

## SUMMARY OF YEAR-END REPORT 2015

### Continued excellent exploration results in the Pampalo Deeps

The full interim report, in Swedish only, is available on the Company's website, [www.endomines.com](http://www.endomines.com)

#### Highlights Q4/2015 (vs Q4/2014)

- Gold production was 118.5 kg (179.3), -34 %
- Revenues were 28.3 MSEK (42.1), -33%
- Assets were written down by 31.6 MSEK (0.0)
- Realised hedges affected EBIT by -11.1 MSEK (-6.8)
- Profit after tax was -85.5 MSEK (-11.7)
- Earnings per share amounted to -0.33 SEK (-0.07)
- The remaining gold hedges were closed in October and converted to a loan
- An extraordinary general meeting approved a 70.8 MSEK rights issue
- Global exploration challenge Karelian Gold Rush 2015 launched
- Selective Mining was introduced from mid-December to adapt to current gold price

#### Highlights January-December 2015

- Gold production was 529.5 kg (761.9), -31%
- Revenues were 113.5 MSEK (173.6), -35%
- Assets were written down by 31.6 MSEK (0.0)
- Realised hedges affected EBIT by -43.0 MSEK (-25.3)
- Cash cost was 1,258 USD/oz (1,047)
- Profit after tax was -165.0 MSEK (-35.2)
- Earnings per share from SEK -0.63 (-0.25)
- Very good exploration results with high grade intersections from the Pampalo Deeps

#### Subsequent events

- The rights issue which was approved late 2015 was completed and oversubscribed by 63 % and raised 70.8 MSEK

## Key financial data

Key data-Group	October - December			January - December		
	2015	2014	+/-	2015	2014	+/-
<i>MSEK if not otherwise stated</i>						
Revenues	<b>28.3</b>	42.1	-13.8	<b>113.5</b>	173.6	-60.2
Ebitda before loss on derivatives	<b>-14.5</b>	-3.3	-11.2	<b>-62.8</b>	5.5	-68.2
Ebit	<b>-62.2</b>	-15.9	-46.3	<b>-156.6</b>	-45.0	-111.6
Profit before tax	<b>-65.0</b>	-14.6	-50.4	<b>-162.7</b>	-43.3	-119.3
Net profit	<b>-85.5</b>	-11.7	-73.9	<b>-165.0</b>	-35.2	-129.8
Cash flow	<b>-14.1</b>	78.6	-92.6	<b>-92.8</b>	67.1	-159.9
Earning per share (SEK)	<b>-0.33</b>	-0.07	-0.26	<b>-0.63</b>	-0.25	-0.38
Gold production (kg)	<b>118.5</b>	179.3	-60.8	<b>529.5</b>	761.9	-232.5
Gold production (oz)	<b>3,810</b>	5,765	-1,955	<b>17,022</b>	24,497	-7,475
Milled ore (tonnes)	<b>83,926</b>	87,205	-3,279	<b>335,896</b>	395,342	-59,446

## Comments to operations

### Pampalo Gold Mine

Key production figures	2 015	2 014	+/-	2 015	2 014	+/-
	Q4	Q4		Q1-Q4	Q1-Q4	
Milled ore (tonnes)	83,926	87,205	-3,279	335,896	395,342	-59,446
Head grade (Au gram/tonne)	1.7	2.4	-0.7	1.9	2.3	-0.4
Gold recovery (%)	81.4	82.9	-1.5	83.0	82.1	0.9
Hourly utilization (%)	80.2	89.8	-9.5	87.0	93.4	-6.4
Gold production (kg)	118.5	179.3	-60.8	529.5	761.9	-232.5
Gold production (oz)	3,810	5,765	-1,955	17,022	24,497	-7,475
Cost per milled ore tonne (EUR)	45	50	-5	51	43	8
Cost per milled ore tonne (SEK)	420	464	-44	476	394	82
Cash Cost (USD/oz)	1,202	1,046	117	1,258	1,047	211

Footnotes for Production figures<sup>1</sup> / LTIFR<sup>2</sup>

### Operations during the 4<sup>th</sup> quarter 2015

The operations produced 118.5 kg (3,810 oz.) of gold during the fourth quarter 2015. Mine and milling volumes as well as gold production during the fourth quarter were affected by ceasing mining and milling operations in mid-December 2015 and the ore was derived from low grade areas. The reason for the temporary stop was to prepare for the start of Selective Mining in early 2016 and to concentrate mining to previously known, as well as in 2015 discovered high-grade areas.

<sup>1</sup> Production figures for the last quarter are based on company own assaying and not confirmed by any external laboratory. Figures are individually rounded off.

<sup>2</sup> LTIFR = The Lost Time Injury Frequency Rate is based on reported lost time injuries on a rolling 12-month bases resulting in one day/shift or more off work per 1,000,000 hours worked. LTIFR has been calculated for the whole company including contractors

## Operations during the full year 2015

The full year gold production in 2015 was 529.5 kg (761.9 kg in 2014). The reduction was due to lower head grade and lower milled tonnage.

Key figures by quarter and 2015 YTD	2 015		2 015		2 015
	Q1	Q2	Q3	Q4	Q1-Q4
Milled ore (tonnes)	76,089	85,738	90,143	83,926	335,896
Head grade (Au gram/tonne)	2.1	1.8	2.0	1.7	1.9
Gold recovery (%)	83.8	84.1	82.7	81.4	83.0
Hourly utilization (%)	82.8	91.5	93.3	80.2	87.0
Gold production (kg)	131.3	126.6	153.1	118.5	529.5
Gold production (oz)	4,221	4,069	4,922	3,810	17,022
LTIFR (12 months rolling)	25	10	9	4	4
Cost per milled ore tonne (EUR)	59	50	50	45	51
Cost per milled ore tonne (SEK)	555	469	468	420	476
Cash Cost (USD/oz) per quarter	1,394	1,365	1,112	1,202	1,258
Gold price (USD/oz)	1,220	1,193	1,125	1,105	1,161
Cash Cost (USD/oz) rolling 12 months	1,059	1,154	1,218	1,258	1,258

## Regional Exploration and other Karelian Gold Line development

### Activities during 2015

As a result of unsatisfying exploration results in the Hosko deposit and depressed gold price, the Company decided to suspend exploration activities at Hosko. The drilling early 2015 was not been able to confirm the extent of the previously estimated high grade part of the deposit. The Company therefore removed Hosko deposit from the 2015 production plan. Endomines will evaluate the viability of the deposit once the conditions improve.

Early 2015 Endomines invited geoscientist and other professionals to participate in the “Karelian Gold Rush 2015” – the Global Exploration Challenge. The challenge was opened at FEM 2015 mining and exploration conference by releasing the data and winners will be announced at PDAC 2016 Nordic Mining Day March 2016 in Toronto. The Company did publish all relevant geological data from its fully controlled “Karelian Gold Line” – a 40 km long gold prospective Archean greenstone belt located in Eastern Finland.

Endomines organized a layman sample competition in co-operation with the Geological Survey of Finland in Ilomantsi of Eastern Finland. The competition took place during summer period of 2015. Most of the samples were very interesting and some of them returned good assay results from further laboratory analysis.

The underground exploration in the Pampalo Mine during 2015 resulted in very good results. The Company therefore decided to concentrate its exploration activities to the same. Regional exploration activities were temporarily reduced and will be activated when conditions improve.

### **Resource and reserve estimates**

The updated mineral resource and ore reserve estimate for a limited area of Pampalo Deeps was published in December. The Company engaged SRK Consulting (Finland) Oy to prepare an independent resource estimate for the Pampalo Deeps extension area. The current combined resource (indicated and inferred) from the limited area is 191,000 tonnes @ 4.1 g/t. The company intends to convert resources to reserves in house.

These latest drilling and resources estimation results confirm the Company's view to have discovered a new, high grade area within the Pampalo Deeps exploration project. The resource estimate by SRK Finland has been conducted at a very early stage of the drilling project and hence the tonnage is modest at this stage. However, the resource grade 4.1 g/t is considerably higher compared to what has been mined in recent years.

A summary of all Karelian Gold Line reserves and resources is available on the Company's web-site.

### **Health , environment and safety**

During the fourth quarter, the Company's own workforce achieved a continuous period of 365 working days without any accident. This achievement clearly demonstrates Endomines' commitment to a safe working environment. The Company's safety performance continues on a good level. The overall "LTIFR" rate is 5. The company remains committed to the overall safety target of "zero accidents – zero harm".

Pampalo Gold mine received a renewed environmental permit in May 2015. The permit was basically granted according to the Company's application with some adjustments and specifications by the authorities.

### **Personnel**

In August 2015 the Company introduced co-operation negotiations which were completed in December. The outcome of these negotiations was that 7 officers and 28 workers were laid off temporarily. The lay-offs represents about 50 % of the total number of own employees from early 2016 and onwards. The average number of employees in the Group was 72 person in both 2015 and 2014. The contractors have reduced their workforce accordingly.

### **Gold price development during the year**

The full-year average gold price was some 8% lower in 2015 as compared to 2014 in dollar terms. Due to the weakening of the euro against the dollar average gold price in euro improved in 2015 to 1,046 EUR/oz as compared to 953 EUR/oz in 2014.

### **Financing and gold price hedges**

The accumulated total payments due to the gold price hedges from the start is approximately 168 MSEK.

Endomines reached in October an agreement with its lender Nordea Bank Finland on a buy-back and closing of the remaining 16,400 oz gold hedge for the period July 2015 through December 2016. Endomines paid the market price of the hedge, partially in cash 4.7 MSEK (0.5 MEUR) and the remaining balance by obtaining a new 26 MSEK (2.8 MEUR) bank loan.

This new bank loan was later in October converted into a long-term loan. The payback of the original project financing of 43.8 MSEK (4,800 KEUR) was prolonged from earlier 2016-2017 to 2018-2019. And the combined loans, totalling 69 MSEK (7,590 KEUR) will be repaid after a grace period 2016-2017 in the years 2018-2019.

## **Subsequent events**

The Extraordinary General Shareholders' Meeting was held on 17 December 2015 to approve the resolution by the Board of Directors on a rights issue of shares. As part of this process some amendments were made to the articles of association, the share capital was reduced by reducing the quota value of the shares and finally a rights issue of a maximum of 786.5 million shares at 0.09 SEK per share was approved.

Endomines AB (publ) has successfully completed the rights issue. The issue was oversubscribed by 63 % and 70.8 MSEK was raised gross before issue costs.

After the share issue Endomines' share capital amounts to 262.2 MSEK. The number of shares amounts to 1,048,627,500 after the rights issue with a quota value of 0.25 SEK per share. The issue was registered the 11<sup>th</sup> of February 2016.

## **Outlook for 2016, Selective Mining**

During 2016 the Company expects to produce between 300 and 350 kg gold in Pampalo. Production in 2016 will be based on the selective mining principle. During 2016, the Company intends to mine and process approximately 125,000 tonnes of high-grade ore. Mining will therefore be concentrated to previously known, as well as in 2015 discovered high-grade areas. The reduced mine tonnage will be processed in campaigns, approximately for 7-10 days per month. The Pampalo underground mine will operate continuously during weekdays.

The Company expects these changes to the mining and processing schedule, including the temporary lay-offs of personnel, to improve the profitability of its Pampalo Gold mine operations. Cash Cost is estimated to be reduced below the current and forecasted gold price level.

### **Financial Calendar 2016**

- Annual report (in Swedish only), during week 12
- Annual General Meeting, April 18th 2016  
Summary of interim results will be issued
- Q1 2016, May 19<sup>th</sup> 2016
- Q2 2016, August 18<sup>th</sup> 2016
- Q3 2016, November 17<sup>th</sup> 2016

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*Endomines AB discloses the information provided herein pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication at 08:45 CET on February 16<sup>th</sup>, 2016*

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**About Endomines:**

*Endomines conducts exploration and mining business along the 40 kilometer long Karelian Gold Line. Through various regulatory approvals, Endomines controls the exploration rights to this entire area.*

*The Company's first mine, Pampalo, started in February 2011. During 2014, Endomines initiated the production of ore from the mine in Rämepuro. The ore from satellite mines will be processed in the centrally located mill at Pampalo.*

*The Company's operations are based on sustainable principles and on minimizing the impact on the environment.*

*Endomines applies SveMin's & FinnMin's respective rules for reporting for public mining & exploration companies. The Company has chosen to report mineral resources and ore reserves according to the JORC-code, which is the internationally accepted Australasian code for reporting ore reserves and mineral resources.*

*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 of Endomines AB are quoted on NASDAQ Stockholm under ticker ENDO and on NASDAQ Helsinki under ticker ENDOM. The Liquidity Provider in both Stockholm and Helsinki is Erik Penser Bankaktiebolag.*

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*This news release may contain forward-looking statements, which address future events and conditions, which are subject to various risks and uncertainties. The Company's actual results, programs and financial position could differ materially from those anticipated in such forward-looking statements as a result of numerous factors, some of which may be beyond the Company's control. These factors include: the availability of funds; the timing and content of work programs; results of exploration activities and development of mineral properties, the interpretation of drilling results and other geological data, the uncertainties of resource and reserve estimations, receipt and security of mineral property titles; project cost overruns or unanticipated costs and expenses, fluctuations in metal prices; currency fluctuations; and general market and industry conditions.*

*Forward-looking statements are based on the expectations and opinions of the Company's management on the date the statements are made. The assumptions used in the preparation of such statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.*