

Kopy Goldfields AB (publ)
Press release 11/2016
Stockholm, May 26, 2016

Krasny project JORC resources update: 955 000 oz of gold at 1,200 USD/oz gold price

Kopy Goldfields AB (publ) (“Kopy Goldfields” or the “Company”) is happy to announce an updated JORC mineral resource estimate for the Krasny deposit. The updated estimate is issued by Micon International Co Limited (“Micon”) and 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. The current resource estimation increases the quality of gold resources and Indicated resources now represent 30% of the total mineral resources reported, compared to 15% in the previous JORC report from 2013. The current estimation does not include the recent drill results acquired since January 2016.

The mineral resource estimate was done by Michael Khoudine, M.Sc senior mining engineer for Micon using a resource block model created by Evgeny Kondratiev, M.Sc., MAusIMM (CP), senior exploration geologist for Micon. This estimate was prepared by Micon in accordance with the JORC Code for reporting of Mineral Resources (see Table 1 and Appendix 1 for details).

Table 1. Mineral Resource Statement for the Krasny Gold Deposit, Irkutsk Region, Russia, Micon International, May 23, 2016*

Category	Ore (kt)	Au grade (g/t)	Au (kg)	Au (koz)
Indicated	7 848	1,141	8 958	288
Inferred	12 324	1,682	20 732	667

*Notes:

- Mineral Resources are not Mineral 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 Mineral Reserves estimate;
- Resources stated as contained within a potentially economically minable open pit stated above a 0.4g/t Au cut-off for the oxide ore and above 0.3g/t Au cut-off for the primary ore;
- Pit optimization is based on an assumed gold price of \$1,200/oz, metallurgical recovery of 90% for primary ore and 79% for oxide ore. Used cost values are \$2.36/m³ for waste mining, \$1.10/t for ore mining and a processing and G&A cost is \$7.95/t;
- Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding;
- Mineral resource tonnage and grade are reported as diluted to reflect a potentially minable bench height of 10 m.

As a follow-up to this press release, a detailed JORC-compliant Technical Memorandum on Resources will be prepared by Micon for the Krasny deposit and published on the Company’s website.

This mineral resource estimate is an update of the previous JORC resource estimate of the Krasny deposit that was released on March 26, 2013. Since then, an intense exploration program (Stage 1 and Stage 2) developed by the Company in cooperation with GV Gold during 2014-2015. While the previous resource estimate was based on 15,297 meters of core drilling, 1,362 meters of trench

sampling and one mineral processing test; the current estimate is the result of totally 31,195 meters of core drilling, 2,822 meters of trench sampling and 4 mineral processing tests. During the 2015 mineral processing test, it was discovered that the Krasny deposit has two types of ore – oxidized and primary – with different gold recovery ratios, which is now reflected in the new resource estimation. In addition, the previous resource estimate was based on an assumption of a gold price of 1,670 USD/oz, while the current estimate is based on the market price of 1,200 USD/oz.

Earlier this year, Kopy Goldfields also reported mineral resources and reserves in accordance with the Russian GKZ reporting provisions (“GKZ report”) of total ore reserves under the C2 category of 6,317 ktons with an average grade of 1.55 gr/t, that makes 9,767 kg of gold (314 koz). This GKZ report was developed on the exploration data acquired before January 1, 2015 (not including 7,551 meters of core drilling during 2015) and was limited to the Central Upper part of Krasny mineralization. JORC and GKZ reports, although using similar basic geological principals of resource calculation, are drafted under different framework and reporting procedures and therefore usually provide different estimations of resources and particularly reserves, which in turn means that the outcome from the JORC report will not necessarily be the same as from the GKZ report.

Mikhail Damrin, CEO of Kopy Goldfields, commented the results: “We are very pleased with the results reported by Micon as they are in line with our own internal modelling of Krasny. We have always believed that the Lower structure would be minable despite the decrease in gold prices since 2013 and we are now glad to receive another confirmation for that. Although the new estimate shows a total amount of gold resources somewhat lower than the previous one reported in 2013, it is based on more drilling data and reflects the current market conditions that make it more reliable and robust. The new estimate shows increase in quality of gold resources with a higher ratio of Indicated resources than before. Tested by a 30% fall in gold prices since 2013, Krasny proved to be a solid 1 Moz gold deposit and we still see a lot of potential to further resource increase along the strike, to the depth and within parallel mineralized structures, all within the Krasny license boundaries”.

Evgeny Kondratiev of Micon, commented the Krasny resource report: “The quality of the exploration work done on the Krasny project in general follows both Russian and JORC recommendations on QA/QC. We did not report Measured Resources for Krasny at the current stage for the same reason that we do not usually report Measured gold resources at the exploration stage. This category requires a high level of confidence in, and understanding of, the geological properties and controls of the mineral deposit. Gold mineralization as a rule (and Krasny fills in) has un-uniform gold grade distribution and variable thickness of ore bodies, so the geological and grade continuity of mineralized zones cannot be confidently interpreted. Although we report resources within the minable open pit and we believe that Krasny resources are potentially minable, we cannot report them as Reserves because Ore Reserves can be defined only by studies at Pre-Feasibility or Feasibility level. It is our further task during which additional research on the mineral processing parameters, geotechnical and hydrogeological characteristics is required. We understand that the coming exploration program on Krasny is going to address most of them. Overall, we have a positive view on the Krasny project development and we believe that the project has all possibilities to be taken into production.”

For more information, please contact:

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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 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

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

Outstanding shares: 59,899,541

Appendix 1 – Tables and conclusion of the report

Table 1. Mineral Resource Statement for the Krasny Gold Deposit, Irkutsk Region, Russia, Micon International, May 23, 2016*

Category	Grade class	Ore (kt)	Au (g/t)	Au (kg)	Au (koz)
Oxide					
Indicated	0.0 -> 1.0	2 912	0,670	1 950	63
	1.0 -> 2.0	1 864	1,363	2 542	82
	2.0 -> 3.0	450	2,413	1 086	35
	3.0 -> 4.0	129	3,364	434	14
	4.0 -> 5.0	28	4,446	124	4
	5.0 -> 200.0	19	6,006	111	4
Sub Total		5 402	1,157	6 247	201
Inferred	0.0 -> 1.0	790	0,624	493	16
	1.0 -> 2.0	256	1,480	379	12
	2.0 -> 3.0	84	2,352	197	6
	3.0 -> 4.0	11	3,369	38	1
	4.0 -> 5.0	6	4,347	28	1
	5.0 -> 200.0	3	5,851	18	1
Sub Total		1 150	1,002	1 153	37
Grand Total		6 552	1,129	7 400	238
Primary					
Indicated	0.0 -> 1.0	1 530	0,617	945	30
	1.0 -> 2.0	617	1,404	867	28
	2.0 -> 3.0	218	2,397	524	17
	3.0 -> 4.0	47	3,429	162	5
	4.0 -> 5.0	5	4,313	22	1
	5.0 -> 200.0	28	6,720	191	6
Sub Total		2 447	1,108	2 710	87
Inferred	0.0 -> 1.0	3 733	0,596	2 224	72
	1.0 -> 2.0	4 074	1,449	5 904	190
	2.0 -> 3.0	1 751	2,414	4 226	136
	3.0 -> 4.0	760	3,527	2 683	86
	4.0 -> 5.0	451	4,447	2 005	64
	5.0 -> 200.0	404	6,278	2 537	82
Sub Total		11 174	1,752	19 580	630
Grand Total		13 620	1,637	22 290	717
Total					
Indicated	0.0 -> 1.0	4 442	0,652	2 895	93
	1.0 -> 2.0	2 482	1,373	3 408	110
	2.0 -> 3.0	669	2,407	1 610	52
	3.0 -> 4.0	176	3,382	596	19
	4.0 -> 5.0	33	4,425	146	5

	5.0 -> 200.0	47	6,438	302	10
Sub Total		7 848	1,141	8 958	288
Inferred	0.0 -> 1.0	4 523	0,601	2 717	87
	1.0 -> 2.0	4 331	1,451	6 283	202
	2.0 -> 3.0	1 835	2,411	4 424	142
	3.0 -> 4.0	772	3,525	2 721	87
	4.0 -> 5.0	457	4,446	2 033	65
	5.0 -> 200.0	407	6,275	2 555	82
Sub Total		12 324	1,682	20 732	667
Grand Total		20 172	1,472	29 690	955

The mineral resource estimate was performed by Michael Khoudine, M.Sc using a resource block model created by Evgeny Kondratiev, M.Sc., MAusIMM (CP) of Micon.

***Notes:**

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- Resources stated as contained within a potentially economically minable open pit stated above a 0.4g/t Au cut-off for the oxide ore and above 0.3g/t Au cut-off for the primary ore;
- Pit optimization is based on an assumed gold price of \$1,200/oz, metallurgical recovery of 90% for primary ore and 79% for oxide ore. Used cost values are \$2.36/m³ for waste mining, \$1.10/t for ore mining and a processing and G&A cost is \$7.95/t;
- Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding;
- Mineral resource tonnage and grade are reported as diluted to reflect a potentially minable bench height of 10 m.

Gold grade estimation was conducted using method of inverse distance weighing (IDW3), with the estimate constrained within gold grade shapes constructed at a nominal 0.3 g/t Au cut-off. Gold grades were estimated using a combination of core and surface trench sample data. Micon has performed an independent verification of a portion of the electronic database provided by Kopy Goldfields, and has concluded that it is suitable for use in resource estimation. The basis for this resource estimate is a three dimensional block model with a block size of 20m x 10m x 5m. The mineral resource is constrained by a potentially economically minable open pit.

Competent Person Statement

Information in this release that relates to Resource Estimation Results are based on information prepared by Evgeny Kondratiev, M.Sc., MAusIMM (CP) who a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Micon. Mr. Kondratiev has sufficient experience which is relevant to the style of mineralization and type of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Kondratiev consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

Appendix 2 – Initial JORC resource estimate for Krasny deposit

Table 2. Mineral Resource Statement for the Krasny Gold Deposit, Irkutsk Region, Russia, OOO Miramine, March 25, 2013*

Cut off grade, g/t	Resource Category	Million Tons	Au Grade (g/t)	Contained Au (tons)	Contained Au (Moz)
0.8	Measured	0	0	0	0
	Indicated	4.3	1.53	6.6	0.21
	Inferred	22.5	1.60	36.1	1.16

The mineral resource estimate was performed by Alexey Nikandrov, MSc, MAIG of OOO Miramine.

***Notes:**

- Mineral Resources are not Mineral 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 Mineral Reserves estimate.
- Resources stated as contained within a potentially economically minable open pit stated above a 0.311 g/t Au cut-off.
- Pit optimization is based on an assumed gold price of US\$1,670/oz, metallurgical recovery of 93% and a processing cost of \$15.20 /t.
- Mineral resource tonnage and grade are reported as diluted to reflect a potentially minable bench height of 10m.

Gold grade estimation was conducted using Ordinary Kriging and method of inverse distance weighing, with the estimate constrained within gold grade shapes constructed at a nominal 0.2 g/t Au cut-off. Gold grades were estimated using a combination of core and surface trench sample data. Miramine has performed an independent verification of a portion of the electronic database provided by Krasny, and has concluded that it is suitable for use in resource estimation. The basis for this resource estimate is a three dimensional block model with a block size of 30m x 25m x 10m. The mineral resource is constrained by a potentially economically minable open pit.