

PRESS RELEASE

Kiruna on 20 November 2020

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Copperstone Resources intends to carry out a MSEK 160 rights issue with subscription undertakings amounting to MSEK 82 and announces underlying assumptions for the Viscaria Project

The Board of Directors in Copperstone Resources AB (publ) ("Copperstone" or the "Company") announces today its intention to carry out a rights issue with preferential rights for shareholders of Copperstone amounting to approximately MSEK 160, before deductions for transaction costs related to the Rights Issue (the "Rights Issue") with an over-allotment option amounting to approximately MSEK 10. Subscription undertakings of approximately MSEK 82 have already been obtained, of which MSEK 15 given by the Chairman of the Board, Jörgen Olsson, through JOHECO AB ("JOHECO")¹. The Rights Issue is primarily intended to finance the project development towards a reopening of the Viscaria mine in Kiruna. The proceeds from the Rights Issue are further intended to prepay the future additional purchase price to Sunstone Metals Ltd ("Sunstone"). A notice to an EGM regarding *inter alia* a proposal for approval by authorization of rights issue, will be published shortly.

"Reopening of the Viscaria mine in Kiruna has from the start already good conditions due to its geographical position and the economic benefits and the lower risk that a so called brown-field project entails. The project has taken big steps in recent months with a stronger organization and recruited expertise. The reopening of the Viscaria mine will contribute locally as well as globally, with sustainably produced high-quality copper to the modern electrified society", says Jörgen Olsson, Chairman of the Board.

The Rights Issue in brief

- A person registered on the record date on 7 January 2021 as a shareholder in Copperstone has pre-emption right to subscribe for new shares in the Rights Issue of approximately MSEK 160, before deduction of issue costs, whereby two (2) existing shares entitle to subscription of one (1) new share (i.e. subscription ratio 1:2) at a subscription price of SEK 0.50 per new share.
- The subscription period will take place from and including 11 January up to and including 25 January 2021.

¹ JOHECO AB is owned to 50 per cent by Deciso AB (Jörgen Olsson) and to 50 per cent by Skandinavkonsult i Stockholm AB.

- Copperstone has obtained subscription undertakings in an aggregate amount of approximately MSEK 81.7 corresponding to approximately 50.9 per cent of the Rights Issue with and without the support of subscription rights. This includes undertakings with or without subscription rights from management and Board members of approximately MSEK 19.0 in total, corresponding to approximately 11.8 per cent of the Rights Issue.
- The Company has in connection with the Rights Issue entered into an agreement regarding an interest-free bridge loan, from the Company's Chairman of the Board, Jörgen Olsson, via JOHECO of approximately MSEK 10.3 (which is included in the just mentioned MSEK 19.0), that will be set-off against shares in the Rights Issue, firstly within the Rights Issue or, secondly, (given that the EGM gives its approval), at a very high subscription rate, by the means of a directed share issue by set-off (corresponding to an over-allotment option).
- The Rights Issue is intended to, primarily, finance the project development towards a reopening of the Viscaria mine, as well as to prepay the additional purchase price regarding the Viscaria acquisition, which the Company has announced separately in a press release that has been announced today in connection with the present press release.

Background and motives

Copperstone is a Swedish exploration company formed 2006. During 2019, the Company acquired Viscaria deposit in Kiruna and accordingly, the Company's strategy was revised. The goal is to become a modern and responsible producing mining company through the reopening of the Viscaria mine. The deposit's high level of copper and the geographical location provides for extremely good prerequisites to become an important supplier of qualitative and responsible produced copper to customers who are driving the global change towards an electrified society. In addition to the Viscaria mine, Copperstone has several Exploitation Concessions and Exploration Permits in Arvidsjaur (Eva, Svartliden, Granliden) and Smedjebacken (Tvistbogruvan). Copperstone is accordingly represented in the three largest mining districts in Sweden.

Copperstone sees good opportunities to restart the Viscaria mine and estimates that up to 25,000 tonnes of copper per year may be extracted, which would make the Viscaria mine one of the largest copper producers in Northern Europe. The Company's ambition is to reopen the Viscaria deposit in the year 2023/2024. The Company estimates that the total investments will amount to approximately MSEK 1,500, depending on if and when the environmental permits are granted. Given that the Rights Issue is fully subscribed, it will generate approximately MSEK 160, the remaining capital need amounts to approximately MSEK 1,340, of which most of the required capital is expected to be financed by the means of long-term loans, subsidies and possible funds from EU bodies.

The Rights Issue is intended to finance the project development towards a restart of the Viscaria Mine, value-adding activities related to the Arvidsjaur project as well as to prepay the future additional purchase price to Sunstone.

Benefits with the Viscaria project

Brown-field project in good location

The Viscaria mine was earlier in use between 1983 –1996, owned by LKAB and Outokumpu OYJ. At that time, the Viscaria mine produced 12.5 Mt of ore at 2.3 per cent copper. The mine was closed 1996/1997 when the copper price was at a level of 1,700 USD per tonne (today approximately 7,000 USD per tonne). The Viscaria Project area is located approximately 5 km west of the town of Kiruna - close to critical infrastructure, including the E10 highway, the Luleå-Kiruna-Narvik railway, and the established hydro-power grid.

Great deposit with continued great potential

After the closing of the Viscaria Mine 1996/1997, the mineral resources have been upgraded again, and a new ore body (D zone) has been defined in accordance with the Scoping Study². The mineral resources amounts to 609,000 tonne according to the international JORC-code (approximately 242 ktonne "known", 212 ktonne "indicated" and 156 ktonne "inferred") according to the Scoping Study. It means a potential of up to 25 years of production at mining of about 25 ktonnes per year. This is given that all mineral resources can be confirmed and expanded with future exploration. It is anticipated a mineral resource upgrade will be included in the prospectus regarding the Rights Issue.

Significant underlying market

The demand for copper has increased significantly during the last 25 years. The demand is expected to increase by approximately 40 per cent in total by 2040, according to Wood Mackenzie (September 2020). The availability of copper is an important prerequisite for the clear paradigm shift towards the electrified society. In addition, there is an imbalance between demand and supply of domestic copper in the EU, where Europe accounts for 14 per cent of world demand, but only for 4 per cent of the world's copper resources.³

Assessment of financing and yield potential reasoning

The reopening of the Viscaria mine entails a total investment need of approximately MSEK 1,500, according to the Company's previous and present assessment. According to the Company's financial assumptions, based on industry generic assumptions in combination with the Company's mineral resource base, the Company's goal is that Viscaria with the current copper price (approximately USD 7,000/tonne) and dollar exchange rate, should be able to deliver an annual net profit after taxes over the life of mine exceeding MSEK 400. The Company's goal and actual result development are, inter alia, depending on the copper prices and exchange rates. Assuming, for example a change of 10 per cent up or down in the copper price, the Company's current goals regarding net profit development is estimated to vary by more than 20 per cent, up or down. Approximately the corresponding ratio applies to exchange rates USD/SEK. The capital need subsequent to the Rights Issue is expected to be financed by the means of project financing and other loans up to 60 –70 per cent and the remaining 30 –40 per cent by equity.

Strengthened management and Board of Directors

During 2020, the management team has been significantly strengthened with highly experienced people from the mining sector with former positions within Boliden, LKAB and Kaunis Iron such as Anna Tyni (Site Manager), Glenn Nilsson (Mining Manager) and Anders Lundkvist (Environment and Sustainability Manager). The Board of Directors

² Avalon Minerals Ltd, Scoping Study 2015/16.

³ The International Copper Study Group (ICSG), 2018.

has been significantly strengthened as well. In May 2020, Jörgen Olsson became the new Chairman of the Board (former CEO for Hoist Finance between 2012 – 2018). At the same, Jane Lundgren Ericsson was elected (former senior positions at Svensk Exportkredit and currently Board member of inter alia SBAB) and during the autumn, Lars Seiz (former senior positions at SEB and Andra AP-fonden and currently a Board member of Handelsbanken Fonder).

Use of proceeds from the Rights Issue including bridge loan

In the event that the Rights Issue is fully subscribed, the Company will receive approximately MSEK 160 before deductions for costs related to the Rights Issue, which are expected to amount to approximately MSEK 7. The net proceeds from the Rights Issue are thus estimated to amount to approximately MSEK 153. The Company has entered into an agreement regarding a fee and interest free bridge loan from the Company's Chairman of the Board Jörgen Olsson via JOHECO of approximately MSEK 10.3 in order to ensure a continued high pace in the organization and working capital until the proceeds from the Rights Issue are received.

Copperstone intends to use the proceeds from the Rights Issue to secure the Company's working capital needs for the coming 18 – 24 months and are intended to be distributed for the following purposes, arranged according to the estimated distribution of the net proceeds.

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| • Exploration drilling | (approximately 30 per cent) |
| • Other working capital needs* | (approximately 30 per cent) |
| • Prepayment of additional purchase price to Sunstone** | (approximately 17 per cent) |
| • Environmental permit process | (approximately 13 per cent) |
| • Feasibility study | (approximately 10 per cent) |

* Other working capital needs refers to, among other things, expenses for ongoing business development, development work and personnel costs.

** The additional purchase price (consisting of cash and new shares) corresponds to a long-term liability according to IFRS in Copperstones balance sheet as of 30 September 2020 of approximately MSEK 46. Since the Company has entered into an agreement regarding prepayment with Sunstone of approximately MSEK 26 for final settlement of the entire debt, the transaction is expected to strengthen the Company's equity of approximately MSEK 20. As a result of the transaction, Sunstone will have no further claims on Copperstone as the Viscaria acquisition will be fully paid.

Terms and conditions for the Rights Issue

A person that, on the record date of 7 January 2021 is a shareholder in Copperstone, has preferential right to subscribe for shares in the Rights Issue, whereby two (2) existing shares entitle to subscribe for one (1) new share (i.e. a subscription ratio 1:2).

The subscription price amounts to SEK 0.50 per each new share. The subscription period will take place from and including 11 January up to and including 25 January 2021.

Upon full subscription of the Rights Issue, the Company's share capital will increase by a maximum of SEK 32,063,785.10, from SEK 64,127,570.30 to a maximum of SEK 96,191,355.40, by rights issue of a maximum of 320,637,851 shares, each share with a quotient value of SEK 0.10. Shareholders who choose not to participate in the

Rights Issue will have their shareholding diluted by a maximum of approximately 33.3 per cent of the capital. However, such non-participating shareholder have a possibility to sell their subscription rights in order to receive compensation, in whole or in part, for the dilution.

Subscription rights not exercised during the subscription period becomes void and lose their value. Trading in subscription rights is estimated to take place on Nasdaq First North Growth Market from 11 January 2021 to 21 January 2021.

Allotment will be adjusted to already made subscription undertakings without the support of subscription rights. In the event that the above mentioned bridge loan is utilized by the Company, the bridge loan is intended to be settled by a set-off in connection with the allotment, and as a second alternative (given the approval of the EGM) at a very high subscription rate, by a directed share issue by set-off (corresponding to a so called over-allotment option). In such case, the total amount for the two rights issues may amount to a maximum of approximately MSEK 170. The total dilution, included the over-allotment option, may therefore amount to a maximum of approximately 34.7 per cent.

Complete terms and conditions and instructions for the Rights Issue as well as other information about the Company will be stipulated in the prospectus published prior to the subscription period is initiated, provided that the EGM authorizes the Board of Directors and that the Board of Directors resolve on the Rights Issue.

Received subscription undertakings

Copperstone has received subscription undertakings in total approximately MSEK 81.7, corresponding to approximately 50.9 per cent of the Rights Issue with and without the subscription rights. This is made possible through taking over subscription rights from the Company's largest shareholder Sunstone, which, in line with the previously communicated strategy, will not subscribe for its share in the Rights Issue. Subscription undertakings with support of subscription rights amount to approximately MSEK 55.8 and subscription undertakings without support of subscription rights amount to approximately MSEK 25.8. Subscription undertakings with and without the support of subscription rights have been received from a number of major shareholders, certain Board of Directors and key personnel as well as a number of external investors. Board of Directors and management refers the Chairman of the Board Jörgen Olsson through JOHECO (MSEK 15.0), the CEO Michael Mattsson (MSEK 2.0) and the Board of Director Lars Seiz (approximately MSEK 2.0). Among other external investors, Håkan Lagerberg (MSEK 10.0), Allanova AB (MSEK 5.0), Ozoneair AB (MSEK 5.0) as well as Torbjörn Cardell (MSEK 3.0), can be mentioned.

Indicative time plan

15 December 2020	EGM
During December 2020	The Board of Directors' complete rights issue resolution
4 January 2021	Final trading day for the Copperstone share including the right to participate in the Rights Issue
5 January 2021	First trading day for the Copperstone share excluding the right to receive subscription rights
7 January 2021	Record day for the right to participate with pre-emption rights in the Rights Issue
On or around 7 January 2021	Publication of prospectus
11 – 25 January 2021	Subscription period
11 – 21 January 2021	Trading with subscription rights takes place on the Nasdaq First North Growth Market
11 January 2021 until the Swedish Companies Registration Office has registered the Rights Issue	Trading with interim shares
29 January 2021	Estimated date for the publication of the outcome of the Rights Issue

Extraordinary general meeting

The Company will convene an EGM due to the Rights Issue, proposing an authorization of the rights issue and proposing an approval of an addendum agreement negotiated with the main shareholder Sunstone regarding the additional purchase price for Viscaria mine, which has been published in a separate press release in connection with this press release.

Advisors

Financial advisor to Copperstone in connection with the Rights Issue is Arctic Securities AS, filial Sverige and legal advisor is Hannes Snellman Attorneys.

For more information, please contact

Chairman of the board Jörgen Olsson at +46 (0) 703 - 420 570

jorgen.olsson@deciso.se

CEO Michael Mattsson at +46 (0) 705 - 739 777

michael.mattsson@copperstone.se

info@copperstone.se or www.copperstone.se

This press release contains inside information that Copperstone Resources AB (publ) is obliged to make public in accordance with the EU Market Abuse Regulation (MAR). This information was submitted through the agency of the contact person set out above for publication on 20 November 2020 at 08.10 CET.

ABOUT COPPERSTONE

Copperstone Resources AB is a mineral exploration company formed in 2006. During 2019, the Company acquired Viscaria deposit in Kiruna and accordingly, the Company's strategy was revised. The goal is to become a modern and responsible producing mining company through the reopening of the Viscaria mine. The deposit's high level of copper and the geographical location provide for good conditions to become a key supplier of qualitative and responsible produced copper to customers who are driving the global change towards an electrified society. In addition to the Viscaria mine, Copperstone has several Exploitation Concessions and Exploration Permits in Arvidsjaur (Eva, Svartliden, Granliden) and Smedjebacken (Tvistbogruvan), all of which are located in Sweden. The Company's shares are subject trading on Nasdaq First North Growth Market (ticker COPP B). The Certified Adviser is Augment Partners AB, info@augment.se, +46 8 505 65 172.

IMPORTANT INFORMATION

The information in this press release does not constitute an offer to acquire, subscribe or otherwise trade in shares, subscription rights or other securities in Copperstone. Any invitation to the persons concerned to subscribe for shares in Copperstone will only be made through the prospectus which Copperstone will publish on the Company's website (www.copperstone.se) on or around 7 January 2021.

This press release is not a prospectus in the meaning of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. A prospectus, corresponding to an EU Growth Prospectus, will be drawn up by the Company and published on the Company's website.

This press release does not constitute an offer to, or an invitation to, acquire or subscribe for any shares in Copperstone in any jurisdiction, neither from Copperstone nor from anyone else. This press release may not be announced, published or distributed, directly or indirectly, in or into the United States, Australia, Hong Kong, Japan, Canada, New Zealand, Switzerland, Singapore, South Africa or any other jurisdiction where participation in the share issue would require further prospectuses, registration or other measures than under Swedish law. Neither may this press release be distributed in or into such countries or any other country/other jurisdiction if such distribution would involve requirements of such measures or otherwise violate applicable rules. Measures in violation of these restrictions may constitute a breach of applicable securities market laws.

No subscription rights, interim shares or shares in Copperstone have been, or will be, registered under the United States Securities Act of 1933 in its current wording (the "**Securities Act**") or the securities laws of any state or other jurisdiction in the United States and no subscription rights, interim shares or shares may be offered, subscribed for, utilized, pledged, approved, sold, resold, delivered or otherwise transmitted, directly or indirectly, in or into the United States, except in accordance with an applicable exception from, or in a transaction not covered by, the registration requirements pursuant to the Securities Act and in accordance with the securities laws of the relevant state or other jurisdiction in the United States. There will be no public offering of such shares in the United States.

The securities referred to herein have not been approved or disapproved by the US Securities and Exchange Commission (the "**SEC**"), any state securities commission or other regulatory authority in the United States. Nor have any such authority passed upon or endorsed the rights issue or the accuracy or reliability of this document. Any representation to the contrary is a criminal offence in the United States.

This press release contains certain forward-looking information that reflects Copperstone's present view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "believe", "estimate" and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking information.

Arctic Securities is the financial advisor of Copperstone, and not anyone else, in connection with the rights issue. Arctic Securities is not responsible to anyone else than Copperstone for advice in connection with the Rights Issue.