

Clear improvement in production, but profitability remains a challenge

Q2-2017 (Q2-2016)

- Gold production was 107.4 kg (73.7), with the increase driven by higher gold grade, improved production efficiency and increased tonnage
- Milled ore was 47,621 tonnes (37,303) at head grade of 2.7 g/t (2.4)
- Cash Cost was 1,124 USD/oz (1,396)
- Revenue was 34.7 MSEK (20.9)
- EBITDA was 0.5 MSEK (-4.8)
- Profit after tax was -9.8 MSEK (-13.5)
- Earnings per share was -0.93 SEK (-1.29)

H1-2017 (H1-2016)

- Gold production was 205.3 kg (132.2)
- Milled ore was 88,425 tonnes (72,620) at head grade of 2.8 g/t (2.2)
- Cash Cost was 1,162 USD/oz (1,358)
- Revenue was 63.5 MSEK (37.2)
- EBITDA was -0.8 MSEK (-10.6)
- Profit after tax was -22.0 MSEK (-28.3)
- Earnings per share was -2.10 SEK (-2.97)

SIGNIFICANT SUBSEQUENT EVENTS

No significant events to be reported.

OUTLOOK FOR FULL YEAR 2017

Endomines' production guidance for the year is 300-350 kg of gold. If production during the second half of the year remained at the same level as in the first half, the gold production would exceed 350 kg. However, mining during the latter half of the year is done in new areas, which contain some uncertainty relating to head grades. Therefore, the Company maintains its production guidance at its present level for the time being.

Key figures (Consolidated)

Financial figures <i>MSEK if not otherwise stated</i>	Apr-Jun			Jan-Jun			Full year 2016
	2017	2016	+/-	2017	2016	+/-	
Revenues	34.7	20.9	13.8	63.5	37.2	26.3	102.1
Cost	-34.2	-25.6	-8.6	-64.3	-47.8	-16.5	-109.8
Depreciation and write-downs	-9.8	-8.7	-1.1	-19.4	-17.6	-1.9	-95.4
EBITDA	0.5	-4.8	5.2	-0.8	-10.6	9.8	-7.7
EBIT	-9.3	-13.4	4.1	-20.2	-28.2	7.9	-103.1
Net result for the period	-9.8	-13.5	3.7	-22.0	-28.3	6.3	-125.0
Earnings per share (SEK)	-0.93	-1.29	0.36	-2.10	-2.97	0.87	-12.49
Cash flows from operating activities	-2.4	-5.9	3.6	-5.4	-15.4	10.0	-13.6
Investments	-2.8	-10.1	7.3	-10.6	-16.0	5.4	-40.3
Financing	-0.5	-0.9	0.5	-1.1	64.7	-65.8	62.8
Liquid assets in the end of the period	12.4	53.3	-40.9	12.4	53.3	-40.9	29.4
Personnel in the end of the period	42	47	-5	42	47	-5	44

Production figures	Apr-Jun			Jan-Jun			Full year 2016
	2017	2016	+/-	2017	2016	+/-	
Milled ore (tonnes)	47,621	37,303	10,318	88,425	72,620	15,805	150,917
Head grade (Au gram/tonne)	2.7	2.4	0.3	2.8	2.2	0.6	2.6
Gold recovery (%)	83.1	82.8	0.3	83.4	81.5	1.9	82.9
Hourly utilization (%)	43.5	37.7	5.8	42.3	36.5	5.8	37.6
Gold production (kg)	107.4	73.7	33.7	205.3	132.2	73.1	325.0
Gold production (oz)	3,453	2,369	1,084	6,601	4,251	2,350	10,449
Cash Cost (USD/oz)	1,124	1,396	-272	1,162	1,358	-196	1,195
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CEO Salla Miettinen-Lähde:

"During the first half of 2017, our gold production exceeded our expectations, amounting to 205kg. Whilst this achievement was on one hand based on higher gold grades in the ore, also our improved production efficiency played an important role. We have worked on LEAN principles and paid attention to the phasing of production processes, which has paid off in more accurate mining and increased throughput overall. In the second half of the year we will be mining in new areas, which casts some uncertainty on the gold grades and may therefore impact our production."

Our exploration activities have over the past couple of years focused on the deep extension of the Pampalo mine. Underground drilling below the current production level continued also during the second quarter with best intersections at above 10g of gold per tonne. On the average, our preliminary estimates would indicate that the head grades in the deep extension would be roughly at the same level or slightly higher than in the current production area, yet the rock quality appears increasingly challenging. The overall resource estimation and mine planning studies are now ongoing, and we anticipate completing these, along with profitability analyses necessary for a potential investment decision on the extension, within the next 1-2 months."

Going forward, we anticipate substantially increasing our regional exploration activities in the Karelian gold line. In preparation for this, we have during the second quarter considered different options for commencing an extensive exploration program. We are excited about the opportunities in the Karelian gold line and look forward to Endomines being in a position to execute a systematic exploration effort in the area in the years to come."

Full quarterly report

The full quarterly report is attached to this press release as well as available on the Company's website, www.endomines.com.

Contact person

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This press release is a translation from the Swedish original which was published on 18 August 2017. In the event of difference between the English translation and the Swedish original, the Swedish interim report shall prevail.

This information is information that Endomines AB is obliged to make public pursuant to the Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:45 CEST on 18 AUGUST 2017.

About Endomines

Endomines is a gold concentrate producer with mining, development and exploration operations in Eastern Finland along the 40 kilometer long Karelian Gold Line. Through various regulatory approvals, Endomines controls the exploration rights to this entire area. Endomines vision is to participate in the future structural transformation and consolidation of the Nordic mining industry. The Company may therefore be involved in acquisitions of interesting deposits or companies, should such opportunities arise.

The shares trade on Nasdaq Stockholm (ENDO) and Nasdaq Helsinki (ENDOM).