Kopy Goldfields AB (publ)

Corp. Id
556723-6335

ANNUAL REPORT

FOR

THE FINANCIAL YEAR
Ended 31 December 2023

CONTENT

DIRECTORS' REPORT

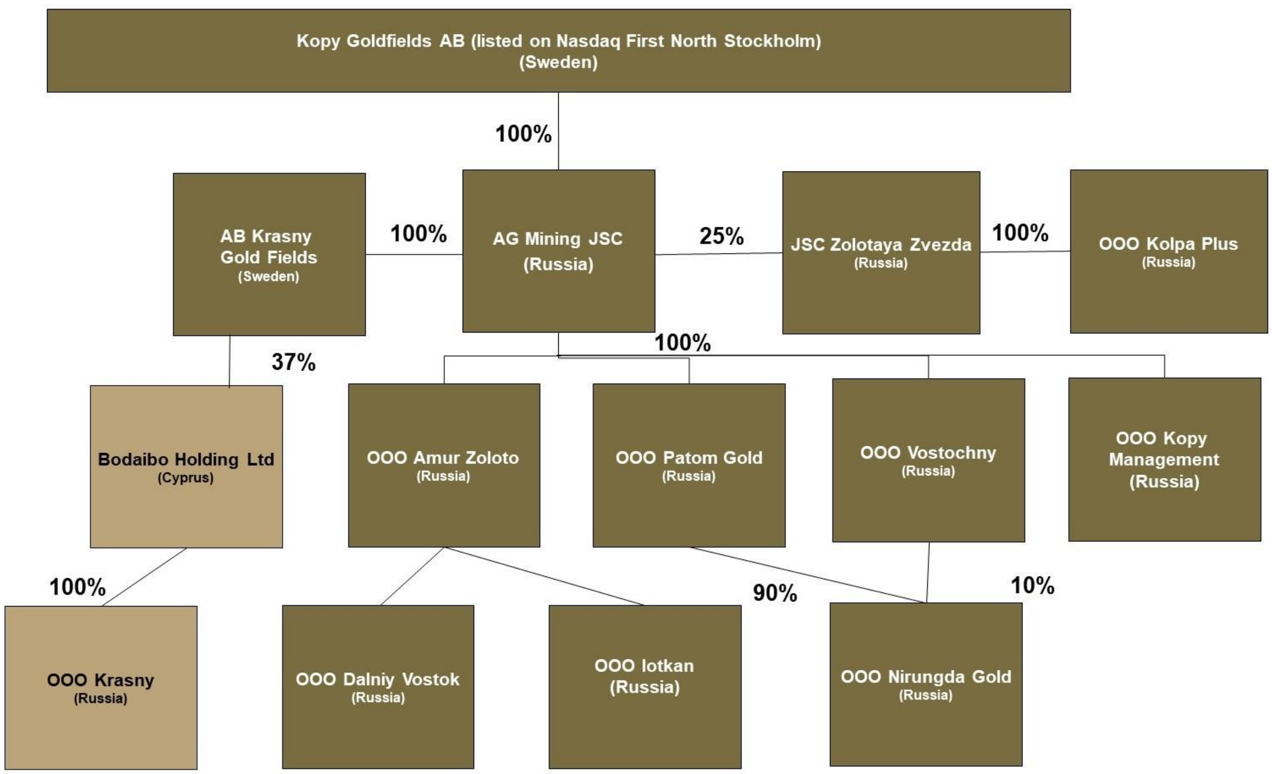
The Board of Directors and the Chief Executive Officer of Kopy Goldfields AB (publ), 556723-6335, hereby submit the annual report for the financial year 1 January – 31 December 2023.

Group structure and background

Kopy Goldfields AB (publ) is a Swedish limited liability company domiciled and headquartered at Eriksbergsgatan 10 in Stockholm, Sweden, with legal address P.O. Box 7292, 103 90 Stockholm, Sweden. The operations of the Company and its subsidiaries are focused on gold exploration, and production in the Khabarovsk region, the Bodaibo district of the Irkutsk region and the Khakasia region of the Russian Federation. Kopy Goldfields AB is a public company listed on Nasdaq First North Growth Market, Stockholm under the ticker code "KOPY".

Kopy Goldfields AB is the Swedish parent company and holds directly and indirectly 100% of the Russian subsidiary JSC AG Mining ("AGM"). AGM holds directly or indirectly 100% in the Swedish subsidiary AB Krasny Gold Fields and 100% of the Russian subsidiaries OOO Amur Zoloto, OOO Dalniy Vostok, OOO Vostochny, OOO Patom Gold, OOO Nirungda Gold, OOO Iotkan and OOO Kopy Management. The Company holds 37% of the Cyprus-based company Bodaibo Holding Ltd, which in turn is the 100%-owner of the Russian company OOO Krasny and a 25% interest of the Russian gold company Zolotaya Zvezda CJSC, which in turn is the 100%-owner of the Russian company OOO Kolpa Plus. The operations of the Group are performed via the subsidiaries and each of the Russian subsidiaries is or may be the owner of different gold exploration and production licenses.

Below is an overview of the Group´s legal structure at 31 December 2023.



Vision and business concept

Kopy Goldfields' vision is to be a trusted world-class continuously growing gold exploration and production company, respected by all stakeholders for its strong economic, environmental and social performance. The Company's mission is to be a responsible gold miner that creates value and benefits for all its stakeholders and contributes to a sustainable future. Kopy Goldfields' strategy is to combine local geological knowledge and science with international management, industry best practices and modern, efficient technology to identify and develop mineral deposits in a cost-efficient, safe, and transparent way.

Significant events during the financial year

The gold production from the expanded plant at Yubileyniy increased by 31% in 2023 compared to 2022. The modernisation and extension of the Yubileyniy plant was completed late in 2022, almost doubling the processing capacity from 130 to 250 thousand tonnes of ore per annum. In 2023, further technical improvements at the Yubileyniy mill commenced in order to increase capacity of the plant to 400 ktpa.

In Q4 2023, the Company commissioned production at the Malyutka HL project. The operations are in the test mood when the technical equipment, geological models and processing parameters are verified.

The Perevalnoe HL-plant was stopped in the beginning of 2023 as it did not reach the desired results during the testing phase. The Perevalnoe CIP mill was also stopped and mothballed following the depletion of open pit mines.

In 2023, the total GE production from Zolotaya Zvezda, the new project in the Khakasia region of Russia, amounted to 7.62 koz.

Operations
During 2023 the Company operated the Yubileyniy bedrock project, the Malyutka bedrock project and the Buor alluvial project in the Khabarovsk region of Russia. The Company also operated the non-consolidated Zolotaya Zvezda project (Mayskiy and Chazy Gol HL operations) in the Khakasia region of Russia. In addition, the Company has several exploration projects ranging from greenfield exploration to the production development stage. The major projects are presented on the following pages.

Production
The total gold equivalent (GE) production for 2023 amounted to 39.47 koz (1,227.67 kg), which was 8% below the 2022 production level of 42.94 koz (1,335.45 kg). 2023 GE production included 10.33 koz (321.45 kg) of silver which was an equivalent of 0.12 koz (3.86 kg) of gold. Gold production for the full year 2023, compared with 2022, is presented in the following table:

Gold equivalent (GE) production	**2023**		**2022**		
	Kg	**Koz**	**Kg**	**Koz**	**%**
Yubileyniy project (CIP)	824.65	26.51	631.11	20.29	31%
Yubileyniy project (HL)	54.69	1.76	46.91	1.51	17%
Perevalnoe project (CIP)	78.46	2.52	304.58	9.79	-74%
Perevalnoe project (HL)	10.03	0.32	90.83	2.92	-89%
Maluytka (HL)	75.16	2.42	-	-	n/a
Placer mines	180.81	5.81	244.84	7.87	-26%
Silver production, in GE	3.86	0.12	17.18	0.55	-78%
Total GE production	1,227.67	39.47	1,335.45	42.94	-8%

Yubileyniy project
The Yubileyniy project includes the 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 mining in 2010. Yubileyniy is a conventional CIP plant. The plant's processing flowsheet is as follows: gravity concentration, followed by leaching of gravity concentrate and flotation concentration of gravity tailings, followed by CIP processing of flotation concentrate. The output product from the site is gold alloys (Doré bars) containing some 17-30% of gold. These are further refined to bankable gold bullions by an external refinery.

In 2022, Kopy Goldfields completed the modernisation and extension of the Yubileyniy plant, which almost doubled the processing capacity from 130 to 250 ktpa. The production from the upgraded Yubileyniy CIP plant amounted to 26.51 koz in 2023, an increase of 31% compared to 2022. In addition, 1.76 koz of gold were produced at the Yubileyniy Heap leach facility in 2023.

The next development project is to further increase capacity of the Yubileyniy plant to 400 ktpa and change the processing chart to CIP and avoid flotation stage. The updated mill is planned to commence by the end of 2025.

Gravity and flotation concentrates produced at the Perevalnoe plant were also leached to Doré bars at the Yubileyniy plant in 2023, which are reported under the Perevalnoe project further below.

Perevalnoe project
The Perevalnoe project includes the Perevalnoe processing plant and the Perevalnoe deposit. The plant produced gravity and flotation concentrates which were transported and leached at the Yubileyniy processing plant to produce Doré bars. In 2022, the Perevalnoe CIP mill was stopped and mothballed following the depletion of open pit mines. In 2023, GE production from Perevalnoe concentrates at the Yubileyniy mill amounted to 2.52 koz, a decrease of 74% compared to 2022.

The Perevalnoe HL-plant was stopped in the beginning of 2023 as it did not reach the desired results during the testing phase in 2022. GE production at the Perevalnoe HLl amounted to 0.32 koz, a decrease of 89% compared to 2022.

Placer mining
In 2023, alluvial gold was produced at the Buor placer deposit, located within 100 km to the west of the Yubileyniy site. This is a shallow stream placer which gold-bearing sands 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 during the warm season from May to October.

In 2023, full-year gold production from placer operations totalled 5.81 koz, a decrease of 26% compared to 2022, when production was carried out at two alluvial deposits.

Malyutka project
In Q4 2023, gold production was commenced at the Malyutka deposit. The HL processing operations were in test mood and the full capacity to be reached by mid-2024. The gold production from the Malyutka HL plant amounted to 2.42 koz in 2023.

Zolotaya Zvezda
Kopy Goldfield's wholly owned subsidiary AG Mining owns a 25% interest in the gold production company Zolotaya Zvezda located in the Khakasia region of Russia. Zolotaya Zvezda is included in the Group's financial reporting as an associated company. In 2023, the total GE production from Zolotaya Zvezda's Mayskiy and Chazy-Gol HL projects amounted to 7.62 koz.

Exploration
The Company runs exploration activities within the Khabarovsk region (Amur Zoloto subsidiary), the Irkutsk region (Krasny project) and the Khakasia region (Zolotaya Zvezda LLC).

The Company's main exploration activities in 2023 included:

- Yubileyniy project, Khabarovsk region: 3,227 meters drilling program at the Krasivoe deposit targeting gold mineralization down dip to support the Yubileyniy plant further capacity increase to 400 ktpa;
- Ket-kap area surrounding the Yubileyniy project: 166 meters drilling program and processing of geophysical and geochemical data on the area.
- Alluvial deposits, Khabarovsk region: 3,360 meters drilling program on Buor, Yuluyn, Tas, Dyusmakit and Maly Safron placer projects, targeting to increase alluvial reserves to support placer mining in 2023 – 2024 and beyond;
- Chazy-Gol project of Zolotaya Zvezda, Khakasia: 1,192 meters of core drilling to verify geological model to support 2023 mining operations;
- Mayskiy project of Zolotaya Zvezda, Khakasia region: 1,667 meters of core drilling to verify geological model to support 2023 mining operations.

Krasny project
The Krasny gold project includes three bedrock licenses and one alluvial gold license with 1.8 Moz of Inferred and Indicated resources, including 0.3 Moz of Probable reserves (JORC) for part of the mineralization, still open along the strike and to the depth. The Company owns the Krasny gold project in the Irkutsk region together with a major Russian gold producer.

In 2023, the activities were focused on advanced processing test works for the Krasny and Vostochny mineralizations, updating the geological model based on the recent exploration results, and preparation of a pre-feasibility study in Russia.

Reserves and Resources
Following the updated resource statement issued in June 2023, Kopy Goldfields' total estimated M, I&I Mineral Resources according to JORC (2012) amounted to 3,239 koz of gold, and total Probable Ore Reserves amounted to 1,802 koz of gold, including the attributable reserves and resources of the Krasny project.

Covid-19
Covid-19 did not have any significant influence on the operations during 2023. The Company continuously reviews the epidemic environment ready to resume sanitary measures and protocol activities as a precaution measure.

Sanctions

Kopy Goldfields is the Swedish parent company in a group that conducts gold production and exploration in Russia through its fully owned subsidiaries. As from the end of February 2022, the EU and other countries have imposed far-reaching sanctions against Russia and Russia has responded with counter sanctions. In December 2022, the sanction package #9 was adopted by EU, which focuses on limiting financing of Russian mining projects by EU residents. The Group is financed through its subsidiaries mining operations, the Group's available cash sources and finance facilities from local Russian banks. Sanctions regarding gold sales have been imposed by G7-countries and by EU. Kopy Goldfields is not, and has never been, exporting to any country falling under the gold sales sanctions. The Company follows the laws and regulations in the legislations where it operates and continuously works to adapt the organization to the new business environment and restrictions.

Mining operations, processing and gold sales activities continue together with the implementation of the Company's development plans. All business activities in Russia are however influenced by and exposed to the international sanctions environment. Increased monetary restrictions and regulations affect and complicate cross-border transactions and transfers and may affect the Parent Company´s cash situation and access to cash balances.

Neither Kopy Goldfields nor its management or major shareholders are nominated within sanction lists imposed by either EU, US or the UK.

Seasonal variations

Kopy Goldfields' gold production is traditionally affected by seasonal variations. Alluvial mining operations are restricted to the warm season which is also the high season for heap leach operations.

Financial overview

	2023	**2022**	**%**
Gold sales, koz	44.86	70.02	-36%
Average realized gold price, USD/oz	1,901	1,639	16%
Revenue, TUSD	86,485	115,775	-25%
Gross profit/loss, TUSD	27,604	-2,609	1,158%
EBITDA, TUSD	18,259	11,235	63%
EBITDA margin, %	21%	10%	-
Loss for the period, TUSD	-1,334	-29,480	95%
Earnings per share before dilution, USD	-0.0015	-0.033	95%
Equity per share, USD	0.079	0.093	-15%
Cash & cash equivalents at the end of the period, TUSD	1,949	6,293	-69%
Net debt, TUSD	144,814	118,383	22%
Net debt/ EBITDA, x	7.93	10.54	-25%

Currency

The Group has chosen to present its consolidated financial statements in USD, as management believes it is a convenient presentation currency for international users of the consolidated financial statements of the Group, including market investors, banks, and rating agencies, and as it is a common presentation currency for the mining industry.

In accordance with the Swedish Accounting Act, the Parent Company's financial information is reported in Swedish krona and not the Group's presentation currency of US dollars.

Comments on financial performance

(Numbers in parentheses refer to full year 2022.)

Gold sales (GE) for the full year 2023 amounted to 44.86 koz (70.02), a decrease of 36% following a settlement of a gold loan in 2022. Sales volume for the full year 2022 included 24.02 koz, acquired in the gold market in 2022, that was delivered to settle the commodity loan. Total revenues for the full year 2023 decreased by 25% compared to 2022 and amounted to TUSD 86,485 (TUSD 115,775, including revenue of TUSD 32,619 from the settlement of the gold loan). Excluding the effects of the gold loan settlement, revenues for the full year 2023 increased by 4% compared to 2022 due to higher gold prices.

The average realized gold price increased by 16% in the full year 2023, and amounted to 1,901 USD/oz (1,639 USD/oz).

Kopy Goldfields sells refined gold and silver bullions mainly to Russian commercial banks at prices competitive to international US dollar prices. During 2023, the Company has widened the sales channels both within Russia and by starting to export gold. In Q4

2023, new export duties were introduced in Russia for certain types of export goods including gold. The new duty will tax additional revenues primarily from natural resource export and the rate of duty varies from 4% to 7%.

Costs of Sales for the full year 2023 amounted to TUSD 58,881 (118,384), a decrease of 50% compared to the full year 2022 mainly as an effect of the settlement of the gold loan in 2022 of TUSD 42,115.

TCC for the full year 2023 decreased by 8% and amounted to TUSD 55,369 (TUSD 60,090, net of the gold loan settlement in 2022). TCC per gold equivalent ounce sold (TCC/oz) therefore decreased by 5% in the full year 2023 and amounted to 1,234 USD/oz compared to 1,306 USD/oz in the full year 2022.

AISC per gold equivalent ounce sold in the full year 2023 decreased by 7% and amounted to 1,625 USD/oz (1,738 USD/oz), mainly due to lower TCC.

TCC and AISC are both non-IFRS measures and are reconciled as follows:

Total Cash Costs (TCC) (TUSD)	**2023**	**2022**	**%**
Cost of gold and silver sales, net of settlement of the gold loan	58,367	78,333	-25%
Property, plant, and equipment depreciation and amortization	-5,363	-12,126	-56%
Provision for mine closure, rehabilitation, and decommissioning costs	0	-125	-100%
Change in allowance for slow-moving and obsolete inventory	2,365	-5,992	-139%
Total cash costs	**55,369**	**60,090**	**-8%**
Ounces sold (GE koz)	44.85	46.00	-3%
TCC per GE ounce sold (USD/oz)	**1,234**	**1,306**	**-5%**

All-in Sustaining Costs (AISC) (TUSD)	**2023**	**2022**	**%**
Total cash costs	**55,369**	**60,090**	**-8%**
Corporate, general, and administrative expenses	12,969	14,284	-9%
Amortization and depreciation related to corporate, general, and administrative expenses	-149	-192	-23%
Provision for mine closure, rehabilitation, and decommissioning costs	6	125	-95%
Sustaining exploration expenses	0	514	-100%
Sustaining capital expenses	3,442	2,714	27%
Sustaining lease payments	1,258	2,442	-48%
Total all-in sustaining costs	**72,896**	**79,976**	**-9%**
Ounces sold (GE koz)	44.85	46.00	-3%
AISC per GE ounce sold (USD/oz)	**1,625**	**1,738**	**-7%**

The gross profit for the full year 2023 amounted to TUSD 27,604 (loss of -2,609). Gross loss for the full year of 2022 included the net effect from the settlement of the gold loan of TUSD -9,106. The Gross margin increased to 32% in the full year 2023, compared to -2% in the full year 2022.

General and Administrative expenses for the full year 2023 decreased by 12% compared to full year 2022 and amounted to TUSD 8,862 (10,076). Other operating expenses for the full year 2023 amounted to TUSD 5,119 (3,140) and were primarily affected by maintenance cost relating to the mothballed/depleted fields and foreign currency exchange loss.

The operating profit for the full year 2023 increased and amounted to TUSD 13,608 (-24,599). Operating loss for the full year 2022 included impairment of property, plant and equipment and exploration and evaluation assets in the amount of TUSD 8,774.

EBITDA for the full year 2023 increased by 63% and amounted to TUSD 18,259 (11,235), with an EBITDA margin of 21% compared to 10% in 2022.

EBITDA is a non-IFRS financial measure and is reconciled as follows:

EBITDA reconciliation to Profit before tax (TUSD)	**2023**	**2022**
Loss before tax	**-1,001**	**-33,778**
Share of net profit/loss of associates accounted for using the equity method	315	-124
Financial income	-1,697	-1,142
Financial costs	15,991	10,445
Depreciation and depletion	5,541	12,126
Net realizable value allowance for stockpiles, work in progress, and finished goods	- 2,365	5,992
Loss from settlement of gold loan liability	-	9,105
Change in allowance for slow-moving and obsolete inventory	70	14
Impairment of property, plant and equipment and exploration and evaluation assets	15	8,774
Other one-off adjustments	1,390	-177
EBITDA	**18,259**	**11,235**

The net financial expenses in the full year 2023 amounted to TUSD -14,609 (-9,179). The net financial expenses were negatively affected by an increase in total interest-bearing debt and increased floating interest rate which grew together with the key rate of Central Bank of Russian Federation which was consecutively raised in Q3 and Q4 2023.

As part of debt financing requirements, hedging instruments are used to form a corridor between floor and ceiling gold prices. The instruments provide a secured floor gold price of 1,400 USD/oz for approximately 30% of the projected gold production for 2024–2025 with ceiling prices exceeding 2,830 USD/oz. The Company shows Derivative financial liabilities in the balance sheet of TUSD 239 as of December 31, 2023, relating to the fair value of derivatives on gold commodities (liabilities of TUSD 664 as of December 31, 2022).

The net result for the full year 2023, attributable to shareholders of the Parent company, amounted to a loss of TUSD -1,334 (loss of -29,480), corresponding to USD -0.0015 (USD -0.0327) per share before and after dilution.

Comments on the financial position

Total loans and borrowings amounted to TUSD 144,390 at period end, compared to TUSD 119,745 as of December 31, 2022.

At 23 June 2023 the Group entered into a finance facility for refinancing of current bank facilities and funding of the investment program with a maximum credit facility of TUSD 143,715 (equivalent of TRUB 14,000,000 at the reporting date) bearing floating interest rate as key rate of Central Bank of Russian Federation plus margin of 3.45%.

As of December 31, 2023, the Company was in breach of certain loan covenants connected to a loan from a local Russian bank. As a result, the loans with maturity dates March 2025 - June 2028 were reflected as short-term in the statement of financial position as of December 31, 2023. On April 24, 2024, the Group signed an addendum to a credit facility with the Bank for the change of covenants level.

Total net debt as of December 31, 2023 amounted to TUSD 144,814 compared to TUSD 118,383 as of December 31, 2022. The net debt calculation does not include gold in stock, see Liquidity. Total net debt is a non-IFRS financial measure and is reconciled as follows:

Total Net Debt (TUSD)	**31 Dec 2023**	**31 Dec 2022**
Borrowings	144,390	119,745
Contract liability	-	-
Leasing	2,373	4,931
Total Debt	**146,763**	**124,676**
Cash and Cash equivalents	-1,949	-6,293
Total Net Debt	**144,814**	**118,383**

Total Net Debt/LTM EBITDA amounted to 7.93x at year end 2023, compared to 10.54x at year end 2022.

Investments
Net cash flows used in investing activities during the full year 2023 amounted to TUSD 36,133 (35,100), whereof investments in assets, including capitalized exploration costs and capitalized borrowing costs, amounted to TUSD 29,668 (27,444). The investments in assets included:

- Yubileyniy project of TUSD 12,440 with the majority relating to mill equipment scheduled upgrade, direct cyanidation implementation and underground mine capital development;
- Malyutka project of TUSD 13,295 referring to infrastructure construction and equipment, including a hydrometallurgy workshop building with a technological control laboratory, dormitory, canteen, laundry and bathing facilities, fresh water pump station, open pit mine preparations and fuel storage;
- Other projects of TUSD 1,558;
- Exploration of TUSD 1,018, referring to drilling at Krasivoe underground deposit and alluvial projects;
- Capitalized borrowing costs of TUSD 1,357;
- Loans provided to associates of TUSD 5,255.

Liquidity
The Company's cash and cash equivalent position as of December 31, 2023 amounted to TUSD 1,949, compared to TUSD 6,293 on December 31, 2022. At December 31, 2023, unused credit facilities amounted to TUSD 14,613 (at December 31, 2022: TUSD 2,833). The bank credit facilities may be drawn by the bank notice in RUB.

Gold in stock ready for sale (not included in cash and cash equivalents) amounted to 0.03 koz at period end, corresponding to a market value of TUSD 54. Gold in stock ready for sale as of December 31, 2022 amounted to 3.41 koz.

Personnel
As of December 31, 2023, the Company had 866 (705) employees, of which 721 (602) were men and 145 (103) women. The average number of employees during the full year 2023 was 850 (769), of which 727 (658) were men and 123 (111) women.

Parent company
The Swedish Parent Company is a holding company with no significant operational activity. The Parent Company supports the subsidiaries.

The Parent Company's revenue for the full year 2023 amounted to TSEK 3,866 (1,091). The revenue was related to invoicing to subsidiaries. Net profit for the full year 2023 amounted to TSEK 15,982 (loss of -29,459).

Total assets at period end amounted to TSEK 1,986,327 and remained relatively unchanged compared to TSEK 1,987,156 on December 31, 2022. Cash and cash equivalents as of December 31, 2023 amounted to TSEK 155 compared to TSEK 5,157 on December 31, 2022. Equity on December 31, 2023, amounted to TSEK 1,870,229 (December 31, 2022: TSEK 1,854,247).

There was 0 person (1) employed by the Parent Company at the end of the reporting period.

Events after the end of the financial year
Events after the end of the financial year are presented in the notes. See Note 35 Events after the reporting period.

Shares
The Company's shares have been listed on Nasdaq First North Growth Market since August 2011.

On December 31, 2023, the total number of issued shares in Kopy Goldfields AB was 903,204,375 375 (the same number of shares as of December 31, 2022), with a quota value of SEK 0.38 (SEK 0.38). All shares represent one vote each.

Kopy Goldfields has a warrant program as part of the remuneration package to management and key personnel. Kopy Goldfields also has a warrant program for the board of directors. Warrants currently outstanding have been issued following the AGMs in 2021 and 2022. For more information, see Note 13.

On 31 December 2022, the 2019/2022 incentive programs for management and board expired, without any warrants being exercised.

Certified Adviser
Nordic Certified Adviser is the appointed certified adviser for the Company and monitors the Company's compliance with the regulations of Nasdaq First North Growth Market.

Shareholders
Two shareholders had a holding in excess of 10 percent of the shares and votes as of December 31, 2023. HC Alliance Mining Group Ltd was the single largest shareholder with a holding representing approximately 65.0% of the share capital. Magomed Bazhaev was the second largest shareholder with a holding representing 17.7%. of the share capital.

Significant risks and uncertainties
Kopy Goldfields is exposed to a variety of risks by virtue of its activities.

Risks related to Russia
Operating in Russia subjects the Company to several political, legal and economic factors that may affect its operations and financial position. The Company sees the following risks as the biggest challenges to operating in Russia:

- International capital flows can be hampered by global financial difficulties.
- Relations between Russia and EU, US and other countries may worsen, and current sanctions may be extended further.
- Changes in inflation may affect the Company's financial position.
- Conflicts in the Russian federal system, including illegal or lucrative state incidents, may lead to uncertainty in daily operations.
- Crime and corruption and the use of illegal or unacceptable business methods.
- The Company is dependent on the approvals of state and local authorities, which may be a time-consuming process.
- Changes in laws, which currently prevent the nationalization of international assets, may have a negative effect on the Company's operations.
- The risk that Russia does not accept the decisions of a foreign court of law and pursues issues in local arbitration.
- Russia's infrastructure is to some extent underdeveloped and may impair or delay the Company's operations or lead to increased costs.
- The taxation and legal systems in Russia are subject to frequent changes and are thereby difficult to anticipate. The Russian tax system is also subject to different interpretations on the federal, regional and local levels.
- The risk of negative decisions taken by the Russian government in connection with the situation in Ukraine (Mobilization of personnel, withdrawal of additional income, negative changes in tax legislation, etc.)

Sanctions
Since 2022, new sanctions have been imposed on Russia by the US, the EU and other countries. Russia has responded with countersanctions. In December 2022, the sanction package #9 was adopted by EU, which focuses on limiting financing of Russian mining projects by EU residents. The Group is financed through its subsidiaries mining operations, the group's available cash sources and finance facilities with local Russian banks. Sanctions regarding gold sales have been imposed by G7-countries and by EU. Kopy Goldfields is not, and has never been, exporting to any country falling under the gold sales sanctions.

Kopy Goldfields' Russian subsidiaries are also influenced and exposed in general to the international sanctions. The Russian financial system and industries with trans-border activities are under strong pressure and subject to international restrictions. In addition, Russian companies are facing increased monetary limitations and regulations, which affect intragroup transactions and may affect the Parent Company's cash situation and access to cash balances.

Kopy Goldfields continuously monitors and evaluates the development in order to secure that business operations are compliant with relevant legislation and that relevant actions are taken to efficiently and timely mitigate the effects of the financial volatility. Contingency measures have been initiated to ensure advance equipment and spare parts procurement, liquidity and gold sales channels.

The Company also monitors restrictions imposed by foreign companies, such as restrictions on the use of IT software and equipment supplies.

Neither Kopy Goldfields nor its management or major shareholders are nominated within sanction lists imposed by either EU, US or the UK.

Risks related to macroeconomic factors
Negative developments in the world economy and a challenging environment for the global capital markets may affect the Company's operations, financial position and earnings, and hinder the Company's ability to obtain financing in the future.

Covid-19 or similar type of pandemics
A global pandemic such as the novel coronavirus (Covid-19) can have a severe negative impact on the Group and its ability to conduct operations. The Covid-19 pandemic may also have an indirect impact through macroeconomic effects such as the price of gold and exchange rates. Covid-19 did not have any significant influence on the Company’s operations during the year of 2023. The Company continuously reviews the epidemic environment ready to resume sanitary measures and protocol activities as a precaution measure.

Gold price volatility
The gold price may change due to reduced demand, changes in the US dollar or other macroeconomic factors, which may negatively impact the Company´s business, financial position and results of operations in a number of ways. Kopy Goldfields’ revenue is derived from the sale of gold. Therefore, fluctuations in the prices of this commodity may affect the Company´s future operations and potential profitability. Such decreased revenues may also increase the requirements for capital. Variations in the gold price may impact the availability and the terms of additional financing required to develop the projects. The estimation of economically viable identified mineral resources and ore reserves requires certain assumptions, including assumptions related to the gold price. A revised estimate of identified mineral resources and ore reserves due to a substantial decline in the gold price could result in the decrease in the estimates of the Company's mineral resources and ore reserves, subsequent write downs and negative impact on mine life.

The Company monitors the situation with the gold export duties in the Russian Federation, as well as the discounts to the international gold prices.

Currency
Kopy Goldfields’ currency risk comprises transaction risk and translation risk. Transaction risk is the risk of an impact on the Company's earnings and cash flow due to the value of flows in foreign currencies changing in the event of changes in exchange rates. Translation risk consists of assets in foreign subsidiaries less liabilities, which constitutes a net investment in foreign currency that on consolidation gives rise to a translation difference. The major portion of the Company's expenditure is conducted in RUB while the price of gold sales is tied to the USD. The cost of some supplies also depends on the USD. The Company is thereby affected by changes in exchange rates with regard to the operational transaction exposure. This risk is not hedged as of the date of the Annual Report. An adverse effect on the operational transaction exposure may have a material adverse impact on the Company's operations, financial position and earnings.

Insurance
The insurance industry is not yet developed in Russia and several forms of insurance protection common in more economically developed countries are not yet available in Russia on equivalent terms.

Kopy Goldfields has signed insurances that covers its Swedish operations against losses. Russian subsidiaries of Kopy Goldfields insure industrial safety, real estate and vehicles. If a loss is not covered by an insurance policy, exceeds the amount limitations or causes consequential losses, this may have a material adverse impact on the Company's reputation, operations, financial position and earnings.

Geological risk
Gold exploration is associated with high risk. All estimates of recoverable mineral resources in the ground are largely based on probabilities. Estimates of mineral resources and ore reserves are based on extensive drilling, statistical analyses and model studies and remain theoretical in nature until verified by production mining. There is no methodology for determining with certainty the exact amount of gold available or the shape of a potential ore body and its distribution. The exact amount of gold is known only when the gold has been extracted from the gold deposit. Data relating to mineral resources and ore reserves as presented by the Company, and by others, should be viewed against this background and may therefore deviate from this data. Mineral resources that are not mineral reserves do not have demonstrated economic viability, and there is a risk that they will never be mined or processed profitably. Any material reductions in estimates of mineral reserves could have a material adverse effect on Kopy Goldfields' results of operations and financial position.

Environmental risk
The Company's operations are subject to the extensive environmental risks inherent in the mining and processing industry. Russia has adopted environmental regulations requiring industrial companies to undertake programs to reduce, control or eliminate various types of pollution and to protect natural resources. Environmental legislation and permitting requirements and the manner in which these are enforced are likely to evolve towards higher and more demanding standards and stricter enforcement, as well as increased fines and penalties for non-compliance.

If incorrect technical or chemical equipment is used in exploration and production, environmental risks may arise that may delay the Company’s operations and increase the cost of operations, which may have a negative effect on the financial position of the Company. Environmental requirements and counter-party costs may be placed on the Company, which may delay other work or increase the Company’s costs.

Pursuant to environmental laws and regulations, upon the cessation of mining operations gold mining companies are also obligated to close their operations and rehabilitate the lands that they mine in accordance with these laws and regulations. Estimates of the total ultimate closure and rehabilitation costs for gold mining operations are significant and based principally on current legal and regulatory requirements that may change materially.

Environmental laws and regulations are continually changing and are generally becoming more restrictive. If the Company's environmental compliance obligations were to change as a result of changes in the laws and regulations, or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions were to arise in its operations, the Company's expenses and provisions would increase to reflect these changes. If material, these expenses and provisions could adversely affect its business, operating results and financial position.

License management

There is a risk that title to the mining concessions, the surface rights and access rights comprising the Company's projects may be deficient or subject to dispute. The procurement or enforcement of such rights can be costly and time consuming. In areas where there are local populations or landowners, it may be necessary, as a practical matter, to negotiate surface access. Despite having the legal right to access the surface and carry out mining activities, the Company may not be able to negotiate satisfactory agreements with existing landowners/occupiers for such access, and therefore may be unable to carry out mining activities as planned. In addition, in circumstances where such access is denied, or no agreement can be reached, Kopy Goldfields may need to rely on the assistance of local officials or the courts in such jurisdictions, which may delay or impact mining activities as planned. There is also a risk that the Company's exploration, development and mining authorizations (subsoil licenses) and surface rights may be challenged or impugned by third parties. In addition, there is a risk that the Company´s licenses may be prematurely terminated, suspended or restricted by the licensing authorities if the Company breaches any of their material terms (such as work program obligations or other license commitments) without referring the matter to court. Further, there is a risk that the Company will not be able to renew some or all of its licenses in the future. Inability to renew a license could result in the loss of any project located within that license. Future laws and actions could have a material adverse effect on Kopy Goldfields’ operations or on its financial position, cash flow and results of operations.

Information Security

Kopy Goldfields' operations are dependent on the group's IT systems. Significant disruptions or another type of major breakdown of network servers, a hacker attack, IT virus or other interruption of the IT system could thus impact Kopy Goldfields' ability to conduct operations. Disruptions in the Company's IT systems may also give rise to transaction errors, customer losses, the loss of business opportunities and reputational damage. In the event that any of these risks should materialise, this could thus have a material adverse impact on the Company's operations, financial position and earnings.

Suppliers

Dependence on third parties and local suppliers and their services, access to equipment and construction assistance may be delayed.

Acquisitions

Acquisitions are part of the Company’s growth strategy. All acquisitions and divestments are associated with risks and uncertainty. While the Company believes it is in a favourable position to make a fair assessment of development opportunities and risks associated with exploration and production licenses, there can be no guarantee that the expected potential of the acquisition targets, in terms of value creation for the Company, will ultimately be realized.

Dependence on qualified personnel

The Company’s development is highly dependent on the existing management and organization and their ability to recruit and retain experienced personnel for future operations. Should these risks materialize, this could adversely impact Kopy Goldfields' operations, financial position and results.

Accidents

Mining and exploration are more accident prone than many other industries. As such, the Company’s employees are exposed to occupational risks. Mining and exploration work are also exposed to potential natural disasters. A serious accident or natural disaster could have a significantly negative effect on the Company’s earnings and financial position.

Long-term financing risks

The development of the Company´s projects require substantial additional capital. When such additional capital is required, Kopy Goldfields may need to pursue various financing transactions or arrangements, including equity financing, debt financing, joint venturing of projects or other means. The Company may from time to time enter into other arrangements to borrow money to fund its development plans, and such arrangements may include covenants that have similar obligations or that restrict its business in some way. The Company is subject to restrictive covenants under the current debt agreements. Events may occur in the future, including events out of Kopy Goldfields’ control, that could cause the Company to fail to satisfy its obligations under the current debt agreements or other debt instruments that may arise. In such circumstances, the amounts drawn under Kopy Goldfields’ debt agreements may become due and payable before the agreed maturity date, and the Company may not have the financial resources to repay such amounts when due. If Kopy Goldfields were to default on its obligations under its current debt agreements or other secured debt instruments in the future, the lender(s) under such debt instruments could enforce their security and seize the Company’s assets. If Kopy Goldfields raises additional funding by issuing equity, such financing may substantially dilute the interests of shareholders and reduce the value of their investment. Moreover, Kopy Goldfields may not be successful in locating suitable financing when required or at all. A failure to raise capital when needed would have a material adverse effect on the

Company´s business, financial position and results of operations. Also, a change in the key rate of Central Bank of Russian Federation may have a negative impact on the Company´s ability to attract capital. See also Note 35, Events after the end of the reporting period.

Proposed appropriation of profits
The Board of Directors proposes that no dividend to be paid for the 2023 financial year. The Board proposes that TSEK 1,526,812 be carried forward.

Amount at the disposal of the Annual General Meeting:

(TSEK)	
Share premium reserve	1,748,229
Fair value reserve	-7,017
Retained earnings	-230,382
Income for the year	15,982
Total	**1,526,812**

CONSOLIDATED STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ENDED 31 DECEMBER 2023

Amounts in thousands of US Dollars (TUSD)

	Note	**2023**	**2022**
Revenue from contracts with customers	7	84,485	115,775
Cost of sales	9,12	-58,881	-118,384
Gross profit/(loss)		**27,604**	**-2,609**
General and administrative expenses	8,10,12	-8,862	-10,076
Impairment of property, plant and equipment and exploration and evaluation assets	17,18	-15	-8,774
Other operating expenses, net	11	-5,119	-3,140
Operating profit/(loss)		**13,608**	**-24,599**
Share of net (loss)/profit of associates		-315	124
Financial income	14	1,697	1,142
Financial costs	14	-15,991	-10,445
Financial expenses, net		**-14,609**	**-9,179**
Loss before tax		**-1,001**	**-33,778**
Income tax	15	-333	4,298
Loss for the year		**-1,334**	**-29,480**
Of which attributable to:			
Parent company shareholders		**-1,334**	**-29,480**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Exchange differences on translation to presentation currency		-10,904	10,195
Total comprehensive loss for the year		**-12,238**	**-19,285**
Of which attributable to:			
Parent company shareholders		-12,238	-19,285
Earnings per share for profit attributable to the ordinary equity holders of the company:	34		
Basic earnings per share (USD)		-0.00	-0.03
Diluted earnings per share (USD)		-0.00	-0.03

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

Amounts in thousands of US Dollars (TUSD)

	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Exploration and evaluation assets	17	2,035	1,848
Property, plant and equipment	18	95,198	85,467
Right-of-use assets	19	5,417	9,238
Investments in associates	20	34,671	35,745
Financial assets at amortised cost	21	50	4,007
Derivative financial assets		1,085	-
Deferred tax assets	15	4,590	6,402
Inventories	22	2,832	3,611
Total non-current assets		**145,878**	**146,318**
Current assets			
Inventories	22	66,009	59,499
Other current assets		1,349	2,673
Other receivables	23	5,346	1,087
Advances paid		5,947	2,306
Taxes receivable		4,859	4,771
Income tax receivable		169	253
Loans receivable	33	4,532	172
Cash and cash equivalents	24	1,949	6,293
Total current assets		**90,160**	**77,054**
TOTAL ASSETS		**236,038**	**223,372**
EQUITY			
Share capital	25	39,663	39,663
Other contributed capital		48,981	48,981
Foreign currency translation reserve		-45,390	-34,486
Retained earnings, including profit/(loss) for the period		28,535	29,869
Total equity attributable to shareholders of the Parent Company		**71,789**	**84,027**
LIABILITIES			
Non-current liabilities			
Mine rehabilitation provision	29	3,429	4,771
Lease liabilities	19	1,199	2,815
Derivative financial liabilities		239	664
Total non-current liabilities		**4,867**	**8,250**
Current liabilities			
Loans and borrowings	26	144,390	119,745
Mine rehabilitation provision	29	1,014	562
Lease liabilities	19	1,174	2,116
Derivative financial liabilities		205	
Accounts payable and accrued liabilities	30	10,209	6,956
Taxes payable		2,387	1,716
Income tax payable	31	3	-
Total current liabilities		**159,382**	**131,095**
Total liabilities		**164,249**	**139,345**
TOTAL EQUITY AND LIABILITIES		**236,038**	**223,372**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
Amounts in thousands of US Dollars (TUSD)

	Share capital	Other contributed capital	Foreign currency translation reserve	Retained earnings, including profit for the period	Total	Non-controlling interest	Total equity
Opening balance at 1 January 2022	**39,115**	**48,635**	**-44,681**	**59,349**	**102,418**	-	**102,418**
Profit for the year	-	-	-	-29,480	**-29,480**	-	**-29,480**
Other comprehensive income for the year	-	-	10,195	-	**10,195**	-	**10,195**
Total comprehensive income for the year	**-**	**-**	**10,195**	**-29,480**	**-19,285**	-	**-19,285**
Disposal of non-controlling interest							
Transactions with owners in their capacity as owners							
Incentive programs 2028/2021	66	-71	-	-	**-5**	-	**-5**
Incentive programs 2022/2026 and 2022/2025	-	81	-	-	**81**	-	**81**
Share issue	482	336	-	-	**818**	-	**818**
Closing balance at 31 December 2022	**39,663**	**48,981**	**-34,486**	**29,869**	**84,027**	-	**84,027**
Opening balance at 1 January 2023	**39,663**	**48,981**	**-34,486**	**29,869**	**84,027**	-	**84,027**
Profit for the year	-	-	-	-1,334	**-1,334**	-	**-1,334**
Other comprehensive loss for the year	-	-	-10,904	-	**-10,904**	-	**-10,904**
Total comprehensive income for the year	**-**	**-**	**-10,904**	**-1,334**	**-12,238**	-	**-12,238**
Closing balance at 31 December 2023	**39,663**	**48,981**	**-45,390**	**28,535**	**71,789**	-	**71,789**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
Amounts in thousands of US Dollars (TUSD)

	2023	2022
Cash flow from operating activities		
Profit before tax	**-1,001**	**-33,778**
Adjustments for non-cash items		
Depreciation and depletion of property, plant and equipment and right of-use assets	5,541	12,126
Impairment of property, plant and equipment and exploration and evaluation assets	15	8,774
Finance costs	15,991	10,445
Finance income	-1,697	-1,142
Gain on disposal of subsidiary	-	1
Movements in allowance for obsolete inventory and net realisable value	-2,295	6,006
Foreign exchange loss	1,222	-267
Share of net profit of associates	315	-124
Revenue from settlement of gold loan liability	-	-32,619
Other non-cash adjustments	285	-208
Cash flow from operating activities before changes in working capital	**18,376**	**-30,786**
Changes in working capital		
Change in inventories	-19,136	-3,285
Change in other receivables and advances paid	-4,374	-1,867
Change in trade and other payables and advances received	2,377	-8,979
Change in other assets	-	6,068
Cash flow from operating activities	**2,757**	**-38,849**
Interest received	238	426
Interest paid	-14,753	-7,771
Income tax paid	-	-205
Net cash flow from operating activities	**-17,272**	**-46,399**
Cash flow from investing activities		
Purchase of investments in associates	-1,353	-7,457
Purchase of property, plant and equipment	-27,293	-23,987
Purchase of exploration and evaluation assets	-1,018	-2,035
Interest paid capitalised	-1,357	-1,422
Loans provided	-5,255	-199
Loans repaid	143	-
Net cash flows used in investing activities	**36,133**	**-35,100**
Cash flow from financing activities		
Proceeds from issue of shares	-	817
Proceeds from borrowings, net of debt issue costs	162,222	88,067
Repayment of derivative financial liabilities	-	-134
Repayment of borrowings	-109,914	-2,589
Repayment of finance lease liabilities net of cash received per buy back leasing agreements	-3,247	-4,514
Net cash flow from financing activities	**49,061**	**81,647**
Net (decrease)/increase of cash and cash equivalents	**-4,344**	**148**
Cash and cash equivalents at 1 January	**6,145**	**6,145**
Cash and cash equivalents at 31 December	**1,949**	**6,293**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. General

Kopy Goldfields AB (publ) (the "Company") is a Swedish limited liability company domiciled and headquartered at Eriksbergsgatan 10 in Stockholm, Sweden (Corp. ID 556723-6335), with legal address P.O. Box 7292, 103 90 Stockholm, Sweden. The Company and its subsidiaries (together the "Group") operations are focused on gold and silver exploration, evaluation and production in the Khabarovsk region and Bodaibo district of the Irkutsk region of the Russian Federation.

These consolidated financial statements were approved for publication by the Board of Directors on April 29, and will be presented to the Annual General Meeting for adoption on June 27, 2024.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Unless otherwise stated, all amounts are in thousands of US Dollars.

The ultimate controlling party of the Group at December 31, 2023 and 2022, was Mr. Arsen Idrisov.

2. Basis of Preparation

These consolidated financial statements of the Group contain Kopy Goldfields AB's financial statements, and the accounting principles chosen for the preparation are IFRS (International Financial Reporting Standards). The consolidated financial statements of the Group have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 *Supplementary rules for groups*, and International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC), as endorsed by the EU.

The preparation of annual accounts in accordance with IFRS requires that qualified estimates and assessments be used for accounting purposes. Furthermore, company management exercises its judgement in the application of the Group's accounting policies. Those areas that include a high level of assessment, that are complex or such areas where assumptions and estimations are of material importance for the consolidated financial statements are stated in note 4.

The financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities measured at fair value.

Going concern

In assessing the Group's ability to continue operating in the foreseeable future, management analysed the financial position of the Group, the expected future results of its business activities, existing loan agreements, the Group's ability to attract additional financing from banks, compliance with the terms of credit facilities, current and projected market conditions, including gold prices, exchange rates and interest rates, and also analysis of plans and commitments for capital investments.

At December 31, 2023, current liabilities exceeded the Group's current assets by TUSD 69,222, mainly due to the technical reclassification of long-term loan obligations into short-term liabilities. As at 31 December 2023, the Group breached certain conditions (covenants) on bank credit facilities (note 26). As a result of violation of the covenant, the bank had the right to demand early repayment of these credit facilities, as a result, as of the reporting date, the Group's obligations under long-term bank credit lines in the amount of TUSD 141,521 were reclassified to current liabilities.

In April 2024, the Group signed an addendum to a credit facility with the bank for the change of covenants level.

Effect of the Covid-19

Most Covid-19 limitations were lifted earlier during the year 2022, and Covid-19 did not have any significant influence on the operations throughout 2023. The Group continuously reviews the epidemic environment ready to resume sanitary measures and protocol activities as a precaution measure.

Increased sanctions in 2023

2023 was the second very turbulent year after 2022 with additional sanctions introduced both within Russia and internationally negatively effecting the development of business in Russia. Although the mining industry in Russia has been adapting to the new challenges, many new growth projects were put on hold due to equipment and technology supply deficits, recruitment problems and lack of financing which is the major hurdle for the corporate growth strategies.

3. Significant Accounting Policies

3.1 Principles of consolidation and equity accounting
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has a power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All intragroup assets and liabilities, equity, income, expenses, unrealised gains on transactions and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

When the Group loses control over a subsidiary, a gain or loss is recognised in the consolidated statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary's assets or liabilities are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to the consolidated statement of profit or loss or transferred directly to retained earnings).

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively

Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment.

Investments in associates
Associates are all entities over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting as described above, after initially being recognised at cost.

Changes in ownership interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3.2 Reverse acquisition
Reverse acquisitions are accounted for using model prescribed by IFRS 3 “Business combination”. This accounting model requires the assets and liabilities of acquiree, being the legal parent, are recorded at fair value initially in the consolidated financial statements. The assets and liabilities of the acquirer, being legal subsidiary, are recognised and measured in the consolidated financial statements at their pre-transaction carrying amounts.

3.3 Segment reporting
For management purposes, the Group is not organised in separate reporting segments and performance is assessed on a consolidated basis. Accordingly, the segment reporting disclosure is not presented in these consolidated financial statements.

3.4 Foreign currency translation

Functional currency and presentation currency
The entities in the Group have the local currency as their functional currency, as the local currency has been defined as the primary economic environment in which each entity operates.

The Group has chosen to present its consolidated financial statements in USD, as management believes it is a convenient presentation currency for international users and as it is a common presentation currency for mining industry.

Transactions and balance sheet items
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within operating income/other operating expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Translation of foreign Group companies

The translation of balances and transactions of the Group's entities from their functional currencies to the presentation currency is performed as follows:

- All assets and liabilities, both monetary and non-monetary, are translated at closing exchange rates at each reporting period end date;
- All income and expenses are translated average exchange rates for the period, except for significant transactions that are translated at rates on the date of such transactions and in instances where exchange rates fluctuate significantly during the period;
- Resulting exchange differences are recognised in other comprehensive income as "Effect of translation to presentation currency" and accumulated in equity (attributed to non-controlling interests as appropriate);
- All cash flows are translated at annual average exchange rates for the period, except for significant transactions that are translated at rates on the date of such transactions.
- Exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.
- Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate

Exchange rates used in the preparation of the consolidated financial statements were as follows:

	2023	2023	2023	2022	2022	2022
	Russian Ruble/US Dollar	Swedish krona/US Dollar	Swedish krona/ Russian Ruble	Russian Ruble/US Dollar	Swedish krona/US Dollar	Swedish krona/ Russian Ruble
Year-end rate	89.6883	10.0416	0.1107	70.3375	10.4371	0.1484
Average rate for the 1st quarter ended 31 March	72.7738	10.4310	0.1432	86.0693	9.3374	0.1085
Average rate for the 2nd quarter ended 30 June	80.9800	10.5097	0.1297	66.6244	9.8203	0.1474
Average rate for the 3rd quarter ended 30 September	94.0919	10.8144	0.1149	59.4308	10.5312	0.1772
Average rate for the 4th quarter ended 31 December	92.8232	10.6619	0.1150	62.4246	10.7306	0.1719

3.5 Revenue recognition

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group applies a 5-step approach to revenue recognition:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when or as a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.6 Leasing

The Group as lessee
The Group´s leases are primarily comprised of equipment related to Yubileyniy and Malyutka factories and Buor placer.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The useful lifes of the right-of-use assets is between 2 and 11 years.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other expenses” in profit or loss (see note 20).

3.7 Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet. If employee benefit costs are directly attributable to bringing an asset into the condition and location necessary for it to be capable of operating then these costs are capitalised.

Payroll taxes and pension contributions
Under provisions of the Russian legislation, the Group entities contributed to state pension, social insurance, medical insurance and unemployment funds at the statutory rate of 30% based on gross salary payments to each employee not exceeding certain amount, for remuneration exceeding the set amount the rate drops to 15.1%. The Group’s contributions to the State Pension Funds of the Russian Federation are charged to the consolidated statement of profit or loss in the period to which they relate.

Post-employment obligations
The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the unified social tax the payments to the statutory defined contribution schemes in the Russian Federation. In Sweden, the Group pays defined contribution pension costs for one employee.

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Other post-employment obligations
Termination benefits are paid when an employee is terminated by the Group and the employee accepts a voluntary termination in exchange for such benefits. The Group recognizes termination benefits when the Group is demonstrably committed to either terminating the employment of the employees according to a detailed formal plan, without the possibility of revocation or providing termination benefits as a result of an offer made to encourage voluntary termination. Benefits due more than 12 months after the end of the reporting period are discounted to present value.

3.8 Income tax

Current income tax
The income tax expense or credit for the period is the tax payable on the current period’s taxable income, based on the applicable income tax rate for each jurisdiction. Taxable income differs from ‘profit before tax’ as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.9 Mineral extraction tax

Mineral extraction tax is set by the Russian Tax legislation. Mineral extraction tax is imposed to the net gold and silver chemical component of the extracted gold and silver deposits with the reference to actual selling prices for gold and silver less cost to refine and deliver refined gold and silver to the ultimate customer. The amount of mineral extraction tax incurred for the period is recognised within the cost of inventory produced and sold.

Application of a special tax rate

The Group receives state assistance in the form of the possibility of applying a reduced rate for the mineral extraction tax. The benefit provided by the government is treated as deferred income and is recognized in the consolidated statement of comprehensive income for the year as a reduction in mineral extraction tax expenses during the period corresponding to the time of occurrence of the costs that it should compensate.

3.10 Exploration and evaluation assets

Exploration and evaluation assets represent capitalised expenditures incurred by the Group in connection with exploration for and evaluation of gold and silver resources, such as:

- Acquisition of rights to explore potentially mineralised areas;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling;
- Trenching;
- Sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting gold resource.

Exploration and evaluation expenditures are capitalised when exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable gold and silver resources. When the technical feasibility and commercial viability of extracting a gold and silver resource are demonstrable and a decision has been made to develop the mine, capitalised exploration and evaluation assets are reclassified to mine development costs.

Impairment of exploration and evaluation assets
Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The following facts and circumstances, among others, indicate that exploration and evaluation assets must be tested for impairment:

- The term of exploration license in the specific area has expired during the reporting period or will expire in the near future and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of gold resources in the specific area is neither budgeted nor planned;
- Exploration and evaluation for gold resources in the specific area have not led to the discovery of commercially viable quantities of gold resources and the decision was made to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to occur, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the purpose of assessing exploration and evaluation assets for impairment, such assets are allocated to cash-generating units, being exploration license area.

Any impairment loss is recognised as an expense in accordance with the policy on impairment of tangible assets.

3.11 Property, plant and equipment

Mine development costs
Mine development costs comprise amounts related to new mine development and includes the costs directly related to mine development projects such as acquiring and developing mining properties, pre-production expenditure, construction of processing plant and mine infrastructure, amortisation of equipment used in the development, mining and exploration licenses and the present value of future mine closure, rehabilitation and decommissioning costs. Mine development costs are reclassified as 'Mining assets' at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management. Mine development costs are not depreciated before the related mining assets are commissioned.

Mining assets
Mining assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Mining assets include the cost of acquiring and developing mining properties, pre-production expenditure and mine infrastructure, processing plant, mining and exploration licenses and the present value of future mine closure, rehabilitation and decommissioning costs.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other day to day maintenance costs are expensed as incurred.

Mining assets, except for those related to alluvial gold operations, where economic benefits are consumed in a pattern which is linked to the production level are depleted using a unit of production method based on the volume of ore reserves.

Certain property, plant and equipment within mining assets are depreciated based on estimated useful lives, if shorter than the remaining life of the mine or if such property, plant and equipment can be moved to another site subsequent to the mine closure.

Mining assets related to alluvial gold operations are depreciated on a straight-line basis based on estimated useful lives.

Non-mining assets
Non-mining assets are measured at cost less accumulated depreciation and impairment losses. Non-mining assets are depreciated on a straight-line basis based on estimated useful lives.

Depreciation
Property, plant and equipment are depreciated using a unit of production method based on the volume of ore reserves as set out above or on a straight-line basis based on estimated useful lives.

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate. Changes to estimated residual values or useful lives are accounted for prospectively.

The principal periods over which the assets are depreciated are as follows:

Office building in Khabarovsk	31 years
Machinery and equipment	1 to 16 years
Other	2 to 11 years

Impairment of property, plant and equipment
Property, plant and equipment and finite life intangible assets are reviewed by management for impairment if there is any indication that the carrying amount may not be recoverable. If any of such indication exists, the carrying amount of the asset is compared to the estimated recoverable amount of the asset in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell or value-in-use. If recoverable amount of an asset (or cash-generating unit) is estimated to be less than it carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is recognised in the consolidated statement of comprehensive income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment been recognised in prior periods.

3.12 Financial instruments
Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
Financial assets are classified into financial assets measured at fair value through profit or loss, fair value through other comprehensive income and amortised cost. The Group determines the classification at initial recognition.

Financial assets are classified as financial assets measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Otherwise, they are classified as financial assets measured at fair value.

The Group does not have any financial assets measured at fair value through other comprehensive income (hereinafter referred to as FVTOCI) that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets are measured based on the classification as follows:

- Financial assets measured at amortised cost are measured at amortised cost using the effective interest method;
- Financial assets other than those measured at amortised cost are measured at fair value through profit and loss.

The Group's financial assets include cash and cash equivalents, trade and other receivables, loans issued and derivative financial instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment and de-recognition of financial assets
In accordance with IFRS 9, the Group assesses at each reporting date whether there is any objective evidence that financial assets measured at amortised cost are impaired under an expected credit loss model.

The Group always recognises lifetime expected credit losses ("ECL") for its trade and other receivables (the "simplified approach" under IFRS 9) and updates this expectation at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Expected credit losses are recognised in the consolidated statement of profit and loss within the financial costs.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities
All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortised cost are measured at cost after deducting transaction costs that are directly attributable to the financial liabilities.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for derivatives measured at fair value through profit or loss. The Group determines the classification at initial recognition.

After initial recognition, financial liabilities are measured based on the classification as follows:

- Financial liabilities measured at amortised cost are measured at amortised cost using the effective interest method. Amortisation under the effective interest method and gains or losses on de-recognition are recognised as profit or loss in the consolidated statement of income.
- Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as measured at fair value through profit or loss at initial recognition. The net gain or loss recognised in the consolidated statement of profit or loss incorporates any interest paid on the financial liability and is included in the gain/(loss) on derivative financial instruments and investments, net.

The Group's financial liabilities include loans and borrowings and trade and other payables. Financial liabilities are recognised initially at fair value plus in the case of loans and borrowings, directly attributable transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Loans and borrowing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Loans and borrowings and trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid, including any noncash assets transferred or liabilities assumed, and payable is recognised in profit or loss as other income or finance costs.

Derivatives and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Hedge effectiveness
Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

There was no recognised ineffectiveness during 2023.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

The Group enters into commodity forward and option contracts to manage its exposure to market risk. Commodity forward contracts are remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

3.13 Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with maturities less than three months.

3.14 Inventories
Inventories are recorded at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Gold on hand is valued on an average total production cost method. Gold in process is valued at the average total production cost at the relevant stage of production.

Materials and supplies consist of consumable stores and are valued at the weighted average basis less an allowance for obsolete items, and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. A regular review is undertaken to determine the extent of any allowance for obsolescence. Allowance for obsolescence of fuel as highly liquid supply was not formed.

3.15 Deferred stripping costs

Deferred stripping costs at open-pits
As part of its mining operations, the Company incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a units of production method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a stripping activity asset, if the following criteria are met:

(a) Future economic benefits (being improved access to the ore body) are probable;
(b) The component of the ore body for which access will be improved can be accurately identified;
(c) The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the consolidated statement of profit or loss as operating costs as they are incurred.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. The stripping activity asset is subsequently depreciated using the units of production method over the life of the identified component of the ore body. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Company uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an enhancement of an existing asset, being the mine asset. This forms part of the total investment in the relevant cash generating units, which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

Deferred stripping costs at placers
Stripping costs at placers incurred after the production ceases generally between September-October and April-May (due to low temperatures) are fully deferred since they relate to production that will take place in future periods (generally between May and September).

Deferred stripping costs that give access to reserves from which production is expected to commence within 12 months after the reporting date are classified as current assets. Deferred stripping costs that relate to reserves from which production will not commence within 12 months from the reporting date are classified as non-current assets.

3.16 Borrowing costs
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

3.17 Provisions

General
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Mine rehabilitation provisions
The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognised immediately in the statement of comprehensive income. Rehabilitation costs resulting from production activities are included in the cost of inventories.

3.18 Share based payments

Warrant program
At the reporting date, Kopy Goldfields AB had several outstanding warrant programs. All warrants have been issued at a market value determined by an independent external adviser and, depending on the employee’s domicile and prevailing tax situation, the warrants have been issued either free of charge or at a market price through cash payment.

In cases where a cash payment has been made, a corresponding amount is recognised as an increase in equity. For warrants without vesting conditions issued without consideration, the fair value on the grant date is recognised in the consolidated statement of comprehensive income/loss and included in personnel costs with a corresponding increase in equity.

The social security contributions that arise from the award of employee options are considered an integral part of the award and the cost is treated as a cash-settled share-based payment, i.e., a liability and a personnel expense.

3.19 Equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.20 Earnings per share
Earnings per share is calculated based on consolidated earnings for the year (total net earnings from continuing and discontinued operations) attributable to the Parent Company shareholders and based on the weighted average number of outstanding shares during the year and excluding treasury shares.

When calculating earnings per share after dilution, net earnings and average number of shares are adjusted to reflect effects of potential dilutive ordinary shares, which constitute shares and options issued during the period. Dilution from options occurs only when the exercise price is lower than the fair value of the shares and is greater the larger the difference is between the exercise price and the fair value. Convertible loans and options are not considered dilutive if the earnings per share from continuing operations would be better (higher profit or lower loss) after dilution than before dilution.

4. Significant accounting judgements, estimates and assessments
In the application of the Group's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. They are reviewed on an ongoing basis. Actual results could differ from those estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within next financial year.

Mineral reserves
Mineral reserves are used in the calculation of depreciation and depletion of mining assets under the unit of production method and in calculation of future cash flows for assets' impairment testing.

The Group uses estimates of ore reserves assessed in accordance with the last available Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC) and internal estimates.

Estimation of mineral reserves involves some degree of uncertainty. The uncertainty depends mainly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of this data, which also requires use of subjective judgment and development of assumptions. By their nature, these estimates of reserves and the related future cash flows are subject to uncertainty, and the impact on the consolidated financial statements for future periods could be material.

The management updated ore reserve estimates in accordance with JORC on 1 January 2023.

Useful economic lives of property, plant and equipment
Property, plant and equipment are depreciated using a unit of production method based on the volume of ore reserves or on a straight-line basis based on estimated useful lives.

Management periodically reviews the appropriateness of assets' useful economic lives. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to Group.

The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. These estimates may have a material impact on the amount of the carrying values of property, plant and equipment and on depreciation recognised in the statement of comprehensive income.

Impairment of tangible assets
The Group considers both external and internal sources of information in assessing whether there are any indications that its tangible assets are impaired.

External sources of information considered by the Group include products' demand the competitive environment, economic and legal environment and other factors.

Internal sources of information considered by the Group include the manner in which assets are being used or expected to be used and actual and forecasted expectations of economic performance of such assets.

The Group estimated that there were no indicators of impairment at the end of 2023 year.

During the year ended 31 December 2022, the Group's management decided to stop and mothball the Perevalnoe CIP mill due to depletion of open pit mines. This event caused an internal indicator of the impairment of tangible assets. As a result of impairment testing, the Group recognised an impairment charge for property, plant and equipment related to Perevalnoe CIP mill in the amount of TUSD 7,498 (note 18).

Impairment of exploration and evaluation assets
The application of the Group's accounting policy for exploration and evaluation expenditures requires judgement in determining whether it is likely that the asset will bring economic benefits in the future, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is impaired in the profit and loss as the new information becomes available.

During the year ended 31 December 2023 an impairment of exploration and evaluation assets in the amount of TUSD 15 was recognised by the Group (note 17). The impairment charge related to capitalised cost for exploration and evaluation of Verkhovie Tamaracka area located in the Irkutsk region of Russian Federation

Impairment of investments in associates
Management of the Group assesses the carrying value of its investments in associates when events or changes in circumstances suggest that indicators of impairment exist. When necessary, the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with it carrying amount.

At 31 December 2023, regarding investment in Bodaibo Holding Ltd and subsidiary and CJSC Zolotay Zvezda and subsidiary, consideration was given to a range of indicators, including most recent gold reserves estimation, average gold head grade, gold prices forecast, mine life, future capital expenditure.

The Group estimated that there were no indicators of impairment at the end of 2023 year.

Taxation
The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Russian tax, currency and customs legislation is subject to varying interpretations.

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note 15.

Mine rehabilitation provisions
The Group reviews its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, changes in discount rates and assumptions regarding the timing of decommissioning activities. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary mine rehabilitation works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain. Those uncertainties may result in future actual expenditure differing from the amounts currently provided.
The provision at balance date represents management's best estimate of the present value of the future rehabilitation costs required.

The principal assumptions used for the estimation of provision for decommissioning were as follows:

	31 December 2023	**31 December 2022**
Discount rates	7.96%-16.00%	7.50%-10.82%
Expected inflation rates	3.6%-7.2%	4.0%-6.0%
Expected closure dates	2024-2032	2023-2032

Valuation of inventories
Work-in-process, finished goods and ore stockpiles are carried at the lower of cost or net realisable value. Estimates of net realisable value of inventories are based on the most reliable evidence available at the time of the estimates are made. These estimates take into consideration spot metals prices at the reporting date, cost to complete production and bring the product to sale.

The Group also estimates an allowance for obsolete and slow-moving materials and spare parts and net realisable value provision. At 31 December 2023, the allowance for obsolete inventory and net realisable value provision amounted TUSD 19,609 (31 December 2022: TUSD 27,643) as disclosed in the note 22. In the year ended 31 December 2023, the Group recognised an income of TUSD 2,365 (2022: TUSD charge 5,992) mostly related to reversal of net realisable value provision of low grade ore stockpiles that were processed and sold during 2023 (note 9).

If the gold price had been 10% higher/lower as of December 31, 2023, the amount of net realisable value provision would have decreased/increased by TUSD 1,981 (2022: TUSD 3,385).

Agency factoring
The Group has entered into an agreement with a factoring company, under which the Group receives short-term financing to manage its working capital. The obligation under such an agreement was classified as bank financing and included in loans and borrowings in the consolidated statement of financial position.

5. Financial risk management

5.1 Financial risk factors
Through its operations, the Group is exposed to various financial risks consisting of market risk, mainly interest risk and currency risk, credit risk and liquidity risk. The Group strives to minimise potential unfavourable effects from these risks on the Group's financial results. Management reviews and agrees policies for managing each of these risks which are summarised below.

The aim of the Group's financial operations is to ensure that the Group can meet its payments, manage financial risks, ensure a supply of necessary financing, and optimise the Group's net financial income.

Market risk - Currency risk
Foreign exchange risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates that is not the functional currency of the relevant group entity. The Group undertakes certain transactions denominated in foreign currencies. Transactions in the Group's Russian subsidiaries are predominantly in RUB, their functional currency.

Transaction exposure arises when the Parent Company receives loans from subsidiaries denominated in a currency other than its functional currency. Accounts receivable and payable on intra-group loans in foreign currency are included in the sensitivity analysis to currency risks. The currency risk is monitored on a regular basis. The Group has chosen not to hedge any of the translation exposures at present.

Exposure
The Group's exposure to foreign currency risk (including intra-group transactions) as at 31 December 2023 and as at 31 December 2022 was as follows.

31 December 2023

	USD	**RUB**	**Total**
Financial assets			
Financial assets at amortised cost	4,485	-	4,485
Loans receivable from Group companies	2,419	-	2,419
Other receivables	50	-	50
Cash and cash equivalents	1	-	1
Total assets	**7,321**	-	**7,321**
Financial Liabilities			
Loans and borrowings	3,669	7,812	11,481
Accounts payable and accrued liabilities	1,719	-	1,719
Total Liabilities	**5,388**	**7,812**	**13,200**
Total net position	**1,933**	**-7,812**	**-5,879**

31 December 2022

	USD	RUB	Total
Financial assets			
Financial assets at amortised cost	3,959	-	3,959
Loans receivable from Group companies	2,130	-	2,130
Other receivables	416	-	416
Cash and cash equivalents	36	-	36
Total assets	**6,541**	**-**	**6,541**
Financial Liabilities			
Loans and borrowings, including loans and borrowings from Group companies	3,629	9,011	12,640
Accounts payable and accrued liabilities	74	-	74
Total Liabilities	**3,703**	**9,011**	**12,714**
Total net position	**2,838**	**-9,011**	**-6,173**

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

	2023	2022
Net foreign exchange gain/(loss) included in other operating expenses, net	-1,222	267
Net foreign exchange gain/(loss) on foreign currency borrowing included in finance costs	448	463
Total	**-774**	**730**

Sensitivity
The Group is primarily exposed to changes in USD/RUB exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD -denominated financial instruments. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive/negative number below indicates an increase/decrease in profit or equity where the functional currency of a subsidiary strengthens/ weakening for 10% against the relevant foreign currency. If the USD/RUB exchange rates would have been 10% higher/lower during the year ended 31 December 2023, profit or equity for the year would have decreased/increased by TUSD 193 (2022: TUSD 284). Additionally, the Company is exposed to changes in SEK/RUB exchange rates affecting intragroup financing. If the SEK/RUB exchange rates would have been 10% higher/lower during the year ended 31 December 2023, profit or equity for the year would have decreased/increased by TUSD 781 (2022: TUSD 901).

Market risk - Interest-rate risk
The interest rate risk arises from long-term borrowings with variable rates, which expose to cash flow interest rate risk. The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The Group does not currently hedge its exposure to interest rate risk. The Group manages its interest rate risk through maintaining an appropriate mix between fixed and floating rate borrowings.

Sensitivity
For floating rate loans, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. The Group's sensitivity profit or loss to interest rates is prepared assuming a 100 basis point change as it is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates would have been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2023 would have decreased/increased by TUSD 1,032 (2022: TUSD 573).

Market risk – Price risk
The group's exposure to the price risk arises from gold price fluctuation quoted on the London metal stock exchange (LME). The Group prepares detailed budgets and forecasts and reviews the global and domestic gold price environment on a monthly basis in order to optimise gold sales. For more information about hedges see below.

Credit risk
Credit risk is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group. The Group's credit risk arises from cash and cash equivalents, trade and other accounts receivables and other financial assets.

Trade accounts receivable are represented by provisional gold sales transactions. Most of the gold and silver sales in 2023 were performed to well-established Russian banks. The Group does not have any significant amount of other receivables. Credit limits for the Group as a whole are not set up.

The credit risk on cash and cash equivalents has been limited because the counterparties have been well-established Russian banks. Following the new and increased sanctions in 2022, the Group has initiated contingency measures to mitigate the credit risk and to ensure alternative gold sales channels going forward.

The maximum exposure to credit risk equals to the carrying value of these instruments in the amount of TUSD 12,962 as at 31 December 2023 (2022: TUSD 11,387).

Receivables balances are monitored on an ongoing basis with the result that the exposer of the Group to bad debts is not significant. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to settle its liabilities as they fall due. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of credit with the suppliers, finance leases and bank loans and committed credit lines, if necessary.

The Group's primary sources of cash are its operations, as well as bank loans. The liquidity position of the Group is monitored and managed on a regular basis by with cash movements, cash balances and gold stock balances being reported to the Group's management. The Group prepares detailed budgets and forecasts and reviews the gold prices to optimise sales and match the maturity profiles of financial assets and liabilities. Accordingly, management considers that it is taking all necessary actions to allow the Group to meet its current obligations as they fall due.

At the end of the reporting period the Group held deposits at call of TUSD 1,672 (2022: TUSD 5,701) that are expected to readily generate cash inflows for managing liquidity risk.

At 31 December 2023 the Group had access to unused credit facilities of TUSD 14,613 (2022: TUSD 2,833).

The bank credit facilities may be drawn by the bank notice in RUB and have an average maturity of 5 years (2022 –5 years).
The following table shows the undiscounted contractual maturities of the financial liabilities as at 31 December 2023 and 2022.

At 31 December 2023	**Less than 12 months**	**1-5 years**	**More than 5 years**	**Total**
Loans and borrowings	144,336	113,217	-	257,553
Agency factoring	55	-	-	55
Accounts payable and other current liabilities	10,779	-	-	10,779
Derivative financial liabilities	205	239	-	444
Lease liabilities	1,174	1,199	-	2,372
Total	**156,343**	**114,655**	-	**271,203**

At 31 December 2022	**Less than 12 months**	**1-5 years**	**More than 5 years**	**Total**
Loans and borrowings	145,314	-	-	145,314
Agency factoring	5,722	-	-	5,722
Accounts payable and other current liabilities	6,956	-	-	6,956
Lease liabilities	3,208	2,827	-	6,035
Total	**161,200**	**2,827**	-	**164,027**

Refinancing risk

Refinancing risk is defined as the risk for difficulties in refinancing the Group, that financing cannot be achieved, or can only be achieved at a higher cost. Borrowings within the Group has an average maturity from 1 to 5 years (2022: from 1 to 5 years). As at December 31, 2023, the Company was in breach of certain loan covenants. As a result, the bank loans with maturity dates March 2025 - June 2028 were classified in the consolidated statement of financial position as a short-term. On April 24, 2024, the Group signed an addendum to a credit facility with the bank for the change of covenants level, and, accordingly, the Group still has the opportunity for additional financing.

5.2 Derivatives

The Group uses commodity options being the cash flow hedges derivatives presented in the following line items in the consolidated statement of financial position:

	31 December 2023	31 December 2022
Current liabilities		
Commodity options – cash flow hedges	205	-
Total current derivative financial instrument liabilities	**205**	**-**
Non-current liabilities		
Commodity options – cash flow hedges	239	664
Total non-current derivative financial instrument liabilities	**239**	**664**

For the year ended 31 December 2023, the Group recognised income from the revaluation of the fair value of derivative financial instruments in the amount of TUSD 42 (2022: TUSD 32).

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as ‘held for trading’ for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

For information about the methods and assumptions used in determining the fair value of derivatives refer to note 31.

5.3 Fair value hierarchy

This section explains the judgements and estimates made by the Group in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. Management has used all available market information in estimating the fair value of financial instruments.

The different levels of fair value have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

Derivative instruments and embedded derivatives are included in Level 2 of the fair value hierarchy as they are valued using pricing models or discounted cash flow models. These models require a variety of inputs, including, but not limited to, market prices, forward price curves, yield curves and credit spreads. These inputs are obtained from or corroborated with the market. The resulting fair value estimates are included in level 2.

The fair value of the remaining financial assets and financial liabilities approximate their carrying value.

At 31 December 2023 and 2022 the Group had the following financial instruments measured at fair value on a recurring basis:

	At 31 December 2023		
	Level 2	**Level 3**	**Total**
Financial assets			
Accounts receivable for sale of shares	-	4,901	4,901
Financial liabilities			
Derivative instruments	444	-	444

	At 31 December 2022		
	Level 2	**Level 3**	**Total**
Financial assets			
Accounts receivable for sale of shares	-	4 375	4 375
Financial liabilities			
Derivative instruments	664	-	664

5.4 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2022.

The capital structure of the Group consists of net debt comprising loans and borrowings and lease liabilities after deducting cash and bank balances and equity of the Group. Equity of the Group comprises issued capital, share premium, reserve on translation to presentation currency, retained earnings and non-controlling interests.

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants, including positive net assets, as described in the Note 26.

The Group monitors capital structure on the basis of the net debt to equity ratio. In addition, the management of the Group reviews the following ratios on a quarterly basis: total debt, total debt to EBITDA, net debt to EBITDA, EBITDA to interest expense.

Gearing ratio

The gearing ratio at the year-end is as follows:

	31 December 2023	**31 December 2022**
Loans and borrowings	144,390	119,745
Lease liabilities	2,373	4,931
Cash and cash equivalents	1,949	6,293
Net debt	144,814	118,383
Equity	71,789	84,027
Net debt to equity ratio	202%	141%

Debt is defined by the Management of the Group as loans and borrowings and lease liabilities (excluding derivatives) as detailed in notes 19 and 26. Equity includes all capital and reserves of the Group that are managed as capital.

6. Application of new and revised International Financial Reporting Standards

6.1 New and revised standards affecting the financial statements

The following is a list of new or amended IFRS standards and interpretations that have been applied by the Group for the first time in these consolidated financial statements.

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
IFRS 17 Insurance Contracts	Transfer of Insurance Coverage under a Group of Annuity Contracts	1 January 2023	No effect
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendment – Disclosure of Accounting Policies)	The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.	1 January 2023	No effect
IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimates)	The amendments clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.	1 January 2023	No effect
IAS 12 Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	The amendments narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.	1 January 2023	No effect

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

6.2 New standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Title	**Subject**	**Effective for annual periods beginning on or after**	**Expected effect on the consolidated financial statements**
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024	No effect
IAS 1 Presentation of Financial Statements	Amendment – Classification of Liabilities as Current or Non-Current	1 January 2024	No effect
IAS 1 Presentation of Financial Statements	Amendment – Non-current Liabilities with Covenants	1 January 2024	No effect
Annual Improvements to IFRS Accounting Standards			
IFRS 1 First-time Adoption of International Financial Reporting Standards	Aligning the language between IFRS 1 and IFRS 9 regarding hedge accounting on first-time adoption of IFRS	1 January 2024	No effect
IFRS 7 Financial Instruments: Disclosures.	Clarification of the language regarding profit or loss on derecognition in Appendix B Application Guidance	1 January 2024	No effect
Guidance on the application of IFRS 7 “Financial Instruments: Disclosures”	Aligning the wording regarding credit risk disclosure with the provisions of IFRS 7; simplification of the guidance regarding deferred differences between fair value and transaction price	1 January 2024	No effect
IFRS 9 Financial Instruments	Clarification of the cross-reference in the paragraph on derecognition of lease liabilities; eliminating the inconsistency in the use of the term “transaction price”—(1) as defined in IFRS 15 Revenue from Contracts with Customers in the context of trade receivables and (2) as the fair value of the consideration given or received in other paragraphs.	1 January 2024	No effect
IFRS 10 Consolidated Financial Statements	Clarification of language in the text of the standard regarding the “de facto agent”	1 January 2024	No effect
IAS 7 Statement of Cash Flows	Removed reference to the cost method of accounting for investments, which is no longer defined in IFRS.	1 January 2024	No effect

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

7. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

	2023	2022
Sales of gold	84,700	80,007
Sales of gold- gold loan settlement	-	32,619
Sales of silver	576	2,081
Other revenue	1,209	1,068
Total sales revenue	**86,485**	**115,775**

Revenue is principally derived from sale of gold and silver within the Russian Federation (90% in 2023 and 97% in 2022). Export sales are carried out to the Middle East and account for approximately 10% of revenue (3% in 2022).

Included in revenues for the year ended 31 December 2023 are revenues which arose from the sales to five of the Group's largest customers, whose contribution to the Group's revenue exceeded 10% of the total revenue. In 2023 revenues from such customers amounted to TUSD 50,378 (58.3%) (2022: TUSD 47,339 (56.9%) from two customers).

8. Auditors' fees

Audit fees include fees for the annual audit services and other audit services, i.e. services that only the external auditors reasonably can provide, and include the Company audit and statutory audits. Other statutory engagements include fees for assurance and related services that are reasonably related to the performance of the audit of the Company's financial statements or that are traditionally performed by the external auditors. Tax advisory services include tax-compliance services, transfer pricing, tax consultations and advice related to acquisitions, etc. All other fees are presented by fees for other services.

	2023	2022
Öhrlings PricewaterhouseCoopers AB		
- Audit engagement	-	52
- Other statutory engagements	-	4
LR Revision & Redovisning Sverige AB		
- Audit engagement	79	28
AO «Business Solutions and Technologies»		
- Audit engagement	58	-
Joint-Stock Company "Tekhnologii Doveriya - Audit"		
- Audit engagement	-	216
Total	**137**	**300**
Other		
- Audit engagement	36	52
- Other services	-	-
Total	**36**	**52**
Total Auditors' fees	**173**	**352**

9. Costs of sales

	2023	2022
Settlement of gold loan liability	-	42,116
Consumables and spares	24,856	22,874
Mining, maintenance and transportation services	18,509	14,523
Employee benefits	21,263	17,925
Depreciation and depletion	5,390	11,885
Mineral extraction tax and other taxes	1,399	1,560
Refining costs	216	195
Other	945	204
Total direct cost and production overheads	**72,578**	**111,282**
Movement in stockpiles, work in progress and finished goods	-11 332	1,110
Net realisable value allowance	- 2 365	5,992
Total cost of sales	**58 881**	**118,384**

The total amount of depreciation and depletion for property, plant and equipment and right-of-use assts amounted to TUSD 5,541 (2022: TUSD 12,126).

Since 2023, the Group has been participating in a regional investment project, and has the right to apply a special coefficient for mineral extraction tax. The Group has fulfilled all the conditions of the project, allowing the application of a special coefficient for the tax on mining. The benefit received was accounted for as a reduction in the cost of the mineral extraction tax as part of the cost of products sold.

10. General and administrative expenses

	2023	2022
Employee benefits	5,861	6,625
Professional fees (legal, audit, consulting, etc.)	1,245	1,405
Taxes other than income tax	512	590
Depreciation	151	241
Other	1,093	1,215
Total general and administrative expenses	**8,862**	**10,076**

11. Other operating expenses, net

	2023	2022
Cost to maintain mothballed operations	2,582	2,778
Loss on disposal of assets	316	306
Charity	84	91
Bank charge	41	47
Change in allowance for slow-moving and obsolete inventory	70	14
Foreign exchange (gain)/loss	1,222	-267
Other	804	171
Total other operating expenses, net	**5,119**	**3,140**

12. Employee benefits

	2023	2022
Salaries and other remuneration	21,203	19,529
Social security contributions	5,915	4,993
Pension costs – defined contribution plans	6	28
Total	**27,124**	**24,550**

The Group's personnel costs for the financial years ended December 31, 2023, and 2022 are included in the consolidated statement of profit/(loss) and other comprehensive income/(loss) in the lines cost of sales and general and administrative expenses.

Salaries and other remuneration and social security expenses to the Board of Directors and senior management

	2023				**2022**			
	Salaries and other remuneration	of which bonuses	**Social security expenses**	of which pension cost	**Salaries and other remuneration**	of which bonuses	**Social security expenses**	of which pension cost
Board members	203	-	-	-	176	-	9	-
CEO	254	-	37	25	223	-	37	-
Other senior executives	823	-	180	108	1,078	-	266	-
Total	**1,280**	**-**	**217**	**133**	**1,477**	**-**	**312**	**-**

The CEO of the Group in 2023 and 2022 year was Mr. Mikhail Damrin.

Average number of employees geographically broken down by country

	2023		**2022**	
	Average number of employees	**Of which men**	**Average number of employees**	**Of which men**
Sweden	1	1	1	1
Russian	850	727	768	657
Total	**851**	**728**	**769**	**658**

Gender distribution in the Group (incl. subsidiaries) for Board members and other senior executives

	2023		2022	
	Number on the balance sheet date	**Of which men**	**Number on the balance sheet date**	**Of which men**
Board members	3	3	3	3
CEOs	1	1	1	1
Other senior executives	9	7	10	8
Total	**13**	**11**	**14**	**12**

Remuneration and other benefits of the Board and senior management 2023 and description of salaries and other remuneration is presented in note P6 in the disclosures for Parent Company.

Pension plans

The retirement age for the CEO, as well as for other senior executives, is 65 years, except for 60 years for women in the Russian Federation. The Company has no pension commitments to the CEO. The Parent Company pays defined contribution pension premiums to the deputy CEO, CFO. Expect for defined contribution pension obligation for one employee in Sweden, the Group has no pension commitments beyond the state pension contributions that are mandatory for employees in Russian Federation.

Notice period and termination benefits

The CEO and the Company have a mutual notice period of six months, and for other senior management positions the period is two - three months. There are no termination benefit agreements in place.

13. Outstanding warrants

Incentive programs 2022/2025 and 2022/2026

The Annual General Meeting 2022 approved two long-term incentive programs: 2022/2025 for management and key personnel for a maximum of 6 500 000 warrants for issue and 2022/2026 for the Board of Directors for a maximum of 1,280,000 warrants for issue. The warrants were transferred without consideration to the management participants at terms adapted to local conditions, while Board members acquired the warrants at market prices. The warrants do not carry entitlement to a dividend or voting rights. Each warrant entitles the holder to subscribe for one (1) share in the Company, which means that the share capital can be increased by SEK 2,378,800 (rounded off to the nearest whole number) at maximum. The exercise date is 31 August 2025 for the warrants of series 2022/2025 and 31 August 2026 for the warrants of series 2022/2026 and strike price is SEK 0.88. As per December 31, 2022, a total of 6,260,000 warrants from both programs were subscribed.

Incentive programs 2021/2024 and 2021/2025

The Annual General Meeting 2021 approved two long-term incentive programs: 2021/2024 for management and key personnel for a maximum of 8,000,000 warrants for issue and 2021/2025 for the Board of Directors for a maximum of 2, 000,000 warrants for issue. The warrants were transferred without consideration to the management participants at terms adapted to local conditions, while Board members acquired the warrants at market prices. The warrants do not carry entitlement to a dividend or voting rights. Each warrant entitles the holder to subscribe for one (1) share in the Company, which means that the share capital can be increased by SEK 3,802,213 (rounded off to the nearest whole number) at maximum. The exercise date is 31 August 2024 for the warrants of series 2021/2024 and 31 August 2025 for the warrants of series 2021/2025 and strike price is SEK 2.75. As per December 31, 2021, a total of 6,480,000 warrants from both programs were subscribed.

Incentive programs 2019/2022

The 2019 AGM adopted two incentive programs 2019/2022: one for management and one for the Board of Directors. A total of 2,835,000 warrants were issued under the programs. The warrants were transferred without consideration to the management participants at terms adapted to local conditions, while Board members acquired the warrants at market prices. The warrants do not carry entitlement to a dividend or voting rights. Each warrant entitles the holder to subscribe for one (1) share in the Company and the warrants may be used for share subscription during the period June 1, 2020, to December 31, 2022 (inclusive), at an exercise price of SEK 1.30 per share. On 31 December 2022, the 2019/2022 incentive programs for management and board expired, without any warrants being exercised.

The table below presented the summary of information for Incentive programs of the Group:

	Incentive programs 2022/2026	**Incentive programs 2022/2025**	**Incentive programs 2021/2025**	**Incentive programs 2021/2024**
Exercise price, USD (SEK)	0.088 (0.88)	0.088 (0.88)	0.274 (2.75)	0.274 (2.75)
Vesting date	01.07.2022	01.07.2022	01.07.2021	01.07.2021
Last exercise date	31.08.2026	31.08.2025	31.08.2025	31.08.2024
Redemption of shares from last exercise date	-	-	-	-
Number of warrants issued during the year	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
At end of year	**560,000**	**5,700,000**	**1,280,000**	**5,200,000**
Of which fully vested December 31, 2022	**560,000**	**5,700,000**	**1,280,000**	**5,200,000**
Theoretical value				
Theoretical value per warrant on allotment, USD (SEK)	0.016 (0.16)	0.013 (0.13)	0.033 (0.33)	0.026 (0.26)
Theoretical value per warrant at December 31, 2023, USD (SEK)	0.001 (0.01)	0.000 (0.00)	0.00 (0.00)	0.00 (0.00)
Theoretical dilution	No dilution	No dilution	No dilution	No dilution

14. Finance income and costs

	2023	2021
Exchange differences	448	463
Interest income	1,207	439
Other financial income	-	208
Revaluations of the derivatives to fair value	42	32
Total finance income	**1,697**	**1,142**
Interest expense on loans and borrowings	-16,567	-9,575
Interest expenses on contract liability in gold	-	-1,509
Interest expenses on lease liabilities	-411	-512
Unwinding of discount of mine rehabilitation provision	-146	-271
Other financial costs	-237	-
Less interest expense on loans and borrowings capitalised	1,370	1,422
Total finance costs	**-15,991**	**-10,445**
Net finance costs	**-14,294**	**-9,303**

15. Income tax

Income tax recognised in the consolidated statement of comprehensive income and loss:

	2023	2022
Current income tax:		
Current tax on profit for the year	6	-
Total current income tax expense	**6**	**-**
Deferred income tax:		
Decrease/(increase) in deferred tax assets	327	-4,298
Total deferred tax expense/(benefit)	**327**	**-4,298**
Total income tax expense	**333**	**-4,298**

The income tax expense recorded in the consolidated statement of comprehensive income and loss differs from the theoretical amount that would have arisen applying the tax rate to the profit before income tax and is reconciled as follows:

	2023	2022
Loss before tax	**-1,001**	**-33,778**
Tax at statutory income tax rate	200	-6,756
Effect of different tax rates of Group companies operating in other jurisdictions	-9	-19
Tax effects from:		
Tax losses from settlement of gold loan	-	1,579
Tax losses impairment of exploration and evaluation assets	3	237
Other tax losses	139	661
Total income tax expense /(benefit)	**333**	**-4,298**
Effective tax rate	33%	13%

Tax rates are 20.6% in Sweden and 20% in the Russian Federation. The effective income tax rate for the Group was 33% (2022: 13%).

The movement of the Group's deferred tax assets and liabilities for the years, ended 31 December 2023 and 2022, was as follows:

	1 January 2022	Recognised in profit or loss	Effect of translation to presentation currency	31 December 2022	Recognised in profit or loss	Effect of translation to presentation currency	31 December 2023
Property, plant and equipment and Exploration and evaluation assets	4,175	-320	-5,228	-1,373	-969	4	-2,338
Inventories	279	435	3,293	4,007	811	-620	4,198
Mine rehabilitation provision	-1,272	-30	1,541	239	68	-31	276
Finance lease liabilities	-288	-800	2,032	944	-	-203	741
Tax losses carried forward	-	2,940	-900	2,040	-264	-1,693	83
Other payables and accruals	344	2,073	-1,872	545	21	1,064	1,630
Net deferred tax asset/(liability)	**3,238**	**4,298**	**-1,134**	**6,402**	**-333**	**-1,479**	**4,590**

Certain deferred tax assets and liabilities have been offset to the extent they relate to taxes levied in the same jurisdiction and on the Group's entities which can pay taxes on a consolidated basis. Deferred tax balances presented in the consolidated statement of financial position were as follows:

	31 December 2023	31 December 2022
Deferred tax assets	4,590	6,402
Deferred tax liabilities	-	-
Net deferred tax liability	**4,590**	**6,402**

At 31 December 2023, taxable temporary differences in relation to investments in subsidiaries for which deferred tax liabilities have not been recognised amount to TUSD 135,856 (31 December 2022: TUSD 114,549). Deferred tax liability for taxable temporary differences in relation to investments in subsidiaries was not recognised because the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

At 31 December 2023, The Group's accumulated loss carry-forwards amounted to TUSD 7,086 (31 December 2022: TUSD 7,193), with TUSD 5,515 (31 December 2022: TUSD 6,841) related to the Parent Company and subsidiaries in Sweden and TUSD 1,571 (31 December 2022: TUSD 352) to Russian subsidiaries. They can be carried forward indefinitely. Deferred income tax assets are recognised for tax loss carry-forwards or other incentives to the extent that the realisation of the related tax benefit through future taxable profits is probable. No deferred tax asset was recognised since, according to the Group, the criteria for reporting deferred tax assets in IAS 12 were not met. Unrecognised deferred tax asset amounted to TUSD 1,450 (2022: TUSD 1,482).

16. Investments in subsidiaries

The Group had the following subsidiaries at the 31 December 2023:

Name	Country of registration and operations	Operations	Share of ordinary shares owned directly by the Parent Company (%)	Share of common shares owned by the Group (%)
Direct ownership				
Joint Stock Company "AG Mining"	Russian Federation	Investment Holding	100	100
Indirect ownership				
LLC Amur Gold	Russian Federation	Exploration, evaluation and production	100	100
LLC Patom Gold	Russian Federation	Exploration and evaluation	100	100
LLC Vostochny	Russian Federation	Exploration and evaluation	100	100
LLC Kopy management	Russian Federation	Management company	100	100
LLC Iotkan	Russian Federation	Exploration, evaluation and production	100	100
AB Krasny Gold Fields	Sweden	Investment Holding	100	100
LLC Nirunga Gold	Russian Federation	Exploration and evaluation	100	100
LLC Dalniy Vostok	Russian Federation	Rendering of services	100	100

On July 14, 2022, the Company established Joint Stock Company "AG Mining" and paid for the capital by contributing 100% of shares in its controlled subsidiaries - LLC Amur Gold, LLC Patom Gold, LLC Vostochny and LLC Kopy management. On September 27, 2022 the Company transferred 100% shares of AB Krasny Gold Fields to other contributed capital of AG Mining JSC.

On August 2, 2022, LLC Amur Gold established 100% owned subsidiary LLC Iotkan.

On December 27, 2022 the Company sold its 100% owned subsidiary Kopy Development AB for a cash consideration of TUSD 4 (TSEK 40).

SUMMARISED FINANCIAL INFORMATION FOR SIGNIFICANT SUBSIDIARIES PRESENTED BY LLC AMUR GOLD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ENDED 31 DECEMBER 2023

in thousands of US Dollars (TUSD)

	2023	**2022**
Revenue from contracts with customers	85,882	118,065
Cost of sales	-58,868	- 117,927
Gross profit	**27,014**	**138**
General and administrative expenses	-7,255	-8,676
Impairment of property, plant and equipment	-	-7,497
Other operating expenses, net	-4,538	-3,662
Operating profit/(loss)	**15,221**	**-19,697**
Finance costs	-16,059	-14,231
Finance income	2,173	5,002
Profit/(loss) before tax	**1,335**	**-28,926**
Income tax	-358	3,706
Profit/(loss) for the year	**977**	**-25,220**
Other comprehensive income/(loss)		
Effect of translation to presentation currency	-12,826	9,018
Total comprehensive income for the year	**11,849**	**-16,202**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023
LLC AMUR GOLD AND ITS SUBSIDIARIES
in thousands of US Dollars (TUSD)

	31 December 2023	31 December 2022
Assets		
Non-current assets		
Exploration and evaluation assets	2,021	1,799
Property, plant and equipment	95,078	85,289
Right-of-use assets	5,417	9,238
Deferred tax asset	4,540	6,377
Inventories	2,832	3,611
Loans issued to related parties	1,085	10,860
Total non-current assets	**110,973**	**117,174**
Current assets		
Inventories	66,008	59,494
Other current assets	2,198	2,624
Loans issued	18,675	6,398
Other receivables	359	555
Advances paid	6,000	2,246
Taxes receivable	4,731	4,764
Income taxes receivable	162	243
Cash and cash equivalents	1,803	5,751
Total current assets	**99,936**	**82,075**
Total assets	**210,909**	**199,249**
Equity and liabilities		
Capital and reserves		
Share capital	53,977	53,977
Retained earnings, including profit for the period	40,033	39,056
Foreign currency translation reserve	-43,954	-31,128
Total net assets attributable to participants	**50,056**	**61,905**
Non-current liabilities		
Mine rehabilitation provision	3,429	4,771
Lease liabilities	1,199	2,815
Derivative financial liabilities	239	664
Total non-current liabilities	**4,867**	**8,250**
Current liabilities		
Loans and borrowings	141,669	118,495
Accounts payable and accrued liabilities	9,681	6 485
Taxes payable	2,243	1,436
Mine rehabilitation provision	1,014	562
Lease liabilities	1,174	2,116
Derivative financial liabilities	205	-
Total current liabilities	**155,986**	**129,094**
Total equity and liabilities	**210,909**	**199,249**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023
LLC AMUR GOLD AND ITS SUBSIDIARIES
in thousands of US Dollars (TUSD)

	2023	2022
Cash flow from operating activities		
Profit before tax	**1,335**	**-28,926**
Adjustments for non-cash items		
Depreciation and depletion of property, plant and equipment, intangible assets and right of-use assets	5,464	11,853
Impairment of property, plant and equipment	-	7,497
(Gain)/Loss on disposal of assets	118	142
Finance costs	16,059	14,231
Finance income	-2,173	-5,002
Movements in allowance for obsolete inventory and net realisable value	-2,295	2,760
Revenue from settlement of gold loan liability	-	-32,619
Foreign exchange loss	595	246
Other non-cash adjustments	155	-78
Cash flow from operating activities before changes in working capital	**19,258**	**-29,896**
Changes in working capital		
Change in inventories	-19,118	-3,086
Change in other receivables and advances paid	-4,238	-2,192
Change in trade and other payables and advances received	2,231	-8,974
Change in other assets	-	5,892
Cash flow from operating activities	**-1,867**	**-38,256**
Interest received	238	426
Interest paid	-14,753	-7,771
Income tax paid	-	-200
Net cash flows from operating activities	**-16,382**	**-45,801**
Cash flow from investing activities		
Purchase of property, plant and equipment	-27,293	-23,987
Purchase of exploration and evaluation assets	-1,018	-2,035
Interest paid capitalised	-1,357	-1,422
Loans provided to Group companies	-246	-7,451
Loans provided to other related and 3rd parties	-5,255	-
Net cash flows used in investing activities	**-35,169**	**-34,895**
Cash flow from financing activities		
Proceeds from borrowings, net of debt issue costs	160,730	88,067
Repayments of borrowings	-109,880	-2,572
Payment of lease liabilities	-3,247	-4,514
Repayment of derivative financial liabilities	-	-134
Net cash flows from financing activities	**47,603**	**80,847**
Net (decrease)/increase in cash and cash equivalents	-3,948	151
Cash and cash equivalents at 1 January	**5,751**	**5,600**
Cash and cash equivalents at 31 December	**1,803**	**5,751**

Commitments and contingent liabilities in respect of LLC Amur Zoloto

Commitments and contingent liabilities in respect of LLC Amur Zoloto is TUSD 17,148 mostly relating to technical modernisation of Yubileyniy processing plant and development of Malyutka license (31 December 2022: TUSD 8,928).

17. Exploration and evaluation assets

Balance at 1 January 2022	**2,273**
Additions	929
Transfer	-329
Impairment	-1,276
Effect of translation to presentation currency	251
Balance at 31 December 2022	**1,848**
Additions	2,928
Transfer	-2,353
Impairment	-15
Effect of translation to presentation currency	-373
Balance at 31 December 2023	**2,035**

As of December 31, 2023, exploration and evaluation assets mainly consist of expenses related to the Khayunda and Chokhcho license areas located in the Irkutsk region of the Russian Federation.

In 2023, exploration and evaluation assets relating to Onnyo license were reclassified to mine development assets within the property, plant and equipment, since the technical feasibility and commercial viability of extracting the mineral resources became evident.

During the year ended 31 December 2023 an impairment of exploration and evaluation assets in the amount of TUSD 15 was recognised by the Group. The impairment related to the exploration and evaluation licenses of LLC Nirungda Gold for Verkhovie Tamaracka area

During the year ended 31 December 2022 an impairment of exploration and evaluation assets in the amount of TUSD 1,276 was recognised by the Group. The impairment related to the exploration and evaluation licenses of LLC Patom Gold for Malopatomskiy, Gorbylakh and Tyrynakh areas located the Bodaibo district of the Irkutsk region of Russian Federation. Due to the expiration of license terms, the management of the Group approved early termination of the licenses.

In 2022, exploration and evaluation assets relating to Malyutka license were reclassified to mine development assets within the property, plant and equipment, since the technical feasibility and commercial viability of extracting the mineral resources became evident. Prior to reclassification capitalised expenditures relating to Malyutka license were assessed for impairment, and no impairment loss was identified.

18. Property, plant and equipment

	Mine development costs and construction-in- progress	Mining assets	Non-mining assets	Total
Cost				
At 1 January 2022	**25,491**	**73,739**	**5,447**	**104,677**
Additions	33,634	1,802	22	35,458
Transfers	-	-	-	-
Transfers from exploration and evaluation assets	329	-	-	329
Change in mine rehabilitation provision	-	1 209	-	1 209
Disposals	-96	-758	-148	-1 002
Impairment	-613	-23 856	-691	-25,160
Effect of translation to presentation currency	1,926	6,667	387	8,980
At 31 December 2022	**60,671**	**58,803**	**5,017**	**124,491**
Additions	33 629	2 169	38	35 836
Transfers	-50,365	48,632	1,733	-
Transfers from exploration and evaluation assets	-	2,353	-	2,353
Transfers from right-of-use assets	-	4,116	-	4,116
Change in mine rehabilitation provision	-	766	-	766
Disposals		-770	-36	-806
Effect of translation to presentation currency	-5,460	-23,749	-1,459	-30,668
At 31 December 2023	**38,475**	**92,320**	**5,293**	**136,088**
Accumulated depreciation and impairment				
At 1 January 2022	**-**	**-41,019**	**-1,554**	**-42,573**
Charge for the year	-	-10,537	-322	-10,859
Disposals	-	442	82	524
Impairment	-	17,326	336	17,662
Effect of translation to presentation currency	-	-3,662	-116	-3,778
At 31 December 2022	**-**	**-37,450**	**-1,574**	**-39,024**
Charge for the year	-	- 7,207	-561	-7,768
Disposals	-	482	-	482
Transfers from right-of-use assets	-	- 3,373	-	- 3,373
Effect of translation to presentation currency	-	8,424	369	8,793
At 31 December 2023	**-**	**-39,124**	**-1,766**	**-40,890**
Net book value:				
At 31 December 2022	**60,671**	**21,353**	**3,443**	**85,467**
At 31 December 2023	**38,475**	**53,196**	**3,527**	**95,198**

Assets pledged as security

At December 31, 2023, and 2022, none of the properties and equipment were pledged.

Impairment of property, plant and equipment

According to management's estimates, as of December 31, 2023, there were no indicators of impairment.

As of December 31, 2022, the Group recognised an impairment charge for property, plant and equipment related to Perevalnoe CIP mill in the amount of TUSD 7,498. Due to depletion of open pit mines and negative sales margins the Group's management decided to stop and mothball the Perevalnoe CIP mill. There are no indicators of impairment in respect of property, plant and equipment related to other deposits of the Group as at 31 December 2022.

19. Right-of-use assets and lease liabilities

This note provides information for leases where the Group is a lessee. At December 31, 2023, mining right-of-use assets comprised mostly of the lease agreements for production equipment.

Lease terms for production equipment are generally between 3 and 5 years. The Group also has leases with a shorter lease term than 12 months and leases pertaining to assets of low value, such as transport vehicles. For these assets, the Group has chosen to apply the exemption rules in IFRS 16 Leases, meaning the value of these contracts is not part of the right-of-use asset or lease liability.

Extension and termination options

The Group has no extension or termination options in the contracts. The Group has options to purchase certain mining assets for a nominal amount at the end of the lease term.

19.1 Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	31 December 2023	**31 December 2022**
Right-of-use assets		
Mining assets	5,389	9,196
Non-mining assets	28	42
Total	**5,417**	**9,238**
Lease liabilities		
Current	1,199	2,116
Non-current	1,174	2,815
Total	**2,373**	**4,931**

Additions to the right-of-use assets during the 2023 financial year amounted to TUSD 891 (2022: TUSD 4,994).

19.2 Amounts recognised in the consolidated statement of comprehensive income/loss and consolidated statement of financial position

	2023	**2022**
Depreciation charge of right-of-use assets		
Mining assets	2,049	3,752
Non-mining assets	5	7
Total depreciation charge	**2,054**	**3,759**
Interest expense (included in finance cost)	-411	-512
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	115	35

The weighted average rate on leasing contracts is 14,57% (2022: 12.19%).

The total cash outflow for leases in 2023 was TUSD 3,247 (2022: TUSD 4,514).

The Group had no leasing agreements that have not yet begun but which the Group was committed to.

No significant variable lease payments that are not included in the lease liability have been identified.

For information on the maturity of the lease liability, see note 5.

	Mining assets	Non-mining assets	Total
Cost			
At 1 January 2022	**25,880**	**72**	**25,952**
Additions	4,994	-	4,994
Disposals	-1,281	-	-1,281
Effect of translation to presentation currency	1,221	4	1,225
At 31 December 2022	**30,814**	**76**	**30,890**
Additions	891	-	891
Transfer to property, plant and equipment	-4,116	-	-4,116
Effect of translation to presentation currency	-6,748	-16	-6,764
At 31 December 2023	**20,841**	**60**	**20,901**
20			
Accumulated depreciation and impairment			
At 1 January 2022	**-17,786**	**-25**	**-17,811**
Charge for the year	-3,750	-8	-3,758
Disposals	872	-	872
Effect of translation to presentation currency	-954	-1	-955
At 31 December 2022	**-21,618**	**-34**	**-21,652**
Charge for the year	-2,049	-5	-2,054
Transfer to property, plant and equipment	3,373	-	3,373
Effect of translation to presentation currency	4,842	7	4,849
At 31 December 2023	**-15,452**	**-32**	**-15,484**
Net book value:			
At 31 December 2022	**9,196**	**42**	**9,238**
At 31 December 2023	**5,389**	**28**	**5,417**

20. Investments in associates

Set out below are the associates of the Group as at December 31, 2023.

	% of voting rights			Carrying amount	
Name	**2023**	**2022**	**Measurement method**	**2023**	**2022**
Bodaibo Holding Ltd and subsidiary (LLC Krasny)	36.73%	36.73%	Equity method	28,210	29,314
CJSC Zolotaya Zvezda and subsidiary (LLC Kolpa Plus)	25%	25%	Equity method	6,461	6,431
Total equity-accounted investments				**34,671**	**35,745**

Total equity-accounted investments

	2023	**2022**
At 1 January	35,745	29,023
Acquisitions	1,353	7,409
Additional share issue	-	1,312
Change of ownership %	-	-1,264
Net income	-315	124
Effect of translation to presentation currency	-2,112	-859
At 31 December	**34,671**	**35,745**

The Company is a party of the Shareholder's agreement with OJSC GV Gold regarding the license located in the Bodaibo region of the Russian Federation (belongs to LLC Krasny). The Company has significant influence over the above-mentioned entities through the guaranteed 2 seats on the Board of Bodaibo Holding Ltd and participation in all significant financial and operating decisions. Investments are recognized as investments in associate and are accounted for using the equity method. In August 2022, Bodaibo Holding Ltd issued additional 540 shares, which were subscribed by OJSC GV Gold and paid by offsetting the liability under loan agreement. As a result, the voting rights of AB Krasny Gold Fields in associate decreased from 49% to 36.73%.

In November 2022, the Group entered into a contract for the purchase and sale of shares of the Closed Joint Stock Company "Gold Mining Company "Zolotaya Zvezda" (CJSC "Zolotaya Zvezda") in the amount of 25 shares for a total amount of TUSD 7,457 (equivalent of RUB 450,000 thousand), which is 25% of all issued and voting shares of the company. CJSC "Zolotaya Zvezda" operates mining project in the Khakasia region of the Russian Federation. During 2023 the Group paid additional TUSD 1,353 for acquisition.

Summarised financial information for associates

The information disclosed reflects the amounts presented in the financial statements of the relevant associates and the Group´s share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised statement of comprehensive income/(loss) for the year ended 31 December 2023

	Bodaibo Holding Ltd and subsidiary (LLC Krasny)	
	2023	**2022**
Revenue	-	-
Profit / (loss) for the year	-1,114	199
Other comprehensive income/ (loss)	-3,006	665
Total comprehensive income / (loss)	-4,120	864

	CJSC Zolotaya Zvezda	
	2023	**2022**
Revenue	15,419	328
Profit / (loss) for the year	509	203
Other comprehensive income/ (loss)	-	-
Total comprehensive income / (loss)	509	203

21. Financial assets at amortised cost

Financial assets at amortised cost are presented by receivables from the sale of investments in shares of a subsidiary LLC Taiga and accounted for using the effective interest method.

Balance at 31 December 2022	**4,423**
Unwinding of discounting	482
Forex gain on financial instruments	-195
Effect of translation to presentation currency	191
Balance at 31 December 2023	**4,901**
Current part	4,851
Non-current part	50

22. Inventories

	31 December 2023	31 December 2022
Inventories expected to be recovered after 12 months		
Stockpiles	19,450	24,801
Less net realisable value provision	-16,618	-21,190
Sub-total	**2,832**	**3,611**
Inventories expected to be recovered in the next 12 months		
Materials and supplies	30,324	26,283
Work in process	17,332	18,244
Stockpiles	19,679	10,870
Finished goods	1,010	7,203
Flotoconcentrate	10	2,211
Other inventories	645	1,141
Less allowance for obsolete inventory and net realisable value provision	-2,991	-6,453
Sub-total	**66,009**	**59,499**
Total	**68,841**	**63,110**

Inventories recognised as an expense and included in cost of goods sold for the year ended December 31, 2023, amounted to TUSD 22,856 (2022: TUSD 22,874).

Allowance for obsolete inventory and net realisable value as at December 31, 2023 amounted to TUSD 19,609 (2022: TUSD 27,643). Movement in allowance for obsolete inventory and net realisable value was recognised as an income during the year ended 31 December 2023.

23. Other receivables

	31 December 2023	31 December 2022
Receivables from disposal of investments in shares	4 851	416
Other receivables	623	810
Less allowance for doubtful debts	-128	-139
Total	**5,346**	**1,087**

Carrying amounts, by currency, for the Group's other receivables are as follows:

	31 December 2023	31 December 2022
RUB	489	665
SEK	6	6
USD	4,851	416
Total	**5,346**	**1,087**

Other receivables are non-interest bearing and are normally settled within 30-day terms.

The maximal exposure to credit risk on the balance sheet date is the carrying amounts according to the above.

24. Cash and cash equivalents

	31 December 2023	31 December 2022
Current bank accounts		
in RUB	260	337
in SEK	-	129
in USD	1	36
in EURO	-	4
Bank deposits		
in RUB	1,672	5,701
Other cash and cash equivalents	16	86
Total	**1,949**	**6,293**

Bank deposits presented within cash and cash equivalents have a maturity of less than three months, denominated in Russian roubles and bear the interest rate of 14,6% (2022: 7.20%).

25. Equity

	Number of Shares	Par value SEK	Share capital, TUSD
Balance 1 January 2022	889,064,175	0.38	**39,115**
Registration of incentive programs 2028/2021	1,640,200	0.38	66
Share issue	12,500,000	0.38	482
Balance 31 December 2022	**903,204,375**	**0.38**	**39,663**
Balance 1 January 2023	**903,204,375**	**0.38**	**39,663**
Balance 31 December 2023	**903,204,375**	**0.38**	**39,663**

As of December 31, 2023, the Company has a maximum number of shares authorised for issue of 3,332,000,000 shares and has issued 903,204,375 ordinary shares with a par value of SEK 0.38. All shares issued by the Parent Company are fully paid and represent one vote each.

In April 2022, the Company completed a directed new share issue raising proceeds of TUSD 818 net of issue costs (SEK 8,064,775) to secure the Company's liquidity. Through the share issue, the number of shares and votes in the Company increased from 890,704,375 to 903,204,375 shares and votes.

The Annual General Meeting 2022 approved two long-term incentive programs for the issue of warrants: 2022/2025 for management and key personnel and 2022/2026 for the Board of Directors. For the detailed description of the programs please refer to the note 13 Outstanding warrants.

26. Loans and borrowings

	Interest rate	Maturity	31 December 2023	31 December 2022
Short-term borrowings				
RUB denominated Bank loans	key rate of Russian Central Bank plus a margin of 3.45%	On demand	141,521	-
RUB denominated Bank loans	key rate of Russian Central Bank plus a margin of 2.95% - 3.25%	On demand	-	112,608
Other RUB denominated borrowings	0%	On demand	1,564	165
USD denominated borrowings from Shareholder	0%	1 May 2023	1,250	1,250
Agency factoring	10,04%	December 2023	55	5,722
Total short-term borrowings			**144,390**	**119,745**
Total			**144,390**	**119,745**

At 23 June 2023 the Group entered into a new finance facility with a local Russian bank for refinancing of current bank facilities and funding of the investment program with a maximum credit facility of TUSD 156,096 (equivalent of TRUB 14,000,000 at the reporting date) bearing floating interest rate as key rate of Central Bank of Russian Federation plus margin in the range of 3,45%.

At 24 June 2022, the Group entered into a new finance facility with a local Russian bank for operating needs and funding of the investment program with a maximum credit facility of TUSD 42 652 (equivalent of TRUB 3,000,000 at the reporting date) bearing floating interest rate as key rate of Central Bank of the Russian Federation plus margin in the range of 2.95% - 3.25%. The loan facility matures starting from September 2024 year to September 2027. At 15 August 2022 the amount of credit facility was increased to TUSD 71,086 (equivalent of TRUB 5,000,000 at the reporting date).

During 2023, the Group capitalised borrowing costs in the amount of TUSD 1,370 (2022: TUSD 1,422). The weighted average capitalisation rate for 2023 year was 15,6% per annum (2022: 13.57%).

Secured liabilities and assets pledged as security

The Group has no assets pledged as at December 31, 2023 and 2022.

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial and non-financial covenants that, if breached by the Company, permit the bank to demand repayment before the loans' normal maturity date. As a result of violation of the covenants at the reporting date, the Group's obligations under long-term bank credit lines in the amount of TUSD 141,521 were reclassified to current liabilities. In April 2024, the Group signed an addendum to a credit facility with the bank for the change of covenants level.

Available credit facilities

At December 31, 2023, unused credit facilities were TUSD 14,613 (2022: TUSD 2,833).

Fair values

For information see note 32.

27. Liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes					
	1 January 2023	**Financing cash flows**	**Effect of translation to presentation currency**	**New finance leases**	**Finance costs**	**Agency factoring**	**Other changes**	**31 December 2023**
RUB denominated bank loans	112,608	39,116	-26,271	-	16,068	-	-	141,521
Agency factoring	5,722	-	-1,930	-	532	-4,375	106	55
RUB denominated borrowings	1,250	-	-	-	-	-	-	1,250
Other borrowings from related parties	165	1,458	-174	-	115	-	-	1,564
Lease liabilities	4,931	-3,247	-555	754	482	-	8	2,373
Derivative financial assets	664	-	-140	-	-49	-	-31	444
Total	**125,340**	**37,327**	**-29,070**	**754**	**17,148**	**-4,375**	**83**	**147,207**

			Non-cash changes					
	1 January 2022	**Financing cash flows**	**Effect of translation to presentation currency**	**New finance leases**	**Finance costs**	**Agency factoring**	**Other changes**	**31 December 2022**
RUB denominated bank loans	35,197	78,874	-10,814	-	9,540	-	-189	112,608
Agency factoring	-	-2,572	307		35	7,952		5,722
RUB denominated borrowings	1,250	-	-	-	-	-	-	1,250
Other borrowings from related parties	173	-17	9		-	-	-	165
Lease liabilities	4,068	-4,514	166	4,699	512	-	-	4,931
Derivative financial assets	-	-134	2,144		-32	-	-1,314	664
Total	**40,688**	**71,637**	**-8,188**	**4,699**	**10,055**	**7,952**	**-1,503**	**125,340**

The cash flows from loans and borrowings and lease liabilities make up the net amount of proceeds from loans and borrowings and repayments of loans and borrowings in the consolidated statement of cash flows. Other changes include interest accruals and foreign exchange translation differences.

28. Mine rehabilitation provision

At 1 January 2022	**4,873**
Unwinding of discount	271
Additional provision charged to property, plant and equipment	1,209
Payments made and utilization	-900
Change in estimate	-102
Effect of translation to presentation currency	-18
At 31 December 2022	**5,333**
Current part	562
Non-current part	4,771
Unwinding of discount	146
Additional provision charged to property, plant and equipment	766
Payments made and utilization	-506
Change in estimates	-200
Effect of translation to presentation currency	-1,096
At 31 December 2023	**4,443**
Current part	1,014
Non-current part	3,429

29. Accounts payable and accrued liabilities

	31 December 2023	**31 December 2022**
Trade payables	7,087	3,717
Unused vacation provision	161	1,593
Salaries and wages	839	790
Other payables	2,122	856
Total	**10,209**	**6,956**

Trade payables are non-interest bearing and are normally settled on 45-60 day terms.

30. Taxes payable

	31 December 2023	31 December 2022
Unified social tax	608	547
Mineral extraction tax	143	81
Property tax	120	112
Other taxes	1,516	976
Total	**2,387**	**1,716**

31. Fair value of financial instruments

	31 December 2023	31 December 2022
Financial assets		
Measured at amortised cost		
Trade and other accounts receivables	495	671
Cash and cash equivalents	1,949	6,293
Total measured at amortised cost	**2,444**	**6,964**
Measured at fair value		
Commodity options	-	-
Consideration receivable for sale of investments	4,901	4,375
Total measured at fair value	**4,901**	**4,375**
Total financial assets	**7,345**	**11,339**
Financial liabilities		
Measured at amortised cost		
Loans and borrowings	144,390	119,745
Lease liabilities	2,373	4,931
Trade and other accounts payable	10,048	5,363
Total measured at amortised cost	**156,811**	**130,039**
Measured at fair value		
Commodity options	-	664
Total measured at fair value	**-**	**664**
Total Financial liabilities	**156,811**	**130,703**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Assets carried at amortised cost
Due to the short-term nature the carrying amounts of trade and other receivables approximate their fair values. An exception is the consideration receivable by the Company for sale of wholly owned subsidiary LLC Taiga (note 21), which has a fair value of TUSD 4,901 as at 31 December 2023 (2022: TUSD 4,375). The fair values were calculated based on cash flows discounted using a current lending rate. The fair values are within level 3 of the fair value hierarchy.

Cash and cash equivalents are carried at amortised cost which approximates their current fair value.

Liabilities carried at amortised cost

The fair values of non-current borrowings and finance lease liabilities are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

The fair values of the borrowings and finance lease liabilities are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.
The fair values of trade and other payables are the same as their carrying amounts since short-term nature.

Derivative financial instruments

The fair values of commodity options are based on option pricing model (eg Black-Scholes model).

The Group's exposure to various risks associated with the financial instruments is discussed in note 5. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

32. Related-party transactions

The Group is controlled by HC Alliance Mining Group Ltd.

Related parties include shareholders and other related parties representing entities that have significant influence on the Group, associates and members of key management personnel.

Information of the Board of Directors and senior executives as well as remuneration for these are disclosed in Note 12, Employee benefits.

For disclosures of the Parent Company's transactions with related parties, please refer to Note P13, Related-party transactions under the Parent Company.

Subsidiaries

Interests in subsidiaries are set out in note 16

Outstanding balances arising from sales/purchases of goods and services

The following table provides the total amount of transactions that have been entered into with related parties for the relevant periods of the respective financial year and amounts owed by/to related parties:

	31 December 2023	**31 December 2022**
Shareholders		
Loans and borrowings	1,250	1,250
Other related parties via shareholder		
Short-term loans receivable	3,807	172
Accounts payable and accrued liabilities	200	261
Loans and borrowings	94	164
Other receivables	25	109

No allowance for doubtful debts in respect of the amounts owed by related parties was recognised.

All related party balances were unsecured and will be settled in cash under normal commercial credit terms and conditions. No guarantees have been given or received in relation to any related party balance.

Significant transactions with related parties:

	Year ended 31 December 2023	Year ended 31 December 2022
Associate		
Revenue from sale of services and other assets	646	367
Other related parties via shareholder		
Purchase of services and materials	4	22
Payment of shares under incentive programs 2017/2020 from employees	-	-
Services from companies related to Board members	149	102

Loans from related parties

	Loans from Shareholder	Loans from related parties
At 1 January 2022	1,250	168
Loans repaid	-	17
Effect of translation to presentation currency	-	-22
At 31 December 2022	**1,250**	**164**
At 1 January 2023	**1,250**	**164**
Loans repaid		-34
Effect of translation to presentation currency	-	-36
At 31 December 2023	**1,250**	**94**

33. Earnings per share

	Year ended 31 December 2023	Year ended 31 December 2022
Basic earnings per share		
Basic earnings per share attributable to the ordinary equity holders of the company	-0,001	-0.03
Diluted earnings per share		
Diluted earnings per share attributable to the ordinary equity holders of the company	-0,001	-0.03
Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	-1,334	-29,480
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company		
Used in calculating basic earnings per share	-1,334	-29,480
Warrants under incentive program charge	-	-
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	-1,334	-29,480
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	903,204,375	899,096,961
Adjustments for calculation of diluted earnings per share:		
Bonus element under incentive program	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	903,204,375	899,096,961

34. Commitments and contingencies

Operating environment

Emerging markets such as the Russian Federation are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in the Russian Federation continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because the Russian Federation produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Starting from 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. In 2022, new sanctions have been introduced by the US, the EU and other countries. In response, the Russian Federation has imposed countersanctions. This led to reduced access of the Russian businesses to international capital markets.

The impact of further economic and political developments on future operations and financial position of the Group might be significant.

In addition to that, starting from early 2020 a new coronavirus disease (Covid-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of Covid-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. Most Covid-19 limitations were lifted earlier during the 2022, and Covid-19 did not have any significant influence on the operations during the quarter. The Group continuously reviews the epidemic environment ready to resume sanitary measures and protocol activities as a precaution measure.

Taxation contingencies

The existing Russian tax, currency and customs legislation allows for various interpretations and is subject to frequent changes. Interpretation by the Company's management of the legislation in place when applicable to the Company's transactions and activities may be challenged by the appropriate regional or federal authorities. Recent events in the Russian Federation indicate that the tax authorities may take a tougher stance with regard to the interpretation of legislation and review of tax returns. Consequently, tax authorities may challenge transactions and accounting methods that they had never challenged before. As a result, significant additional taxes, penalties and fines may be accrued. It is not possible to determine the amounts of constructive claims or evaluate probability of their negative outcome. Tax audits may cover a period of three calendar years immediately preceding the audited year. Under certain circumstances, the tax authorities may review earlier accounting periods.

While management believes that it has adequately provided for tax liabilities based on its interpretation of current and previous legislation, the risk remains that tax authorities in the Russian Federation could take differing positions with regard to interpretive issues.

Environmental matters

The Group is subject to extensive federal and local environmental controls and regulations in the Russian Federation. Operations of the Group involve the discharge of materials and contaminants into the environment, disturbance of land and that could potentially to impact flora and fauna, and give rise to other environmental concerns.

Management believes that it is in compliance with all current existing environmental laws and regulations in the Russian Federation. However, environmental laws and regulations continue to evolve. The Group is unable to predict the timing or extent to which those environmental laws and regulations may change. Such change, if it occurs, may require that the Group modernises technology to meet more stringent standards.

The Group is obliged in terms of various laws and mining licenses agreements to mine rehabilitation facilities on cessation of its mining operations and to restore and rehabilitate the environment. The extent and future expected costs related to environmental obligations are inherently difficult to estimate. They depend on the scale of operations, timing and further development of Russian legislation. The Group estimates its environmental obligations using the current level of mines' expansion, existing technology, current prices and projected inflation levels.

Capital commitments

The Group's contractual capital commitments at December 31, 2023, amounted to TUSD 17,148 mostly relating to technical modernisation of Yubileyniy processing plant and development of Malyutka license (31 December 2022: TUSD 8 928).

License compliance and commitments

The Group is subject to periodic reviews of its activities by local regulatory authorities regarding the requirements of its licenses. Management of the Group entities agrees with local regulatory authorities remedial actions necessary to resolve any findings resulting from these reviews. Non-compliance with the terms of a particular license could result in penalties, fines or license limitations, suspension or revocation. The Group's management believes that any non-compliance with license terms that the Group may have in the future will be resolved through negotiations or proposed amendments without material effect on the consolidated financial positions or the operating results of the Group.

35. Events after the end of the reporting period

On April 24, 2024, the Group signed an addendum to a credit facility with the Bank for the change of covenants level.

PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF PROFIT/(LOSS) FOR THE YEAR ENDED 31 DECEMBER 2023, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	Note	2023	2022
Revenue		3,866	1,091
Total operating income		**3,866**	**1,091**
General and administrative expenses	P4,P5,P6	-9,910	-9,613
Operating loss		**-6,044**	**-8,522**
Impairment of investments in Group companies	P10	-	-1,852
Earnings from other financial assets	P7	3,048	6,483
Interest and similar income/(expenses)	P7	18,978	-25,568
Income/(loss) from financial items		**22,026**	**-20,937**
Income/(loss) after financial items		**15,982**	**-29,459**
Appropriations		-	-
Income/(loss) before tax		**15,982**	**-29,459**
Income tax	P8	-	-
Net income/(loss)		**15,982**	**-29,459**

STATEMENT OF OTHER COMPREHENSIVE INCOME/(LOSS) PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	Note	2023	2022
Income /(loss) for the year		**15,982**	**-29,459**
Other comprehensive income			
Effect of translation to presentation currency		-	-
Total comprehensive income/(loss)		**15,982**	**-29,459**

The above financial statements should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Machinery and equipment		19	26
Investments in Group companies	P10	1,928,483	1,928,483
Other financial assets	P11	500	41,820
Total non-current assets		**1,929,002**	**1,970,329**
Current assets			
Receivables from Group companies	P13	7,262	6,932
Other receivables		49,893	4,656
Prepaid expenses and accrued income		15	82
Cash and bank balances		155	5,157
Total current assets		**57,325**	**16,827**
TOTAL ASSETS		**1,986,327**	**1,987,156**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		343,418	343,418
Total restricted equity		**343,418**	**343,418**
Non-restricted equity			
Share premium reserve		1,748,229	1,748,229
Fair value reserve		-7,107	-7,017
Retained earnings including financial result for the year		-214,400	-230,382
Total non-restricted equity		**1,526,812**	**1,510,830**
TOTAL EQUITY		**1,870,229**	**1,854,248**
LIABILITIES			
Current liabilities			
Liabilities from other related parties	P13	12,552	13,046
Trade payables		1,327	770
Payable to Group companies	P13	99,807	117,230
Other current liabilities		37	99
Accrued expenses and deferred income	P12	2,375	1,763
Total current liabilities		**116,098**	**132,908**
TOTAL EQUITY AND LIABILITIES		**1,986,327**	**1,987,156**

The above financial statements should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	Restricted equity	Non-restricted equity				
	Share capital	**Share premium reserve**	**Not yet registered share capital**	**Fair value reserve**	**Retained earnings including profit -loss for the year**	**Total equity**
Opening balance at 1 January 2022	**338,041**	**1,744,132**	**624**	**-7,107**	**-200,923**	**1,874,857**
Profit for the year	-	-	-	-	-29,459	-29,459
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-29,459**	**-29,459**
Share issue	4,753	3,372	-	-	-	7,501
Subscription of warrants	-	830	-	-	-	830
Registration of shares in warrant program 2017/2020	-	-105	-	-	-	-105
Registration of shares in warrant program 2018/2021	623	-	-	-	-	624
Closing balance at 31 December 2022	**343,418**	**1,748,229**	**-**	**-7,017**	**-230,382**	**1,854,248**
Opening balance at 1 January 2023	**343,418**	**1,748,229**	**-**	**-7,017**	**-230,382**	**1,854,248**
Profit for the year	-	-	-	-	15,982	**15,982**
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**15,982**	**15,982**
Closing balance at 31 December 2023	**343,418**	**1,748,229**	**-**	**-7,017**	**-214,400**	**1,870,230**

The above financial statements should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS, PARENT COMPANY

Amounts in thousands of Swedish krona (TSEK)

	2023	2022
Cash flows from operating activities		
Loss before tax	**15,932**	**-29,459**
Adjustments for non-cash items		
Depreciation and impairment	7	1,862
Finance costs	7,741	25,568
Finance income	-36,445	-6,483
Foreign exchange loss	6,678	235
Cash flows from operating activities before changes in working capital	**-6,087**	**-8,277**
Changes in working capital		
-Increase/Decrease in operating receivables	-2,276	6,178
Increase/-Decrease in operating liabilities	1,430	-4,599
Net cash flows from operating activities	**6,933**	**-6,698**
Cash flows from investing activities		
Disposal of subsidiaries net liquidity effect	-	-494
Cash flows from investing activities	**-**	**-494**
Cash flows from financing activities		
Proceeds from subscription of shares in incentive program	-	8,018
Loans raised	2,624	240
Repayment of borrowings	-693	-
Cash flows from financing activities	**1,931**	**8,258**
Cash flow for the year	-5,002	1,066
Cash and cash equivalents at 1 January	**5,157**	**4,091**
Net cash flow during the financial year	-5,002	1,066
Cash and cash equivalents at 31 December	**155**	**5,157**

The above financial statements should be read in conjunction with the accompanying notes.

P1. Parent Company accounting policies

The principal accounting policies applied in the preparation of this Annual Report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Annual Report for the Parent Company is prepared in accordance with RFR 2 Financial reports for legal entities and the Swedish Annual Accounts Act. Any accounting principles other than the Group's (as described in the Notes to the consolidated financial statements) applied by the Parent Company are given below.

The Annual Report was prepared on a historical cost basis.

The preparation of financial statements in conformity with RFR 2 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Parent Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The Parent Company applies different accounting policies than the Group, which differ as follows.

Presentation format

The statement of profit/(loss) and other comprehensive income/(loss) and statement of financial position follow the presentation format in the Swedish Annual Accounts Act. The statement of change in equity also follows the Group's layout but includes columns given in the Annual Accounts Act. This entails differences in terminology compared with the consolidated financial statements, primarily regarding financial income and expenses as well as equity.

Subsidiaries and associates

The Parent Company's investments in subsidiaries and associates are recognised using the cost method.

Shareholders' contributions and Group contributions

Group contributions paid by the Parent Company to subsidiaries and Group contributions received by the Parent Company from subsidiaries were recognised as appropriations. Shareholder contributions paid are recognised in the Parent Company as an increase in the holding's carrying amount in accordance with RFR 2.

Leases

The parent company has chosen not to apply IFRS 16 Leases but has instead chosen to apply RFR 2 IFRS 16 Leases p. 2-12. This policy choice means that no right-of-use assets or lease liabilities are recognised in the balance sheet. Instead, leasing fees are expensed on a straight-line basis over the lease period. The Parent Company did not have any outstanding lease liabilities on December 31, 2023 and on December 31, 2022.

P2. Financial risk factors

Through its operations, the Parent Company is exposed to a variety of financial risks such as market risk (currency risk and interest rate risk), credit risk and liquidity risk. The Parent Company's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the Group's financial results.
For more information about financial risks, refer to Note 5 of the consolidated financial statements.

P3. Intra-Group revenue and purchases

Total amount of the Parent Company´s net revenue for 2023 and 2022 year is related to sales to subsidiaries of the Group. Of the Parent Company´s interest income for 2022 year, TSEK 26 is related to Group's companies. No interest income is attributable to Group's companies in 2023 (2022: TSEK 26).

P4. Auditors' fees

Audit fees include fees for the annual audit services and other audit services, i.e. services that only the external auditors reasonably can provide, and include the Company audit and statutory audits. Other statutory engagements include fees for assurance and related services that are reasonably related to the performance of the audit of the Company's financial statements or that are traditionally performed by the external auditors. All other fees are presented by fees for other services.

	2023	2022
Auditors' fees		
LR Revision AB		
- Audit engagement	840	810
Öhrlings PricewaterhouseCoopers AB		
- Other services	-	44
Other audit firms		
- Tax advisory services	23	-
Total	**863**	**854**

P5. General and Administrative Expenses

	2023	2022
Employee benefits	1,804	3,406
Professional fees (audit consulting etc)	6,896	3,908
Insurance	-	523
Depreciation of tangible assets	7	10
Other	1,203	1,766
Total general and administrative expenses	**9,910**	**9,613**

P6. Employee benefits, etc.

	2023	2022
Salaries and other remuneration	1,471	2,194
Social security contributions	274	927
Pension costs – defined contribution plans	60	285
Total	**1,805**	**3,406**

Salaries and other remuneration and social security expenses

	2023			2022		
	Salaries and other remuneration	of which bonuses and warrants	**Pension cost**	**Salaries and other remuneration**	of which bonuses and warrants	**Pension cost**
Board members	2,148	-	-	1,775	-	-
CEO	342	-	-	-	-	-
Other senior executives (1 person)	447	-	60	2,504	-	285
Total	**2,937**	**-**	**60**	**4,279**	**-**	**285**

Salaries and other remuneration and social security expenses to CEO include total remuneration paid from the Parent company and subsidiaries of the Group.

Remuneration and other benefits of the Board and senior management 2023

	Board fee/ Basic salary	Committees/ Variable remuneration	Warrants/ Other benefits	Pension costs	Total
Chairman of the Board, Kjell Carlsson	500	-	375	-	875
Board member, Eric Forss	325	-	948	-	1,273
CEO, Mikhail Damrin	-	342	-	-	342
Total	**825**	**342**	**1,323**	**-**	**2,491**

The total remuneration to the Board for the 2023 financial year amounted to TSEK 825, of which TSEK 500 was remuneration to the Chairman of the Board. Fees for members of the Board are set by the shareholders at the annual general meeting of shareholders and are valid until next annual general meeting. At the Annual General Meeting on 25 may 2023, Board fees were set at TSEK 375 for the Chairman of the Board and TSEK 225 for the other Board members. The Chairman has via own company, in addition to the board remuneration, invoiced TSEK 375 related to consultancy and advisory work. The Board member Eric Forss has via own company, in addition to the board remuneration, invoiced TSEK 948 related to consultancy and advisory work. For more information on the remuneration, see the table above.

Remuneration and other benefits of the Board and senior management 2022

	Board fee/ Basic salary	Committees/ Variable remuneration	Warrants/ Other benefits	Pension costs	Total
Chairman of the Board, Kjell Carlsson	365	94	150	-	608
Board member, Andreas Forssell	37	9	-	-	47
Board member, Eric Forss	215	79	761	-	1,055
Board member, Britta Dalunde	43	22	-	-	65
Total	**660**	**204**	**911**	**-**	**1,775**

Gender distribution in the Group (incl. subsidiaries) for Board members and other senior executives

	2023		2022	
	Number on the balance sheet date	Of which men	Number on the balance sheet date	Of which men
Board members	3	3	3	3
CEO	1	1	1	1
Other senior executives	9	7	10	8
Total	13	11	14	12

P.7 Finance income and costs

	2023	2022
Earnings from other financial assets		
Reversal of impairment of receivables from Group companies	-	419
Remeasurement of financial assets	3,048	6,038
Interest income, Group companies		26
Total earnings from other financial assets	**3,048**	**6,483**
Interest and similar income		
Interest income, external	5	-
Exchange differences	26,146	-
Total interest and similar income	**26,151**	**-**
Interest and similar expenses		
Interest expenses, external	-	-39
Interest expenses, Group companies	-7,172	-8,372
Exchange differences	-	-17,157
Total interest and similar income/(-expense), net	**18,978**	**-25,568**
Total finance income/(-expense), net	**22,026**	**-19,085**

P8. Income tax

The differences between recognised tax expense and an estimated tax expense based on the current tax rate are as follows:

	2023	2022
Recognised tax in the income statement	-	-
Current tax	-	-
Deferred tax	-	-
Tax on profit for the year	-	-
Profit before tax	15,982	-29,459
Theoretical tax rate 20.6%	-3,292	6,069
Tax effects from:		
Non-deductible items	-	-288
Non-taxable items	1	369
Revaluation financial assets	-	-1
Loss carry forwards for which deferred tax is not recognised	3,293	-6,149
Income tax	-	-

Deferred Tax

Deferred tax assets are reported for tax loss carry forwards or other deductions to the extent that it is probable that they can be utilized through future taxable profits. No deferred tax assets are reported as the Parent company has not assessed that the criteria for reporting deferred tax in IAS 12 are met.

As of December 31, 2023, unutilized loss carry forwards for which no deferred tax asset has been recognised amounted approximately TSEK 11,409 (31 December 2022: TSEK 14,708). The loss carry forwards are without a time limit.

P9. Outstanding warrants

For information about the parent company`s outstanding warrants, see note 13 for the Group.

P10. Investments in Group companies

For detail information about the Parent Company`s participation in subsidiaries, see note 16 for the Group.

Balance at 1 January 2022	**1,927,882**
Shareholder contributions	1,852
Warrant program	676
Impairment	-1,852
Disposal of subsidiaries	-75
Balance at 31 December 2022	**1,928,483**
Balance at 31 December 2023	**1,928,483**

There was no indicator of impairment of investments in 2023.

Impairment of investments in Group companies for 2022 year related to the Russian subsidiaries LLC Patom Gold and LLC Vostochny and amounted 1,852 TSEK.

P11. Other financial assets

	31 December 2023	**31 December 2022**
Other receivables	500	41,820
Total	**500**	**41,820**

As of 31 December, 203 other receivables refer to the sale of wholly owned subsidiary LLC Taiga in 2018, and a receivable which refer to the sale of 67 % in OOO Stanovoy in 2022.

LLC Taiga receivable
Other receivables (Taiga) refer to the sale of wholly owned subsidiary LLC Taiga in 2018. The total sales price was MUSD 6, of which MRUB 8 (corresponding to MSEK 1.1) was paid in December 2018. The remainder will be paid in several installments until December 31, 2024. The total expected payments of MUSD 6 are discounted at the end of each reporting period. The total receivable Taiga at December 31, 2023 amounted to TSEK 54,123, (2022: TSEK 45,910). Receivable Taiga has been reclassified as short term receivable in 2023.

OOO Stanovoy receivable
The total sale price was MRUB 5, and will be paid 22 July 2024.

P12. Accrued expenses and deferred income

	31 December 2023	31 December 2022
Board fees	571	215
Social security contributions	-	73
Other personnel-related items	1,017	785
Auditors’ fees	787	590
Consultancy services	-	100
Total	**2,375**	**1,763**

P13. Related-party transactions

Kopy Goldfields AB is majority owned by HC Alliance Mining Group Ltd, headquartered on Cyprus. Related parties are all subsidiaries within the Group or entities that are associates or joint ventures where Company is a party. Related parties are also all entities (including all subsidiaries in these Groups) or persons (including close family members) that directly or indirectly exercise control or significant influence in the Company.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant periods of the respective financial year and amounts owed by/to related parties:

Significant balances by/to related parties:

	31 December 2023	31 December 2022
Balances with related parties at the end of the year		
Liabilities from Shareholder	12,552	-13,046
Liabilities from Group companies	99,807	-117,230
Receivables from Group companies	7,262	6,932

Significant transactions with related parties:

	Year ended 31 December 2023	Year ended 31 December 2022
Purchases from relates parties other than Kopy Goldfields Group		
Consulting services from companies related to Board members	-1,323	-911
Group companies		
Revenue from sale of services	3,866	1,092
Interest expenses	-7,172	-8,372
Interest income	-	26
Total	**-4,629**	**-8,165**

For Board and Senior Executives remuneration, please refer to Note P6.

P14. Changes in liabilities related to financing activities

	1 January 2023	Financing cash flows	Non-cash changes: Effect of translation to presentation currency	Non-cash changes: Other changes	31 December 2023
Liabilities to shareholders	13,046	-	-494	-	12,552
Borrowings from Group companies	117,230	1,124	-26,145	7,599	99,807
	130,276	**1,124**	**26,639**	**7,598**	**112,359**

	1 January 2022	Financing cash flows	Non-cash changes: Effect of translation to presentation currency	Non-cash changes: Other changes	31 December 2022
Liabilities to shareholders	11,349	-	1,697	-	13,046
Borrowings from Group companies	91,510	-	16,883	8,837	117,230
	102,859	**-**	**18,580**	**8,837**	**130,276**

P15. Contingent liabilities

As at December 31, 2023, the Company had no contingent liabilities.

P16. Events after the end of the reporting period

For information about events after the end of the reporting period, refer to note 36 for the Group.

P17. Proposed appropriation of profits

The Board of Directors proposes that no dividend be paid for the 2023 financial year. The Board of Directors proposes that SEK 1,526,811,929 to be carried forward.

The following profits are at the disposal of the Annual General Meeting:

SEK	**2023**
Share premium reserve	1,748,228,531
Fair value reserve	-7,017,043
Retained earnings	-230,381,954
Loss for the year	15,982,395
Total	1,526,811,929

The Board of Directors and CEO confirm that the consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and that they provide a fair presentation of the Group's financial position and earnings. The annual report was prepared in accordance with generally accepted accounting principles and provides a fair presentation of the Parent Company's financial position and earnings.

The Directors' report for the Group and the Parent Company provides a fair overview of the development of the Group's and the Parent Company's operations, financial position and earnings, and describes significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

The consolidated statement of profit and loss and consolidated statement of financial position, and the Parent Company's income statement and balance sheet will be presented for adoption at the Annual General Meeting on June 27, 2024.

Stockholm, April 29, 2024

Mikhail Damrin CEO	Kjell Carlsson Chairman
Eric Forss Director	Arsen Idrisov Director

Our auditor's report was submitted on April 29, 2024

LR Revision & Redovisning Sverige AB

Johan Kaijser

Auditor’s report

To the general meeting of the shareholders of Kopy Goldfields AB (publ), corporate identity number 556723-6335

Report on the annual accounts and consolidated accounts

Opinions

I have audited the annual accounts and consolidated accounts of Kopy Goldfields AB (publ) for the year 2023.

In my opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

I therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Other matter of special importance

As it can be seen from the management report on page 10 under the headings about risks and sanctions, there are reported legal and financial factors that can affect the business. The board's assessment is that, despite the circumstances, the values and assessments of assets and liabilities are relevant for the time of submission of the annual report.

Basis for Opinions

I conducted my audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the *Auditor’s Responsibilities* section. I am independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Other Matter

The audit of the annual accounts and consolidated accounts for year 2021 was performed by another auditor who submitted an auditor’s report dated 6 May 2022, with unmodified opinions in the Report on the annual accounts and consolidated accounts

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibility

My objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company’s internal control relevant to my audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. I also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify my opinion about the annual accounts and consolidated accounts. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my opinions.

I must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. I must also inform of significant audit findings during my audit, including any significant deficiencies in internal control that I identified.

Report on other legal and regulatory requirements

Opinions

In addition to my audit of the annual accounts and consolidated accounts, I have also audited the administration of the Board of Directors and the Managing Director of Kopy Goldfields AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

I recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

I conducted the audit in accordance with generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the *Auditor's Responsibilities* section. I am independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

My objective concerning the audit of the administration, and thereby my opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

My objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby my opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, I exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on my professional judgment with starting point in risk and materiality. This means that I focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. I examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to my opinion concerning discharge from liability. As a basis for my opinion on the Board of Directors' proposed appropriations of the company's profit or loss I examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Stockholm, 29 April 2024

Johan Kaijser

Authorized Public Accountant