

Endomines interim report January- March 2018: Financing and TVL Gold acquisition successfully completed – project development in Idaho advancing

Endomines AB, Stock Exchange Release 17 May 2018 at 07:30 CEST

Q1 2018 (vs Q1 2017)

Operational highlights

- Gold production was 92.1 kg (97.9)
- Milled ore was 37,568 tons (40,804) at head grade of 3.0 g/t (2.9)
- Cash Cost was 1,276 USD/oz (1,205)

Financial highlights

- Net sales were 27.4 MSEK (28.5)
- EBITDA was -8.5 MSEK (-1.3)
- Total cash flow was 87.1 MSEK (-11.6)
- Earnings per share was 0.06 SEK (-0.80)

Strategic highlights

- Endomines' rights issue was successfully completed with 189 MSEK gross proceeds
- Endomines executed transactions relating to the rearrangement and repayment of its bank debt; 2 MEUR (20 MSEK) of the outstanding debt of 7.6 MEUR was written off, 2 MEUR repayment was made to the lender and the remaining debt of 3.6 MEUR was taken over by Joensuun Kauppa ja Kone and later converted to Endomines shares
- Acquisition of TVL Gold with five gold projects in Idaho, USA, was completed on 27 February 2018; operating entity with the assets renamed as Endomines Idaho LLC

Significant subsequent events

- Endomines announced an extensive and systematically planned exploration project in the Karelian Gold Line in Eastern Finland. The intention is to conduct the project over several years. The activities planned for 2018 will largely be carried out during the next 6 months with an exploration budget of approximately 2 MEUR.
- Endomines commenced co-operation negotiations with its whole personnel at the Pampalo mine in Ilomantsi, Finland, on reduction of workforce. The negotiations concern approximately 40 employees and according to initial estimates may at most lead to the lay-off for more than 90 days and/or termination of 32 employees on productional or economic grounds.

Production guidance for 2018:

Endomines anticipates producing 250-300 kg 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.

Key figures (Consolidated)	JAN-MAR		
	2018	2017	+/-
<i>MSEK if not otherwise stated</i>			
Revenue	29.4	33.5	-4.1
Cost	-37.9	-34.8	-3.1
EBITDA	-8.5	-1.3	-7.2
Depreciation and write-downs	-11.3	-9.6	-1.7
EBIT	-19.9	-10.9	-9.0
Net result for the period	1.9	-12.2	14.1
Earnings per share (SEK)	0.06	-0.80	0.86
Cash flows from operating activities	-12.9	-3.0	-9.9
Investments	-60.6	-7.8	-52.8
Financing	160.6	-0.7	161.3
Total cash flow	87.1	-11.5	98.6
Liquid assets at the end of the period	103.6	17.9	85.7
Personnel at the end of the period	43	43	-

CEO Saira Miettinen-Lähde:

"The first quarter of 2018 saw us conclude many strategically important transactions that laid the foundation for our future development and growth: we successfully completed a 189 MSEK rights issue, eliminated all bank debt, and Joensuun Kauppa ja Kone Oy became a significant investor in the Company. Furthermore, we completed the acquisition of TVL Gold that holds five gold assets in Idaho, USA, thereby expanding our international presence.

Operations at our Pampalo mine proceeded according to plan during the first quarter with gold production amounting to 92.1 kg. As we had expected, production output was impacted by challenging rock conditions during the first weeks of the quarter. From mid-February onwards, the underground conditions have again improved and production as well as the gold head grade have recovered and even exceeded our budgeted levels. Overall, we are well on our way to meeting our guided production range of 250-300 kg of gold for January-September 2018.

Our financial performance also reflected the challenging mining conditions, with net sales amounting to 27.4 MSEK and EBITDA to -8.5 MSEK. Following our recent financing, our financial position remains solid and allows us to proceed with our planned projects both in the USA and Finland.

In April, we regrettably had to commence co-operation negotiations with our whole personnel at the Pampalo mine on reduction of workforce. Continuation of production in Pampalo after September requires a sizeable investment in the deep extension of the mine, but the current gold price appears not to support the investment decision. We therefore consider postponing the investment and temporarily suspending gold production in Pampalo. Decisions on the matter will be taken subject to the ongoing co-operation negotiations during the second quarter.

Going forward, we look forward to progressing our project development in Idaho with the aim of commissioning the first of the five mines there within one year from the acquisition. During the current year, we are also planning to invest approximately 2 MEUR in exploration along the Karelian Gold Line in Eastern Finland with the target of enabling profitable gold production in the region in the longer term."

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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@endomines.com)

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 07:30 CEST on 17 May 2018.

About Endomines

Endomines is a mining and exploration company with its primary focus on gold. The Company operates a gold mine in Pampalo, has exploration activities along the Karelian Gold Line in Eastern Finland and develops mining operations in Idaho, USA. Endomines aims to improve its long-term growth prospects by increasing its exploration activities and through acquisitions. Endomines aims to acquire deposits that are situated in stable jurisdictions and can be brought to production rapidly with limited investments.

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