

Kopy Goldfields AB (publ)
Press release 2/2014
Stockholm, March 27, 2014

KOPY GOLDFIELDS AB (publ) Year End Report January – December 2013

Summary of key ratios, fourth quarter and full year 2013

- The Company does not yet report any revenue
- Net income MSEK -2.8 (-5.6), full year MSEK -66.6 (-17.0)
- Earnings per share before and after dilution SEK -0.09 (-0.29), full year SEK -2.51 (-1.16)
- Total cash flow of MSEK 0.2 (4.6), full year MSEK -8.9 (-8.9)
- Investments in exploration work and licenses MSEK 4.4 (9.9), full year 19.4 (36.7)
- Cash and cash equivalents amounted to MSEK 2.5 (11.4) at period end
- The Board of Directors proposes that no dividend is paid

Significant events during fourth quarter 2013

The sale of the Kavkaz- and Prodolny projects was announced on December 19, 2013. Kopy Goldfields is selling 100% of the two subsidiaries LLC Kavkaz Gold and LLC Prodolny, holding the licenses for Kavkaz and Prodolny.

- The sales amount was RUR 50 million (corresponding to approximately SEK 10 million), of which 10% was received upon signing and the remaining part has been received in February 2014.
- The sale is recorded in full in the fourth quarter and the net result amounts to SEK -0.5 million in the Consolidated accounts. The valuation of the assets was however adjusted during the third quarter by SEK -55 million.

On November 25, 2013, it was announced that a Letter of Intent has been signed with the Russian gold producer GV Gold to take the Krasny project further towards production in a Joint Venture-deal.

- According to the Letter of Intent, GV Gold may acquire up to a 51% interest in the Krasny project by financing an in-fill exploration program and spending up to USD 9 million in accordance with the following:
 - An upfront cash payment of USD 1 million to Kopy Goldfields.
 - Up to USD 6 million to complete an in-fill exploration program followed by a reserve report in accordance with both the Russian GKZ classification and the international JORC standard.
 - An additional consideration of USD 2 million subject to the results of the reserve reporting.
- The parties are currently developing a shareholders' agreement over the Krasny project that will specify the relations between the parties during the life of the project.
- During 2014, Kopy Goldfields has implemented a number of changes in the corporate structure to prepare for the transaction.

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, which was received on November 1, 2013. The share capital of Kopy Goldfields AB amounts to SEK 20,000,000 as per December 31, 2013.

The warrants from the December 2012 rights issue were due in December 2013 and 963 shares were subscribed at a total amount of SEK 3,852.

- The transaction was registered in January 2014, and as per December 31, 2013 it is recorded as not yet registered share issue.
- Following the registration, the number of issued shares in Kopy Goldfields will amount to 30,247,220 shares.
- The new share capital will increase by SEK 636.77 and total SEK 20,000,636.77.

Significant events during 2013

- An updated mineral resource report was issued for a part of the Krasny Gold deposit in March, 2013, showing totally 1.37 Moz of Inferred and Indicated gold resources at 1.59 g/t according to JORC.
- A scoping study was done for the Krasny project and was released in April 2013. The scoping study confirms a potential for 60 koz of open pit production of gold per year during 18 years and financial returns of USD 360 million in free cash flow.
- In July 2013 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.
- During the year a number of changes in the share capital were done. Following these changes, the share capital as per December 31, 2013 amounts to SEK 20,000,000.
- The Company reviewed the asset portfolio and identified licenses and other fixed assets to divest or return to the Russian state.
- Further cost reductions were implemented and significant personnel reductions were made

Significant events after the reporting period

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 application 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.

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 and a short term loan of SEK 3 million was repaid and the pledge was released.

Comments from CEO

Dear shareholders,

The fourth quarter of 2013 revealed initial timid signs of stabilization in the mining financial market. Most pessimistic forecasts over gold price falling below USD 1,000 per ounce did not materialize. Most producing companies managed to take the hit of lower gold prices and reduced production costs, optimized capital expenditures and put risky development projects on hold. The industry proved that it could sustain and survive in lower gold price environment.

We proceed to implement our strategy based on the following principles: focus, cost savings, JV-cooperation and minimize exploration expenditures on a short term basis and get into production.

Focus. In addition to the termination of 2 licenses in August 2013, we divested the two licenses Prodolny and Kavkaz projects for cash. The deal was signed in December 2013 for the total sales price of 50 million Russian Rubles (corresponding to approximately SEK 10 million). 10% of the sales price was received upon signing the sale-purchase agreement in December and the rest of 90% was received in February 2014. This transaction strengthened our cash balance for 2014. The new owner is interested to develop gold production from the Kavkaz deposit and to continue with exploration within the Prodolny license. In addition to the sale of Kavkaz and Prodolny, we proceed with the discussions over sale of the Kopylovskoye property where we see some interest.

Cost saving. We proceed with sale of exploration equipment and machinery that turns idle due to reduced exploration activities. During Q4, we received SEK 2.4 million from sale of equipment. We reduced the number of employees in Bodaibo to only a few key members to develop our projects forward. Despite the reduction of exploration program, we managed to maintain good relations with main contractors for the future.

Production. In November 2013, we signed a Term sheet agreement for development of the Krasny project with GV Gold as a future joint venture partner. The terms of the deal are beneficial for our company as we are getting a strong production partner with solid experience in gold mining. GV Gold is a Russian gold mining

company with operations in the regions of Bodaibo and Yakutia where it produced totally 175 koz (5,458 kg) in 2013. When the deal is signed, we shall receive USD 1 million as a cash payment and USD 6 million to finalize gold explorations on Krasny into reserves. GV Gold will receive a 51% stake in the project. Upon a successful reserve report, we shall receive an additional payment of USD 2 million. The project is targeting production in the end of 2016. At the moment, we finalize and negotiate terms of the Shareholders agreement.

Exploration expenditures. Upon closure of the Krasny deal, our own exploration spending for the Krasny project will be reduced to a minimum since the in-field operations will be financed by the partner. Following our participation in the recent Mines & Money and PDAC fairs, we note that the interest for exploration activities is slowly coming back. We currently look for a partner to develop our Northern Territory project in Bodaibo as a joint venture.

Overall, we believe that the mining financial market has passed the bottom and the investor interest for gold mining projects is slowly coming back. With a diversified portfolio of projects, we are well positioned for a market growth and we review opportunities in the market for M&A transactions.

With kind regards,

Mikhail Damrin, CEO

For more information, please contact:

Mikhail Damrin, CEO, +7 916 808 12 17, mikhail.damrin@kopygoldfields.com

Tim Carlsson, CFO, + 46 702 31 87 01, 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 company holds 100% of 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

www.nasdaqomxnordic.com/firstnorth/

Outstanding shares: 30,247,220