

# KOPY GOLDFIELDS

Press release  
22 July 2021

## KOPY GOLDFIELDS PUBLISHES Q2 2021 OPERATIONAL UPDATE

**Kopy Goldfields AB (publ) (“Kopy Goldfields” or “the Company”) hereby announces an operational update for the second quarter 2021. The Q2 gold equivalent (GE\*) production increased by 69% on a quarter-by-quarter basis. The 2021 production guidance is unchanged. COVID-19 continued to affect the gold production primarily due to a shortage of qualified mining personnel.**

### Highlights:

- The total gold equivalent (GE\*) production during Q2 2021 from the Company’s two bedrock and two alluvial mines in the Khabarovsk region of Russia totalled 13.01 koz (404.59 kg), which represent a 69% growth over Q1 2021 results (7.69 koz or 239.06 kg), however it is 7% lower compared to 14.04 koz (436.7 kg) in Q2 2020. Q2 2021 GE production includes 17.73 koz (551.58 kg) of silver which is an equivalent of 0.26 koz (8.1 kg) of gold.
- Gold sales for Q2 2021 amounted to 9.37 koz (291.56 kg), compared to 10.99 koz (341.91 kg) in Q1, 2021 and 12.29 koz (382.16 kg) in Q2 2020.
- The Company confirms 2021 gold production guidance of 56-59 koz (unchanged) supported by expected production growth from the alluvial and heap leach operations in the second half of the year.
- Gold production in Q2 2021 was influenced by personnel shortages and other effects caused by the COVID-19 pandemic. Although the Company’s own operations at the Yubileyniy site were restored to initial capacity, the Company is still affected by an industry-wide shortage of qualified mining personnel at the mine sites while travel restrictions and lockdowns within Russia and neighboring countries extend the procurement and maintenance for the mining and Investment activities.
- The Company’s actions that were initiated in Q1 2021 to increase capacity and stabilize processing and underground mining operations at the Yubileyniy project resulted in 69% sequential production growth compared to Q1. The Company has taken further actions to strengthen the recruitment program and changing for shift-based employment system to further address understaffing of mining operations.
- The Perevalnoe project is in transition from open pit to underground mining (UG). During Q2 2021, the Priyatnoe open pit was mined to its limit and completed while the Brekchiyevaya open pit was still in production. The Company commenced preparations for underground mining at Brekchiyevaya, developing the initial 107 meters of decline.
- In Q2 2021, the Company’s gold production was affected by seasonal variations since alluvial mining operations commenced only in May and delivery of concentrates from Perevalnoe to Yubileyniy was affected by unstable weather conditions in the spring. Transportation of concentrates from the Perevalnoe site to the Yubileyniy processing plant takes place primarily during the winter season. During the absence of the winter roads, flotation concentrate is accumulated at the Perevalnoe site and gravity concentrate is transported to the Yubileyniy plant by helicopters subject to weather conditions,
- The Company has commenced alluvial mining at two placer mines, Byor and Khayarylakh. The Q2 2021 gold production from the two placers totalled 1.8 koz (55.96 kg), a decrease of 11% compared to Q2 2020.

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- The Company continues with quarantine and other precaution measures to prevent COVID-19 incidents on the mine sites. The Company strongly supports vaccinations and offer free and priority service to the employees.

*“During the second quarter we successfully advanced all our CAPEX projects at Yubileyniy, Perevalnoe and Maluytka. In May we commenced alluvial mining at our two placers, one of which, Khayarylakh, will be first year in production. Gold production grew significantly on a quarter-by-quarter basis despite the continued influence of the COVID-19 pandemic since last year and we remain devoted to our 2021 production target,” said Mikhail Damrin, CEO of Kopy Goldfields.*

*\* Varies based on relation between actual gold and silver prices: for Q2 2021 the applied average conversion ratio for silver was 1:69 Ag/Au.*

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## Yubileyniy project

During Q2 2021, GE production totalled 3.72 koz (115.77 kg), a decrease of 11% compared to Q2 2020. The decrease in production was explained by lower volume (-6%) of ore processed and lower recovery rate due to extended maintenance shutdowns because of shortage of service staff.

The gold grade of the ore mined increased by 2% during Q2 2021 and by 8% since the start of the year compared to relevant periods of 2020. This is in line with the most recent CPR report, published in October 2020, which shows an increase of grade and thickness of ore bodies down dip. In 2021, the Company develops underground mining operations to the deeper horizons where ore gold grade is increasing. This underpins the plans to increase capacity of the Yubileyniy mine and mill to 250 ktpa in Q4 this year.

During Q2 2021, 6.72 kt of ore were stacked for Heap leach (HL) operations at Yubileyniy, with first gold production to be reported in Q3 2021.

Yubileyniy project	Q2		Change	Year to date		Change
	2021	2020		2021	2020	
<b>CIP</b>						
Underground ore mined, 000'tons	37.37	40.64	-8%	63.33	89.52	-29%
Underground development, meters	409.60	525.20	-22%	939.80	1,101.70	-15%
Underground ore grade, g/t	4.77	4.67	2%	4.47	4.15	8%
Ore processed, 000'tons	31.80	33.86	-6%	54.27	64.48	-16%
Average grade, g/t	5.56	5.15	8%	4.95	4.95	0%
Gold produced CIP, kg	115.77	130.35	-11%	188.68	239.40	-21%
Gold produced CIP, koz	3.72	4.19	-11%	6.07	7.70	-21%
<b>Heap Leach (HL)</b>						
Ore stacking, 000'tons	6.72			6.72		
Grade, g/t	3.31			3.31		
Gold in ore stacked, kg	22.24			22.24		
Gold produced HL, kg	0			0		
Gold produced HL, koz	0.00			0.00		

Gravity and flotation concentrates produced at the Perevalnoe plant are also leached to Dore bars at the Yubileyniy plant. During Q2 2021, a total of 84.33 tons of gravity concentrate and 1,745.23 tons of flotation concentrate from the Perevalnoe project were leached at the Yubileyniy plant, producing 7.23 koz (224.76 kg) of gold, which are reported under the Perevalnoe project further below.

## Perevalnoe project

Open pit (OP) mining at the Perevalnoe project is declining in accordance with plan. In Q2 2021, the Priyatnoe open pit was completed, while operations were proceeding at the Brekchivaya open pit which is preliminary expected to be completed by the end of the year.

In Q2 2021, the Company commenced preparations for underground (UG) mining at the Brekchivaya site, developing the initial 107 meters of decline. UG ore mining is expected to commence in 2022. Until that time, the ore from the OP Brekchivaya and accumulated ore from the stockpiles will feed the Perevalnoe mill.

During Q2 2021, the Perevalnoe mill processed 42.92 kt of ore, an increase of 3% compared to Q2 2020. Gravity concentrate production totalled 84.01 t, in line with Q2 2020, and flotation concentrate

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1,874.54 t, an increase of 27%. GE production from Perevalnoe concentrates at the Yubileyniy mill amounted to 7.23 koz (224.76 kg), a decrease of 2%.

In Q2 2021, ore crushing for HL operations totalled 15.34 kt of ore. The target is to prepare HL piles in Q3 to produce the first gold in 2022.

Perevalnoe project	Q2		Change	Year to date		Change
	2021	2020		2021	2020	
<b>CIP</b>						
Underground development, meters	107.32			107.32		
Waste stripping, 000'm3	141.96	729.36	-81%	563.72	1,262.95	-55%
Ore mined, 000'tons	123.47	60.13	105%	195.28	108.40	80%
Average ore grade, g/t	2.18	3.54	-39%	2.51	3.65	-31%
including						
High grade ore, 000'tons	27.26	21.67	26%	50.33	33.22	52%
Average grade, g/t	4.14	6.82	-39%	5.10	7.47	-32%
Low grade ore, 000'tons	10.15	9.59	6%	15.65	18.94	-17%
Average grade, g/t	3.43	3.26	5%	3.42	3.54	-3%
Heap Leach ore, 000'tons	86.06	28.86	198%	129.30	56.25	130%
Average grade, g/t	1.41	1.17	20%	1.40	1.44	-3%
Ore processed, 000'tons	42.92	41.78	3%	84.36	82.61	2%
Average grade, g/t	5.06	5.06	0%	5.42	5.53	-2%
Gravity concentrate produced, tons	84.01	83.74	0%	172.27	182.98	-6%
Average grade, g/t	909.00	760.97	19%	912.42	743.64	23%
Flotation concentrate produced, tons	1,874.54	1,473.49	27%	3,500.01	2,892.54	21%
Average grade, g/t	67.40	91.24	-26%	77.94	102.28	-24%
Gold produced (at the Yubileyniy plant from gravity and flotation concentrates of Perevalnoe project), kg	224.76	228.40	-2%	389.07	422.98	-8%
Gold produced (at the Yubileyniy plant from gravity and flotation concentrates of Perevalnoe project)**, koz	7.23	7.34	-2%	12.51	13.60	-8%

*\*\* Since transportation of gravity and flotation concentrates from the Perevalnoe mine site to the Yubileyniy processing plant depends on season and proceeds over time, there is a time lag between production of concentrate at the Perevalnoe plant and its further processing at the Yubileyniy plant. Hence, the reported gold production for Perevalnoe at the Yubileyniy plant does not necessarily involve processing the same concentrates which Perevalnoe produced in this reporting period but rather the ones produced earlier during this or the previous year.*

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## Placer mining

In Q2 2021, the Company commenced alluvial mining at two placer mines - Byor and Khayarylakh. While the Byor placer has been in production for several years, 2021 is the first year of gold mining on the Khayarylakh placer. Q2 2021 gold production from both placers totalled 1.8 koz (55.96 kg), a decrease of 11% compared to 2020. The decline in alluvial production is explained by a decrease of the gold grade and an increase of the "gold in process inventory" which will roll forward and be reported in Q3 2021.

Placer mining	Q2		Change	Year to date		Change
	2021	2020		2021	2020	
Overburden, 000'm3	806.60	771.14	5%	844.90	821.34	3%
Capital mining, 000'm3	161.20	123.14	31%	163.20	169.54	-4%
Placer gravel washed, 000'm3	137.70	127.64	8%	137.70	127.64	8%
Average grade, mg/m3	406.42	494.65	-18%	406.42	494.65	-18%
Gold produced, kg	55.96	63.14	-11%	55.96	63.14	-11%
Gold produced, koz	1.80	2.03	-11%	1.80	2.03	-11%

## 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:

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*This information is information that Kopy Goldfields is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 8.30 am CEST on 22 July 2021.*

## 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. Kopy Goldfields' shares are traded on Nasdaq First North Growth Market in Stockholm under the symbol "KOPY". Nordic Certified Advisers is Certified Adviser (Tel +46 707 94 90 73, e-mail: [info@certifiedadviser.se](mailto:info@certifiedadviser.se)).

## 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

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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.