gold exploration and production licenses. The goal is to identify the gold deposits with the highest potential for future development into mineral reserves – ultimately resulting in gold production and cash generation.

KOPY GOLDFIELDS' EXPLORATION HISTORY

After more than a decade of exploration operations in Russia, Kopy Goldfields has a solid track record and extensive experience of identifying and running successful exploration projects, with low discovery costs. Since its first exploration license was granted fourteen years ago, the company has acquired many more licenses. The current licenses cover a total land area of 3,927 km² and are located in Lena Goldfields of Siberia, and the Khabarovsk and Amur regions of the Russian Far East.

Kopy Goldfields has exploration assets at all different stages (see next page) which is key to ensuring a sustainable portfolio of assets. Over the years, Kopy Goldfields has refined its exploration process, bringing assets online by combining the skills and knowledge of Russian geologists with an efficient, Swedish organisation. Going forward, this combination will remain critical to the company's success along with robust scientific knowledge, international management, industry best practices and modern and efficient technology.

RECENT DEVELOPMENTS

Kopy Goldfields' issued a new resource statement in the third quarter of 2020. The updated total estimated M, I&I Mineral Resources amount to 2,756 koz of gold, including total Probable Ore Reserves of 1,313 koz of gold. This corresponds to a 32% increase compared to the previous resource estimate made in 2019. The Mineral Resources and Ore Reserves have increased primarily due to successful exploration campaign during 2019 and 2020 at Krasivoe underground gold deposit which is part of Yubileyniy project.

Resources and Reserves. October 2020, koz

	Resources M,I&I	Reserves P&P
Krasny	898	126
Perevalnoe	282	162
Yubileyniy	1,085	640
Placers	80.5	25.4
Malyutka	411	360
Total	**2,756**	**1,313**

EXPLORATION PROCESS

Kopy Goldfields' exploration work is conducted in several phases using a range of methods, each of which requires great experience and knowledge for correct interpretation. Costs increase as the project approaches a potential production start-up.

Historic data review → Mapping, Grab sampling, Geophysics, Geochemistry → Trench sampling → Drilling and evaluation → Resource estimation

Historic data review – Before acquiring a new licence, exploration work typically starts by reviewing any historic exploration data.

Mapping, Sampling, Geophysics, Geochemistry - The next step is to locate geological anomalies and get a first indication of any mineralization. Airborne surveys are sometimes used for covering large areas. 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. The surveys identify soil gold anomalies, the best of which are promoted for further exploration.

Trench sampling - The next step, trenching, evaluates 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. Geologists use saws to cut out mineral samples which are then sent for analysis to identify gold content.

Drilling and evaluation - If surface samples indicate commercial gold contents, drilling is carried out to evaluate the mineralization at depth. In Reverse Circulation (RC) rock fragments are blown upwards, and these "drill cuttings" are chartered and sampled for chemical analysis. In core drilling, a core is collected 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. Once the exploration work is complete, the deposit is evaluated to determine whether the technical and economical pre-requisites exist for starting a new mine.

Resource estimation - Reporting according to JORC and GKZ - Kopy Goldfields reports all new mineral resources in accordance with the international JORC Code (Australasian Joint Ore Reserves Committee), which is sponsored by the Australian mining industry and its professional organisations. It is a globally accepted standard of reporting mineral resources. Resources are also reported according to GKZ rules, the Russian mineral reporting standard. This is a statutory responsibility for a Russian mineral producer to enable mineral production.

Strategies for growth in the exploration business

The company has a diversified portfolio of exploration targets at different stages. By the end of 2020, Kopy Goldfields held 6 bedrock and 3 alluvial exploration projects including: Krasny, Maly-Patom and Verkhovya Tamaraka, Krasivoe, Perevalnoe, Onne, Khaiyunda and others.

The development strategy is focused on ensuring the sustainability of mining operations – we replenish our produced gold reserves through organic explorations.

KOPY GOLDFIELDS' OVERARCHING STRATEGIC GROWTH PRIORITIES IN EXPLORATION ARE TO:

- Proceed with the Krasny project by finalizing explorations and facilitating the development of a 1.8 Moz gold project.
- Carry out Brownfield explorations around operating mines to replace production and extend the LOM (Life of Mine).
- Perform Greenfield prospecting and explorations within existing areas of presence with potential for significant discoveries.
- Continuously search for early-stage mergers and acquisitions and farm-in opportunities with other explorers.

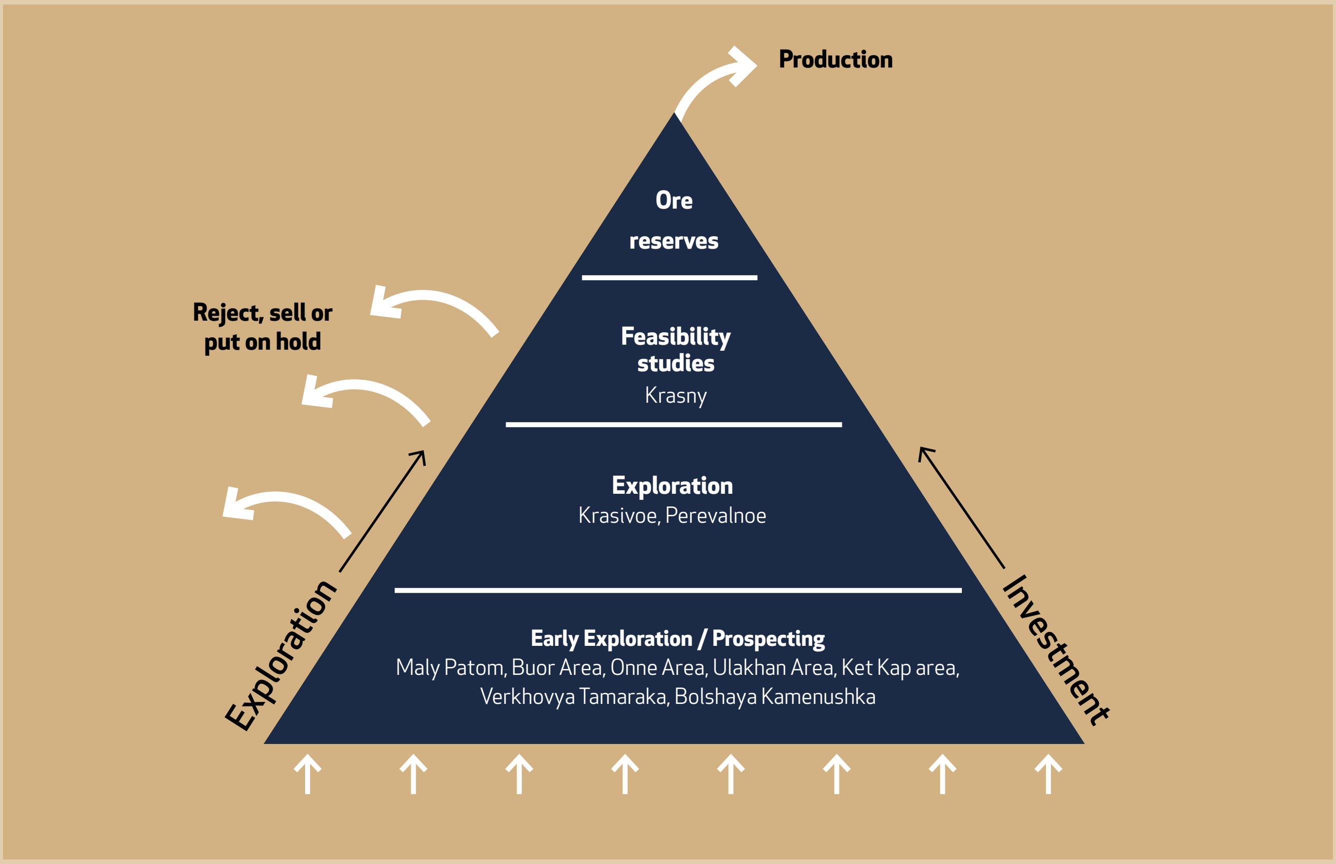
In line with this long-term growth strategy, the company has approved a capital expenditure budget of approximately USD 8 million for the following exploration projects in 2021:

Brownfield

- Yubileyniy project: 12,500-meter drilling program at the Krasivoe deposit targeting gold mineralisation at depth to extend the life of mine.
- Perevalnoe project: 6,000-meter drilling program on the flanks and within the vicinity of the Perevalnoe deposit.

Greenfield

- Krasny project (see page 32): 26,000 meters drilling and exploration program to reserves.
- Maly Patom project (see page 33): Continue prospecting within the license area including 1,500-meter drilling program.
- Krasivoe deposit: Commence prospecting within the Ulun/Ket-Kap area including 6,000-meter drilling program.
- Continue alluvial exploration activities



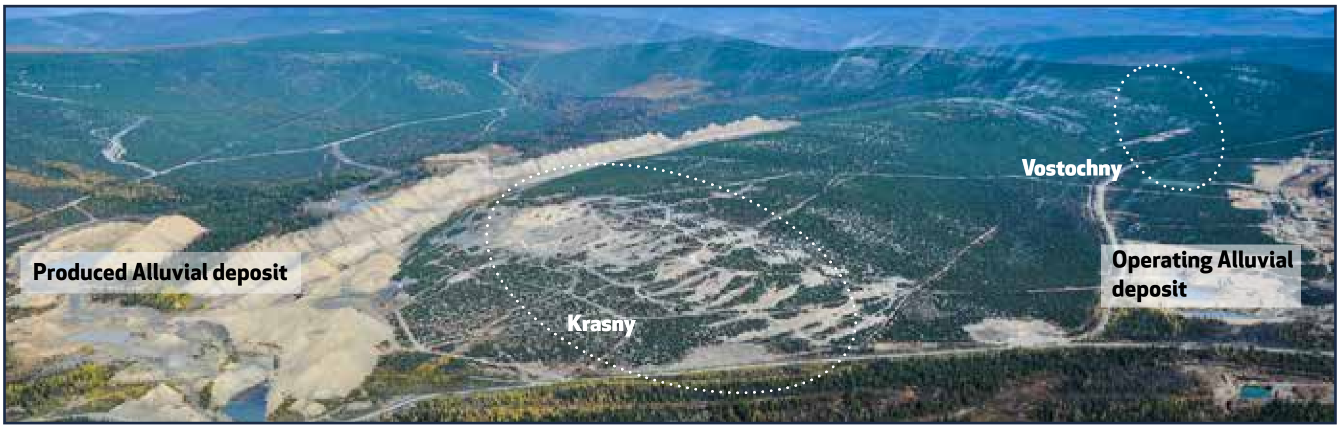
Ore transportation from the Priyatnoe open pit (Perevalnoe project)

Krasny Gold Project

From greenfield to vast mineral resource base with growth prospects.

Krasny is a pre-development gold project and consists of three licenses – the Krasny bedrock license, the Krasny alluvial license and the neighbouring 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 within, or neighbouring, the license area. Kopy Goldfields' Krasny license is valid until 2035 and provides rights for bedrock gold prospecting, exploration and production.

Development at Krasny has been carried out in partnership with the Russian gold mining company GV Gold for the past seven years. Since the company initiated the Krasny project Kopy Goldfields has moved it from the greenfield stage to the current total of 1.8 Moz of I&I gold.



2020 ACTIVITIES AND KEY OUTCOMES

Exploration at the site were put on hold in 2019 and Kopy Goldfields and GV Gold continued to evaluate alternatives to realise value during 2020.

- During 2020 some optimisation work was carried out to gain a better understanding of the resources.
- Different scenarios were reviewed on how to expedite production start.
- In spring, Kopy Goldfields and GV Gold agreed to invest a further USD 1m to finance a Russian reserve report and to secure connection of the future mine site to the regional electricity grid.
- The license terms for Krasny were prolonged for three years.

GOING FORWARD

- The development strategy for Krasny is being reviewed in light of the new production targets of Kopy Goldfields and improved gold market fundamentals.
- The company aims to issue an updated JORC report by the end of 2021 as the priority exploration target. Thereafter the project can be moved into the feasibility stage and production planning.
- Investment will be made in a 26,000-meter drilling and exploration program to reserves.

FACTS ABOUT KRASNY, 31 DECEMBER 2020

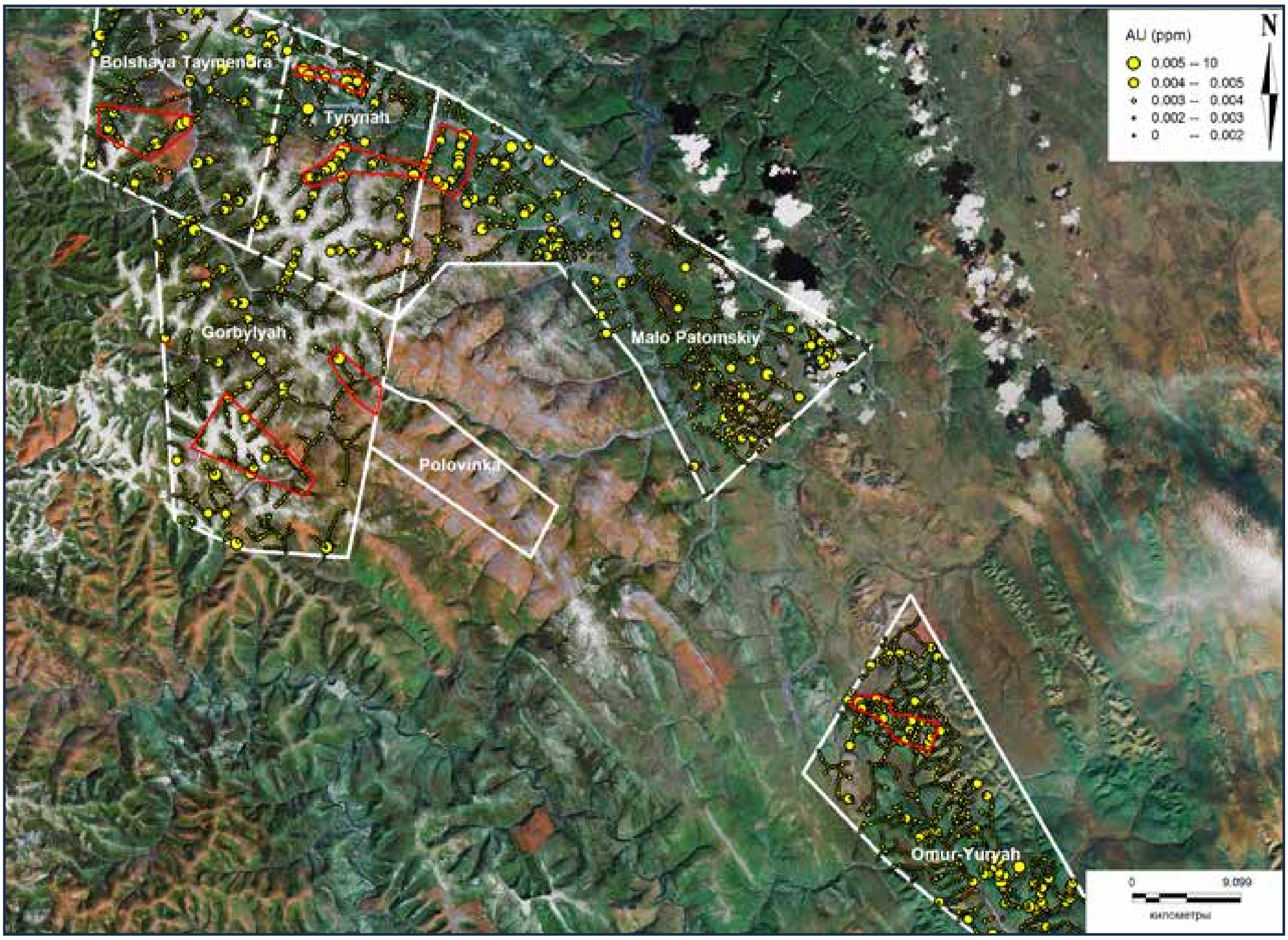
Acquired	2010
Mineral reserves (JORC)	Probable: 257 koz@1.09 g/t
Mineral resources (JORC)	
Krasny Indicated	291 koz@1.20 g/t
Krasny Inferred	1,202 koz@2.02 g/t
Vostochny Inferred	339 koz@1.57 g/t
Mineral resources (GKZ)	C2: 314 koz, P1: 233 koz
Valid until	2035
Ownership Kopy Goldfields	49%
License area Krasny + Batiy	31+86 km²

Maly Patom Project

Great exploration potential.

The Maly Patom area is located to the north of Bodaibo. At year end 2020, it covered a total area of 1,940 km² (194,000 ha), split into seven properties. Kopy Goldfields' licenses for bedrock gold prospecting, exploration and production in the Maly Patom project are valid until 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 under way.

Kopy Goldfields believes in the great exploration potential of the Maly Patom project.



FACTS ABOUT MALY PATOM, 31 DECEMBER 2020

Acquired	2012
Mineral resources,GKZ ('000)	P3: 2,793 koz
Valid until	2037
Ownership Kopy Goldfields	100%
License area	1,852 km²

2020 ACTIVITIES AND KEY OUTCOMES

- Activities were paused for a period until development could be assessed in light of Kopy Goldfields' new exploration and production targets.
- Budget was approved for further research, evaluation and exploration.

GOING FORWARD

- The exploration results strongly evidence the existence of bedrock gold mineralization within the company's license areas and support the exploration approach for gold discovery.
- Prospecting will continue within the licensed area including a 1,500-meter drilling program.

Employees

The combined skills of more than 600 people from exploration to gold sales.

Kopy Goldfields employs some 600+ people, encompassing the full spectrum of skills from gold exploration and mining, to production and sales. Capturing synergies in exploration and production know-how is one of the key pillars of Kopy Goldfields' strategy in the coming years. This know-how rests within the company's talented employees, giving them a critical role in future growth plans.

Employees include highly skilled geologists, miners, supervisors, security officers, engineers, chemists, drivers, and many more specialists are all worth their weight in gold, and all add value at each step of the gold journey. In turn the company aims to deliver sustainable value to its people by:

- Being a desired employer that fosters the engagement and development of its employees
- Being a trustworthy, respectful and caring employer
- Always putting safety first

2020 – THE START OF A HR TRANSFORMATION

In line with Kopy Goldfields' ambitious growth strategy, the company commenced its journey to transform its human resources processes in 2020. Doubling the company's gold production within five years will require having the workforce in place to ensure continuity and growth in production.

A DESIRED EMPLOYER

Kopy Goldfields' near-term mission is therefore to address one of the key challenges of human resourcing in mining. What can be done to make working for Kopy Goldfields as desirable as possible – given the remote locations, seasonal work, long working hours, shift patterns, and potentially hazardous workplaces? This is the first priority in the HR transformation and includes an overhaul of the company's rotational shift scheduling and the payment system.

Further into 2021, Kopy Goldfields will start to assess organisational and cultural needs, expression of its core values, employee motivation processes, KPIs, new-hiring process, learning and development needs, and more.

COMPETITIVE PAY

Kopy Goldfields offers competitive wages that appeal to both local talents as well as the most qualified professionals in Russia's mining industry. Industry benchmarking is carried out to ensure the company's salaries are fair and competitive, and employees are offered monthly and annual bonuses for performance efficiency.

FINDING THE BEST LOCAL GEOLOGIC AND MINING KNOWLEDGE AND SCIENCE

Exploration

In terms of the exploration business, Kopy Goldfields' operations are concentrated both in to Lena Goldfields in the Irkutsk area of Russia and in Khabarovsk area around the operating mines. Both regions have a long history of gold production and have very much a mining-oriented community. Consequently, many young people choose professions linked to mining and exploration.

To ensure its future exploration workforce supply, Kopy Goldfields also has cooperation agreements with the universities of Tomsk, Krasnoyarsk, Magadan and Irkutsk. The universities supply the company with highly skilled geologists and seasonal workers.

Mining

Kopy Goldfields' mining and production business is focused on the Khabarovsk Region, in Russia's Far East Region. The workers employed are miners, skilled engineers, machine operators and much more.

One of the greatest challenges as a mining company is finding people who are willing to work in remote locations, for long periods at a time. Kopy Goldfields is addressing this with the introduction of a new rotational shift schedule (see Keeping employees for longer on the next page).

ON-SITE WELLBEING

Kopy Goldfields provides competitive on-site conditions to ensure the wellbeing of those workers who stay on-site for a longer period of time. In addition to paid relocation and travel expenses, good accommodation, all meals provided and a shift allowance, amenities include sports rooms, a cinema room and medical care and support.

TRAINING

All employees on the company's production sites receive thorough introduction training when they arrive at the site. This naturally includes health and safety training.

Perevalnoe processing plant

Keeping employees for longer

Retaining workers for longer is critical to Kopy Goldfields strategy. The longer they stay, the more skilled and effective they become, the more they grow, the faster Kopy Goldfield reaches its growth ambitions.

In 2020 the company commenced a project to make mine working for Kopy Goldfields more desirable. The company's objective is to be able to offer more full-time equivalent employment to increase employee loyalty. This will be done through the introduction of a new fly-in fly-out rotational shift work schedule.

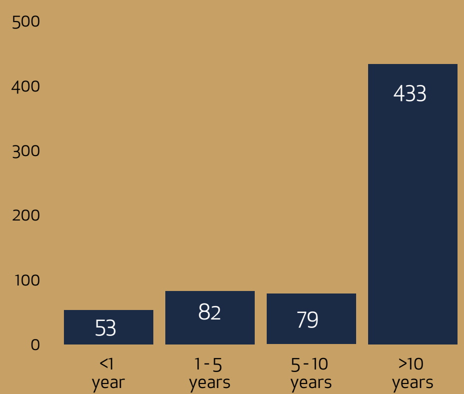
Detailed planning, budgeting, documentation compliance and modelling have already been completed. The next stages include verifying the proposed shift models with management and staff.

It is hoped that the new shift work schedule will be implemented during 2021.

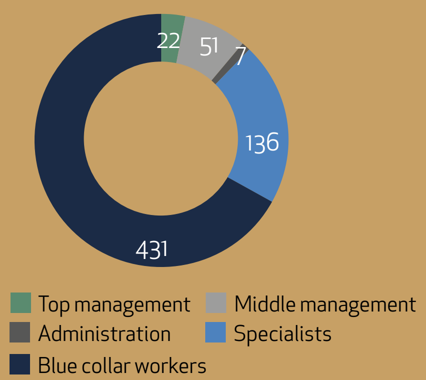
647

Total number of employees

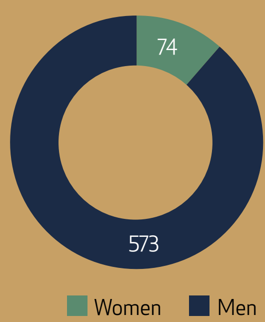
WORK EXPERIENCE/LENGTH OF EMPLOYMENT



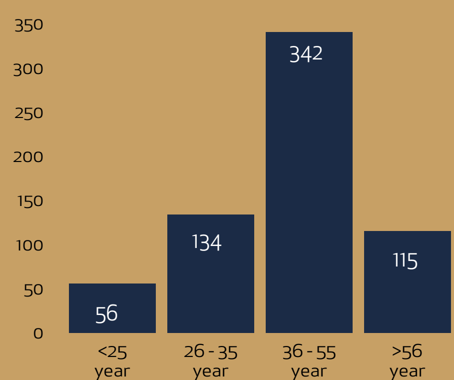
TYPE OF ROLES



GENDER STRUCTURE



AGE STRUCTURE OF EMPLOYEES



Growing responsibly, sustainably and safely

Kopy Goldfields' aspirations for sustainable growth

- We put safety first.
- We reduce our environmental impacts and ensure that environmental protection processes are in place.
- We wish to be a desired employer and foster engagement and development of our employees.
- We conduct our business with integrity, transparency and fairness with zero tolerance for corruption and fraud.
- We build and maintain community relations and prioritise local hiring.

ACCORDING TO THE WORLD GOLD COUNCIL:
"Responsibly undertaken, gold mining and its associated activities can have a transformative effect on socio-economic development in countries where gold is found. When produced in conformance to high social, environmental and safety standards, gold provides employment opportunities, improved infrastructure and tax revenues. It can also drive foreign direct investment and generate foreign exchange." *Responsible gold mining according to World Gold Council*

This is completely in line with Kopy Goldfields' mission

"We explore and develop gold deposits to create value for all stakeholders."

Environmental, social and governance issues guide the "how" of Kopy Goldfields' operations, and they have been moved to the top of the company's growth agenda. Through an reinvigorated ESG focus, Kopy Goldfields is taking a more holistic approach to the impact that the company's activities have on all stakeholders and understanding what can be done to create value and meet their expectations. This is not only to fulfil the relevant regulatory requirements but because this is part of stepping up to the obligations of a world-class mining company – a pre-requisite for Kopy Goldfields' growth ambitions.

REDUCING ENVIRONMENTAL IMPACT

Gold mining and production is an inherently energy-intensive and land-intensive business. Kopy Goldfields' transformation from open-pit to underground mining at the Perevalnoe complex, is a step towards better environmental outcomes, such as less material usage and lower greenhouse gas emissions. But there is more to be done, for example in energy and resource savings, ambient air protection, sustainable use of water resources, waste management, biodiversity conservation, hazardous materials management, land conservation and rehabilitation.

DOING THE RIGHT THING FOR CLIMATE CHANGE

The gold mining sector more broadly has already carried out investigations into the climate impact of the industry over the next decade. Opportunities for the gold sector to reduce emissions through decarbonising in line with Paris Agreement targets have already been identified. Kopy Goldfields wants to be part of this movement.

ENSURING HEALTHY AND SAFE WORKPLACES

In Kopy Goldfields' line of work, occupational health and safety and industrial safety can never come second. Health and safety monitoring as well as internal inspections of working environments are regularly undertaken to ensure compliance with Russian regulatory requirements. The company has started mapping its as-is situation more fully, and will invest in bringing the metrics closer to the averages for the industry.

FULFILLING INVESTOR COMMUNITY DEMANDS

Increasingly, the investor community weighs ESG factors into their assessments of interesting companies. Given that Kopy Goldfields aims for a Nasdaq main market listing, this an essential stakeholder group.

GIVING BACK TO THE NEARBY COMMUNITIES

While much of Kopy Goldfields' work takes place in remote locations, commitments to and regular engagement with the nearest communities helps ensure a skilled work, understand concerns related to the company's operations, and establish effective relationships with key local actors.

Kopy Goldfields complies with all Russian regulatory requirements and follows industry best practicies:

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

COMMITTING TO ETHICAL BUSINESS

Honesty, integrity and transparency are core values of the company. Kopy Goldfields must ensure that its employees, suppliers and customers conduct business according to these values, and guide them in doing so through appropriate policies and communication.

The company is not starting its sustainable development efforts completely from scratch. However, this is the beginning of a systematic process for ensuring that the needs of all stakeholders and the planet are met, as the company continues its growth journey - sustainably.

ACTIVITIES IN 2020

Overall aspirations

During the last quarter of 2020, the company defined its environmental and social aspirations and priorities further. These are listed at the beginning of this section.

ESG review and gap analysis

In October 2020 Kopy Goldfields commissioned an external consultancy to carry out an ESG review of the company's operations as a first step in its ESG Framework development and implementation. The review included a gap analysis of the company's procedures and practices in ESG matters against reference ESG frameworks and preparation of the preliminary action plan to close the identified gaps and maximise opportunities. The review covered both corporate and operational levels of the company (Irkutsk and Khabarovsk clusters) and was completed in December 2020.

While Kopy Goldfield's current status of ESG management was assessed as "basic", the external consultancy nonetheless acknowledged the commitment of the management and personnel to the principles of sustainable development and the intention to develop the company in this direction.

Other positive elements were also noted by the external consultancy. For example, in production and processes, Kopy Goldfields does not use dredging, and tailings are handled according to environmental best practices. The company does not use certain harmful chemicals and the gold processing plants have recirculated water systems in place.

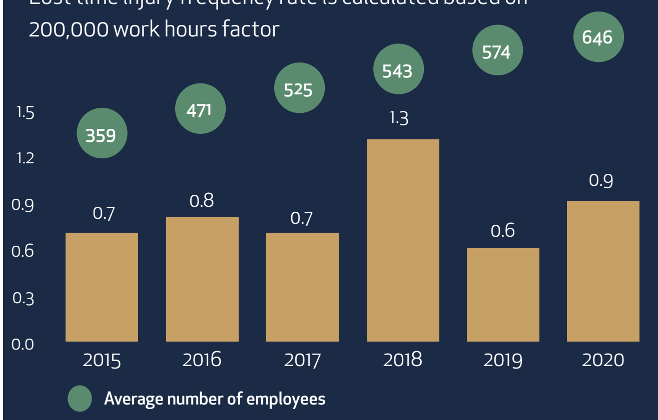
In terms of community relations, Kopy Goldfields organizes public hearings as part of new project implementations, public opinion is considered and there are currently no conflicts with local communities.

Kopy Goldfields' personnel relations are performed in strict accordance with the Labor Code of the Russian Federation and in the health and safety area, almost all H&S documentation has already been transferred into electronic form. It was also noted that the company conducted a special assessment of working conditions in 2020 and already monitors harmful factors.

Comparing to the international best practice rules, the review identified gaps in Kopy Goldfields' ESG management. The recent regulations and developments in ESG approach create challenges which all natural resource companies face nowadays. Kopy Goldfields clearly has all these issues on its agenda and will devote significant attention to them in 2021 and in the coming years.

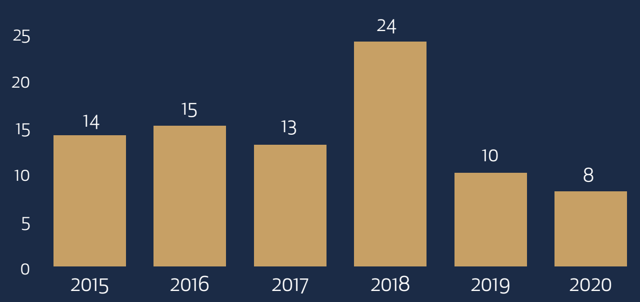
LOST TIME INJURY FREQUENCY RATE

Lost time injury frequency rate is calculated based on 200,000 work hours factor



RECORDABLE INJURY CASES FREQUENCY RATE

Incidents per 1,000 employees



NEXT STEPS IN 2021

Continue with the extensive ESG program:

- Carry out an ESG risk assessment and establish a risk register. Set specific ESG goals and metrics related to climate change, other environmental impacts, industrial health and safety, employee training and more.
- Establish a process for monitoring performance.
- Commence reporting against goals and disclosing information to meet the expectations of Kopy Goldfields' investors and other stakeholders.

Why invest in Kopy Goldfields?

Kopy Goldfields is a leading Swedish mid-cap gold exploration and production company operating in Russia. The company has been listed on Nasdaq First North Growth Market Stockholm since 2010.

A GOLDEN LOCATION

Kopy Goldfields operates in the most renown gold mining regions of Russia, a country with the greatest untapped, undiscovered natural resources, and well-established mining infrastructure.

CLEAR AND AMBITIOUS STRATEGY FOR SUSTAINABLE GROWTH

Kopy Goldfields has a clear development plan that targets significant growth in reserves and production over the medium term and the longer term. Several modernization and new development projects have already been initiated to extend production capacity to double production by 2025 through organic growth.

EXPERIENCED MANAGEMENT TEAM

The company has a strong management team, with a track record of creating value by bringing profitable ounces online. The skills of the management team members include international management, finance, geology, mining, engineering and chemistry.

HEALTHY FINANCIAL POSITION

The company has a robust balance sheet. The capital expenditure required of the growth plan is fully financed until 2025, through in-house cash generation and debt financing from trusted Russian banking partners.

UNIQUE QUALITY ASSET BASE

Kopy Goldfields' complementary asset portfolio across gold exploration and production allows for sustainable growth in resources, reserves and production. Robust production assets generate substantial cash flow to fund growth projects. Significant advanced exploration projects have huge potential future resources, and the company holds further long-term licenses in attractive areas.

GROWTH IN STRONG UNDERLYING MARKET

The price of gold remains high, and the gold market is resilient. There is upside potential as demand growth is supported by industrial (jewellery) and financial (central bank) demand while only limited supply growth is expected due to low investment in exploration and development in recent years and high entry barriers to entry.


Brekchiyevaya open pit (Perevalnoe project)

The share and shareholders

Kopy Goldfields' shares have been listed on Nasdaq First North Growth Market Stockholm since August 2010. The ticker symbol for the share is KOPY. At December 31 2020 Kopy Goldfields AB (publ) had 5,377 (4,611) shareholders.

The 10 largest shareholders accounted for 93.1 per cent of the share capital at December 31 2020. HC Alliance Mining Group Ltd was Kopy Goldfields' largest shareholder with a holding representing 66.3 per cent of the share capital in the company. The second largest shareholder was Lexor Group S.A, with 22.0 per cent of the share capital.

SHARE PRICE AND TRADING

The total number of Kopy Goldfields shares traded on Nasdaq First North Growth Market Stockholm between January 1 and December 31 2020 amounted to 122,073,840 shares for a total value of SEK 233 million, equal to approximately 35 per cent of the average number of shares outstanding during the year. Share turnover for the Kopy Goldfields share – a measure of the share's liquidity – was 31 (50) percent during the period, compared with 86 (45) percent for First North over the same period. On average, 484,420 (195,251) shares were traded daily with a value of SEK 925,891 (209,441). The average spread between the bid and ask price during the year was 1.55 (1.92) percent.

The highest quoted bid price during the period from January 1 to December 31 2020 was SEK 3.15 on September 7, 2020, and the lowest bid price was SEK 0.41 on March 16, 2020. The share price on December 31 2020 was SEK 2.03 (last price paid). During the period from January 1 to December 31 2020, Kopy Goldfields' share price increased by 97 per cent, while the First North Basic Materials sector, to which Kopy Goldfields belongs, increased by 60 per cent.

SHARE CAPITAL AND CAPITAL STRUCTURE

Kopy Goldfields' share capital at December 31 2020 amounted to SEK 336,878,175.63 (39,476,805). The total number of shares is 886,005,575 (103,825,869) equal to a quota value per share of SEK 0.38. According to the Articles of Association, the share capital shall amount to not less than SEK 330,000,000 and not more than SEK 1,320,000,000, divided between no less than 833,000,000 shares and no more than 3,332,000,000 shares.

INCENTIVE PROGRAMS

No new incentive programs were adopted during 2020.

The 2019 AGM adopted two incentive programs 2019/2022: one for management and one for the Board of Directors. A total of 2,835,000 warrants were issued under the programs. The warrants were transferred without consideration to the management participants at terms adapted to local conditions, while Board members acquired the warrants at market prices. The warrants do not carry entitlement to a dividend or voting rights. Each warrant entitles the holder to subscribe for one (1) share in the Company and the warrants may be used for share subscription during the period June 1, 2020 to December 31, 2022 (inclusive) at an exercise price of SEK 1.30 per share. The number of warrants issued is 2,835,000, which means that share capital may be increased by up to SEK 1,077,927.

The 2018 AGM adopted two incentive programs 2018/2021: one for management and one for the Board of Directors. A total of 1,700,000 warrants were issued under the programs. The warrants were transferred without consideration to the management participants at terms adapted to local conditions, while Board members acquired the warrants at market prices. The warrants do not carry entitlement to a dividend or voting rights. After recalculation in accordance with the warrants' terms following the preferential rights issue in 2018, each warrant entitles the holder to subscribe for 1.02 shares in the Company and the warrants may be used for share subscription during the period June 1, 2019 to December 31, 2021 at an exercise price of SEK 1.67 per share. The number of warrants issued is 1,700,000 which means that share capital may be increased by up to SEK 659,304.

The 2017 AGM adopted two incentive programs 2017/2020: one for management and one for the Company's Board. A total of 3,400,000 warrants were issued under the programs. After recalculation in accordance with the warrants' terms following the preferential rights issue in 2018, each warrant entitled the holder to subscribe for 1.02 new shares in the Company. The program expired on December 31,

SHARE PRICE DEVELOPMENT DURING 2020

SIX LARGEST SHAREHOLDERS, 31 DEC 2020

Shareholder	Number of shares	Percent
HC Alliance Mining Group Ltd.	587,416,959	66.3
Lexor Group SA	194,462,747	22.0
Tord Cederlund	12,047,390	1.4
KGK Holding AB	10,593,245	1.2
UBS Switzerland AG	7,174,350	0.8
Avanza Pension	5,788,477	0.7
Six largest shareholders (total)	**817,783,168**	**92.3**
Other shareholders	68,222,407	7.7
Total all shareholders	**886,005,575**	**100.0**

2020 and the total number of new shares subscribed for under the program amounts to 3 058 600. The total capitalization amounted to SEK 5.4 million. The shares were paid and registered in 2021 and following registration with the Swedish Companies Registration Office, the number of shares in the Company will amount to 889,064,175 shares and the share capital will increase by SEK 1 162 944.81 to SEK 338 041 120.44.

THE REVERSE TAKEOVER OF AMUR ZOLOTO

On June 30 2020, the Annual General Meeting approved the reverse takeover of Amur Zoloto (Amur Gold Company Limited). Kopy Goldfields acquired 100 percent of the shares of Amur Zoloto and added significant gold production to the company. Kopy Goldfields thereby became a leading Russia-focused mid-cap gold exploration and production group.

As consideration for 100 percent of the shares in Amur Zoloto, Kopy Goldfields issued 782,179,706 new shares in Kopy Goldfields to the sellers of Amur Zoloto. Through the share issue, the share capital in the company increased by SEK 297,401,370.61 to SEK 336,878,175.63 and the number of shares and votes increased by 782,179,706 to 886,005,575. In accordance with IFRS, the value of the Amur Zoloto shares was booked in the company's balance sheet at SEK 1,838,122,309.10 as of the transaction date, which was 1 September 2020. The subscription price per share was SEK 2.35 based on the above valuation.

The share issue together with registration of the new articles of association, as well as Eric Forss and Arsen Idrisov as new board members, were completed and registered with the Swedish Companies Registrations Office (Sw. Bolagsverket) in September 2020.

Following the completion of the transaction with the Amur Zoloto shareholders, the financial statements have been prepared using the accounting model prescribed by IFRS 3 “Business combination” for “reverse acquisitions” since the shareholders of Amur Zoloto became owners of 88.28% of the Company at the date of the transaction. This accounting model requires Amur Zoloto to be treated as the accounting acquirer for the consolidated financial information and Kopy Goldfields AB being presented as the acquire. Kopy Goldfields AB's financial statements have been included in the consolidated financial statements for the period from September 1, 2020, the accounting date of the transaction, to December 31, 2020 due to application of reverse acquisition. The stand-alone financial statements of the parent company Kopy Goldfields AB are presented for the twelve months ended December 31, 2020 with comparative information for the twelve months ended December 31, 2019.

DIVIDEND POLICY

The Board of Directors proposes that no dividend is paid for the Financial Year 2020.

Kopy Goldfields’ current strategy is to consolidate its position following the transformation in 2020 and redeploy cash flows from operations through its capital expenditure program aimed at increasing resources, reserves and production. Consequently, no dividend has been proposed for the financial year 2020. The dividend policy will be reviewed annually with the long-term objective to distribute a portion of operating cash flows as dividends. The dividend payout ratio will be determined based on the company’s financial position, capital expenditures plans and relevant peer group benchmarks.

Neither the Swedish Companies Act nor Kopy Goldfields Articles of Association contain any restrictions regarding the right to dividends for shareholders outside Sweden. Aside from any limitations related to banking or clearing activities in the affected jurisdictions, payments to foreign shareholders are carried out in the same manner as to shareholders in Sweden.

INDIVIDUALS WITH AN INSIDER POSITION

Persons discharging managerial responsibilities for Kopy Goldfields and persons or legal entities closely associated with them are obliged to notify Kopy Goldfields and the Swedish Financial Supervisory Authority of every transaction conducted related to changes in their holdings of Kopy Goldfields shares once a total amount of EUR 5,000 has been reached within a calendar year, according to the regulation of the European Parliament and of the Council on Market Abuse. Kopy Goldfields is required to record a logbook of individuals who are employed or contracted by the company and have access to insider information relating to the company. These can include insiders, and also other individuals who have obtained inside information.

CERTIFIED ADVISER

Nordic Certified Adviser is the appointed certified adviser for the company and monitors the company’s compliance with the regulations of Nasdaq First North Growth Market.

Corporate Governance Statement

The purpose of corporate governance is to ensure that the company is managed as effectively as possible, and that Kopy Goldfields complies with all applicable rules. Corporate governance also aims to create order and establish systems for both the Board and the Executive Management Team.

Kopy Goldfields (publ) AB is a Swedish public limited company, with corporate registration number 556723-6335. The company's shares have been listed on Nasdaq First North Growth Market since 2010.

FRAMEWORK FOR CORPORATE GOVERNANCE

Kopy Goldfields' corporate governance is regulated by external steering instruments including the Swedish Companies Act, the Swedish Annual Accounts Act, the First North Growth Market Rulebook, and other applicable Swedish and foreign rules, as well as internal steering instruments such as the Articles of Association, instructions, policies and guidelines. Kopy Goldfields (publ) AB complies with First North Growth Market's Rules for Issuers, and since the 2020 Annual General Meeting, the company has been in the process of implementing the Swedish Corporate Governance Code (the Code), to be complete by the end of 2021.

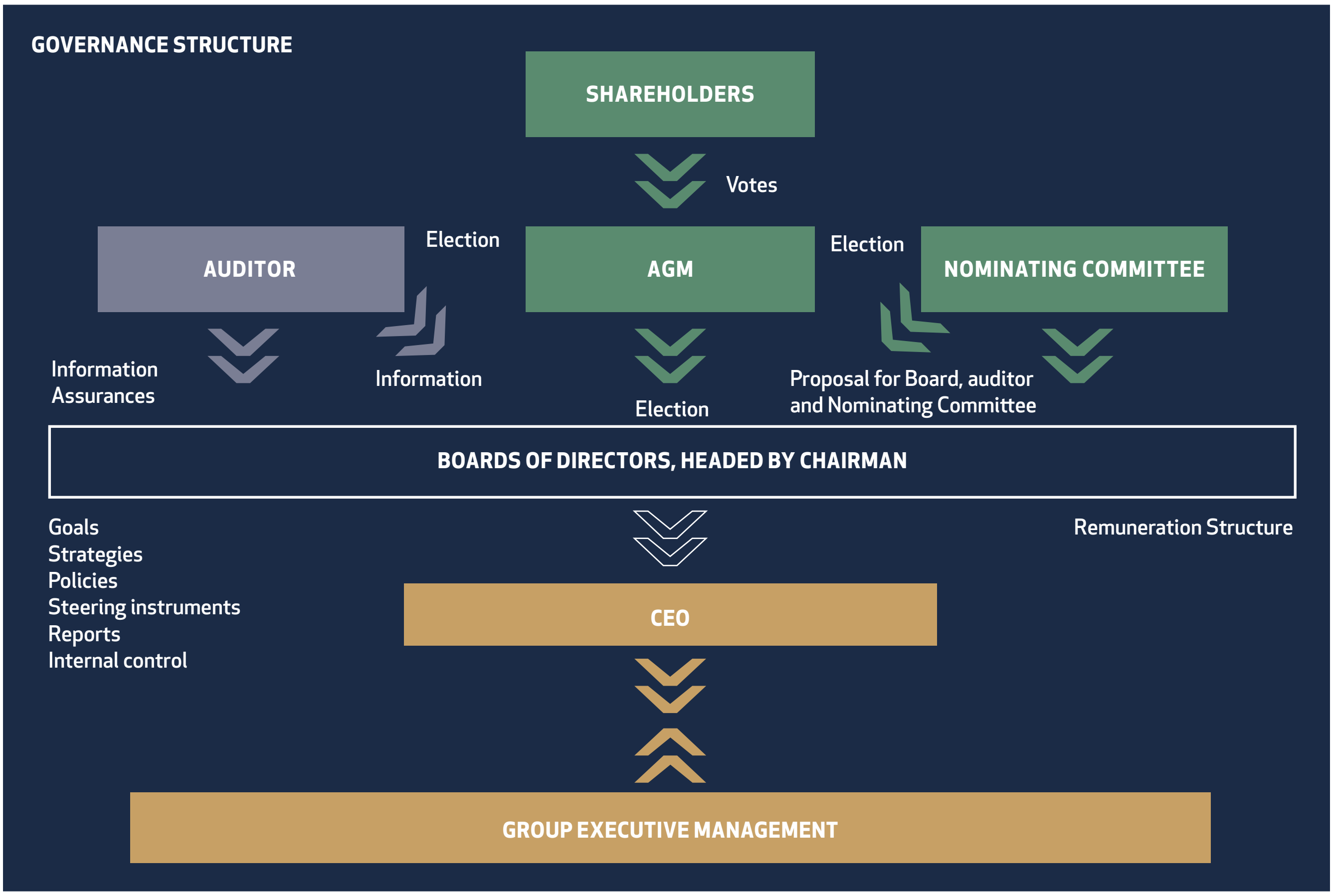
Nordic Certified Adviser is the company's appointed certified adviser, and it monitors compliance with Nasdaq First North Growth Market's rules.

BASIS FOR CORPORATE GOVERNANCE

Kopy Goldfields endeavours to apply strict standards and effective processes so that all of its activities create long-term value for its shareholders and other stakeholders. This involves maintaining an effective organisational structure, internal control system and risk management, as well as transparent internal and external reporting. Well-defined structures, clear rules and processes allow the Board to ensure that the Executive Management Team and employees focus on developing the business and thereby creating shareholder value.

SHAREHOLDERS

At the end of the year, the share capital amounted to SEK 336,878,176, divided into 886,055,575 shares. All shares are of the same share class, and all shares in the company entail equal entitlements in all matters. On December 31 2020 Kopy Goldfields had approximately 5,400 shareholders. Of the total number of shares, approximately 90 per cent were held by foreign shareholders. HC Alliance Mining Group Ltd is the single largest shareholder with a holding representing approximately 66.3 per cent of the share capital as at



December 31 2020. Lexor Group is the second largest shareholder with a holding representing 22.0 per cent of the capital at the same date. For further information about the share and shareholders see page 39–40 or the company's website.

GENERAL MEETING OF SHAREHOLDERS

According to the Companies Act (2005:551), the general meeting of shareholders is the company's highest decision-making body, where all shareholders have the right to exercise their votes. The Companies Act and the Articles of Association stipulate how notice of the Annual General Meeting (AGM) and Extraordinary General Meeting should be given, as well as who is entitled to attend and vote at the meeting. There is no limitation to the number of votes each shareholder can cast at the meeting. Every share has the right to one vote.

Kopy Goldfields' financial year is January 1 to December 31. The Annual General Meeting must be held within a period of six months after the end of the financial year.

Resolutions at the general meeting of shareholders are normally made via a simple majority of votes cast. However, for certain matters the Companies Act stipulates that proposals must be approved by a greater portion of the shares and votes cast represented at the meeting. An Extraordinary General Meeting can be held when it has been notified.

Every shareholder has the right to request that a matter be taken up at the AGM and in such case must submit a written request to the Board. In order to be addressed at the AGM, the request must be submitted to the Board no later than seven weeks prior to the AGM. In accordance with Chapter 7, paragraph 32, of the Swedish Companies Act, at a general meeting of shareholders all shareholders have the right to pose questions to the company about the matters that are addressed at the meeting and the financial situation of the company and the Group.

2020 Annual General Meeting

The 2020 Annual General Meeting was held on June 30 2020 in Stockholm. At the meeting, 32.9 per cent of all the shares were represented. All members of the Board, the company's (independent) auditor, the CEO and a number of other senior executives attended the meeting. Three of the four members of the nomination committee were present. The AGM resolved on the usual corporate matters. Further, the AGM resolved on the following:

- Principles for appointing a nomination committee,
- The adoption of new Articles of Association,
- Acquisition of Amur Zoloto Ltd with payment via an issue for non-cash consideration, read more about the transaction under Share and Shareholders on page 39–40.

For further information about the 2020 AGM, please go to Kopy Goldfields' website www.kopygoldfields.com where all documentation related to the AGM is available, including minutes from the meeting as well as the Articles of Association.

2021 Annual General Meeting

Kopy Goldfields' 2021 Annual General Meeting will take place on Thursday May 27 2021. Due to the Covid-19 pandemic, the meeting will be carried out only through advance voting (postal voting) pursuant to temporary legislation. It will not be possible to attend the meeting in person or by proxy. For more information go to www.kopygoldfields.com.

NOMINATION COMMITTEE

The nomination committee shall comprise four members who, in addition to the Chairman of the Board, shall consist of representatives of the three largest, registered shareholders in terms of voting power, or the largest shareholders that are otherwise known after the end of August, who have requested to appoint a member. The nomination committee members shall themselves appoint the Chairperson of the Nomination committee.

According to the instructions, the task of the nomination committee is to make recommendations to the AGM regarding:

- Election of a Chairman of the AGM;
- Number of Board members to be elected by the AGM;
- Candidates for the Board;
- Chairman of the Board;
- Fees for the Board members, including the Chairman, as well as remuneration for Board members' committee work;
- Election of external auditors;
- Fees for external auditor; and
- Recommendations on updates to the instructions regarding the composition of the nomination committee and its work.

The declaration of the composition of the nomination committee for the 2021 AGM was published on December 21 2020. Those shareholders that have appointed members to the nomination committee collectively represent 89.5 per cent of the votes of all the shares of Kopy Goldfields.

The nomination Committee members for the 2021 AGM are:

	Nominating shareholder
Carl Svernlöv (Chairman)	HC Alliance Mining Ltd
Yury Nikitskiy	Lexor Group SA
Sune Nilsson	KGK Holding Aktiebolag
Kjell Carlsson	Chairman of the Board

The nomination committee held 3 meetings prior to the publication of the Annual report. As mentioned above, one of the most important tasks of the nomination committee is to make recommendations on the size and composition of the Board. These recommendations are usually based on the Chairman of the Board's evaluation of the Board's work, composition, qualifications, experience and effectiveness. The results of this evaluation have been shared and discussed with the nomination committee. Based on these results and subsequent to discussions and interviews, the nomination committee has formed an opinion on the extent to which the existing Board should be strengthened with further expertise, or whether there are other reasons to make changes in the composition of the Board of Directors. In decisions regarding changes and (when applicable) evaluation of potential new candidates to the Board, the nomination committee takes into account the goal to achieve a more equal gender distribution on the Board of Directors.

For the 2021 AGM, the nomination committee informed its recommendations in the notice of the AGM, which which was published on April 27.

BOARD OF DIRECTORS

The primary task of the Board is to serve the interests of the company and the shareholders, appoint the CEO and ensure that the company complies with applicable laws and the Articles of Association. The Board is also responsible for making sure that the Group is suitably structured so that the Board can optimally exercise its governance responsibility over the subsidiaries and that the company's financial accounting, financial management and financial circumstances in general can be controlled satisfactorily. At least once a year the Board shall meet with the company's auditor without the presence of the

Group Management Team, and shall continuously and at least once a year evaluate the performance of the CEO.

Composition of the Board

According to the Articles of Association, the Board of Directors shall consist of at least three and at most eight members that are elected at the AGM for the period until the end of the next AGM. The Articles of Association do not stipulate any restrictions regarding the eligibility of the board members. The Board currently consists of five members.

At the 2020 AGM, the following were re-elected following the recommendation of the nomination committee: Kjell Carlsson, Tord Cederlund, Andreas Forssell and Johan Österling. Eric Forss and Arsen Idrisov were also elected (a stipulation of the completion of the Amur Zoloto acquisition). The Annual General Meeting elected Kjell Carlsson as the Chairman of the Board. More information about the Board of Directors is available on page 46–47.

Independence of the Board

The Board of Directors is deemed to fulfil all applicable independence requirements. All members of the Board are independent in relation to the company. Arsen Idrisov is not independent in relation to major shareholders as he is a major shareholder in HC Alliance Mining Group Ltd.

Rules of procedure of the Board

The work of the Board is governed by a work plan that the Board sets every year. A new work plan was adopted in December 2020. The work plan regulates the segregation of duties between the Board of Directors, the Chairman of the Board, and the CEO and includes routines for financial reporting and other instructions for the CEO. The work of the Board follows an annual plan which, in addition to adoption of interim reports and the annual financial statements, also includes adoption of strategies and business plans, budgets and proposals for the Annual General meeting (such as appropriation of profits). The policy documents and guidelines of the Board are adopted after the AGM. The Board of Directors shall also monitor the company's financial development, ensure quality in the financial reporting and internal control and also evaluate business operations against the targets and guidelines set by the Board. The Board shall also evaluate the CEO of the company at least once per year. Further, the Board of Directors decides upon major investments and changes within the company's organisation and business activities.

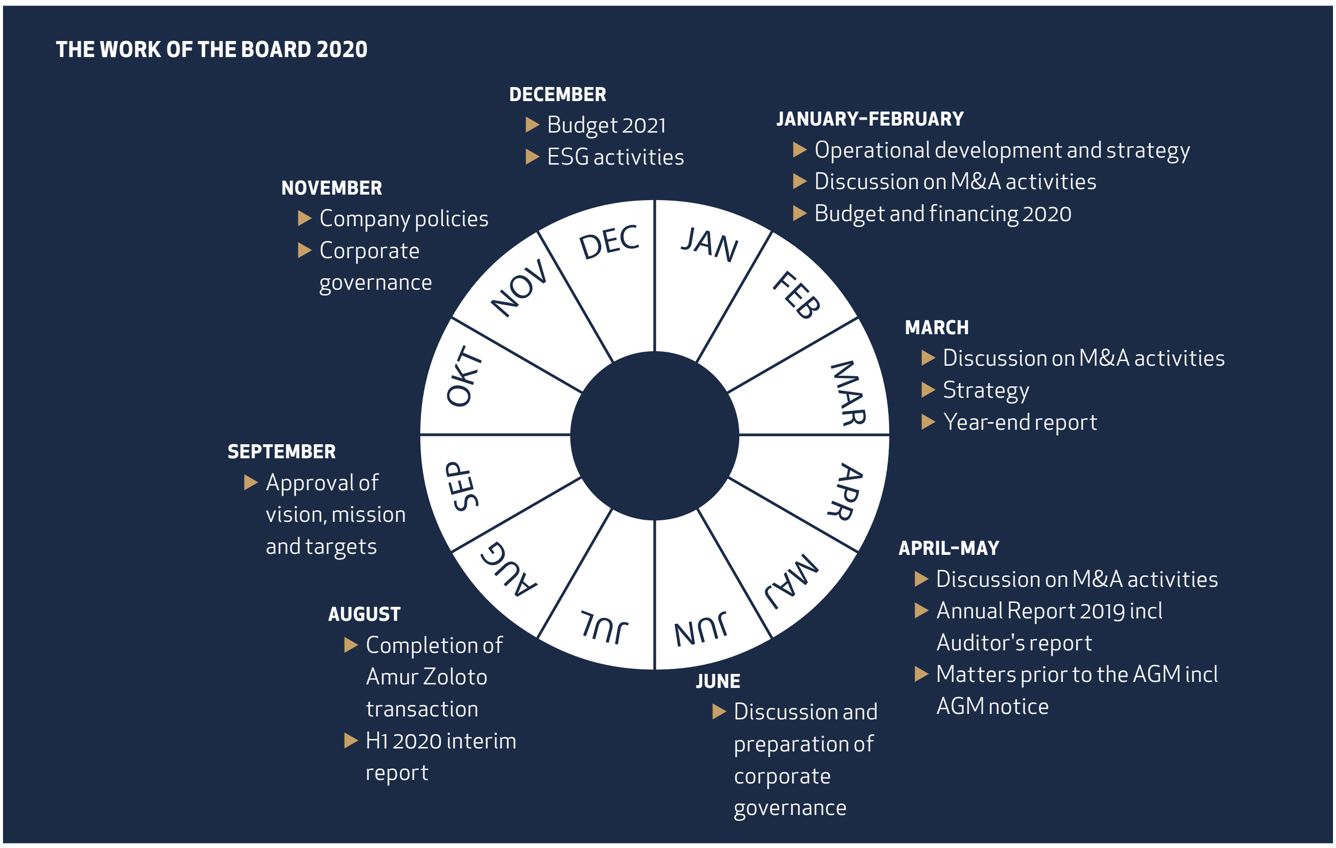
In close collaboration with the CEO, the Chairman of the Board shall monitor the results of the company and convene the Board meetings. The Chairman of the Board is also responsible for ensuring that the members of the Board evaluate their work annually, and continuously receive the information they need to perform their duties effectively.

Board meetings in 2020

During the year the Board held 17 meetings. Due to Covid-19, 12 meetings were held by telephone, 3 per capsulam and only two meetings were held in person. The physical meetings took place in Stockholm.

As needed, and at least once per year, the company's Executive Management presents forecasts and key performance indicators that provide the Board with an overview of the company's financial developments and expectations. The company's budget is reviewed and approved once per year. The Board also reviews and monitors any disputes of the company. At least once per year, the company's external auditor meets with the Board of Directors without the attendance of the company's Executive Management Team.

All meetings this year have followed an agenda, which has been provided to the members of the Board in advance of the Board meetings, along with supporting documentation for each agenda item. The Board meetings are also attended by the CEO and the CFO, who also writes the minutes of the meeting. At each ordinary Board meeting, the CEO reports on operational progress and the CFO reports on financial developments. Other senior executives also participate in



Board meetings to present on specific matters, and the auditor also attends meetings as needed.

Evaluation of the Board

The Board of Directors follows an established procedure to evaluate the work of the Board every year, how processes work and how things can be improved. The Chairman of the Board is responsible for capturing the opinions of the members and getting their input on ideas for improvement. The results have been collated, presented and discussed amongst the Board members. The results of the evaluation have been presented to the nomination committee by the Chairman of the Board and also reported to the nomination committee in writing.

Fees for members of the Board

Fees for members of the Board are set by the shareholders at the general meeting of shareholders. At the Annual General Meeting on June 30 2020, Board fees were set at SEK 200,000 for the Chairman of the Board and SEK 100,000 for each of the other Board members. In addition to the above, it was resolved that an extra fee would be paid retroactively for extraordinary efforts related to the Amur Zoloto transaction, comprised of SEK 200,000 per person to Board members Andreas Forssell and Johan Österling, and SEK 100,000 per person for Board members Kjell Carlsson and Tord Cederlund.

Remuneration of Board of Directors, 2020

	Total remuneration, TUSD	Board meeting attendance
Kjell Carlsson	41	17/17
Tord Cederlund	22	17/17
Andreas Forssell	33	17/17
Eric Forss (Elected at 2020 AGM subject to completion of the acquitision of Amur Zoloto. Registered as Board member in September 2020.)	17	2/17
Arsen Idrisov (Elected at 2020 AGM subject to completion of the acquitision of Amur Zoloto. Registered as Board member in September 2020.)	4	2/17
Johan Österling	33	15/17
Lennart Schönning (Resigned at AGM 2020).	5	9/17

See also note 13.

Board committees

As at December 31 2020, Kopy Goldfields' Board of Directors did not have any committees. Neither the company's nor the Board's size has previously justified having committees. During 2021, both a Remuneration committee and an Audit Committee will be established.

AUDITORS

The auditor is elected by the AGM to examine the company's annual accounts and accounting records and the administration of the Board of Directors and the CEO. The auditor's reporting to the shareholders takes place at the AGM through the presentation of the auditor's report.

At the 2020 Annual General Meeting, Öhrlings PricewaterhouseCoopers AB was re-appointed as the auditor for the period from the 2020 AGM until the 2021 AGM. Anna Rozhdestvenskaya was appointed as the Auditor-in-charge.

Pursuant to the resolution of the Annual General Meeting, the auditor's fees shall be paid per approved invoice until the 2021 AGM. For more information on the auditor's fee, see note 9.

CEO AND EXECUTIVE MANAGEMENT TEAM

The CEO is appointed by the Board and leads business operations according to the instructions adopted by the Board. The Board adopted new CEO instructions in December 2020. The CEO is responsible for the day-to-day management of the company's operations in accordance with the Companies Act. In addition, the CEO, together with the Chairman, decides which matters are to be dealt with at Board meetings. The Board regularly evaluates the CEO's duties and performance. The CEO is responsible for ensuring that the Board members are supplied with the necessary information to make decisions and presents reports and proposals at Board meetings regarding issues dealt with by the Executive Management Team. The CEO regularly informs the Board and Chairman about the financial position and development of the company and the Group.

Mikhail Damrin has been the CEO and President of Kopy Goldfields since 2009. As at December 31 2020, in addition to the CEO, the Executive Management Team was comprised of the CFO, the Chief Operating Officer, the Head of HR and Organizational Development, the Financial Director, the Head of Strategy & Development, the Head of Legal Department and the Chief geologist. For information about the CEO and other members of the Executive Management Team, see pages 48–49.

The Executive Management Team holds regular management meetings. The meetings are focused on the company's strategic and operational development and financial performance.

A description of the company's guidelines for the remuneration of the Executive Management Team, share-based incentive plans and terms of employment for the CEO and senior executives can be found in notes 13 and 14 and on the company's website.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Group's financial reporting procedures comply with the requirements of the laws and accounting and reporting regulations of the countries of incorporation of the Group's subsidiaries, together with the International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board with some supplementary requirements from the Swedish Annual Accounts Act (1995:1554). During 2021, the Board of Directors plans to implement the Swedish Code of Corporate Governance.

The Board of Directors has the overall responsibility for establishing an effective system of internal control and risk management. This includes maintaining an effective control environment and overseeing relevant policies and important accounting principles applied by the Group in financial reporting as well as changes to these principles. Following the merger between Kopy Goldfields and Amur Zoloto, extensive work has been initiated to update and document the control procedures for a number of business processes as well as establish routines to assess the effectiveness of the internal controls.

Responsibility for monitoring the control environment for financial reporting has been delegated to the Managing Director, while managers at various levels have the operational responsibility within their respective areas. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements. Due to its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements.

Management takes the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework into account in performing its internal control over financial reporting. As defined in the COSO framework, the components of internal control comprise the control environment, risk assessments, control activities, information and communication, and monitoring.

Control environment
Adherence to the requirements of the laws and accounting and reporting regulations of the countries of incorporation of the Group's subsidiaries means that the subsidiaries have well-established processes and control activities. Statutory and management reporting is performed in cooperation with the Group's corporate team to ensure proper financial reporting to the Group level. The Group Financial Reporting department receives financial information from the subsidiaries and manages the reporting process to ensure the completeness and accuracy of the financial reporting as well as its compliance with IFRS requirements.

The management system within the Group is to some extent based on defined roles and responsibilities, delegation of authority, and an understanding of signatory and approval processes. The board has established a number of reporting requirements to assist in ensuring the effectiveness of internal control over financial reporting. From 2021, these requirements include quarterly and annual reporting of financial information, comparisons with budgets, and reconciliation of management accounts to IFRS statements.

Risk assessment
The risk of material misstatement in financial reporting relates to the recognition and measurement of assets, liabilities, revenue and cost, or insufficient disclosure. Other risks include fraud or loss or embezzlement of assets. The Board of Directors asks the auditors for a report of any instances of fraud that may have been observed. For 2020 none were reported to the Board of Directors.

The Group's policies and review procedures regarding accounting and financial reporting cover material areas to support accurate, complete, and timely accounting reporting and disclosure. Identified risks are generally mitigated through monitoring and review procedures, segregation of duties, and appropriate delegation of authority. A separate Economic Security department within the Group is involved in the physical security of assets.

Control activities
Control activities are generally implemented in the areas that have an impact on financial reporting. The Group's business processes have financial controls regarding the approval and accounting of financial transactions, while the financial closing and reporting process has controls regarding recognition, measurement, and disclosure.

Management regularly reviews and analyses the financial results of the subsidiaries including comparisons to budget, receivables, revenues, costs, and cash flows. The Group also has a department for external financial reporting, and controls are in place to ensure reporting policies are in accordance with IFRS. The department calculates and reviews key ratios and performance indicators.

Information and communication
Subsidiaries prepare regular financial and management reports that are consolidated into financial reports setting out the Group's financial position, which are then submitted to the Board for consideration.

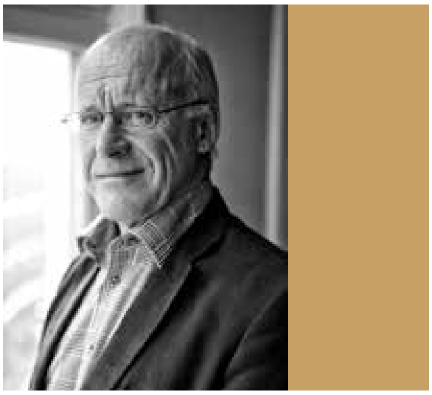
The Board also reviews all interim reports as well as the Annual Report prior to publishing. The Board also monitors the work on internal control and financial reporting carried out by internal and external auditors.

Public reporting is carried out in accordance with the Nasdaq First North Growth Market rulebook for issuers. The Group's website contains interim reports, the Annual Report, news, and press releases. In addition, the interim and Annual Report submissions are supplemented by meetings and webcasts with investors and other interested parties. These meetings are generally attended by members of the Group's Executive Management.

Monitoring
The internal controls over the financial reporting process are monitored throughout the year by management. Monitoring involves both formal and informal procedures implemented by management and includes reviews of results compared to budgets, analytical procedures, and key ratios and performance indicators. The Group's financial performance is also reviewed at each board meeting.

The company will establish an audit committee and remuneration committee during 2021 to monitor functions regarding remuneration, financial reporting, and internal control.

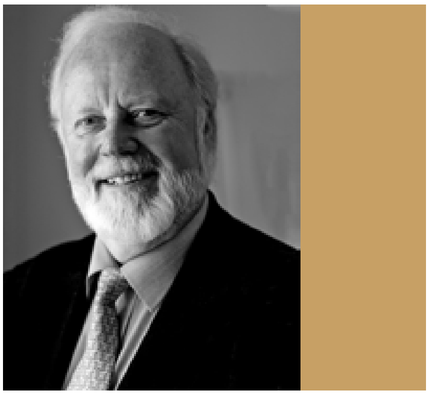
Board of Directors



Kjell Carlsson

Chairman of the Board since 2010.

Year of birth: 1951
Nationality: Swedish
Education: MSc mechanical engineering
Other assignments: Board member of Appalto AB and Bruzaholms Bruk AB.
Previous assignments: Board member of EuroMaint Rail AB and Partner Ingenjörsfirma C.J.Carlsson HB.
Independence in relation to:
– major shareholders: Yes
– the company and management: Yes
Shareholding: 982,880
Warrants: 680,000



Tord Cederlund

Board member since 2019.

Year of birth: 1941
Nationality: Swedish
Education: M.Sc. Economics, Lund University
Other assignments: Board member of CME Engineering AB, Medipal AB, Tarento Group AB, Terra Management Int AB, Uppsala Bostadsproduktion AB, Waya Finance & Technology AB, Ziot Solutions AS and Skydome AB. CEO Novatelligence AB.
Previous assignments: Authorized Public Accountant PWC, Exec. chairman, Cederlund & Grandin AB finance company, Exec. Chairman, Bjurfors AB, CEO Arctic Gold AB
Independence In relation to:
– major shareholders: Yes
– the company and management: Yes
Shareholding: 9,335,155
Warrants: 160,000

Andreas Forssell

Board member since 2011.

Year of birth: 1971
Nationality: Swedish
Education: M.Sc. Economics, MBA
Other assignments: CEO of Crown Energy AB. Board member of Crown Energy Iraq AB, Amicoh Resources Ltd, Crown Energy Ventures Corporation and Simbo Petroleum No.2 Ltd, Andreas Forssell AB and CEINV2 AB. Board Deputy, DIYTI AB,
Previous assignments: –
Independence In relation to:
– major shareholders: Yes
– the company and management: Yes
Shareholding: 606,000
Warrants: 350,000

Eric Forss

Board member since 2020

Year of birth: 1965 Nationality: Swedish

Education: B.Sc. degree in Finance from Babson College, Wellesley, Massachusetts USA.

Other assignments: Owner, CEO and board member of Forsinvest AB, Chairman of Mediagruppen Stockholm MGS AB, D.O.Y AB, Gangsters Post AB and WindForss Energy AB.

Previous assignments: Former Chairman of Alliance Oil Company Ltd (former West Siberian Resources Ltd) and AR Oil and Gaz BV, and President of Forcenergy AB. He has also served as a director of and advisor to several public and private Swedish and international companies

Independence In relation to:

– major shareholders: Yes

– the company and management: Yes

Shareholding: 3,538,144 held via Forsinvest AB

Warrants: –

Arsen Idrisov

Board member since 2020

Year of birth: 1970 Nationality: Russian

Education: Graduated with from the Russian Economic Academy named after G. V. Plekhanov.

Other assignments: Managing director of Alliance Mining Company LLC, Senior Vice-president of Russian Platinum LLC, and Vice-President of OJSC Alliance Group

Previous assignments: Managing director and Board member of Alliance Oil Company Ltd. Board member and Chairman of OJSC Alliance Oil Company, Vice-president and President of OJSC Alliance Oil Company, CEO of CJSC IC Alliance Capital, adviser to the President of OJSC Sidanko, Marketing director and General Director of Lia Oil S.A., Moscow office

Independence In relation to:

– major shareholders: No

– the company and management: Yes

Shareholding: One of three shareholders of the sole shareholder of HC Alliance Mining Group Ltd, holding 587,416,959 shares

Warrants: –

Johan Österling

Board member since 2011

Year of birth: 1946 Nationality: Swedish

Education: Swedish LLM (Master in Law) and BA (business administration), Dipl Int'l law McGill University, Montreal.

Other assignments: Chairman of Kilimanjaro Gold AB, Penclic AB, AB Bröckeln, and AB Ility, Brf Kvällsdoppet, Brf Eskilos. Board member Bodaibo Holding Ltd, Dragon Mining Sverige AB, AB Surditet, Metalvalue Ltd, Human & heart HR AB, Lilla Kopparberg AB, AB Ogado, and AB Strahera.

Previous assignments: Lawyer (Member Swedish Bar Association), Partner of Foyen law firm until 2011. Board chairman, Göthes AB; JE Österling Förvaltning AB, Nomor AB (publ); Bofors Bruk AB; Hedera Group AB (publ); ByggBag AB; Fahlia AB.

Independence In relation to:

– major shareholders: Yes

– the company and management: Yes

Shareholding: 1,117,600

Warrants: 350,000

Shareholding stated as at 31 March 2021.

Executive management team

Mikhail Damrin

CEO since 2009

Year of birth: 1970

Nationality: Russian

Education: MSc mechanical engineering, Moscow Bauman Technical University; Bachelor's degree in mining technology, Tomsk Poly-technical 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.

Previous positions: Business development and M&A manager of Central Asia Gold; CFO and Commercial Director at West Siberian Resources and Vostok Nafta Investment Ltd; Management position at Vostok Nafta Investment Ltd.

Shareholding: 627,977

Warrants: 1,125,000

Tim Carlsson

CFO since 2012

Year of birth: 1979

Nationality: Swedish

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

Previous positions: Authorized Public Accountant, KPMG.

Shareholding: 1,454,600

Warrants: 570,000

Evgeny Bozhko

Chief geologist since 2011, employed since 2010.

Year of birth: 1968

Nationality: Russian

Education: PhD in geological and mineral-ogical science, Voronezh State University (Russia), Master in Prospecting and Exploration Geology.

Previous positions: Geologist at various projects in Yakutia (Russia), lecturer at Voronezh State University, many senior positions as chief geologist for exploration and mining companies operating in Africa.

Shareholding: –

Warrants: 570,000

Alexander Sutyagin

Chief Operational Officer since 2020 (Amur Zoloto since 2014)

Year of birth: 1958

Nationality: Russian

Education: Kuibyshev Polytechnic Institut.

Previous positions: Kuibyshev Polytechnic Institute, Professor, PhD in Technical Scienc-es, Head of representative office, Lia Oil S.A. (Switzerland), General Director, Far Eastern Alliance, Vice-President, Business activities development and coordinating, Oil Company Alliance, JSC, Senior Vice-President of Oil Company Alliance, JSC; Executive Vice President, Oil company Alliance Management, Executive Director, Russian Platinum.

Shareholding: –

Warrants: –

Alexander Polonyankin

Head of Strategy & Development since 2020 (Amur Zoloto since 2012)

Year of birth: 1977

Nationality: Russian

Education: MSc in Geology, Krasnoyarskiy State Academy of Non-ferrous Metals and Gold; Gemologist.

Previous positions: Field geologist "Krasnoyarskgeologiya" JSC, Mining and resource geologist "AS Priisk Drazhniy" ("Uzhuralzoloto") LLC and "Severstal-resource" LLC, Principal Geologist (Head of Geology) SRK Consulting (Russia) Ltd., Deputy CEO Strategy & Development, Russian Platinum.

Mr. Polonyankin is the Member of Australian Institute Mining and Metallurgy (MAusIMM) and has Chartered Professional accreditation in geology (GeoCP).

Shareholding: –

Warrants: –

Dmitry Karmanov

Head of Legal Department since 2020 (Amur Zoloto since 2017)

Year of birth: 1975

Nationality: Russian

Education: International Institute of Economics and Law, Lawyer.

Previous positions: Attorney, Kanon Moscow Bar Association (then – Klishin & Partners Attorneys at Law), Head of Legal Department at Alliance Oil Company, Alliance Group

Shareholding: –

Warrants: –

Pavel Korol

Financial Director since 2020 (Amur Zoloto since 2016)

Year of birth: 1988

Nationality: Russian

Education: Specialist in Qualified Engineer-Manager in High Technology Management, Bauman Moscow State Technical University (Russia), MSc International Business and Finance, De Montfort University (England), Bachelor's degree in Management, Bauman Moscow State Technical University (Russia)

Previous positions: Russian Platinum Group, Corporate Finance Department, Independent Oil Company, Corporate Finance Department, Gazprombank, Project Finance and Strategic Client's Department

Shareholding: –

Warrants: –

Svetlana Krinichnaya

Head of HR and Organizational Development since 2020 (Russian Platinum since 2015)

Year of birth: 1968

Nationality: Russian

Education: Irkutsk State Linguistic University, English language and intercultural communication, Higher School of Economics, St. Petersburg, HR Management Program with Grenoble University, INSEAD, Business Strategy, University of Cumbria, England. MBA in Leadership & Sustainability

Previous positions: HR Generalist, Telenor Media AS, Head of West Group HR Department, SeverStal, Head of HR, NordGold S.A, Head of HR and Organizational Development, Rusagro Group LLC, Head of HR and Organizational Development, Russian Platinum.

Shareholding: –

Warrants: –

Shareholding stated as at 31 March 2021.

Financial reports

DIRECTORS' REPORT

The Board of Directors and the Chief Executive Officer of Kopy Goldfields AB (publ), 556723-6335, hereby submit the annual report for the financial year 1 January – 31 December 2020.

GROUP STRUCTURE AND BACKGROUND

Kopy Goldfields AB (publ) is a Swedish limited liability company domiciled and headquartered at Skeppargatan 27 in Stockholm, Sweden. The operations of the Company and its subsidiaries are focused on gold and silver exploration, evaluation, and production in the Khabarovsk region and the Bodaibo district of the Irkutsk region of the Russian Federation. Kopy Goldfields AB is a public company listed on Nasdaq First North Growth Market, Stockholm under the ticker code "KOPY".

Kopy Goldfields AB is the Swedish parent company and holds directly or indirectly 100% of the Swedish subsidiaries AB Krasny Gold Fields and Kopy Development AB, and 100% of the Russian subsidiaries LLC Amur Zoloto, LLC Dalniy Vostok, LLC Vostochny, LLC Patom Gold, LLC Nirungda Gold and Kopy Management. The Company also holds 67% of the Russian subsidiary LLC Stanovoy, and 49% of the Cyprus-based company Bodaibo Holding Ltd, which in turn is 100%-owned by the Russian company LLC Krasny. All Russian subsidiaries are Limited Liability Companies (LLC). The operations of the Group are performed via the subsidiaries and each of the Russian subsidiaries is or may be the owner of different gold exploration and production licenses.

Below is an overview of the Group's legal structure at 31 December 2020.

VISION AND BUSINESS CONCEPT

Kopy Goldfields' vision is to be an efficient and continuously growing gold exploration and production company focused on Russia and the CIS. The Company's mission is to explore and develop gold deposits to create value for all stakeholders. Kopy Goldfields' strategy is to combine Russian geological knowledge and science with international management, industry best practices and modern, efficient technology to identify and develop mineral deposits in a cost-efficient, safe, and transparent way.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisition of Amur Zoloto announced in May and completed in September 2020.

In May 2020, Kopy Goldfields entered into an agreement to acquire Amur Zoloto, a mid-sized gold producing company based in Russia, via a reverse takeover. The transaction is believed to represent a unique opportunity for the shareholders of both companies to benefit from the significant value accretion arising from the combined asset and project portfolios. The acquisition was treated as a reverse takeover, and was structured as a contribution in kind, with the owners of Amur Zoloto contributing 100 percent of the shares of Amur Zoloto in exchange for a total of 782,179,706 shares in Kopy Goldfields. Due to the reverse takeover, a new listing process was initiated on Nasdaq First North Growth Market, which was subsequently approved on 23 June 2020 and a company description of the new company was published. On 30 June 2020, Kopy Goldfields' Annual General Meeting approved the reverse takeover and in mid-August 2020, the Federal Antimonopoly Service of Russia (FAS) issued consent for the acquisition, which met the remaining condition for completion of the transaction. The transaction was completed in September 2020 when the Swedish Companies Registration Office registered the new shares. After the transaction, Amur Zoloto's shareholders hold approximately 88% of the shares and votes of Kopy Goldfields and the previous shareholders of Kopy Goldfields hold approximately 12% of the shares and votes. Following a decision at the Annual General Meeting of Kopy Goldfields, the Board of Directors of Kopy Goldfields was expanded with two new Board members, Arsen Idrisov and Eric Forss upon completion of the transaction.

Announcement of long-term production target of >100 koz of gold and gold equivalent by 2025.

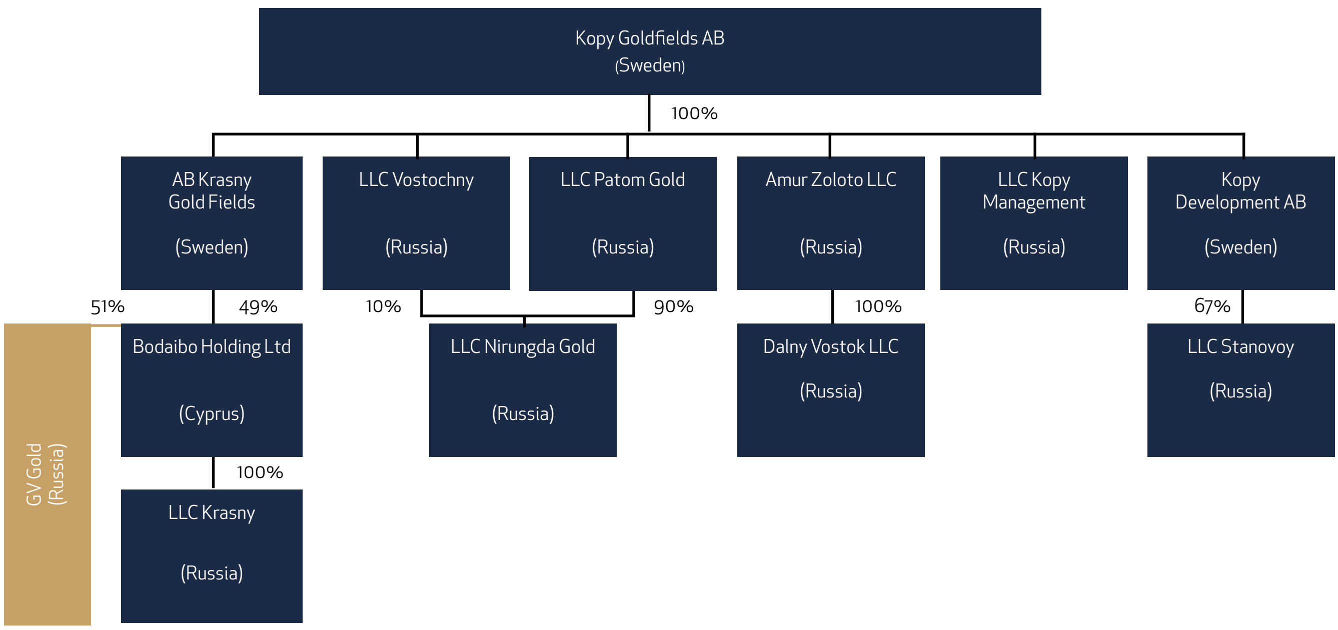
In October 2020, the Company announced a long-term production target of >100 koz of gold and gold equivalent by 2025. The production target will be reached through organic growth and is based on the current mineral reserves, and thus does not include the Krasny project.

New estimation of Mineral Resources and Reserves announced.

In October 2020, Kopy Goldfields issued a Mineral Resources and Ore Reserves update for the Amur Zoloto business. The new estimation corresponded to a 32% increase compared to the previous resource estimate made in 2019. Following the updated resource statement, Kopy Goldfields' new total estimated Measured, Indicated & Inferred Mineral Resources amount to 2,756 koz of gold, and total new Probable Ore Reserves amount to 1,313 koz of gold, including the attributable reserves and resources of the Krasny project.

OPERATIONS

The Company operates two bedrock mines, Yubileyniy and Perevalnoe, and two placer mines, Buor-Sala and Kagkan-Chudny, in the Khabarovsk region of Russia. In addition, the Company has several exploration projects ranging from greenfield exploration to the production development stage. The major projects are presented on the following pages. For detailed information about the projects, see the sections "Mining", "Development" and "Exploration", starting on page 20.



Production

The total gold equivalent (GE) production for 2020 amounted to 53.11 koz (1,652.04 kg), which was 1.6% above the 2019 production level of 52.26 koz (1,625.41 kg). 2020 GE production includes 97 koz (3,026 kg) of silver which is an equivalent of 1.36 koz (42.15 kg) of gold. Gold production for the full year 2020, compared with 2019, is presented in the following table:

Gold equivalent (GE) production	Jan–Dec 2020		Jan–Dec 2019		
	kg	koz	kg	koz	%
Yubileyniy project (CIP)	439.48	14.13	523.42	16.83	-16
Yubileyniy project (HL)	21.29	0.68	0	0	
Perevalnoe project	933.53	30.01	749.18	24.09	25
Placer mines	215.60	6.93	330.09	10.6	-35
Silver production, in GE	42.15	1.36	22.72	0.73	86
Total GE production	**1,652.04**	**53.11**	**1,625.41**	**52.26**	**1.6**

Yubileyniy project

The Yubileyniy project includes the operational Krasivoe underground mine and the Yubileyniy processing plant. The Krasivoe mine commenced production in 2004, initially as an open pit and then switched to underground mining in 2010. Yubileyniy is a conventional CIP plant with an installed capacity of 130,000 tons per annum (tpa). It has a planned expansion in capacity to 250,000 tpa by the end of 2021, followed by further expansion to 400,000 tpa by 2025. The plant's flowsheet is as follows: gravity concentration, followed by intensive leaching of gravity concentrate and flotation concentration of gravity tailings, followed by CIP processing of flotation concentrate. The output product from the site is gold alloys (Doré bars) containing some 17-30% of gold content. These are further refined to bankable gold bullions by the external refinery.

The full-year GE production from the Yubileyniy project, both CIP and HL, totaled 14.13 koz, a decrease of 16% compared to 2019. The decrease in production can be mainly explained by lower average grades (-10%) of the processed ore.

Gravity and flotation concentrates produced at the Perevalnoe plant are also leached to Doré bars at the Yubileyniy plant. During 2020, a total of 367.82 tons of gravity concentrate and 6,158.01 tons of flotation concentrate from the Perevalnoe project were leached at the Yubileyniy plant, producing 30.01 koz (933.53 kg) of gold, which is reported under the Perevalnoe project below.

Perevalnoe project

The Perevalnoe project includes the Perevalnoe processing plant and the Perevalnoe deposit. Mining from the Perevalnoe open pit commenced in 2015 and the processing plant was commissioned in 2017. The plant produces gravity and flotation concentrates which are further transported and leached at the Yubileyniy processing plant to produce Doré bars. The Perevalnoe concentration (gravity and flotation) plant has a designed capacity of 125,000 tpa. Following the elimination of bottlenecks, the 2020 annual throughput reached 165,850 tpa (or 165.85 ktpa).

The Perevalnoe deposit is now represented by two zones, which are considered as two separate deposits: Brekchiyevaya Zone and Priyatnoe Zone. Ore is currently mined from the Brekchiyevaya open pit and the Priyatnoe open pit and starting in 2021 from an underground mine below the open pit at Brekchiyevaya. The mined ore is split into three categories: "High grade", "Low grade" and "Heap leach" grade. The High grade ore with a grade of above 5 g/t is mixed with Low grade ore (grade of between 3 and 5 g/t) to get a head grade of 5.5-6.5 g/t. This is then processed at the Perevalnoe mill into gravity and flotation concentrates which are further transported and leached at the Yubileyniy processing plant. The Low grade ores are partially mixed High grade ores and partially stockpiled on site for the future use. Heap leach grade ores with grades below 2 g/t are stockpiled on site until 2021 when the heap leach operations will commence at a rate of 200 ktpa.

In 2020, full-year gravity concentrate production reached 367.82 t, an increase of 3% and flotation concentrate production was 6,158.01 t, an increase of 29%, enabled by a 26% increase in ore processing at the Perevalnoe mill which amounted to 165.85 kt compared to 131.30 kt in 2019. In 2020, GE production from Perevalnoe concentrates at the Yubileyniy mill amounted to 30.01 koz, an increase of 25%.

Placer mining

During May– October 2020, alluvial gold was produced at the two placer deposits Buor-Sala and Kagkan-Chudny, located near the Yubileyniy and Perevalnoe sites respectively. These are shallow stream placers which are dozed and loaded into articulated haul trucks and hauled to semi-mobile washing plants or hauled by front-loaders. The waste stripping is conducted largely in the autumn and early spring with washing of gravels from May – October.

The Company developed an exploration program at the Onne placer project aimed at replacing the alluvial reserves and extending the life of placer operations.

In 2020, full-year gold production from placer operations totaled 6.93 koz, a decrease of 35% compared to 2019. The decline in alluvial production is explained by a significantly lower volume of placer gravel being processed (a decrease of 44%) due to the late start of alluvial mining caused by Covid-19 travel restrictions.

Exploration

The Company has a robust asset portfolio with high organic growth potential for creating value and generating substantial future cash flow.

The company ran several exploration programs during 2020:

- Krasivoe deposit: Continuous exploration is being carried out aimed at supporting the Yubileyniy plant life of mine. A total of 7,847 meters of underground core holes were drilled during 2020.
- Perevalnoe deposit: A total of 3,750 meters of diamond holes were completed during 2020. The aim is to increase the Perevalnoe resources and reserves and extend the CIP plant (not HL operations) life of mine operations beyond 2024 when the mine closure is currently planned.
- Placer deposits: A total of 1,291 meters of RAB drill holes were drilled during 2020. The exploration target is to extend alluvial reserves to support 2021 – 2022 operations.

Exploration was very successful, and in October 2020 the Company released an updated resource statement for Amur Zoloto projects showing a 32% increase of Measured, Indicated and Inferred gold resources for hard rock and placer assets compared to the previous estimate made in 2019.

Krasny project

The Krasny Gold Project includes two bedrock licenses and one alluvial gold license with 1.8 Moz of Inferred and Indicated resources, including 0.3 Moz of Probable reserves (JORC) for part of the mineralization, still open along the strike and to the depth.

The project is a joint project with the Russian gold producer GV Gold, in which Kopy Goldfields owns 49%. In spring 2020, Kopy Goldfields and GV Gold agreed to invest a further USD 1 million to finance a Russian reserve report and to secure connection of the future mine site to the regional electricity grid. In 2020, the license terms for Krasny were prolonged for three years. In accordance with the revised license agreement, the Krasny reserve report should be filed with the Russian license authorities in April 2023; the feasibility study should be completed by April 2024, and the mine should be commissioned by October 2025. Kopy Goldfields and GV Gold are currently reviewing the 2021 exploration program with the target to advance Krasny into the feasibility stage and production planning by the end of the year.

Reserves and Resources

Following the updated resource statement issued in October 2020, Kopy Goldfields' new total estimated M, I&I Mineral Resources amount to 2,756 koz of gold, and total new Probable Ore Reserves amount to 1,313 koz of gold, including the attributable reserves and resources of the Krasny project.

Covid-19

One key operational focus during 2020 was to mitigate the negative effects of the Covid-19 pandemic and preserve employee health and the Company's operations and production targets. Following the outbreak of Covid-19, mine shifts were extended to cover the transition period since travel was restricted in order to protect the Company's remote operations and nearby communities. A 14-day quarantine period was also introduced for all personnel travelling to the production mine sites. These precautionary activities managed to keep the Company's mine sites safe from the pandemic until the end of the year. During the last two weeks of December 2020, the pace of mineral processing and underground mining operations slowed down at Yubileyniy due to several cases of Covid-19 reported at the mine site. The reduction affected the volume of ore processed and total gold production at Yubileyniy for the fourth quarter.

Out of the two mine sites, Covid-19 cases only occurred at Yubileyniy while Perevalnoe remained safe. There were also several cases at the storage terminals on the way to the mine sites. Infected employees were evacuated to Khabarovsk and those who needed treatment were admitted to the local hospital. Everybody recovered in January and since then no new cases of Covid-19 have been reported on the sites. Following the outbreak of Covid-19, the Company has strengthened quarantine measures and other precautions to prevent similar incidents in the future. In January 2021, all operations were restored to the planned scale although negative impacts of Covid-19 were experienced throughout Q1 2021. The Company offered employees in Russia the opportunity to get vaccinated against Covid-19 free of charge.

FINANCIAL OVERVIEW

	Jan-Dec 2020	Jan-Dec 2019	%
Gold sales, koz	55.4	48.7	+14
Average realized gold price, USD/oz	1,773	1,400	+27
Revenue, TUSD	98,841	70,114	+41
Gross profit, TUSD	40,973	23,298	+76
Gross margin, %	41%	33%	
EBITDA, TUSD	45,620	27,310	+67
EBITDA margin, %	46%	39%	
Profit before tax, TUSD	24,728	11,719	+111
Profit for the period, TUSD	19,153	9,160	+109
Earnings per share before dilution, USD	0.02	0.01	
Earnings per share after dilution, USD	0.02	0.01	
Equity per share, USD	0.11	0.07	
Cash & cash equivalents at the end of the period, TUSD	10,388	396	
Net Debt, TUSD	41,938	43,619	
Net debt/ EBITDA, x	0.92	1.60	

A glossary and definitions of the above performance measures are presented on page 103-104.

Acquisition of Amur Zoloto

In September 2020, the Company completed the transaction with HC Alliance Mining Group Ltd (HCAM) and Lexor Group SA (Lexor) contributing the entire participants' capital of LLC Amur Gold Company (Amur Zoloto) in exchange for 782,179,706 ordinary shares issued by the Company.

Following the completion of the transaction with the Amur Zoloto shareholders, the financial statements have been prepared using the accounting model prescribed by IFRS 3 "Business combination for reverse acquisitions" since the shareholders of Amur Zoloto became the owners of 88.28% of the Company at the date of the transaction. This accounting model requires Amur Zoloto to be treated as the accounting acquirer for the consolidated financial information and Kopy Goldfields AB being presented as the acquiree.

The assets and liabilities of Kopy Goldfields AB, being the legal parent, have been initially recorded at fair value in the consolidated financial statements.

The assets and liabilities of the legal subsidiary Amur Zoloto have been recognized and measured in the consolidated financial statements at their pre-transaction carrying amounts. The comparative financial information for the financial year ended 31 December 2019 represents Amur Zoloto's financial statements for this period.

Kopy Goldfields AB's financial statements have been included in the consolidated financial statements for the period from 1 September 2020, the accounting date of the transaction, to 31 December 2020 due to the application of the reverse acquisition. The stand-alone financial statements of Kopy Goldfields AB are presented for the twelve months ended 31 December 2020 with comparative information for the twelve months ended 31 December 2019. See Note 33 for more information.

Currency

Following the transaction with Amur Zoloto, Kopy Goldfields has chosen to change the presentation currency from Swedish krona (SEK) to US dollars (USD). The Group has chosen to present its consolidated financial statements in USD, as management believes it is a convenient presentation currency for international users of the consolidated financial statements of the Group. The change in the reporting currency constitutes a change of the accounting principle, i.e. it is applied retroactively in accordance with the requirements of IAS 8. All comparative information for the Group for 2019 has therefore been translated into USD.

In accordance with the Swedish Accounting Act, the Parent Company's financial information is reported in Swedish krona and not the Group's presentation currency of US dollars.

COMMENTS ON FINANCIAL PERFORMANCE

Total revenues for the year amounted to TUSD 98,841, an increase of 41% compared to 2019, mainly driven by higher volumes of gold sold and a higher average realized gold price. Gold sales for the full year 2020 amounted to 55.43 koz (1,723.96 kg), compared to 48.71 koz (1,515.01 kg) in 2019, an increase of 14%. The average realized gold price increased by 27% and amounted to USD 1,773/oz for the full year 2020, compared USD 1,400/oz in 2019.

Costs of Sales amounted to TUSD 57,868 (46,816), an increase of 24%.

Total Cash Costs (TCC) per gold equivalent ounce sold increased during the year from USD 738/oz for the full year 2019 to USD 836/oz during 2020. This reflects lower average grades in ore processed at Yubileyniy (4.81 grams per ton in 2020 compared to 5.34 grams per ton in 2019) and Perevalnoe (6.88 grams per ton in 2020 compared to 7.50 grams per ton in 2019). While reduction of average grades at Perevalnoe were planned, lower grades at Yubileyniy were a consequence of Covid-19 restrictions, when the company experienced shortages of spare parts and personnel and was forced to revise underground mining schedules, resulting in an output of lower gold grades. Higher personnel expenses, diesel, services, and other consumables also negatively impacted the cost performance during the reporting period. These factors were partially offset by higher sales volumes in 2020, as well as a 12 per cent depreciation in the local currency, RUB, compared to the previous year (the average RUB/USD exchange rate was 72.62 in 2020 compared to 64.84 in 2019).

All-in Sustaining Costs (AISC) per gold equivalent ounce sold increased during the year from USD 1,050/oz for full year 2019 to USD 1,096/oz during 2020. The higher AISC was mainly a result of increased TCC but was partially offset by higher sales volumes and lower sustaining capital expenses in 2020 and a 12 per cent local currency depreciation compared to the previous year.

TCC and AISC are both non-IFRS measures and are reconciled as follows:

Total Cash Costs (TCC) (TUSD)	Jan – Dec 2020	Jan – Dec 2019	%
Cost of gold sales	57,364	46,228	24
Property, plant, and equipment depreciation and intangible assets amortization	−9,762	−7,170	36
Provision for mine closure, rehabilitation, and decommissioning costs	−228	−242	−6
Allowance for obsolescence of inventory	−1,012	−2,195	−54
Total cash costs	**46,362**	**36,621**	**27**
Ounces sold (GE koz)	55.43	49.62	12
TCC per GE ounce sold (USD/oz)	**836**	**738**	**13**

All-in Sustaining Costs (AISC) (TUSD)	Jan – Dec 2020	Jan – Dec 2019	%
Total cash costs	46,362	36,621	27
Corporate, general, and administrative expenses	8 325	7 956	5
Amortization and depreciation related to corporate, general, and administrative expenses	−185	−308	−40
Exploration impairment losses	−921	−1,029	−10
Provision for mine closure, rehabilitation, and decommissioning costs	228	242	−6
Sustaining exploration expenses	995	853	17
Sustaining capital expenses	1,797	3,622	−50
Sustaining lease payments	4,144	4,159	0
Total all-in sustaining costs	**60,746**	**52,117**	**17**
Ounces sold (GE koz)	55.43	49.62	12
AISC per GE ounce sold (USD/oz)	**1,096**	**1,050**	**4**

Gross profit increased by 76%, amounting to TUSD 40,973 for the full year 2020, compared to TUSD 23,298 in 2019.

Operating profit for the full year 2020 amounted to TUSD 31,637, an increase of 107% from TUSD 15,261 in the previous year. General and administrative expenses remained relatively unchanged while Other operating expenses increased by TUSD 994.

EBITDA for the year amounted to TUSD 45,620 (27,310), with an EBITDA margin of 46%, a significant improvement compared to the corresponding period in 2019, primarily driven by higher gold prices and increased sales. EBITDA is a non-IFRS financial measure and is reconciled as follows:

EBITDA reconciliation to Profit before tax (TUSD)	Jan-Dec 2020	Jan-Dec 2019
Profit before tax	24,728	11,719
Share of net profit of associates accounted for using the equity method	310	–
Financial income	–114	–22
Financial costs	6,713	3,564
Depreciation and depletion	10,103	7,540
Net realizable value allowance for stock piles, work in progress, and finished goods	1,012	2,195
Change in allowance for slow-moving and obsolete inventory	–	–127
Impairment of exploration and evaluation assets	956	669
Other one-off adjustments	1,912	1,772
EBITDA	**45,620**	**27,310**

Finance costs increased by TUSD 3,149, which is mainly explained by losses of TUSD 2,120 from new hedging instruments entered into in 2020. The hedging instruments are arranged as a corridor between floor and ceiling prices. The instruments provide a secured floor gold price of USD 1,400/oz for approximately 40% of the projected gold production for 2021-2025 with ceiling prices exceeding USD 2,500/oz. Please see Note 5 and 34 for more information.

Net profit for the year, attributable to equity holders of the parent, amounted to TUSD 19,152 (9,160), an increase of TUSD 9,992 or 109% compared to last year. This equals USD 0.02 (0.01) per share before dilution and USD 0.02 (0.01) per share after dilution.

COMMENTS ON THE CASH FLOW, LIQUIDITY AND FINANCIAL POSITION

Total investments during 2020 amounted to TUSD 17,742 (2,853), including capitalized exploration costs of TUSD 721 (2019: nil).

During 2020 the Company capitalized borrowing costs in the amount of TUSD 117 (2019: nil).

In June 2020, the Company entered into a new unsecured finance facility with PJSC VTB bank for the refinancing of promissory notes from shareholders and funding of the investment program, with a maximum credit facility of TUSD 42,301 (equivalent to TRUB 3,125,000), bearing a floating interest rate linked to the key rate of the Central Bank of the Russian Federation plus a margin of 2.95%. The loan facility matures in September 2023.

Total loans and borrowings amounted to TUSD 21,590 at the period end, compared to TUSD 8,287 at 31 December 2019. This corresponds to an increase of TUSD 13,303, mostly explained by a new RUB denominated credit facility in the amount of TUSD 15,653. During 2020, the Group repaid a shareholder's loan of TUSD 5,128. For more information, see Note 27.

The Company's cash and cash equivalent position at the end of the period amounted to TUSD 10,388 (396). Unused credit facilities at the period end amounted to TUSD 27,073 (2019: nil).

Gold in stock ready for sale (not included in cash and cash equivalents) amounted to TUSD 4,918 (7,614).

Total net debt as of 31 December 2020 amounted to TUSD 41,938 (43,619). Net Debt is a non-IFRS financial measure and is reconciled as follows:

Total Net Debt (TUSD)	31 Dec 2020	31 Dec 2019
Borrowings	21,590	8,287
Contract liability	26,241	31,313
Leasing	4,495	4,415
Total Debt	**52,326**	**44,015**
Cash and Cash equivalents	–10,388	–396
Total Net Debt	**41,938**	**43,619**

The equity/assets ratio was 59 percent at year-end compared with 50 percent in the previous year.

COMMENTS ON EQUITY

The reverse acquisition of Amur Zoloto had a positive impact on equity of TUSD 32,586. The transaction is described in detail above and in Note 33.

On 31 December 2020, the 2017/2020 incentive program expired. In total 3,058,600 new shares were subscribed for at a total value of TUSD 661 (TSEK 5,414) as a result of warrants exercised under the program. The shares were paid and registered during the first quarter of 2021. In the 2020 financial statements, an amount of TUSD 661 (TSEK 5,414 at the exchange rate on the reporting date) has been recorded as an increase in other reserves with the corresponding account receivable in current assets.

Following registration with the Swedish Companies Registration Office in Q1 2021, the number of shares in the Company increased by 3,058,600, from 886,005,575 to 889,064,175 shares, and the share capital increased by SEK 1,162,945 (TUSD 142 at the exchange rate on the reporting date), from SEK 336,878,176 to SEK 338,041,120 (rounded off to the nearest whole number).

PARENT COMPANY

The Swedish Parent Company is a holding company with no significant operational activity. The Parent Company supports the subsidiaries with financing, strategy decisions, etc.

The Parent Company's revenue for 2020 totaled TSEK 1,150 (2,385). The revenue was related to re-invoicing of expenses to subsidiaries. Net loss for the year amounted to TSEK –22,248 (–19,728).

Total assets at the period end increased to TSEK 1,974,987 (136,728), mainly explained by the acquisition of Amur Zoloto, refer to Note 33. Cash and cash equivalents amounted to TSEK 2,344 (6,246). Equity at 31 December 2020 amounted to TSEK 1,900,975 (88,330). The change in equity is mainly explained by the acquisition of Amur Zoloto.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Events after the end of the financial year are now only presented in the notes. See Note 38 Events after the reporting date.

OPERATIONAL OUTLOOK 2021

In 2021 the Company will focus on increasing gold production from its existing operations and on developing CAPEX projects to achieve the growth targets.

In line with the plans to double gold production by 2025 to 100 koz per year, Kopy Goldfield targets a GE production of 56–59 koz in 2021, an increase of 5–11% compared to the production of 53.1 koz in 2020. The increase in gold production is primarily expected from the Yubileyniy project, where the Company aims both to increase the output from heap leach (HL) operations and to commission the 250 ktpa processing capacity in Q4 2021.

In 2021, the Company plans to invest around MUSD 48 into new growth projects at Maluytka, Perevalnoe and Yubileyniy. In addition, Kopy Goldfields plans several exploration projects in 2021 with a total budget of approximately MUSD 8.

SHARES AND OWNERSHIP STRUCTURE

The Company's share has been listed on NASDAQ First North Growth Market since August 2011.

For more detailed information about the Company's shares and ownership structure, see the "Share and shareholders" section on pages 39–40.

SIGNIFICANT RISKS AND UNCERTAINTIES

Market-related risks

Risks related to macroeconomic factors

Negative developments in the world economy and a challenging environment for the global capital markets may affect the Company's operations, financial position and earnings, and hinder the Company's ability to obtain financing in the future.

Covid-19

The outbreak of the Covid-19 virus escalated in March 2020. The impact on the Company's operations has been disclosed elsewhere in this report and relates to reduced production due to infected personnel and travel restrictions resulting in some procurement delays. A further escalation of the Covid-19 pandemic may have a continuous direct effect on the Company's operations. The Covid-19 pandemic may also have an indirect impact through macroeconomic effects such as the price of gold and exchange rates.

Gold price volatility

The gold price may change due to reduced demand, changes in the US dollar or other macroeconomic factors, which may negatively impact the Company's business, financial position and results of operations in a number of ways. Kopy Goldfields' revenue is derived from the sale of gold. Therefore, fluctuations in the prices of this commodity may affect the Company's future operations and potential profitability. Such decreased revenues may also increase the requirements for capital. Variations in the gold price may impact the availability and the terms of additional financing required to develop the projects. The estimation of economically viable identified mineral resources and ore reserves requires certain assumptions, including assumptions related to the gold price. A revised estimate of identified mineral resources and ore reserves due to a substantial decline in the gold price could result in the decrease in the estimates of the Company's mineral resources and ore reserves, subsequent write downs and negative impact on mine life.

Currency

Kopy Goldfields' currency risk comprises transaction risk and translation risk. Transaction risk is the risk of an impact on the Company's earnings and cash flow due to the value of flows in foreign currencies changing in the event of changes in exchange rates. Translation risk consists of assets in foreign subsidiaries less liabilities, which constitutes a net investment in foreign currency that on consolidation gives rise to a translation difference. The major portion of the Company's expenditure is conducted in RUB while the price of gold sales is tied to the USD. The Company is thereby affected by changes in exchange rates with regard to the operational transaction exposure. This risk is not hedged as of the date of the Annual Report. An adverse effect on the operational transaction exposure may have a material adverse impact on the Company's operations, financial position and earnings.

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.

Kopy Goldfields has signed insurances that covers its Swedish operations against losses and/or potential liability in relation to claims from third parties. Kopy Goldfields has also signed a liability insurance covering board members and the CEO. Russian subsidiaries of Kopy Goldfields insure industrial safety, real estate and vehicles. If a loss is not covered by an insurance policy, exceeds the amount limitations or causes consequential losses, this may have a material adverse impact on the Company's reputation, operations, financial position and earnings.

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

Risks related to the Company's operations

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 data.

Mineral resources that are not mineral reserves do not have demonstrated economic viability, and there is a risk that they will never be mined or processed profitably. Any material reductions in estimates of mineral reserves could have a material adverse effect on Kopy Goldfields' results of operations and financial position.

Environmental risk

The Company's operations are subject to the extensive environmental risks inherent in the mining and processing industry. Russia has adopted environmental regulations requiring industrial companies to undertake programs to reduce, control or eliminate various types of pollution and to protect natural resources. Environmental legislation and permitting requirements and the manner in which these are enforced are likely to evolve towards higher and more demanding standards and stricter enforcement, as well as increased fines and penalties for non-compliance.

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 operations, which may have a negative effect on the financial position of the Company. Environmental requirements and counter-party costs may be placed on the Company, which may delay other work or increase the Company's costs.

Pursuant to environmental laws and regulations, upon the cessation of mining operations gold mining companies are also obligated to close their operations and rehabilitate the lands that they mine in accordance with these laws and regulations. Estimates of the total ultimate closure and rehabilitation costs for gold mining operations are significant and based principally on current legal and regulatory requirements that may change materially.

Environmental laws and regulations are continually changing and are generally becoming more restrictive. If the Company's environmental compliance obligations were to change as a result of changes in the laws and regulations, or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions were to arise in its operations, the Company's expenses and provisions would increase to reflect these changes. If material, these expenses and provisions could adversely affect its business, operating results and financial position.

License management

There is a risk that title to the mining concessions, the surface rights and access rights comprising the Company's projects may be deficient or subject to dispute. The procurement or enforcement of such rights can be costly and time consuming. In areas where there are local populations or land owners, it may be necessary, as a practical matter, to negotiate surface access. Despite having the legal right to access the surface and carry out mining activities, the Company may not be able to negotiate satisfactory agreements with existing land owners/occupiers for such access, and therefore may be unable to carry out mining activities as planned. In addition, in circumstances where such access is denied, or no agreement can be reached, Kopy Goldfields may need to rely on the assistance of local officials or the courts in such jurisdictions, which may delay or impact mining activities as planned. There is also a risk that the Company's exploration, development and mining authorizations (subsoil licenses) and surface rights may be challenged or impugned by third parties. In addition, there is a risk that the Company´s licenses may be prematurely terminated, suspended or restricted by the licensing authorities if the Company breaches any of their material terms (such as work program obligations or other license commitments) without referring the matter to court. Further, there is a risk that the Company will not be able to renew some or all of its licenses in the future. Inability to renew a license could result in the loss of any project located within that license. Future laws and actions could have a material adverse effect on Kopy Goldfields' operations or on its financial position, cash flow and results of operations.

Information Security

Kopy Goldfields' operations are dependent on the group's IT systems. Significant disruptions or another type of major breakdown of network servers, a hacker attack, IT virus or other interruption of the IT system could thus impact Kopy Goldfields' ability to conduct operations. Disruptions in the Company's IT systems may also give rise to transaction errors, customer losses, the loss of business opportunities and reputational damage. In the event that any of these risks should materialise, this could thus have a material adverse impact on the Company's operations, financial position and earnings.

Suppliers

Dependence on third parties and local suppliers and their services, access to equipment and construction assistance may be delayed.

Acquisitions
Acquisitions are part of the Company's growth 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 the acquisition targets, in terms of value creation for the Company, will ultimately be realized.

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. Should these risks materialize, this could adversely impact Kopy Goldfields' operations, financial position and results.

Accidents
Mining and exploration are more accident prone 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 significantly negative effect on the Company's earnings and financial position.

Long-term financing risks
The development of the Company´s projects requires substantial additional capital. When such additional capital is required, Kopy Goldfields may need to pursue various financing transactions or arrangements, including equity financing, debt financing, joint venturing of projects or other means. The Company may from time to time enter into other arrangements to borrow money to fund its development plans, and such arrangements may include covenants that have similar obligations or that restrict its business in some way. The Company is subject to restrictive covenants under the current debt agreement. Events may occur in the future, including events out of Kopy Goldfields' control, that could cause the Company to fail to satisfy its obligations under the current debt agreements or other debt instruments that may arise. In such circumstances, the amounts drawn under Kopy Goldfields' debt agreements may become due and payable before the agreed maturity date, and the Company may not have the financial resources to repay such amounts when due. If Kopy Goldfields were to default on its obligations under its current debt agreements or other secured debt instruments in the future, the lender(s) under such debt instruments could enforce their security and seize the Company's assets. If Kopy Goldfields raises additional funding by issuing equity, such financing may substantially dilute the interests of shareholders and reduce the value of their investment. Moreover, Kopy Goldfields may not be successful in locating suitable financing when required or at all. A failure to raise capital when needed would have a material adverse effect on the Company´s business, financial position and results of operations.

Share-related risk
Investing in shares is associated with risk and an investor may lose all or part of the value of the investment.

PROPOSED APPROPRIATION OF PROFITS
The Board of Directors proposes that no dividend be paid for the 2020 financial year. The Board proposes that SEK 1,562,932,994 be carried forward.

Amount at the disposal of the Annual General Meeting:

SEK	
Share premium reserve	1,740,289,673
Fair value reserve	−7,017,043
Accumulated loss	−148,091,323
Net loss	−22,248,312
Total	**1,562,932,994**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Amounts in thousands of US Dollars (TUSD)

	Note	2020	2019
Revenue from contracts with customers	8	**98,841**	**70,114**
Cost of sales	10, 13	−57,868	−46,816
Gross profit/loss		**40,973**	**23,298**
General and administrative expenses	9, 11, 13	−6,887	−6,580
Other operating expenses, net	12	−2,449	−1,457
Operating profit		**31,637**	**15,261**
Share of net profit of associates accounted for using the equity method		−310	–
Financial income	15	114	22
Financial costs	15	−6,713	−3,564
Financial income /(expenses), net		**-6,909**	**-3,542**
Profit before tax		**24,728**	**11,719**
Income tax	16	−5,575	−2,559
Profit for the year		**19,153**	**9,160**
Of which attributable to:			
Parent company shareholders		19,152	9,160
Non-controlling interest		1	–
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Exchange differences on translation to presentation currency		−14,411	5,364
Total comprehensive income/(loss) for the year		**4,742**	**14,524**
Of which attributable to:			
Parent company shareholders		4,721	14,524
Non-controlling interest		21	–
Earnings per share for profit attributable to the ordinary equity holders of the company:	36		
Basic earnings per share		0.02	0.01
Diluted earnings per share		0.02	0.01

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of US Dollars (TUSD)

	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Exploration and evaluation assets	18	5,860	5,261
Property, plant and equipment	19	39,934	43,577
Right-of-use assets	20	9,084	8,132
Investments in associates	21	28,721	–
Financial assets at amortised cost	22	3,731	–
Deferred tax assets	16	1,381	283
Inventories	23	13,819	6,512
Total non-current assets		**102,530**	**63,765**
Current assets			
Inventories	23	39,756	43,423
Other current assets		558	322
Other receivables	24	1,727	148
Advances paid		1,527	1,275
Taxes receivable		4,190	3,302
Cash and cash equivalents	25	10,388	396
Total current assets		**58,146**	**48,866**
TOTAL ASSETS		**160,676**	**112,631**
EQUITY	26		
Equity attributable to shareholders of the Parent Company			
Share capital		38,977	53,977
Other contributed capital		48,265	–
Foreign currency translation reserve		−44,658	−30,227
Retained earnings, including profit for the period		51,633	32,481
Total equity attributable to shareholders of the Parent Company		**94,217**	**56,231**
Non-controlling interest		3	–
Total equity		**94,220**	**56,231**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	27	15,038	6,003
Contract liability	28	26,241	23,290
Mine rehabilitation provision	30	2,702	2,659
Lease liabilities	20	2,037	1,806
Other non-current liabilities		982	126
Total non-current liabilities		**47,000**	**33,884**
Current liabilities			
Loans and borrowings	27	6,552	2,284
Contract liability	28	–	8,023
Mine rehabilitation provision	30	32	37
Lease liabilities	20	2,458	2,609
Accounts payable and accrued liabilities	31	7,672	8,404
Income tax payable		1,716	236
Taxes payable	32	1,026	923
Total current liabilities		**19,456**	**22,516**
Total liabilities		**66,456**	**56,400**
TOTAL EQUITY AND LIABILITIES		**160,676**	**112,631**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of US Dollars (TUSD)

	Attributable to shareholders of the Parent Company						
	Share capital	Other contributed capital	Foreign currency translation reserve	Retained earnings, including profit (loss) for the year	Total	Non-controlling interest	Total equity
Opening balance at 1 January 2019	**53,977**	**–**	**–35,591**	**23,321**	**41,707**	**–**	**41,707**
Profit for the year	–	–	–	9,160	9,160	–	9,160
Other comprehensive income for the year	–	–	5,364	–	5,364	–	5,364
Total comprehensive income for the year	**–**	**–**	**5,364**	**9,160**	**14,524**	**–**	**14,524**
Closing balance at 31 December 2019	**53,977**	**–**	**–30,227**	**32,481**	**56,231**	**–**	**56,231**
Opening balance at 1 January 2020	**53,977**	**–**	**–30,227**	**32,481**	**56,231**	**–**	**56,231**
Profit for the year	–	–	–	19,152	19,152	1	19,153
Other comprehensive income for the year	–	–	–14,431	–	–14,431	20	–14,411
Total comprehensive income for the year	**–**	**–**	**–14,431**	**19,152**	**4,721**	**21**	**4,742**
Transactions with shareholders in their role as owners:							
Merger of LLC "Amur Gold" and Kopy Goldfields AB (reverse acquisition) (Note 36)	–15,000	47,604	–	–	32,604	–18	32,586
Incentive programs 2017	–	661	–	–	661	–	661
Closing balance at 31 December 2020	**38,977**	**48,265**	**–44,658**	**51,633**	**94,217**	**3**	**94,220**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in thousands of US Dollars (TUSD)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**24,728**	**11,719**
Adjustments for non-cash items		
Depreciation and depletion of property, plant and equipment, intangible assets and right of-use assets	10,103	7,540
Impairment of exploration and evaluation assets	956	669
Loss on disposal of assets	309	699
Finance costs	6,713	3,564
Finance income	–114	–22
Movements in allowance for obsolete inventory and net realisable value	1,012	2,068
Foreign exchange loss	195	–51
Share of net profit of associates accounted for using the equity method	310	–
Other non-cash adjustments	56	23
Cash flow from operating activities before changes in working capital	**44,268**	**26,209**
Changes in working capital		
Change in inventories	–16,336	–17,062
Change in other receivables and advances paid	–2,013	–1,131
Change in trade and other payables and advances received	–1,545	412
Change in other assets	545	1,339
Cash flow from operating activities	**24,919**	**9,767**
Interest received	14	25
Interest paid	–2,503	–
Income tax paid	–5,080	–2,773
Net cash flow from operating activities	**17,350**	**7,019**
Cash flow from investing activities		
Cash acquired during merger of LLC "Amur Gold" and Kopy Goldfields AB (reverse acquisition)	138	–
Purchase of property, plant and equipment	–17,021	–2,853
Purchase of exploration and evaluation assets	–721	–
Interest paid capitalised	–117	–
Net cash flows used in investing activities	**–17,721**	**–2,853**
Cash flow from financing activities		
Proceeds from borrowings, net of debt issue costs	15,653	–
Repayment of borrowings	–5,567	–
Repayment of finance lease liabilities net of cash received per buy-back leasing agreements	277	–4,681
Net cash flow from financing activities	**10,363**	**–4,681**
Net (decrease)/increase of cash and cash equivalents	9,992	–515
Cash and cash equivalents at 1 January	**396**	**911**
Cash and cash equivalents at 31 December	**10,388**	**396**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL

Kopy Goldfields AB (publ) (the "Company") is a Swedish limited liability company domiciled and head-quartered at Skeppargatan 27 in Stockholm, Sweden (Corp. ID 556723-6335). The Company and its subsidiaries' (together the "Group") operations are focused on gold and silver exploration, evaluation and production in the Khabarovsk region and Bodaibo district of the Irkutsk region of the Russian Federation.

These consolidated financial statements were approved for publication by the Board of Directors on 5 May , 2021 and will be presented to the Annual General Meeting for adoption on 27 May, 2021.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Unless otherwise stated, all amounts are in thousands of US Dollars.

The ultimate controlling party of the Group at 31 December 2020 was Mr. Arsen Idrisov.

Reverse acquisition

In the beginning of September 2020, the Company completed the transaction with HC Alliance Mining Group Ltd. ("HCAM") and Lexor Group SA ("Lexor") contributing the entire participants' capital of LLC Amur Gold Company ("Amur Zoloto") in exchange for 782,179,706 ordinary shares issued by the Company.

Since the acquisition of Kopy Goldfields AB does not qualify for a business combination, the transaction is treated as an asset acquisition under IFRS 2 Share Based Payment, and since the asset is acquired in exchange for shares, no goodwill was recognised.

Following the completion of the transaction with Amur Zoloto's shareholders the financial statements have been prepared using the accounting model prescribed by IFRS 3 "Business combination" for "reverse acquisitions" since the shareholders of Amur Zoloto became owners of 88.28% of the Company at the date of the transaction. This accounting model requires Amur Zoloto to be treated as the accounting acquirer for the consolidated financial statements and Kopy Goldfields AB being presented as the acquiree.

The assets and liabilities of Kopy Goldfields AB, being the legal parent, have been recorded at fair value initially in the consolidated financial statements.

The assets and liabilities of the legal subsidiary Amur Zoloto have been recognized and measured in the consolidated financial statements at their pre-transaction carrying amounts. The comparative financial information for the financial year ended 31 December 2019 represents Amur Zoloto's financial statements for this period.

Kopy Goldfields AB's financial statements have been included in the consolidated financial statements for the period from September 1, 2020, the accounting date of the transaction, to December 31, 2020 due to the application of the reverse acquisition. The standalone financial statements of Kopy Goldfields AB are presented for the twelve months ended December 31, 2020 with comparative information for the twelve months ended December 31, 2019.

Details of the transaction are described in Note 33

NOTE 2 BASIS OF PREPARATION

These consolidated financial statements of the Group contain Kopy Goldfields AB's financial statements, and the accounting principles chosen for the preparation are IFRS (International Financial Reporting Standards). The consolidated financial statements of the Group have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary rules for groups, and the International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC), as endorsed by the EU.

The preparation of annual accounts in accordance with IFRS requires that qualified estimates and assessments be used for accounting purposes. Furthermore, company management exercises its judgement in the application of the Group's accounting policies. Those areas that include a high level of assessment, that are complex or such areas where assumptions and estimations are of material importance for the consolidated financial statements are stated in Note 4.

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities – measured at fair value.

Going concern

In assessing its going concern status, management has analysed the Group's financial position, expected future trading performance, its borrowings and available credit facilities, anticipated additional borrowing facilities under negotiation and its capital expenditures commitments and plans, together with other risks facing the Group. Management believes that the Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these consolidated financial statements and that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

Effect of the Covid-19 pandemic

One key operational focus during 2020 has been to mitigate the negative effects of the Covid-19 pandemic and preserve the Company's operations and production targets. Following the outbreak of Covid-19, mine shifts were extended to cover the transition period since travel was restricted in order to protect the Company's remote operations and nearby communities. A 14-day quarantine period was also introduced for all personnel travelling to the production mine sites. These precautionary activities managed to keep the Company's mine sites safe from the pandemic until the end of the year. During the last two weeks of December 2020, the pace of mineral processing and underground mining operations slowed down at Yubileyniy due to several cases of Covid-19 reported at the mine site. The reduction affected the volume of ore processed and total gold production at Yubileyniy for the fourth quarter, however the Company achieved the 2020 production guidance.

Following the outbreak of Covid-19, the Company has strengthened quarantine measures and other precautions to prevent similar incidents in the future. In January 2021, all operations were restored to the planned scale. The Company offered employees in Russia the opportunity to get vaccinated against Covid-19 free of charge.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has a power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All intragroup assets and liabilities, equity, income, expenses, unrealised gains on transactions and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

When the Group loses control over a subsidiary, a gain or loss is recognised in the consolidated statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary's assets or liabilities are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to the consolidated statement of profit or loss or transferred directly to retained earnings).

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively

Equity method

Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment.

Investments in associates

Associates are all entities over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting as described above, after initially being recognised at cost.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

REVERSE ACQUISITION

Reverse acquisitions are accounted for using a model prescribed by IFRS 3 "Business combination". This accounting model requires the assets and liabilities of the acquiree, being the legal parent, to be recorded at fair value initially in the consolidated financial statements. The assets and liabilities of the acquirer, being the legal subsidiary, are recognized and measured in the consolidated financial statements at their pre-transaction carrying amounts.

SEGMENT REPORTING

For management purposes, the Group is not organised in separate reporting segments and performance is assessed on a consolidated basis. Accordingly, the segment reporting disclosure is not presented in these consolidated financial statements.

FOREIGN CURRENCY TRANSLATION

Functional currency and presentation currency

The entities in the Group have the local currency as their functional currency, as the local currency has been defined as the primary economic environment in which each entity operates.

The Group has chosen to present its consolidated financial statements in USD, as management believes it is a convenient presentation currency for international users and as it is a common presentation currency for the mining industry.

Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, under finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis under operating income/other operating expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Translation of foreign Group companies

The translation of balances and transactions of the Group's entities from their functional currencies to the presentation currency is performed as follows:

- All assets and liabilities, both monetary and non-monetary, are translated at closing exchange rates at each reporting period end date;
- All income and expenses are translated at average exchange rates for the period, except for significant transactions that are translated at rates on the date of such transactions and in instances where exchange rates fluctuate significantly during the period;
- Resulting exchange differences are recognised in other comprehensive income as "Effect of translation to presentation currency" and accumulated in equity (attributed to non-controlling interests as appropriate);
- All cash flows are translated at annual average exchange rates for the period, except for significant transactions that are translated at rates on the date of such transactions.
- Exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.
- Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Exchange rates used in the preparation of the consolidated financial statements were as follows:

	2020 Russian Ruble/US Dollar	2020 Swedish Krona/ US Dollar	2019 Russian Ruble/US Dollar
Russian Ruble/US Dollar			
Year-end rate	73.8757	8.1886	61.9057
Average rate for the 1st quarter ended 31 March	66.3514	9.6641	66.1271
Average rate for the 2nd quarter ended 30 June	72.3611	9.6911	64.5578
Average rate for the 3rd quarter ended 30 September	73.5598	8.8724	64.5681
Average rate for the 4th quarter ended 31 December	76.2207	8.6192	63.7192

REVENUE RECOGNITION

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group applies a 5-step approach to revenue recognition:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when or as a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

LEASING

The Group as lessee

The Group's leases are primarily comprised of properties related to the Yubileyniy and Perevalnoe factories,the Buor placer and the Ulakhan placer.

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss (see Note 20).

As a practical expedient, IFRS 16 permits a lessee to not separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet. If employee benefit costs are directly attributable to bringing an asset into the condition and location necessary for it to be capable of operating then these costs are capitalised.

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Payroll taxes and pension contributions
Under the provisions of the Russian legislation, the Group entities contributed to state pension, social insurance, medical insurance and unemployment funds at the statutory rate of 30% based on gross salary payments to each employee not exceeding a certain amount. For remuneration exceeding the set amount the rate drops to 15.1%. The Group's contributions to the State Pension Funds of the Russian Federation are charged to the consolidated statement of profit or loss in the period to which they relate.

Post-employment obligations
The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the unified social tax the payments to the statutory defined contribution schemes in the Russian Federation. In Sweden, the Group pays defined contribution pension costs for one employee

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Other post-employment obligations
Termination benefits are paid when an employee is terminated by the Group and the employee accepts a voluntary termination in exchange for such benefits. The Group recognizes termination benefits when the Group is demonstrably committed to either terminating the employment of the employees according to a detailed formal plan, without the possibility of revocation or providing termination benefits as a result of an offer made to encourage voluntary termination. Benefits due more than 12 months after the end of the reporting period are discounted to present value.

INCOME TAX

Current income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction. Taxable income differs from 'profit before tax' as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:
- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:
- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

MINERAL EXTRACTION TAX

Mineral extraction tax is set by the Russian Tax legislation. Mineral extraction tax is imposed to the net gold and silver chemical component of the extracted gold and silver deposits with reference to actual selling prices for gold and silver less cost to refine and deliver refined gold and silver to the ultimate customer. The amount of mineral extraction tax incurred for the period is recognised within the cost of inventory produced and sold.

EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets represent capitalised expenditures incurred by the Group in connection with exploration for and evaluation of gold and silver resources, such as:
- Acquisition of rights to explore potentially mineralised areas;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling;
- Trenching;
- Sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting gold resources.

Exploration and evaluation expenditures are capitalised when exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable gold and silver resources. When the technical feasibility and commercial viability of extracting a gold and silver resource are demonstrable and a decision has been made to develop the mine, capitalised exploration and evaluation assets are reclassified to mine development costs.

Impairment of exploration and evaluation assets
Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The following facts and circumstances, among others, indicate that exploration and evaluation assets must be tested for impairment:
- The term of exploration license in the specific area has expired during the reporting period or will expire in the near future and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of gold resources in the specific area is neither budgeted nor planned;
- Exploration and evaluation for gold resources in the specific area have not led to the discovery of commercially viable quantities of gold resources and the decision was made to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to occur, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the purpose of assessing exploration and evaluation assets for impairment, such assets are allocated to cash-generating units, being exploration license areas.

Any impairment loss is recognised as an expense in accordance with the policy on impairment of tangible assets.

PROPERTY, PLANT AND EQUIPMENT

Mine development costs

Mine development costs comprises amounts related to new mine development and includes the costs directly related to mine development projects such as acquiring and developing mining properties, pre-production expenditure, construction of processing plants and mine infrastructure, amortisation of equipment used in the development, mining and exploration licenses and the present value of future mine closure, rehabilitation and decommissioning costs. Mine development costs are reclassified as 'Mining assets' at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management. Mine development costs are not depreciated before the related mining assets are commissioned.

Mining assets

Mining assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Mining assets include the cost of acquiring and developing mining properties, pre-production expenditure and mine infrastructure, processing plants, mining and exploration licenses and the present value of future mine closure, rehabilitation and decommissioning costs.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other day-to-day maintenance costs are expensed as incurred.

Mining assets, except for those related to alluvial gold operations, where economic benefits are consumed in a pattern which is linked to the production level are depleted using a unit-of-production method based on the volume of ore reserves.

Certain property, plant and equipment within mining assets are depreciated based on estimated useful lives, if shorter than the remaining life of the mine or if such property, plant and equipment can be moved to another site subsequent to the mine closure.

Mining assets related to alluvial gold operations are depreciated on a straight-line basis based on estimated useful lives.

Non-mining assets

Non-mining assets are measured at cost less accumulated depreciation and impairment losses. Non-mining assets are depreciated on a straight-line basis based on estimated useful lives.

Depreciation

Property, plant and equipment are depreciated using a unit -of-production method based on the volume of ore reserves as set out above or on a straight-line basis based on estimated useful lives.

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period, and adjusted prospectively if appropriate. Changes to estimated residual values or useful lives are accounted for prospectively.

The principal periods over which the assets are depreciated are as follows:

Office building in Khabarovsk	31 years
Machinery and equipment	2 to 9 years
Other	1 to 9 years

Impairment of property, plant and equipment

Property, plant and equipment and finite life intangible assets are reviewed by management for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication exists, the carrying amount of the asset is compared to the estimated recoverable amount of the asset in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell or value-in-use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is recognised in the consolidated statement of comprehensive income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment been recognised in prior periods.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into financial assets measured at fair value through profit or loss, fair value through other comprehensive income and amortised cost. The Group determines the classification at initial recognition.

Financial assets are classified as financial assets measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Otherwise, they are classified as financial assets measured at fair value.

The Group does not have any financial assets measured at fair value through other comprehensive income (hereinafter referred to as FVTOCI) that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets are measured based on the following classification:

- Financial assets measured at amortised cost are measured at amortised cost using the effective interest method;
- Financial assets other than those measured at amortised cost are measured at fair value through profit and loss.

The Group's financial assets include cash and cash equivalents, trade and other receivables and loans issued. All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment and de-recognition of financial assets

In accordance with IFRS 9, the Group assesses expected credit losses on financial assets measured at amortised cost. The Group recognises a reserve for such expected credit losses at each reporting date.

The Group always recognises lifetime expected credit losses ("ECL") for its trade and other receivables (the "simplified approach" under IFRS 9) and updates this expectation at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Expected credit losses are recognized in the consolidated statement of profit and loss within the financial costs.

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities

All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortised cost are measured at cost after deducting transaction costs that are directly attributable to the financial liabilities.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for derivatives measured at fair value through profit or loss. The Group determines the classification at initial recognition.

After initial recognition, financial liabilities are measured based on the following classification:

- Financial liabilities measured at amortised cost are measured at amortised cost using the effective interest method. Amortisation under the effective interest method and gains or losses on de-recognition are recognised as profit or loss in the consolidated statement of income.
- Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as measured at fair value through profit or loss at initial recognition. The net gain or loss recognised in the consolidated statement of profit or loss incorporates any interest paid on the financial liability and is included in the gain/(loss) on derivative financial instruments and investments, net.

The Group's financial liabilities include loans and borrowings and trade and other payables. Financial liabilities are recognised initially at fair value plus in the case of loans and borrowings, directly attributable transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Loans and borrowing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Loans and borrowings and trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid, including any non-cash assets transferred or liabilities assumed, and payable is recognised in profit or loss as other income or finance costs.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

There was no recognised ineffectiveness during 2020.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

The Group enters into commodity forward and option contracts to manage its exposure to market risk. Commodity forward contracts are remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with maturities of less than three months.

INVENTORIES

Inventories are recorded at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Gold on hand is valued using an average total production cost method. Gold in process is valued at the average total production cost at the relevant stage of production.

Materials and supplies consist of consumable stores and are valued at the weighted average basis less an allowance for obsolete items, and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. A regular review is undertaken to determine the extent of any allowance for obsolescence. Allowance for obsolescence of fuel as highly liquid supply was not formed.

DEFERRED STRIPPING COSTS

Deferred stripping costs at open pits

As part of its mining operations, the Company incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a units of production method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and is ready for use as intended by management.

Stripping costs incurred during the production phase are generally considered to create two benefits, either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a stripping activity asset, if the following criteria are met:

- Future economic benefits (improved access to the ore body) are probable;
- The component of the ore body for which access will be improved can be accurately identified;
- The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the statement of profit or loss as operating costs as they are incurred.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. The stripping activity asset is subsequently depreciated using the units-of-production method over the life of the identified component of the ore body. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Company uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an enhancement of an existing asset, i.e. the mine asset. This forms part of the total investment in the relevant cash generating units, which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

Deferred stripping costs at placers

Stripping costs at placers incurred after the production ceases generally between September–October and April–May (due to low temperatures) are fully deferred since they relate to production that will take place in future periods (generally between May and September).

Deferred stripping costs that give access to reserves from which production is expected to commence within 12 months after the reporting date are classified as current assets. Deferred stripping costs that relate to reserves from which production will not commence within 12 months from the reporting date are classified as non-current assets.

BORROWING COSTS

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

PROVISIONS

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Mine rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognised immediately in the statement of comprehensive income. Rehabilitation costs resulting from production activities are included in the cost of inventories.

SHARE-BASED PAYMENTS

Warrant program

At the reporting date, Kopy Goldfields AB had three outstanding warrant programs. All warrants have been issued at a market value determined by an independent external adviser and, depending on the employee's domicile and prevailing tax situation, the warrants have been issued either free of charge or at a market price through cash payment. In cases where a cash payment has been made, a corresponding amount is recognized as an increase in equity. For warrants issued without consideration, the value on the grant date is recognized under personnel costs with a corresponding increase in equity.

Employee option program

The fair value of the service that entitles employees to be awarded options under the employee option program is recognized as a personnel expense in the income statement, with a corresponding increase in equity. The total amount to be recognized as an expense is based on the fair value of the options awarded. As there are no vesting conditions, the total expense is recognized directly in the income statement. The social security contributions that arise from the awarding of employee options are considered an integral part of the award and the cost is treated as a cash-settled share-based payment, i.e., a liability and a personnel expense.

EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

EARNINGS PER SHARE

Earnings per share is calculated based on consolidated earnings for the year (total net earnings from continuing and discontinued operations) attributable to the Parent Company shareholders and based on the weighted average number of outstanding shares during the year and excluding treasury shares.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

When calculating earnings per share after dilution, net earnings and average number of shares are adjusted to reflect the effects of potential dilutive ordinary shares, which constitute shares and options issued during the period. Dilution from options occurs only when the exercise price is lower than the fair value of the shares and is greater the larger the difference is between the exercise price and the fair value. Convertible loans and options are not considered dilutive if the earnings per share from continuing operations would be better (higher profit or lower loss) after dilution than before dilution.

STATEMENT OF CASH FLOWS

The statement of cash flows is prepared in accordance with the indirect method. The reported cash flow only covers transactions that have resulted in payments or disbursements.

NOTE 4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSESSMENTS

In the application of the Group's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. They are reviewed on an ongoing basis. Actual results could differ from those estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

MINERAL RESERVES

Mineral reserves are used in the calculation of depreciation and depletion of mining assets under the unit-of-production method and in calculation of future cash flows for assets' impairment testing.

The Group uses estimates of ore reserves assessed in accordance with the last available Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC) and internal estimates.

Estimation of mineral reserves involves some degree of uncertainty. The uncertainty depends mainly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of this data, which also requires use of subjective judgment and development of assumptions. By their nature, these estimates of reserves and the related future cash flows are subject to uncertainty, and the impact on the consolidated financial statements for future periods could be material.

The management updated ore reserve estimates in accordance with JORC on 1 January 2019. The results of the ore reserve update affected calculations and judgments made in the consolidated financial statements starting from 1 January 2019.

USEFUL ECONOMIC LIVES OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are depreciated using a unit-of-production method based on the volume of ore reserves or on a straight-line basis based on estimated useful lives.

Management periodically reviews the appropriateness of assets' useful economic lives. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to Group.

The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. These estimates may have a material impact on the amount of the carrying values of property, plant and equipment and on depreciation recognised in the statement of comprehensive income.

IMPAIRMENT OF TANGIBLE ASSETS

The Group considers both external and internal sources of information in assessing whether there are any indications that its tangible assets are impaired.

External sources of information considered by the Group include product demand, the competitive environment, economic and legal environment and other factors.

Internal sources of information considered by the Group include the manner in which assets are being used or expected to be used and actual and forecast expectations of economic performance of such assets.

The Group estimated that there were no indicators of impairment at the end of 2020.

IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS

The application of the Group's accounting policy for exploration and evaluation expenditures requires judgement in determining whether it is likely that the asset will bring economic benefits in the future, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is impaired in the profit and loss as the new information becomes available.

During the year ended 31 December 2020 the Group recognised an impairment of exploration and evaluation assets in the amount of TUSD 956, mainly related to the Kurelkanskaya gold field (Buor placer). During the year ended 31 December 2019 the Group recognised an impairment of exploration and evaluation assets in the amount of TUSD 669, mainly related to the placer deposit in the Uchur river.

IMPAIRMENT OF INVESTMENTS IN ASSOCIATES

Management of the Group assesses the carrying value of its investments in associates when events or changes in circumstances suggest that indicators of impairment exist. When necessary, the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount.

At 31 December 2020, in relation to the investment in Bodaibo Holding Ltd and LLC Krasny, consideration was given to a range of indicators, including the most recent gold reserves estimation, average gold head grade, gold prices forecast, mine life and future capital expenditure.

The Group estimated that there were no indicators of impairment at the end of 2020.

TAXATION

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience from previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Russian tax, currency and customs legislation is subject to varying interpretations.

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note 16.

MINE REHABILITATION PROVISION

The Group reviews its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases compared to inflation rates, changes in discount rates and assumptions regarding the timing of decommissioning activities. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary mine rehabilitation works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation costs required.

The principal assumptions used for the estimation of provision for decommissioning were as follows:

	31 December 2020	31 December 2019
Discount rates, %	4.18–6.62	5.21 –6.41
Expected inflation rates, %	3.2–4.5	3.8–4.6
Expected closure dates	2021–2032	2020–2035

VALUATION OF INVENTORIES

Work-in-process, finished goods and ore stockpiles are carried at the lower of cost or net realisable value. Estimates of net realisable value of inventories are based on the most reliable evidence available at the time the estimates are made.

These estimates take into consideration spot metal prices at the reporting date, and cost to complete production and bring the product to sale.

The Group also estimates an allowance for obsolete and slow-moving materials and spare parts. At 31 December 2020, the allowance for obsolete inventory and net realisable value provision amounted TUSD 12,714 (31 December 2019: TUSD 13,986) as disclosed in the note 23. In the year ended 31 December 2020, the Group recognised a charge of TUSD 1,012 (2019: TUSD 2,195) for the net realisable value provision of low grade ore stockpiles to be processed after 2021 (Note 10).

Deferred stripping cost

The Group defers stripping costs incurred in the course of its gold operations that relate to future production volumes. Deferred stripping costs are charged to the consolidated statement of comprehensive income to the extent that, in subsequent periods, the deferred stripping costs relate to volumes processed in that period.

Deferred stripping costs that give access to reserves from which production is expected to commence within 12 months after the reporting date are classified as current assets. Deferred stripping costs that relate to reserves from which production will not commence within 12 months from the reporting date are classified as non-current assets.

NOTE 5 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

Through its operations, the Group is exposed to various financial risks consisting of market risk, mainly interest risk and currency risk, credit risk and liquidity risk. The Group strives to minimise potential unfavourable effects from these risks on the Group's financial results. Management reviews and agrees policies for managing each of these risks which are summarised below.

The aim of the Group's financial operations is to ensure that the Group can meet its payments, manage financial risks, ensure a supply of necessary financing, and optimise the Group's net financial income.

Market risk - Currency risk

Foreign exchange risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates that are not the functional currency of the relevant group entity. The Group undertakes certain transactions denominated in foreign currencies. Transactions in the Group's Russian subsidiaries are predominantly in RUB, their functional currency. Transaction exposure arises when the Parent Company loans money to/borrows from 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 /or the subsidiaries.

The currency risk is monitored on a regular basis. Due to insignificant exposure the Group has chosen not to hedge any of the translation exposures at present.

Exposure

The Group's exposure to foreign currency risk as at 31 December 2020 was as follows. No exposure for the 2019 financial year.

	31 December 2020				
	USD	RUB	EUR	SEK	Total
Financial assets					
Financial assets at amortised cost	3,731	–	–	–	3,731
Other current assets	2,064	–	–	–	2,064
Other receivables	862	–	–	–	862
Cash and cash equivalents	253	–	3	–	256
Total assets	**6,910**	**–**	**3**	**–**	**6,913**
Financial liabilities					
Lease liabilities	–	–	456	–	456
Loans and borrowings	2,163	101	–	–	2,264
Accounts payable and accrued liabilities	–	–	–	381	381
Total liabilities	**2,163**	**101**	**456**	**381**	**3,101**
Total net position	**4,747**	**-101**	**-453**	**-381**	**3,812**

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

(TUSD)	31 December 2020	31 December 2019
Net foreign exchange gain/(loss) included in other operating expenses, net	195	-51
Net foreign exchange gain/(loss) on foreign currency borrowing included in finance costs	81	–
Total	**276**	**-51**

Sensitivity

The group is primarily exposed to changes in USD/RUB exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD-denominated financial instruments.

The following details the Group's sensitivity to a 10% increase and decrease in the RUB against the relevant foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive/negative number below indicates an increase/decrease in profit or equity where the functional currency of a subsidiary strengthens/weakens by 10% against the relevant foreign currency. If the USD/RUB exchange rate had been 10% higher/lower during the year ended 31 December 2020, the profit or equity for the year would have decreased/increased by TUSD 475.

Market risk - Interest rate risk

Interest rate risk arises from long-term borrowings with variable rates, which expose the cash flow to interest rate risk. The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The Group does not currently hedge its exposure to interest rate risk. The Group manages its interest rate risk through maintaining an appropriate mix between fixed and floating rate borrowings.

Sensitivity

For floating rate loans, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. The Group's sensitivity profit or loss to interest rates is prepared assuming a 100 basis point change as it is used when reporting interest rate risk internally for key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2020 would have decreased/increased by TUSD 50 (2019: no borrowings at floating rate).

Market risk – Price risk

The group's exposure to price risk arises from gold price fluctuation as quoted on the London metal stock exchange (LME). The Group prepares detailed budgets and forecasts and reviews the global and domestic gold price environment on a monthly basis in order to optimise gold sales. For more information about hedges see below.

Credit risk

Credit risk is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group. The Group's credit risk arises from cash and cash equivalents, trade and other accounts receivables and other financial assets.

Trade accounts receivable are represented by provisional gold sales transactions. All sales of gold and silver are performed to reputable banks with high credit-ratings. The Group does not have any significant amount of other receivables. Credit limits for the Group as a whole have not been set up.

The credit risk on cash and cash equivalents is limited because the counter-parties are banks with high credit-ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk equals the carrying value of these instruments in the amount of TUSD 16,708 as at 31 December 2020 (2019: TUSD 544).

Receivables balances are monitored on an ongoing basis, and consequently the Group's exposure to bad debts is not significant. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its liabilities as they fall due. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of credit with the suppliers, finance leases and bank loans and committed credit lines, as necessary.

The Group's primary sources of cash are its operations, as well as bank loans. The liquidity position of the Group is monitored and managed on a regular basis with cash movements, cash balances and gold stock balances being reported to the Group's management. The Group prepares detailed budgets and forecasts and reviews the gold prices in order to optimise sales and match the maturity profiles of financial assets and liabilities. Accordingly, management considers that it is taking all necessary actions to allow the Group to meet its current obligations as they fall due.

At the end of the reporting period the group held deposits at call of TUSD 9,685 (nil at 31 December 2019) that are expected to generate cash inflows for managing liquidity risk.

At 31 December 2020 the Group had access to unused credit facilities of TUSD 27,073 (nil at 31 December 2019).

The bank credit facilities may be drawn by bank notice in RUB and have an average maturity of 6 years (2019 – none).

The following table shows the non-discounted contractual maturities of the financial liabilities as at 31 December 2020 and 2019.

At 31 December 2020, (TUSD)	Less than 12 months	1–5 years	More than 5 years	Total
Loans and borrowings	7,837	15,527	3,126	26,490
Accounts payable and other current liabilities	7,672	–	–	7,672
Commodity options – cash flow hedges	–	890	–	890
Lease liabilities	2,823	2,136	78	5,037
Total	**18,332**	**18,553**	**3,204**	**40,089**

At 31 December 2019, (TUSD)	Less than 12 months	1–5 years	More than 5 years	Total
Loans and borrowings	2,574	6,146	–	8,720
Accounts payable and other current liabilities	8,404	–	–	8,404
Lease liabilities	3,002	1,412	571	4,985
Total	**13,980**	**7,558**	**571**	**22,109**

Refinancing risk

Refinancing risk is defined as the risk of difficulties in refinancing the Company, that financing cannot be achieved, or can only be achieved at a higher cost. Borrowings within the Group have an average maturity of 1 to 6 years (2019: 1 to 2 years). At the end of the 2020 reporting period the majority of the Company's liabilities are long-term.

DERIVATIVES

The Group uses commodity options, i.e. the cash flow hedges derivatives presented in the following line items in the consolidated statement of financial position:

(TUSD)	31 December 2020	31 December 2019
Non-current liabilities		
Commodity options – cash flow hedges	890	–
Total non-current derivative financial instrument liabilities	**890**	**-**
Current liabilities		
Commodity options – cash flow hedges	4	222
Total current derivative financial instrument liabilities	**4**	**222**

The following amounts were recognised in profit or loss in relation to derivatives:

(TUSD)	2020	2019
Net loss on commodity options not qualifying as hedges included in other financial costs	2,120	196

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

For information about the methods and assumptions used in determining the fair value of derivatives refer to Note 34.

FAIR VALUE HIERARCHY

This section explains the judgements and estimates made by the Group in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. Management has used all available market information in estimating the fair value of financial instruments.

The different levels of fair value have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

Derivative instruments and embedded derivatives are included in Level 2 of the fair value hierarchy as they are valued using pricing models or discounted cash flow models. These models require a variety of inputs, including, but not limited to, market prices, forward price curves, yield curves and credit spreads. These inputs are obtained from or corroborated with the market. The resulting fair value estimates are included in level 2.

The fair value of the remaining financial assets and financial liabilities approximate their carrying value.

At 31 December 2020 and 2019 the Group had the following financial instruments measured at fair value on a recurring basis:

	31 December 2020		
(TUSD)	Level 2	Level 3	Total
Financial assets			
Other accounts receivable for sale of shares	–	4,593	4,593
Financial liabilities	–	–	–
Derivative instruments	894	–	894

	31 December 2019		
(TUSD)	Level 2	Level 3	Total
Financial assets			
Other accounts receivable for sale of shares	–	–	–
Financial liabilities			
Derivative instruments	222	–	222

CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of net debt comprising loans and borrowings and lease liabilities after deducting cash and bank balances and the equity of the Group. The equity of the Group comprises issued capital, share premium, reserve on translation to presentation currency, retained earnings and non-controlling interests.

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants, including positive net assets, as described in the Note 27.

The Group monitors its capital structure on the basis of the net debt to equity ratio. In addition, the management of the Group reviews the following ratios on a quarterly basis: total debt, total debt to EBITDA, net debt to EBITDA, EBITDA to interest expense.

Gearing ratio

The gearing ratio at the year-end is as follows:

(TUSD)	31 December 2020	31 December 2019
Debt	52,326	44,015
Cash and cash equivalents	10,388	396
Net debt	41,938	43,619
Equity	94,220	56,231
Net debt to equity ratio	45%	78%

Debt is defined by the Management of the Group as long-term and short-term borrowings, contract liability and lease liabilities (excluding derivatives) as detailed in Notes 20, 27 and 28. Equity includes all capital and reserves of the Group that are managed as capital.

NOTE 6 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and revised standards affecting the financial statements

The following is a list of new or amended IFRS standards and interpretations that have been applied by the Group for the first time in these consolidated financial statements.

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
Amendments IAS 1 and IAS 8	Definition of Material	1 January 2020	No effect
Amendment IFRS 3	Definition of a business	1 January 2020	No effect
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform and its Effects on Financial Reporting	1 January 2020	No effect
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020	No effect
Covid-19-related Rent Concessions – Amendments to IFRS 16	Qualifying rent concessions in the same way as they would if they were not lease modifications	1 June 2020	No effect

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
IFRS 17	Insurance Contracts	1 January 2021 or later	Under review
IAS 16	Prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use	1 January 2022	Under review
IFRS 3	Update the references to the Conceptual Framework for Financial Reporting and exception for the recognition of liabilities and contingent liabilities	1 January 2022	Under review
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2020 or later	Under review
Annual Improvements to IFRS Standards 2018–2020	• IFRS 9 Financial Instruments –10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example	1 January 2022	Under review
Annual Improvements to IFRSs (2010—2012 Cycle Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2022	Under review

NOTE 7 CHANGE OF THE PRESENTATION CURRENCY

Following the transaction with Amur Zoloto, Kopy Goldfields has chosen to change the presentation currency from Swedish krona (SEK) to US dollars (USD). The Group has chosen to present its consolidated financial statements in USD, as management believes it is a convenient presentation currency for international users of the consolidated financial statements of the Group. The change in the reporting currency constitutes a change of the accounting principle, i.e. it is applied retroactively in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", and therefore all comparative information for the Group for 2019 year has been translated into USD.

In accordance with the Swedish Accounting Act the Parent Company's financial information is reported in Swedish Krona and not the Group's presentation currency of US dollars.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

NOTE 8 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers
The group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

(TUSD)	2020	2019
Sales of gold	98,277	68,197
Sales of silver	–	1,290
Other revenue	564	627
Total sales revenue	**98,841**	**70,114**

The Company is domiciled in Sweden. The total amount of the Group's revenue from external customers is attributable to sales in the Russian Federation.

Revenues of approximately 61.9% in 2020 (2019 – 67.4%) are derived from a single external customer. The following is a summary of the Group's revenue by customer:

(TUSD)	2020	2019
Otkritie FC PJSC BANK	61,173	4,025
VTB	20,936	47,286
Sberbank	16,169	18,176
Other customers	563	627
Total sales revenue	**98,841**	**70,114**

NOTE 9 AUDITORS' FEES

Audit fees include fees for the annual audit services and other audit services, i.e. services that only the external auditors can reasonably provide, and include the Company audit and statutory audits. Other statutory engagements include fees for assurance and related services that are reasonably related to the performance of the audit of the Company's financial statements or that are traditionally performed by the external auditors. Tax advisory services include tax-compliance services, transfer pricing, tax consultations and advice related to acquisitions, etc. All other fees are presented by fees for other services.

(TUSD)	2020	2019
Auditors' fees		
Öhrlings PricewaterhouseCoopers AB		
- Audit engagement	138	–
- Other statutory engagements	–	–
- Tax advisory services	–	–
- Valuation services	–	–
- Other services	45	–
Total	**183**	**-**
Deloitte		
- Audit engagement	–	124
- Tax advisory services	–	–
- Other services	–	–
Total	**-**	**124**
Other		
- Audit engagement	12	34
- Tax advisory services	–	–
- Other services	–	–
Total	**12**	**34**
Total Auditors' fees	**195**	**158**

NOTE 10 COSTS OF SALES

(TUSD)	2020	2019
Consumables and spares	21,394	19,246
Mining, maintenance and transportation services	16,740	14,435
Employee benefits	14,747	9,584
Depreciation and depletion	9,908	7,232
Mineral extraction tax and other taxes	6,108	4,306
Refining costs	215	172
Other	698	160
Total direct cost and production overheads	**69,810**	**55,135**
Movement in stockpiles, work in progress and finished goods	−12,954	−10,514
Net realisable value allowance	1,012	2,195
Total cost of sales	**57,868**	**46,816**

NOTE 11 GENERAL AND ADMINISTRATIVE EXPENSES

(TUSD)	2020	2019
Employee benefits	3,921	3,097
Professional fees (legal, audit, consulting, etc.)	1,547	2,260
Taxes other than income tax	513	615
Depreciation	195	308
Other	711	300
Total general and administrative expenses	**6,887**	**6,580**

NOTE 12 OTHER OPERATING EXPENSES, NET

(TUSD)	2020	2019
Loss on disposal of assets	309	699
Impairment of exploration and evaluation assets	956	669
Change in allowance for slow-moving and obsolete inventory	–	−127
Cost to maintain mothballed operations	280	139
Foreign exchange loss	195	−51
Bank charge	35	26
Charity	306	5
Other	368	97
Total other operating expenses, net	**2,449**	**1,457**

NOTE 13 EMPLOYEE BENEFITS

(TUSD)	2020	2019
Salaries and other remuneration	14,808	9,907
Social security contributions	3,855	2,774
Pension costs – defined contribution plans	5	–
Total employee benefits	**18,668**	**12,681**

The Group's personnel costs for the financial years ended 31 December 2020 and 2019 are included in the consolidated statement of profit and loss lines Cost of sales and General and administrative expenses.

Salaries and other remuneration and social security expenses for the Board of Directors and senior management

	2020				2019			
(TUSD)	Salaries and other remu-neration	*of which bonuses*	Social security expenses	*of which pension cost*	Salaries and other remu-neration	*of which bonuses*	Social security expenses	*of which pension cost*
Board members	254	–	11	–	137	–	–	–
CEOs	261	80	27	–	110	12	25	17
Other senior executives	977	228	248	132	473	57	116	78
Total	**1,492**	**308**	**286**	**132**	**720**	**69**	**141**	**95**

The CEO of the Group in 2020 was Mr. Mikhail Damrin, in 2019 Mr. Elbrus Bazhaev was the CEO of LLC Amur Zoloto.

The composition of senior executives for 2020 (7 persons) is presented on page 48. Other senior executives for 2019 (8 persons) are presented as senior executives of LLC Amur Zoloto.

The salaries and other remuneration and social security expenses for the Board of Directors and senior management for 2020 in the amount of TUSD 1,778 included the appropriate expenses of the Parent company for the full financial year ended December 31, 2020.

The salaries and other remuneration and social security expenses for the Board of Directors and senior management for 2019 in the amount of TUSD 861 included the appropriate expenses of LLC Amur Gold and its 100% subsidiary LLC Dalniy Vostok for the full financial year ended December 31, 2019.

Due to the application of reverse acquisition accounting (Note 33) the salaries and other remuneration and social security expenses to the Board of Directors and senior management included in the consolidated statement of profit and loss represent the appropriate expenses of the Parent company only for the period from the acquisition date to December 31, 2020, and amounted to TUSD 1,478.

Average number of employees geographically broken down by country

	2020		2019	
	Average number of employees	*Of which men*	Average number of employees	*Of which men*
Sweden	1	1	–	–
Russian	688	617	597	539
Total	**689**	**618**	**597**	**539**

Gender distribution in the Group (incl. subsidiaries) for Board members and other senior executives

	2020		2019	
	Number on the balance sheet date	*Of which men*	Number on the balance sheet date	*Of which men*
Board members	6	6	4	3
CEOs	1	1	1	1
Other senior executives	7	6	8	4
Total	**14**	**13**	**13**	**8**

The average number of employees geographically broken down by country and gender distribution for 2020 included the appropriate number of employees of the Parent company and its subsidiaries for the full financial year ended 31 December 2020. The average number of employees for 2019 included the appropriate number of employees of LLC Amur Gold and its 100% subsidiary LLC Dalniy Vostok.

For the other senior executives, bonus is based on annual targets. For 2020, bonus corresponded to 24% of the basic salary.

Remuneration and other benefits of the Board and senior management in 2020 and description of Salaries and other remuneration is presented in Note P6 in Parent Company disclosures.

Pension plans

The retirement age for the CEO, as well as for other senior executives, is 65 years, except for women in Russia for whom the retirement age is 60 years. The Company has no pension commitments to the CEO. The Parent Company pays defined contribution pension premiums to the CFO. Apart from the defined contribution pension obligation for one employee in Sweden, the Group has no pension commitments beyond the state pension contributions that are mandatory for employees in the Russian Federation.

Notice period and termination benefits

The CEO and the Company have a mutual notice period of six months, and for other senior management positions the period is two to three months. There are no termination benefit agreements in place.

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NOTE 14 OUTSTANDING WARRANTS

Incentive programs 2019/2022

The 2019 AGM adopted two incentive programs for 2019/2022: one for management and one for the Board of Directors. A total of 2,835,000 warrants were issued under the programs. The warrants were transferred without consideration to the management participants at terms adapted to local conditions, while Board members acquired the warrants at market prices. The warrants do not carry entitlement to a dividend or voting rights. Each warrant entitles the holder to subscribe for one (1) share in the Company and the warrants may be used for share subscription during the period 1 June 2020 to 31 December 2022 (inclusive) at an exercise price of SEK 1.30 per share. The number of issued warrants is 2,835,000, which means that share capital may be increased up to SEK 1,077,927.

Incentive programs 2018/2021

The 2018 AGM adopted two incentive programs for 2018/2021: one for management and one for the for the Board of Directors. A total of 1,700,000 warrants were issued under the programs. The warrants were transferred without consideration to the management participants at terms adapted to local conditions, while Board members acquired the warrants at market prices. The warrants do not carry entitlement to a dividend or voting rights. After recalculation in accordance with the warrants' terms following the preferential rights issue in 2018, each warrant entitles the holder to subscribe for 1.02 shares in the Company and the warrants may be used for share subscription during the period 1 June 2019 to 31 December 2021 at an exercise price of SEK 1.67 per share.

Incentive programs 2017/2020

The 2017 AGM adopted two incentive programs for 2017/2020: one for management and one for the Company's Board. A total of 3,400,000 warrants were issued under the programs. After recalculation in accordance with the warrants' terms following the preferential rights issue in 2018, each warrant entitled the holder to subscribe for 1.02 new shares in the Company. The program expired on December 31, 2020 and the total number of new shares subscribed for under the program amounts to 3,058,600. The total capitalization amounted to TUSD 661 (SEK 5,413,722 at the rate of the reporting date). The shares were paid and registered in 2021 and following registration with the Swedish Companies Registration Office, the number of shares in the Company amounts to 889,064,175 shares and the share capital increased by TUSD 142 at the rate as of the reporting date (SEK 1,162,945).

The table below presents the summary of information for Incentive programs of the Group:

(TUSD)	Incentive programs 2019/2022	Incentive programs 2018/2021	Incentive programs 2017/2020
Exercise price, USD (SEK)	0.159 (1.30)	0.204 (1.67)	0.216 (1.77)
Vesting date	1 June 2020	1 June 2019	1 June 2018
Last exercise date	31 December 2022	31 December 2021	31 December 2020
Redemption of shares from last exercise date	–	–	3,058,600
Number of warrants issued during the year	–	–	–
Exercised	–	–	2,998,628
Forfeited	–	–	401,372
At end of year	**2,835,000**	**1,700,000**	**–**
Of which fully vested 31 December 2020	**2,835,000**	**1,700,000**	**–**
Theoretical value			
Theoretical value per warrant on allotment, USD (SEK)	0.023 (0.192)	0.006 (0.05)	0.026(0.21)
Theoretical value per warrant at 31 December 2020,USD (SEK)	0.096 (0.790)	0.056 (0.459)	–
Theoretical dilution	0.06%	No dilution	–

NOTE 15 FINANCE COSTS AND INCOME

(TUSD)	2020	2019
Remeasurement of financial assets	–	–
Interest income	33	22
Exchange differences	81	–
Total finance income	**114**	**22**
Interest expenses on contract liability in gold	–2,901	–2,155
Interest expense on loans and borrowings	–872	–386
Interest expenses on lease liabilities	–597	–652
Revaluations of the derivatives to fair value	–2,120	–196
Unwinding of discount of mine rehabilitation provision	–253	–175
Unwinding of discount of long-term receivable	–87	–
Less Interest expense on loans and borrowings capitalised	–117	–
Total finance costs	**–6,713**	**–3,564**
Net finance costs	**–6,599**	**–3,542**

NOTE 16 INCOME TAX

Income tax recognised in the consolidated statement of comprehensive income and loss:

(TUSD)	2020	2019
Current income tax:		
Current tax on profit for the year	6,701	2,964
Total current income tax expense	**6,701**	**2,964**
Deferred income tax:		
Decrease/(increase) in deferred tax assets	–1,126	–405
Total deferred tax expense/(benefit)	**–1,126**	**–405**
Total Income tax expense	**5,575**	**2,559**

The income tax expense recorded in the consolidated statement of comprehensive income and loss differs from the theoretical amount that would have arisen applying the tax rate to the profit before income tax and is reconciled as follows:

(TUSD)	2020	2019
Profit before tax	**24,728**	**11,719**
At Russian statutory income tax rate of 20%	4,946	2,344
Effect of different tax rates of subsidiaries operating in other jurisdictions	–20	–
Tax effects from:		
Non-deductible expenses	113	215
Tax losses carried forward for which deferred tax is not recognised	536	–
Total Income tax expense	**5,575**	**2,559**

Tax rates are 21.4% in Sweden and 20% in Russia. The effective income tax rate for the Group was 23% (2019: 22%)

The movement of the Group's deferred tax assets and liabilities for the years ended 31 December 2020 and 2019, was as follows:

(TUSD)	1 January 2019	Recognised in profit or loss	Effect of translation to presentation currency	31 December 2019	Recognised in profit or loss	Effect of translation to presentation currency	31 December 2020
Property, plant and equipment and Exploration and evaluation assets	–2,465	200	–277	–2,542	478	419	–1,645
Inventories	1,288	–23	155	1,420	405	–225	1,600
Mine rehabilitation provision	377	104	58	539	93	–85	547
Finance lease liabilities	784	3	96	883	157	–141	899
Other payables and accruals	–136	121	–2	–17	–7	4	–20
Net deferred tax asset/(liability)	**–152**	**405**	**30**	**283**	**1,126**	**–28**	**1,381**

Certain deferred tax assets and liabilities have been offset to the extent they relate to taxes levied in the same jurisdiction and on the Group's entities which can pay taxes on a consolidated basis. Deferred tax balances (after offset) presented in the consolidated statement of financial position were as follows:

(TUSD)	2020	2019
Deferred tax assets	1,381	283
Deferred tax liabilities	–	–
Net deferred tax liability	**1,381**	**283**

At 31 December 2020, taxable temporary differences in relation to investments in subsidiaries for which deferred tax liabilities have not been recognised amount to TUSD 156,832 (31 December 2019: TUSD 4,395). Deferred tax liability for taxable temporary differences in relation to investments in subsidiaries was not recognised because the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

At 31 December 2020, the Group's accumulated loss carry-forwards amounted to TUSD 14,094 (2019: TUSD nil), with TUSD 13,775 related to the Parent Company and subsidiaries in Sweden and TUSD 319 to Russian subsidiaries. They can be carried forward indefinitely. Deferred income tax assets are recognised for tax loss carry-forwards or other incentives to the extent that the realisation of the related tax benefit through future taxable profits is probable. No deferred tax asset was recognised since, according to the Group, the criteria for reporting deferred tax assets in IAS 12 were not met. Unrecognised deferred tax asset amounted to TUSD 3,012 (2019: TUSD nil).

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NOTE 17 INVESTMENTS IN SUBSIDIARIES

The Group had the following subsidiaries at 31 December 2020:

Name	Country of registration and operations	Operations	Share of ordinary shares owned directly by the Parent Company (%)	Share of common shares owned by the Group (%)
Direct ownership				
LLC Amur Gold	Russia	Exploration, evaluation and production	100	100
LLC Patom Gold	Russia	Exploration and evaluation	100	100
LLC Vostochny	Russia	Exploration and evaluation	100	100
LLC Kopy management	Russia	Management company	100	100
Kopy Development AB	Sweden	Investment Holding	100	100
AB Krasny Gold Fields	Sweden	Investment Holding	100	100
Indirect ownership				
LLC Nirunga Gold	Russia	Exploration and evaluation	100	100
LLC Dalniy Vostok	Russia	Rendering of services	100	100
LLC Stanovoy	Russia	Exploration and evaluation	67	67

Summarised financial information for significant subsidiaries

LLC AMUR ZOLOTO
CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Amounts in thousands of US Dollars (TUSD)

	2020	2019
Revenue from contracts with customers	98,839	70,114
Cost of sales	-57,868	-46,816
Gross profit	**40,971**	**23,298**
General and administrative expenses	-6,093	-6,580
Other operating expenses, net	-1,994	-1,457
Operating profit	**32,884**	**15,261**
Finance costs	-6,405	-3,564
Finance income	29	22
Profit before tax	**26,508**	**11,719**
Income tax	-5,565	-2,559
Profit for the year attributable to owners of the parent	**20,943**	**9,160**

LLC AMUR ZOLOTO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of US Dollars (TUSD)

	31 December 2020	31 December 2019
ASSETS		
Non-current assets		
Exploration and evaluation assets	4,756	5,261
Property, plant and equipment	39,782	43,577
Right-of-use assets	9,084	8,132
Deferred tax asset	1,381	283
Inventories	13,819	6,512
Total non-current assets	**68,822**	**63,765**
Current assets		
Inventories	39,756	43,423
Other current assets	2,885	322
Other receivables	178	148
Advances paid	1,527	1,275
Taxes receivable	4,131	3,302
Cash and cash equivalents	9,708	396
Total current assets	**58,185**	**48,866**
Total assets	**127,007**	**112,631**
EQUITY AND LIABILITIES		
Capital and reserves		
Participants' capital	53,977	53,977
Retained earnings, including profit for the period	53,424	32,481
Foreign currency translation reserve	-39,760	-30,227
Total net assets attributable to participants	**67,641**	**56,231**
Non-current liabilities		
Loans and borrowings	15,038	6,003
Mine rehabilitation provision	2,702	2,659
Lease liabilities	2,037	1,806
Contract liability	26,241	23,290
Other non-current liabilities	982	126
Total non-current liabilities	**47,000**	**33,884**
Current liabilities		
Loans and borrowings	168	2,284
Accounts payable and accrued liabilities	7,138	8,404
Contract liability	-	8,023
Income tax payable	1,705	236
Taxes payable	865	923
Mine rehabilitation provision	32	37
Lease liabilities	2,458	2,609
Total current liabilities	**12,366**	**22,516**
Total equity and liabilities	**127,007**	**112,631**

LLC AMUR ZOLOTO
CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in thousands of US Dollars (TUSD)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	26,508	11,719
Non-cash adjustments		
Depreciation and depletion of property, plant and equipment, intangible assets and right-of-use assets	10,095	7,540
Impairment of exploration and evaluation assets	850	669
Loss on disposal of assets	309	699
Finance costs	6,405	3,564
Finance income	-29	-22
Movement in allowance for obsolete inventory and net realisable value	1,012	2,068
Foreign exchange loss	195	-51
Other non-cash adjustments	56	23
Cash flow from operating activities before changes in working capital	**45,401**	**26,209**
Changes in working capital		
Change in inventories	-16,431	-17,062
Change in other receivables and advances paid	-1,918	-1,131
Change in trade and other payables and advances received	-1,418	412
Change in other assets	527	1,339
Cash flow from operating activities	**26,161**	**9,767**
Interest received	14	25
Interest paid	-2,492	-
Income tax paid	-5,080	-2,773
Net cash flows from operating activities	**18,603**	**7,019**
Cash flow from investing activities		
Purchase of property, plant and equipment	-16,937	-2,853
Purchase of exploration and evaluation assets	-721	-
Interest paid capitalised	-117	-
Loans provided to the group company	-2,216	-
Net cash flows used in investing activities	**-19,991**	**-2,853**
Cash flow from financing activities		
Proceeds from borrowings, net of debt issue costs	15,653	-
Repayment of borrowings	-5,230	-
Payment of lease liabilities	277	-4,681
Net cash flows from financing activities	**10,700**	**-4,681**
Net (decrease)/increase in cash and cash equivalents	9,312	-515
Cash and cash equivalents at 1 January	**396**	**911**
Cash and cash equivalents at 31 December	**9,708**	**396**

Commitments and contingent liabilities in respect of LLC Amur Zoloto

LLC Amur Zoloto's contractual capital commitments at 31 December 2020 amounted to TUSD 6,260 mostly relating to the technical modernisation of the Yubileyniy processing plant (31 December 2019: TUSD 4,303).

The Company had no contingent liabilities as at 31 December 2020.

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NOTE 18 EXPLORATION AND EVALUATION ASSETS

(TUSD)	
Balance at 1 January 2019	4,931
Additions	400
Impairment	–669
Effect of translation to presentation currency	599
Balance at 31 December 2019	**5,261**
Additions	1,521
Additions through reverse acquisitions	1,196
Transfer	–339
Impairment	–956
Effect of translation to presentation currency	–823
Balance at 31 December 2020	**5,860**

As of 31 December 2020 exploration and evaluation assets primarily consist of expenditures relating to the Malutka license located in Khabarovsk region and exploration projects located in the Irkutsk region of the Russian Federation.

In 2020, the impairment loss mostly related to an unsuccessful geological study of the Kurelkan license area in the Khabarovsk region.

In 2019, the impairment loss consists of partially written off previously capitalised exploration costs related to a placer deposit on the Uchur river with negative results.

NOTE 19 PROPERTY, PLANT AND EQUIPMENT

(TUSD)	Mine development costs and construction-in-progress	Mining assets	Non-mining assets	Total
Cost				
At 1 January 2019	**1,031**	**77,771**	**3,696**	**82,498**
Effect of change in accounting policy for initial application of IFRS 16	–	–17,467	–	–17,467
Additions	2,817	775	–	3,592
Transfers	–1,883	1,852	31	–
Change in mine rehabilitation provision	–	205	–	205
Disposals	–	–1,652	–2	–1,654
Translation difference	170	7,425	454	8,049
At 31 December 2019	**2,135**	**68,909**	**4,179**	**75,223**
Additions through reverse acquisitions	–	–	163	163
Additions	8,032	3,461	85	11,578
Transfers	–1,795	1,666	129	–
Change in mine rehabilitation provision	–	136	–	136
Disposals	–	–19	–	–19
Translation difference	–590	–11,436	–680	–12,706
At 31 December 2020	**7,782**	**62,717**	**3,876**	**74,375**
Accumulated depreciation and impairment				
At 1 January 2019	**–**	**–35,506**	**–919**	**–36,425**
Effect of change in accounting policy for initial application of IFRS 16	–	12,073	–	12,073
Charge for the year	–	–5,439	–226	–5,665
Disposals	–	1,549	1	1,550
Translation difference	–	–3,056	–123	–3,179
At 31 December 2019	**–**	**–30,379**	**–1,267**	**–31,646**
Acquired on reverse acquisition	–	–	–92	–92
Charge for the year	–	–7,763	–195	–7,958
Disposals	–	14	–	14
Translation difference	–	5,028	213	5,241
At 31 December 2020	**–**	**–33,100**	**–1,341**	**–34,441**
Net book value:				
At 31 December 2019	**2,135**	**38,530**	**2,912**	**43,577**
At 31 December 2020	**7,782**	**29,617**	**2,535**	**39,934**

Assets pledged as security

At 31 December 2020 and 2019 none of the properties and equipment was pledged

Impairment of property, plant and equipment

The Group estimated that there were no indicators of impairment at 31 December 2020.

NOTE 20 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

This note provides information for leases for which the Group is a lessee. At 31 December 2020 mining right-of-use assets comprised of properties related to the Yubileyniy and Perevalnoe factories, the Buor placer and the Ulakhan placer.

Lease terms for production equipment are generally between 3 and 5 years. The Group also has leases with a shorter lease term than 12 months and leases pertaining to assets of low value, such as transport vehicles. For these assets, the Group has chosen to apply the exemption rules in IFRS 16 Leases, meaning the value of these contracts is not part of the right-of-use asset or lease liability.

Extension and termination options

The Group has no extension or termination options in the contracts. The Group has options to purchase certain mining assets for a nominal amount at the end of the lease term.

Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

(TUSD)	31 December 2020	31 December 2019
Right-of-use assets		
Mining assets	9,031	8,061
Non-mining assets	53	71
Total	**9,084**	**8,132**

(TUSD)	31 December 2020	31 December 2019
Lease liabilities		
Current	2,458	2,609
Non-current	2,037	1,806
Total	**4,495**	**4,415**

Additions to the right-of-use assets during the 2020 financial year amounted to TUSD 4,668 (2019: TUSD 3,529).

Amounts recognised in the consolidated income statement of comprehensive income

(TUSD)	2020	2019
Depreciation charge of right-of-use assets		
Mining assets	2,139	2,081
Non-mining assets	6	7
Total depreciation charge	**2,145**	**2,088**
Interest expense (included in finance cost)	597	652
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	64	77

- The weighted average rate on leasing contracts is 12.33%.
- The total cash outflow for leases in 2020 was TUSD 4,402 (2019: TUSD 4,681).
- The Group has no leasing agreements that have not yet begun but to which the Group is committed.
- No significant variable lease payments that are not included in the lease liability have been identified.

For information on the maturity of the lease liability, see Note 5.

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NOTE 21 INVESTMENTS IN ASSOCIATES

Set out below are the associates of the Group as at 31 December 2020 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

		% of voting rights			Carrying amount	
Name	**Place of business/ country of incorporation**	**2020**	**2019**	**Measurement method**	**2020**	**2019**
Bodaibo Holding Ltd and subsidiary (LLC Krasny)	Limassol, Cyprus (LLC Krasny– Bodaibo, Russia)	49%	–	Equity method	28,721	–
Total equity-accounted investments					**28,721**	**–**

(TUSD)	2020	2019
At start of year	–	–
Additions through reverse acquisitions	28,769	–
Net income/(Loss)	–310	–
Translation differences	262	–
Carrying amount at end of year	**28,721**	**–**

The Company is a party of the Shareholder's agreement with OJSC GV Gold regarding one of the licenses located in the Bodaibo region of the Russian Federation – LLC Krasny. The Company has significant influence over the above-mentioned entities through the guaranteed two seats on the Board of Bodaibo Holding Ltd and participation in all significant financial and operating decisions. Investments are accounted for as associates using the equity method.

In May 2020 the Company and OJSC GV Gold agreed to invest an additional TUSD 1,000 into Bodaibo Holding Ltd. In accordance with the Shareholders Agreement, OJSC GV Gold has paid TUSD 507 pro-rata its voting rights, while Kopy Goldfields AB used the right to postpone its pro-rata payment of TUSD 493 for 360 days.

At 31 December 2020, the carrying amount of investments in associates recognised in the consolidated statement of financial position amounted TUSD 28,721 and Share of net loss of associates recorded in the consolidated income statement amounted TUSD 310, mainly attributable to foreign currency exchange differences.

For information on the effect of the reverse acquisition on the carrying amount of investments in associates, see Note 33.

Summarised financial information for associates

The information disclosed reflects the amounts presented in the financial statements of the relevant associates and the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised statement of comprehensive income for the year ended 31 December 2020

(TUSD)	Bodaibo Holding Ltd and subsidiary (LLC Krasny)
Revenue	–
Loss for the period	**–648**
Other comprehensive income	513
Total comprehensive loss	**–135**
Dividends received from associates	**–**

NOTE 22 FINANCIAL ASSETS AT AMORTISED COST

Financial assets at amortised cost are presented by accounts receivables from sale of investments in shares and accounted for using the effective interest method. In December 2018, Kopy Goldfields AB sold the wholly owned subsidiary LLC Taiga, which in turn holds the four gold licenses Kopylovskoye, Vostochnaya Ploshad, Pravovesenny and Takhtykan. The total sales price was MUSD 6, of which MRUB 8 (corresponding to TUSD 118) was paid and the remaining accounts receivable are expected to be received in several instalments by June 30, 2022.

(TUSD)	
Balance at 1 January 2020	**–**
Additions through reverse acquisitions	4,434
Unwinding of discounting	131
Effect of translation to presentation currency	–28
Balance at 31 December 2020	**4,593**
Non-current	**3,731**
Current	**862**

NOTE 23 INVENTORIES

(TUSD)	31 December 2020	31 December 2019
Inventories expected to be recovered after 12 months		
Stockpiles	25,227	18,260
Less: Net realisable value provision	–11,408	–11,748
Sub-total	**13,819**	**6,512**
Inventories expected to be recovered in the next 12 months		
Materials and supplies	16,106	16,213
Stockpiles	5,528	8,137
Flotoconcentrate	8,936	8,282
Finished goods	6,285	7,614
Work in process	4,157	5,392
Other inventories	50	23
Less: Allowance for obsolete inventory	–1,306	–2,238
Sub-total	**39,756**	**43,423**
Total	**53,575**	**49,935**

Inventories recognised as an expense during the year ended 31 December 2020 amounted to TUSD 21,394 (2019: TUSD 19,246). These were included in cost of goods sold.

Write-downs of inventories to net realisable value amounted to TUSD 1,306 (2019: TUSD 2,238). These were recognised as an expense during the year ended 31 December 2020 and included in cost of goods sold in the consolidated income statement.

NOTE 24 OTHER RECEIVABLES

(TUSD)	31 December 2020	31 December 2019
Receivables from disposal of investments in shares	862	–
Receivables from employees for option program	661	–
Other receivables	247	245
Less allowance for doubtful debts	–43	–97
Total	**1,727**	**148**

Carrying amounts, by currency, for the Group's other receivables are as follows:

(TUSD)	31 December 2020	31 December 2019
RUB	243	245
SEK	665	–
USD	862	–
Total	**1,770**	**245**

Other receivables are non-interest bearing and are normally settled within 30 day terms.

The maximum exposure to credit risk on the balance sheet date is the carrying amounts according to the above.

The Group has past-due balances of other receivables for which no allowance was created as management considered such balances to be recoverable. Ageing of past-due, but not impaired, other receivables is presented below:

(TUSD)	31 December 2020	31 December 2019
Less than 90 days	49	3
Past due 91 – 180 days	23	15
Past due 181 – 365 days	14	22
Past due more than 365 days	62	59
Total	**148**	**99**

NOTE 25 CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Current bank accounts		
in RUB	413	395
in SEK	33	–
in USD	253	–
in EURO	3	–
Bank deposits		
in RUB	9,685	–
Other cash and cash equivalents	1	1
Total	**10,388**	**396**

Bank deposits presented within cash and cash equivalents have a maturity of less then three months, denominated in Russian rubles, and bear interest rates of 3.20%–4.21%

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NOTE 26 EQUITY

(TUSD)	Number of Shares	Par value SEK	Share capital, TUSD
Balance 1 January 2019	–	–	53,977
Balance 31 December 2019	–	–	53,977
Balance 1 January 2020	–	–	53,977
Merger of LLC "Amur Gold" and Kopy Goldfields AB (reverse acquisition) (Note 36)	886,005,575	0.38	–15,000
Balance 31 December 2020	**886,005,575**	**0.38**	**38,977**

As of 31 December 2020, the Company has a maximum number of 3,332,000,000 shares that can be issued and issued share capital of 886,005,575 ordinary shares with a par value of SEK 0.38. All shares issued by the Parent Company are fully paid.

All shares are registered on Nasdaq First North Growth Market Stockholm and carry equal voting rights and equal rights to a share of the Company's capital and profits.

On December 31, 2020, the incentive program 2017/2020 expired and 3,058,600 new shares were subscribed. Registration and payment was made in the first quarter of 2021 and following the registration with the Swedish Companies Registration Office, the number of shares in the Company increased from 886,005,575 to 889,064,175 shares and the share capital increased by TUSD 142 at the rate as of the reporting date (SEK 1,162,945). As of 31 December 2020, the amount receivable for payment of shares issued of TUSD 661 at the rate of the reporting date (TSEK 5,414) has been recorded as an increase in Other contributed capital with the corresponding account receivable (Note 24).

NOTE 27 BORROWINGS

(TUSD)	Interest rate	Maturity	31 December 2020	31 December 2019
Long-term borrowings				
RUB denominated Bank loans	Key rate of Russian Central Bank plus a margin of 2.95%	September 2023–June 2026	15,038	–
RUB denominated borrowings and promissory notes from shareholder	6.70%	January 2021	–	5,754
Other borrowings from related party	7.75%	January 2021	–	249
Total long-term borrowings			**15,038**	**6,003**
Short-term borrowings				
SEK denominated borrowings from credit institutions	11.75%	March 2021	6,379	–
Interest on RUB denominated borrowings and promissory notes from shareholder	–	On demand	–	2,154
Other borrowings from related party	4.25 – 5%	On demand /December 2021	173	130
Total short-term borrowings			**6,552**	**2,284**
Total			**21,590**	**8,287**

During 2020 the Group capitalised borrowing costs in the amount of TUSD 117 (2019: nil). The weighted average capitalisation rate for 2020 was 7.2% per annum.

At 26 June 2020 the Group entered into a new unsecured finance facility with PJSC VTB bank for refinancing of promissory notes from shareholders and funding of the investment program with a maximum credit facility of TUSD 42,301 (equivalent to TRUB 3,125,000) bearing a floating interest rate of the key rate of the Central Bank of the Russian Federation plus a margin of 2.95%. The loan facility matures from September 2023 to June 2026.

Liabilities to credit institutions mature in March 2021 and have an interest rate of 11.75% per annum.

Secured liabilities and assets pledged as security

At 31 December 2020, the Group pledged its shares in associates under the SEK-denominated borrowing facilities from credit institutions (2019: none).

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial and non-financial covenants that, if breached by the Company, permit the bank to demand repayment before the loans' normal maturity date. As of 31 December 2020 and 2019, the Company complied with all covenants.

Available credit facilities

At 31 December 2020 unused credit facilities was TUSD 27,073 (nil at 31 December 2019).

Fair values

For information see Note 34.

NOTE 28 CONTRACT LIABILITY

In September 2018, LLC Amur Zoloto entered into a long-term commodity loan with a bank with the obligation to deliver a certain amount of gold to the bank at the scheduled contract term. The commodity loan bears interest of 6.45% per annum and had an initial maturity date of 31 July 2022. During the year ended 31 December 2020, LLC Amur Zoloto signed an addendum to the agreement with the Bank to postpone the maturity of principal amount payments to the period from September 2023 until June 2025.

The commodity loan is subject to certain financial and non-financial covenants that, if breached by LLC Amur Zoloto, permit the bank to demand repayment before the loans' normal maturity date. As of 31 December 2020 and 2019 LLC Amur Zoloto complied with all covenants.

The contract liability is treated as a prepayment for gold supply and accounted for according to IFRS 15 "Revenue from contracts with customers".

NOTE 29 LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes				
(TUSD)	1 January 2020	Financing cash flows	Acquired on reverse acquisition	Translation differences	New finance leases	Other changes	31 December 2020
RUB denominated Bank loans	–	15,653	–	–412	–	–203	15,038
SEK denominated borrowings from credit institutions	–	–	6,175	–13	–	217	6,379
RUB denominated borrowings and promissory notes from shareholder	7,908	–7,215	–	–854	–	161	–
Other borrowings from related party	379	–341	–354	472	–	17	173
Lease liabilities	4,415	–4,402		–759	4,494	747	4,495
	12,702	**3,695**	**5,821**	**–1,566**	**4,494**	**939**	**26,085**

			Non-cash changes				
(TUSD)	1 January 2019	Financing cash flows	Acquired on reverse acquisition	Translation differences	New finance leases	Other changes	31 December 2019
RUB denominated borrowings and promissory notes from shareholder	6,704	–	–	835	–	369	7,908
Other borrowings from related party	321	–	–	41	–	17	379
Lease liabilities	3,919	–4,681	–	450	3,553	1,174	4,415
	10,944	**–4,681**	**–**	**1,326**	**3,553**	**1,560**	**12,702**

The cash flows from loans and borrowings and lease liabilities make up the net amount of proceeds from loans and borrowings and repayments of loans and borrowings in the consolidated statement of cash flows. Other changes include interest accruals and foreign exchange translation differences.

NOTE 30 MINE REHABILITATION PROVISION

(TUSD)	
At 1 January 2019	**1,885**
Unwinding of discount	175
Additional provision charged to property, plant and equipment	26
Change in estimate	361
Translation difference	249
At 31 December 2019	**2,696**
Comprising:	
Current	2,659
Non-current	37
Unwinding of discount	253
Additional provision charged to property, plant and equipment	183
Change in estimates	31
Translation difference	–429
At 31 December 2020	**2,734**
Comprising:	
Current	2,702
Non-current	32

NOTE 31 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(TUSD)	31 December 2020	31 December 2019
Trade payables	5,902	6,306
Commodity forward	4	222
Unused vacation provision	702	512
Salaries and wages	458	529
Other payables	606	835
Total	**7,672**	**8,404**

Trade payables are non-interest bearing and are normally settled on 45-60 day terms.

NOTE 32 TAXES PAYABLE

(TUSD)	31 December 2020	31 December 2019
Unified social tax	353	291
Mineral extraction tax	340	326
Property tax	128	150
Other taxes	205	156
Total	**1,026**	**923**

NOTE 33 REVERSE ACQUISITION

In the beginning of September 2020, the Company completed the transaction with HC Alliance Mining Group Ltd. ("HCAM") and Lexor Group SA ("Lexor") contributing the entire participants' capital of LLC Amur Gold Company (LLC "Amur Zoloto") in exchange for 782,179,706 ordinary shares issued by the Company.

Since the acquisition of Kopy Goldfields AB does not qualify for a business combination, the transaction is treated as an asset acquisition under IFRS 2 Share Based Payment, since the asset is acquired in exchange for shares, no goodwill was recognised.

Following the completion of the transaction with Amur Zoloto shareholders the financial statements have been prepared using the accounting model prescribed by IFRS 3 "Business combination" for "reverse acquisitions" since the shareholders of Amur Zoloto became owners of 88.28% of the Company at the date of the transaction. This accounting model requires Amur Zoloto to be treated as the accounting acquirer for the consolidated financial information and Kopy Goldfields AB being presented as the acquiree.

Consequently, the assets and liabilities of Kopy Goldfields AB, being the legal parent, have been recorded at fair value initially in the consolidated financial statements. The cost of the transaction was determined based on the value of the underlying asset and that value was compared to the number of Kopy Goldfields AB shares existing at the completion date. As of the closing of the transaction the share price of the existing 103 825 869 Kopy Goldfields AB shares was 2.35 SEK/share constituting the market value of Kopy Goldfields of TUSD 28,233 as of the transaction date (equivalent to TSEK 243,991). This implied a surplus value of TUSD 19,038 as of the transaction date (equivalent to TSEK 164,349), which has been attributed to the investment in Associates containing the Krasny project. The directly attributable transaction costs incurred both by Kopy Goldfields AB and Amur Zoloto amounted to TUSD 923.

The assets and liabilities of the legal subsidiary Amur Zoloto have been recognised and measured in the consolidated financial statements at their pre-transaction carrying amounts. The comparative financial information for the financial year ended 31 December 2019 represents the Amur Zoloto's financial statements for this period. Kopy Goldfields AB's financial statements have been included in the consolidated financial statements for the period since 1 September 2020, the accounting date of the transaction, to 31 December 2020 due to the application of the reverse acquisition.

The standalone financial statements of the parent company are presented for the twelve months ended 31 December 2020 with comparative information for the twelve months ended 31 December 2019.

The fair values of the acquired assets and liabilities of the Company are presented in the table below:

(TUSD)	Kopy Goldfields AB Group book values	Fair value adjustments	Kopy Goldfields AB Group fair values
Date of acquisition (for accounting purpose)	*1 September 2020*		
Non-current assets			
Exploration and evaluation assets	1,196		1,196
Property, plant and equipment	71		71
Financial assets at amortised cost	3,606		3,606
Investment in associates	9,731	19,038	28,769
	14,604	**19,038**	**33,642**
Current assets	1,154		1,154
Non-current liabilities			
Loans and borrowings	5,713		5,713
Current liabilities			
Loans and borrowings	470		470
Accounts payable and accrued liabilities	375		375
Other current liabilities	5		5
Total assets at acquisition date	**15,758**	**19,038**	**34,796**
Minority interest	20		20
Net assets acquired	**9,195**		**28,233**

Total cost of transaction including acquisition related costs	29,156
Cash paid for the acquisition related costs as at 31 December 2020	–923
Less: Cash and cash equivalents of acquired subsidiary	138
Cash flow on acquisition, net of cash acquired	**–785**

Result for the period of the Company since the acquisition date included in the Group's consolidated income statement	**–1,787**
Revenue for the combined Group for the twelve months of 2020 as though the acquisition date had been 1 January 2020	**98,841**
Result for the period for the combined Group for the twelve months of 2020 as though the acquisition date had been 1 January 2020	**15,615**

NOTE 34 FAIR VALUE OF FINANCIAL INSTRUMENTS

(TUSD)	31 December 2020	31 December 2019
Financial assets		
Measured at amortised cost		
Consideration receivable for sale of investments	4,593	–
Trade and other accounts receivable	865	148
Cash and cash equivalents	10,388	396
Total measured at amortised cost	**15,846**	**544**
Total financial assets	**15,846**	**544**
Financial liabilities		
Measured at amortised cost		
Loans and borrowings	21,590	8,287
Lease liabilities	4,495	4,415
Trade and other accounts payable	6,966	7,670
Total measured at amortised cost	**33,051**	**20,372**
Derivative financial instruments		
Commodity options	894	222
Total derivative financial instruments	**894**	**222**
Total Financial liabilities	**33,945**	**20,594**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Assets carried at amortised cost

Due to their short-term nature, the carrying amounts of trade and other receivables approximate their fair values. The exception is the consideration receivable by the Company for the sale of the wholly owned subsidiary LLC Taiga (Note 23), which has a fair value of TUSD 4,593 as at 31 December 2020, compared to a carrying amount of TUSD 5,882.

The fair values were calculated based on cash flows discounted using a current lending rate. The fair values are within level 3 of the fair value hierarchy.

Cash and cash equivalents are carried at amortised cost which approximates their current fair value.

Liabilities carried at amortised cost

The fair values of non-current borrowings and finance lease liabilities are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

The fair values of the borrowings and finance lease liabilities are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The fair values of trade and other payables are the same as their carrying amounts due to their short-term nature.

Derivative financial instruments

The fair values of commodity options are based on option pricing models (e.g. Black-Scholes model).

The Group's exposure to various risks associated with the financial instruments is discussed in Note 5. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

NOTE 35 RELATED-PARTY TRANSACTIONS

The Group is controlled by HC Alliance Mining Group Ltd.

Related parties include shareholders and other related parties representing entities that have significant influence on the Group, and members of key management personnel.

Information on the Board of Directors and senior executives, as well as remuneration for these, is disclosed in Note 13, Employee benefits.

For disclosures of the Parent Company's transactions with related parties, refer to Note P14, Related-party transactions under the Parent Company.

Subsidiaries

Interests in subsidiaries are set out in Note 17.

Outstanding balances arising from sales/purchases of goods and services

The following table provides the total amount of transactions that have been entered into with related parties for the relevant periods of the each financial year and amounts owed by/to related parties:

(TUSD)	31 December 2020	31 December 2019
Shareholders		
Loans and borrowings	–	7,908
Other related parties via shareholder		
Accounts payable and accrued liabilities	1,216	2,729
Borrowings	168	378
Lease liabilities	254	406
Other receivables	222	16

No allowance for doubtful debts was recognised in respect of the amounts owed by related parties.

All related-party balances were unsecured and will be settled in cash under normal commercial credit terms and conditions. No guarantees have been given or received in relation to any related-party balance.

Significant transactions with related parties:

(TUSD)	Year ended 31 December 2020	Year ended 31 December 2019
Other related parties via shareholder		
Purchase of services and materials	4,071	7,691
Revenue from sale of services and other assets	518	1,880

Loans to/from related parties

(TUSD)	Loans from Shareholder	Loans from other related parties
Opening Balance 1 Jan 2019	6,704	317
Loans received	–	–
Loans repaid	–	–
Interest charged	386	63
Translation differences	818	–2
Closing Balance 31 December 2019	**7,908**	**378**
Loans received	–	54
Loans repaid	–5,128	–136
Interest charged	167	6
Interest paid	–2,087	–81
Translation differences	–860	–53
Closing Balance 31 December 2020	**–**	**168**

NOTE 36 EARNINGS PER SHARE

(TUSD)	Year ended 31 December 2020	Year ended 31 December 2019
Basic earnings per share		
Basic earnings per share attributable to the ordinary equity holders of the company	0.02	0.01
Diluted earnings per share		
Diluted earnings per share attributable to the ordinary equity holders of the company	0.02	0.01
Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:	19,152	9,160
Diluted earnings per share	–	–
Profit attributable to the ordinary equity holders of the company		
Used in calculating basic earnings per share	19,152	9,160
Warrants under Incentive program charge	–	–
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	19,152	9,160
Weighted average number of shares used as the denominator	–	–
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	816,513,009	782,179,706
Adjustments for calculation of diluted earnings per share:	–	–
Bonus element under Incentive program	575,063	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	817,088,072	782,179,706

For the financial year ended 31 December 2020 during which the reverse acquisition of Kopy Goldfields AB by LLC Amur Zoloto occurred, the weighted average number of ordinary shares outstanding included 782,179,706 shares issued by Kopy Goldfields AB to the shareholders of LLC Amur Zoloto for the period from the beginning of the reporting period to the merger completion accounting date of 1 September 2020 and the actual number of Kopy Goldfields AB ordinary shares outstanding for the period since the merger completion date to 31 December 2020.

The earnings per share disclosed for the financial year ended 31 December 2019 was calculated by dividing the profit or loss of the legal subsidiary, LLC Amur Zoloto, attributable to ordinary shareholders in each of those periods by 782,179,706, i.e. the number of ordinary shares issued by the legal parent, Kopy Goldfields AB, to the shareholders of the legal subsidiary in the reverse acquisition.

NOTE 37 COMMITMENTS AND CONTINGENCIES

Operating environment

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Since 2014, sanctions have been imposed in several packages by the US and the EU on certain Russian officials, businessmen and companies. This led to reduced access of Russian businesses to international capital markets.

The impact of further economic and political developments on the future operations and financial position of the Group might be significant.

Further, starting in early 2020 a new coronavirus disease (Covid-19) has rapidly spread all over the world resulting in the announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of Covid-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it has had a significant effect on the business of many companies across a wide range of sectors, including, but not limited to disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Group may face the increasingly broad effects of Covid-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of Covid-19 on the Group's business largely depends on the duration and the incidence of the pandemic effects on the world and Russian economy.

Taxation contingencies

The existing Russian tax, currency and customs legislation allows for various interpretations and is subject to frequent changes. Interpretation by the Company's management of the legislation in place when applicable to the Company's transactions and activities may be challenged by the appropriate regional or federal authorities. Recent events in the Russian Federation indicate that the tax authorities may take a tougher stance with regard to the interpretation of legislation and review of tax returns. Consequently, tax authorities may challenge transactions and accounting methods that they had never challenged before. As a result, significant additional taxes, penalties and fines may be accrued. It is not possible to determine the amounts of constructive claims or evaluate probability of their negative outcome. Tax audits may cover a period of the three calendar years immediately preceding the audited year. Under certain circumstances, the tax authorities may review earlier accounting periods.

While management believes that it has adequately provided for tax liabilities based on its interpretation of current and previous legislation, the risk remains that tax authorities in the Russian Federation could take differing positions with regard to interpretive issues.

Environmental matters

The Group is subject to extensive federal and local environmental controls and regulations in the Russian Federation. Operations of the Group involve the discharge of materials and contaminants into the environment, disturbance of land that could potentially impact flora and fauna, and give rise to other environmental concerns.

Management believes that it is in compliance with all current existing environmental laws and regulations in the Russian Federation. However, environmental laws and regulations continue to evolve. The Group is unable to predict the timing or extent to which those environmental laws and regulations may change. Such change, if it occurs, may require that the Group modernises technology to meet more stringent standards.

Under various laws and mining license agreements, the Group is obliged to mine rehabilitation facilities upon cessation of its mining operations and to restore and rehabilitate the environment. The extent and future expected costs related to environmental obligations are inherently difficult to estimate. They depend on the scale of operations, timing and further development of Russian legislation. The Group estimates its environmental obligations using the current level of mine expansion, existing technology, current prices and projected inflation levels.

Capital commitments

The Group's contractual capital commitments at 31 December 2020 amounted to TUSD 6,260 mostly relating to the technical modernisation of the Yubileyniy processing plant (31 December 2019: TUSD 4,303).

License compliance and commitments

The Group is subject to periodic reviews of its activities by local regulatory authorities regarding the requirements of its licenses. Management of the Group entities agrees on remedial actions necessary with local regulatory authorities to resolve any findings resulting from these reviews. Non-compliance with the terms of a particular license could result in penalties, fines or license limitations, suspension or revocation. The Group's management believes that any non-compliance with license terms that the Group may have in the future will be resolved through negotiations or proposed amendments without material effect on the consolidated financial positions or the operating results of the Group.

NOTE 38 EVENTS AFTER THE END OF THE REPORTING PERIOD

Following registration of the new shares issue under the 2017/2020 incentive program with the Swedish Companies Registration Office in February, 2021, the number of shares in the Company increased by 3,058,600, from 886,005,575 to 889,064,175 shares, and the share capital increased by TUSD 142 (SEK 1,162,945 at the rate of the reporting date), from SEK 336,878,176 to SEK 338,041,120.

On 24 March 2021 the Company fully repaid its SEK denominated borrowings from credit institutions of TUSD 6,354 (TSEK 54,757 at the exchange rate on the date of payment). Following the repayment, the Company has no pledged assets.

During January – April, 2021 the Group obtained additional TUSD 10,120 borrowing facilities available under the finance facility with PJSC VTB bank.

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	Note	2020	2019
Revenue		1,150	2,385
Total operating income		**1,150**	**2,385**
General and administrative expenses	P5	–6,250	–4,866
Other operating expenses, net		–4,672	–3,535
Operating loss		**–9,772**	**–6,016**
Impairment of investments in Group companies	P10	–4,497	–18,001
Earnings from other financial assets	P7	–2,942	8,350
Interest and similar income	P7	841	102
Interest and similar expenses	P7	–5,874	–4,163
Loss from financial items		**–12,472**	**–13,712**
Loss after financial items		**–22,244**	**–19,728**
Appropriations		–4	–
Loss before tax		**–22,248**	**–19,728**
Income tax	P8	–	–
Net loss		**–22,248**	**–19,728**

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	2020	2019
Loss for the year	**–22,248**	**–19,728**
Other comprehensive income		
Translation differences	–122	79
Total comprehensive income	**–22,370**	**–19,649**

The above financial statements should be read in conjunction with the accompanying notes.

BALANCE SHEET, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Machinery and equipment		–	6
Investments in Group companies	P10	1,926,713	87,395
Other financial assets	P11	30,551	38,589
Total non-current assets		**1,957,264**	**125,990**
Current assets			
Receivables from subsidiaries of the Group		2,451	1,159
Other receivables		12,901	155
Prepaid expenses and accrued income		27	3,178
Cash and bank balances		2,344	6,246
Total current assets		**17,723**	**10,738**
TOTAL ASSETS		**1,974,987**	**136,728**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		336,878	39,477
Total restricted equity		**336,878**	**39,477**
Non-restricted equity			
Share premium reserve		1,740,290	203,840
Not yet registered share capital		1,163	–
Fair value reserve		−7,017	−6,895
Retained earnings, including financial result for the year		−170,339	−148,091
Total non-restricted equity		**1,564,097**	**48,853**
TOTAL EQUITY		**1,900,975**	**88,330**
LIABILITIES			
Non-current liabilities			
Liabilities from credit institutions	P12	–	46,586
Total non-current liabilities		**-**	**46,586**
Current liabilities			
Liabilities from credit institutions	P12	52,239	–
Trade payables		581	185
Payables to Group companies		17,757	–
Other current liabilities		243	28
Accrued expenses and deferred income	P13	3,192	1,599
Total current liabilities		**74,012**	**1,812**
TOTAL EQUITY AND LIABILITIES		**1,974,987**	**136,728**

The above financial statements should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	Restricted equity	Non-restricted equity				
	Share capital	Share premium reserve	Not yet registered share capital	Fair value reserve	Retained earnings, including profit (loss) for the year	Total equity
Opening balance at 1 January 2019	**39,477**	**203,586**	–	**-6,974**	**-128,364**	**107,724**
Loss for the year	–	–	–	–	–19,728	–19,728
Other comprehensive income for the year	–	–	–	79	–	79
Total comprehensive income for the year	**-**	**-**	**-**	**79**	**-19,728**	**-19,649**
Transactions with shareholders in their role as owners						
Subscription of warrants	–	254	–	–	–	254
Closing balance at 31 December 2019	**39,477**	**203,840**	**-**	**-6,895**	**-148,091**	**88,330**
Opening balance at 1 January 2020	39,477	203,840	–	–6,895	–148,091	88,330
Profit for the year					–22,248	–22,248
Other comprehensive income for the year				–122		–122
Total comprehensive income for the year	**-**	**-**	**-**	**-122**	**-22,248**	**-22,370**
Transactions with shareholders in their role as owners						
Reverse acquisition net of transaction costs	297,401	1,532,199	–	–	–	1,829,600
Subscription of shares in warrant program 2017/2020	–	4,251	1,163	–	–	5,414
Closing balance at 31 December 2020	**336,878**	**1,740,290**	**1,163**	**-7,017**	**-170,339**	**1,900,975**

The above financial statements should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	2020	2019
Cash flows from operating activities		
Loss before tax	−22,248	−19,728
Adjustments for non-cash items		
Impairment of investments	6,579	16,296
Finance costs	5,772	−865
Reversal of impairment/(Impairment) of receivables	850	−6,368
Foreign exchange loss	−1,234	79
Other non-cash adjustments	–	−2,363
Cash flows from operating activities before changes in working capital	**−10,281**	**−12,949**
Changes in working capital		
(Increase)/Decrease in operating receivables	575	683
Increase/(Decrease) in operating liabilities	1,455	−378
Net cash flows from operating activities	**−8,251**	**−12,644**
Cash flows from investing activities		
Shareholder contributions	−5,421	−16,302
Divestments of subsidiaries, net liquidity effect	–	–
Loans to Group companies	–	–
Cash flows from investing activities	**−5,421**	**−16,302**
Cash flows from financing activities		
Transaction costs	−8,522	–
Proceeds from warrants	–	254
Loans raised	21,386	15,000
Repayment of borrowings	−3,094	–
Cash flows from financing activities	**9,770**	**15,254**
Cash flow for the year	−3,902	−13,692
Cash and cash equivalents at 1 January	6,246	19,938
Net cash flow during the financial year	−3,902	−13,692
Cash and cash equivalents at 31 December	**2,344**	**6,246**
Cash and bank balances	**2,344**	**6,246**

The above financial statements should be read in conjunction with the accompanying notes.

PARENT COMPANY NOTES

NOTE P1 PARENT COMPANY ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this Annual Report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Annual Report for the Parent Company is prepared in accordance with RFR 2 Financial reports for legal entities and the Swedish Annual Accounts Act. Any accounting principles other than the Group's (as described in the Notes to the consolidated financial statements) applied by the Parent Company are given below.

The Annual Report was prepared on a historical cost basis.

The preparation of financial statements in conformity with RFR 2 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Parent Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The Parent Company applies different accounting policies than the Group, which differ as follows.

Presentation format

The statement of profit or loss and statement of financial position follow the presentation format in the Swedish Annual Accounts Act. The statement of change in equity also follows the Group's layout but includes columns provided in the Annual Accounts Act. This entails differences in terminology compared with the consolidated financial statements, primarily regarding financial income and expenses as well as equity.

During the year, the Parent Company changed the presentation format for the income statement from an analysis of the nature of expenses to an analysis by function of expenses. For more information, see Note 7 in the consolidated financial statements.

Subsidiaries and associates

The Parent Company's investments in subsidiaries and associates are recognised using the cost method.

Shareholders' contributions and Group contributions

Group contributions paid by the Parent Company to subsidiaries and Group contributions received by the Parent Company from subsidiaries were recognised as appropriations. Shareholder contributions paid are recognised in the Parent Company as an increase in the holding's carrying amount in accordance with RFR 2.

Leases

The parent company has chosen not to apply IFRS 16 Leases but has instead chosen to apply RFR 2 IFRS 16 Leases p. 2-12. This policy choice means that no right-of-use assets or lease liabilities are recognised in the balance sheet. Instead, leasing fees are expensed on a straight-line basis over the lease period. The Parent Company did not have any outstanding lease liabilities on 31 December 2020.

NOTE P2 FINANCIAL RISK FACTORS

Through its operations, the Parent Company is exposed to a variety of financial risks such as market risk (currency risk and interest rate risk), credit risk and liquidity risk. The Parent Company's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial results.

For more information about financial risks, refer to Note 5 of the consolidated financial statements.

NOTE P3 INTRA-GROUP REVENUE AND PURCHASES

The total amount of the Parent Company's net revenue for 2020 and 2019 year is related to sales to subsidiaries of the Group. Of the Parent Company's interest income for 2020, 86% (2019: 85%) or TSEK 114 (2019: TSEK 270) is related to other Group companies.

NOTE P4 AUDITORS' FEES

Audit fees include fees for the annual audit services and other audit services, i.e. services that only the external auditors can reasonably provide, and include the Company audit and statutory audits. Other statutory engagements include fees for assurance and related services that are reasonably related to the performance of the audit of the Company's financial statements or that are traditionally performed by the external auditors. Tax advisory services include tax-compliance services, transfer pricing, tax consultations and advice related to acquisitions, etc. All other fees are presented by fees for other services.

(TSEK)	2020	2019
Auditors' fees		
Öhrlings PricewaterhouseCoopers AB		
- Audit engagement	1,236	295
- Other statutory engagements	–	–
- Tax advisory services	–	–
- Valuation services	–	–
- Other services	385	–
Total	**1,621**	**295**
Other audit firms		
- Audit engagement	–	1
Total	**–**	**1**
Total auditors' fees	**1,621**	**296**

NOTE P5 GENERAL AND ADMINISTRATIVE EXPENSES

(TSEK)	2020	2019
Employee benefits	4,539	4,564
Professional fees (audit, consulting, etc)	1,705	296
Depreciation of tangible assets	6	6
Total general and administrative expenses	**6,250**	**4,866**

NOTE P6 EMPLOYEE BENEFITS, ETC.

(TSEK)	2020	2019
Salaries and other remuneration	3,563	3,483
Social security contributions	843	948
Pension costs – defined contribution plans	133	133
Total	**4,539**	**4,564**

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Salaries and other remuneration and social security expenses (Swedish krona)

(SEK)	2020 Salaries and other remuneration	2020 of which bonuses	2020 Pension cost	2019 Salaries and other remuneration	2019 of which bonuses	2019 Pension cost
Board members	1,441,667	–	–	560,000	–	–
CEO	2,407,815	734,724	–	1,449,529	32,732	–
Other senior executives (1 person)	1,615,212	451,846	133,296	1,296,606	172,973	132,566
Total	**5,464,694**	**1,186,570**	**133,296**	**3,306,135**	**205,705**	**132,566**

Salaries and other remuneration and social security expenses of the CEO included total remuneration paid from the Parent Company and subsidiaries of the Group.

Remuneration and other benefits of the Board and senior management 2020 (Swedish krona)

(SEK)	Basic salary/ Board fee	Variable remu-neration	Other benefits	Pension costs	Total
Chairman of the Board, Kjell Carlsson	230,000	–	175,000	–	405,000
Board member, Johan Österling	100,000	–	200,000	–	300,000
Board member, Andreas Forssell	100,000	–	200,000	–	300,000
Board member, Tord Cederlund	100,000	–	100,000	–	200,000
Board member, Lennart Schönning (resigned at 2020 AGM)	50,000	–	–	–	50,000
Board member, Arsen Idrisov (Elected at 2020 AGM subject to completion of the acquitision of Amur Zoloto. Registered as Board member in September 2020)	33,333	–	–	–	33,333
Board member, Eric Forss (Elected at 2020 AGM subject to completion of the acquitision of Amur Zoloto. Registered as Board member in September 2020)	33,333	–	120,000	–	153,333
CEO, Mikhail Damrin	1,673,091	734,724	–	–	2,407,815
Total	**2,319,757**	**734,724**	**795,000**	**-**	**3,849,481**

The total remuneration of the Board for the 2020 financial year amounted to TSEK 1,442, of which TSEK 405 was remuneration for the Chairman of the Board. Fees for members of the Board are set by the shareholders at the annual general meeting of shareholders and are valid until the next annual general meeting. At the Annual General Meeting on June 30 2020, Board fees were set at TSEK 200 for the Chairman of the Board and TSEK 100 for each of the other Board members. In addition to the above, it was resolved that an extra fee would be paid retroactively for extraordinary efforts related to the reverse acquisition of Amur Zoloto transaction (Note 36), comprised of TSEK 200 per person to Board members Andreas Forsell and Johan Österling, and TSEK 100 per person for Board members Kjell Carlsson and Tord Cederlund. In addition to the board remuneration, the Chairman has invoiced TSEK 75 related to consultancy and advisory work, via his own company. In addition to the board remuneration, the Board member Eric Forss has invoiced TSEK 120 related to consultancy and advisory work via his own company. The work done was related to the Group's integration and development matters following the Amur Zoloro transaction. For more information on the remuneration, see the table above.

The CEO's remuneration for the financial year 2020 amounted to TSEK 2,408. The remuneration to the CEO consists of a fixed salary and a variable salary based on annual targets. The CEO has a fixed annual salary of TUSD 220 (2019: 138 net of tax). The variable salary amounts to a maximum of 50 percent of the fixed salary (2019: 20 percent) and is based on both soft and hard targets. The CEO has been part of the Group's long-term incentive program.

Remuneration and other benefits of the Board and senior management 2019 (Swedish krona)

(SEK)	Basic salary/ Board fee	Variable remu-neration	Other benefits	Pension costs	Incentive program	Total
Chairman of the Board, Kjell Carlsson	260,000	–	–	–	–	260,000
Board member, Johan Österling	100,000	–	–	–	–	100,000
Board member, Andreas Forssell	100,000	–	–	–	–	100,000
Board member, Tord Cederlund	50,000	–	–	–	–	50,000
Board member, Lennart Schönning	50,000	–	–	–	–	50,000
CEO, Mikhail Damrin	1,449,529	32,732	–	–	144,000	1,626,261
Total	**2,009,529**	**32,732**	**-**	**-**	**144,000**	**2,186,261**

Gender distribution in the Group (incl. subsidiaries) for Board members and other senior executives

	2020 Number on the balance sheet date	2020 Of which men	2019 Number on the balance sheet date	2019 Of which men
Board members	6	6	5	5
CEO	1	1	4	4
Other senior executives	7	6	–	–
Total	**14**	**13**	**9**	**9**

NOTE P7 FINANCE INCOME AND COSTS

(TSEK)	2020	2019
Earnings from other financial assets		
Reversal of impairment/(impairment of receivables from subsidiaries of the Group)	-2,077	1,712
Remeasurement of financial assets	-979	6,368
Interest income, Group companies	114	270
Total earnings from other financial assets	**-2,942**	**8,350**
Interest and similar income		
Interest income, external	19	47
Exchange differences	822	55
Total interest and similar income	**841**	**102**
Interest and similar expenses		
Interest expenses, external	-5,754	-4,163
Other financial expenses	-120	–
Total interest and similar expenses	**-5,874**	**-4,163**
Total finance income and costs	**-7,975**	**4,289**

Impairment of investments in Group companies amounted TSEK 4,497 for 2020 (2019: TSEK 18,001) and included impairment of TSEK 4,224 related to the Russian subsidiary LLC Vostochny (2019: TSEK 14,884 related to LLC Vostochny and LLC Patom Gold) and the remaining amount of TSEK 273 related to the Swedish subsidiary Kopy Development AB (2019: TSEK 3,117) and corresponded to its stake in the LLC Stanovoy written down to zero at December 31, 2019.

In December 2018, the Company sold 100% of the subsidiary LLC Taiga. The buyer represents a group of Russian private investors. The total sales price is MUSD 6, of which MRUB 8 (corresponding to MSEK 1.1) was paid in December 2018. The remainder will be paid in several instalments by June 30, 2022. The expected payments, amounting to MUSD 6, are discounted at the end of each reporting period. The receivable at December 31, 2020 amounted TSEK 37,610 (2019: TSEK 38,589) and the interest income recognised in the income statement for 2020 amounted TSEK 4,475 (2019: TSEK 6,368).

NOTE P8 INCOME TAX

(TSEK) **Recognised tax in the income statement**	2020	2019
Current tax	–	–
Deferred tax	–	–
Tax on profit for the year	**–**	**–**
Profit before tax	-22,244	-19,728
Theoretical tax rate 21.4 %	4,760	4,222
Tax effects from:		
Non-deductible items	-1,637	-3,854
Non-taxable items	552	–
Revaluation financial assets	–	1,225
Reversed impairment	228	366
Loss carry-forwards for which deferred tax is not recognised	-3,903	-1,959
Income tax	**–**	**–**

Deferred Tax

Deferred tax assets are reported for tax loss carry-forwards or other deductions to the extent that it is probable that they can be utilised through future taxable profits. No deferred tax assets are reported as the Parent Company has not assessed that the criteria for reporting deferred tax in IAS 12 are met.

As of 31 December 2020, unutilised loss carry-forwards for which no deferred tax asset has been recognised amounted to approximately TSEK 24,139 (2019: TSEK 20,233). The loss carry-forwards are without a time limit.

NOTE P9 OUTSTANDING WARRANTS

For information about the Parent Company's outstanding warrants, see Note 14 for the Group.

NOTE P10 INVESTMENTS IN GROUP COMPANIES

For detailed information about the Parent Company's participation in subsidiaries, see Note 17 for the Group.

(TSEK)	
Balance at 1 January 2019	**83,837**
Shareholder contributions	21,558
Impairment	-18,001
Balance at 31 December 2019	**87,395**
Shareholder contributions	5,693
Impairment	-4,497
Reverse acquisition	1,838,122
Balance at 31 December 2020	**1,926,713**

Disposal of subsidiaries

In December 2018, the Company sold the wholly owned subsidiary LLC Taiga, which in turn holds the four gold licenses Kopylovskoye, Vostochnaya Ploshad, Pravovesenny and Takhtykan. The total sales price was MUSD 6, of which MRUB 8 (corresponding to MSEK 1.1) was paid in December 2018. The remainder will be paid in several installments by June 30, 2022. The total expected payments of MUSD 6 are discounted at the end of each reporting period. The receivable at December 31, 2020 amounted to TSEK 37,610 (2019: TSEK 38,589) and the interest income recognised in the income statement for 2020 amounted to TSEK 4,475 (2019: TSEK 6,368).

For information about the reverse acquisition of LLC Amur Zoloto see Note 33 for the Group.

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NOTE P11 OTHER FINANCIAL ASSETS

(TSEK)	31 December 2020	31 December 2019
Other receivables	30,551	38,589
Total	**30,551**	**38,589**

NOTE P12 LIABILITIES TO CREDIT INSTITUTIONS

	31 December 2020		31 December 2019	
(TSEK)	Current	Non-current	Current	Non-current
Secured				
Loans from credit institutions	52,239	–	–	46,586
Total secured borrowings	**52,239**	**–**	**–**	**46,586**

Liabilities to credit institutions are denominated in SEK, they mature in March 2021 and have an average interest rate of 11.75% per annum. For more information, see Note 27 for the Group

Secured liabilities and assets pledged as security
At 31 December 2020, liabilities to credit institutions are secured by pledge of shares in associated companies ("Chattel mortgages"), the value of which amounted to TSEK 87,344 (2019: TSEK 87,344).

Loan covenants
Under the terms of the borrowing facilities, the company is required to comply with the following financial covenants: the Equity/Assets ratio must exceed 50% at every six-month period end. The company has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting periods.

Fair value
The fair value of financial liabilities are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. For more information see Note 34 for the Group.

NOTE P13 ACCRUED EXPENSES AND DEFERRED INCOME

(TSEK)	31 December 2020	31 December 2019
Board fees	297	385
Social security contributions	377	321
Other personnel-related items	791	669
Auditors' fees	995	150
Consultancy services	480	67
Other	252	7
Total	**3,192**	**1,599**

NOTE P14 RELATED-PARTY TRANSACTIONS

Kopy Goldfields AB is majority owned by HC Alliance Mining Group Ltd, headquartered in Cyprus. Related parties are all subsidiaries within the Groups and senior executives.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant periods of each financial year and amounts owed by/to related parties:

Significant transactions with related parties:
Services are purchased and sold to related parties at normal commercial terms and adhere to the following transfer pricing policy. Services are purchased at cost price and are regulated through the valid transfer pricing policy.

Significant balances by/to related parties:

(TSEK)	31 December 2020	31 December 2019
Subsidiaries of the Group		
Borrowings	17,720	–
Receivables from Group companies	2,451	–

Significant transactions with related parties:

	2020	2019
Subsidiaries of the Group		
Sales of services, interest income		
Revenue from sale of services and other assets	1,150	2,385
Interest expenses	−120	–
Interest income	113	85
Total	**1,143**	**2,470**

Loans to subsidiaries

(TSEK)	Loans from subsidiaries
Opening Balance 1 January 2019	–
Loans received	18,386
Loans repaid	–
Interest charged	119
Interest paid	–
Translation differences	−785
Closing Balance 31 December 2020	**17,720**

NOTE P15 CHANGES IN LIABILITIES RELATED TO FINANCING ACTIVITIES

(TSEK)	1 January 2020	Financing cash flows	Non-cash changes: Translation differences	Non-cash changes: Other changes	31 December 2020
Liabilities to credit institutions	46,586	–	–	5,653	52,239
Other borrowings from related party	–	18,386	-785	119	17,720
Total	**46,586**	**18,386**	**-785**	**5,772**	**69,959**

(TSEK)	1 January 2019	Financing cash flows	Non-cash changes: Translation differences	Non-cash changes: Other changes	31 December 2019
Liabilities to credit institutions	30,000	15,000	–	1,586	46,586
Total	**30,000**	**15,000**	**-**	**1,586**	**46,586**

NOTE P16 CONTINGENT LIABILITIES

As at 31 December 2020, the Parent Company had no contingent liabilities.

NOTE P17 EVENTS AFTER THE END OF THE REPORTING PERIOD

Following the registration of the new shares issue under the 2017/2020 incentive program with the Swedish Companies Registration Office in February, 2021, the number of shares in the Company increased by 3,058,600, from 886,005,575 to 889,064,175 shares, and the share capital increased by SEK 1,162,945 at the rate on the reporting date, from SEK 336,878,176 to SEK 338,041,120.

On 24 March 2021 the Company fully repaid its SEK-denominated borrowings from credit institutions of TSEK 54,757. Following the repayment, the Company has no pledged assets.

During January to April, 2021 the Group obtained additional TUSD 10,120 borrowing facilities available under the finance facility with PJSC VTB bank.

NOTE P18 PROPOSED APPROPRIATION OF PROFITS

The following profits are at the disposal of the Annual General Meeting:

(SEK)	2020
Share premium reserve	1,740,289,673
Fair value reserve	-7,017,043
Retained earnings	-148,091,323
Loss for the year	-22,248,312
Total	**1,562,932,994**

The Board proposes that SEK 1,562,932,994 be carried forward.

The Board of Directors and CEO confirm that the consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and that they provide a fair presentation of the Group's financial position and earnings. The annual report was prepared in accordance with generally accepted accounting principles and provides a fair presentation of the Parent Company's financial position and earnings.

The Directors' report for the Group and the Parent Company provides a fair overview of the development of the Group's and the Parent Company's operations, financial position and earnings, and describes significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

The consolidated statement of profit and loss and consolidated statement of financial position, and the Parent Company's income statement and balance sheet will be presented for adoption at the Annual General Meeting on 27 May 2021.

Stockholm, 5 May 2021

Kjell Carlsson
Chairman

Tord Cederlund
Board member

Andreas Forssell
Board member

Eric Forss
Board member

Arsen Idrisov
Board member

Johan Österlund
Board member

Mikhail Damrin
CEO

Our auditor's report was submitted on 5 May 2021

Öhrlings PricewaterhouseCoopers AB

Anna Rozhdestvenskaya
Authorized public accountant
Auditor-in-charge

Anna Gavryliuk
Authorized public accountant
Co-signing auditor

AUDITOR'S REPORT

UNOFFICIAL TRANSLATION
TO THE GENERAL MEETING OF THE SHAREHOLDERS OF KOPY GOLDFIELDS AB (PUBL), CORPORATE IDENTITY NUMBER 556723-6335

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Kopy Goldfields AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 51-97 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company and the Group as of 31 December 2020 and its financial performance and cash flow for the year then ended, in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2020 and their financial performance and cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and consolidated statement of profit and loss and consolidated statement of financial position for the Group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts, which is found on pages 1–50 and 100–108. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work performed concerning this information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the Company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have audited the administration of the Board of Directors and the Managing Director of Kopy Goldfields AB (publ) for the year 2020 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes, among other things, continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and, among other matters, take measures that are necessary to fulfill the Company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm 5 May 2021

Öhrlings PricewaterhouseCoopers AB

Anna Rozhdestvenskaya
Authorized public accountant
Auditor-in-charge

Anna Gavryliuk
Authorized public accountant
Co-signing auditor

MINERAL RESOURCES AND ORE RESERVES

TABLE 1. HARD ROCK ORE RESERVE STATEMENT FOR AMUR ZOLOTO, FAR EAST RUSSIA, BY SRK CONSULTING (RUSSIA) LIMITED AS OF 1 JULY 2020 (1)

Hard Rock Source	Tonnage (Mt)	Au grade (g/t)	Au metal (t)	Au metal (koz)	Ag grade (g/t)	Ag metal (t)	Ag metal (koz)
PROBABLE RESERVES							
YUBILEYNIY							
Krasivoe UG	3.1	6.3	19.8	640	2.8	8.7	279
Total Yubileyniy	**3.1**	**6.3**	**19.8**	**640**	**2.8**	**8.7**	**279**
PEREVALNOE							
Brekchiyevaya OP	0.2	6.8	1.4	45	25.9	5.2	167
Brekchiyevaya UG	0.2	7.8	1.3	55	21.4	4.3	138
Brekchiyevaya HL	0.3	1.3	0.4	15	16.8	5.0	162
Stockpiles HL	0.4	1.5	0.5	17	7.6	3.0	98
Priyatnoe	0.1	5.0	0.7	24	62.0	6.2	199
Priyatnoe HL	0.16	1.2	0.2	6.2	46.3	7.4	238
Total Perevalnoe	**1.4**	**3.3**	**4.5**	**162**	**22.9**	**31.1**	**1,002**
MALYUTKA							
Malyutka	9.3	1.2	11.2	360			
Total Malyutka	**9.3**	**1.2**	**11.2**	**360**			
Total Hard Rock	**13.8**	**2.6**	**35.5**	**1,162**	**2.9**	**39.8**	**1,281**

TABLE 2. PLACER RESERVE STATEMENT FOR AMUR ZOLOTO, FAR EAST RUSSIA, BY SRK CONSULTING (RUSSIA) LIMITED AS OF 1 JULY 2020 (1)

Placer Source	Volume 000'm³	Au (g/m³)	Au Metal (t)	(koz)
PROBABLE RESERVES – PLACERS				
Lower Buor Creek	133	0.6	0.1	2.2
Hayunda and Chohcho creek	426	1.5	0.6	20
Upper Kagkan and Chudnyy	113	0.6	0.1	3.2
Total Placer	**672**	**1.2**	**0.8**	**25.4**

NOTE 1

- Ore reserves include losses and dilution values.
- Tonnages and metal content have been rounded to the nearest 0.1 Mt, 0.1 t and koz.
- Ore reserves estimation is based on mine schedules.

Perevalnoe complex:

- Brekchiyevaya Mining loss and dilution: 2.95%/12.0%
- Priyatnoe Mining loss and dilution: 12.9%/44%
- For open stoping, ore loss and dilution of 2% and 8% were calculated, for cut-and-fill stoping, 5% and 10%, and for pillar recovery, 20% and 25%
- The Open pit reserves report material falling into a final pit design above the level of 1,080 m.
- Gold price: 1,250 USD/oz
- Mining cost: 2.6 USD/t
- Transportation: 2 USD/t
- Processing cost: 12.4 USD/t
- General and Administration: 52 USD/t
- Reserve cut-off grade: HL – 0.5 g/t; OP CIP – 4.0 g/t, UG CIP – 6.0 g/t
- Recovery: 94% for CIP and 61% for HL

Malyutka deposit:

- The Resource statement reports material falling into a final pit design based upon the following assumptions:
- Mining loss & dilution allowed for in model block regularisation (av. loss 18.8%, dilution 19.4%);
- Gold price: 1,200 USD/oz
- Ore Mining cost: 2.94 USD/t
- Waste Mining cost (no haul): 2.20 USD/t
- Waste Mining haulage: 0.74 USD/t
- Processing cost: 7.50 USD/t
- General & Administration: 6.40 USD/t
- Recovery: By formula (av. 67.5%)
- Reserve cut-off grade: 0.74 g/t Au

NOTE 1 Continued

Yubileyniy complex:
- Mining loss and dilution: 3%/15%
- Gold price: 1,500 USD/oz
- Mining cost: 16 USD/t
- Transportation: 2 USD/t
- Processing cost: 42 USD/t
- General and Administration: 28 USD/t
- Reserve cut-off grade: 2.7 g/t Au

Placer deposits
- Mining loss: zero
- Gold price: 1,185 USD/oz
- Royalty: 6%
- Stripping cost: 0.9 USD/m^3
- Gravel mining and washing cost: 1.9 USD/m^3
- General and Administration: 2.0 USD/m^3

TABLE 3. HARD ROCK MINERAL RESOURCE STATEMENT FOR AMUR ZOLOTO, FAR EAST RUSSIA, BY SRK CONSULTING (RUSSIA) LIMITED AS OF 1 JULY 2020 (2)

Site	Tonnage (Mt)	Au grade (g/t)	Au metal (t)	Au metal (koz)	Ag grade (g/t)	Ag metal (t)	Ag metal (koz)
OPEN PIT MEASURED							
Perevalnoe CIP	0.3	9.0	2.7	86	59.7	17.9	576
Perevalnoe Heap Leaching	2.2	1.2	2.7	85	23.4	51.5	1,662
Total Open Pit Measured	**2.5**	**2.2**	**5.4**	**171**	**27.8**	**69.4**	**2,238**
OPEN PIT INDICATED							
Perevalnoe CIP	0	11.1	0.2	6	24.3	0.4	14
Perevalnoe Heap Leaching	0.1	2.0	0.2	6	29.0	2.9	95
Malyutka Heap Leaching	9.2	1.4	12.8	411	1.2	11.4	366
Total Open Pit Indicated	**9.3**	**1.4**	**13.2**	**423**	**1.6**	**14.7**	**475**
UNDERGROUND MEASURED							
Perevalnoe CIP	0.3	9.8	2.6	84	23.3	6.2	201
Total Underground Measured	**0.3**	**9.8**	**2.6**	**84**	**23.3**	**6.2**	**201**
UNDERGROUND INDICATED							
Perevalnoe CIP	0.1	5.0	0.5	15	16.0	1.6	52
Yubileyniy CIP	3.7	6.5	24.1	777	2.4	8.7	280
Total Underground Indicated	**3.8**	**6.5**	**24.6**	**792**	**2.7**	**10.3**	**332**
OPEN PIT MEASURED + INDICATED							
CIP	0.3	9.7	2.9	92	59.7	18.3	589
Heap Leaching	11.5	1.4	15.7	502	5.7	65.8	2,123
UNDERGROUND MEASURED + INDICATED							
CIP	4.1	6.6	27.2	876	4.0	16.5	533
Heap Leaching							
TOTAL MEASURED + INDICATED							
CIP	4.4	6.8	30.1	968	7.9	34.8	1,122
Heap Leaching	11.5	1.4	15.7	502	5.7	65.8	2,123
Total Measured + Indicated	**15.9**	**2.9**	**45.8**	**1,470**	**6.3**	**100.6**	**3,245**
INFERRED							
Yubileyniy Underground CIP	1.7	5.6	9.6	308	2.0	3.4	108
Total Inferred	**1.7**	**5.6**	**9.6**	**308**	**2.0**	**3.4**	**108**
Total Measured + Indicated + Inferred	**17.6**	**3.1**	**55.4**	**1,778**	**5.9**	**104**	**3,353**

TABLE 4. PLACER MINERAL RESOURCE STATEMENT FOR AMUR ZOLOTO, FAR EAST RUSSIA, BY SRK CONSULTING (RUSSIA) LIMITED AS OF 1 JULY 2020 (2)

Placer	Gravel 000'm³	Au grade (g/m³)	Au Metal (t)	Au Metal (koz)
INDICATED RESOURCES				
Lower Buor Creek	133	0.6	0.1	2.2
Hayunda and Chohcho creek	426	1.5	0.6	20
Upper Kagkan and Chudnyy	202	1.0	0.2	6.2
Kurun-Uryakh Creek – p. Iotkan	3,894	0.4	1.6	51.0
Total Indicated Resources	**4,655**	**0.54**	**2.5**	**79.4**
INFERRED RESOURCES				
Lower Buor Creek	9	1.3	0.01	0.4
Creek Dzhemkiye	8	2.9	0.02	0.7
Total Inferred Resources	**17**	**2.1**	**0.03**	**1.1**
Total Resources	**4,672**	**0.5**	**2.5**	**80.5**

NOTE 2

- Mineral Resources presented in Table 3 include the Hard rock Ore Reserves shown in Table 1.
- Tonnages and metal content have been rounded to the nearest 0.1 Mt, 0.1 t and koz.
- Perevalnoe complex: Heap leaching cut-off grade of 0.5 g/t; CIP cut-off grade of 3.1 g/t.
- Gold price for Yubileyniy and Perevalnoe – 1,500 USD/oz
- The Open pit resource reports material falling into a final pit design above the level of 1,080 m.

Malyutka deposit: The Resource statement reports material falling into a final pit design based upon the following assumptions:
- Mining cost ore 1.74 USD/t
- Mining cost waste 1.67 USD/t
- Mining losses 18.8%
- Mining dilution 19.4%
- Ore processing fixed cost 7.5 USD/t
- General and Administration 6.67 USD/t ore
- Royalty 6%
- Gold price 1,200 USD/oz
- Silver price 17.5 USD/oz
- Cut-off grade 0.4 g/t
- Silver processing fixed recovery 10%

Yubileyniy complex: Krasivoe deposit: underground cut-off grade of 2.5 g/t;

Yubileyniy complex: Ulun deposit:
- The Resource statement reports material based upon the following assumptions:
  - Gold price 1,500 USD/oz
  - Process recovery 87%
  - Processing cost 36 USD/t
  - Cut-off grade 2.3 g/t Au
- Mineral Resources presented include Ore Reserves
- Mineral resources are estimated based on the Russian Statutory 5GR inventory reporting

KRASNY

TABLE 5. MINERAL RESERVE STATEMENT FOR THE KRASNY GOLD DEPOSIT, IRKUTSK REGION, RUSSIA, MICON INTERNATIONAL, 18 FEBRUARY 2018 (3)

JORC Reserves	Ore type	Tonnage (kt)	Au grade (g/t)	Au (kg)	Au (koz)
KRASNY					
Probable	Oxide	3,031	1.06	3,203	103
	Transition	2,536	1.02	2,598	84
	Primary	1,775	1.24	2,198	71
Total probable		**7,342**	**1.09**	**7,999**	**257**

NOTE 3

- Reserves stated as contained within an economically minable open pit stated above a 0.4 g/t Au cut-off;
- Pit optimization is based on an assumed gold price of USD 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 USD 1.38/t for waste mining, USD 1.82/t for ore mining, USD 6.95/t for ore processing, and G&A costs are USD 5.54/t at a 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 up due to rounding;

TABLE 6. MINERAL RESOURCE STATEMENT FOR THE KRASNY LICENSE AREA (INCLUDING MINERAL RESERVES), IRKUTSK REGION, RUSSIA, MICON INTERNATIONAL, FEBRUARY 18, 2018 (4)

Category	Ore type	Tonnage (kt)	Au grade (g/t)	Au (kg)	Au (koz)
KRASNY					
Indicated	Oxide	2,871	1.17	3,372	108
	Transition	2,424	1.14	2,770	89
	Primary	2,244	1.29	2,904	93
Indicated total		**7,539**	**1.20**	**9,045**	**291**
Inferred	Oxide	582	0.95	555	18
	Transition	732	1.62	1,185	38
	Primary	17,201	2.07	35,631	1,146
Inferred total		**18,515**	**2.02**	**37,371**	**1,202**
VOSTOCHNY					
Inferred		6,689	1.57	10,537	339
Grand total		**32,743**		**56,953**	**1 832**

NOTE 4

- 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 the Ore Reserves estimated;
- Resources stated as contained within a potentially economically minable open pit stated above a 0.4 g/t Au cut-off;
- Pit optimization is based upon an assumed gold price of USD 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 USD 1.38/t for waste mining, USD 1.82/t for ore mining, ISD 6.95/t for processing, and G&A costs are USD 5.54/t;
- Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add up due to rounding;
- Mineral resources presented in Table 6 include the reserves shown in Table 5.

DEFINITIONS AND GLOSSARY

ALTERNATIVE PERFORMANCE MEASURES

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures. The alternative key financial performance indicators are defined as financial measures of historical or future earnings trends, financial position, financial performance, or cash flows that are not defined or specified in the applicable regulations for financial reporting, IFRS, and the Annual Accounts Act. These measures should not be regarded as a substitute for measures defined in accordance with IFRS.

If an alternative performance measure cannot be identified directly from the financial statements, a reconciliation is required.

DEFINITIONS OF KEY RATIOS	
All-in sustaining costs (AISC)	All-in sustaining costs (AISC) are defined as TCC plus corporate, general and administrative expenses, provision for mine closure, rehabilitation and decommissioning costs, sustaining exploration, sustaining capital expenditures, and sustaining lease payments less amortization and depreciation related to corporate, general and administrative expenses, and exploration impairment losses. AISC per ounce sold is calculated as AISC divided by the total gold equivalent ounces of gold sold for the period.
Earnings per share	Earnings per share comprises consolidated earnings for the period (profit after tax from continuing and discontinued operations) attributable to the Parent Company shareholders, divided by the weighted average number of outstanding shares during the period and excluding treasury shares. Diluted Earnings per share is earnings per share adjusted to reflect the effects of potential dilutive ordinary shares, which constitute shares and options.
EBITDA	Earnings before interest, taxes, depreciation, and amortization is a non-IFRS metric and is defined by the Group as profit for the period before income taxes adjusted for depreciation, amortization and impairment, finance income, finance cost, (gain)/loss on revaluation of derivative financial instruments, foreign exchange (gain)/loss, (gain)/loss on disposal or revaluation of investments in subsidiaries and associates, (gain)/loss on (reversal of impairment)/impairment of property, plant and equipment, write-downs and reversals of inventory to net realizable value, bad debt allowance, share-based compensation expenses, charity expenses, and other one-off adjustments that may be required to provide a clearer view of the performance of the Group's operations. EBITDA is used to measure earnings from operating activities, independent of depreciation, amortization, and impairment losses.
EBITDA margin	EBITDA margin is defined by the Group as EBITDA divided by revenue. The EBITDA margin is used to compare EBITDA in relation to revenue and is a measurement of a company's operating profitability as a percentage of its total revenue.
Equity	Equity includes all capital and reserves of the Group that are managed as capital. Equity of the Group comprises issued capital, share premium, reserve for translation to presentation currency, retained earnings, and non-controlling interests.
Equity per share	Equity at the end of the period divided by the number of shares outstanding at the end of the period.
Net debt	Net debt of the Group comprises long-term and short-term interest-bearing liabilities and lease liabilities (excluding derivatives) after deducting cash and cash equivalents.
Net debt/ EBITDA	Net debt/EBITDA is defined by the Group as Net debt divided by EBITDA.
Total Cash Costs (TCC)	Total cash costs (TCC) are defined as the cost of gold sales, less depreciation of property, plant and equipment, amortization, intangible assets, allowance for obsolescence of inventory and provision for mine closure, rehabilitation and decommissioning costs. TCC per ounce sold is calculated as TCC divided by the total gold equivalent ounces of gold sold for the period.
Total number of shares outstanding	Number of shares outstanding at the end of the period.
Weighted average number of shares	The weighted number of shares outstanding during the year is calculated by taking into account any changes in the number of shares outstanding during the reporting period.

INDUSTRY SPECIFIC DEFINITIONS AND GLOSSARY (IN ACCORDANCE WITH JORC)

Alluvial gold	Mineralization in riverbeds at ground level.
Cut-off	The lowest grade, or quality, of mineralized material that qualifies as economically mineable and available in a given deposit. Cut-off may be defined on the basis of economic evaluation, or on physical or chemical attributes that define an acceptable product specification.
Doré bars	Unrefined gold bullion containing mostly silver and gold.
Flotation	Part of the enrichment process in which chemicals are used to significantly increase the concentration of valuable minerals.
GKZ	The Russian State Committee on Mineral Reserves. The state authority responsible for the registration and approval of mineral resource and ore reserve estimates.
JORC	Approved standard set by the Australian Joint Ore Reserve Committee (JORC) for the calculation and reporting of mineral resources and ore reserves.
Mineralization	Any single mineral or combination of minerals occurring in a mass or deposit, of economic interest. The term is intended to cover all forms in which mineralization might occur, whether by class of deposit, mode of occurrence, genesis, or composition.
Mineral Resource	Is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity, and other geological characteristics of a Mineral Resource are known, estimated, or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Ore (or Mineral) Reserve	Is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at the Pre-Feasibility or Feasibility stage as appropriate, that include the application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.
Open pit	Type of mine where superficial deposits are mined above ground.
Recovery	The percentage of material of initial interest that is extracted during mining and/or processing. A measure of mining or processing efficiency.
tpa/ktpa	tons per annum/thousand tons per annum
Troy ounce (oz)/koz/Moz	Weight measure for gold corresponding to 31.1035 grams /thousand oz/million oz.

FINANCE DEFINITIONS

SEK/TSEK/MSEK	Swedish krona/Thousand Swedish krona/Million Swedish krona
USD/TUSD/MUSD	US Dollar/Thousand US Dollar/Million US Dollar
RUB/TRUB/MRUB	Russian ruble/Thousand Russian rubles/Million Russian rubles

Information to shareholders

Calender

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Annual General Meeting

The 2021 Annual General Meeting of Kopy GoldfieldsAB (publ) will be held on Thursday 27 May 2021. Due to the Covid-19 pandemic, the meeting will be carried out only through advance voting (postal voting) pursuant to temporary legislation. It will not be possible to attend the meeting in person or by proxy.

Advance voting

The shareholders may exercise their voting rights at the meeting only by voting in advance, through so-called postal voting in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations.

Shareholders who wish to participate in the general meeting through advance voting must:

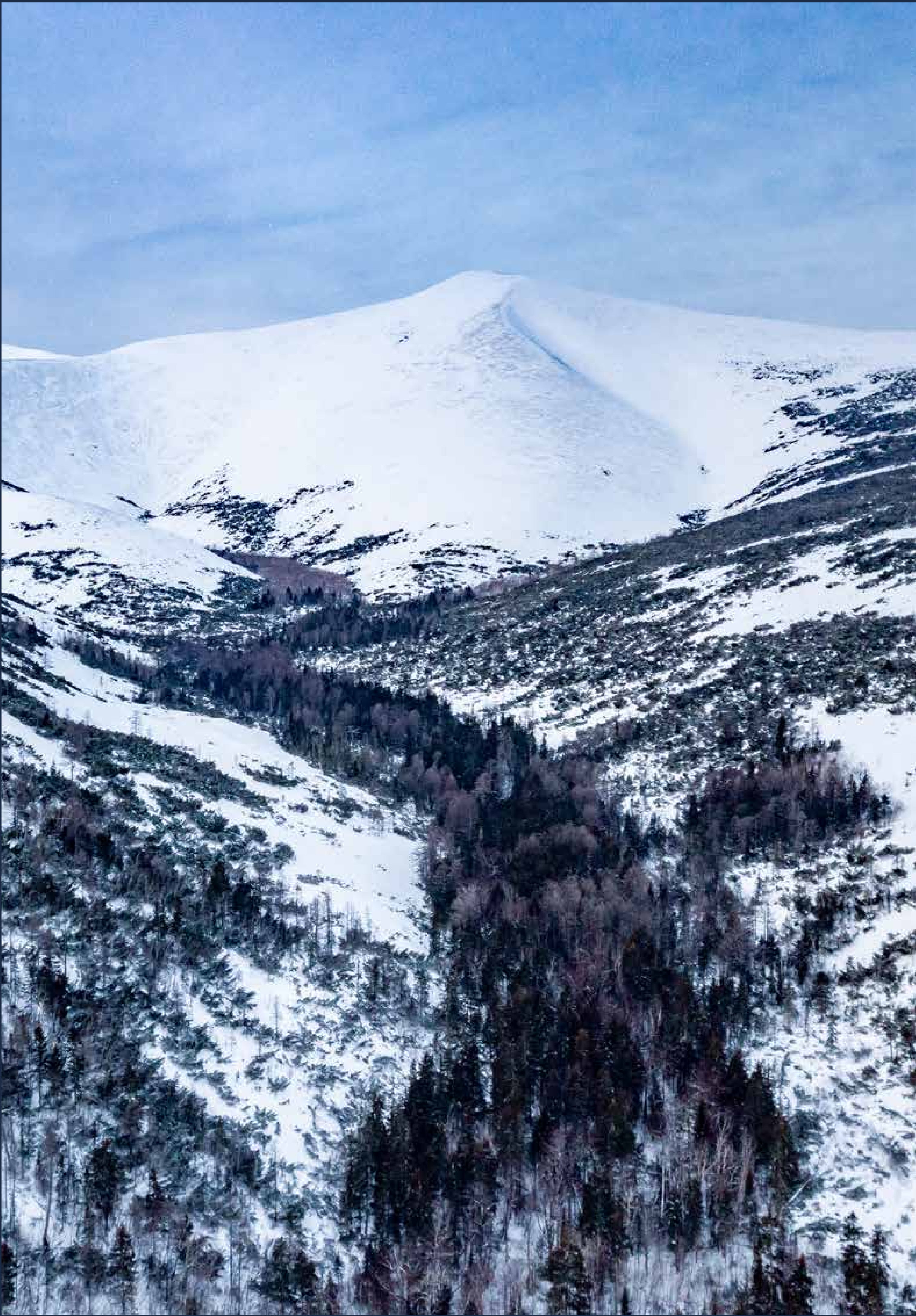
- be registered in the share register maintained by Euroclear Sweden AB on the record date, which is Wednesday 19 May 2021, ; and
- notify the company of their intention to participate in the general meeting by casting their advance votes so that the advance voting form is received by the company no later than Wednesday 26 May 2021.

More information regarding the requirements for participating at the Annual General Meeting can be found in the notice for the Annual General Meeting.

A special form shall be used for advance voting. The form and further instructions are available on Kopy Goldfields' website, www.kopygoldfields.com. The advanced voting form is considered as the notification of participation at the meeting.

Information on the resolutions passed at the Annual General Meeting will be disclosed on 27 May 2021, as soon as the outcome of the advance voting has been confirmed.

Production: Addira in collaboration with Kopy Goldfields • Printing: BrandFactory



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