

Kopy Goldfields AB (publ)
Press release 3/2017
Stockholm, March 23, 2017

KOPY GOLDFIELDS AB (publ)

Year End Report January – December 2016

Financial information July – December and full year 2016

- The Company does not yet report any revenue
- Net income MSEK -1.7 (-3.9), full year -5.0 (-3.7)
- Earnings per share before and after dilution SEK -0.02 (-0.07), full year -0.08 (-0.07)
- Total cash flow of MSEK 1.6 (-1.3), full year 9.3 (0.3)
- Investments in exploration work and licenses MSEK 1.8 (2.1), full year 1.9 (2.7)
- Investments into joint ventures MSEK 8.6 (-), full year 8.6 (-)
- Cash and cash equivalents amounted to MSEK 10.7 (1.4) at period end
- The Board of Directors proposes that no dividend is paid

Significant events during July – December and full year 2016

In February 2016, a short-term loan of MSEK 3 was converted into shares

- In total, 5,454,545 new shares were issued by converting a debt of SEK 2,999,999.75 at the subscription price of 0.55 SEK/share. The share capital was increased by SEK 2,073,934.09 to SEK 22,775,080.27 and the number of shares amount to 59,899,541 following the share issue.

On March 30, 2016, the formal approval of a mineral reserve report for the Krasny deposit was received by the Russian authorities.

- The report was prepared in accordance with the Russian GKZ regulations, and confirmed gold reserves of 9.767 tons (314 koz) in the C2 category. The project was recommended for development into production.
- The Krasny mineralization was classified as a “gold deposit” and the Company was graded as a “pioneer discoverer” in Russia.

In April 2016, an additional consideration was received and a short-term loan was repaid

- On April 21, 2016, the Company received an additional consideration of MUSD 2 from GV Gold in accordance with the joint venture agreement and at the same time, the short term interest bearing loan of MSEK 3.3 from five shareholders was repaid. The Company is now debt free.

In May 2016, a new positive scoping study was announced for the Krasny deposit

- The scoping study was performed by Irgiredmet engineering consultancy and included the exploration results from Stage 2 of the exploration program (November 2015).
- The study evaluated gold production from the Upper structure only and confirmed feasibility of Krasny mine development with a total undiscounted free cash flow of USD 94 million at a fixed gold price of 1,100 USD/oz and estimated total production costs of 475 USD/oz.

In May 2016, a JORC mineral resource update was announced for the Krasny deposit

- The updated JORC mineral resource estimate was issued by Micon International Co Limited and was based on the exploration data acquired until January 2016 and covered both the Upper and Lower mineralization.
- It shows 288,000 oz of Indicated mineral resources (7,848,000 tons of rock at an average grade of 1.141 g/t Au) and 667,000 oz of Inferred mineral resources (12,324,000 tons at an average grade of 1.682 g/t Au) within an economically minable open pit.

A new mineralization on Krasny was discovered during 2016, preliminary called Krasny North

- The mineralization is located approximately 4 km to the North from the Krasny Central deposit.
- It has been confirmed in 4 drill profiles so far, for a total strike of 600 meters and for 140 meters down dip.
- The new mineralization will be included into the new JORC resource update coming in 2017.

In October 2016, the Company launched a new homepage

- The new website is responsive, has a new design and presents the Kopy Goldfields' projects in a more informative way than previously.

A share issue with preferential rights for existing shareholders was finalized and registered by the Swedish Companies Registration Office in November 2016

- The share issue was subscribed to 166.4%, whereof 91.5% of the shares were subscribed by shareholders using their preferential rights.
- The number of shares in the Company increased by 19,966,513 to 79,866,054 shares and the Company received MSEK 16.6 net of transaction costs.

The year 2016 exploration program on the Northern Territories was finalized

- 1,852 sq km were covered with a stream sediment survey and 5,380 samples were collected, processed and analyzed.
- A great exploration potential is confirmed and 12 prioritized clusters for more detailed exploration have been identified.

Statutory approval for pilot mining operations on the Kopylovskoye license was received

- Negotiations with several potential pilot production partners are being held with the target to commence test gold mining during 2017.

Comments from CEO

Dear shareholders,

In 2016, we made obvious progress with our projects, reaching all planned targets. At the same time, financial markets favored gold price and mining industry development and we saw clear signs of worldwide return of interest to gold exploration activities. Tensions between Russia and the West did not escalate and we noticed a request for normalization of business relations. All in all, our projects seem to be in the right industry and in the right momentum for a long growth story.

Our flagship Krasny project is steadily moving towards production. We consider to develop the project in two stages, starting with Stage 1 and mining of the Krasny Upper structure and later add Stage 2 with mining of the Lower structure. The 2016 activities primarily targeted Stage 1 development; we proved Russian GKZ reserves for the Upper structure, issued a detailed scoping study, proceeded with further exploration along the strike and we initiated the work with the processing flow chart and a PFS report (investment justification report). The processing flow chart will be finalized shortly and the PFS report, planned for Q2 2017, will serve as basis for taking the formal decision of mine construction start.

In parallel, we plan and prepare for the future Stage 2 by exploring the Lower structure; in 2016, we drilled Lower structure to estimate scope of mineralization and to upgrade resources, we issued an updated JORC resource statement, covering both the Upper and Lower structures, and we are now developing a separate scoping study covering mining of the Lower structure. With the strong exploration results from 2016, we see a potential for a further resource increase on top of the reported 955 koz of gold in May 2016. The new JORC resource report is in progress and we expect the report to be published during Q2 this year. With all these interim results being in line with expectations, we are confident with future development of the Krasny project. It is no longer a question of "to be or not to be", rather "how to get the maximum outcome". All economic evaluations of future gold mining on Krasny that we have undertaken so far have returned positive NPV results for mine development.

In 2016 we were happy to confirm a satellite gold mineralization within the Krasny North structure which is located within 3-4 km from the Krasny Central and makes a part of the Krasny project. Krasny North will make an excellent supplement to the Krasny Central by sharing its infrastructure, mill, personnel and mining equipment. On top of the Krasny North, we constantly review other possibilities to increase gold resources around Krasny

and in January 2017 we received a new license which borders the Krasny license on the North-West and where we see a possibility to locate another mineralization, similar to the Krasny mineralization.

In 2016 we expanded our exploration activities and commenced operations on the Northern Territories and Kopylovskoye projects as well. The Northern territories project is very similar in geology to the nearby located 60 Moz Sukhoy Log deposit, sold at a State auction in January 2017. The area of the Northern Territory project (1,852 km²) is well known for a successful alluvial mining and within our bedrock licenses there are still a lot of running alluvial mines which directly indicates for existence of the bedrock sources of alluvial gold nearby. By a common geological opinion, the license area is recognized for high potential of elephant gold discoveries. In 2016 we completed stream sediment survey collecting 5,380 samples covering the total license area. Based on the work done, we have identified 20 prospective clusters including 12 priority areas, for more detailed exploration. We are very excited with the results and we clearly see an exploration potential of the Northern Territories project that may conceal several Sukhoy Log type deposits.

Within the Kopylovskoye project, our work last year was spent on a renewal of exploration and mining permits for the license to update and extend the license terms. By the end of the year, we received a statutory approval for pilot mining operations which allows us to mine 150,000 tons of ore during the next two years. With this in place, we advance negotiations about pilot gold operations from the Kopylovskoye project already in 2017.

On January 26, 2017, a Joint venture between Polyus Gold, a Russian major gold producer, and Rostekh, a Russian state owned multi-industry company, won the Russian State auction of the Sukhoy Log deposit by offering RUB 9.4 billion, approximately of USD 158 million. We believe that this event makes the start of a new period in the development of the Bodaibo area. The Sukhoy Log deposit is located 60 kilometers North from our Krasny license and holds approximately 1,953 tons (62.8 Moz) of gold reserves plus 799 tons (25.7 Moz) of gold resources. Sukhoy Log is undoubtedly one of the biggest undeveloped gold deposits in the world. Polyus Gold is a top-ten worldwide gold producer and the largest Russian gold company, producing more than 20% of the total gold production in Russia. We believe that there are all the prerequisites that Polyus Gold will be able to develop the Sukhoy Log project on time and under various estimations, Sukhoy Log annual gold production is expected at 56-60 tons of gold per year, which is three times more than the total current gold production of the Bodaibo area.

Development of this deposit will provide a significant improvement of the local infrastructure with new roads, electricity lines, mining service providers, transportation, etc. This in turn will lead to a general reduction of the mining costs in the area. We also anticipate that the Bodaibo region in general will become more visible and familiar for big international companies providing mining services and as such, it is likely that the valuation of all mining and exploration assets within Bodaibo will appreciate.

On the shareholder side, I am pleased to conclude that the share price increased by 55% during 2016, following a 71% increase during 2015. During the year, the number of shareholders increased by 1,329 to 5,521 and the liquidity in the share was kept on a high level. In October 2016, as part of an ongoing process of improving our communication to the financial market and our shareholders, we were proud to launch a new website which is more user-friendly, has a new design and presents our projects in a more informative way than previously. I recommend you to visit the homepage if you have not done it already. On behalf of Kopy Goldfields AB, I thank you for your interest and support of the company.

With kind regards,

Mikhail Damrin, CEO

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This information is information that Kopy Goldfields AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8:45 CEST on March 23, 2017.

About Kopy Goldfields AB

Kopy Goldfields AB (publ), listed at NASDAQ First North in Stockholm is a gold exploration company operating in one of the most gold rich areas in the world; Lena Goldfields, Bodaibo, Russia. The company holds 12 bedrock exploration- and production licenses and one alluvial license covering in total 2,049 sq km, of which the Krasny licenses (2 bedrock and 1 alluvial) are held 49% by the company. The target for Kopy Goldfields is to become a near-term gold producer in cooperation with a producing 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

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

Outstanding shares: 79,866,054