

Kopy Goldfields AB (publ)  
Press release 19/2013  
Stockholm, November 14, 2013

## **KOPY GOLDFIELDS AB (publ)** **Interim Report January – September 2013**

### **Summary of key ratios, third quarter 2013**

- The Company does not yet report any revenue
- Net income MSEK -58.4 (-3.4)
- Earnings per share before and after dilution SEK -2.23 (-0.20)
- Total cash flow of MSEK 0.7 (-16.7)
- Evaluation work and licenses MSEK 2.6 (12.0)
- Cash and cash equivalents amounted to MSEK 2.2 (6.8) at period end

### **Significant events during and after the third quarter 2013**

**The Company restructured the asset portfolio and identified licenses and other fixed assets to divest. Further cost reductions were implemented and significant personnel reductions were made.**

- On November 8, 2013, the Company announced the signing of a Letter of Intent for a cash sale of the Kavkaz- and Prodolny projects. The preliminary sales amount is set to MRUB 50 (approximately MSEK 10 before transaction costs and implies that the Company accounts for a write down of capitalized acquisition and exploration costs referring to these licenses of MSEK 54.5 as per September 30, 2013.
- In August 2013, the Company announced the filing of an application for return of two prospecting licenses, Purpolskaya och Verkhnyaya Orlovka, to the Russian state. The return of the licenses is not expected to have any negative impact on the cash flow.
- The cash flow effect from the year 2013 cost cutting program amounts to SEK 4 million on a rolling 12 months basis and is expected to be fully implemented as from the 4th quarter.

**A share issue was finalized and registered by the Swedish Companies Registration office in combination with the share capital transactions approved by the General Meetings in June and August.**

- In July a preferential rights issue was finalized and 7,394,636 shares were subscribed and MSEK 11.1 was raised. Shareholder loans of MSEK 1.3 were set-off against shares and a short term loan of MSEK 2.2 including interest was repaid.
- The Extra General Meeting, held on August 14, 2013, resolved to re-establish the share capital again after the share capital reduction approved by the Annual General Meeting on June 4, 2013. This was done by transferring funds from non-restricted equity to the share capital, in combination with the share issue.
- All transactions were registered by the Swedish Companies Registration Office on August 20, 2013.

**The Extra General Meeting held on August 14, 2013, resolved to decrease the share capital without redemption of shares by transferring funds to non-restricted equity.**

- According to the Swedish Companies Act, this transaction requires an approval from the Swedish Companies Registration Office.
- The application for decreasing the share capital was approved by the Swedish Companies Registration Office on November 1, 2013.
- The new share capital of Kopy Goldfields AB amounts to SEK 20,000,000.

## Comments from CEO

### Dear shareholders,

The third quarter of 2013 has passed and we can see how the universe of junior exploration companies is fighting for survival. We are one of them and we keep on going full of optimism and with a clear survival strategy going forward. Our strategy is based on four principles: focus, cost savings, minimize exploration expenditures on a short term basis and get into production.

During the year, we have been focusing our asset portfolio to the projects which are either close to production or have a brilliant exploration upside potential. This led us to returning two early exploration licenses back to the state. We have continued our discussions with potential bidders of the Kopylovskoye-, Kavkaz- and Prodolny projects targeting cash sales. Despite the depressed market conditions, we see an interest for our projects and our ambition is to close some deals before the year-end. Last week we were glad to publish the signing of a Letter of Intent for a cash sale of the Kavkaz- and Prodolny projects. The preliminary sales amount is set to approximately SEK 10 million, which will help us meet year 2014 with a good cash balance. We are currently having discussions with our major shareholders to arrange bridge financing until we have finalized the deal if it would be needed.

We proceed with revision and reduction of all our costs and expenditures for exploration and overhead. During the year we have reduced the number of employees in Bodaibo to only a several key members to develop our projects forward. We have also sold some of our equipment, machinery and real estate in Bodaibo which is not immediately needed for exploration activities.

We are currently negotiating a joint venture arrangement to develop our Krasny property to reserves and further into production. The Krasny project has all prerequisites to become a mine, but more in-fill exploration is needed to take the project into the Feasibility stage. By making a joint venture arrangement over Krasny, we will radically reduce our own exploration expenditures in 2014 and potentially avoid a new share issue, but still be able to develop the project further towards production.

During the year we have noted that there are many projects on the market which are close to production but which has distressed shareholders and lack of strategy going forward. We believe that on the "buyer market" we can be a "buyer" and offer opportunity for other companies with projects closer to production than ours to consolidate and this is something we are currently looking into.

With kind regards,  
Mikhail Damrin

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### For more information, please contact:

Mikhail Damrin, CEO, +7 916 808 12 17, [mikhail.damrin@kopygoldfields.com](mailto:mikhail.damrin@kopygoldfields.com)

Tim Carlsson, CFO, + 46 702 31 87 01, [tim.carlsson@kopygoldfields.com](mailto:tim.carlsson@kopygoldfields.com)

### About Kopy Goldfields AB

Kopy Goldfields AB (publ), listed at NASDAQ OMX 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 major owner is Eldorado Gold Corp. The company holds 100% of 13 bedrock exploration- and production licenses on 2,107 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

[www.nasdaqomxnordic.com/firstnorth/](http://www.nasdaqomxnordic.com/firstnorth/)

Outstanding shares: 30,246,257