

# KOPY GOLDFIELDS

Kopy Goldfields AB (publ)  
Press release 21/2020  
Stockholm, October 16, 2020

## Kopy Goldfields reports updated Mineral Resources and Ore Reserves estimates

**Inside information: Kopy Goldfields AB (publ) ("Kopy Goldfields" or the "Company") provides a Mineral Resources and Ore Reserves update for the newly acquired business Amur Zoloto ("AZ"). A total of 1,859 koz of gold in the Measured, Indicated and Inferred categories for hard rock and placer assets are estimated, corresponding to a 32% increase compared to the previous resource estimate made in 2019. This amount includes 1,187 koz of gold contained in Probable Ore Reserves, which is 22% higher than previously reported. Adding the attributable reserves and resources of the Krasny project, Kopy Goldfields' new total estimated M, I&I Mineral Resources amount to 2,756 koz of gold, including total new Probable Ore Reserves of 1,313 koz of gold.**

The updated resource statement is effective as of July 1, 2020 and was issued by SRK Consulting (Russia) Limited ("SRK"). The new Competent Persons Report ("CPR") comprises SRK's independent technical review of the mineral assets attributable to AZ.

- For hard rock assets, the new Mineral Resources include 1,470 koz of gold at 2.9 g/t average grade in the Measured and Indicated categories and 308 koz of gold at 5.6 g/t average grade in the Inferred category for open pit and underground mining operations. In addition, 3,353 koz of silver in the Measured, Indicated and Inferred categories are reported for hard rock assets.
- For placer assets, the CPR estimates 80.5 koz of gold in the Indicated and Inferred categories.
- Hard rock Ore Reserves are estimated at 1,162 koz of gold in the Probable category and Placer Ore Reserves are estimated at 25 koz of gold also in the Probable category. Ore reserves are reported as part of the Mineral Resources. Please refer to Tables 1, 2, 3 and 4 in the Appendix for more details.
- In accordance with the CPR, production of the reported Ore Reserves, both hard rock and alluvial may generate 1,456 MUSD revenue during 2020-2029 at 54% EBITDA margin and 675 USD/oz unit cash costs, based on provided pricing assumptions.

*"We are very pleased with the recent exploration results in Amur Zoloto. The 22% increase of the total gold reserves has already off-set gold production in 2019-2020 and will support our production growth plans. Simultaneously, the increase of mineral resources confirms excellent exploration potential of our existing projects as well as organic growth opportunities and will lead to a organic extension of life-of-mine for existing operations. The updated production model reports stronger revenues and lower unit production costs compared with the previous estimate as result of both higher gold prices and increased future gold production", says Mikhail Damrin, CEO of Kopy Goldfields AB.*

The Mineral Resources and Ore Reserves have increased primarily due to successful exploration campaign during 2019 and 2020 at Krasivoe underground gold deposit which is part of Yubileyniy project. Importantly, this reserve increase at Krasivoe deposit supports the Company's target to increase capacity of the Yubileyniy processing plant from the current 130,000 tons per annum (tpa) to 400,000 tpa by 2025.

The Competent Persons Report on the Mineral Resources and Ore Reserves of the Amur Zoloto business will be published on the Company's website.

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*"We have been reviewing the development of Amur Zoloto's projects over a number of years. Although there are a number of risks generally inherent to the mining industry, including the stability of the markets, uncertainties related to Mineral Resource and Ore Reserve estimation, equipment and production performance, SRK considers that AZ has several strengths:*

- AZ has good experience of finding and developing deposits in the Far East region.*
- There are opportunities of further increasing the Ore Reserve at Krasivoe, where reserves are currently constrained to the Indicated Resources above the 750 m horizon;*
- The increase in Ore Reserves at Krasivoe will support expansion to at least 250 kta;*
- There is good upside potential from the optimization of heap leach recoveries at Malyutka",*

said David Pearce, Managing Director of SRK Consulting (Russia) Ltd

## **Competent person**

Alexander Polonyankin, a Competent person under JORC and member of Australasian Institute of Mining and Metallurgy, MAusIMM (CP), has reviewed and approved the technical information relating to operations covered in this press release.

## **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:**

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## **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.

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](mailto: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

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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

The mineral assets of AZ comprise several developing and operating gold mines (both hard rock and alluvial), as well as exploration assets in the Khabarovsk region of the Russian Federation. Specifically:

- the Yubileyniy project, which comprises the operating Krasivoe underground mine, the planned Ulun underground mine, and the Yubileyniy processing plant which has a current capacity of 130,000 tons per annum (tpa) and a planned extension in capacity to 250,000 tpa by 2022 and further to 400,000 tpa by 2025;
- the Perevalnoe open pit mine and concentration (gravity and flotation) facility which has a planned capacity of 125,000 tpa through the processing plant and 210,000 tpa through the heap leach facility;
- the Malyutka open pit and heap leach facility which has a planned capacity of 1,500,000 tpa; and
- several placer operations with a combined capacity of 1,000,000 m<sup>3</sup> of gravel washed per season, which together currently produce some 14,000 oz of gold per year.

The Mineral Resource and Ore Reserve statements included in the new CPR are reported in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (the JORC Code) (Tables 1-4). The Competent Persons responsible for this CPR are Sergey Shestak and Vladimir Kozlov. Sergey Shestak is employed full-time by SRK Consulting (Russia) Ltd as a Principal Consultant Geologist. Mr. Shestak is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), and has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (JORC Code). Vladimir Kozlov is employed full-time by SRK Consulting (Russia) Ltd as a Principal Mining Engineer. Mr. Kozlov is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), and has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (JORC Code).

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## DETAILS OF MINERAL RESOURCE AND ORE RESERVES STATEMENT FOR AMUR ZOLOTO

**Table 1. Hard Rock Ore Reserve Statement for Amur Zoloto, Far East Russia, by SRK Consulting (Russia) Limited as of 1 July 2020\***

| Hard Rock Source         | Tonnage<br>Mt | Au Grade<br>g/t | Au Metal    |              | Ag Grade<br>g/t | Ag metal    |              |
|--------------------------|---------------|-----------------|-------------|--------------|-----------------|-------------|--------------|
|                          |               |                 | t           | koz          |                 | t           | koz          |
| <b>Probable Reserves</b> |               |                 |             |              |                 |             |              |
| <b>Yubileyniy</b>        |               |                 |             |              |                 |             |              |
| Krasivoe UG              | 3.1           | 6.3             | 19.8        | 640          | 2.8             | 8.7         | 279          |
| <b>Total Yubileyniy</b>  | <b>3.1</b>    | <b>6.3</b>      | <b>19.8</b> | <b>640</b>   | <b>2.8</b>      | <b>8.7</b>  | <b>279</b>   |
| <b>Perevalnoe</b>        |               |                 |             |              |                 |             |              |
| Brekchiyevaya OP         | 0.2           | 6.8             | 1.4         | 45           | 25.9            | 5.2         | 167          |
| Brekchiyevaya UG         | 0.2           | 7.8             | 1.3         | 55           | 21.4            | 4.3         | 138          |
| Brekchiyevaya HL         | 0.3           | 1.3             | 0.4         | 15           | 16.8            | 5.0         | 162          |
| Stockpiles HL            | 0.4           | 1.5             | 0.5         | 17           | 7.6             | 3.0         | 98           |
| Priyatnoe                | 0.1           | 5.0             | 0.7         | 24           | 62.0            | 6.2         | 199          |
| Priyatnoe HL             | 0.16          | 1.2             | 0.2         | 6.2          | 46.3            | 7.4         | 238          |
| <b>Total Perevalnoe</b>  | <b>1.4</b>    | <b>3.3</b>      | <b>4.5</b>  | <b>162</b>   | <b>22.9</b>     | <b>31.1</b> | <b>1,002</b> |
| <b>Malyutka</b>          |               |                 |             |              |                 |             |              |
| Malyutka                 | 9.3           | 1.2             | 11.2        | 360          |                 |             |              |
| <b>Total Malyutka</b>    | <b>9.3</b>    | <b>1.2</b>      | <b>11.2</b> | <b>360</b>   |                 |             |              |
| <b>Total Hard Rock</b>   | <b>13.8</b>   | <b>2.6</b>      | <b>35.5</b> | <b>1,162</b> | <b>2.9</b>      | <b>39.8</b> | <b>1,281</b> |

**\*Notes:**

- Ore reserves include losses and dilution values
- Tonnages and metal content have been rounded to the nearest 0.1 Mt, 0.1 t and koz.
- Ore reserves estimation is based on mine schedule
- Perevalnoe complex:
  - Brekchiyevaya Mining loss and dilution: 2.95% / 12.0%
  - Priyatnoe Mining loss and dilution: 12.9% / 44%
  - For open stoping, ore loss and dilution of 2% and 8% were calculated, for cut-and-fill stoping, 5% and 10%, and for pillar recovery, 20% and 25%
  - The Open pit reserves reports material falling into a final pit design above level 1080 m.
  - Gold price: 1,250 \$/oz
  - Mining cost: 2.6 \$/t
  - Transportation: 2 \$/t
  - Processing cost: 12.4 \$/t
  - General and Administration: 52 \$/t
  - Reserve cut-off grade: HL - 0.5 g/t; OP CIP - 4.0 g/t, UG CIP - 6.0 g/t
  - Recovery: 94% for CIP and 61% for HL
- Malyutka deposit: The Resource statement reports material falling into a final pit design based upon the following assumptions:

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- Mining loss & dilution (av. loss 18.8%, dilution 19.4%); allowed for in model block regularisation
- Gold price: 1,200 \$/oz
- Ore Mining cost: 2.94 \$/t
- Waste Mining cost (no haul): 2.20 \$/t
- Waste Mining haulage: 0.74 \$/t
- Processing cost: 7.50 \$/t
- General & Administration: 6.40 \$/t
- Recovery: By formula (av. 67,5%)
- Reserve cut-off grade: 0.74 g/t Au
- Yubileyniy complex:
  - Mining loss and dilution: 3% / 15%
  - Gold price: 1,500 \$/oz
  - Mining cost: 16 \$/t
  - Transportation: 2 \$/t
  - Processing cost: 42 \$/t
  - General and Administration: 28 \$/t
  - Reserve cut-off grade: 2.7 g/t Au

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**Table 2. Placer Reserve Statement for Amur Zoloto, Far East Russia, by SRK Consulting (Russia)  
Limited as of 1 July 2020\***

| Placer Source                      | Volume<br>000'm <sup>3</sup> | Au<br>g/m <sup>3</sup> | Au Metal   |             |
|------------------------------------|------------------------------|------------------------|------------|-------------|
|                                    |                              |                        | t          | koz         |
| <b>Probable Reserves - Placers</b> |                              |                        |            |             |
| Lower Buor Creek                   | 133                          | 0.6                    | 0.1        | 2.2         |
| Hayunda and Chohcho creek          | 426                          | 1.5                    | 0.6        | 20          |
| Upper Kagkan and Chudnyy           | 113                          | 0.6                    | 0.1        | 3.2         |
| <b>Total Placer</b>                | <b>672</b>                   | <b>1.2</b>             | <b>0.8</b> | <b>25.4</b> |

\*Notes:

- Placer deposits
  - Mining loss: zero
  - Gold price: 1,185 \$/oz
  - Royalty: 6%
  - Stripping cost: 0.9 \$/m<sup>3</sup>
  - Gravel mining and washing cost: 1.9 \$/m<sup>3</sup>
  - General and Administration: 2.0 \$/m<sup>3</sup>

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**Table 3. Hard Rock Mineral Resource Statement for Amur Zoloto, Far East Russia, by SRK Consulting (Russia) Limited as of 1 July 2020\*\***

| Site   | Tonnage<br>Mt | Au<br>grade<br>g/t | Au<br>metal<br>t | Au<br>metal<br>koz | Ag<br>grade<br>g/t | Ag<br>metal<br>t | Ag<br>metal<br>koz |
|--|---------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|
| <b>Open pit Measured</b>                     |               |                    |                  |                    |                    |                  |                    |
| Perevalnoe CIP                               | 0.3           | 9.0                | 2.7              | 86                 | 59.7               | 17.9             | 576                |
| Perevalnoe Heap Leaching                     | 2.2           | 1.2                | 2.7              | 85                 | 23.4               | 51.5             | 1,662              |
| <b>Total Open Pit Measured</b>               | <b>2.5</b>    | <b>2.2</b>         | <b>5.4</b>       | <b>171</b>         | <b>27.8</b>        | <b>69.4</b>      | <b>2,238</b>       |
| <b>Open pit Indicated</b>                    |               |                    |                  |                    |                    |                  |                    |
| Perevalnoe CIP                               | 0             | 11.1               | 0.2              | 6                  | 24.3               | 0.4              | 14                 |
| Perevalnoe Heap Leaching                     | 0.1           | 2.0                | 0.2              | 6                  | 29.0               | 2.9              | 95                 |
| Malyutka Heap Leaching                       | 9.2           | 1.4                | 12.8             | 411                | 1.2                | 11.4             | 366                |
| <b>Total Open Pit Indicated</b>              | <b>9.3</b>    | <b>1.4</b>         | <b>13.2</b>      | <b>423</b>         | <b>1.6</b>         | <b>14.7</b>      | <b>475</b>         |
| <b>Underground Measured</b>                  |               |                    |                  |                    |                    |                  |                    |
| Perevalnoe CIP                               | 0.3           | 9.8                | 2.6              | 84                 | 23.3               | 6.2              | 201                |
| <b>Total Underground Measured</b>            | <b>0.3</b>    | <b>9.8</b>         | <b>2.6</b>       | <b>84</b>          | <b>23.3</b>        | <b>6.2</b>       | <b>201</b>         |
| <b>Underground Indicated</b>                 |               |                    |                  |                    |                    |                  |                    |
| Perevalnoe CIP                               | 0.1           | 5.0                | 0.5              | 15                 | 16.0               | 1.6              | 52                 |
| Yubileyniy CIP                               | 3.7           | 6.5                | 24.1             | 777                | 2.4                | 8.7              | 280                |
| <b>Total Underground Indicated</b>           | <b>3.8</b>    | <b>6.5</b>         | <b>24.6</b>      | <b>792</b>         | <b>2.7</b>         | <b>10.3</b>      | <b>332</b>         |
| <b>Open pit Measured + Indicated</b>         |               |                    |                  |                    |                    |                  |                    |
| <b>CIP</b>                                   | <b>0.3</b>    | <b>9.7</b>         | <b>2.9</b>       | <b>92</b>          | <b>59.7</b>        | <b>18.3</b>      | <b>589</b>         |
| <b>Heap Leaching</b>                         | <b>11.5</b>   | <b>1.4</b>         | <b>15.7</b>      | <b>502</b>         | <b>5.7</b>         | <b>65.8</b>      | <b>2,123</b>       |
| <b>Underground Measured + Indicated</b>      |               |                    |                  |                    |                    |                  |                    |
| <b>CIP</b>                                   | <b>4.1</b>    | <b>6.6</b>         | <b>27.2</b>      | <b>876</b>         | <b>4.0</b>         | <b>16.5</b>      | <b>533</b>         |
| <b>Heap Leaching</b>                         |               |                    |                  |                    |                    |                  |                    |
| <b>Total Measured + Indicated</b>            |               |                    |                  |                    |                    |                  |                    |
| CIP  | 4.4           | 6.8                | 30.1             | 968                | 7.9                | 34.8             | 1,122              |
| Heap Leaching                                | 11.5          | 1.4                | 15.7             | 502                | 5.7                | 65.8             | 2,123              |
| <b>Total Measured + Indicated</b>            | <b>15.9</b>   | <b>2.9</b>         | <b>45.8</b>      | <b>1,470</b>       | <b>6.3</b>         | <b>100.6</b>     | <b>3,245</b>       |
| <b>Inferred</b>                              |               |                    |                  |                    |                    |                  |                    |
| Yubileyniy Underground CIP                   | 1.7           | 5.6                | 9.6              | 308                | 2.0                | 3.4              | 108                |
| <b>Total Inferred</b>                        | <b>1.7</b>    | <b>5.6</b>         | <b>9.6</b>       | <b>308</b>         | <b>2.0</b>         | <b>3.4</b>       | <b>108</b>         |
| <b>Total Measured + Indicated + Inferred</b> | <b>17.6</b>   | <b>3.1</b>         | <b>55.4</b>      | <b>1,778</b>       | <b>5.9</b>         | <b>104</b>       | <b>3,353</b>       |

**\*\*Notes:**

- Mineral Resources presented in Table 3 are inclusive of the Hard rock Ore Reserves shown in Table 1.
- Tonnages and metal content have been rounded to the nearest 0.1 Mt, 0.1 t and koz.
- Perevalnoe complex: Heap leaching cut-off grade of 0.5 g/t; CIP cut-off grade of 3.1 g/t.
- Gold price for Yubileyniy and Perevalnoe – 1,500 \$/oz
- The Open pit resource reports material falling into a final pit design above level 1080 m.
- Malyutka deposit: The Resource statement reports material falling into a final pit design based upon the following assumptions:
  - Mining Cost Ore 1.74 \$/t



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- Mining Cost Waste 1.67 \$/t
- Mining Losses 18.8%
- Mining Dilution 19.4%
- Ore Processing Fixed Cost 7.5 \$/t
- G&A 6.67 \$/t
- Royalty 6%
- Gold price 1,200 \$/oz
- Silver price 17.5 \$/oz
- Cut-off grade 0.40 g/t
- Silver processing fixed recovery 10%
- Yubileyniy complex: Krasivoe deposit: underground cut-off grade of 2.5 g/t;
- Yubileyniy complex: Ulun deposit: The Resource statement reports material based upon the following assumptions:
  - Gold price 1,500 \$/oz
  - Process recovery 87%
  - Processing cost 36 \$/t
  - Cut-off grade 2.3 g/t Au

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**Table 4. Placer Mineral Resource Statement for Amur Zoloto, Far East Russia, by SRK Consulting (Russia) Limited as of 1 July 2020\*\***

| Placer                           | Gravel<br>000'm <sup>3</sup> | Au grade<br>g/m <sup>3</sup> | Au Metal<br>t | koz         |
|----------------------------------|------------------------------|------------------------------|---------------|-------------|
| <b>Indicated resources</b>       |                              |                              |               |             |
| Lower Buor Creek                 | 133                          | 0.6                          | 0.1           | 2.2         |
| Hayunda and Chohcho creek        | 426                          | 1.5                          | 0.6           | 20          |
| Upper Kagkan and Chudnyy         | 202                          | 1.0                          | 0.2           | 6.2         |
| Kurun-Uryakh Creek - p. lotkan   | 3,894                        | 0.4                          | 1.6           | 51.0        |
| <b>Total Indicated Resources</b> | <b>4,655</b>                 | <b>0.54</b>                  | <b>2.5</b>    | <b>79.4</b> |
| <b>Inferred Resources</b>        |                              |                              |               |             |
| Lower Buor Creek                 | 9                            | 1.3                          | 0.01          | 0.4         |
| Creek Dzhemkiye                  | 8                            | 2.9                          | 0.02          | 0.7         |
| <b>Total Inferred Resources</b>  | <b>17</b>                    | <b>2.1</b>                   | <b>0.03</b>   | <b>1.1</b>  |
| <b>Total Resources</b>           | <b>4,672</b>                 | <b>0.5</b>                   | <b>2.5</b>    | <b>80.5</b> |

**\*\*Notes:**

- Mineral Resources presented are inclusive of Ore Reserves
- Mineral resources are estimated based on the Russian Statutory 5GR inventory reporting