

“ Robust operational performance and growth projects on track in a challenging business environment

Mikhail Damrin, CEO

## Second quarter report – June 30, 2022

### APRIL – JUNE 2022 (April – June 2021)

- ▶ Revenue TUSD 17,258 (17,872)
- ▶ EBITDA TUSD 4,217 (6,833)
- ▶ Non-cash impairment of ore in stock TUSD -8,792 (-2,043)
- ▶ Net financial results affected by revaluation of non-cash intra-group debt amounting to TUSD -6,620 and from unrealized gain from gold hedges TUSD 5,212 (loss of -2,805)
- ▶ Loss for the period TUSD -8,918 (-1,942)
- ▶ Earnings per share before dilution USD -0.01 (-0.00)
- ▶ Gold in stock ready for sale increased to 4.34 koz during Q2 2022, corresponding to a sales value of TUSD 7,877
- ▶ RUB 178 million exploration program for 2022 on the Krasny project agreed with the partner GV Gold during the quarter
- ▶ Directed new share issue raised proceeds of MSEK 8.1 before issue costs (TUSD 817)

### JANUARY – JUNE 2022 (January – June 2021)

- ▶ Revenue TUSD 42,912 (37,234)
- ▶ EBITDA TUSD 15,359 (14,014)
- ▶ Unrealized loss from gold hedges TUSD -1,138 (gain of 3,362)
- ▶ Non-cash impairment of ore in stock TUSD -5,942 (-2,043)
- ▶ Loss for the period TUSD -5,218 (profit of 5,928)
- ▶ Earnings per share before dilution USD -0.01 (0.01)
- ▶ 2022 gold production guidance of 52-57 koz unchanged

### SUMMARY OF FINANCIAL INFORMATION

	Q2 2022	Q2 2021	Δ %	H1 2022	H1 2021	Δ %	FY 2021
Gold production (gold equivalent), koz	12.5	13.0	-4%	19.7	20.7	-5%	51.61
Gold sales (gold equivalent), koz	9.45	9.8	-4%	22.9	20.8	10%	49.81
Average realized gold price, USD/oz	1,806	1,800	0%	1,854	1,775	4%	1,783
Revenue, TUSD	17,258	17,872	-3%	42,912	37,234	15%	89,578
Gross profit, TUSD	-3,597	4,361	-182%	10,363	11,645	-11%	24,421
EBITDA, TUSD	4,217	6,833	-38%	15,359	14,014	10%	36,899
EBITDA margin, %	24%	38%		36%	38%		41%
Profit for the period, TUSD	-8,918	-1,942	-359%	-5,218	5,928	-188%	7,715
Earnings per share before dilution, USD	-0.01	-0.00		-0.01	0.01		0.01
Cash flow from operating activities before changes in working capital, TUSD	4,399	6,830	-36%	15,519	14,009	11%	36,636
Total investments, TUSD	7,410	7,769	-5%	17,363	17,197	1%	28,376
Cash & cash equivalents at the end of the period, TUSD	2,083	868	140%	2,083	868	140%	6,145
Net debt, TUSD	108,097	59,592	81%	108,097	59,592	81%	60,637
Net debt/LTMEBITDA, x	2.83	1.42	99%	2.83	1.42	99%	1.64
Equity per share, USD	0.16	0.11	45%	0.16	0.11	45%	0.12

Glossary and definitions of the above performance measures are presented on page 22-23.

## Comments from the CEO

# Robust operational performance and growth projects on track in a challenging business environment

The second quarter 2022 was a quarter of operational success for Kopy Goldfields. We managed to bring the newly upgraded Yubileyniy plant to full utilization and we commissioned our latest investment project - the new heap leach plant at Perevalnoe. In addition, the construction at the important Malyutka project is on schedule with the production launch targeted for next year. All of them are vital parts to reach the 2025 production target.

### Production

All production sites were in operation by the end of the second quarter 2022. The modernized and extended Yubileyniy plant reached the full 250 ktpa capacity, almost the double capacity compared to last year. The total CIP and Heap leach production at Yubileyniy increased 72% compared to Q2 2021. Production at the new heap leach plant at Perevalnoe was commissioned with solution delivered to the heaps and sprinkler irrigation initiated while the Perevalnoe mill, which constituted over 50% of the production in Q2 last year, was being mothballed early in Q2. In Q3, after the reporting period, we received the first gold from the new plant. With the start of the warmer season, we launched production at our placer mines. Overall production of gold equivalent was 4% below Q2 last year.

### Financial performance

Due to the weak Ruble nominated gold price, we choose not to sell all of our production during the quarter, which resulted in slightly lower revenues compared to Q2 last year, and in increase of gold in stock ready for sale. Revenues decreased by 3% compared to the second quarter 2021. Our average achieved gold price during the quarter amounted to 1,806 USD/oz, in line with Q2 2021. Cost of sales increased 54% compared to Q2 last year, primarily driven by a non-cash impairment of low-grade ore in stock, reflecting the lower Ruble nominated gold price at the end of H1 2022. While we report negative operating and net results, operating cash flow remained positive.

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.

### Investments

We made progress with all scheduled investment projects. The heap leach plant at Perevalnoe was completed and launched during the quarter. Our main development focus in 2022 is the Malyutka project. The commissioning of this major growth driver will be next milestone towards reaching our production target of 100 koz of gold in 2025. We are on track with the construction schedule and expect to commence production at Malyutka in 2023 with full capacity to be reached in 2024. In addition to Malyutka, we

commenced a feasibility study to extend the Yubileyniy project capacity to 400 ktpa.

Although the open pit reserves at Perevalnoe are depleted, we see potential for future production of underground gold ore reserves and continues to evaluate different options on how to proceed with underground mine development.

We continue our exploration programs with focus on Yubileyniy, the alluvial areas and on Ket Kap, which is the greater Yubileyniy area. On Krasny, we have received all exploration results and assay tests from the 2021 exploration program and we are proceeding with updating the geological model and reserve report. We have also agreed on the targets for the 2022 exploration program with our partner, and commenced the drilling operations in July.

### 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 to less than 0.7 during the first six months 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. Design and engineering works are in progress and will be finalized towards the end of 2022. In addition, we continue with our waste utilization project, in order to further minimize our environmental footprint.

### Macro environment

The macro environment continues to create many challenges. Sanctions against Russia and politics are key factors which influence the business and the development strategy. The recent gold sanctions adopted by EU and other countries do not affect us directly as we have no export, and have never had, to any country today prohibiting gold import from Russia. To secure gold sales channels and to have more options and flexibility to get the best price, we have started to directly export gold to open markets. What effects, if any, the gold export sanction will have on the industry in general is hard to predict, but we are constantly evaluating the situation.

International gold price volatility affects revenues and the substantial appreciation of the Russian Ruble affected our results significantly in H1 2022. During 1H 2022, the Ruble appreciated by 30% compared to the USD. Increased restrictions and regulations complicate cross-border transactions and make supply chains

more expensive. On a positive note, interest rates and inflation in Russia are falling.

### **Outlook**

Any outlook today is more uncertain than usual. We proceed to do what we are good at – adopt to the circumstances and continue to effectively mine our gold deposits and explore for new ones. We



will take advantage of the warm season with alluvial and heap leach to increase our production to meet this year's production guidance of 52-57 koz of gold. We strongly push our investment projects in order to meet our long-term production targets. And we see opportunities in the market created by the challenging environment which we are well positioned to capitalize on.

August 2022

### **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 Q2 2022 and H1 2021 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	Q2 2022		Q2 2021		H1 2022		H1 2021		Full year 2021	
	Kg	koz	kg	koz	kg	koz	kg	koz	kg	koz
Yubileyniy project (CIP)	193.09	6.21	115.77	3.72	313.93	10.09	188.68	6.07	411.84	13.24
Yubileyniy project (HL)	5.60	0.18	-	-	5.60	0.18	-	-	41.90	1.35
Perevalnoe project (CIP)	112.51	3.62	224.76	7.23	214.59	6.90	389.07	12.51	752.65	24.20
Perevalnoe project (HL)	-	-	-	-	-	-	-	-	-	-
Placer mines	71.72	2.31	55.96	1.80	71.72	2.31	55.96	1.80	373.03	11.99
Silver production, in GE	4.99	0.16	8.10	0.26	7.35	0.24	9.94	0.32	25.74	0.83
<b>Total GE production</b>	<b>387.91</b>	<b>12.47</b>	<b>404.59</b>	<b>13.01</b>	<b>613.18</b>	<b>19.71</b>	<b>643.65</b>	<b>20.69</b>	<b>1,605.16</b>	<b>51.61</b>

Definition of Gold Equivalent (GE) is presented on pages 22-23.

The total gold equivalent (GE) production during Q2 2022 amounted to 12.47 koz (387.91 kg), a 4% decrease compared to Q2 2021 (13.01 koz). Q2 2022 GE production included 12.47 koz (387.88 kg) of silver, equivalent of 0.16 koz (4.99 kg) of gold.

Gold production at Yubileyniy CIP increased by 67%, following the capacity upgrade in 2021 mitigating the planned decrease

at Perevalnoe. In Q2, the heap leach (HL) operations at Perevalnoe were commenced, with first gold produced in Q3. Upon the arrival of the warm season, the alluvial mining season was started in Q2. During 2022 the Company will operate Buor and Khayarylakh placer deposits.

## Comments on operations

### Yubileyniy project

The Yubileyniy plant produces gravity and flotation concentrates and further processes them by CIP leaching to Dore bars. The plant enriches the ore from the neighboring Krasivoe underground gold mine and flotation and gravity concentrates from Perevalnoe mine. In addition, there are heap leach operations at Yubileyniy site processing low grade ore from Krasivoe mine.

In 2021, Kopy Goldfields completed the modernization and extension of the Yubileyniy plant, which almost doubled the processing capacity from 130 to 250 ktpa. During Q2 the project reached the full capacity utilization.

The total CIP and Heap leach ("HL") production of GE during Q2 2022 amounted to 6.39 koz (198.69 kg), an increase of 72%

compared to Q2 2021. The increase in production was primarily explained by 72% increase in the volume of ore processed during Q2 2022.

The average gold grade of the ore mined decreased by 12% during Q2 2022 compared with Q2 2021 in line with mining schedule due to development of lower grade blocs within the ore body. Overall, since 2021 the Company has been advancing underground mining operations to the deeper horizons where ore gold grade is increasing in general. This underpins the completed capacity extension of the Yubileyniy mine and mill and the planned further expansion to 400 ktpa.

<b>Yubileyniy project</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>Δ %</b>	<b>H1 2022</b>	<b>H1 2021</b>	<b>Δ %</b>	<b>Full year 2021</b>
<b>CIP</b>							
Underground ore mined, 000' ton	77.24	37.37	107%	140.03	63.33	121%	173.87
Underground development, meter	635.30	409.60	55%	1,243.00	939.80	32%	1,872.00
Underground ore grade, g/t	4.20	4.77	-12%	4.20	4.47	-6%	4.24
Ore processed, 000' ton	54.61	31.80	72%	90.66	54.27	67%	122.71
Average grade, g/t	5.16	5.56	-7%	5.18	4.95	5%	4.79
Gold produced CIP, kg	193.09	115.77	67%	313.93	188.68	66%	411.84
Gold produced CIP, koz	6.21	3.72	67%	10.09	6.07	66%	13.24
<b>Heap Leach (HL)</b>							
One stacking, 000'ton	10.17	6.72	51%	10.17	6.72	51%	19.44
Grade, (g/t)	2.98	3.31	-10%	2.98	3.31	-10%	3.79
Gold in ore stacked, kg	30.27	22.24	36%	30.27	22.24	36%	73.74
Gold produced HL, kg	5.60	0	n/a	5.60	0.00	n/a	41.90
Gold produced HL, koz	0.18	0.00	n/a	0.18	0.00	n/a	1.35

### Placer mining

In 2022, the Company operates two placer mines - Byor and Khar-yarilakh. The alluvial gold production commenced in the second quarter when the snow and permafrost melted. Q2 2022 gold production from both placers totalled 2.31 koz (71.72 kg), an

increase of 28% compared to Q2 2021. The increase in alluvial production is primarily explained by an increase of the gold grade and the amount of gravel washed.

<b>Placer mining</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>Δ %</b>	<b>H1 2022</b>	<b>H1 2021</b>	<b>Δ %</b>	<b>Full year 2021</b>
Overburden, 000' m <sup>3</sup>	528.40	806.60	-34%	569.50	844.90	-33%	1,492.20
Capital mining, 000' m <sup>3</sup>	126.80	161.20	-21%	126.80	163.20	-22%	425.70
Placer gravel washed, 000' m <sup>3</sup>	147.60	137.70	7%	147.60	137.70	7%	631.80
Average grade, mg/m <sup>3</sup>	485.89	406.42	20%	485.89	406.42	20%	590.42
Gold produced, kg	71.72	55.96	28%	71.72	55.96	28%	373.03
Gold produced, koz	2.31	1.80	28%	2.31	1.80	28%	11.99

### Perevalnoe project

During Q2 gold production at the processing plant at Perevalnoe was discontinued due to depletion of the open pits Brekchivaya and Priyatnoe. The mill was put on hold and mothballed. The plant has produced gravity and flotation concentrates which have been further transported and leached at the Yubileyniy processing plant to produce Doré bars. No further production of gravity and flotation concentrates at the Perevalnoe plant is planned for 2022. The flotation concentrate produced at Perevalnoe in 2021 and Q1 2022 has already been transported to the Yubileyniy plant. It will be further leached to Dore bars at Yubileyniy during 2022. GE production from Perevalnoe concentrates at the Yubileyniy mill amounted to 3.62 koz (112.51 kg), a decrease of 50%.

In 2021, the construction works of the new heap leach plant at Perevalnoe were completed. In Q2 2022, the heap leach (HL)

operations at Perevalnoe were commenced. The solution was delivered to the heaps and sprinkler irrigation was initiated. The first gold from Perevalnoe HL will be produced in Q3, after the reporting period. In Q2 2022, ore stacking for HL operations totalled 70.59 kt of ore.

In 2021 the company commenced preparations for underground (UG) mining at the Brekchivaya site by developing the initial 152.5 meters of decline. A review of an updated resource model, optimized underground development and mill operations was initiated. Based on this review and the macroeconomic environment, the company continues to evaluate different options on how to proceed with underground mine development at Perevalnoe.

Perevalnoe project	Q2 2022	Q2 2021	Δ %	H1 2022	H1 2021	Δ %	Full year 2021
<b>CIP</b>							
Underground development, meters	-	107.32	n/a	-	107.32	n/a	152.50
Waste stripping, 000' m3	-	141.96	n/a	-	563.72	n/a	651.69
Ore mined, 000' tons	-	123.47	n/a	-	195.28	n/a	400.63
Average ore grade, g/t	-	2.18	n/a	-	2.51	n/a	2.50
including	-		n/a	-		n/a	
High grade ore, 000' tons	-	27.26	n/a	-	50.33	n/a	86.64
Average grade, g/t	-	4.14	n/a	-	5.10	n/a	5.15
Low grade ore, 000' tons	-	10.15	n/a	-	15.65	n/a	59.66
Average grade, g/t	-	3.43	n/a	-	3.42	n/a	3.24
Heap Leach ore, 000' tons	-	86.06	n/a	-	129.30	n/a	254.34
Average grade, g/t	-	1.41	n/a	-	1.40	n/a	1.43
Ore processed, 000 tons	-	42.92	n/a	-	84.36		173.43
Average grade, g/t	-	5.06	n/a	-	5.42		4.30
Gravity concentrate produced, tons	0.40	84.01	-100%	75.51	172.27	-56%	326.97
Average grade, g/t	945.05	909.00	4%	628.51	912.42	-31%	688.47
Flotation concentrate produced, tons	13.03	1,874.54	-99%	1,544.50	3,500.01	-56%	6,001.20
Average grade, g/t	187.38	67.40	178%	78.21	77.94	0%	78.81
Gold produced (at the Yubileyniy plant from gravity and flotation concentrates of Perevalnoe project), kg	112.51	224.76	-50%	214.59	389.07	-45%	752.65
Gold produced (at the Yubileyniy plant from gravity and flotation concentrates of Perevalnoe project), koz	3.62	7.23	-50%	6.90	12.51	-45%	24.20
<b>Heap Leach (HL)</b>							
Ore stacking, 000'tons	70.59	-	n/a	107.18	-	n/a	70.59
Grade, g/t	1.46	-	n/a	1.49	-	n/a	1.46
Gold in ore stacked, kg	103.27	-	n/a	160.91	-	n/a	103.27
Gold produced HL, kg	-	-	n/a	-	-	n/a	-
Gold produced HL, koz	-	-	n/a	-	-	n/a	-

## Development

In Q2 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 in 2022 include construction of an accommodation camp with dormitories and supporting infrastructure. The foundation for hydrometallurgy processing plant, an assay tests lab and storage facilities will be built. Six sections of heap leach pads are planned to be constructed as well as installation of ore crushers which have already been produced.

## 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: all the projects that are currently in production or development were started by the Company from early-stage explorations.

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 the quarter and commenced in July 2022. During Q2, Kopy Goldfields has received all exploration results and assay tests from



2021 program and proceeds with updating geological model and reserve report.

The Company's other main exploration activities in Q2 2022 include:

- Yubileyniy project, Khabarovsk region: 5,031 meters drilling program at the Krasivoe deposit targeting gold mineralization down dip to support further capacity increase to 400 ktpa
- Alluvial deposits, Khabarovsk region: 1,315 meters drilling program on the Onnye placer and 453 meters at Bour placer, targeting to increase alluvial reserves to support the 2023 – 2024 and beyond placer mining.

## 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

## 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 decreased LTIFR to less than 0.7 during the first six months 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 turnover.

### Environment and climate change

Kopy Goldfields has in Q2 2022 progressed the work with use of renewable energy from solar power plant at the Malyutka development project and for Yubileyniy site. Design and engineering

## Risks and uncertainty

### International sanction 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 done, exporting to any country covered by the gold sales sanction.

reserve and resource estimations for Kopy Goldfields' exploration projects is planned for later in 2022.

## 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 52 koz to 57 koz of gold equivalent (GE) in 2022.

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

works are in progress and will be finalized towards the end of 2022. In Q2 2022 exact installation locations has been determined and topography analysis been conducted.

In order to improve company recycling capacity and reduce accumulated waste, Kopy Goldfield initiated a "Waste and tires utilization project" at the Yubileyniy site. In Q2 2022, a decision on which technology to use has been made. Further engineering works is in progress. Full technical and financial model is expected to be finalized in 2022.

### Local communities

Kopy Goldfields has signed an agreement with Ayano-Mayskiy municipality, the area of operations, on 2.5 million rubles (corresponding to about TUSD 50) dedicated to social development in the region.

Mining operations, processing and selling of gold at international market prices (less ordinary commercial discounts in accordance with market practice) 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 sanction environment. Increased monetary restrictions and regulations affect and complicates cross-border transactions and transfers.

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

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.) Total revenues for Q2 2022 amounted to TUSD 17,258 (17,872), a decrease of 3% compared to the corresponding period 2021. Gold sales (GE) for Q2 2022 amounted to 9.45 koz (9.83 koz), a decrease of 4%. The average realized gold price was in line with Q2 2021 and amounted to USD 1,806/oz for Q2 2022 (USD 1,800/oz). The lower revenues were mainly caused by lower volumes of gold sold.

Total revenues for the first half 2022 amounted to TUSD 42,912 (37,234), an increase of 15% compared to the corresponding period 2021, mainly driven by higher volumes of gold sold. Gold sales (GE) for the six months period 2022 amounted to 22.94 koz (20.82 koz), an increase of 10%. The average realized gold price increased 4% in the first six months 2022, and amounted to USD 1,854/oz (USD 1,775/oz).

The company's on-site end product is doré alloy bars containing gold (17-30%), silver as well as inclusions of other metals. The bars are transported to a refinery in order to be purified and smelted into marketable gold and silver bullion bars, which are stored securely until sales transactions take place. In line with the common practice in the industry, Kopy Goldfields sells refined gold and silver bullions to Russian commercial banks close to international US dollar prices. During Q2 2022, the Company widened the sales channels by starting to export gold directly. Kopy Goldfields is not and has never exported to any country now prohibiting gold export from Russia.

Costs of Sales for Q2 2022 amounted to TUSD 20,855 (13,511), an increase of 54% compared to the corresponding period 2021, mainly as a result of an impairment of low-grade ore in stock of TUSD -8,792 (-2,043) during the quarter following the decreased gold price and stronger Ruble at period end. Increased consumption of materials (reagents, diesel, etc) also affected cost of sales, mitigated by reduced mineral extraction tax ("MET"). 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 first six months 2022 amounted to TUSD 32,549 (25,589), an increase of 27% compared to the corresponding period 2021. Cost of Sales was negatively affected by an impairment of low-grade ore in stock of TUSD -5,942 (-2,043) during the six months period as a result of the decreased gold price and stronger Ruble at the end of the quarter. Cost of sales was also higher following higher sales in 2022. Increased consumption of materials (reagents, diesel, etc) also affected cost of sales, mitigated by reduced MET.

Total Cash Costs ("TCC") amounted to TUSD 8,353 during Q2 2022, in line with TUSD 8,345 during Q2 2021. TCC per gold equivalent ounce sold (TCC/oz) increased by 4% in Q2 2022 and amounted to USD 884 per GE oz compared to USD 849 per GE oz in Q2 2021. Main drivers for the increased TCC/oz were the decline in average gold grade at Krasivoe deposit and higher cost of sales, partially mitigated by reduced MET.

Total Cash Costs ("TCC") amounted to TUSD 20,636 (17,895) during the first six months 2022, the increase also explained by decline in average recovery rate in ore from Krasivoe deposit and higher cost of sales. TCC per gold equivalent ounce sold (TCC/oz) increased by 5% in the first six months 2022 and amounted to USD 900 per GE oz compared to USD 859 per GE oz in first six months 2021.

All-in sustaining costs (AISC) per gold equivalent ounce sold increased by 19% in Q2 2022, from USD 1,254 per GE oz in Q2 2021 to USD 1,496 per GE oz in Q2 2022. Higher Corporate, general, and administrative expenses for maintenance of Perevalnoye and lower gold sale volumes negatively affected AISC in Q2 2022, partially mitigated by lower sustaining capital expenses and lease payments.

All-in sustaining costs (AISC) per gold equivalent ounce sold increased by 4% in first six months 2022, from USD 1,306 per GE oz in first six months 2021 to USD 1,355 per GE oz in first six months 2022. Higher Corporate, general, and administrative expenses for maintenance of Perevalnoye negatively affected AISC, partially mitigated by lower sustaining capital expenses and lease payments.

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

Total Cash Costs (TCC) (TUSD)	Q2 2022	Q2 2021	Δ %	H2 2022	H2 2021	Δ %	Full Year 2021
Cost of gold and silver sales	20,648	13,370	54%	32,202	25,300	27%	64,719
Property, plant, and equipment depreciation and intangible assets amortization	-3,502	-2,954	19%	-5,624	-5,275	7%	-11,491
Provision for mine closure, rehabilitation, and decommissioning costs	-0	-28	-98%	-0	-87	-100%	-323
Change in allowance for slow-moving and obsolete inventory	-8,792	-2,043	330%	-5,942	-2,043	191%	-11,174
<b>Total cash costs</b>	<b>8,353</b>	<b>8,345</b>	<b>0%</b>	<b>20,636</b>	<b>17,895</b>	<b>15%</b>	<b>41,731</b>
Ounces sold (GE koz)	9.45	9.83	-4%	22.94	20.82	10%	49.82
<b>TCC per GE ounce sold (USD/oz)</b>	<b>884</b>	<b>849</b>	<b>4%</b>	<b>900</b>	<b>859</b>	<b>5%</b>	<b>838</b>

All-in Sustaining Costs (AISC) (TUSD)	Q2 2022	Q2 2021	Δ %	H1 2022	H2 2021	Δ %	Full Year 2021
<b>Total cash costs</b>	<b>8,353</b>	<b>8,345</b>	<b>0%</b>	<b>20,636</b>	<b>17,895</b>	<b>16%</b>	<b>41,731</b>
Corporate, general, and administrative expenses	4,285	2,583	66%	7,075	4,937	18%	9,586
Amortization and depreciation related to corporate, general, and administrative expenses	-165	-49	237%	-177	-100	77%	-229
Exploration impairment losses	0	0	0%	0	0	0%	0
Provision for mine closure, rehabilitation, and decommissioning costs	0	28	-98%	0.18	87	-100%	323
Sustaining exploration expenses	93	13	615%	352	59	497%	555
Sustaining capital expenses	243	622	-61%	1,955	2,709	-28%	4,248
Sustaining lease payments	546	789	-31%	1,238	1,612	-23%	3,049
<b>Total all-in sustaining costs</b>	<b>14,142</b>	<b>12,332</b>	<b>15%</b>	<b>31,080</b>	<b>27,199</b>	<b>14%</b>	<b>59,264</b>
Ounces sold (GE koz)	9.45	9.83	-4%	22.94	20.82	10%	49.82
<b>AISC per GE ounce sold (USD/oz)</b>	<b>1,496</b>	<b>1,254</b>	<b>19%</b>	<b>1,355</b>	<b>1,306</b>	<b>4%</b>	<b>1,190</b>

The gross profit in Q2 2022 decreased and amounted to TUSD -3,597 (4,361). The decrease of gross profit was mainly driven by higher cost of sales. The Gross margin decreased to -21% in Q2 2022, compared to 24% in the corresponding period 2021.

The gross profit for the first half 2022 decreased by 11% and amounted to TUSD 10,363 (11,645). The decrease of gross profit was mainly driven by higher cost of sales. The Gross margin decreased to 24% in the six months period 2022, compared to 31% in the corresponding period 2021.

General and Administrative expenses (G&A expenses) for Q2 2022 increased by 5% compared to Q2 2021 and amounted to TUSD 2,570 (2,442). G&A expenses for the six months period 2021 increased 2% and amounted to TUSD 4,535 (4,447).

The operating profit for Q2 2022 decreased to TUSD -7,517 (1,709). Operating profit for the first six months of 2022 decreased by 36% from TUSD 6,411 in 2021 to TUSD 4,093 in 2022.

EBITDA for Q2 2022 decreased by 38% and amounted to TUSD 4,217 (6,833), with an EBITDA margin of 24% compared to 38% in Q2 2021. EBITDA for the first six months 2022 increased by 10% and amounted to TUSD 15,359 (14,014), with an EBITDA margin of 36% compared to 38% in 2021.

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

EBITDA reconciliation to Profit before tax (TUSD)	Q2 2022	Q2 2021	H1 2022	H2 2021	Full Year 2021
<b>Profit before tax</b>	<b>-9,969</b>	<b>-2,192</b>	<b>-5,432</b>	<b>7,822</b>	<b>10,640</b>
Share of net profit of associates accounted for using the equity method	-646	-149	-443	-341	-144
Financial income	-381	-288	-1,866	-6,983	-2,762
Financial costs	3,479	4,338	11,834	5,913	6,082
Depreciation and depletion	3,313	3,015	5,361	5,399	11,964
Net realizable value allowance for stockpiles, work in progress, and finished goods	8,792	2,043	5,942	2,043	11,174
Change in allowance for slow-moving and obsolete inventory	4	-	-	-	-91
Impairment of exploration and evaluation assets	-	-	-	-	-
Other one-off adjustments	-376	66	-37	161	34
<b>EBITDA</b>	<b>4,217</b>	<b>6,833</b>	<b>15,359</b>	<b>14,014</b>	<b>36,899</b>

The net financial result for Q2 2022 increased by TUSD 1,449 during the quarter and amounted to TUSD -2,452 (-3,901). During the first six months, the net financial result decreased by TUSD 10,936 and amounted to TUSD -9,525 (1,411). The Q2 and first six months 2022 net financial results were negatively affected by a non-cash revaluation of intra-group debt following the appreciation of the Russian Ruble amounting to TUSD 6,620 and also by higher interest rates. The Q2 2022 net financial result was positively affected by non-cash unrealized gains from derivatives revaluation relating to gold price hedge positions amounted to TUSD 5,212 (loss of TUSD -2,805). The first six months 2022 net financial result was negatively affected by non-cash unrealized

losses from derivatives revaluation relating to gold price hedge positions amounted to TUSD -1,138 (gain of TUSD 3,362).

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 liabilities in the balance sheet of TUSD -2,284 as of June 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 Q2 2022, attributable to shareholders of the parent company, amounted to a loss of TUSD -8,918 (-1,942), corresponding to USD -0.01 (USD -0.00) per share before and after dilution. The net result for the first six months of 2022, attributable to shareholders of the parent company, amounted to a loss of TUSD -5,218 (profit of 5,929), corresponding to USD -0.01 (USD 0.00) per share before and after dilution.

### Comments on the financial position

Total loans and borrowings amounted to TUSD 67,632 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 58,642 as at June 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. During the period, the Group obtained TUSD 4,782 from the new loan facility. For more information, see note 5.

Total net debt as of June 30, 2022 amounted to TUSD 108,097 compared to TUSD 60,637 as of December 31, 2021. The net debt increased substantially mainly as a result of debt denominated in Russian Ruble increased following the appreciation of the Ruble and new debt of TUSD 11,342 raised during the six months period. Net Debt is a non-IFRS financial measure and is reconciled as follows:

Total Net Debt (TUSD)	Jun 30, 2022	Dec 31, 2021
Borrowings	67,632	36,620
Contract liability	37,894	26,094
Leasing	4,654	4,068
<b>Total Debt</b>	<b>110,180</b>	<b>66,782</b>
Cash and Cash equivalents	-2,083	-6,145
<b>Total Net debt</b>	<b>108,097</b>	<b>60,637</b>

Total Net Debt/LTM EBITDA amounted to 2.83x on June 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 17,363 (17,197). The investments included:

- Yubileyniy project of TUSD 2,763 with the majority relating to equipment for underground mining and underground mine capital development;
- Perevalnoe project of TUSD 888, where the majority refers to construction of a hydrometallurgy workshop building and sprinkler system for heap leaching;
- Malyutka project of TUSD 11,322 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 92;
- Exploration of TUSD 1,454, referring to drilling at Krasivoe underground deposit and alluvial projects, and equipment
- Capitalized borrowing costs of TUSD 844.

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 and was supposed to be paid by the end of Q2 2022 in accordance with the shareholders agreement between Kopy Goldfields and GV Gold. Following introduction of international sanctions against Russia, all payments in USD are difficult to execute and Kopy Goldfields AB missed the deadline for the payment. Kopy Goldfields is in discussions with GV Gold on how to pay in Russian Rubles in order to keep 49/51 interests in Krasny.

A new exploration program for Krasny for 2022 has been agreed with GV Gold 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 1,700) 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 June 30, 2022 amounted to TUSD 2,083, compared to TUSD 6,145 on December 31, 2021. At June 30, 2022, unused credit facilities amounted to TUSD 53,659 (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 4.34 koz at period end, at a book value of TUSD 10,425 (corresponding to a market value of TUSD 7,877).

### Personnel

As of June 30, 2022, the Group had 785 (736) employees, of which 681 (663) were men and 104 (73) women. The average number of employees during the second quarter of 2022 was 786 (745), of which 694 (674) were men and 93 (71) women. The average number of employees during the first six months 2022 was 747 (725), of which 659 (638) were men and 88 (87) women.

In April 2022, Kopy Goldfield announced that the Company's CFO Tim Carlsson decided to leave the 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 Q2 2022 totaled TSEK 306 (248) and TSEK 556 (578) for the first six months of 2022. The revenue was related to the re-invoicing of expenses to subsidiaries. Net loss for Q2 2022 amounted to TSEK -53,146 (-8,273). Net loss for the first six months 2022 amounted to TSEK -49,635 (-13,462). The main driver for loss in the parent company is non-cash revaluation of intra-group debt following the appreciation of the Russian Ruble.

Total assets at period end amounted to TSEK 1,994,344 and remained relatively unchanged compared to TSEK 1,984,557 on December 31, 2021. Cash and cash equivalents amounted to TSEK 9,060 compared to TSEK 4,091 on December 31, 2021. Equity on June 30, 2022, amounted to TSEK 1,834,071 (December 31, 2021: TSEK 1,874,856).

There were 2 persons (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 June 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.

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

<i>Amounts in thousands of US Dollars (TUSD)</i>	Q2 2022	Q2 2021	H1 2022	H2 2021	FY 2021
Revenue from contracts with customers	17,258	17,872	42,912	37,234	89,578
Cost of sales	-20,855	-13,511	-32,549	-25,589	-65,157
<b>Gross profit/loss</b>	<b>-3,597</b>	<b>4,361</b>	<b>10,363</b>	<b>11,645</b>	<b>24,421</b>
General and administrative expenses	-2,570	-2,442	-4,535	-4,447	-9,202
Other operating expenses, net	-1,350	-210	-1,735	-787	-1,403
<b>Operating profits</b>	<b>-7,517</b>	<b>1,709</b>	<b>4,093</b>	<b>6,411</b>	<b>13,816</b>
Share of net profit of associates accounted for using the equity method	646	149	443	341	144
Financial income	5,698	288	1,866	4,178	2,762
Financial costs	-8,796	-4,338	-11,834	-3,108	-6,082
<b>Financial income /(expenses), net</b>	<b>-2,452</b>	<b>-3,901</b>	<b>-9,525</b>	<b>1,411</b>	<b>-3,176</b>
<b>Profit before tax</b>	<b>-9,969</b>	<b>-2,192</b>	<b>-5,432</b>	<b>7,822</b>	<b>10,640</b>
Income tax	1,051	250	214	-1,894	-2,925
<b>Profit for the period</b>	<b>-8,918</b>	<b>-1,942</b>	<b>-5,218</b>	<b>5,928</b>	<b>7,715</b>
<i>Of which attributable to:</i>					
Parent company shareholders	-8,918	-1,942	-5,218	5,929	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	53,061	3,444	44,118	1,698	-23
<b>Total comprehensive income/(loss) for the period</b>	<b>44,143</b>	<b>1,502</b>	<b>38,900</b>	<b>7,626</b>	<b>7,692</b>
<i>Of which attributable to:</i>					
Parent company shareholders	44,143	1,502	38,900	7,627	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)	-0.0099	-0.0022	-0.0058	0.0067	0.0087
Diluted (loss)/earnings per share (USD)	-0.0099	-0.0022	-0.0058	0.0067	0.0087

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in thousands of US Dollars (TUSD)</i>	Note	Jun 30, 2022	Dec 31, 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets		3,973	2,273
Property, plant, and equipment		108,866	62,104
Right-of-use assets		10,568	8,141
Investments in associates		32,149	29,023
Financial assets at amortized cost		4,251	4,014
Derivative financial assets		-	1,089
Deferred tax assets		4,742	3,238
Inventories		4,178	5,951
<b>Total non-current assets</b>		<b>168,727</b>	<b>115,833</b>
<b>Current assets</b>			
Inventories		89,387	53,922
Other current assets		8,664	2,130
Other receivables		1,186	960
Advances paid		1,733	1,000
Taxes receivable		6,309	4,246
Income tax receivable		1,045	-
Cash and cash equivalents		2,083	6,145
<b>Total current assets</b>		<b>110,407</b>	<b>68,403</b>
<b>Total assets</b>		<b>279,134</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		-563	-44,681
Retained earnings, including profit (loss) for the period		54,131	59,349
<b>Total equity attributable to shareholders of the Parent Company</b>		<b>142,212</b>	<b>102,418</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and Borrowings	5	66,137	35,197
Contract liability	6	37,894	26,094
Mine rehabilitation provision		5,454	3,598
Lease liabilities		1,286	1,219
Derivative financial liabilities		2,284	-
<b>Total non-current liabilities</b>		<b>113,055</b>	<b>66,108</b>
<b>Current liabilities</b>			
Loans and Borrowings	5	1,495	1,423
Mine rehabilitation provision		886	1,275
Lease liabilities		3,368	2,849
Accounts payable and accrued liabilities		16,642	8,610
Income tax payable		-	210
Taxes payable		1,476	1,343
<b>Total current liabilities</b>		<b>23,867</b>	<b>15,710</b>
<b>Total liabilities</b>		<b>136,922</b>	<b>81,818</b>
<b>Total equity and liabilities</b>		<b>279,134</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		-	-	-	-5,218	-5,218	-	-5,218	
Other comprehensive in- come for the period		-	-	44,118	-	44,118	-	44,118	
<b>Total comprehensive in- come for the period</b>		<b>-</b>	<b>-</b>	<b>44,118</b>	<b>-5,218</b>	<b>38,900</b>	<b>-</b>	<b>38,900</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 June 2022</b>		<b>39,663</b>	<b>48,981</b>	<b>-563</b>	<b>54,131</b>	<b>142,212</b>	<b>0</b>	<b>142,212</b>	

## CONSOLIDATED STATEMENT OF CASH FLOW

<i>Amounts in thousands of US Dollars (TUSD)</i>	Note	Q2 2022	Q2 2021	H1 2022	H2 2021	FY 2021
<b>Cash flow from operating activities</b>						
<b>Profit before tax</b>		<b>-9,969</b>	<b>-2,192</b>	<b>-5,432</b>	<b>7,822</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		3,313	3,015	5,361	5,399	11,964
(Gain)/Loss on disposal of assets		216	28	234	29	-48
Finance costs		8,796	4,338	11,834	3,108	6,082
Finance income		-5,698	-288	-1,866	-4,178	-2,762
Gain on disposal of subsidiary		-	-	-	-	-103
Movements in allowance for obsolete inventory and net realizable value		8,796	2,043	5,942	2,043	11,083
Foreign exchange loss		-429	36	-111	131	85
Share of net profit of associates accounted for using the equity method		-646	-149	-443	-341	-144
Other non-cash adjustments		20	-1	-	-4	-161
<b>Cash flow from operating activities before changes in working capital</b>		<b>4,399</b>	<b>6,830</b>	<b>15,519</b>	<b>14,009</b>	<b>36,636</b>
<b>Changes in working capital</b>						
Change in inventories		-1,504	-3,712	-7,914	-12,775	-21,324
Change in other receivables and advances paid		2,333	5,807	-278	-166	12,999
Change in trade and other payables and advances received		-4,273	-8,702	800	6,346	-372
Change in other assets		2,928	2,707	-1,291	-2,526	-9,708
<b>Cash flow from operating activities</b>		<b>3,883</b>	<b>2,930</b>	<b>6,836</b>	<b>4,888</b>	<b>18,231</b>
Interest received		111	10	216	64	145
Interest paid		-1,531	-313	-2,583	-819	-1,674
Income tax paid		-1,363	-937	-1,528	-2,784	-5,985
<b>Net cash flow from operating activities</b>		<b>1,100</b>	<b>1,690</b>	<b>2,941</b>	<b>1,349</b>	<b>10,717</b>
<b>Cash flow from investing activities</b>						
Payment for additional share issue of equity investees		-	-496	-	-496	-496
Purchase of property, plant, and equipment		-5,492	-6,803	-15,065	-15,913	-25,858
Purchase of exploration and evaluation assets		-1,421	-268	-1,454	-481	-985
Interest paid capitalized		497	-202	-844	-307	-1,037
<b>Net cash flows used in investing activities</b>		<b>-7,410</b>	<b>-7,769</b>	<b>-17,363</b>	<b>-17,197</b>	<b>-28,376</b>
<b>Cash flow from financing activities</b>						
Proceeds from the issue of shares		817	-	817	-	698
Proceeds from borrowings, net of debt issue costs	5	4,782	6,305	11,342	13,377	20,298
Proceeds from borrowings from shareholder	4, 5	-	500	0	500	1,250
Repayment of borrowings	5	-	-	-	-6,063	-6,063
Repayment of finance lease liabilities net of cash received per buy back leasing agreements		-769	-650	-1,799	-1,486	-2,767
<b>Net cash flow from financing activities</b>		<b>4,830</b>	<b>6,155</b>	<b>10,360</b>	<b>6,328</b>	<b>13,416</b>
Net (Decrease)/increase of cash and cash equivalents		-1,480	76	-4,062	-9,520	-4,243
<b>Cash and cash equivalents, opening balance</b>		<b>3,563</b>	<b>792</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>2,083</b>	<b>868</b>	<b>2,083</b>	<b>868</b>	<b>6,145</b>

## PARENT COMPANY CONDENSED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

<i>Amounts in thousands of Swedish Krona (TSEK)</i>	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Revenue	306	248	556	578	1,765
<b>Total operating income</b>	<b>306</b>	<b>248</b>	<b>556</b>	<b>578</b>	<b>1,765</b>
General and Administrative Expenses	-1,719	-5,774	-5,573	-8,538	-16,847
<b>Operating loss</b>	<b>-1,412</b>	<b>-5,526</b>	<b>-5,017</b>	<b>-7,960</b>	<b>-15,082</b>
Results from investments in subsidiaries	-	-329	-	-764	-1,056
Financial items	-51,734	-2,418	-44,618	-4,738	-14,445
<b>Result after financial items</b>	<b>-53,146</b>	<b>-8,273</b>	<b>-49,635</b>	<b>-13,462</b>	<b>-30,584</b>
Appropriations	-	-	-	-	-
<b>Result before tax</b>	<b>-53,146</b>	<b>-8,273</b>	<b>-49,635</b>	<b>-13,462</b>	<b>-30,584</b>
Income tax	0	0		0	0
<b>Net result</b>	<b>-53,146</b>	<b>-8,273</b>	<b>-49,635</b>	<b>-13,462</b>	<b>-30,584</b>
<b>Other comprehensive income (loss)</b>					
Translation differences	0	0	0	0	-
<b>Total comprehensive income (loss)</b>	<b>-53,146</b>	<b>-8,273</b>	<b>-49,635</b>	<b>-13,462</b>	<b>-30,584</b>

## PARENT COMPANY CONDENSED BALANCE SHEET

<i>Amounts in thousands of Swedish Krona (TSEK)</i>	Note	Jun 30, 2022	Dec 31, 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Machinery and equipment		30	67
Shares in group companies		1,928,558	1,927,882
Other non-current financial assets		38,366	35,818
<b>Non-current assets</b>		<b>1,966,954</b>	<b>1,963,767</b>
<b>Current assets</b>			
Receivables		18,330	16,699
Cash & cash equivalents		9,060	4,091
<b>Current assets</b>		<b>27,390</b>	<b>20,790</b>
<b>Total assets</b>		<b>1,994,344</b>	<b>1,984,557</b>
<b>Equity and liabilities</b>			
Equity	7	1,834,071	1,874,856
Current liabilities		160,273	109,701
<b>Total equity and liabilities</b>		<b>1,994,344</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 June 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
March 31	84.0851	9.2641	0.1102
June 30	51.1580	10.2194	0.1989

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.

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, liquidity and gold sales channels. Currently, the Company 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.

Two Board members have received consulting fees, amounting to TUSD 25 in total for Q2 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 2023 – June 2028	66,137	35,197
<b>Total long-term borrowings</b>			<b>66,137</b>	<b>35,197</b>
<b>Short-term borrowings</b>				
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	244	173
<b>Total short-term borrowings</b>			<b>1,495</b>	<b>1,423</b>
<b>Total</b>			<b>67,632</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 58,642 as at June 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.

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 30 June 2022 unused credit facilities were TUSD 53,659 (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 starts from September 2023 through June 2025.

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".

## 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.

	Last exercise date	Subscription price, SEK	Shares per Warrant	1 Jan 2022	Number of warrants			
					Issued 2022	Exercised 2022	Expired 2022	March 31, 2022
Warrant incentive program								
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>



## Signatures

The Board of Directors and CEO declare that the interim report gives a fair view of the business development, financial position and result of operation of the Parent Company and the consolidated Group and describes significant risks and uncertainties that the Parent Company and its subsidiaries are facing.

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

Kjell Carlsson  
Chairman

Arsen Idrisov  
Board member

Eric Forss  
Board member

Mikhail Damrin  
CEO

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

### Upcoming financial reporting

Report	Date
Q3 2022	November 25, 2022
Year-end Report 2022	February 24, 2023

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

Report	Date
Q3 2022 Operations Report	October 21, 2022
Q4 2022 Operations Report	January 20, 2023

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Ticker code: KOPY (Nasdaq First North Growth Market)  
Number of shares 903,204,375 (as per Aug 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 CEST on August 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)

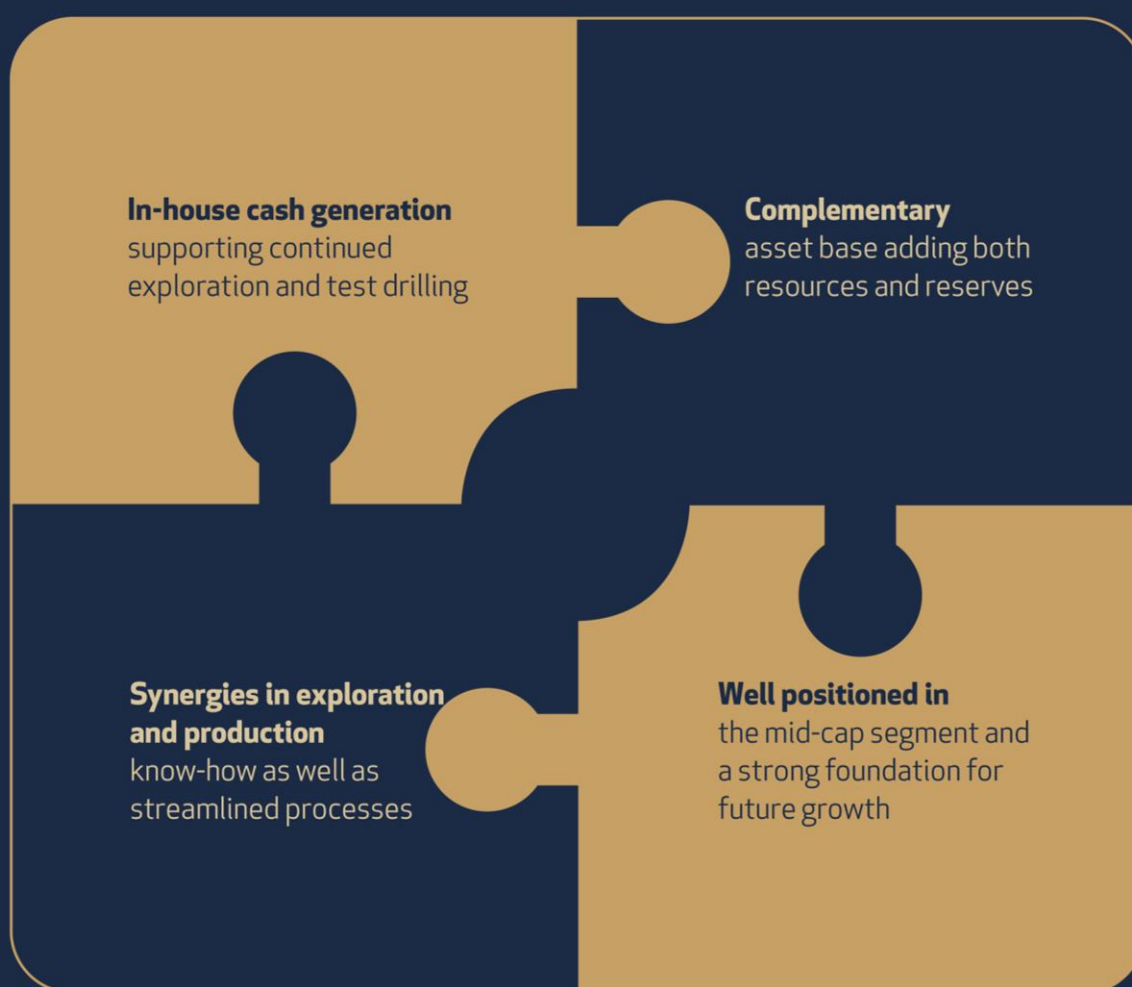
<b>Alluvial gold</b>	Mineralization in riverbeds at ground level.
<b>Carbon-In-Pulp Gold Recovery (CIP)</b>	A common process to recover gold that involves the use of cyanide to dissolve gold in solution and activated carbon to precipitate the gold.
<b>Cut-off</b>	The lowest grade, or quality, of mineralized 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)