

KOPY GOLDFIELDS

Kopy Goldfields AB (publ)
Press release 22/2020
Stockholm, October 19, 2020

KOPY GOLDFIELDS PUBLISHES Q3 2020 OPERATIONAL UPDATE

Inside information: Kopy Goldfields AB (publ) (“Kopy Goldfields” or the “Company”) is hereby announcing an operational update for the third quarter and nine months ending September 30, 2020 as well as production forecast for 2020. The company reports solid operational results despite the COVID-19 pandemic affecting alluvial mining operations.

Highlights:

- The total gold equivalent (GE¹) production in Q3 from the Company’s two bedrock mines and two alluvial mines in the Khabarovsk region of Russia increased by 3% year-on-year to 18.1 koz (564 kg) compared to 17.6 koz (547 kg) in Q3 2019 including 29.5 koz (917 kg) of silver.
- 2020 GE production is expected at 52 koz to 54 koz, which is slightly above the 2019 production level of 51.5 Koz.
- Gold sales for the first nine months of 2020 amounted to 38.6 koz (1,199 kg), compared to 36.6 koz (1,138 kg) of gold sales for the corresponding period of 2019.
- The production growth in Q3, was driven by increased production rates at the Perevalnoe mill, which processed 42 kt of ore in Q3 2020 compared to 35 kt in Q3 2019, targeting 2020 full-year throughput of 160 kta (thousand tons per annum).
- For the first nine months of 2020, the total GE production amounted to 42 koz (1,306 kg) compared to 43.5 koz (1,354 kg) for the corresponding period of 2019. The decreased production primarily relates to alluvial operations which have been, and continuously are affected by understaffing following COVID-19 travel restrictions.
- The alluvial mining (gravel washing) operations at the Buor-Sala and Kagkan-Chudny placer deposits were affected by COVID-19 travel restrictions. Operations commenced in May 2020 with delays and failed to pick up the lost production due to significant understaffing continuing throughout the whole operational season. This resulted in alluvial gold production of 6.8 koz (212 kg) in 2020 compared to 10.1 koz (314 kg) in the corresponding period of 2019.
- Apart from alluvial mining, the COVID-19 pandemic has had a limited effect on the total operations: bedrock gold production, constructions and sales activities are not materially affected. Mine shifts were extended to cover the transition period since travel was restricted in order to protect the Company’s remote operations and nearby communities, and a 14-day quarantine period was introduced for all personnel travelling to the production mine sites.
- In September 2020, the pilot heap leach operations at the Yubileyniy project were commenced. 14 kt of ore were stacked and the facility produced the first 0.34 koz of gold.
- As announced on October 16, the total Company Mineral Resources (Amur Zoloto and Krasny projects) increased by 19% to 2,756 koz of gold including Ore Reserves which also increased by 19% to 1,313 koz of gold, following successful exploration in 2019-2020 at the Krasivoe deposit within the Yubileyniy project (Amur Zoloto).
- Backed by the reserve increase at Yubileyniy, the Company has revised the development program for the Yubileyniy CIP plant: following the initial processing capacity increase from the current 130 kta to 250 kta by 2022, a further extension to 400 kta by 2025 is now planned.

¹ Varies based on relation between actual gold and silver prices: for the first nine months of 2020 the applied average conversion ratio for silver was 1:98 Ag/Au

KOPY GOLDFIELDS

“We are glad to report strong operational results for our expanded operations and we expect to exceed the 2019 production levels despite underperformance of the placer mining due to COVID-19 travel restrictions. Successful exploration at Krasivoe deposit resulted in a significant increase of gold reserves and strengthened our production growth model. The operational results are further supported by historically high gold prices and the lower RUB/USD rate, which increase revenue and supports profit margins for gold mining operations”, said Mikhail Damrin, CEO of Kopy Goldfields.

Yubileyniy project

The Yubileyniy project includes the operating Krasivoe underground mine and the Yubileyniy processing plant. The Krasivoe mine commenced production in 2004, initially as an open pit and then switched to underground in 2010. Yubileyniy is a conventional CIP plant with an installed capacity of 130,000 tonnes per annum (tpa) and a planned expansion in capacity to 250,000 tpa by 2022, followed by further expansion to 400,000 tpa by 2025. The plant flowsheet includes consecutive gravity concentration followed by intensive cyanidation of gravity concentrate and flotation concentration of gravity tailings followed by CIP process of flotation concentrate. The outcome product from the site are gold alloys (Dore bars) with some 17-30% of gold content which is further refined to bankable gold bars by the external smelter.

Gravity and flotation concentrates produced at Perevalnoe plant are also leached to Dore bars at the Yubileyniy plant. During the first nine months of 2020, a total of 271.47 tons of gravity concentrate and 4,308.48 tons of flotation concentrates from the Perevalnoe project were leached at the Yubileyniy plant, producing 22.43 koz (697.8 kg) of gold, which are reported under the Perevalnoe project further below.

Yubileyniy project	3 months ended Sep 30,		Change	9 months ended Sep 30,		Change
	2020	2019		2020	2019	
CIP						
Underground ore mined, 000'tons	42.90	36.90	16%	132.40	76.40	73%
Underground development, meters	500	140	257%	1,602	622	158%
Underground ore grade, g/t	4.00	5.22	-23%	4.10	5.44	-25%
Ore processed, 000'tons	31.60	32.70	-3%	96.00	92.20	4%
Average grade, g/t	4.73	5.10	-7%	4.88	5.44	-10%
Gold produced CIP, kg	118.90	126.90	-6%	358.30	390.90	-8%
Gold produced CIP, koz	3.82	4.08	-6%	11.52	12.57	-8%
Heap Leach (HL)						
Ore stacking, 000'tons	14.00			14.00		
Grade, g/t	2.13			2.13		
Gold in ore stacked, kg	29.80			29.80		
Gold produced HL, kg	11			11		
Gold produced HL, koz	0.34			0.34		

Perevalnoe project

The Perevalnoe project includes the Perevalnoe processing plant and the Perevalnoe deposit. Mining from the Perevalnoe open pit commenced in 2015 and the processing plant was commissioned in 2017. The plant produces gravity and flotation concentrates on site which are further transported and leached at the Yubileyniy processing plant to produce Dore bars. The Perevalnoe concentration (gravity

KOPY GOLDFIELDS

and flotation) plant, with a designed capacity of 125,000 tpa, processed 144,000 tpa in 2019, following bottlenecks elimination. For 2020, the annual throughput is expected at around 160,000 tpa.

The Perevalnoe deposit is now represented by two zones, which are considered as two separate deposits: Brekchiyevalaya Zone and Priyatnoe Zone. Ore is currently mined from the Brekchiyevalaya open pit and the Priyatnoe open pit and in the future from an underground mine below the open pit at Brekchiyevalaya. The mined ore is split into three categories: “High grade”, “Low grade” and “Heap leach” grade. The “High grade” ore with a grade above 5 g/t is mixed with “Low grade” ore (grade between 3 and 5 g/t) to get a head grade of 5.5-6.5 g/t and then processed at the Perevalnoe mill to gravity and flotation concentrates which are further transported and leached at the Yubileyniy processing plant. The “Low grade” ores are partially mixed “High grade” ores and partially stockpiled at site for the future use. “Heap leach” grade ores with grades below 2 g/t are stockpiled at site until 2021 when the heap leach operations at a rate of 250 ktpa will commence.

Perevalnoe project	3 months ended Sep 30,		Change	9 months ended Sep 30,		Change
	2020	2019		2020	2019	
Waste stripping, 000'm3	677.6	408.2	66%	1,940.5	1,092.9	78%
Ore mined, 000'tons	85.4	60.9	40%	193.8	190.8	2%
Average ore grade, g/t	3.16	3.78	-16%	3.44	4.43	-22%
including						
High grade ore, 000'tons	15.8	14.8	7%	49.00	54.9	-11%
Average grade, g/t	9.17	11.68	-21%	8.82	10.6	-17%
Low grade ore, 000'tons	1.70	46.10	-96%	20.6	135.9	-85%
Average grade, g/t	2.94	2.04	44%	3.49	1.94	80%
Heap Leach ore, 000'tons	67.90			124.20		
Average grade, g/t	1.19			1.31		
Ore processed, 000'tons	42.10	34.79	21%	124.71	94.50	32%
Average grade, g/t	7.13	6.18	15%	6.07	7.55	-20%
Gravity concentrate produced, 000'tons	94.30	88.01	7%	277.28	262.64	6%
Average grade, g/t	1,258.38	964.86	30%	918.69	1,094.25	-16%
Flotation concentrate produced, 000'tons	1,536.88	1,120.19	37%	4,429.42	3,447.20	28%
Average grade, g/t	104.79	107.64	-3%	103.15	114.98	-10%
Gold produced (at the Yubileyniy plant from gravity and flotation concentrates of Perevalnoe project), kg	274.70	217.70	26%	697.80	628.50	11%
Gold produced (at the Yubileyniy plant from gravity and flotation concentrates of Perevalnoe project), koz	8.83	7.00	26%	22.43	20.21	11%

Placer mining

In 2020, Amur Zoloto produces alluvial gold at the two placer deposits: Buor-Sala and Kagkan-Chudny located near the Yubileyniy and Perevalnoe projects respectively. These are shallow stream placers which are dozed and loaded into articulated haul trucks and hauled to semi-mobile washing plants or hauled by front-loaders. The waste stripping is conducted largely in the autumn and early spring with washing of gravels from May to October.

KOPY GOLDFIELDS

Placer mining	3 months ended Sep30,		Change	9 months ended Sep30,		Change
	2020	2019		2020	2019	
Overburden, 000'm3	635.70	464.90	37%	1,457.10	1,020.10	43%
Capital mining, 000'm3	89.10	88.30	1%	258.60	236.50	9%
Placer gravel washed, 000'm3	327.60	509.30	-36%	455.20	811.50	-44%
Average grade, mg/m3	455.79	380.54	20%	466.69	387.11	21%
Gold produced, kg	149.30	193.80	-23%	212.40	314.10	-32%
Gold produced, koz	4.80	6.23	-23%	6.83	10.10	-32%

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:

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.

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

KOPY GOLDFIELDS

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.