

Endomines' AB Q1 2019 Business review – Focus on the Friday mine

Endomines AB, Stock Exchange Release 8 May 2019 at 07:45 CEST

Q1 2019 (vs Q1 2018)

Operational highlights

- The focus of operational activity was on mine development and construction of the processing plant at the Friday mine in Idaho, USA
- There was no gold concentrate production in Q1 2019
- LTIFR 12 (8)

Financial highlights

- Revenue was 2.1 MSEK (29.4)
- EBITDA was -11.5 MSEK (-8.5)
- Total cash flow was -11.2 MSEK (87.1)
- Earnings per share was -0.37 SEK (0.06)

SIGNIFICANT SUBSEQUENT EVENTS

- The Board of Directors announced on 3 May 2019 that CEO Saila Miettinen-Lähde will leave her position as CEO of the company, the board appointed CFO Marcus Ahlström as acting CEO from 3 May 2019.
- The Company announced on 26 April 2019 that gold concentrate production at Friday is anticipated to commence during Q2 2019. The tailings area for the processing plant suffered some damage during the winter and must be repaired prior to production start-up.

Production guidance for 2019:

Endomines maintains its current production guidance for the year at 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. Annual gold production at the Friday mine in Idaho, USA, over the life time of the mine, is expected to be approximately 9,000oz at a cash cost, depending on the area of production, of 650-900 USD/oz.

Comments on change of reporting structure and the practice of financial reporting

Endomines changed the practice of financial reporting from 2019. 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. This is not an interim report as specified in the IAS 34 standard. The content in this report slightly differs from the guidelines given by Nasdaq Stockholm regarding business reviews. The content in this business review reflects the current suspension of the Pampalo mine and the continued construction of the Friday operations. The business review is customized to give the reader a good insight of the current operations of the company.

Key figures (Consolidated)	Jan-Mar		
	2019	2018	+/-
MSEK if not otherwise stated			
Revenue	2.1	29.4	-27.3
Cost	-12.6	-37.9	25.3
Depreciation and write-downs	-1.8	-11.3	9.5
EBITDA	-11.5	-8.5	-3.0
EBIT	-13.3	-19.9	6.6
Net result for the period	-13.0	1.9	-14.9
Earnings per share (SEK)	-0.37	0.06	-0.43
Cash flows from operating activities	-23.0	-12.9	-10.1
Investments	-23.7	-60.6	36.9
Financing	35.5	160.6	-125.1
Liquid assets at the end of the period	7.8	103.6	-95.8
Personnel at the end of the period	28	43	-15
LTIFR	12	8	4

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 Marcus Ahlström:

Financial highlights

“Endomines’ financial result in Q1 2019 reflected the suspension of the Pampalo mine in October 2018 and the continued construction of the Friday operations. No gold concentrate was produced in the first quarter; hence, the 2.1 MSEK (29.4) revenue was generated from the sales of the remaining Pampalo concentrates produced in Q4 2018. EBITDA for the period amounted to -11.5 MSEK (-8.5).”

Endomines raised 3.7 MEUR in senior secured bonds with warrants in March 2019. The bonds have a three-year tenor and a fixed annual interest rate of 12.0 percent. The bonds are callable at 103 percent of the nominal amount after one year and at 101 percent of the nominal amount after two years. For each 50,000 EUR bond subscription, the Company issued 55,555 warrants (Sw. teckningsoptioner), in total 3,888,877, each entitling to subscription of one new share in the Company, at a strike price of 0.90 EUR during the period from 31 March 2019 until and including 31 March 2022”

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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 CEST on 8 May 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).