

Kopy Goldfields AB (publ)
Press release 5/2015
Stockholm, March 26, 2015

KOPY GOLDFIELDS AB (publ)

Year End Report January – December 2014

Financial information July – December and full year 2014

- The Company does not yet report any revenue
- Net income MSEK 26.1 (-61.2), full year MSEK 13.0 (-66.6)
- Earnings per share before and after dilution SEK 0.86 (-2.14), full year SEK 0.43 (-2.51)
- Total cash flow of MSEK -1.3 (0.9), full year MSEK -1.3 (-8.9)
- Investments in exploration work and licenses MSEK 0 (7,0), full year 1,9 (19,4)
- Cash and cash equivalents amounted to MSEK 1.1 (2.5) at period end
- The Board of Directors proposes that no dividend is paid

Significant events during July – December 2014

On August 12, 2014, Kopy Goldfields entered an agreement with the Russian gold producer GV Gold to take the Krasny project further towards production in a Joint Venture-deal. GV Gold earns 51% of the Krasny license by investing up to USD 9 million.

- Upon completion of the agreement, GV Gold paid a cash consideration of MUS\$ 1 to Kopy Goldfields and invested 3 MUS\$ into step 1 (of 2 steps) of a new exploration program.
- The total exploration program is scheduled for 18 months including the reserve reporting in accordance with both the Russian GKZ classification and the international JORC standard. Kopy Goldfields provides exploration support services for the Project, including core logging, data base management, deposit modelling and general planning of the exploration process.
- Exploration program Stage 1 was completed on schedule in November 2014 and all exploration targets were exceeded. Based on the internal resource calculation following the Exploration stage 1 completion, both grade and gold resources have increased; and also new mineralized intervals discovered increase the upside potential. Mineralization is still open to both ends along strike and to depth. Due to the Ruble depreciation, the exploration costs are far below budget.
- In March 2015, GV Gold formally announced their decision to continue to step 2 in the exploration program by investing another MUS\$ 3. The targets of Stage 2 exploration will be to proceed with feasibility study including drafting and filing a reserve report both under Russian GKZ and JORC requirements that shows at least 9 tons of gold (approximately 300 koz) and to increase resources further by drilling along the strike, which is left open both to the East and to the West after Stage 1.
- The agreement with GV Gold also includes an additional consideration payment of MUS\$ 2 in the event of successful exploration program.
- In connection with this deal, Kopy Goldfields has established two new subsidiaries – AB Krasny Gold Fields, registered in Sweden, and Bodaibo Holding Ltd, registered on Cyprus.
- According to accounting rules, the Krasny project shall be accounted for according to the equity method as a joint venture on a separate line on the Balance sheet, initially valued to fair value as per transaction date. As a consequence, the profit and loss statement shows other income of MSEK 37.0. On the Balance sheet, as per year end, investments in joint ventures amount to MSEK 72.1, after a loss from joint ventures of MSEK 5.5 for the period August – December 2014, as well as translation differences. The cash flow effect from the transaction amounts to MSEK 6.2 and is included in cash flow from investing activities.

The Extra General Meeting, held on December 17, 2014, resolved to reduce the share capital without redemption of shares. Further, it was resolved to issue shares with preferential rights for existing shareholders.

- The reduction of share capital was registered by the Swedish Companies Office in February 2015.

- The share issue was finalized and registered in January – February 2015 and all effects of the share issue will be accounted for during the first half year 2015.

Significant events during 2014

- In February 2014, the Company received the remaining part of the sales amount from the sale of the subsidiaries LLC Kavkaz Gold and LLC Prodolny amounting to MSEK 8.3. In connection with this, a short term loan of MSEK 3.0 was repaid and the pledge was released.
- In the end of April 2014 Kopy Goldfields raised a short term loan of MSEK 3.0 with repayment date on April 30, 2015 and the lender has the right to convert the loan into shares at a subscription rate of 1.30 SEK/share. This loan was renegotiated in March 2015 and the new repayment date is April 29, 2016 and the lender has the right to convert the loan into shares at a subscription rate of SEK 0.55 per share.
- The application for return of two prospecting licenses, Purpolskaya och Verkhnyaya Orlovka, to the Russian state was confirmed in January 2014 and the licenses were returned. The return of the licenses did not have any negative impact on the cash flow. The application was filed in 2013 and the impact on the profit and loss was recorded in the Group accounts during 2013.

Significant events after the reporting period

- In January 2015 the preferential rights issue was finalized and 24,586,547 shares were subscribed to a value of MSEK 10.9. The share issue was registered by the Swedish Companies Registration Office in February, 2015.
- In March 2015, GV Gold announced that they proceed according to the joint venture agreement of the Krasny license by investing another MUSD 3.0 for stage 2 of the ongoing exploration program. This confirms the expectations of taking the Krasny license into production.
- In March 2015, the Company renegotiated the MSEK 3.0 loan and the new repayment date is April 29, 2016 and the lender has the right to convert the loan including accrued interest into shares at a subscription rate of SEK 0.55 per share.

Comments from CEO

Dear shareholders,

During the second half of 2014, Kopy Goldfields focused all activities on developing the Krasny project and building relations with our new Joint Venture partner GV Gold.

The exploration program for the Krasny project was commenced in July 2014 upon signing the Joint Venture agreement with GV Gold. The Program was split into two stages and from July until the end of December 2014, Stage 1 exploration activities were developed. With Kopy Goldfields serving as the operator of the project, 51 drill holes were completed, amounting to 7,916 meters of core drilling, and 1,712 meters of exploration trenches were excavated. In addition, engineering and metallurgical processing tests, which are essential for the coming reserve reporting, were initiated.

We are very happy with the positive exploration results from Stage 1: the new data strongly confirm and improve the existing geological model which served as a basis for the previous scoping study and for GV Gold's investment. During the exploration we discovered new mineralized intervals which increase the upside potential and the mineralization is also left open along strike to both ends.

Following the good results and in accordance with our expectations, we have recently received a confirmation from GV Gold to invest into Exploration Stage 2 which is scheduled to commence in April. This stage will preliminary last until the end of Q3 2015 and will be finalized with a reserve report both under the JORC and Russian GKZ formats. Exploration Stage 2 is fully financed by GV Gold. Undoubtedly, this decision of GV Gold to proceed to Stage 2 and spend additional MUSD 3 for the project strongly confirms our targets of reaching 280 koz (9 tons) of gold reserves by the end of Stage 2 and to take the project into production.

Due to the weakening Ruble, the exploration costs are far lower than budget. As of today, the Stage 1 was completed with a big surplus and we expect the same for the Stage 2. This will leave us with funds to proceed

with Feasibility Studies and permitting process in parallel with exploration activities of Stage 2. The first production from the Krasny deposit is targeted for 2017.

Among the other activities, we proceeded with costs optimizations and reductions. We reduced overhead expenditures for the Group by 14 % in 2014 compared to 2013. As an operator for the Krasny project, we receive management fees for the services provided to the Joint Venture and this fee covers most of our Bodaibo overhead costs.

We see timid signs of return of interest in the mining industry for the exploration activities. We proceed looking for a partner to commence exploration on our exciting Northern Territories project targeting bedrock gold in the northern part of the Bodaibo area.

Coming to the geopolitical tensions between Russia and the West over the Ukraine and Crimea, we hope that this will be resolved in the near future. It will obviously not be solved overnight; however we hope that the worst days of the conflict are already in the past. We are also monitoring the sanctions towards Russia to ensure not to get involved in any business relationship that is affected by the sanctions.

I would like to thank shareholders and other stakeholders for your support and interest during the year. We look at the future with confidence and hope that you continue to join Kopy Goldfields on the exiting journey.

With kind regards,

Mikhail Damrin

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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 on 1,963 sq km. The target for Kopy Goldfields is to create value by identifying and acquiring high potential gold projects, prospect and explore them until the stage when it can be either sold out for cash or developed in cooperation with another 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

<http://www.nasdaqomxnordic.com/shares/microsite?Instrument=SSE77457>

Outstanding shares: 54,444,996