

# KOPY GOLDFIELDS

Information to the shareholders in Kopy Goldfields regarding the Board's proposal to the Annual General Meeting on June 27, 2024, to redeem up to approximately 156 million shares

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## Disclaimer

This document has been prepared for the purpose of providing information to the shareholders of Kopy Goldfields AB (publ) ("Company") regarding the Board's proposal of redemption to be approved at the forthcoming Annual General Meeting on June 27, 2024. The document does not constitute an offer or prospectus according to the Swedish Financial Instruments Trading Act (1991:980) (Sw: lagen om handel med finansiella instrument) or any other regulation. The document is not directed towards persons whose participation in the share redemption procedure would require additional information, registration or any other actions other than those prescribed by Swedish law. The document may not be distributed to such jurisdictions that may require additional information or actions as per previous sentence or to such jurisdictions where such distribution is in violation with applicable law or regulation. It is each person's responsibility to ensure that they comply with any such restriction imposed under foreign jurisdiction.

The Board's complete proposal is available at [https://storage.googleapis.com/corporate-sites-ldc-kgf-prod/Notice\\_of\\_AGM\\_9a3a46ce58/Notice\\_of\\_AGM\\_9a3a46ce58.pdf](https://storage.googleapis.com/corporate-sites-ldc-kgf-prod/Notice_of_AGM_9a3a46ce58/Notice_of_AGM_9a3a46ce58.pdf).

## Background and reasons

Kopy Goldfields AB is a Swedish company active in the Russian mining sector and indirectly conducts exploration, production and further distribution of precious metals in Russia. All of the Company's business is conducted through a wholly-owned Russian subsidiary, AG Mining JSC and other indirectly held subsidiaries. A Group structure chart is presented on the next page.

As an entity established within the European Union which is indirectly active in Russia, with indirect Russian and EU ownership, the Company is limited by general sanctions legislation in EU and Russia, including the sanctions specifically targeting the mining sector, although neither the Company, its shareholders, directors nor members of management are under sanctions. The Group is therefore facing significant restrictions in controlling, managing, developing and financing the operations in the current cross-border corporate and ownership structure.

Since the outbreak of the conflict in Ukraine in 2022, these challenges have been continuously increasing with further limitations eliminating the Group's options and room to maneuver. In addition, policy decisions and risk avoidance by third parties further discourage cross-border operations and transactions and also restrict liquidity and shareholder flexibility with respect to their shares.

The Board currently assesses that there are no clear evidences that this development might reverse in the foreseeable future and has concluded that the Group is exposed to considerable non-controllable risks that ultimately could result in the loss of control of the underlying assets and subsidiaries in Russia and/or insolvency. Kopy Goldfields, and ultimately its shareholders, therefore face increasing difficulties and significant risks.

The Board of Directors also recognizes that there is significant interest and external pressure on the Company and the Swedish shareholders to cease operations in Russia, and has therefore evaluated a number of strategic alternatives to structurally secure the business and offer an exit in a balanced way for all the Company's stakeholders. It is the board's view that the current Group and shareholder structure is not sustainable under current circumstances.

Significant restrictions, permit requirements and exit taxes apply in Russia with respect to any transfer of assets. The ability to transfer any funds from Russia to the EU is highly limited. New investments into the Russian mining industry are not permitted. Asset transactions with non-Russian ownership are concluded at significant discounts also reflecting scarce financing availability, high interest rates and the weak Russian Rouble. The realizable value of the Company's assets is therefore uncertain.

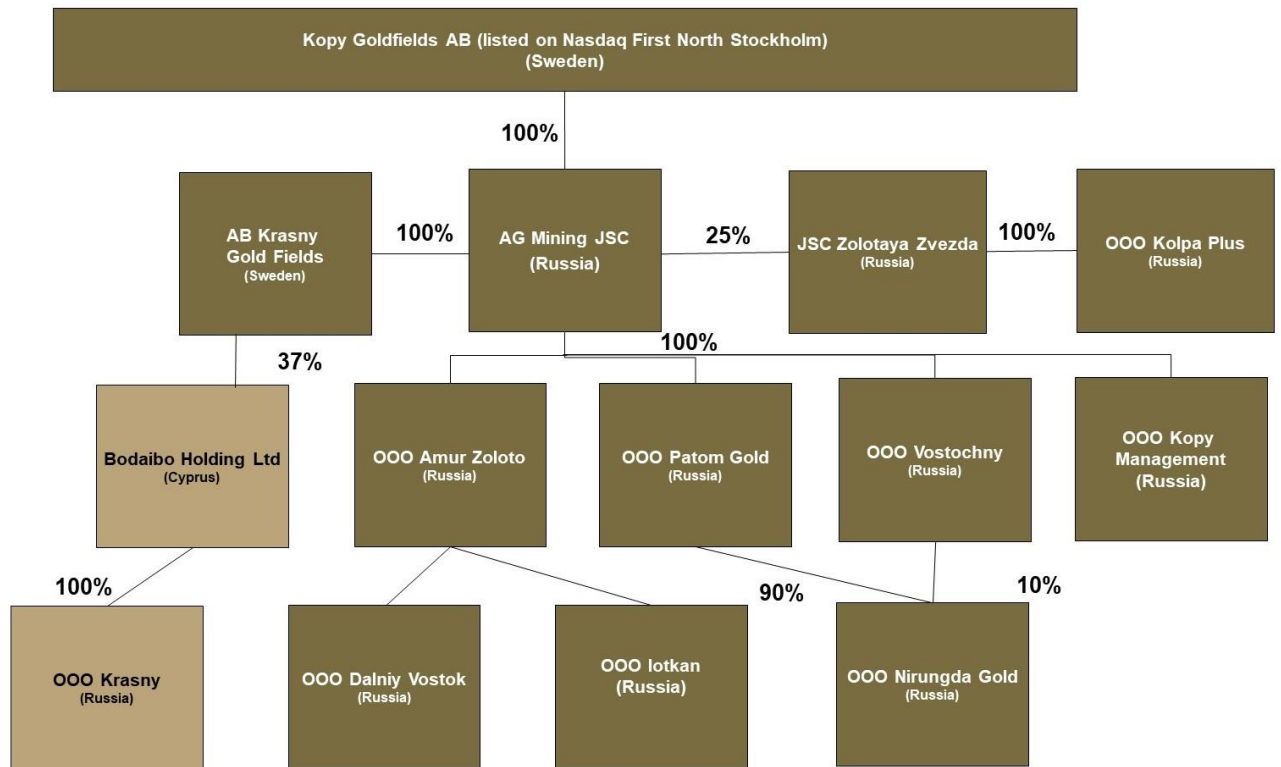
The Groups' operating result is currently supported by high gold prices, a weak Russian Rouble and increasing production. Debt service costs are increasing due to increased debt and higher Russian interest rates. The Company recorded losses in 2022, 2023 and q1 2024.

Against this background, the Board has structured the proposal based on its overall assessment of the Company's current situation, abilities, risks and shareholders' possibility to realize value in the foreseeable future.

It is structured as a voluntary proposal and shareholders should make an informed decision on whether to participate and evaluate the potential benefits and risks.

The proposal is supported by the main shareholders and the largest Swedish shareholders.

## The Company's legal structure at 31 December 2023.



## Redemption description

The Board of Directors of Kopy Goldfields has proposed that the Annual General Meeting ("AGM") resolves to redeem up to 155,755,865 shares in the Company (approximately 17.24 percent of the total outstanding shares in the Company) at a value of SEK 0.35 per share, whereby the share capital of the Company will be reduced by maximum of SEK 59,221,693.9887855 through repayment to shareholders by maximum SEK 54,514,552.75 and transfer of maximum SEK 4,707,141.2387855 to unrestricted equity.

All shareholders in the Company, except HC Alliance Mining Group Ltd and Magomed Bazhaev ("The Main Shareholders"), shall be entitled to voluntarily redeem their shares.

To approve the Redemption 2/3 majority is required. The Main shareholders and Swedish shareholders, who jointly control approximately 87 percent of the shares and votes in the Company have undertaken to vote in favor of the proposal.

The reduction of the share capital will be effected without obtaining the authorization of the Swedish Companies Registration Office (Sw. Bolagsverket) or a court of general jurisdiction, as the Company, at the same time, conditions the Redemption of the AGM's approval of a bonus issue equal to the maximum reduction of share capital, resulting in no reduction of the restricted equity of the Company or its share capital.

If the Redemption is adopted at the AGM, and the number of shares for which shareholders request redemption result in that the main owners jointly control more than 90 percent of the shares and votes in the Company, the Company intends to apply for a delisting of the shares from Nasdaq First North Growth Market.

## Timetable

June 27, 2024	AGM to resolve on the Redemption, the Bonus issue and to amend the Articles of Association.
July 3-July 17, 2024	Redemption period during which shareholders may request Redemption.
July 18, 2024	Announcement of outcome in the Redemption.
July 30, 2024	Indicative payment date on consideration for shares redeemed. Payment for redeemed shares shall be made within 10 days of registration by the Swedish Companies Registration Office of the resolution of the AGM regarding reduction of the share capital.

## Risks

In the current environment, rapidly changing legislation, the introduction of additional sanctions, interpretation and policy changes could affect the Company's ability to complete the Redemption. The execution of the Redemption requires and is dependent on the participation and performance of third parties, including banks, who could also be affected by such changes or other factors beyond the Company's control.

## Taxation

The following summary of certain tax considerations that may arise as a result of the proposed redemption is based on current Swedish tax legislation and is intended only as general information for the shareholders in Kopy Goldfields AB who are resident in Sweden for tax purposes, unless otherwise indicated. The information is limited and general in nature. This description does not deal comprehensively with all tax consequences that may occur for shareholders. For instance, it does not cover the specific rules concerning so called qualified shares in closely held companies (Sw. fåmansföretag), shares held through a life insurance (Sw. kapitalförsäkring) or shares held by a partnership or that constitute current assets in a business operation. Furthermore, it does not cover the specific rules concerning tax exempt capital gains (including non-deductible capital losses). Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies, mutual funds, insurance companies and persons who are not resident or domiciled in Sweden. Each shareholder is recommended to consult a tax adviser for information with respect to the special tax consequences that may arise in each individual case, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules, which may be applicable.

Individual shareholders are taxed as capital income for the capital gain incurred in connection with a sale or redemption of listed shares. Tax is normally levied with 30 percent on the capital gain. A capital

gain or loss is calculated as the difference between the sales proceeds (sale or redemption proceeds), after deducting sales costs, and the cost basis.

Capital losses that have not been offset against capital gains are deductible to 70 percent against other capital income. In case of a net capital loss, such loss may be used for tax reduction on earned income tax as well as central government and municipal property taxes. Tax reduction is granted with 30 percent of capital loss up to SEK 100,000 and 21 percent of any loss exceeding SEK 100,000. An excess net loss cannot be carried forward to future fiscal years.

Individual shareholders and estates from individual shareholders which own shares via so called investment savings accounts are not taxable for capital gains upon divestment of such shares. Capital losses on such shares are not tax-deductible. Instead a taxable standardized income should be reported on this type of holding, which is calculated by taking a capital basis multiplied with the Government lending rate at the end of November the previous calendar year increased with one percent point. However, the minimum standardized income is 1.25 percent of the capital base. The above applies whether or not the outcome of the holding is a gain or loss. The standardized income is taxed as capital income for which the tax is determined and paid per year.

## Questions and answers

### 1. How was the price determined?

Through the redemption up to 54 MSEK of the Company's capital is proposed to be returned to shareholders in order to offer an exit in a balanced way for all the Company's stakeholders under the current circumstances. The amount was determined based on the Company's financial position, outlook and available resources.

The redemption price exceeds the market price at the date of the proposal and this information brochure.

### 2. What shall I do to proceed with the Redemption? When will I receive money?

All shareholders may request Redemption within the Redemption period from July 3 to July 17. Directly registered shareholders will receive instructions/acceptance from Euroclear. Custodian shareholders will receive instructions/acceptance form from their custodian/bank.

Eminova Fondkommission AB [info@eminova.se](mailto:info@eminova.se) tel 08-68421100 acts as the issue agent.

Indicative payment date is July 30, 2024.

### 3. What would happen if I don't agree with the Redemption?

There are two options. One, if the Redemption results in that the main owners jointly control more than 90 percent of the shares in the Company, the Company intends to apply for a delisting of the shares from Nasdaq First North Growth Market. Two, if the Redemption results in that the main owners jointly control less than 90 percent of the shares in the Company, the Company remains listed at Nasdaq First North Growth Market. Please refer to the Background and Reasons section on page 2. The board's assessment with respect to the company's outlook and risks which is applicable in either case.

The Company has received voting undertakings to approve the Redemption from the main shareholders and Swedish shareholders, who jointly control approximately 87 percent of the shares in the Company.

### 4. Will there be a squeeze-out after the redemption and potential delisting?

This is a matter for shareholders owning more than 90% to determine and communicate.

### 5. Why do you propose a bonus issue and who receives these shares?

No shares are issued in the bonus issue. It is a technical step to transfer free reserves on the balance sheet to share capital. Dependent on AGM's approval, a bonus issue is made to make sure that there is no reduction of the restricted equity of the Company or its share capital. In that case there is no reason to receive the authorization of the Swedish Companies Registration Office and the approval from the creditors for the redemption.

### 6. Why does the Company propose the Redemption? What is the ultimate goal behind the Redemption?

Please refer to the Background and Reasons section on page 2.

**7. Do the main shareholders have the right to vote for the Redemption even though they do not participate in it? How many votes are needed for the Redemption approval?**

All shareholders are entitled to vote. Main shareholders are not entitled to participate in the redemption which allows all minority shareholders to redeem all their shares.

To approve the Redemption 2/3 majority is required. The Company has received voting undertakings to approve the Redemption from the main shareholders and Swedish shareholders, who jointly control approximately 87 percent of the shares and votes in the Company.

**8. My bank has suspended trading in Kopy Goldfields shares, will they allow me to participate in the redemption?**

There are no legal requirements or sanctions preventing banks from processing redemption. Banks make their individual policy decisions. You'll have to contact your bank directly.

In the current environment, rapidly changing legislation, the introduction of additional sanctions, interpretation and policy changes could affect the Company's ability to complete the Redemption. The execution of the Redemption requires and is dependent on the participation and performance of third parties, including banks, who could also be affected by such changes or other factors beyond the Company's control.

**9. Are you certain that the redemption will be completed and that I will receive the payment?**

In the current environment, rapidly changing legislation, the introduction of additional sanctions, interpretation and policy changes could affect the Company's ability to complete the Redemption. The execution of the Redemption requires and is dependent on the participation and performance of third parties, including banks, who could also be affected by such changes or other factors beyond the Company's control.

**10. Why does the redemption process not include issue of redemption rights?**

In light of the Company's ownership structure and due to EU restrictions limiting central securities depositories to provide services with respect any new securities issues, the redemption proposal does not include issue of redemption rights. The Redemption will therefore not include any issue of, or trading of, redemption rights. This will not affect the shareholders' ability to participate or realize the value of the redemption proposal since all shareholders, except the main shareholders, are entitled to redeem their shares without any limitations.

## Definitions

<b>Kopy Goldfields or the Company or the Group</b>	Kopy Goldfields AB (publ) with company registration number 556723-6335. Ticker code: KOPY (Nasdaq First North Growth Market)
<b>The Main Shareholders</b>	HC Alliance Mining Group Ltd and Magomed Bazhaev
<b>Share</b>	A share in Kopy Goldfields AB (publ).
<b>AGM</b>	The Annual General Meeting in the Company which will be held on June 27, 2024.

<b>The Board</b>	The Board of Directors in Kopy Goldfields AB (publ).
<b>Redemption Amount</b>	SEK 0.35 per share
<b>Euroclear</b>	Euroclear Sweden AB with company registration number 556112-8074.
<b>SEK</b>	Swedish kronor.

Eminova Fondkommission AB [info@eminova.se](mailto:info@eminova.se) tel 08-68421100 acts as the issue agent.

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