

Endomines' AB Half-year interim report for 2019: Rights issue successfully completed – production ramp-up at Friday commenced

Endomines AB, Stock Exchange Release 16 August 2019 at 08:30 CEST

H1 2019 (vs. H1 2018)

Operational highlights

- Construction of the Mill was ongoing and developmental drifting at the Friday Mine was the focus for Q2
- Construction of the Tailings pond at the mill was also a large focus of time and materials
- There was no gold concentrate production in Q2 2019
- LTIFR 11 (9)

Financial highlights

- Revenue was 3.5 MSEK (71.5)
- EBITDA was -20.8 MSEK (0.0)
- Total cash flow was -13.2 MSEK (71.6)
- Earnings per share was -0.85 SEK (-0.10)

Significant subsequent events

Endomines's rights issue was successfully completed and the final results announced on 4 July 2019; the proceeds before transactions costs were approximately SEK 156 million. As a result of the rights issue, the total number of shares was increased by 44,549,555 and the share capital by SEK 133,648,665.

Amended production guidance for 2019:

On August 9 Endomines announced that the previous production estimate of 5,000-8,000oz gold in concentrate during 2019 will not be achieved. This is due to reparations of damages that the Friday tailings pond suffered during the 2019 winter/spring season, causing longer than expected delays to the production phase. Based on the commissioning of the plant, the results of the drilling campaign and test mining the production plan is currently being updated by the new Endomines US team. Once completed, Endomines will release an updated production guidance for the Friday mine for year 2019.

Previous 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 anticipated 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)	Jan-Jun		
<i>MSEK if not otherwise stated</i>	2019	2018	+/-
Revenue	3.5	71.5	-68.0
Operating expenses	-24.3	-71.5	47.2
Adjusted EBITDA	-20.8	7.8	-28.6
EBITDA	-20.8	0	-20.8
Depreciation and write-downs	-1.5	-23.1	21.6
EBIT	-22.3	-23.1	0.8
Net result for the period	-30.1	-3.5	-26.6
Earnings per share (SEK)	-0.85	-0.10	-0.75
Cash flows from operating activities	-29.8	-16.0	-13.8
Investments	-36.8	-73.7	36.9
Financing	53.4	161.3	-107.9
Liquid assets at the end of the period	5.7	90.1	-84.4
Personnel at the end of the period	36	42	-6
LTIFR	11	9	2

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: “The first 6 months of 2019 saw further development of the Friday mine and completion and commission of the mill, which reached technical completion at the end of April. Unfortunately when the snow melted and in preparation of the bypass line for the tailings pond it was discovered that the tailings pond liner as well as some supporting structures had suffered damage during the winter months and the spring run-off. This offset the initial ramp-up of the mine and mill which could only be commissioned at the beginning of August. I am however extremely excited that we have finally started the ramp-up stage at Friday and look forward to get into full production as soon as possible.”

In May the Board resolved on a rights issue to further strengthen Endomines long-term strategy and continue developing the Idaho assets and the exploration programme at the Karelian Goldline. The long-term plan is to produce over 40,000 oz by the end of 2023. The rights issue was completed by July 1 and resulted in the company raising ca. 156 MSEK before transaction costs, this corresponded to approximately 94.4 percent of the initial goal setup for the rights issue. I am very happy with the outcome from the rights issue which has provided us a financial position that currently is solid. I want to further thank all our existing and new shareholders for the commitment and trust that you have showed us.

We have put in place a new US management team following the changes at Group management level. The new team is now focusing on the next steps in carrying out our strategy to keep on working and developing Friday alongside our next projects at Rescue and Unity. A revised production plan and development budget is currently in process. On top of this we are continuing to focus on the exploration programme at the Karelian Goldline with the target of enabling profitable gold production in the longer term”.

STOCK EXCHANGE RELEASE ENDOMINES AB
STOCKHOLM 16 AUGUST 2019
30/2019



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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 08:30 CEST on 16 August 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).