Endomines completes purchase of US Grant and Kearsarge Gold Projects and has resolved on a directed share issue in connection therewith

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Endomines AB (publ) (the “Company” or “Endomines”) has now completed the previously announced acquisitions of the US Grant Mine and Mill and the Lease Assignment of the Kearsarge Gold Project (collectively the “Assets”).

The Assets are located in the Virginia City Mining District in Montana, USA. The total consideration to be paid to the seller, Transatlantic Mining Corp. (“Transatlantic”) (TCO:TSX.V) amounts to approximately MUSD 12.4, of which approx. MUSD 7.8 is paid in Endomines shares, and the remaining balance is paid in cash.

Greg Smith, CEO of Endomines, comments: “The assets acquired from Transatlantic represent a major step towards our initial target of producing 40,000 gold ounces per year and provides a possibility towards reaching a target of 100,000 oz per year production. I am proud of all the persons involved in this transaction and thank them for all the work that has enabled this transaction to be completed during these extraordinary times. When we in January contracted Transatlantic on this deal, gold was trading around USD 1.500 per oz. Today, with a gold price of approximately USD 1.900 per oz, this is truly a transaction that we see will add value to the company and our shareholders.”

Directed share issue

In light of the above, the Board of Directors of Endomines has, by use of the authorization granted by the Annual General Meeting on June 29, 2020, resolved upon a directed issue of 15,392,535 shares to Transatlantic (corresponding to 11.72% of the total number of shares and votes in Endomines following the share issue), at a subscription price of approx. SEK 4.60 per share, i.e. a total of SEK 70,782,913. The payment for the shares is made by way of the Assets being transferred to Endomines. The subscription price corresponds to the volume weighted average price (VWAP) of the Endomines share on Nasdaq Stockholm during a period of ten trading days immediately preceding 25 September 2020, the date when the closing of the transaction was initiated. The share issue is expected to be registered with the Swedish Companies Registration Office on or about October 9, 2020, and the new shares are expected to start trading on Nasdaq Stockholm and Nasdaq Helsinki on or about October 13, 2020. Following registration of the share issue, Endomines share capital will be increased by SEK 46,232,658.24 to SEK 394,385,153.61, and the total amount of outstanding shares and votes in Endomines will increase by 15,392,535 to 131,305,175 shares and votes in total. A prospectus regarding admission to trading on Nasdaq Stockholm and Nasdaq Helsinki of the new shares will be published by Endomines prior to the new shares starting trading.

In connection with the closing of the transaction, Transatlantic has entered into an undertaking not to sell 13,910,974 of the Endomines shares it has received as payment for the Assets during a period of six months from the date the shares are registered with the Swedish Companies Registration Office.

Cash consideration

The remainder of the purchase price, i.e. MUSD 4.6, is paid in cash. The first cash payment, amounting to USD 550,000, was paid to Transatlantic in connection with the signing of the letter of intent as announced on 28 January 2020. A second cash payment, amounting to MUSD 2, has been paid in connection with the closing of the transaction. A cash payment of MUSD 2 will be paid upon (i) the first gold production generated from or on the Assets, or (ii) two years after 25 September 2020 when closing of the transaction was initiated, whichever occurs earlier.

The Assets

The US Grant Mine is comprised of 5 patented and 28 unpatented lode mining claims covering 2.2km² and a 150 tpd processing facility. The Mine has had historical high-grade gold and silver mined
periodically between 1867 and 1984. Production records are not well documented with historic mining grades between 6.9 - 8.6 g/t (0.2 – 0.25 oz/t) gold and 171.4 – 342.8 g/t (5 – 10 oz/t) silver. Numerous veins have been mapped within the project limits. The US Grant and El Fleeda veins have been historically mined are the two most prominent veins.

The US Grant Mine is a high-grade, underground gold and silver project with a historical resource totaling 165,700 ounces of gold and 4.47M ounces of silver contained in 346,000 tonnes (381,400 short tons) of mineralized material. Endomines is not treating the historic estimate as either a mineral resource or mineral reserve as defined in NI 43-101.

The Kearsarge project is comprised of 35 patented lode mining claims covering 2.8 KM². The project was extensively explored in the 1990’s with a total of 135 drillholes completed along 350 meters of the total 3km vein strike length. The Kearsarge project is located 8km along a county road from the US Grant enabling processing of ore from the existing 150 tpd mill.

The Kearsarge project is a high-grade, underground gold project with a historical resource totaling 380,700 ounces of gold contained in 4.1 million tonnes (4.5 million short tons) of mineralized material. Endomines is not treating the historic estimate as either a mineral resource or mineral reserve as defined in NI 43-101.

The addition of the Assets adds a historical total of 546,400 ounces of gold and 4.47 million ounces of silver with considerable potential for additional resources to be discovered through exploration of the district.

Zachary J. Black, Endomines’ Chief Operating Officer and a qualified person under Canadian National Instrument 43-101, approved the scientific and technical information in this news release.

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This information was submitted for publication through the contact person set out above at 14:45 CEST on 8 October 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).