

KOPY GOLDFIELDS

Kopy Goldfields AB (publ)
Press release 19/2020
Stockholm, 14 September 2020

Kopy Goldfields provides pro-forma financial information related to the reverse takeover of Amur Zoloto

Inside information: Following the completion of the reverse takeover ("the Transaction") of OOO Amur Gold Company Limited ("Amur Zoloto"), which was announced on 9 September 2020, Kopy Goldfields AB (publ) ("Kopy Goldfields" or the "Company") today releases the pro-forma financial information for the combined company for the period 1 January – 30 June 2020.

Pro-forma highlights for the period 1 January – 30 June 2020

(Numbers in brackets refer to the same period last year and percentages refer to the change compared to the corresponding period last year)

- Revenue KSEK 427,886 (278,657), +54%
- Gross profit KSEK 192,331 (103,040), +87%
- Gross margin 45.0% (37.0%)
- EBITDA KSEK 155,478 (109,735), +42%
- EBITDA margin 36.3% (39.4%)
- Net result KSEK 79,796 (41,727), +91%
- Average realized gold price 1,658 USD/oz (1,309), +27%

Pro-forma Condensed Income Statement

The consolidated pro forma income statements have been prepared for illustrative purposes only and are solely intended to provide stakeholders with an additional dataset which may be required for analysis and benchmarking purposes against historical performance. Please refer to Appendix 1 for information regarding basis for pro-forma accounts as well as assumptions and judgements.

| Pro-forma Condensed Income Statement 1 January – 30 June 2020 (unaudited) | | | | |
|---|----------------|--------------------|---|----------------|
| (KSEK) | Amur Zoloto | Kopy Goldfields | Proforma Jan – Jun 2020 adjustments ¹ | Total |
| Revenue | 427,886 | - | - | 427,886 |
| Cost of sales | (235,555) | - | - | (235,555) |
| Gross profit | 192,331 | - | - | 192,331 |
| General and administrative expenses | (30,122) | (6,847) | - | (36,969) |
| Share of results of joint ventures | - | (6,958) | - | (6,958) |
| Other operating expenses, net | (10,814) | 11 | - | (10,803) |
| Operating profit | 151,395 | (13,794) | - | 137,601 |
| Finance costs | (32,200) | (2,809) | - | (35,009) |
| Finance income | 78 | 2,277 | - | 2,355 |
| Profit before tax | 119,273 | (14,326) | - | 104,947 |
| Income tax expense | (25,151) | - | - | (25,151) |
| Profit for the period | 94,122 | (14,326) | - | 79,796 |
| EBITDA | 169,178 | (13,700) | - | 155,478 |

¹ No pro-forma adjustments are applicable as there will be no identified effects on the income statement.

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| Pro-forma Condensed Income Statement 1 January – 30 June 2019 (unaudited) | | | | |
|---|----------------|--------------------|--------------------------------------|-------------------------|
| (KSEK) | Amur Zoloto | Kopy Goldfields | Proforma adjustments ² | Jan – Jun 2019 Total |
| Revenue | 278,657 | - | - | 278,657 |
| Cost of sales | (175,617) | - | - | (175,617) |
| Gross profit | 103,040 | - | - | 103,040 |
| General and administrative expenses | (29,681) | (6,707) | - | (36,388) |
| Share of results of joint ventures | - | 4,560 | - | 4,560 |
| Other operating expenses, net | (4,320) | 474 | - | (3,846) |
| Operating profit | 69,039 | (1,673) | - | 67,366 |
| Finance costs | (15,107) | (1,756) | - | (16,863) |
| Finance income | 560 | 2,899 | - | 3,459 |
| Profit before tax | 54,492 | (530) | - | 53,962 |
| Income tax expense | (12,147) | (88) | - | (12,235) |
| Profit for the period | 42,345 | (618) | - | 41,727 |
| EBITDA | 111,309 | (1,574) | - | 109,735 |

Pro-forma Condensed Statement of financial position

The consolidated pro forma Statement of financial position has been prepared for illustrative purposes and is solely intended to describe the hypothetical financial position of the combined group as if the Transaction had taken place on or before 30 June 2020.

| Pro-forma Condensed Statement of financial position 30 June 2020 (unaudited) | | | | |
|--|------------------|--------------------|--------------------------------------|----------------------|
| (KSEK) | Amur Zoloto | Kopy Goldfields | Proforma adjustments ³ | Total 30 Jun 2020 |
| Assets | | | | |
| Total non-current assets | 657,620 | 152,367 | 138,244 | 948,231 |
| Total current assets | 466,231 | 10,965 | - | 477,196 |
| Total assets | 1,123,851 | 163,332 | 138,244 | 1,425,427 |
| Equity and Liabilities | | | | |
| Total Equity | 555,302 | 105,747 | 138,244 | 799,293 |
| Total non-current liabilities | 272,259 | 49,371 | - | 321,630 |
| Total current liabilities | 296,290 | 8,214 | - | 304,504 |
| Total equity and liabilities | 1,123,851 | 163,332 | 138,244 | 1,425,427 |

Comments to the pro-forma financial information

Substantial improvements were recorded in the financial results for the first half of 2020 compared to the corresponding period 2019. Revenues for the first six months of 2020 increased by 54% on the back of a 27% increase in the average realized gold price to USD 1,658 /oz and a 17% increase in gold

² No pro-forma adjustments are applicable as there will be no identified effects on the income statement.

³ As of the closing of the Transaction, the share price of Kopy Goldfields was 2,35 SEK/share, implying a pre transaction market cap of Kopy Goldfields of KSEK 243,991. Based on the equity of Kopy Goldfields on 30 June 2020 of KSEK 105,747, this implies a surplus value of KSEK 138,244 which has been attributed to the Krasny project. The share of Krasny had, as of 30 June 2020, a book value of KSEK 99,933. The difference between the fair value and the book value of KSEK 138,244 is treated as a pro forma adjustment to the asset and with a corresponding adjustment to equity. Any adjustments due to transaction costs have not been applied.

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sales volumes to 26.5koz.

EBITDA for the first half of 2020 amounted to KSEK 155,478 with an EBITDA margin of 36.3%, a significant improvement compared to the corresponding period in 2019, primarily driven by higher gold prices, but negatively affected by the Share of results of joint venture, which amounted to KSEK (6,958), mainly on the back of a negative FX effect.

Finance costs increased due to the recognition of fair value of new hedging instruments entered in the first half of 2020 of KSEK 13,450. The main reason for the increase in Other net operating expenses was an increase in geological expenses of KSEK 6,988 during the first half of 2020, related to a geological study of the Kurelkanskaya gold field (Buor placer).

Profit for the period amounted to KSEK 79,796, an increase by 91% compared to the corresponding period in 2019.

Production and sales

Amur Zoloto operates two bedrock mines, Yubileiny and Perevalnoe, and two placer mines, Buor-Sala and Kagkan-Chudny, in the Khabarovsk region of Russia. The gold production during the first half of 2020, compared with the gold production during first half of 2019, is presented in the following table:

| Gold production | | | | |
|-----------------|----------------|--------------|----------------|--------------|
| Mines | Jan – Jun 2020 | | Jan – Jun 2019 | |
| | koz | kg | koz | kg |
| Yubileiny | 7.7 | 239.4 | 8.5 | 263.9 |
| Perevalnoe | 13.6 | 423.0 | 13.2 | 410.7 |
| Placer mines | 2.0 | 63.7 | 3.9 | 120.3 |
| Total | 23.3 | 726.1 | 25.6 | 794.9 |

Including 53.9 koz (1,677 kg) of silver production, the total output of gold and gold equivalent amounted to 23.9 koz (742 kg) during the first half of 2020, compared to 25.9 koz (807 kg) of gold and gold equivalent in the corresponding period 2019. Please refer to press release 14/2020 as of 20 July 2020 for more details on production.

Gold sales amounted to 26.5 koz (825 kg) during the first half of 2020, compared to 22.6 koz (704 kg) in the corresponding period 2019.

Responsible party

Kopy Goldfields is obliged to make public this information in accordance with the (EU) Market Abuse Regulation 596/2014. The information in this press release has been made public through the agency of the responsible persons set out below for publication at the time stated by Kopy Goldfields news distributor beQuoted at the publication of this press release.

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

Kopy Goldfields is a leading Swedish gold exploration and production company operating in the most renowned gold mining regions of Russia. Kopy Goldfields' strategy is to combine Russian geologic knowledge and science with international management, "best industry practices" and modern and efficient technology to identify and develop mineral deposits in a cost-efficient, safe and transparent way. The Company is listed on NASDAQ First North Growth Market in Stockholm.

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Kopy Goldfields applies International Financial Reporting Standards (IFRS), as approved by the European Union. Hagberg & Aneborn Fondkommission acts as Certified Adviser, contact number: +46 8 408 933 50, e-mail: info@hagberganeborn.se.

The Share

Ticker: KOPY

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

Outstanding shares: 886,005,575

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's and the company group's intentions, beliefs, or current expectations about and targets for the Company's and the company group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. The forward-looking statements are subject to a number of risks and uncertainties, including, but not limited to, (i) changes in the economic, regulatory and political environments in the countries where Kopy Goldfields operates; (ii) changes relating to the geological information available in respect of the various projects undertaken; (iii) Kopy Goldfields' continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential joint ventures and alliances, if any; (v) exchange rates, particularly between the Russian rouble and the U.S. dollar. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors, including but not limited to risks and uncertainties surrounding any gold production and exploration company at an early stage of its development. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this press release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq First North Growth Market rule book for issuers.

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Appendix 1

On 29 May 2020, Kopy Goldfields AB (publ) ("Kopy Goldfields") entered into an agreement with HC Alliance Mining Group Ltd. ("HCAM") and Lxor Group SA ("Lxor" and together with HCAM, the "AZ Shareholders") to acquire all shares in OOO Amur Gold Company Limited ("Amur Zoloto") through an in-kind share issue (Sw. apportemission) which is to be considered as a reverse takeover from Amur Zoloto. This reverse takeover ("The Transaction") was registered with the Swedish Companies Registration Office on 7 September 2020.

With the purpose of illustrating the hypothetical impact of the Transaction could have had if it had been executed prior to the beginning of financial year 2020 and the financial position as of 30 June 2020, Kopy Goldfields has prepared a pro forma income statement for the first six months of 2020 and 2019, and a pro forma balance sheet as of 30 June 2020. The purpose of the following consolidated pro-forma information is to report the hypothetical effect which the Transaction would have had on Kopy Goldfields' consolidated income statement for the six months period 2020 and 2019, and consolidated financial position as of 30 June 2020.

The Transaction

Kopy Goldfields acquired 100 percent of the shares of Amur Zoloto, a gold producing company based in Russia, through a share exchange. The Transaction was structured as a contribution in kind where the AZ Shareholders contributed 100 percent of the shares in Amur Zoloto in exchange for a total of 782,179,706 shares in Kopy Goldfields.

Assumptions and judgements

Basis for pro-forma accounts

In the consolidated financial statements, the Transaction is recognised as a reverse acquisition as Amur Zoloto is deemed the acquirer for accounting purposes, whereby the Purchase Price Allocation ("PPA") is performed on Kopy Goldfields.

Accounting policies

The pro forma information has been based on IFRS as adopted by the EU and applied by Kopy Goldfields. Amur Zoloto applies IFRS as issued by the IASB but there are no differences in practice. Amur Zoloto's income statement is categorised by function, while Kopy Goldfields' income statement is categorised by type of cost. To harmonise these differences, Kopy Goldfields adjustments have been made in the pro forma information to align with Amur Zoloto's presentation format as Kopy Goldfields will adopt it post transaction. This does not affect the operating profit.

Supporting data

The pro forma information for the period 1 January – 30 June 2020, 1 January – 30 June 2019, and 30 June 2020 has been prepared based on the unaudited financial statements of Kopy Goldfields and Amur Zoloto. Amur Zoloto uses RUB as its functional currency. The income statement of Amur Zoloto has been converted into SEK based on accumulated average RUB/SEK exchange rates, and the balance sheet has been converted into SEK based on the closing RUB/SEK exchange rate. The exchange rates used for the conversion to SEK are 0.1397 RUB/SEK in the income statement for the period 1 January – 30 June 2020 and 0.1327 RUB/SEK regarding the financial position as of 30 June 2020 and 0.1423 RUB/SEK in the income statement for the period 1 January 2020 – 30 June 2019.

No pro forma adjustments have been made with respect to synergy effects or integration costs.

Pro forma adjustments

The pro forma adjustments are described in detail below. The adjustments are recurring unless indicated otherwise.

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1. Acquisition analysis

The preliminary acquisition analysis and pro forma information in general are based on the following assumptions:

- As Amur Zoloto's shareholders gained control, the acquisition is deemed to be a so-called reverse acquisition whereby Amur Zoloto is treated as the acquirer of Kopy Goldfields from an accounting perspective.
- The transaction is deemed to be an asset acquisition under IFRS 2 Share Based Payment, as an asset is acquired in exchange for shares. The fair value of Kopy Goldfields is predominately attributable to the investment in the JV containing the Krasny project.
- As IFRS 2 is applicable, the fair value of the asset should be the basis of valuing the consideration of shares in the transaction. As of the closing of the transaction the share price of Kopy Goldfields was 2,35 SEK/share implying a pre transaction market cap of Kopy Goldfields of KSEK 243,991. Based on the equity of Kopy Goldfields as per 30 June 2020, of KSEK 105,747, this implies a surplus value of KSEK 138,244 which has been attributed to the Krasny project.
- As the increase in value of the Krasny project is allocated to the rights owned by the JV which are not amortized, this means that no proforma adjustments is made in the income statement.