

Friday mine in Idaho starts initial ore production in December

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Q4 2018 (vs Q4-2017)

Operational highlights

- Gold production was 27.9 kg (98.7), reflecting suspension of the Pampalo mine in October
- Milled ore was 7,559 tons (39,692) at head grade of 2.6 g/t (3.0)
- Cash Cost was 948 USD/oz (1,264)

Financial highlights

- Revenue was 7.9 MSEK (28.5)
- EBITDA was -6.1 MSEK (-5.9)
- Total cash flow was -43.5 MSEK (1.8)
- Earnings per share was -0.51 SEK (-3.71)

Full year 2018 (vs. full year 2017)

Operational highlights

- Gold production was 331.3 kg (398.1)
- Milled ore was 116,456 tons (165,539) at head grade of 3.3 g/t (2.9)
- Cash Cost was 981 USD/oz (1,165)

Financial highlights

- Revenue was 105.3 MSEK (122.6)
- Adjusted EBITDA, excluding transaction costs associated with the acquisition of TVL Gold Idaho and co-operation negotiations at Endomines Oy, was 5.9 MSEK (-5.7)
- EBITDA was -5.5 MSEK (-5.7)
- Total cash flow was 0.4 MSEK (-13.7)
- Earnings per share was -1.10 SEK (-6.60)

SIGNIFICANT SUBSEQUENT EVENTS

Endomines has entered into a Letter of Intent to lease the Unity Mine in Idaho, USA. The Unity Mine is located adjacent to Endomines' Rescue property and allows exploration and development of the two assets into one extended mine crossing nine known gold bearing veins.

Endomines commences on 14 February 2019 the sale of an up to EUR 5 million senior secured bonds and warrants. The bond carries a coupon of 12.0 per cent and has 3-year maturity. The number of the associated warrants is 5,555,555 and their exercise price is EUR 0.90 per warrant.

Production guidance for 2019:

Annual gold production at the Friday mine in Idaho, USA, is expected to be approximately 9,000oz at a cash cost, depending on the area of production, of 650-900 USD/oz, over the life time of the mine. In the first quarter of 2019, Endomines has commenced ramp-up of the mine and anticipates producing 5,000 – 8,000oz gold in concentrate during the current year, with the final output depending on the grades and tonnages mined during the period.

Key figures (Consolidated)	Oct-Dec			Jan-Dec		
	2018	2017	+/-	2018	2017	+/-
MSEK if not otherwise stated						
Revenue	7.9	28.5	-20.6	105.3	122.6	-17.3
Cost	-13.9	-34.5	20.6	-110.7	-128.3	17.6
Depreciation and write-downs	-8.1	-32.0	23.9	-43.0	-59.1	16.1
Adjusted EBITDA	-6.1	-5.9	-0.2	5.9	-5.7	11.6
EBITDA	-6.1	-5.9	-0.2	-5.5	-5.7	0.2
EBIT	-14.2	-37.9	23.7	-48.5	-64.8	16.3
Net result for the period	-17.9	-38.9	21.0	-37.4	-69.3	31.9
Earnings per share (SEK)	-0.51	-3.71	3.20	-1.10	-6.60	5.50
Cash flows from operating activities	3.5	3.4	0.1	-7.6	1.0	-8.6
Investments	-50.1	-0.6	-49.5	-158.9	-12.3	-146.6
Financing	3.1	-1.0	4.1	166.9	-2.4	169.3
Liquid assets at the end of the period	18.9	15.8	3.1	18.9	15.8	3.1
Personnel at the end of the period	24	40	-16	24	40	-16

CEO Saila Miettinen-Lähde: “We achieved a significant milestone by commencing ore production at our Friday mine in Idaho, USA, in December. Since the start, we have continued mining and focused on grade control and improving our understanding of the ore boundaries. The grade control sampling has produced encouraging results, confirming e.g. 1.1 m wide intercept reporting 52.1 g/t gold.

At the processing plant, we have seen some delays in final equipment deliveries and due to this, are just now at the final stages of installations. We anticipate starting up the plant in early March, which allows us to ramp up the Friday gold concentrate production during the early months of 2019, as anticipated.

In October, we placed our Pampalo mine in Ilomantsi, Finland, under care and maintenance after concluding that the current gold price did not support investment in a decline to the next deeper level of the mine. Up until the suspension, we produced 331kg (10,650oz) of gold in Pampalo in 2018, which exceeded our initial expectations of 250-300kg by a substantial margin. Given that we have all necessary production infrastructure in place and known gold resources for at least 18 months’ production in Pampalo, we look forward to opportunities to open the Pampalo mine again, or to utilize the processing facility for gold concentrate production from ore mined elsewhere along the Karelian Gold Line.

Our 2018 exploration results confirm the high exploration potential of the Karelian Gold Line and encourage us to continue work in the area. The drilling and base of till sampling results close to the Pampalo mine have given indications of possible further findings even within the existing mining concession areas. The results more broadly have improved our understanding of the regional geology, which in turn helps us in further improving our 3D structural model of the area and targeting our exploration program for 2019 and beyond.

Financially, our fourth quarter reflected the suspension of mining in Pampalo, with revenue amounting to SEK 7.9 million and EBITDA to MSEK -6.1. For the full year, our revenue came to MSEK 105.3 and adjusted EBITDA, excluding costs associated with the TVL Gold Idaho acquisition and the co-operation negotiations, was MSEK 5.9.

After the reporting period, we have announced our intention to lease the Unity Mine in Idaho, USA. The Unity Mine is located adjacent to Endomines' Rescue property and allows exploration and development of the two assets together into one extended mine crossing nine known gold bearing veins. The lease of the Unity Mine marks the first step in our planned expansion in Idaho and is in line with our announced strategy to acquire assets that can be taken to production reasonably quickly and with limited capital expenditure."

Contact person

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This information is information that Endomines AB is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication through the contact person set out above at 07:45 CET on 14 February 2019.

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).