

Kopy Goldfields AB (publ)
Press release 9/2014
Stockholm, August 21, 2014

KOPY GOLDFIELDS AB (publ) **Half Year Report January – June 2014**

Financial information half year 2014

- The Company does not yet report any revenue
- Net income MSEK -13.1 (-5.4)
- Earnings per share before and after dilution SEK -0.43 (-0.22)
- Total cash flow of MSEK 0 (-9.8)
- Investments in exploration work and licenses MSEK 2.1 (12.4)
- Cash and cash equivalents amounted to MSEK 2.5 (1.6)

Significant events during January – June 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.

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

In the end of April 2014 Kopy Goldfields raised a short term loan of SEK 3.0 million.

- The loan is due 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.

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

On August 12, 2014, Kopy Goldfields completed an agreement with the Russian gold producer GV Gold to take the Krasny project further towards production in a Joint Venture-deal.

- Under the agreement GV Gold will invest up to USD 9 million, of which USD 1 million is a cash consideration which was paid to Kopy Goldfields upon Completion and USD 6 million is ear marked for exploration activities. The agreement also includes an additional consideration payment of USD 2 million in the event of successful exploration program. This will earn GV Gold up to a 51% interest in the Krasny Project.
- The exploration program will primarily target the part of the Krasny deposit which is closer to surface and limited to the depth of 200 meters and will be developed in two stages. The budget for Stage 1 is USD 3 million which was paid by GV Gold at completion.
- 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.
- 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.

Comments from CEO

Dear shareholders,

Looking back at the first six months of 2014, we can conclude that it has been a busy period for Kopy Goldfields. Despite a bearish mining financial market and continuing tensions between Russia and the West over Ukraine and Crimea we succeeded to develop along our principals identified for this year: Focus, Cost savings, Minimizing exploration expenditures on a short-term basis and Getting into production.

First of all, we continued to reduce our administration costs and overall burn rate. We sold some of our exploration equipment, machinery and real estate in Bodaibo and we also cut our personnel in Bodaibo, keeping only the key members crucial for developing the company forward. In addition, we returned two green field exploration licenses, Purpolskaya and Verkhnyaya Orlovka, to the Russian state, everything reflecting the focus on our most promising projects and the lower scope of exploration activities.

Secondly, we successfully completed the sale of the Kavkaz and Prodolny licenses, which was initiated in the end of 2013. Total sales price amounted to USD 1.5 million. The Buyer was a Russian local company "Siberian Gold Mining Company", which intends to develop both projects into gold production. Apart from strengthening our cash balance for 2014, the deal proved that we have quality projects attracting professional investors and it also demonstrated the possibility of commercializing licenses in the area and the ability to repatriate cash from Russia.

Thirdly, after eight months of intense negotiations, on July 10 we signed a legally binding joint venture agreement with GV Gold over development of the Krasny project into production. GV Gold is a fast-developing private Russian gold mining company with an annual output of 175.5 koz of gold and a total resource base of 20.32 Moz. Their main projects are located in the Irkutsk and Yakutia regions of Russia. On August 12, we completed the transaction and GV Gold transferred the initial USD 4 millions of investments into the project.

This deal is very important for Kopy Goldfields. As part of the transaction, Kopy Goldfields receives cash to support the current costs. USD 1 million is already received and an additional consideration of USD 2 million is expected as a success fee subject to the results of the reserve reporting, which we consider realistic. Further, with this transaction, we will potentially move into production pretty soon and in cooperation with a strong production partner with extensive experience from the area. This has been our target for years.

Exploration activities under the joint venture with GV Gold were commenced in July 2014 and under the current contract, GV Gold will finance the agreed exploration program in full. Kopy Goldfields will be the operational manager for the program providing logging services, data base management, deposit modelling and general exploration plans. Drilling operations are performed by a Russian independent contractor who served for the Krasny project since 2011. In 2013 we published a JORC resource report for the Krasny project which showed total gold resources of 1.3 Moz (40.7 tons) at an average grade of 1.53 grams per ton. The current exploration program targets the Upper Mineralization Zone within the Krasny deposit to the depth of 200 meters. Together with GV Gold we schedule to finalize exploration and prove reserves in the second part of 2015. If successful, the first production is expected in 2017.

After several years of prospecting and exploration, we came to the current crisis with a portfolio of assets which have now proved to have a clear value. Although today's investor valuations of exploration projects are far below what they were several years ago, our projects are still solid and have good potential. The market will come back one day and we are prepared to ride the rally.

With kind regards,

Mikhail Damrin, CEO

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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 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