

# KOPY GOLDFIELDS

Kopy Goldfields AB (publ)  
Press release 3/2021  
Stockholm, January 22, 2021

## KOPY GOLDFIELDS PUBLISHES Q4 AND FULL YEAR 2020 OPERATIONAL UPDATE

**Kopy Goldfields AB (publ) ("Kopy Goldfields" or "the Company") hereby announces an operational update for the fourth quarter and the full year 2020. In line with its guidance, the Company has increased its annual gold production despite the COVID-19 pandemic.**

### Highlights:

- The total gold equivalent (GE<sup>1</sup>) production in Q4 2020 from the Company's two bedrock mines and two alluvial mines in the Khabarovsk region of Russia increased by 24% year-on-year to 10.83 koz (336.96 kg), compared to 8.72 koz (271.15 kg) in Q4 2019.
- Total 2020 production amounted to 53.11 koz (1,652.04 kg) of gold equivalent, in line with previous guidance (52-54 koz) and slightly above the 2019 production level of 52.26 koz (1,625.41 kg). 2020 GE production includes 97 koz (3,026 kg) of silver which is an equivalent of 1.36 koz (42.15 kg) of gold.
- Gold sales for the full year 2020 amounted to 55.43 koz (1,723.96 kg), compared to 48.71 koz (1,515.01 kg) in 2019.
- The production growth in Q4 2020 was driven by increased production from gravity and flotation concentrates from the Perevalnoe mill, which processed a total of 166 kt of ore in 2020, compared to 131 kt in 2019<sup>2</sup>.
- During the last two weeks of December 2020, the pace of mineral processing and underground mining operations at Yubileyniy was reduced due to COVID-19. The reduction affected the volume of ore processed and total gold production for Q4 at Yubileyniy. As of the date of this press release, all operations are restored to the planned scale.
- Following the recent outbreak of COVID-19, the Company has strengthened quarantine measures and other precautions to prevent similar incidents in the future.

*"We are glad to report strong operational results for 2020 and that we exceeded 2019's production despite COVID-19. We continue with activities intended to increase our gold production, which, combined with strong market fundamentals and a lower RUB/USD rate, will support revenue and profit margins",* said Mikhail Damrin, CEO of Kopy Goldfields.

### Yubileyniy project

During Q4 2020, GE production totalled 2.61 koz, a decrease of 39% compared to Q4 2019. The decrease in production is explained by lower gold grades (-11%) and a decrease in volume (-21%) of ore processed due to a reduction in operations in December because of COVID-19.

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<sup>1</sup> Varies based on relation between actual gold and silver prices: for twelve months of 2020 the applied average conversion ratio for silver was 1:72 Ag/Au.

<sup>2</sup> Since transportation of gravity and flotation concentrates from the Perevalnoe mine site to the Yubileyniy processing plant proceeds over time, the reported gold production for Perevalnoe does not necessarily involve concentrates from Perevalnoe produced in the same reporting period but rather earlier during this and last year.

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The full year GE production from the Yubileyniy project totalled 14.13 koz, a decrease of 16% compared to 2019. The decrease in production is mainly explained by the lower average grades (-10%) of the processed ore.

| Yubileyniy project              | Q4    |        | Change | Full year |        | Change |
|---------------------------------|-------|--------|--------|-----------|--------|--------|
|                                 | 2020  | 2019   |        | 2020      | 2019   |        |
| <b>CIP</b>                      |       |        |        |           |        |        |
| Underground ore mined, 000'tons | 39.90 | 40.70  | -2%    | 212.20    | 117.07 | 81%    |
| Underground development, meters | 566   | 345    | 64%    | 2,168     | 967    | 124%   |
| Underground ore grade, g/t      | 3.84  | 4.73   | -19%   | 3.28      | 5.20   | -37%   |
| Ore processed, 000'tons         | 26.12 | 32.94  | -21%   | 122.15    | 125.12 | -2%    |
| Average grade, g/t              | 4.53  | 5.07   | -11%   | 4.81      | 5.34   | -10%   |
| Gold produced CIP, kg           | 81.19 | 132.54 | -39%   | 439.48    | 523.42 | -16%   |
| Gold produced CIP, koz          | 2.61  | 4.26   | -39%   | 14.13     | 16.83  | -16%   |
|                                 |       |        |        |           |        |        |
| <b>Heap Leach (HL)</b>          |       |        |        |           |        |        |
| Ore stacking, 000'tons          | -     |        |        | 14.00     |        |        |
| Grade, g/t                      | -     |        |        | 2.88      |        |        |
| Gold in ore stacked, kg         | -     |        |        | 40.30     |        |        |
| Gold produced HL, kg            | 10.82 |        |        | 21.29     |        |        |
| Gold produced HL, koz           | 0.35  |        |        | 0.68      |        |        |

Gravity and flotation concentrates produced at the Perevalnoe plant are also leached to Dore bars at the Yubileyniy plant. During 2020, a total of 367.82 tons of gravity concentrate and 6,158.01 tons of flotation concentrate from the Perevalnoe project were leached at the Yubileyniy plant, producing 30.01 koz (933.53 kg) of gold, which are reported under the Perevalnoe project further below.

## Perevalnoe project

During Q4 2020, the Perevalnoe mill processed 41.14 kt of ore, an increase of 12% compared to Q4 2019. Gravity concentrate production totalled 90.54 kt, a decrease of 4% and flotation concentrate 1,728.59 kt, an increase of 29%. GE production from Perevalnoe concentrates at the Yubileyniy mill amounted to 7.58 koz, an increase of 95%.

2020 full year gravity concentrate production reached 367.82 kt, an increase of 3% and flotation concentrate 6,158.01 kt, an increase of 29% supported by a 26% increase in ore processing at the Perevalnoe mill – 165.85 kt compared to 131.3 kt in 2019. 2020 GE production from Perevalnoe concentrates at the Yubileyniy mill amounted to 30.01 koz, an increase of 25%.

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| Perevalnoe project   | Q4       |          | Change | Full year |          | Change |
|--|----------|----------|--------|-----------|----------|--------|
|  | 2020     | 2019     |        | 2020      | 2019     |        |
| Waste stripping, 000'm3  | 676.20   | 439.50   | 54%    | 3,293.00  | 1,971.90 | 67%    |
| Ore mined, 000'tons  | 176.90   | 74.89    | 136%   | 370.71    | 265.70   | 40%    |
| Average ore grade, g/t   | 3.78     | 4.98     | -24%   | 3.60      | 4.59     | -22%   |
| including  |          |          |        |           |          |        |
| High grade ore, 000'tons   | 52.96    | 26.73    | 98%    | 101.97    | 81.63    | 25%    |
| Average grade, g/t   | 8.64     | 10.12    | -15%   | 8.73      | 10.44    | -16%   |
| Low grade ore, 000'tons  | 13.34    | 48.16    | -72%   | 33.97     | 184.07   | -82%   |
| Average grade, g/t   | 3.16     | 2.12     | 49%    | 3.36      | 1.99     | 69%    |
| Heap Leach ore, 000'tons   | 110.60   | -        | -      | 234.78    | -        | -      |
| Average grade, g/t   | 1.52     | -        | -      | 1.41      | -        | -      |
| Ore processed, 000'tons  | 41.14    | 36.81    | 12%    | 165.85    | 131.3    | 26%    |
| Average grade, g/t   | 9.31     | 7.39     | 26%    | 6.88      | 7.50     | -8%    |
| Gravity concentrate produced, 000'tons   | 90.54    | 93.94    | -4%    | 367.82    | 356.58   | 3%     |
| Average grade, g/t   | 1,573.86 | 1,110.62 | 42%    | 1,079.96  | 1,098.57 | -2%    |
| Flotation concentrate produced, 000'tons   | 1,728.59 | 1,335.06 | 29%    | 6,158.01  | 4,782.26 | 29%    |
| Average grade, g/t   | 129.62   | 117.50   | 10%    | 110.58    | 115.69   | -4%    |
| Gold produced (at the Yubileyniy plant from gravity and flotation concentrates of Perevalnoe project), kg                | 235.82   | 120.75   | 95%    | 933.53    | 749.18   | 25%    |
| Gold produced (at the Yubileyniy plant from gravity and flotation concentrates of Perevalnoe project) <sup>3</sup> , koz | 7.58     | 3.88     | 95%    | 30.01     | 24.09    | 25%    |

## Placer mining

2020 full year gold production from placer operations totalled 6.93 koz, a decrease of 35% compared to 2019. The decline in alluvial production is explained by a significantly lower volume of placer gravel processed (a decrease of 44%) due to the late start of alluvial mining because of COVID-19 travel restrictions.

| Placer mining                | Q4     |        | Change | Full year |          | Change |
|------------------------------|--------|--------|--------|-----------|----------|--------|
|                              | 2020   | 2019   |        | 2020      | 2019     |        |
| Overburden, 000'm3           | -      | 19.00  | -      | 1,457.10  | 1,033.60 | 41%    |
| Capital mining, 000'm3       | -      | 28.40  | -      | 258.60    | 240.10   | 8%     |
| Placer gravel washed, 000'm3 | 8.70   | 21.80  | -60%   | 463.90    | 833.30   | -44%   |
| Average grade, mg/m3         | 361.61 | 731.88 | -51%   | 464.72    | 396.13   | 17%    |
| Gold produced, kg            | 3.10   | 15.96  | -81%   | 215.60    | 330.09   | -35%   |
| Gold produced, koz           | 0.10   | 0.51   | -81%   | 6.93      | 10.6     | -35%   |

<sup>3</sup> Since transportation of gravity and flotation concentrates from the Perevalnoe mine site to the Yubileyniy processing plant proceeds over time, the reported gold production for Perevalnoe does not necessarily involve concentrates from Perevalnoe produced in the same reporting period but rather earlier during this and last year.

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## 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.

## For more information, please contact:

Mikhail Damrin, CEO, +7 916 808 12 17, [mikhail.damrin@kopygoldfields.com](mailto:mikhail.damrin@kopygoldfields.com)

Tim Carlsson, CFO, +46 702 31 87 01, [tim.carlsson@kopygoldfields.com](mailto: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, 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. Stockholm Certified Advisers acts as Certified Adviser, contact number: +46 707 94 90 73, e-mail: [info@certifiedadviser.se](mailto:info@certifiedadviser.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 apply 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 required by law or Nasdaq First North Growth Market rule book for issuers.