

Kopy Goldfields AB (publ)
Press release 15/2016
Stockholm, August 25, 2016

KOPY GOLDFIELDS AB (publ) **Half Year Report January – June 2016**

Financial information half year 2016

- The Company does not yet report any revenue
- Net income MSEK -3.3 (0.1)
- Earnings per share before and after dilution SEK -0.06 (0.00)
- Total cash flow of MSEK 7.7 (1.6)
- Investments in exploration work and licenses MSEK 0.1 (0.6)
- Cash and cash equivalents amounted to MSEK 9.1 (2.7) at period end

Significant events during January – June 2016

In February 2016, a short term loan of MSEK 3 was converted into shares

- In total, 5,454,545 new shares were issued by converting a debt of SEK 2,999,999.75 at the subscription price of 0.55 SEK/share. The share capital was increased by SEK 2,073,934.09 to SEK 22,775,080.27 and the number of shares amount to 59,899,541 following the share issue.

On March 30, 2016, the formal approval of a mineral reserve report for the Krasny deposit was received by the Russian authorities.

- The report was prepared in accordance with the Russian GKZ regulations, and confirmed gold reserves of 9.767 tons (314 koz) in the C2 category. The project was recommended for development into production.
- The Krasny mineralization was classified as a “gold deposit” and the Company was graded as a “pioneer discoverer” in Russia.

In April 2016, a conditional consideration was received and a short term loan was repaid

- On April 21, 2016 the Company received a conditional consideration of MUSD 2 from GV Gold in accordance with the joint venture agreement and at the same time, the short term interest bearing loan of MSEK 3.3 from five shareholders was repaid. The Company is now debt free.

In May 2016 a new positive scoping study was announced for the Krasny deposit

- The scoping study was performed by Irgiredmet engineering consultancy and included all exploration results until and including Stage 2 of the exploration program.
- The study evaluated gold production from the Upper structure only and confirmed feasibility of Krasny mine development with a total undiscounted free cash flow of USD 94 million at a fixed gold price of 1,100 USD/oz and estimated total production costs of 475 USD/oz.

In May 2016 a JORC mineral resource update was announced for the Krasny deposit

- The updated JORC mineral resource estimate was issued by Micon International Co Limited and was based on the exploration data acquired until January 2016 and covered both the Upper and Lower mineralization.
- It shows 288,000 oz of Indicated mineral resources (7,848,000 tons of rock at an average grade of 1.141 g/t Au) and 667,000 oz of Inferred mineral resources (12,324,000 tons at an average grade of 1.682 g/t Au) within an economically minable open pit.

Comments from CEO

Dear shareholders,

We started 2016 from a solid foundation thanks to the efforts and money invested in previous years. Our flagship project – Krasny – is quickly moving towards construction and production, while our other projects – Northern Territories and Kopylovskoye – after being idle for several years, now return into development. The background is growing gold prices, booming shares of gold mining companies and general recovery of the investment climate in Russia. We seem to be in the right industry and in the right momentum and we are now fully prepared to join the ride.

After three months of detailed reviews, the mineral reserve report for the Krasny deposit, prepared in accordance with the Russian Statutory Reserve Committee reporting regulations, was formally approved by the Russian Federal Agency on Subsoil Usage on March 30, 2016. The report classifies the Krasny mineralization to be a deposit with total ore reserves in the C2 category of 6,317 ktons with an average grade of 1.55 g/t, which makes 9,767 kg of gold (314 koz). The report is based on geological data acquired before January 2015 and does not include the 2015 drill results and covers the Central Upper mineralization only. We are very happy with this outcome as we now have a legal right to produce gold from Krasny and we have also become pioneer gold discoverers, which is something that every exploration company seeks to achieve but which rarely happens in the real world. Following the GKZ reserve approval, in accordance with the Krasny Joint venture agreement, we received a conditional consideration of USD 2 million from GV Gold which significantly strengthened our cash position. Overall, our relations with GV Gold develop very successfully and we see GV Gold as an experienced and reliable partner to develop the Krasny project with into production.

In parallel with the GKZ reporting, in Q1 2016, we received a new scoping study for Krasny done by Irgiredmet, one of the top mining engineering companies in Russia. This study was based on the exploration results until and including Stage 2 of the exploration program. The study evaluated gold production from the Upper structure only and confirmed feasibility of Krasny mine development with a total undiscounted free cash flow of USD 94 million at a fixed gold price of 1,100 USD/oz and estimated total production costs of 475 USD/oz.

By the end of May 2016, we announced an updated JORC mineral resource estimate for the Krasny deposit made by Micon. This report was based on the exploration data acquired until January 2016 and covered both the Upper and Lower mineralization. The report shows a total of 955,000 oz of gold within an economically minable open pit and leaves part of the Krasny gold mineralization outside as it cannot be produced with profit at the current gold price and operating costs. However, this part of the gold mineralization that is currently left outside of the open pit would become minable if the market conditions improve (the Micon report was based on the 1200 USD/oz gold price and we see strong increase in gold price since the beginning of the year). Although the total of the new resources is somewhat lower than the previous reported in 2013, they are more reliable and robust as they are based on more drilling information and reflect the current market conditions. Even if we have seen a 30% gold price decrease between 2013 and 2016, Krasny proves to be a solid 1 Moz gold deposit. We see a lot of potential to further increase resources along the strike, to the depth and within parallel mineralized structures, and as an example, we reported a discovery of the Krasny North mineralization in the recent operational updates this year.

Backed by these positive investment reports, we commenced the 2016 exploration program for Krasny which is focused on finalizing the mineral processing technology tests and developing the flow chart. The program also includes in-fill drilling of the Lower mineralization and some exploration around the Krasny license area to estimate the total resource potential for the area before making the decision to proceed to mine development by the end of 2016. Based on internal calculations, the Irgiredmet scoping study and the GKZ and JORC reports, we see that the minable gold resources in the Upper mineralization seem to be enough to commence profitable mining operations. However, we wish to have more certainty over the Lower mineralization (convert from Inferred into Indicated) to be able to model the future production. We also have some concerns over the optimal mineral processing technology which shall be able to efficiently address both the oxidized rock from the Upper mineralization and the primary rock from the Lower mineralization. These two issues will be covered in detail by the current 2016 exploration program.

On top of Krasny, we commenced some modest operations on the Northern Territories and Kopylovskoye projects. The Northern territories project is very similar in geology to the closely located Sukhoy Log deposit which is an undeveloped 60 Moz, state owned deposit which is expected to be privatized soon. We believe that with the returning investor interest in gold mining industry and potential sale of the Sukhoy Log deposit, our

Northern Territories project can easily become an exploration diamond in the area attracting attention of all coming and existing players in the region.

We have commenced Stage 1 of the prospecting program on the Northern Territories project which include covering the total 1,852 km² license area with a geochemical stream sedimentary survey. The 2016 exploration program will generate 20-26 targets for the next stage exploration, which will be a detailed geochemical and geophysical survey followed by trench sampling, drilling and mineral processing tests. We believe that with a 3 years' exploration program, we would have very good chances to identify 2-5 gold deposits within the Northern Territories project, each with more than 1 Moz of bedrock gold.

Within the Kopylovskoye project, we target to renew exploration and mining permits for the license in order to update and extend the license terms and potentially run a bulk sample test to confirm the grades and volume of mineralization. The work is ongoing and we have filed all necessary documents and expect to have the relevant permits and extended license terms in place during the coming months.

On behalf of Kopy Goldfields, I thank you for your interest and support of the company. Our management team will put all efforts in developing the company towards production on Krasny and new exiting discoveries on other projects.

With best regards,

Mikhail Damrin, CEO

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This information is information that Kopy Goldfields AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8:45 CEST on August 25, 2016.

About Kopy Goldfields AB

Kopy Goldfields AB (publ), listed at NASDAQ First North in Stockholm is a gold exploration and production company operating in one of the most gold rich areas in the world; Lena Goldfields, Bodaibo, Russia. The company holds 11 bedrock exploration- and production licenses and one alluvial license covering in total 1,963 sq km, of which the Krasny licenses (bedrock and alluvial) are held 49% by the company. The preliminary forecast is to be in production in 2018. The target for Kopy Goldfields is to become a near-term gold producer in cooperation with a producing partner under JV agreement.

Kopy Goldfields AB applies International Financial Reporting Standards (IFRS), as approved by the European Union. Aqurat Fondkommission acts as Certified Adviser, contact number: +46-8-684 05 800.

The Share

Ticker: KOPY

www.nasdaqomxnordic.com/firstnorth/

Outstanding shares: 59,899,541