

SUMMARY OF INTERIM REPORT JANUARY – SEPTEMBER 2015

Encouraging exploration results in Pampalo

Highlights

Q3/2015

- Gold production 153.1 kg (210.9)
- Co-operation negotiations with the personnel started
- Revenues were 30.4 MSEK (47.8)
- EBITDA before unrealized losses on derivatives -11.6 MSEK (6.9)
- Profit after tax was -18.7 MSEK (-5.5)
- Earnings per share was -0.07 SEK (-0.04)

January- September 2015

- Gold production 411.0 kg (582.6), -29%
- Revenues were 85.2 MSEK (131.6), -35%
- EBITDA before unrealized losses on derivatives was -48.3 MSEK (8.7)
- Profit after tax was -79.4 MSEK (-23.5)
- Earnings per share was -0.30 SEK (-0.18)
- Investments were 32.1 MSEK (9.7), mainly into mine site exploration
- Closing cash balance end of September was 34.4 MSEK

Subsequent events

- The company closed its remaining 11,200 oz gold hedge on October 9
- At closing a new 26 MSEK short-term loan was obtained which on October 27 was converted into a long term loan with payback during 2018-2019
- The payback of the current project loan of 45 MSEK was prolonged from 2016-2017 to 2018-2019
- The Board will invite all shareholders to an extra general meeting to resolve on a right issue of some 60 MSEK net
- Further encouraging high grade intersections from Pampalo Deeps exploration project including 10 m@18.2 g/t and 6 m@13.6 g/t
- Encouraging intersection (2.0m@3.9 g/t gold) in the previously unexplored area south of Pampalo South supports company expectations of the unknown potential close to Pampalo main lodes

Production guidance for 2015

- The production guidance for the full year 2015 remains as previously announced at 550-600 kg gold.

Operations review

CEO comment

"We are very thrilled about the high grade results received so far from our Pampalo Deep extension underground exploration project. The grade of the intersections has improved quite dramatically and new discoveries are open down dip. The closure of the hedge and change of the loan agreement with Nordea will allow the company to concentrate at development of these high grade lodes at Pampalo Deeps ", comments Markus Ekberg, CEO of Endomines AB.

Key data-Group

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<i>MSEK if not otherwise stated</i>	July- September			January - September		
	2015	2014	+/-	2015	2014	+/-
Revenues	30.4	47.8	-17.4	85.2	131.6	-46.3
Ebitda before unrealised loss on derivatives	-11.6	6.9	-18.5	-48.3	8.7	-57.0
Ebit	-23.4	-5.5	-17.9	-94.4	-29.1	-65.3
Profit before tax	-23.2	-6.6	-16.7	-97.7	-28.8	-68.9
Net profit	-18.7	-5.5	-13.2	-79.4	-23.5	-55.9
Cash flow	-33.2	0.8	-34.0	-78.8	-11.5	-67.3
Earnings per share (SEK)	-0.07	-0.04	-0.03	-0.30	-0.18	-0.12
Gold production (kg)	153.1	210.9	-57.8	411.0	582.6	-171.7
Gold production (oz)	4,922	6,781	-1,859	13,212	18,732	-5,520
Milled ore (tonnes)	90,143	95,583	-5,440	251,970	308,137	-56,167

Gold production

The operation produced 153.1 kg (210.9) of gold during the third quarter 2015 at a Cash Cost of 1,112 USD/oz (960). The production for the first nine months was 411.0 kg gold (582.6) at a Cash Cost of 1,276 USD/oz (1,047).

Key production figures

<i>MSEK if not otherwise stated</i>	July- September			January - September		
	2015	2014	+/-	2015	2014	+/-
Milled ore (tonnes)	90,143	95,583	-5,440	251,970	308,137	-56,167
Head grade (Au gram/tonne)	2.0	2.7	-0.6	2.0	2.3	-0.4
Gold recovery (%)	82.7	81.6	1.1	83.5	81.0	2.5
Hourly utilization (%)	93.3	93.7	-0.4	89.2	95.2	-6.0
Gold production (kg)	153.1	210.9	-57.8	411.0	582.6	-171.7
Gold production (oz)	4,922	6,781	-1,859	13,212	18,732	-5,520
Cost per milled ore tonne (EUR)	50	45	4	53	41	11
Cost per milled ore tonne (SEK)	464	415	49	464	415	49
Cash Cost (USD/oz)	1,112	960	152	1,276	1,047	229

The gold recovery in Q3 was slightly below the target level but the utilization rate and total milled tonnage improved from the previous quarter due to improved access to new stoping areas. In spite of a low head grade from the Pampalo underground operations, the gold production improved during the quarter.

Cost per milled ore tonne increased as compared to previous year quarter and year-to-date. The main reason to this is the temporary decrease in operations last year, e.g. drifting. The increase in Cash Cost is mainly due to lower gold production.

Health and Safety

Endomines' commitment to a safe working environment is clearly demonstrated by the decreasing and lower than the Finnish industry average accident frequency rate, LTIFR.

Mine site exploration

During the third quarter, the Company continued its exploration activities in the mine. Assay results from numerous underground drill holes have been received and a majority of these drill holes have returned ore grade intersections.

The results confirm that the previously reported high-grade extension of the Pampalo Northern lens continues to deeper levels. The recently discovered and reported high grade S2-lens has been further confirmed with several additional drill core intersections.

These new drill intersections indicate that the structure of the deposit is changing and that the overall in-situ grade is improving from 500 meter level and downwards. All of these new discoveries are open towards the depth and the company will strive to continue the exploration project.

Complete results are found in the exploration reports published during the third quarter or from the exploration reports on the Company's website.

Regional exploration

The Base-of-till sampling program commenced in March has been completed in September. All together 1,704 samples were collected from the Karelian Gold Line. About 90% of the assay results have been received so far. Interpretation of the results is in progress.

The company's regional exploration along the Karelian Gold line is continuing. Diamond drilling programs at Pampalo East, Pampalo North, Pampalo North West, Rämepuro and Hosko have been completed.

Karelian Gold Rush 2015

Endomines Exploration Challenge "Karelian Gold Rush 2015" registration has been opened. Actual competition data will be made public at FEM 2015 meeting in Kittilä in Northern Finland on November 4th. The amount of data to be made public has increase to about 2,500 drill holes totalling approx. 191 km and about 130,000 till or soil sample data.

Environment

All operations have been run in accordance with the existing environmental permits. Hosko environmental permit was granted.

Personnel

Year-to-date average number of personnel was 74 employees. The contractors working at the Pampalo Gold Mine had 34 employees in average.

Co-operations negotiations

During the reporting period, Endomines AB's fully owned subsidiary Endomines Oy has, invited employee representatives to co-operation negotiations. The start-up of negotiations will give the Company the flexibility to commence temporary or permanent lay-offs. The co-operation negotiations, relevant to all employees of Endomines Oy are, under Finnish law, a required first step prior to any temporary or permanent lay-offs. During ongoing co-operation negotiations, all alternatives for the Pampalo operations will be evaluated. These alternatives will include adapting the mine production to the gold price development. The Co-operation negotiations are ongoing.

Subsequent events

Closing of the remaining gold hedge

The remaining gold price hedge of 11,200 oz has been repurchased/closed. In connection with the closing the Company also paid the third quarter hedge liability of 5,200 oz. Endomines paid the market price of the hedge, which amounted to around 31 MSEK (3.3 MEUR), of which 4.7 MSEK (0.5 MEUR) were paid in cash and the remaining amount by obtaining a new loan of 26.3 MSEK.

The original hedge agreement was signed in connection with obtaining a Project Loan from Nordea Bank in 2009. One of the terms were that a minimum of 50 per cent of the future gold production should be hedged. In total 84,400 oz of gold was hedged and after a change made in 2012 the hedge price for periods ending during 2014-2015 was 843 EUR/oz (remaining 10,400 oz) and for 2016, 796 EUR/oz (6,000 oz). The gold price in euro has been continuously significantly higher than the hedge price. The Company has from 2011 up to the second quarter 2015 paid more than 155 MSEK (17.4 MEUR). Due to this, the Company started negotiations to repurchase the remaining part of the gold hedge.

Financing

Endomines has reached an agreement to prolong repayment of its bank loans as well as obtaining a new long term loan amounting to 26.3 MSEK, refer to above. The payback of the project financing of 45.2 MSEK (4.8 MEUR) was prolonged from earlier 2016-2017 to 2018-2019. Both loans, totalling 71.5 MSEK (7.6 MEUR) will be repaid after a grace period 2015-2017 in the years 2018-2019. A fixed amount of 940 KSEK (100 KEUR) is paid quarterly starting in the first quarter of 2018 and a variable amount in the form of a cash sweep every six months starting in the second quarter of 2018. The cash sweep is 40 per cent of an adjusted cash flow for a 12 months period (four calendar quarters) or a 6 months period (two calendar quarters) before the payback date. The adjusted cash flow is based on reported Ebitda of Endomines Oy less interest paid and investments actually made. Furthermore, the agreement included changes in loan covenants to reflect the changes in loan maturities.

An intended rights issue

The Board will propose to the general meeting of shareholders to resolve upon a rights issue in the Company of approximately 60 MSEK net of issue costs, of which 28 MSEK (3 MEUR) is a requirement under the agreement with Nordea. The rights issue shall be completed before the end of Q1 2016, at the latest. Detailed issue terms etc. will be presented in a separate notice to a shareholders' meeting as soon as the Board has determined the proposed terms for the rights issue, however not later than 15 December 2015. The purpose with the equity issue is to finance further investments in exploration and mine development.

Encouraging exploration results

Further encouraging high-grade intersections from Pampalo Deeps exploration project including 10 m@18.2 g/t gold, 6 m@13.6 g/t gold, 8 m@7.2 g/t gold, 3 m@14.5 g/t gold, 3 m@7.0 g/t gold and 4 m@11.5 g/t gold.

One drill hole in the Pampalo South area did intersect 2.0m@3.9 g/t gold. This drill intersection in the previously unexplored area supports company expectations of the unknown potential further south from Pampalo main lodes.

Outlook for 2015

The production guidance for 2015 is 550-600 kg gold.

Future liquidity development

Endomines operations are capital intensive. In order to conduct exploration activities and mine development requires access to financing. It is the Board's assessment that current working capital is not sufficient for the current needs in the next coming 12-months period, but will require additional external financing within the next coming six months, at the latest to complete ongoing investment plans. The Company may postpone some of these investment plans in order to prolong the time period. A number of measures have already been taken to ensure continued adequate liquidity development. These measures include the closing of the gold hedge, prolonging of loan maturities and the intention to complete an equity issue.

Financial Calendar 2016

- Q4 report 2015, February 18th 2016
 - Annual report (in Swedish only), during week 12
 - Annual General Meeting, April 18th 2016
- Summary of interim results will be issued
- Q1 2016, May 19th 2016
 - Q2 2016, August 18th 2016
 - Q3 2016, November 17th 2016

For further information, please contact:

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Or visit the Company's home page: www.endomines.com

Endomines AB discloses the information provided herein pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication at 08:45 CET on October 29, 2015.

About Endomines:

Endomines conducts exploration and mining business along the 40 kilometer long Karelian Gold Line. Through various regulatory approvals, Endomines controls the exploration rights to this entire area.

The Company's first mine, Pampalo, started in February 2011. During 2014, Endomines initiated the production of ore from the mine in Rämepuro. The ore from satellite mines will be processed in the centrally located mill at Pampalo.

The Company's business practices and mining operations are based on sustainable principles and on minimizing the impact on the environment.

Endomines applies SveMin's & FinnMin's respective rules for reporting for public mining & exploration companies. The Company has chosen to report mineral resources and ore reserves according to the JORC-code, which is the internationally accepted Australasian code for reporting ore reserves and mineral resources.

Endomines vision is to participate in the future structural transformation and consolidation of the Nordic mining industry. The Company may therefore be involved in acquisitions of interesting deposits or companies, should such opportunities arise.

The shares of Endomines AB are quoted on NASDAQ Stockholm under ticker ENDO and on NASDAQ Helsinki under ticker ENDOM. The Liquidity Provider in both Stockholm and Helsinki is Erik Penser Bankaktiebolag.

This news release may contain forward-looking statements, which address future events and conditions, which are subject to various risks and uncertainties. The Company's actual results, programs and financial position could differ

materially from those anticipated in such forward-looking statements as a result of numerous factors, some of which may be beyond the Company's control. These factors include: the availability of funds; the timing and content of work programs; results of exploration activities and development of mineral properties, the interpretation of drilling results and other geological data, the uncertainties of resource and reserve estimations, receipt and security of mineral property titles; project cost overruns or unanticipated costs and expenses, fluctuations in metal prices; currency fluctuations; and general market and industry conditions.

Forward-looking statements are based on the expectations and opinions of the Company's management on the date the statements are made. The assumptions used in the preparation of such statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking
