



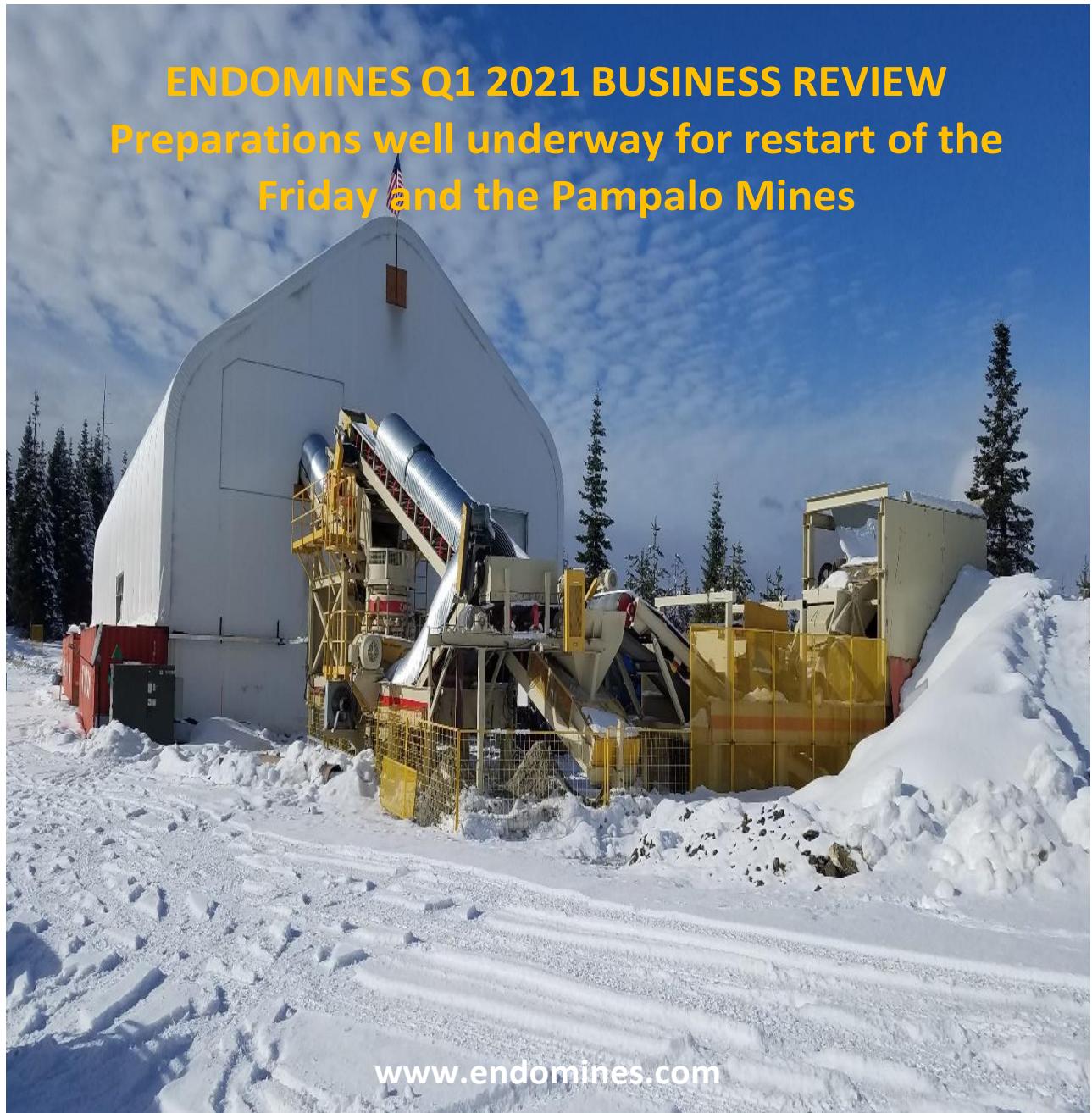
(Company registration no. 556694-2974)

Business Review

This business review is a translation from the Swedish original which was published on 20 May 2021. In the event of difference between the English translation and the Swedish original, the Swedish business review shall prevail.

1 January – 31 March 2021

ENDOMINES Q1 2021 BUSINESS REVIEW **Preparations well underway for restart of the** **Friday and the Pampalo Mines**



Endomines Q1 2021 Business Review

Preparation underway for Restart of the Friday Mine and Mill

Jan-Mar 2021 (Jan-Mar 2020)

Operational highlights

- A Director of Operations has been recruited to oversee and lead the development of the company's operations. At Friday, a General Manager was hired to focus on the onsite re-start and lead the operation into a steady state.
- Technical challenges at the Orogande Processing Facility have been resolved and the summer start-up program is on track.
- During care and maintenance, we successfully completed the dewatering at Friday mine that will allow stope production to start in Q2 2021.
- Preparation for mine deepening and start-up of Pampalo mine production is ongoing.
- The Pampalo mine contractor mobilized to the site at the end of the quarter and started the work on extending the decline.
- No injuries reported in the first quarter of 2021, LTIFR 0 (0)

Financial highlights

- Total revenue was 0.1 MSEK (3.0)
- EBITDA was -14.5 MSEK (-27.8)
- Total cash flow was 56.4 MSEK (-14.5)
- Earnings per share was -0.18 SEK (-0.41)

Significant subsequent events

- On May 5, 2021 Endomines announced the Nomination Committee's proposal for new board members. The Nomination Committee proposes that the Board of Directors consists of five members. Ingmar Haga and Jeremy Read are proposed to be re-elected, and Eeva Ruokonen, Markus Ekberg and Jukka-Pekka Joensuu are proposed to be elected as new directors of the Company for the term of office ending at the end of the Annual General Meeting of 2022.
- On May 8, 2021 Endomines announced that it has signed a comprehensive financing package with LDA Capital for an aggregated amount of EUR 14 million and issues 14 million Warrants, subject to AGM approval.

Production update and outlook for 2021:

Endomines estimates that stoping at the Friday mine will commence by the end of Q2 2021 and that the Friday plant commissioning will start at the beginning of Q3 2021. The mill is expected to reach full production during the fourth quarter 2021. The short-term production guidance for the operations is between 3,000 - 4,000oz by year end, including the development ore from Pampalo mine by the end of the Q4 2021.

Key figures (Consolidated)	Jan - Mar		
MSEK if not stated otherwise	2021	2020	+/-
Total revenue	0.1	3.0	-2.9
Cost	-14.6	-30.8	16.2
EBITDA	-14.5	-27.8	13.3
Depreciation and write-downs	-4.1	-1.4	-2.7
EBIT	-18.6	-29.2	10.6
Net result for the period	-40.4	-44.3	3.9
Earnings per share (SEK)	-0.18	-0.41	0.23
Cash flow from operating activities	-63.0	-30.5	-32.5
Investments	-1.8	-5.2	3.4
Financing	121.2	21.2	100.0
Liquid assets at the end of the period	68.0	1.3	66.7
Personnel at the end of the period	30	43	-13
LTIFR	0	0	0

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.

Interim CEO Rauno Pitkänen: “2021 has seen Endomines start a new chapter in its drive from being a junior gold miner in search of new gold deposits, to a tier two gold producer with the latest acquisition of our US Grant and Kearsarge mine development projects and the restart of the Friday underground mine in Idaho and the Pampalo underground mine in Finland.

To implement this change we have restructured our management resources to be Site Centric to ensure a successful implementation of our aggressive drive of bringing the Idaho operation into production this summer. We have also started the deepening of the Pampalo-mine by extending the decline, and we are very enthusiastic about being able to bring our operations in Finland back into production.

To this effect we have recruited Vern Langdale as our Director of Operations to oversee the developments at Friday and Pampalo. To strengthen the Friday operations team, we have also hired a General Manager to coordinate the onsite re-start and lead the operation into a steady state as well as a Mine Manager to drive the mine development and production. The main focus will be to ensure that we reach full potential regarding ore recovery while minimising ore dilution within our high grade but narrow vein ore bodies. Together the new hires bring in over 90 years of combined onsite operational experience which will enhance our already accomplished Friday onsite team. We are very confident of the new teams at both our operations and are looking forward to return back into production mode in the near future.”

Production and Ramp-up at the Friday mine in Idaho, USA

Last year Endomines placed the Friday Mine Site on care and maintenance due to the impact of COVID-19 as well as on-going issues with the processing facility tailings dewatering system. During Q1 2021 the issues were resolved by replacing the previous dewatering system by utilising a low-cost low-tech solution consisting of Geotextile tubes. This method will allow the water to return to the processing plant while retaining the tailings. The new system requires no new permitting conditions for the current tailings dam impoundment and allows for an uncomplicated installation process.

The rest of the processing plant is undergoing a refit program to improve the capacity and stability of the plant. Mill commissioning will begin in July 2021 and the mill will be ramping up to full capacity of

approximately 5,000 tons ore per month by year end.

Concurrently with the mill upgrade, the necessary mobile equipment purchase program for the mine fleet has ended and the final equipment will arrive on site by the beginning of June. This will enable stoping activities to commence at the mine in June.

During April 2021 we initiated the recruitment process to restaff the operations which is expected to be completed in the coming months with the total number of employees reaching 50+ for both mill and mine combined. As production stabilises in the fourth quarter, we will carry out 900m in-fill drilling program in the upper zone of the ore body to give us a better understanding of the ore geometry for mine development requirements in 2022.

Activities at Endomines' other Idaho and Montana projects

Endomines exploration at its other projects within the region will initially be mapping and sampling to increase our knowledge of the deposits and to maintain environmental and operating permits for future exploration activities. A review of exploration drilling requirements for the US Grant and Kearsarge deposits are expected later in the year once operations at Friday have stabilised.

Updates on Pampalo mine re-opening

The Pampalo mine was put on care and maintenance (C&M) in 2018 when gold prices were at multi-year lows (\$1250/oz). The ore lenses in the underground mine are open at depth and the known extensions have been outlined by drilling down to the 855-mine level. These areas can be accessed by extending the existing decline thereby deepening the mine. The gold mineralization and ore lenses are also still completely open below these levels. When the mine was placed on C&M, Endomines calculated that by extending the decline some 100m and developing these deep ore zones, the start-up of the mine production would be feasible at gold prices at/or above \$1500/oz. In December 2020, Endomines announced that it will re-evaluate reopening the Pampalo mine because of the positive gold price outlook.

In January 2021, the planning and preparations for the mine deepening and extension of the decline started. Tenders for selecting mine contractor were sent out and supplier agreements were prepared. After negotiations with several parties, Power Mining Oy was chosen to refurbish the current decline and drive the decline down to the first production levels. Power Mining mobilized its crews during March and commenced decline refurbishment work. Mine dewatering improvement and power network upgrading also commenced in March.

The equipment in the mill has been tested and preparations for production started. The long lead-time items needed for production have been identified and orders for these have been placed. Also, the project to increase the tailings dam's capacity was started in March.

Exploration activities along the Karelian Gold Line

During the first quarter Endomines has continued its near mine and regional exploration programs along the Karelian Gold Line in Eastern Finland. The exploration focus has been on resource estimate updates of the individual projects and preparing work plans for the 2021 exploration programs with main focus on the Pampalo near mine areas.

In May, an underground drilling program will start at the Pampalo mine and, in addition to infill drilling, a series of exploration drill holes is going to be drilled to test mineralized structures east and north of the Pampalo main mineralization, located at approximately 650 meters depth below the surface.

Health, environment and safety

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

In the First Quarter of 2021, the focus continued to be on the development of safety and environmental

practices for the Company's Idaho operations, while also paying attention to the maintenance of the good practices at Pampalo. At the end of Q1 2021, the rolling twelve-month LTI rate (lost-time injuries per one million working hours) in both Pampalo and Idaho was 0, making the combined Group level LTI frequency also 0.

Personnel

The hiring of personnel has begun for the ramp-up at the Friday mine with the introduction of a second shift starting June 2021. The Orogrande Processing Facility will go from single shift in June 2021 to double shift in July 2021.

Financial position

Net debt amounted to 35.0 MSEK (79.2) at the end of Q1 2021. Total equity amounted to 535.0 MSEK (512.5). Gearing decreased to 7 per cent (15). Main changes were the concluded rights issue and the repayment of loan facilities issued mainly for Danish and Swedish institutional investors in 2020. Group cash position at the end of Q1 2021 amounted to 68.0 MSEK (1.3).

Future liquidity development

In order to execute on its long-term growth strategy, development of the next projects as well as exploration and mine development activities, the company requires access to financing. The Board and management are actively engaged in continuing to secure financing that will enable the company to implement its long-term growth strategy. During the reporting period, Endomines has completed a rights issue. The rights issue provided Endomines with approximately SEK 214 million before transaction costs. After the reporting period Endomines announced completing a comprehensive financing package with LDA Capital for an aggregated amount of 14 MEUR. The financing package includes a Convertible Note Facility Agreement for an aggregate principal amount of EUR 6 million and a Put Option Agreement for an aggregate principal amount of EUR 8 million. The aggregate commitment under the Convertible Note Facility Agreement will be issued to the Investor in tranches of 2 million Euros. The financing package is subject to resolutions by the AGM on June 10, 2021. The rights issue and financing agreement with LDA together covers Endomines current working capital needs and enables Endomines to continue ramping up gold production at the Friday mine in Idaho, develop and re-start the Pampalo mine and to continue the exploration along the Karelian Gold Line. To be able to execute on Endomines long-term growth strategy more financing may be needed during 2021 and Endomines is currently reviewing different financing possibilities for this matter.

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 Gold line and the ongoing ramp-up of Friday and Pampalo operations. This business review is customized to give the reader a good insight of the current operations of the company.

Financial calendar

- 10th June 2021 Annual general meeting
- 20th August 2021 Half year report H1-2021
- 12th November 2021 Business review Q3-2021

Auditor's 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 20 May 2021.

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 and Finland. 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 20 May 2021

Rauno Pitkänen