

# Third quarter report – September 30, 2022

## Q3 JULY – SEPTEMBER 2022 (July – September 2021)

- Revenue TUSD 43,313 (33,131)
- The Group recognized non-cash revenue from sale of gold of TUSD 32,619 and cost of gold purchased of TUSD 41,725, affecting the gross profit with TUSD -9,106 as a result of the settlement of a commodity loan.
- EBITDA TUSD 2,966 (15,376)
- Non-cash impairment of ore in stock TUSD -1,035 (-3,962)
- Net financial results affected by unrealized gain from gold hedges TUSD 2,804 (175)
- Loss for the period -10,340 (profit: 5,808)
- Earnings per share before dilution USD -0.01 (0.01)
- Gold in stock ready for sale increased to 13.41 koz, corresponding to a sales value of TUSD 22,400

## Significant events after the reporting period

- Kopy Goldfields establishes operations in Khakassia through acquisition of 25% interest in the gold company Zolotaya Zvezda

## JANUARY – SEPTEMBER 2022 (January – September 2021)

- Revenue TUSD 86,225 (70,365)
- The Group recognized non-cash revenue from sale of gold of TUSD 32,619 and cost of gold purchased of TUSD 41,725, affecting the gross profit with TUSD -9,106 as a result of the settlement of a commodity loan.
- EBITDA TUSD 18,255 (29,390)
- Unrealized gain from gold hedges TUSD 1,666 (gain of 3,537)
- Non-cash impairment of ore in stock TUSD -6,977 (-6,005)
- Loss for the period TUSD -9,724 (profit: 11,736)
- Earnings per share before dilution USD -0.01 (0.01)
- 2022 gold production guidance of 49-52 koz

## SUMMARY OF FINANCIAL INFORMATION

	Q3 2022	Q3 2021	Δ %	9 Months 2022	9 Months 2021	Δ %	FY 2021
Gold production (gold equivalent), koz	14.39	20.98	-31%	34.11	41.67	-18%	51.61
Gold sales (gold equivalent), koz	29.91	18.49	62%	52.85	39.31	34%	49.81
Average realized gold price, USD/oz	1,437	1,779	-20%	1,618	1,777	-8%	1,783
Revenue, TUSD	43,313	33,131	31%	86,225	70,365	23%	89,578
Gross profit, TUSD	-7,596	11,064	-169%	2,767	22,709	-88%	24,421
EBITDA, TUSD	2,966	15,376	-81%	18,255	29,390	-38%	36,899
EBITDA margin, %	7%	46%	n/a	21%	42%	n/a	41%
Profit/loss for the period, TUSD	-10,340	5,808	-278%	-9,724	11,736	-183%	7,715
Earnings per share before dilution, USD	-0.01	0.01		-0.01	0.01		0.01
Cash flow from operating activities before changes in working capital, TUSD	-39,085	15,362	n/a	-23,566	29,371	n/a	36,636
Total investments, TUSD	2,771	7,171	-61%	20,134	24,368	-17%	28,376
Cash & cash equivalents at the end of the period, TUSD				5,939	5,460		6,145
Net debt, TUSD				140,394	57,281		60,637
Net debt/LTM EBITDA, x				5.44	1.31		1.64
Equity per share, USD				0.13	0.12		0.12

Glossary and definitions of the above performance measures are presented on page 21-22.

## Comments from the CEO

# Pursuing our long-term plan while seeking to manage many challenges

In Q3, the Ruble nominated gold price remained weak and we continued to position the company to benefit from further volatility in macro parameters by continuing to build gold inventory and settling outstanding delivery obligations under a gold loan. These factors, which are not typical for quarterly operations, had significant effects on the reported financial results. Our investment projects, especially our major development at Malyutka, remained on track, while the production targets were not fully reached.

### Financial performance

As previously announced in the third quarter operational update, we acquired gold in the market to settle and refinance a commodity loan through a new bank loan. Reported revenue included non-cash revenue of TUSD 32,619 and cost of sales was affected by TUSD 41,725 which negatively affected the gross profit of the quarter and nine months period with net TUSD 9,106. The average realized gold price, operating cash flow and debt ratios were also affected beyond what is typical for normal quarterly operations.

Excluding the effects of the gold loan settlement, revenues decreased substantially compared to Q3 last year as we limited gold sales in order to further add to the gold inventory. By quarter end, our gold in stock ready for sale had increased to 13.41 koz with a market value of TUSD 22,400.

### Production

Kopy Goldfields' gold production from the upgraded Yubileyniy CIP plant increased by 35% in Q3 2022 compared to Q3 2021. During the quarter, we also saw the first gold from the new heap leach plant at Perevalnoe. The plant was commissioned late in Q2 2022 to be operated all-year round. During the warm season, we also had our placer mines in production. However, with a quarterly production of 14.39 koz, we didn't fully reach our production targets for the quarter. Due to an extended time of finetuning of processes and processing equipment at the extended Yubileyniy plant in combination with issues related to understaffing the production from Yubileyniy was lower than expected. In October we adjusted the production plan for 2022 accordingly, and we now forecast a production of 49-52 koz in 2022.

### Investments

We have started to reap the benefits of investment projects recently launched. The Yubileyniy extension and the heap leach plant at Perevalnoe are adding more gold to our production. Our main development focus in 2022 is the Malyutka project, targeted for commissioning in 2023. We are on track with the construction schedule and have used the summer window for logistic and procurement activities to secure needed material for the development of this next milestone towards reaching our production target of 100 koz of gold in 2025. In addition, the feasibility study to further extend the Yubileyniy project capacity to 400 ktpa is ongoing.

In November, after the reporting period, we announced our entry into the Khakassia region of Russia through the acquisition of a 25% interest in the Russian gold company Zolotaya Zvezda CJSC. Zolotaya Zvezda holds substantial reserves and resources and has been in production since the mid 90s as a heap leach producer. This is a solid project with a significant exploration and production

upside. Zolotaya Zvezda is in the process of modernizing and extending its Mayskiy processing plant, targeted to start operations in the second half of 2023.

### ESG

Our action plan targeting to reduce Lost Time Injury Frequency Rate ("LTIFR") is progressing, and I am happy to report that the LTIFR decreased significantly to less than 0.7 during the nine months period 2022, down from 1.66 in 2021. We are also moving ahead with our plans to use renewable energy from solar power plant at some of our sites. Pre-design and engineering works are almost finished. Pre-designed capacity of solar power plants is expected to cover more than 30% of required energy. We have also advanced our waste utilization project in order to further minimize our environmental footprint.

### Macro environment

Although the macro environment continues to create many challenges, the industry is slowly adapting to some of the new circumstances by finding new supply channels for procurement of equipment and materials. However, the sanctions and other restrictions significantly affect the business environment and influence development strategies. As previously, there are no sanctions that affect us directly. The Russian mobilization of military reservists during the fall did not have any significant effect on our operations. Since the end of Q3, the international gold prices have strengthened and the local market has stabilized, which is supportive of our strategic decisions to settle the gold loan and build gold inventory. However, as the Russian Ruble remains strong, the Ruble nominated gold price continues to put pressure on us to look closely at our operation costs and to continue optimizations. The future effects of the many challenges continue to be hard to predict, but we are constantly evaluating the situation.

### Outlook

The near term focus is on the fine tuning of processes and processing equipment at Yubileyniy mill. We expect the production to increase further going forward. We are also at fast pace advancing the development of the Malyutka plant. A new focus will be to bring the operations at our new Khakassian asset up to speed and to assume the operatorship of the project. In short - we remain on our path and continue to pursue our long-term plan while we seek to manage many challenges in the current environment.



**Mikhail Damrin**  
CEO Kopy Goldfields

# Operations

## Summary Gold production

The Company operates two bedrock projects, Yubileyniy and Perevalnoe, and two placer mines, Buor-Sala and Khayarylakh, in the Khabarovsk region of Russia. The gold production during Q3 2022 and the nine months period 2022 compared with the gold production during the corresponding period in 2021 and full year 2021, is presented in the following table:

Gold equivalent (GE) production	Q3 2022		Q3 2021		Nine months 2022		Nine months 2021		Full year 2021	
	Kg	koz	kg	koz	kg	koz	kg	koz	kg	koz
Yubileyniy project (CIP)	151.53	4.87	112.38	3.61	465.46	14.96	301.05	9.68	411.84	13.24
Yubileyniy project (HL)	26.35	0.85	28.65	0.92	31.96	1.03	28.65	0.92	41.90	1.35
Perevalnoe project (CIP)	35.15	1.13	197.84	6.36	249.74	8.03	586.91	18.87	752.65	24.20
Perevalnoe project (HL)	67.06	2.16	-	-	67.06	2.16	-	-	-	-
Placer mines	161.71	5.20	305.20	9.81	233.43	7.50	361.16	11.61	373.03	11.99
Silver production, in GE	5.80	0.19	8.43	0.27	13.15	0.42	18.37	0.59	25.74	0.83
<b>Total GE production</b>	<b>447.61</b>	<b>14.39</b>	<b>652.49</b>	<b>20.98</b>	<b>1,060.79</b>	<b>34.11</b>	<b>1,296.14</b>	<b>41.67</b>	<b>1,605.16</b>	<b>51.61</b>

Definition of Gold Equivalent (GE) is presented on pages 21-22.

The total gold equivalent (GE) production during Q3 2022 amounted to 14.39 koz (447.61 kg), a 31% decrease compared to Q3 2021 (20.98 koz). Q3 2022 GE production included 7.39 koz (229.13 kg) of silver, equivalent of 0.19 koz (5.80 kg) of gold.

Gold production from the upgraded Yubileyniy CIP plant increased by 35% compared to Q3 2021. Due to an extended time

of finetuning of processes and processing equipment at the extended Yubileyniy plant the in combination with issues related to understaffing, the production was lower than expected. In Q3, the first gold from the new heap leach (HL) plant at Perevalnoe was produced. The plant was commissioned late in Q2 2022 to be operated all-year round.

## Comments on operations

### Yubileyniy project

In 2021, Kopy Goldfields completed the modernisation and extension of the Yubileyniy plant, which almost doubled the processing capacity from 130 to 250 ktpa. Although the facility reached its full capacity utilisation in Q2 2022, it is still in a start-up phase with finetuning of processes and processing equipment, which in combination with understaffing issue affected the production. The production from the upgraded Yubileyniy CIP plant amounted to 4.87 koz, an increase of 35% compared to Q3 2021. In addition, 0.85 koz of gold were produced on the Yubileyniy Heap leach facility. The increase in production was primarily explained by a 71% increase in the volume of ore processed during Q3 2022.

Yubileyniy project	Q3 2022	Q3 2021	Δ %	9 months 2022	9 months 2021	Δ %	Full year 2021
<b>CIP</b>							
Underground ore mined, 000' ton	72.67	51.75	40%	212.70	115.08	85%	173.87
Underground development, meter	504.20	351.20	44%	1,747.20	1,291.00	35%	1,872.00
Underground ore grade, g/t	4.30	4.25	1%	4.23	4.37	-3%	4.24
Ore processed, 000' ton	52.78	30.87	71%	143.44	85.14	68%	122.71
Average grade, g/t	4.25	4.46	-5%	4.23	4.77	-11%	4.79
Gold produced CIP, kg	151.53	112.38	35%	465.46	301.05	55%	411.84
Gold produced CIP, koz	4.87	3.61	35%	14.96	9.68	55%	13.24
<b>Heap Leach (HL)</b>							
One stacking, 000' ton	7.31	10.78	-32%	17.48	17.68	-1%	19.44
Grade, (g/t)	3.01	3.55	-15%	2.99	3.50	-14%	3.79
Gold in ore stacked, kg	22.03	38.31	-42%	52.30	61.79	-15%	73.74
Gold produced HL, kg	26.35	28.65	-8%	31.96	28.65	12%	41.90
Gold produced HL, koz	0.85	0.92	-8%	1.03	0.92	12%	1.35

## Placer mining

In 2022, the Company operates two placer mines - Byor and Kharilakh. The alluvial gold production commenced in the second quarter when the snow and permafrost melted. Q3 2022 gold

production from both placers totalled 5.20 koz, a decrease of 47% compared to Q3 2021, when production was significantly higher than planned.

Placer mining	Q3 2022	Q3 2021	Δ %	9 months 2022	9 months 2021	Δ %	Full year 2021
Overburden, 000' m <sup>3</sup>	431.00	556.90	-23%	1,000.50	1,401.80	-29%	1,492.20
Capital mining, 000' m <sup>3</sup>	86.30	185.40	-53%	213.10	348.60	-39%	425.70
Placer gravel washed, 000' m <sup>3</sup>	347.00	458.80	-24%	494.60	596.50	-17%	631.80
Average grade, mg/m <sup>3</sup>	466.02	665.21	-30%	471.95	605.47	-22%	590.42
Gold produced, kg	161.71	305.20	-47%	233.43	361.16	-35%	373.03
Gold produced, koz	5.20	9.81	-47%	7.50	11.61	-35%	11.99

## Perevalnoe project

In Q2 2022, the operations at new heap leach (HL) plant at Perevalnoe commenced with first gold amounting to 2.16 koz produced in Q3 2022. Preparations are ongoing to transform the Perevalnoe HL-plant into a year-round production facility. Heaters are being installed in order to increase the temperature of leach solutions to continue gold production during the cold season.

In Q2 2022, the Perevalnoe CIP mill was stopped and moth-balled following depletion of open pit mining, and no further production of gravity and flotation concentrates is planned for 2022. A review of how to proceed with underground mine development has been initiated. GE production from flotation concentrate produced in 2021 and Q1 2022 amounted to 1.13 koz, a decrease of 82%.

Perevalnoe project	Q3 2022	Q3 2021	Δ %	9 months 2022	9 months 2021	Δ %	Full year 2021
<b>CIP</b>							
Ore processed, 000 tons	-	43.12	-100%	45.62	127.49	-64%	173.43
Average grade, g/t	-	3.12	-100%	3.84	4.64	-17%	4.30
Gravity concentrate produced, tons	-	78.88	-100%	75.51	251.15	-70%	326.97
Average grade, g/t	-	420.72	-100%	628.51	757.99	-17%	688.47
Flotation concentrate produced, tons	-	1,201.78	-100%	1,544.50	4,701.79	-67%	6,001.20
Average grade, g/t	-	76.04	-100%	78.21	77.46	1%	78.81
Gold produced (at the Yubileyniy plant from gravity and flotation concentrates of Perevalnoe project), kg	35.15	197.84	-82%	249.74	586.91	-57%	752.65
Gold produced (at the Yubileyniy plant from gravity and flotation concentrates of Perevalnoe project), koz	1.13	6.36	-82%	8.03	18.87	-57%	24.20
<b>Heap Leach (HL)</b>							
Ore stacking, 000 tons	98.15	-	n/a	205.32	-	n/a	42.05
Grade, g/t	1.48	-	n/a	1.49	-	n/a	1.45
Gold in ore stacked, kg	145.28	-	n/a	306.18	-	n/a	60.82
Gold produced HL, kg	67.06	-	n/a	67.06	-	n/a	-
Gold produced HL, koz	2.16	-	n/a	2.16	-	n/a	-

## Development

In Q3 the production development continued to be focused on the Malyutka project, which is the next milestone on the way towards the target of 100 koz gold production by 2025. The site preparations began in 2020, and the production at Malyutka is planned to commence in 2023 with full capacity to be reached in 2024.

The main development activities during Q3 2022 include completion of an accommodation camp with dormitories and

supporting infrastructure and construction of the foundation for hydrometallurgy processing plant, an assay tests lab and storage facilities. Six sections of heap leach pads are planned to be constructed as well as installation of ore crushers which have already been procured.

## Exploration

With a focus on organic production growth from multiple sites, the Company operates and develops a robust asset portfolio with high growth potential at different stages of development



from early prospecting to construction and production. The Company has a solid track record of making discoveries and bringing profitable ounces to the market.

The Krasny Gold Project is a flagship exploration project and includes two 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 project is a joint venture with the Russian gold producer GV Gold.

The Krasny 2022 exploration program was agreed during Q2 and commenced in July 2022. Based on the exploration results and assay tests from 2021 program, the Company proceeds with updating geological model and mineral resource report. During the Q3, 43 drill holes were completed for the total of 8,177 meters within Krasny, Vostochny and Batiy areas within Krasny project.

The Company's other main exploration activities in Q3 2022 include:

- Yubileyniy project, Khabarovsk region: 2,822 meters drilling program at the Krasivoe deposit targeting gold mineralization down dip to support further capacity increase to 400 ktpa
- Alluvial deposits, Khabarovsk region: 2,073 meters drilling, targeting to increase alluvial reserves to support the 2023 – 2024 and beyond placer mining.

## ESG

### Health and Safety

Improving Health and Safety ("H&S") results is a main priority in 2022. Kopy Goldfields has strengthened the team at the sites with highly experienced specialists within H&S. The 2022 action plan targeting to reduce LTIFR (Lost Time Injury Frequency Rate) in 2022 by 20% compared to 2021 has been successful and LTIFR decreased significantly to 0.7 during the nine months period 2022 (2021: 1.66). The implementation of the Corporate Occupational Health and Safety policy continues. In addition, the company continues to develop retention programs in order to decrease employee turnover. Implementation of shifts led to a slight increase in the turnover rate in Q3. The company expects the situation to stabilize by the end of the year.

### Environment and climate change

In Q3 2022, Kopy Goldfields progressed the work to implement renewable energy from solar power plant at the Malyutka development project and for Yubileyny site. Pre-design and

## Reserves and Resources

Following the updated resource statement issued in October 2020, Kopy Goldfields' total estimated M, I&I Mineral Resources amount to 2,756 koz of gold, and total new Probable Ore Reserves amount to 1,313 koz of gold, including the attributable reserves and resources of the Krasny project. An update the reserve and resource estimations for Kopy Goldfields' exploration projects is planned.

For more information on the Mineral resources and Reserves, please visit [www.kopygoldfields.com](http://www.kopygoldfields.com).

## Seasonal variations

Kopy Goldfields' gold production is traditionally affected by seasonal variations. Alluvial mining operations are restricted to the warm season and transportation of concentrates from the Perevalnoe site to the Yubileyniy processing plant takes place primarily during the winter season. The warm season is also the high season for heap leach operations.

## Guidance

Kopy Goldfields target is to produce 49 koz to 52 koz of gold equivalent (GE) in 2022.

engineering works are almost finished. Pre-designed capacity of solar power plants is expected to cover more than 30% of required energy. In Q3 the project focused on the ecology model and capex assessments.

In order to improve company recycling capacity and reduce accumulated waste, Kopy Goldfield initiated a "Waste and tires utilization project" at the Yubileyniy site. Further engineering works is in progress. The full technical and financial model is expected to be finalized by end of 2022. According to pre-design stage, the company will be able to utilize around 80% of all accumulated and generated waste.

### Local communities

According to an agreement with Ayano-Mayskiy municipality, the charity funds from Kopy Goldfields were used for cultural center renovation, IT equipment for school and sponsorship of local youth sports team.

## Risks and uncertainty

### International sanctions environment

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. The Company follows the laws and regulations and is working to adapt the organization to the new circumstances. The fundamentals of the Russian gold mining business have not changed and

Kopy Goldfields' mining operations have so far not been directly affected by the international sanction environment. New 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.

Mining operations, processing and gold sales activities continue together with the implementation of the Company's fully financed development plans. All business activities in Russia are however influenced and exposed to the international sanctions environment. Increased monetary restrictions and regulations affect and complicates cross-border transactions and transfers

and may affect the Parent Company's cash situation and access to cash balances.

For further information, see note 3 in this report and the Annual Report 2021.

#### **Covid-19**

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

# Comments on financial performance

(Numbers in parentheses refer to the same period last year.)

Gold sales (GE) for Q3 2022 amounted to 29.91 koz (18.49 koz), an increase of 62%. Sales volume in Q3 2022 included 24.02 koz, acquired in the gold market, that was delivered to settle a commodity loan. Excluding the effects of the settlement, GE sales under ordinary operations amounted to 5.89 koz. No silver was sold in Q3 2022 nor in Q3 2021.

Total revenues for Q3 2022 amounted to TUSD 43,313 (33,131), including revenue of TUSD 32,619 from settlement of the gold loan, and an increase of 31% compared to the corresponding period 2021. Excluding the revenue from settlement of the gold loan, the revenues amounted to TUSD 10,694, a 68% decrease compared to Q3 2021 mainly driven by lower volumes of gold sold.

The average realized gold price amounted to 1,437 USD/oz (1,779 USD/oz in Q3 2021), and was affected by the settlement of the commodity loan which was recorded at 1,358 USD/oz. Excluding the effects of the settlement, the average realized gold price under ordinary operations amounted to 1,761 USD/oz.

Gold sales (GE) for the nine months period 2022 amounted to 52.85 koz (39.31 koz), an increase of 34% following the settlement of the gold loan. Total revenues for the nine months period 2022 amounted to TUSD 86,225 (70,365), including revenue of TUSD 32,619 from settlement of the gold loan. Excluding the effects of the gold loan settlement, revenues decreased 24% during the nine months period mainly driven by lower volumes of gold sold.

The average realized gold price decreased 9% in the nine months period 2022, and amounted to USD 1,618/oz (USD 1,777/oz).

Kopy Goldfields sells refined gold and silver bullions to Russian commercial banks close to international US dollar prices. During 2022, the Company has widened the sales channels both within Russia and by starting to export gold.

Costs of Sales for Q3 2022 amounted to TUSD 50,909 (22,067), an increase of 131% compared to the corresponding period 2021, mainly as a result gold purchased for settlement gold loan amounting to TUSD 41,725. To settle the gold loan, Kopy bought 24.0 koz in the gold market at an average price of USD 1,737/oz. Excluding cost from settlement of gold loan, the Cost of Sales decreased 58% and amounted to TUSD 9,184 and

were affected by lower gold sales and an impairment of low-grade ore in stock of TUSD 1,035 (3,962). In 2022, Kopy Goldfields has been qualified for tax benefits for the Yubileyniy project, which benefits from no Mineral Extraction Tax and reduced profit tax from March 2022. Preferential tax regime is designed to support regional investment projects within East Siberian and Far East regions of Russia.

Costs of Sales for the nine months 2022 amounted to TUSD 83,458 (47,656), an increase of 75% compared to the corresponding period 2021 mainly as an effect of the settlement of the gold loan in Q2 2022. Excluding cost of settlement of the gold loan, the Cost of Sales decreased 12% and amounted to TUSD 41,733 and were affected by lower gold sales and an impairment of low-grade ore in stock of TUSD 6,977 (6,005) following the decreased international gold price in combination with the strengthening of the Russian Ruble.

Total Cash Costs ("TCC") amounted to TUSD 46,326 during Q3 2022, an increase of 208% compared to TUSD 15,047 during Q3 2021 as an effect of increase in Cost of Sales explained by the settlement of the gold loan, as explained above. TCC per gold equivalent ounce sold (TCC/oz) therefore increased by 90% in Q3 2022 and amounted to USD 1,549 per GE oz compared to USD 814 per GE oz in Q3 2021.

TCC for the nine months period 2022 increased 109% and amounted to TUSD 68,819 (32,941), also explained by the gold loan settlement. TCC per gold equivalent ounce sold (TCC/oz) therefore increased by 55% in the first nine months 2022 and amounted to USD 1,302 per GE oz compared to USD 838 per GE oz in nine months period 2021.

All-in sustaining costs ("AISC") per gold equivalent ounce sold increased from USD 1,066 per GE oz in Q3 2021 to USD 1,679 per GE oz in Q3 2022. The increase by 57% was driven by higher TCC.

AISC per gold equivalent ounce sold increased by 34% in the nine months period 2022, from USD 1,193 per GE oz in the nine months period 2021 to USD 1,595 per GE oz in the nine months 2022, mainly due to higher TCC. Higher corporate, general and administrative expenses due to maintenance of Perevalnoye and strengthening of the Ruble against USD affected AISC as well.

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

Total Cash Costs (TCC) (TUSD)	Q3 2022	Q3 2021	Δ %	9 months 2022	9 months 2021	Δ %	Full Year 2021
Cost of gold and silver sales	50,825	21,963	131%	85,187	47,262	80%	64,719
Property, plant, and equipment depreciation and intangible assets amortization	-3,307	-2,910	14%	-9,229	-8,185	13%	-11,491
Provision for mine closure, rehabilitation, and decommissioning costs	-161	-44	262%	-161	-132	22%	-323
Change in allowance for slow-moving and obsolete inventory	-1,031	-3,962	-74%	-6,977	-6,005	16%	-11,174
<b>Total cash costs</b>	<b>46,326</b>	<b>15,047</b>	<b>208%</b>	<b>68,819</b>	<b>32,941</b>	<b>109%</b>	<b>41,731</b>
Ounces sold (GE koz)	29.91	18.49	62%	52.85	39.31	34%	49.82
<b>TCC per GE ounce sold (USD/oz)</b>	<b>1,549</b>	<b>814</b>	<b>90%</b>	<b>1,302</b>	<b>838</b>	<b>55%</b>	<b>838</b>

All-in Sustaining Costs (AISC) (TUSD)	Q3 2022	Q3 2021	Δ %	9 months 2022	9 months 2021	Δ %	Full Year 2021
<b>Total cash costs</b>	<b>46,326</b>	<b>15,047</b>	<b>208%</b>	<b>68,819</b>	<b>32,941</b>	<b>109%</b>	<b>41,731</b>
Corporate, general, and administrative expenses	2,507	2,449	2%	10,475	7,386	42%	9,586
Amortization and depreciation related to corporate, general, and administrative expenses	47	-52	-190%	231	-152	-252%	-229
Provision for mine closure, rehabilitation, and decommissioning costs	161	44	262%	161	132	22%	323
Sustaining exploration expenses	66	490	-86%	453	549	-18%	555
Sustaining capital expenses	479	1,024	-53%	2,267	3,733	-39%	4,248
Sustaining lease payments	632	708	-11%	1,896	2,320	-18%	3,049
<b>Total all-in sustaining costs</b>	<b>50,218</b>	<b>19,710</b>	<b>155%</b>	<b>84,302</b>	<b>46,909</b>	<b>80%</b>	<b>59,264</b>
Ounces sold (GE koz)	29.91	18.49	62%	52.85	39.31	34%	49.82
<b>AISC per GE ounce sold (USD/oz)</b>	<b>1,679</b>	<b>1,066</b>	<b>57%</b>	<b>1,595</b>	<b>1,193</b>	<b>34%</b>	<b>1,190</b>

The gross profit/loss in Q3 2022 decreased and amounted to TUSD -7,596 (11,064). Gross profit/loss for both Q3 and the nine months period 2022 includes the net effect from the settlement of the gold loan of TUSD -9,106. The Gross margin decreased to -18% in Q3 2022, compared to 33% in the corresponding period 2021.

The gross profit for the nine months period 2022 amounted to TUSD 2,767 (22,709). The Gross margin decreased to 3% in the nine months period 2022, compared to 32% in the corresponding period 2021.

General and Administrative expenses (G&A expenses) for Q3 2022 was in line with Q3 2021 and amounted to TUSD 2,416 (2,379). G&A expenses for the nine months period 2022 was

also in line with corresponding period 2021 and amounted to TUSD 6,951 (6,885).

The operating profit of TUSD 8,468 in Q3 2021 decreased to an operating loss of TUSD -10,362 in Q3 2022. Operating profit for the nine months period 2021 of TUSD 14,879 decreased to an operating loss of TUSD -6,338 in 2022.

EBITDA for Q3 2022 decreased by 81% and amounted to TUSD 2,966 (15,376), with an EBITDA margin of 7% compared to 46% in Q3 2021. EBITDA for the nine months period 2022 decreased by 38% and amounted to TUSD 18,255 (29,390), with an EBITDA margin of 21% compared to 42% in 2021.

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

EBITDA reconciliation to Profit before tax (TUSD)	Q3 2022	Q3 2021	9 Months 2022	9 Months 2021	Full Year 2021
<b>Profit before tax</b>	<b>-10,528</b>	<b>7,474</b>	<b>-10,126</b>	<b>15,296</b>	<b>10,640</b>
Share of net profit/(loss) of associates accounted for using the equity method	312	53	-131	-288	-144
Financial income	-3,520	-564	-3,530	-4,742	-2,762
Financial costs	3,374	1,505	7,449	4,613	6,082
Depreciation and depletion	3,220	2,987	8,581	8,387	11,964
Net realizable value allowance for stockpiles, work in progress, and finished goods	1,035	3,962	6,977	6,005	11,174
Loss from settlement of gold loan liability	9,105	-	9,105	-	-
Change in allowance for slow-moving and obsolete inventory	16	-35	16	-35	-91
Impairment of exploration and evaluation assets	-	-	-	-	-
Other one-off adjustments	-49	-6	-86	155	34
<b>EBITDA</b>	<b>2,966</b>	<b>15,376</b>	<b>18,255</b>	<b>29,390</b>	<b>36,899</b>

The net financial result amounted to TUSD -166 (-994) during the quarter. The quarterly net financial result was positively affected by non-cash unrealized gains from derivatives revaluation relating to gold price hedge positions amounting to TUSD 2,804 (gain of TUSD 175), but negatively affected by increased Interest expense on loans and borrowings amounting to TUSD 2,905 (1,058).

The net financial result for the nine months period amounted to TUSD -3,788 (417). The nine months net financial result was positively affected by non-cash unrealized gains from derivatives revaluation relating to gold price hedge positions amounting to TUSD 1,666 (gain of TUSD 3,537), but negatively affected

by increased Interest expense on loans and borrowings amounting to TUSD 6,513 (3,193).

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 USD 1,400/oz for approximately 40% of the projected gold production for 2022-2025 with ceiling prices exceeding USD 2,500/oz. The Company shows Derivative financial assets in the balance sheet of TUSD 1,010 as of September 30, 2022, relating to the fair value of derivatives on gold commodities (asset of TUSD 1,089 as of December 31, 2021).



The net result for Q3 2022, attributable to shareholders of the parent company, amounted to a loss of TUSD -10,340 (profit of 5,808), corresponding to USD -0.01 (USD 0.00) per share before and after dilution. The net result for the nine months period of 2022, attributable to shareholders of the parent company, amounted to a loss of TUSD -9,724 (profit of 11,737), corresponding to USD -0.01 (USD 0.01) per share before and after dilution.

### Comments on the financial position

Total loans and borrowings amounted to TUSD 139,380 at period end, compared to TUSD 36,620 as of December 31, 2021. At 24 June 2022 the Group entered into a new finance facility with a local bank in Russia for operating needs and funding of the investment program with a maximum credit facility of TRUB 3,000,000 (equivalent of TUSD 52,253 as at September 30, 2022) bearing a floating interest rate as key rate of Central Bank of Russian Federation plus margin of 2.95%. The loan facility matures starting from September 2024 to June 2028. At 15 August 2022 the amount of credit facility was increased to TRUB 5,000,000 (equivalent of TUSD 87,088 as at September 30, 2022). During the nine months period, the Group obtained TUSD 88,067 from the loan facilities. For more information, see note 5.

In Q3, 2022, the Group fully settled its contractual obligations under the commodity loan using the finance facility with a local bank in Russia.

Total net debt as of September 30, 2022 amounted to TUSD 140,394 compared to TUSD 108,097 as of June 30, 2022 and TUSD 60,637 as of December 31, 2021. The net debt calculation does not include gold in stock, see Liquidity. Net Debt is a non-IFRS financial measure and is reconciled as follows:

Total Net Debt (TUSD)	Sep 30, 2022	Dec 31, 2021
Borrowings	139,380	36,620
Contract liability	-	26,094
Leasing	6,953	4,068
<b>Total Debt</b>	<b>146,333</b>	<b>66,782</b>
Cash and Cash equivalents	-5,939	-6,145
<b>Total Net debt</b>	<b>140,394</b>	<b>60,637</b>

Total Net Debt/LTM EBITDA amounted to 5.44x on September 30, 2022, compared to 1.64x at Year End 2021.

### Investments

Total investments, including capitalized exploration costs and capitalized borrowing costs, during first six months 2022 amounted to TUSD 20,134 (24,368). The investments included:

- Yubileyniy project of TUSD 3,075 with the majority relating to mill equipment scheduled upgrade and underground mine capital development;
- Perevalnoe project of TUSD 1,119, where the majority refers to construction of a hydrometallurgy workshop building and sprinkler system for heap leaching;
- Malyutka project of TUSD 12,646 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, fuel storage
- Other projects of TUSD 138;

- Exploration of TUSD 1,897, referring to drilling at Krasivoe underground deposit and alluvial projects, and equipment
- Capitalized borrowing costs of TUSD 1,260.

Financing of the 2021 exploration program on Krasny was agreed with GV Gold on a pro-rata basis 49%/51%. Kopy Goldfields' part amounted to TUSD 3,346 that was payable by the end of Q2 2022 in accordance with the shareholders agreement between Kopy Goldfields and GV Gold. Following the introduction of international sanctions against Russia, payments in USD are difficult to execute and Kopy Goldfields AB did not meet the deadline for the payment. Kopy Goldfields is in discussions with GV Gold on how to settle the payment in order to secure the 49/51 interests in Krasny.

A new exploration program for Krasny for 2022 was agreed with GV Gold in Q2 2022 and financing of the 2022 exploration program on Krasny shall be done on a pro-rata basis 49%/51%. Kopy Goldfields' part amounts to 87.2 million Rubles (corresponding to approximately TUSD 1,500 as per September 30, 2022) with a right to postpone the payment for 360 days under shareholder agreement. Drilling operations under the new program were commenced in July 2022. The Company provides exploration support services to the drilling program.

### Liquidity

The Company's cash and cash equivalent position at September 30, 2022 amounted to TUSD 5,939, compared to TUSD 6,145 on December 31, 2021. At September 30, 2022, unused credit facilities amounted to TUSD 8,709 (at December 31, 2021: TUSD 6,729). The bank credit facilities may be drawn by the bank notice in RUB and have an average maturity of 6 years.

Gold in stock ready for sale (not included in cash and cash equivalents) amounted to 13.41koz at period end, corresponding to a market value of TUSD 22,400. Gold in stock ready for sale as at June 30, 2022 and December 31, 2021 amounted to 4.34 koz and 8.21 respectively.

### Personnel

As of September 30, 2022, the Group had 797 (809) employees, of which 683 (725) were men and 114 (84) women. The average number of employees during the third quarter of 2022 was 712 (759), of which 628 (670) were men and 84 (89) women. The average number of employees during the nine months period 2022 was 755 (736), of which 665 (644) were men and 90 (92) women.

### Organisation

Kopy Goldfields has conducted an organizational restructuring. A new subsidiary called AG Mining has been formed as an open joint stock company, in which Kopy Goldfields holds 100% of the interest. All Kopy's subsidiaries in Russia as well as the Swedish subsidiary holding the interest in Krasny has been contributed into this new company.

### Board of directors

Kopy Goldfields' board of directors, elected at the AGM in May 2022, consists of three members: Kjell Carlsson (chairman), Eric Forss and Arsen Idrisov.

### The Parent Company

The Parent Company's revenue for Q3 2022 totaled TSEK 277 (271) and TSEK 833 (848) for the nine months period 2022. The revenue was related to invoicing to subsidiaries. Net loss for Q3 2022 amounted to TSEK -623 (-4,595). Net loss for the nine

months period 2022 amounted to TSEK -50,258 (-18,057). The main driver for loss in the parent company during the nine months period was non-cash revaluation of intra-group debt following the appreciation of the Russian Ruble.

Total assets at period end amounted to TSEK 1,997,927 and remained relatively unchanged compared to TSEK 1,984,557 on December 31, 2021. Cash and cash equivalents amounted to TSEK 7,358 compared to TSEK 4,091 on December 31, 2021. Equity on September 30, 2022, amounted to TSEK 1,833,447 (December 31, 2021: TSEK 1,874,856).

There were 1 person (1) employed by the Parent Company at the end of the period.

#### **The share**

In January 2022, the number of shares and votes in Kopy Goldfields AB (publ) increased by 1,640,200 shares and votes as a result of warrants exercised under incentive program 2018/2021, adopted at the Annual General Meeting on May 29, 2018.

In April 2022, Kopy Goldfields completed a directed new share issue raising proceeds of MSEK 8.1 (TUSD 817) to secure

the parent company's liquidity. Through the share issue, the number of shares and votes in Kopy Goldfields increased from 890,704,375 to 903,204,375 shares and votes.

On September 30, 2022, the total number of issued shares in Kopy Goldfields AB was 903,204,375, with a quota value of SEK 0.38 (SEK 0.38). All shares represent one vote each.

#### **Significant events after the reporting period**

In November 2022, Kopy Goldfields AB's (publ) wholly owned subsidiary JSC AG Mining, signed and completed an agreement to acquire a 25% interest of the Russian gold company Zolotaya Zvezda CJSC ("Zolotaya Zvezda"), for a total cash consideration of MRUB 550 (appr MUSD 8.9) including transaction costs. Zolotaya Zvezda is an established gold producer located in Khakassia region of Russia with target gold production of some 5 koz in 2022. Zolotaya Zvezda holds 0.62 million oz in C1+C2 gold reserves plus 1.2 million oz of P1 gold resources in accordance with the Russian reserve classification.

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

<i>Amounts in thousands of US Dollars (TUSD)</i>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>9 Months 2022</b>	<b>9 Months 2021</b>	<b>FY 2021</b>
Revenue from contracts with customers	43,313	33,131	86,225	70,365	89,578
Cost of sales	-50,909	-22,067	-83,458	-47,656	-65,157
<b>Gross profit/loss</b>	<b>-7,596</b>	<b>11,064</b>	<b>2,767</b>	<b>22,709</b>	<b>24,421</b>
General and administrative expenses	-2,416	-2,379	-6,951	-6,885	-9,202
Other operating expenses, net	-350	-217	-2,154	-945	-1,403
<b>Operating profits</b>	<b>-10,362</b>	<b>8,468</b>	<b>-6,338</b>	<b>14,879</b>	<b>13,816</b>
Share of net profit of associates accounted for using the equity method	-312	-53	131	288	144
Financial income	3,520	564	3,530	4,742	2,762
Financial costs	-3,374	-1,505	-7,449	-4,613	-6,082
<b>Financial income /(expenses), net</b>	<b>-166</b>	<b>-994</b>	<b>-3,788</b>	<b>417</b>	<b>-3,176</b>
<b>Profit before tax</b>	<b>-10,528</b>	<b>7,474</b>	<b>-10,126</b>	<b>15,296</b>	<b>10,640</b>
Income tax	188	-1,666	402	-3,560	-2,925
<b>Profit for the period</b>	<b>-10,340</b>	<b>5,808</b>	<b>-9,724</b>	<b>11,736</b>	<b>7,715</b>
<i>Of which attributable to:</i>					
Parent company shareholders	-10,340	5,808	-9,724	11,737	7,716
Non-controlling interest	-	-	-	-1	-1
<b>Other comprehensive income/(loss)</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Exchange differences on translation to presentation currency	-19,090	-244	25,028	1,454	-23
<b>Total comprehensive income/(loss) for the period</b>	<b>-29,430</b>	<b>5,564</b>	<b>15,304</b>	<b>13,190</b>	<b>7,692</b>
<i>Of which attributable to:</i>					
Parent company shareholders	-29,430	5,564	15,304	13,191	7,693
Non-controlling interest	-	-	-	-1	-1
<b>(Loss)/Earnings per share for profit attributable to the ordinary equity holders of the company:</b>					
Basic (loss)/earnings per share (USD)	-0.0114	0.0065	-0.0108	0.0132	0.0087
Diluted (loss)/earnings per share (USD)	-0.0114	0.0065	-0.0108	0.0132	0.0087

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in thousands of US Dollars (TUSD)</i>	<i>Note</i>	<b>Sep 30, 2022</b>	<b>Dec 31, 2021</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets		3,455	2,273
Property, plant, and equipment		105,423	62,104
Right-of-use assets		11,786	8,141
Investments in associates		30,796	29,023
Financial assets at amortized cost		4,338	4,014
Derivative financial assets		1,010	1,089
Deferred tax assets		3,607	3,238
Inventories		1,496	5,951
<b>Total non-current assets</b>		<b>161,911</b>	<b>115,833</b>
<b>Current assets</b>			
Inventories		99,521	53,922
Other current assets		3,922	2,130
Other receivables		1,273	960
Advances paid		1,707	1,000
Taxes receivable		6,406	4,246
Income tax receivable		1,744	-
Cash and cash equivalents		5,939	6,145
<b>Total current assets</b>		<b>120,512</b>	<b>68,403</b>
<b>Total assets</b>		<b>282,423</b>	<b>184,236</b>
<b>Equity</b>			
<b>Equity attributable to shareholders of the Parent Company</b>			
Share capital		39,663	39,115
Other contributed capital		48,981	48,635
Foreign currency translation reserve		-19,653	-44,681
Retained earnings, including profit (loss) for the period		49,625	59,349
<b>Total equity attributable to shareholders of the Parent Company</b>		<b>118,616</b>	<b>102,418</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and Borrowings	5	132,665	35,197
Contract liability	6	-	26,094
Mine rehabilitation provision		4,952	3,598
Lease liabilities		3,058	1,219
Derivative financial liabilities		-	-
<b>Total non-current liabilities</b>		<b>140,675</b>	<b>66,108</b>
<b>Current liabilities</b>			
Loans and Borrowings	5	6,715	1,423
Mine rehabilitation provision		739	1,275
Lease liabilities		3,895	2,849
Accounts payable and accrued liabilities		10,364	8,610
Income tax payable		-	210
Taxes payable		1,419	1,343
<b>Total current liabilities</b>		<b>23,132</b>	<b>15,710</b>
<b>Total liabilities</b>		<b>163,807</b>	<b>81,818</b>
<b>Total equity and liabilities</b>		<b>282,423</b>	<b>184,236</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of US Dollars (TUSD)	Note	Attributable to shareholders of the Parent Company				Total	Non- controlling interest	Total equity
		Share capital	Other contributed capital	Foreign cur- rency transla- tion reserve	Retained earnings, including profit (loss) for the period			
<b>Opening balance January 1, 2021</b>		<b>38,977</b>	<b>48,265</b>	<b>-44,658</b>	<b>51,633</b>	<b>94,217</b>	<b>3</b>	<b>94,220</b>
Profit for the period		-	-	-	7,716	7,716	-1	7,715
Other comprehensive in- come for the period		-	-	-23	-	-23	-	-23
<b>Total comprehensive in- come for the period</b>		<b>-</b>	<b>-</b>	<b>-23</b>	<b>7,716</b>	<b>7,693</b>	<b>-1</b>	<b>7,692</b>
Disposal of non-control- ling interest		-	-	-	-	-	-2	-2
<b>Transactions with own- ers in their capacity as owners</b>								
Incentive programs 2017/2020		138	-138	-	-	-	-	-
Incentive programs 2021/2024		-	207	-	-	207	-	207
Incentive programs 2018/2021		-	301	-	-	301	-	301
<b>Closing balance December 31, 2021</b>		<b>39,115</b>	<b>48,635</b>	<b>-44,681</b>	<b>59,349</b>	<b>102,418</b>	<b>-</b>	<b>102,418</b>
<b>Opening balance January 1, 2022</b>		<b>39,115</b>	<b>48,635</b>	<b>-44,681</b>	<b>59,349</b>	<b>102,418</b>	<b>-</b>	<b>102,418</b>
Profit for the period		-	-	-	-9,724	-9,724	-	-9,724
Other comprehensive in- come for the period		-	-	25,028	-	25,028	-	25,028
<b>Total comprehensive in- come for the period</b>		<b>-</b>	<b>-</b>	<b>25,028</b>	<b>-9,724</b>	<b>15,304</b>	<b>-</b>	<b>15,304</b>
<b>Transactions with own- ers in their capacity as owners</b>								
Incentive programs 2018/2021		66	-71	-	-	-5	-	-5
Incentive programs 2022/2026 and 2022/2025		-	81	-	-	81	-	81
Share issue		482	336	-	-	818	-	818
<b>Closing balance at 30 September 2022</b>		<b>39,663</b>	<b>48,981</b>	<b>-19,653</b>	<b>49,625</b>	<b>118,616</b>	<b>-</b>	<b>118,616</b>



## CONSOLIDATED STATEMENT OF CASH FLOW

<i>Amounts in thousands of US Dollars (TUSD)</i>	<i>Note</i>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>9 months 2022</b>	<b>9 months 2021</b>	<b>FY 2021</b>
<b>Cash flow from operating activities</b>						
<b>Profit before tax</b>		<b>-10,528</b>	<b>7,474</b>	<b>-10,126</b>	<b>15,296</b>	<b>10,640</b>
<b>Adjustments for non-cash items</b>						
Depreciation and depletion of property, plant and equipment, intangible assets, and right of-use assets		3,220	2,987	8,581	8,387	11,964
(Gain)/Loss on disposal of assets		-254	94	-20	123	-48
Finance costs		3,374	1,505	7,449	4,613	6,082
Finance income		-3,520	-564	-3,530	-4,742	-2,762
Gain on disposal of subsidiary		-	-103	-	-103	-103
Movements in allowance for obsolete inventory and net realizable value		1,051	3,927	6,993	5,970	11,083
Foreign exchange loss		-119	-9	-161	122	85
Share of net profit of associates accounted for using the equity method		312	53	-131	-288	-144
Revenue from settlement of gold loan liability		-32,619	-	-32,619	-	-
Other non-cash adjustments		-2	-2	-2	-7	-161
<b>Cash flow from operating activities before changes in working capital</b>		<b>-39,085</b>	<b>15,362</b>	<b>-23,566</b>	<b>29,371</b>	<b>36,636</b>
<b>Changes in working capital</b>						
Change in inventories		-16,979	-5,722	-24,893	-18,497	-21,324
Change in other receivables and advances paid		-1,117	-1,261	-1,395	-1,427	12,999
Change in trade and other payables and advances received		-15,068	374	-14,268	6,720	-372
Change in other assets		5,643	2,430	4,352	-96	-9,708
<b>Cash flow from operating activities</b>		<b>-66,606</b>	<b>11,183</b>	<b>-59,770</b>	<b>16,071</b>	<b>18,231</b>
Interest received		100	9	316	73	145
Interest paid		-2,533	-397	-5,116	-1,216	-1,674
Income tax paid		-6	-1,505	-1,534	-4,289	-5,985
<b>Net cash flow from operating activities</b>		<b>-69,045</b>	<b>9,290</b>	<b>-66,104</b>	<b>10,639</b>	<b>10,717</b>
<b>Cash flow from investing activities</b>						
Payment for additional share issue of equity investees		-	-	-	-496	-496
Purchase of property, plant, and equipment		-1,913	-6,691	-16,978	-22,604	-25,858
Purchase of exploration and evaluation assets		-442	-154	-1,896	-635	-985
Interest paid capitalized		-416	-326	-1,260	-633	-1,037
<b>Net cash flows used in investing activities</b>		<b>-2,771</b>	<b>-7,171</b>	<b>-20,134</b>	<b>-24,368</b>	<b>-28,376</b>
<b>Cash flow from financing activities</b>						
Proceeds from the issue of shares		-	-	817	-	698
Proceeds from borrowings, net of debt issue costs	5	76,725	3,147	88,067	16,524	20,298
Proceeds from borrowings from shareholder	5	-	-	-	500	1,250
Repayment of borrowings	5	-6	-	-6	-6,063	-6,063
Repayment of finance lease liabilities net of cash received per buy back leasing agreements		-1,047	-674	-2,846	-2,160	-2,767
<b>Net cash flow from financing activities</b>		<b>75,672</b>	<b>2,473</b>	<b>86,032</b>	<b>8,801</b>	<b>13,416</b>
Net (Decrease)/increase of cash and cash equivalents		3,856	4,592	-206	-4,928	-4,243
<b>Cash and cash equivalents, opening balance</b>		<b>2,083</b>	<b>868</b>	<b>6,145</b>	<b>10,388</b>	<b>10,388</b>
<b>Cash and cash equivalents, closing balance for the period</b>		<b>5,939</b>	<b>5,460</b>	<b>5,939</b>	<b>5,460</b>	<b>6,145</b>

## PARENT COMPANY CONDENSED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

<i>Amounts in thousands of Swedish Krona (TSEK)</i>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>9 Months 2022</b>	<b>9 Months 2021</b>	<b>FY 2021</b>
Revenue	277	271	833	848	1,765
<b>Total operating income</b>	<b>277</b>	<b>271</b>	<b>833</b>	<b>848</b>	<b>1,765</b>
General and Administrative Expenses	-1,698	-3,211	-7,272	-11,749	-16,847
<b>Operating loss</b>	<b>-1,422</b>	<b>-2,940</b>	<b>-6,439</b>	<b>-10,901</b>	<b>-15,082</b>
Results from investments in subsidiaries	444	-291	444	-1,056	-1,056
Financial items	354	-1,363	-44,264	-6,100	-14,445
<b>Result after financial items</b>	<b>-623</b>	<b>-4,595</b>	<b>-50,258</b>	<b>-18,057</b>	<b>-30,584</b>
Appropriations	-	-	-	-	-
<b>Result before tax</b>	<b>-623</b>	<b>-4,595</b>	<b>-50,258</b>	<b>-18,057</b>	<b>-30,584</b>
Income tax	0	0		0	0
<b>Net result</b>	<b>-623</b>	<b>-4,595</b>	<b>-50,258</b>	<b>-18,057</b>	<b>-30,584</b>
<b>Other comprehensive income (loss)</b>					
Translation differences	0	0	0	0	-
<b>Total comprehensive income (loss)</b>	<b>-623</b>	<b>-4,595</b>	<b>-50,258</b>	<b>-18,057</b>	<b>-30,584</b>

## PARENT COMPANY CONDENSED BALANCE SHEET

<i>Amounts in thousands of Swedish Krona (TSEK)</i>	<b>Note</b>	<b>Sep 30, 2022</b>	<b>Dec 31, 2021</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Machinery and equipment		28	67
Shares in group companies		1,928,558	1,927,882
Other non-current financial assets		43,473	35,818
<b>Non-current assets</b>		<b>1,972,059</b>	<b>1,963,767</b>
<b>Current assets</b>			
Receivables		18,510	16,699
Cash & cash equivalents		7,358	4,091
<b>Current assets</b>		<b>25,868</b>	<b>20,790</b>
<b>Total assets</b>		<b>1,997,927</b>	<b>1,984,557</b>
<b>Equity and liabilities</b>			
Equity	7	1,833,447	1,874,856
Current liabilities		164,480	109,701
<b>Total equity and liabilities</b>		<b>1,997,927</b>	<b>1,984,557</b>

## NOTES

### NOTE 1 INFORMATION ABOUT THE COMPANY

Kopy Goldfields AB (publ) is a Swedish limited liability company domiciled and headquartered at Eriksbergsgatan 10 in Stockholm, Sweden (Corp. ID 556723-6335). The Company's and its subsidiaries' operations are focused on gold and silver exploration, evaluation, and production in the Khabarovsk region and the Bodaibo district of the Irkutsk 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".

### NOTE 2 ACCOUNTING PRINCIPLES

The interim report for the period ended September 30, 2022, has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act (Sw. Årsredovisningslagen). The interim consolidated financial statements have been prepared, consistent with the 2021 consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and by the Swedish Annual Reports Act. The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Reports Act and

the recommendations "RFR 2 on Financial Reporting for Legal Entities" issued by the Swedish Financial Reporting Board (Sw. Rådet för finansiell rapportering).

The interim report does not contain the entirety of the information that appears in the annual report and accordingly, the interim report should be read in conjunction with the 2021 annual report.

The same accounting principles have been applied during the period as were applied during the 2021 financial year and corresponding interim reporting period in the way they were described in the 2021 annual report, except for the adoption of new and amended standards as set out below.

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.

### New and amended accounting principles 2022 that have been adopted by the Group

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 interim consolidated financial statements.

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
Amendments to IFRS 16	Prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use	January 1, 2022	No effect
Amendments to IFRS 3	Update the references to the Conceptual Framework for Financial Reporting and exception for the recognition of liabilities and contingent liabilities	January 1, 2022	No effect
Amendments to IFRS 1	A subsidiary that applies IFRS for the first time	January 1, 2022	No effect
Amendments to IFRS 41	Effect of taxation in determining fair value	January 1, 2022	No effect
Amendments to IFRS 37	Burdensome contracts – The costs of fulfilling the contract	January 1, 2022	No effect
Amendments to IFRS 9	Commission fee included in the "10% test" upon derecognition of a financial liability	January 1, 2022	No effect

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

The following is a list of new and revised IFRSs that have been issued but are not yet effective and have not been applied by the Group:

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
Amendments to IFRS 17	Insurance contracts	January 1, 2023	Under review
Amendments to IFRS 1	Classification of liabilities into short-term or long-term	January 1, 2023	Under review
Amendments to IFRS 8	A new definition of accounting estimates	January 1, 2023	Under review
Amendments to IFRS 1	Disclosure of accounting policies	January 1, 2023	Under review

**Currency rates used in the report**

Year 2022	RUB/USD	SEK/USD	SEK/RUB
Average Q1	86.0693	9.3374	0.1088
Average Q2	66.6244	9.8203	0.1466
Average Q3	59.4308	10.5312	0.1769
March 31	84.0851	9.2641	0.1102
June 30	51.1580	10.2194	0.1989
September 30	57.4130	11.1227	0.1978

Year 2021	RUB/USD	SEK/USD	SEK/RUB
Average Q1	74.3414	8.3902	0.1128
Average Q2	74.2155	8.4208	0.1135
Average Q3	73.4746	8.6468	0.1177
Average Q4	72.6059	8.7676	0.1219
March 31	75.7023	8.7239	0.1153
June 30	72.3723	8.5103	0.1179
September 30	72.7608	8.7911	0.1201
December 31	74.2926	9.0437	0.1217

**NOTE 3 RISKS AND UNCERTAINTIES**

A detailed description of the Company's risks is included in the 2021 annual report of Kopy Goldfields which is available on Kopy Goldfields' corporate web.

The risks include geological risks, risks related to the deposits, supplier and contractor delivery risk, impairment test risks, financing risks, gold price risks, currency exchange risk, and political risks, amongst others. Since 2014, the EU and USA have implemented sanctions against Russia. Since the end of February 2022, new sanctions have been introduced by the US, the EU and other countries. In response, Russia has imposed counter-sanctions. Although there are restrictions introduced by some countries for gold export from Russia, the gold mining industry itself is not falling under any announced or published sanctions, and Kopy Goldfields' operations have so far not been directly affected in any particular way.

However, as any business in Russia, Kopy Goldfields' Russian subsidiaries are influenced and exposed in general to the sanctions. The Russian financial system and industries with cross-border activities are under strong pressure. In addition, Russian companies are facing increased monetary restrictions and regulations, which affect and complicates cross-border transactions and transfers.

Operationally, Kopy Goldfields is to a limited extent dependent on foreign suppliers which activities in Russia are affected by the sanctions.

The situation is dynamic and a lot of uncertainty exists. Depending on how events transpire, there is the potential for political, economic, and other implications that may impact the company:

Economic sanctions on organizations, individuals or countries that are either directly or indirectly related to the company may introduce new legal and regulatory compliance matters for the company to consider. Additionally, sanctions may restrict or limit global financial system access, financial transactions, trade, or access to infrastructure (technology, communications, and physical). Further countersanctions may also be applied by Russia. Sanctions are generally issued by several countries and may vary based on a number of factors.

Business interruptions, including to supply chains, due to sanctions, military conflict, commodity and broader market instability, or retaliatory actions that could impact the company and the affiliates, customers, counterparties, or suppliers/vendors.

Restrictions or problems with intragroup cross-border transactions may affect the Parent Company's cash situation and access to cash balances.

In September 2022, Russia launched a mobilization of military reservists. This mobilization has had very limited effect on Kopy Goldfields operation so far. However, if the mobilization would be extended, it could not be excluded that it could have a negative effect of the operations.

Increased occurrences of cyber-attacks resulting in potential data corruption or security breaches.

Kopy 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 and liquidity. To secure gold sales channels, the Group has increased the number of Russian banks to use for domestical gold sales, and to have more options and flexibility to get the best price, Kopy has started to directly export gold to open markets. Currently, the Group is fully financed to execute its development plans.

**NOTE 4 RELATED-PARTY TRANSACTIONS**

The Company enters into related-party transactions as part of the normal course of business and on an arm's length basis.

One Board member have received consulting fees and office rent, amounting to TUSD 31 in total for Q3 2022.

See also note 7, incentive program.

## NOTE 5 LOANS AND BORROWINGS

(TUSD)	Interest rate	Maturity	Jun 30 2022	Dec 31 2021
<b>Long-term borrowings</b>				
RUB denominated bank loans	Key rate of Russian Central Bank plus a margin of 2.95%	September 2024 – June 2027	132,664	35,197
<b>Total long-term borrowings</b>			<b>132,664</b>	<b>35,197</b>
<b>Short-term borrowings</b>				
RUB denominated Bank loans	Key rate of Russian Central Bank plus a margin of 2.95%	June 2023	5,253	-
USD denominated borrowings from Shareholder	0%	July 2022	1,250	1,250
Other RUB denominated borrowings from Related parties	0% - 5%	On demand / December 2021	212	173
<b>Total short-term borrowings</b>			<b>6,716</b>	<b>1,423</b>
<b>Total</b>			<b>139,380</b>	<b>36,620</b>

At 24 June 2022 the Russian subsidiary Amur Zoloto Group's entered into a new finance facility with a local bank in Russia for operating needs and funding of the investment program with a maximum credit facility of TRUB 3,000,000 (equivalent of TUSD 52,253 as at September 30, 2022) bearing floating interest rate as key rate of Central Bank of Russian Federation plus margin of 2.95%. The loan facility matures starting from September 2024 year to June 2028. At 15 August 2022 the amount of credit facility was increased to TRUB 5,000,000 (equivalent of TUSD 87,088 as at September 30, 2022), which was partially utilized to settle a commodity loan, see note 6.

In addition, the Russian subsidiary Amur Zoloto has also an old fully drawn down unsecured finance facility with a local bank in Russia of TRUB 3,125,000 bearing floating interest rate as key rate of Central Bank of Russian Federation plus margin of 2.95%. The loan facility was issued in 2020 and matures starting from September 2023 until June 2026.

### Secured liabilities and assets pledged as security

The Group has no assets pledged.

### 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.

### Available credit facilities

At September 30, 2022 unused credit facilities were TUSD 8,709 (at 31 December 2021: TUSD 6,729). The bank credit

facilities may be drawn by the bank notice in RUB and have an average maturity of 6 years.

## NOTE 6 CONTRACT LIABILITY

In September 2018, the Group entered into a long-term commodity loan with a bank with the obligation to deliver a certain amount of gold to the bank at the scheduled contract term. The commodity loan bears an interest of 6.45% per annum and had an initial maturity date of July 31, 2022. During the year ended December 31, 2020, the Group signed an addendum to the agreement with the Bank to postpone the maturity of principal amount payments. The new repayment schedule started from September 2023 through June 2025.

The commodity loan is subject to certain financial and non-financial covenants that, if breached by LLC Amur Zoloto, permit the bank to demand repayment before the loans' normal maturity date.

The contract liability is treated as a prepayment for gold supply and accounted for according to IFRS 15 "Revenue from contracts with customers".

On August 22, 2022, the Group fully settled its contractual obligations under the commodity loan. As a result of the commodity loan principal settlement the Group recognised revenue from sale of gold of TUSD 32,619 and respective cost of gold purchased for settlement of TUSD 41,725. Thus the Group's gross profit for the periods ended September 30, 2022 included loss from settlement of the commodity loan of TUSD 9,106.



## NOTE 7 INCENTIVE PROGRAM

Kopy Goldfields has incentive programs as part of the remuneration package to management and key personnel. The board of directors have also been offered incentive programs. Warrants have been issued following a decision by the respective AGM. During Q2 2022, 5,700,000 warrants were issued under the management warrant incentive program 2022/2025 (management) and 560,000 warrants were issued under the 2022/2026 board incentive program.

Warrant incentive program	Last exercise date	Subscription price, SEK	Shares per Warrant	1 Jan 2022	Number of warrants			
					Issued 2022	Exercised 2022	Expired 2022	September 30, 2022
2019/2022 (management)	31.12.2022	1.30	1	1,890,000	-	-	-	1,890,000
2019/2022 (Board)	31.12.2022	1.30	1	945,000	-	-	-	945,000
2021/2024 (management)	31.8.2024	2.75	1	5,200,000	-	-	-	5,200,000
2021/2025 (board)	31.8.2025	2.75	1	1,280,000	-	-	-	1,280,000
2022/2025 (management)	31.8.2025	0.88	1	-	5,700,000	-	-	5,700,000
2022/2026 (board)	31.8.2026	0.88	1	-	560,000	-	-	560,000
<b>Total</b>				<b>9,315,000</b>	<b>6,260,000</b>			<b>15,575,000</b>

## NOTE 8 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In November 2022, Kopy Goldfields AB's (publ) wholly owned subsidiary JSC AG Mining, signed and completed an agreement to acquire a 25% interest of the Russian gold company Zolotaya

Zvezda CJSC ("Zolotaya Zvezda"), for a total cash consideration of MRUB 550 (appr MUSD 8.9) including transaction costs. Zolotaya Zvezda is an established gold producer located in Khakassia region of Russia with target gold production of some 5 koz in 2022. Zolotaya Zvezda holds 0.62 million oz in C1+C2 gold reserves plus 1.2 million oz of P1 gold resources in accordance with the Russian reserve classification.

Stockholm 25 November 2022  
Kopy Goldfields AB (publ)  
Org. No. 556723-6335

Mikhail Damrin  
CEO

This report has not been reviewed by the Company's auditors.

## Upcoming financial reporting

Report	Date
Year-end Report 2022	March 24, 2023 (moved)

In addition to its financial reports, Kopy Goldfields will also publish operations reports on the following dates:

Report	Date
Q4 2022 Operations Report	January 20, 2023

## Annual General Meeting 2023

The Annual General Meeting 2023 will be held on May 25, 2023, in Stockholm, Sweden.

### For more information, please contact:

**Mikhail Damrin**, CEO, +7 916 808 1217,  
mikhail.damrin@kopygoldfields.com

**Jakob Sintring**, IR and communication, +46 70 207 90 18  
jakob.sintring@kopygoldfields.com

### Address:

Kopy Goldfields AB (publ) (CIN 556723-6335)  
PO Box 7292, 103 90 Stockholm, Sweden  
Visiting address: Eriksbergsgatan 10, Stockholm  
Tel: +46 (0)8 660 21 59  
www.kopygoldfields.com

Ticker code: KOPY (Nasdaq First North Growth Market)  
Number of shares 903,204,375 (as per Nov 25, 2022)

### Publication under Swedish law

This information is information that Kopy Goldfields AB is obliged to make public pursuant to the EU Market Abuse

Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 am CET on November 25, 2022.

Since June 3, 2011, Kopy Goldfields is has applied the internationally accepted JORC code to verify the mineral resources and ore reserves of the Company. Micon International Co Limited and SRK Consulting (Russia) Limited act as consultants and approves the mineral resources according to the JORC Code. Kopy Goldfields applies International Financial Reporting Standards (IFRS), as approved by the European Union. Nordic Certified Advisers acts as the Company's Certified Adviser, contact number: +46 707 94 90 73, e-mail: info@certifiedadviser.se.

This interim report and additional information are available on [www.kopygoldfields.com](http://www.kopygoldfields.com)

## GLOSSARY AND DEFINITIONS

### Alternative performance measures

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures. The alternative key financial performance indicators are defined as financial measures of historical or future earnings trends, financial position, financial performance, or cash flows that are not defined or specified in the applicable regulations for financial reporting, IFRS, and the Annual Accounts Act. These measures should not be regarded as a substitute for measures defined in accordance with IFRS.

If an alternative performance measure cannot be identified directly from the financial statements, a reconciliation is required.

### Definitions of key ratios

<b>EBITDA</b>	Earnings before interest, taxes, depreciation, and amortization is a non-IFRS metric and is defined by the Group as profit for the period before income taxes adjusted for depreciation, amortization and impairment, finance income, finance cost, (gain)/loss on revaluation of derivative financial instruments, foreign exchange (gain)/loss, (gain)/loss on disposal or revaluation of investments in subsidiaries and associates, (gain)/loss on (reversal of impairment)/impairment of property, plant and equipment, write-downs and reversals of inventory to net realizable value, bad debt allowance, share-based compensation expenses, charity expenses, and other one-off adjustments that may be required to provide a clearer view of the performance of the Group's operations. EBITDA is used to measure earnings from operating activities, independent of depreciation, amortization, and impairment losses.
<b>EBITDA-marginal</b>	EBITDA margin is defined by the Group as EBITDA divided by revenue. The EBITDA margin is used to compare EBITDA in relation to revenue and is a measurement of a company's operating profitability as a percentage of its total revenue.
<b>Total Cash Costs (TCC)</b>	Total cash costs (TCC) are defined as the cost of gold sales, less depreciation of property, plant and equipment, amortization, intangible assets, allowance for obsolescence of inventory and provision for mine closure, rehabilitation and decommissioning costs. TCC per ounce sold is calculated as TCC divided by the total gold equivalent ounces of gold sold for the period.
<b>All-in sustaining costs (AISC)</b>	All-in sustaining costs (AISC) are defined as TCC plus corporate, general and administrative expenses, provision for mine closure, rehabilitation and decommissioning costs, sustaining exploration, sustaining capital expenditures, and sustaining lease payments less amortization and depreciation related to corporate, general and administrative expenses, and exploration impairment losses. AISC per ounce sold is calculated as AISC divided by the total gold equivalent ounces of gold sold for the period.
<b>Equity</b>	Equity includes all capital and reserves of the Group that are managed as capital. Equity of the Group comprises issued capital, share premium, reserve for translation to presentation currency, retained earnings, and non-controlling interests.
<b>Net debt</b>	The Group's net debt comprises long-term and short-term interest-bearing liabilities and lease liabilities (excluding derivatives) after deducting cash and cash equivalents.
<b>Net debt/EBITDA</b>	Net debt/EBITDA is defined by the Group as Net debt divided by EBITDA.
<b>Earnings per share</b>	Earnings per share comprises consolidated earnings for the period (profit after tax from continuing and discontinued operations) attributable to the Parent Company shareholders, divided by the weighted average number of outstanding shares during the period and excluding treasury shares. Diluted Earnings per share are earnings per share adjusted to reflect the effects of potential dilutive ordinary shares, which constitute shares and options.
<b>Equity per share</b>	Equity at the end of the period divided by the number of shares outstanding at the end of the period.
<b>Total number of shares outstanding</b>	Number of shares outstanding at the end of the period.
<b>Weighted average number of shares</b>	The weighted number of shares outstanding during the year is calculated by taking into account any changes in the number of shares outstanding during the reporting period.

## Industry specific definitions and glossary (in accordance with JORC)

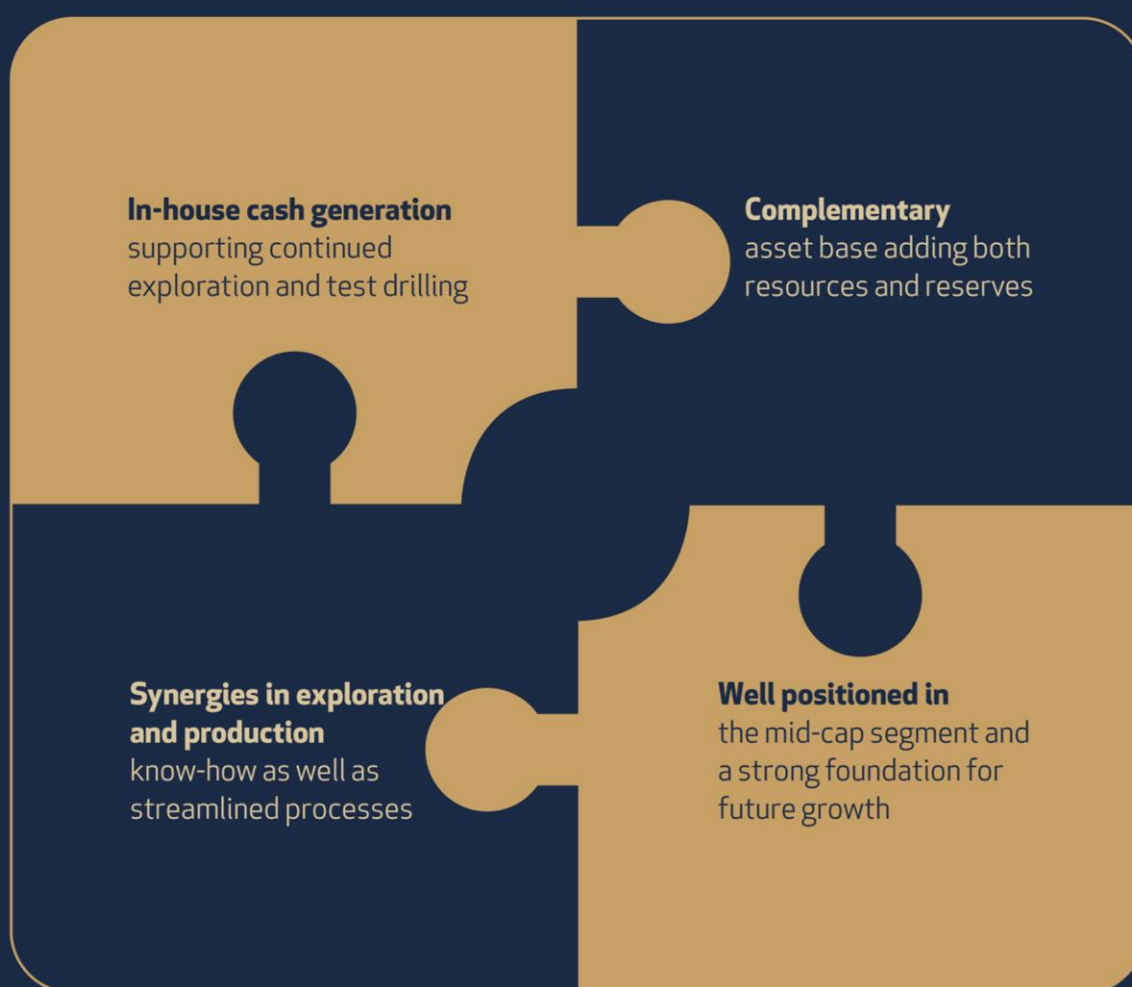
<b>Alluvial gold</b>	Mineralization in riverbeds at ground level.
<b>Carbon-In-Pulp Gold Recovery (CIP)</b>	A common process to recover gold that involves the use of cyanide to dissolve gold in solution and activated carbon to precipitate the gold.
<b>Cut-off</b>	The lowest grade, or quality, of mineralized material that qualifies as economically mineable and available in a given deposit. Cut-off may be defined on the basis of economic evaluation, or on physical or chemical attributes that define an acceptable product specification.
<b>Doré-bars</b>	Unrefined gold bullion containing mostly silver and gold.
<b>Flotation</b>	Part of the enrichment process in which chemicals are used to significantly increase the concentration of valuable minerals.
<b>Gold Equivalent</b>	A quantity of a Metal having an economic value expressed in ounces of Gold and calculated by multiplying the quantity of the Metal by an assumed price for that Metal and dividing the product by an assumed price for Gold, where such prices are determined using the Financial Parameters.
<b>GKZ</b>	The Russian State Committee on Mineral Reserves. The state authority is responsible for the registration and approval of mineral resource and ore reserve estimates.
<b>JORC</b>	Approved standard set by the Australian Joint Ore Reserve Committee (JORC) for the calculation and reporting of mineral resources and ore reserves.
<b>Mineralization</b>	Any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralization might occur, whether by class of deposit, mode of occurrence, genesis, or composition.
<b>Mineral Resource</b>	Is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity, and other geological characteristics of a Mineral Resource are known, estimated, or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
<b>Ore (or Mineral) Reserve</b>	Is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at the Pre-Feasibility or Feasibility stage as appropriate, that include the application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.
<b>Open pit</b>	Type of mine where superficial deposits are mined above ground.
<b>Recovery</b>	The percentage of material of initial interest that is extracted during mining and/or processing. A measure of mining or processing efficiency.
<b>tpa/ktpa</b>	Tons per annum/thousand tons per annum
<b>Troy ounce (oz)/koz/Moz</b>	Weight measure for gold corresponding to 31.1035 grams/thousand oz/million oz.

## Finance definitions

<b>SEK/TSEK/MSEK</b>	Swedish krona/Thousand Swedish krona/Million Swedish krona
<b>USD/TUSD/MUSD</b>	US Dollar/Thousand US Dollar/Million US Dollar
<b>RUB/TRUB/MRUB</b>	Russian ruble/Thousand Russian rubles/Million Russian rubles

## THIS IS KOPY GOLDFIELDS

Kopy Goldfields is a Swedish gold exploration and production company. Kopy Goldfields' strategy is to combine local geologic knowledge and science with international management, best industry practices and modern, efficient technology to identify and develop mineral deposits in a cost-efficient, safe and transparent way.



# KOPY GOLDFIELDS

[www.kopygoldfields.com](http://www.kopygoldfields.com)