



(Company registration no. 556694-2974)

Business Review

This business review is a translation from the Swedish original which was published on 14 May 2020. In the event of difference between the English translation and the Swedish original, the Swedish business review shall prevail.

1 January – 31 March 2020

ENDOMINES Q1 2020 BUSINESS REVIEW

Ramp-up towards commercial production at Friday continues

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Endomines AB Q1 2020 Business Review - Ramp-up towards commercial production at Friday continues

Jan-Mar 2020 (Jan-Mar 2019)

Operational highlights

- Letter of intent signed with Transatlantic Mining to purchase US Grant Mine and mill and Kearsarge Gold Project
- Concentrate sales agreement signed with H&H Metals for the sale of gold concentrates produced from the Company's Friday Mine
- Gold concentrate production continued to ramp-up successfully, however no gold concentrate was sold in Q1 2020 from Friday
- No injuries reported in Q1 2020, LTIFR 0 (12)

Financial highlights

- Total revenue was 3.0 MSEK (2.1)
- EBITDA was -27.8 MSEK (-11.5)
- Total cash flow was -14.5 MSEK (-11.2)
- Earnings per share was -0.41 SEK (-0.37)

Significant subsequent events

- On April 1st, 2020, Endomines announced that it has placed EUR 3.4m loan with warrants to primarily Finnish institutional investors, as well as the Chairman of the Board of Endomines and the company's CEO.
- On April 2nd, 2020, Endomines announced that the Friday mine project in Idaho, successfully commissions the Orogrande Processing Facility.
- On April 7th, 2020, Endomines announced that it postpones the re-domiciliation to Finland from Sweden through a cross-border merger.
- On April 7th, 2020, Endomines announced that it carries out a directed share issue in an amount of approximately EUR 1.3 million to speed up developments at the Friday mine
- On April 29th, 2020, Endomines announced that an agreement with Transatlantic Mining was signed to buy US Grant Mine and mill and Kearsarge Gold Project
- On April 29th, 2020, Endomines announced that it has raised a SEK 30 million short-term loan facility and signed an engagement letter with Seaport Global for raising a long-term financing
- On May 12th, 2020, Endomines announced that the first shipment of gold concentrate from the Friday Mine was done.

Production update and guidance for 2020:

Endomines has mined first high-grade ore stopes and has managed to maintain other operations during the stay-at-home orders resulting from the COVID-19 pandemic at its Friday Mine in Idaho, USA. In Q1, Endomines focused its efforts on improving the operational efficiency at the mill and maintaining ore production at the mine. At the processing facility, Endomines was able to operate at a rate of 36 tonnes per day. The processed ore is still coming from stockpiles of low-grade pre-production development ore and is not representative of typical Friday high-grade ore. Endomines continued to ramp up to the design capacity of 3,445 tonnes per month. The goal is to reach the design capacity during Q2, the technical ability for this is good. However, the COVID-19 pandemic causes challenges with the staff and

the availability for certain spare parts and components which complicates operations in Idaho. Should the pandemic effects continue throughout Q2 it is possible that the design capacity will be achieved later.

Key figures (Consolidated)	Jan - Mar		
	2020	2019	+/-
MSEK if not otherwise stated			
Total revenue	3.0	2.1	0.9
Cost	-30.8	-12.6	-18.2
EBITDA	-27.8	-11.5	-16.3
Depreciation and write-downs	-1.4	-1.8	0.4
EBIT	-29.2	-13.3	-15.9
Net result for the period	-44.3	-13.0	-31.3
Earnings per share (SEK)	-0.41	-0.37	-0.04
Cash flows from operating activities	-30.5	-23.0	-7.5
Investments	-5.2	-23.7	18.5
Financing	21.2	35.5	-14.3
Liquid assets at the end of the period	1.3	7.8	-6.5
Personnel at the end of the period	43	28	15
LTIFR	0	12	-12

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

CEO Greg Smith: “At the beginning of the first quarter Endomines announced that it had signed a letter of intent with Transatlantic Mining to purchase US Grant Mine and mill and Kearsarge Gold Project. With these additions of assets from Transatlantic we will be able to take a major step toward against our initial target of producing 40,000 oz Au per year and provides Endomines an avenue to become a 100,000 oz Au per year producing company. After the reporting period, we announced the signature of a sale and purchase agreement with Transatlantic Mining.

We were also able to make some significant progress at the Friday project and as of yearend successfully completed taking over full operational control of the mining activities while also achieving successful commissioning of the Orogrande Processing Facility, and nearing commercial production in the end of the quarter. After some setbacks, our team have been working hard to complete the project that represents a significant step forward for the company.

I am also very pleased that we signed the gold concentrate agreement with H&H Metals which secures a sales outlet for our gold concentrate from the Friday mine. We are looking forward to building a lasting relationship with H&H Metals.

We have now demonstrated our capability to build and operate a mine on our own which creates significant additional value for our shareholders as we continue to advance what I consider to be an exceptional portfolio of projects.”

Ramp-up at the Friday mine in Idaho, USA

Endomines continued to build on the ramp-up successes at the Friday mine and processing facility in Q1 of 2020. Following the COVID-19 outbreak, several safety measures were implemented as well as some supply chain challenges experienced resulting in a slower operational progress. However, during

Q1, the mill successfully operated at an average of 36 tonnes per day. The lower throughput is a result of the limited workforce as the pandemic forced Endomines to delay hiring until the situation stabilized. Endomines expects to resume the process of ramping up production and hiring the remaining staff to operate the mill at the design capacity during Q2. The mine completed the first stope and is in the process of shipping the ore to the mill. Development efforts focused on preparing the next stopes for extraction. Endomines has mined approximately 3,700 tonnes at a grade of 5.7 g/t in the first quarter. Endomines management is reviewing the full-year forecasts and updating their production guidance, considering the changes that have occurred as a result of the pandemic.

Activities at Endomines' other Idaho projects

Environmental permitting for the Rescue/Unity, Kimberly, and Buffalo Gulch projects continued throughout Q1 and work plans are being prepared for the 2020 summer exploration season for all the Idaho exploration projects.

Exploration activities along the Karelian Gold Line

Endomines continued its regional and near mine exploration programs on the Karelian Gold Line in Eastern Finland throughout Q1. Work concentrated on relogging the historical drill cores from the Pampalo near mine area, including reinterpretation of geology for certain areas and assaying unsampled portions of drill core for gold in the Pampalo mine laboratory. Also, preparation of new geological near-mine 3D-models continued, as well as updating Endomines existing mineral resource estimates for other projects along the Karelian gold Line.

A new exploration reservation, Karelia North, covering the northern and western part of the Ilomantsi green stone belt with surface area of 52 sq kms was applied in January from Tukes, the Finnish mining authority. The company plans to conduct bedrock mapping and boulder prospecting in the area during the coming field season. Further information will be obtained from relogging the historical drill cores drilled by Rautaruukki Oy in the 1970's during the iron exploration campaign. The Hattu 3D project (a 3D mineral system for the Hattu schist zone), a joint project with the Geological Survey of Finland continued also throughout Q1. The results and final reports are expected at the end of June 2020.

Work plans are being prepared for the summer 2020 field exploration programs. The exploration work will include bedrock mapping, trenching and channel sampling concentrating on the Pampalo near mine areas and the recently applied Kartitsa permit area north of Hosko.

Health, environment and safety

Endomines' strategy relating to health, environment and safety is a non-acceptance of accidents and adverse environmental incidents, a Zero Harm policy.

In the first quarter of 2020, the focus has continued to be on the development of relevant safety and environmental practices for the Company's Idaho operations, while also paying attention to the maintenance of the good practices in Pampalo. On top of this Endomines has also implemented specific safety measures following the COVID-19 pandemic. At the end of Q1 2020, the rolling twelve-month LTI rate (lost-time injuries per one million working hours) in Pampalo and Idaho, USA was 0. The combined Group level LTI frequency was 0.

Personnel

During the first quarter Endomines had to work with limited workforce as the pandemic forced Endomines to delay hiring until the situation stabilized. Endomines expects to resume the process of hiring the remaining staff to operate the mill at the design capacity during Q2.

Financial position

Net debt amounted to 79.2 MSEK (235.1) at the end of Q1 2020. Total equity amounted to 512.5 MSEK (252.2). Gearing decreased to 15 per cent (93), main items were the conversion of the convertible loan Endomines had issued to TVL Gold 1, LLC. The conversion was made in accordance with the terms and conditions of the convertible loan as amended by Endomines' Extraordinary General Meeting on 10 December 2019. Group cash position at the end of Q1 2020 amounted to 1.3 MSEK (7.8).

Future liquidity development

After the reporting period, Endomines issued 2 loans, raising net proceedings of 66.9 MSEK, and completed a directed share issue raising 14.1 MSEK. In connection with the first loan also 2.25 million warrants were issued. This money now raised covers the short-term working capital needs for finalizing the commercial ramp-up at Friday as well as near-term exploration and development costs in Finland and Idaho, USA. If issued in full the warrants would bring in additional capital of 19.5 MSEK to the company.

To enable Endomines long-term growth strategy more financing may be needed during 2020. Endomines is actively evaluating different long-term financing options and have also engaged Seaport Global Securities LLC as its financial advisor for a long-term financing which would enable Endomines to continue executing on its growth strategy targeting 100.000-ounce gold per years production.

Comments on financial reporting policies

Endomines changed its financial reporting policy from 2019. This is not an interim report as specified in the IAS 34 standard. The content in this report therefore slightly differs from the guidelines given by Nasdaq Stockholm regarding business reviews. Endomines complies with half-yearly reporting according to the Swedish Securities Markets Act and will publish its first and third quarter reports as business reviews in which key information regarding the company's financial situation and development will be presented. The content in this business review reflects the current exploration efforts at the Karelian Goldline and the ongoing ramp-up of Friday operations. This business review is customized to give the reader a good insight of the current operations of the company.

Financial calendar

- 20 August 2020 *Half year report H1-2020*
- 12 November 2020 *Business review Q3-2020*

Auditors review

This business review is unaudited

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Financial information

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 08:30 CEST on 14 May 2020.

About Endomines

Endomines is a mining and exploration company with its primary focus on gold. The Company explores for gold 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).

In Stockholm on 14 May 2020

Greg Smith
CEO