

Q4 2017 and YE Bulletin 2017- Strong foundation for the future

(Correction to Q4 2017 and YE Bulletin published on 28 February 2018, EBITDA corrected to -5.9 MSEK in financial highlights)

Q4 2017 (vs Q4-2016)

Operational highlights

- Gold production was 98.7 kg (109.8)
- Milled ore was 39,692 tons (42,193) at head grade of 3.0 g/t (3.1)
- Cash Cost was 1,264 USD/oz (1,060)
- Updated mineral resource estimates were announced

Financial highlights

- Net Sales were 30.3 MSEK (37,2)
- EBITDA was -5.9 MSEK (1.5)
- Total cash flow was 1.8 MSEK (-16.9)
- An impairment charge of 23.0 MSEK (56.5) on Pampalo assets was posted
- Earnings per share was -3.71 SEK (-8.05)

Full year 2017 (vs. full year 2016)

Operational highlights

- Gold production increased by 22 per cent and was 398.1 kg (325.0), with the increase driven by higher gold grade, improved production efficiency and increased tonnage
- Milled ore was 165,539 tons (150,917) at head grade of 2.9 g/t (2.6)
- Cash Cost was 1,165 USD/oz (1,194)
- Rolling 12-month LTIFR to 31 December 2017 was 16 (8)

Financial highlights

- Net Sales increased by 20 per cent and were 121.0 MSEK (101.1)
- EBITDA was -5.7 MSEK (-9.2)
- Total cash flow was -13.7 MSEK (9.0)
- An impairment charge of 23.0 MSEK (56.5) on Pampalo assets was posted in Q4
- Earnings per share was -6.60 SEK (-12.49)

SIGNIFICANT SUBSEQUENT EVENTS

- The Extraordinary General Meeting held on 8 January 2018 resolved e.g. to authorize Endomines' rights issue, a directed share issue to Joensuun Kauppa ja Kone Oy ("JKK") relating to the restructuring of the Company's bank debt, and the planned acquisition of TVL Gold
- Endomines's rights issue was successfully completed and the final results announced on 1 February 2018; the proceeds before transactions costs were SEK 188,752, 950
- The restructuring of Endomines' 7.6 MEUR bank debt was executed on 14 February 2018 with the Company making a 2 MEUR pre-payment, the lender and guarantor forgiving a corresponding 2 MEUR, and the remaining ca. 3.6 MEUR loan being taken over by JKK; JKK is to convert the receivable to Endomines' shares following closing of the TVL Gold acquisition
- The Share Purchase Agreement regarding the acquisition of TVL Gold was signed on 10 January 2018 for a total purchase price of USD 31.25 million, of which one third in cash and two thirds in Endomines shares through a convertible loan; the acquisition was completed on 27 February 2018

Production guidance for 2018:

Endomines anticipates producing 250-300kg gold in Pampalo in January-September 2018. Production in October-December requires investment in a decline into the deep extension of Pampalo. Decision on the possible investment is expected to be made during the second quarter 2018.

Company strategy

Endomines is a mining and exploration company with its primary focus on gold. The Company invests in exploration along the Karelian Gold Line in Eastern Finland with the aim of enabling long-term profitable gold production in the area, utilizing the existing production infrastructure at the Pampalo mine.

Endomines also aims to improve its growth prospects through mergers and acquisitions. The Company intends to broaden its resource base by acquiring assets in stable jurisdictions, preferably with relatively short time to production and limited capital expenditure requirements. As the first step, Endomines has completed the acquisition of TVL Gold, which holds rights to five gold projects in Idaho, USA.

Key financial figures (Consolidated)

| <i>MSEK if not otherwise stated</i> | Oct-Dec | | | FY 2017 | | |
|--|---------|-------|-------|---------|--------|-------|
| | 2017 | 2016 | +/- | 2017 | 2016 | +/- |
| Revenue | 28.5 | 34.9 | -6.4 | 122.6 | 101.1 | 21.5 |
| Cost | -34.5 | -33.4 | -1.1 | -128.3 | -110.3 | -18.0 |
| EBITDA | -5.9 | 1.5 | -7.4 | -5.7 | -9.2 | 3.5 |
| Depreciation and write-downs | -32.0 | -64.2 | 32.2 | -59.1 | -95.4 | 36.3 |
| EBIT | -37.9 | -62.6 | 24.7 | -64.8 | -103.1 | 38.3 |
| Net result for the period | -38.9 | -84.5 | 45.6 | -69.3 | -125.0 | 55.7 |
| Earnings per share (SEK) | -3.71 | -8.05 | 4.34 | -6.60 | -12.49 | 5.89 |
| Cash flows from operating activities | 3.4 | -4.4 | 7.8 | 1.0 | -13.6 | 14.6 |
| Investments | -0.6 | -11.6 | 11.0 | -12.3 | -40.3 | 28.0 |
| Financing | -1.0 | -0.9 | -0.1 | -2.4 | 62.8 | -65.2 |
| Total cash flow | 1.8 | -16.9 | 18.7 | -13.7 | 9.0 | -22.7 |
| Liquid assets at the end of the period | 15.8 | 29.4 | -13.6 | 15.8 | 29.4 | -13.6 |
| Personnel at the end of the period | 40 | 44 | -4 | 40 | 44 | -4 |

CEO Saira Miettinen-Lähde:

"In November 2017 we announced that Endomines is taking on a new direction, pursuing actively M&A and focusing on regional exploration along the Karelian Gold Line. In connection with this strategic shift, we also announced plans for a rights issue and rearrangement of the Company's bank debt with the involvement of a new investor. Furthermore, we made public our intention to acquire mining assets in the USA.

Now, three months later in February 2018, I am pleased to state that we have already moved a long way in the desired strategic direction and achieved all of our targeted milestones to date: we have successfully completed a SEK 189 million rights issue, eliminated all bank debt, Kyösti Kakkonen's Joensuu Kauppa ja Kone Oy has become a significant new investor in the Company, and we have completed the acquisition of TVL Gold that holds rights to five gold assets in Idaho, USA. Moreover, the new exploration plans for the Karelian Gold Line are taking shape and their execution is starting during the coming spring.

Our operational performance at the Pampalo mine was only satisfactory in the fourth quarter with gold production of 98.7kg but exceeded our expectations for the full year with gold production amounting to 398.1kg. The full year production represents a 22 per cent improvement over the previous year and stems partly from better in-situ grade of ore, but also from more efficient production processes.

Financially, the fourth quarter was weaker than the year before with net sales of SEK 30.3 million and EBITDA of SEK -5.9 million. However, for the full year of 2017 our net sales improved by 20 per cent to SEK 121 million. EBITDA also improved but remained negative at SEK -5.7 million.

Going forward, I anticipate Endomines taking benefit from its strengthened balance sheet by developing the newly acquired assets in the USA as well as those in Karelia. In approximately a year from now, we should be starting production in the first of the Idaho gold mines and are hopefully also seeing positive results from exploration along the Karelian Gold Line. All in all, I believe in 2017 we built a good foundation for the Company to grow on – in many ways created a new Endomines. In 2018, we will work hard to demonstrate our ability to build on the new foundation.”

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

Saila Miettinen-Lähde, CEO, +358 40 548 36 95, [saila.miettinen-lahde\(at\)endomines.com](mailto:saila.miettinen-lahde(at)endomines.com)

This press release is a translation from the Swedish original which was published on 28 February 2018. 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 EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:45 CEST on 28 February 2018.

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).