

Endomines' gold production at Pampalo exceeds expectations Friday mine project in Idaho expected to start initial production before year-end

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Q3 2018 (vs Q3-2017)

Operational highlights

- Gold production was 81.6 kg (94.1)
- Milled ore was 26,876 tons (37,422) at head grade of 3.9 g/t (3.0)
- Cash Cost was 768 USD/oz (1,081)

Financial highlights

- Net sales were 26.2 MSEK (27.6)
- Adjusted EBITDA, excluding costs associated with the TVL acquisition and co-operation negotiations, was 4.3 MSEK
- EBITDA was 0.6 MSEK (1.1)
- Total cash flow was -27.7 MSEK (1.6)
- Earnings per share was -0.46 SEK (-0.55)

Q1-Q3 2018 (vs Q1-Q3 2017)

Operational highlights

- Gold production was 303.5 kg (299.4)
- Milled ore was 108,987 tons (125,847) at head grade of 3.4 g/t (2.8)
- Cash Cost was 985 USD/oz (1,136)

Financial highlights

- Net sales were 95.8 MSEK (90.7)
- Adjusted EBITDA, excluding costs associated with the TVL acquisition and co-operation negotiations, was 11.9 MSEK
- EBITDA was 0.6 MSEK (0.2)
- Total cash flow was 43.9 MSEK (-15.5)
- Earnings per share was -0.58 SEK (-1.99)

Significant subsequent events

Gold production at the Pampalo mine in January-October 2018 amounted to 318.5kg (10,240oz). Operations at the mine and the adjacent processing facility have been temporarily suspended; hence, no further production in 2018 is expected. However, additional gold will be recovered in connection with the maintenance of the processing facility. The total gold output from Pampalo including the gold recovered in maintenance will be reported in November.

Production guidance for 2018 amended:

New guidance: Operations at the Pampalo mine have been suspended and gold production in January-October amounted to 318.5kg (10,240oz). Including the additional gold that will be recovered in connection with the maintenance of the processing facility, the total gold output from Pampalo in 2018 is expected to exceed 320kg (10,300oz). Initial production at the Friday mine in Idaho, USA, is anticipated to commence in December 2018, but no substantial production volumes are expected before the year-end.

Previous guidance: Endomines anticipates producing 312-320kg gold in Pampalo in January-October 2018.

Key figures (Consolidated) <i>MSEK if not otherwise stated</i>	Jul-Sep			Jan-Sep		
	2018	2017	+/-	2018	2017	+/-
Revenue	25.9	26.7	-0.8	97.4	94.1	3.3
Cost	-25.3	-25.6	0.3	-96.8	-93.9	-2.9
Depreciation and write-downs	-11.8	-7.7	-4.1	-34.9	-27.1	-7.8
Adjusted EBITDA	4.3	1.1	3.2	11.9	0.2	11.7
EBITDA	0.6	1.1	-0.5	0.6	0.2	0.4
EBIT	-11.2	-6.6	-4.6	-34.3	-26.8	-7.5
Net result for the period	-16.0	-8.3	-7.7	-19.5	-30.3	10.8
Earnings per share (SEK)	-0.46	-0.55	0.09	-0.58	-1.99	1.41
Cash flows from operating activities	4.9	2.9	2.0	-11.1	-2.4	-8.7
Investments	-35.1	-1.1	-34.0	-108.8	-11.7	-97.1
Financing	2.5	-0.3	2.8	163.8	-1.4	165.2
Liquid assets at the end of the period	62.4	13.8	48.6	62.4	13.8	48.6
Personnel at the end of the period	40	41	-1	40	41	-1

CEO Saira Miettinen-Lähde: *“During the third quarter our key tasks were the construction of our Friday mine in Idaho towards production start-up and preparation of the Pampalo mine in Finland for care and maintenance. While these two undertakings were essentially opposite in nature, I’m pleased to note that both projects proceeded safely and on time.*

Construction at the Friday mine and the adjacent processing facility progressed well, prompting us to conclude that initial gold concentrate production would likely commence already before the year-end 2018, followed by ramp-up in early 2019. Our local team in Idaho has been instrumental in driving the project forward, and I am happy to note that we have also been well received by the local communities, authorities and contractors.

Ahead of the planned suspension, stopping at the Pampalo mine ended in mid-September, but some gold concentrate production still continued in October. Despite the difficult underground rock conditions and the forthcoming care and maintenance, production output remained good throughout the period. Gold production for the third quarter amounted to 81.6kg and for January-September to 303.5kg. In October, another 15kg of gold was produced, bringing the total production at Pampalo this year to 318.5kg (10,240oz), which clearly exceeds our original estimates. Furthermore, we will still recover additional gold from the maintenance of our processing facility, which will increase the total output beyond 320kg (10,300oz).

Our financial performance reflected the continued solid production output with net sales amounting to 26.2MSEK in Q3 and 95.8MSEK in Q1-Q3 2018. Adjusted EBITDA, excluding costs associated with the TVL Gold acquisition and the co-operation negotiations, was clearly positive at 4.3MSEK in Q3 and 11.9MSEK in Q1-Q3 2018.

Our extensive exploration project along the Karelian Gold Line progressed with structural mapping, base of till sampling and drilling primarily in areas near the Pampalo mine and the Central Duplex zone located south of Pampalo. Most of the results from these studies are expected before the year-end. The layman sample competition, “Kultakisa Kakkonen” (Gold competition Kakkonen), in Ilomantsi, Finland, attracted substantial interest, and 137 samples were received by the end of October. We look forward to announcing the winners as well as interesting results from the competition in January 2019.”

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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.

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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 CET on 14 November 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).