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Press release
Stockholm, October 12, 2009

Endomines enters financing agreements for gold mining start-up and carries out rights issue

In order to commence gold production in 2010, the Board of Directors of Endomines has resolved to carry out a fully guaranteed rights issue and signed a project financing agreement with Nordea to finance the construction and start up of the Pampalo gold mine

Endomines controls all mining concessions and claims along the Karelian Gold Line in Ilomantsi, Finland. The extensive exploration performed by the Company has resulted in increased mineral resources and ore reserves. Given that these ore reserves are now deemed to be sufficient to sustain renewed mining operations, the Board of Endomines has secured financing for the construction and start up of the mine and concentrating plant in Pampalo, subject to approval of the rights issue by an extraordinary general meeting of shareholders.

The total capital raised amounts to SEK 287 million¹. Of this, SEK 179 million will be raised through a fully guaranteed rights issue, as resolved by the Board on October 9, 2009, and subject to approval by an extraordinary general meeting. A project financing facility of SEK 82 million has been granted from Nordea Bank Finland, guaranteed up to SEK 62 million by Finnvera plc, a specialized financing company owned by the State of Finland. In addition, Endomines has been approved SEK 26 million in grants from the Finnish Ministry of Employment and the Economy. Endomines has also obtained bridge financing of up to SEK 21 million from Erik Penser Bankaktiebolag to enable construction of the mine to start before the complete financing is available to the Company.

"I am very satisfied to inform that we can now commence the construction work for the Pampalo mine and plant. In order to gain momentum, we will start construction of the tailings storage facility before winter and continue with other works after approval by the extraordinary general meeting of the Board's decision on the rights issue. Our plan is to start trial mining and processing during the last quarter of 2010 and then increase production to full capacity during the first half of 2011. In the area surrounding Pampalo, we currently control ore reserves containing 200,000 oz gold, enough for seven years of production, and our ambition is to increase the ore reserves through additional exploration in the coming years. Our average "cash cost" for the planned production is calculated to be 420 USD/oz.² With the current gold price above 1,000 USD/oz, the timing to start gold production is excellent." comments Markus Ekberg, CEO of Endomines.

Karl-Axel Waplan, Chairman of Endomines: "This is an important event for Endomines and for the Finnish mining industry. We have, while being a fairly small company in terms of size, obtained recognition from the largest Nordic bank and the Finnish government through Finnvera and the Ministry of Employment and the Economy. Together with the support from our largest shareholders, this has created the opportunity to start gold mining in the Karelian Gold Line. Our current ore reserves are

¹ All sums are calculated using an exchange ratio of EUR/SEK 10.3

² Calculated using an exchange ratio of EUR/USD 1.3

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sufficient for recouping the investment and provide basis for further corporate development. There are also excellent possibilities to expand the resources and reserves along strike and at depth in Pampalo and elsewhere within the 40 kilometer long Karelian Gold Line. Until today, only a few of the identified mineralized targets along the gold line have been duly tested. Endomines also possesses ilmenite assets which are next in turn to be commercialized. I am, together with the rest of the Board, very pleased with our achievements so far and look forward to many years of successful gold mining in Pampalo."

The Pampalo project

Pampalo is centrally located along the Karelian Gold Line, with good regional infrastructure and a long history of successful exploration and test mining under Outokumpu's management. Endomines acquired Pampalo in 2006 as part of a package of mining concessions and claims along the southern part of the Karelian Gold Line. Since then, the Company has developed the already well explored deposit with continued prospecting and extension of the decline down to 375 meters from the earlier level of 275 meters. During 2008, Endomines obtained environmental and building permits and in August 2009 a land parcel of 292 hectares necessary to conduct mining, was acquired from the Finnish governmental forestry organization Metsähallitus. At the Pampalo site, construction of the tailings storage facility, concentrating plant, office and facilities buildings and other installations are planned to start during October 2009 with estimated completion in the 4th quarter of 2010. The concentrating plant will have a maximum capacity of 230,000 tonnes of ore per year in continuous operation, with a planned yearly gold production of 900-1,000 kilograms.

Financing

The total investment in the mine and facilities, including start-up costs, provisions for running costs until the commencement of gold production, financing costs and other costs associated with the project is estimated at EUR 27.9 million (SEK 287 million), of which EUR 21.8 million (SEK 225 million) are direct investments in tangible assets. In order to obtain a balanced financing structure, Endomines has in addition to the rights issue resolved by the Board, secured a project financing facility with Nordea Bank Finland of EUR 8 million (SEK 82 million) for the Pampalo project. Furthermore, the Finnish Ministry of Employment and the Economy has granted, conditional on equity and project loan financing, investment subsidies of EUR 2.5 million (SEK 26 million), to be used exclusively for infrastructure investments at the Pampalo site. Endomines has also obtained a bridge loan of up to EUR 2 million (SEK 21 million) from Erik Penser Bankaktiebolag to facilitate construction start-up before the complete financing is available to the Company.

The rights issue

The Board of Endomines resolved on October 9, 2009 to carry out a rights issue, subject to approval by an extraordinary general meeting to be held on November 12, 2009. The rights issue will be conducted as an issue of units consisting of shares and warrants. Subscription commitments and underwriting guarantees for the rights issue totaling SEK 179 million has been obtained from major shareholders and external parties, making the rights issue fully guaranteed. The rights issue structure is outlined below:

- Current shareholders are entitled to subscribe for units in relation to the number of shares held
- Three (3) shares in Endomines entitle to subscription of one (1) unit
- One (1) unit consists of nine (9) shares and one (1) warrant
- Subscription price per unit is SEK 29.25, equivalent to a subscription price per share of SEK 3.25
- With subscription of units, warrants are included free of charge
- The total number of units to be issued is 6,111,957 according to the Board's resolution³
- At full subscription of units, gross proceeds to Endomines will be SEK 178.8 million
- The number of outstanding shares at full subscription of units will increase with 55,007,613 resulting in a total number of outstanding shares before exercise of warrants of 73,343,484
- The number of warrants issued is 6,111,957 according to the Board's resolution

³ Calculated based on 18,335,871 outstanding shares

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- The warrants are proposed to entitle to subscription of a maximum of 6,111,957 new shares at a subscription price of SEK 5.00 per share between November 15 and December 15, 2010
- At full exercise of warrants, gross proceeds to Endomines will be an additional SEK 30.6 million
- The number of outstanding shares at full exercise of warrants will increase with 6,111,957 resulting in a total number of outstanding shares after full subscription of units and full exercise of warrants of 79,455,441
- From the proposed rights issue, Endomines stands to receive a maximum of SEK 209.4 million in gross proceeds of equity
- The record date at Euroclear Sweden AB for the right to participate in the rights issue is November 20, 2009
- The subscription period runs from November 25, 2009 until December 9, 2009, or a later date that may be decided by the Board
- If all units are not subscribed for with preferential right, shareholders and others have the opportunity to subscribe without preferential right, whereby allocation will be made in accordance with the principles as presented in the notice of the extraordinary general meeting

The rights issue proceeds are intended to be used for financing the Pampalo project, while the potential proceeds from future exercise of warrants are intended to be used primarily for financing further exploration and development of the Pampalo deposit and other deposits along the Karelian Gold Line, and for advancement of Endomines' ilmenite deposits, including a feasibility study of the latter.

A number of major shareholders in Endomines have through subscription commitments totaling SEK 50.4 million committed to subscribe for shares in the rights issue, equivalent to 28.2 percent of the rights issue. The remainder of the rights issue, SEK 128.4 million, equivalent to 71.8 percent of the rights issue, is secured through underwriting guarantees from Erik Penser Bankaktiebolag, Traction Delta AB, Yggdrasil AB, Dunross & Co AB and Bliwa Livförsäkring. The rights issue is thus fully guaranteed through subscription commitments and underwriting guarantees. The subscription commitments and the underwriting guarantees are subject to customary conditions. Securities have been pledged for part of the underwriting guarantees. Shareholders representing approximately 46.3 percent of the share capital and votes in Endomines have committed to vote in favor of the rights issue and the associated resolutions on the extraordinary general meeting on November 12, 2009.

Shareholders who choose not to subscribe in the rights issue will have their holdings diluted by approximately 77 percent, based on full subscription in the rights issue and full exercise of warrants, but have the opportunity to financial compensation by selling their unit rights.

The rights issue is subject to approval by the extraordinary general meeting of shareholders on November 12, 2009. In conjunction with the rights issue, the Board has decided to propose to the extraordinary general meeting, inter alia, amendments to the articles of association and adjustments to the share capital. Notice of the extraordinary general meeting will be made public today and will be published on October 15, 2009 in Svenska Dagbladet and Post- och Inrikes Tidningar. The notice will also be available on www.endomines.com. For complete proposals on terms and conditions and matters to be resolved on the extraordinary general meeting, it is referred to the separate notice.

Project financing facility

Endomines AB's operational Finnish subsidiary Endomines Oy entered on October 9, 2009 an agreement with Nordea Bank Finland Plc regarding project financing for the Pampalo mine. The agreement gives Endomines Oy the right to, subject to the fulfillment of certain conditions, borrow up to EUR 8 million (SEK 82 million) during the period from signing of the agreement up until completion of the mine. The loan shall be repaid in full five years after completion of the mine, however no later than December 31, 2015. The Finnish governmental financing company Finnvera plc has agreed with Endomines Oy to guarantee EUR 6 million (SEK 62 million) of the project finance loan from Nordea Bank Finland. As security for the project finance loan, Endomines Oy has pledged, inter alia, mining concessions for the Karelian Gold Line and mortgage in the land surrounding Pampalo in combination with a parent company guarantee from Endomines AB. Furthermore, all shares in Endomines Oy have been pledged to Nordea Bank Finland, together with a business mortgage in Endomines Oy. In accordance with the project financing agreement with Nor-

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dea Bank Finland, Endomines will enter hedging agreements for the gold price, exchange ratio fluctuations and interest rate levels for a portion of the financing and the planned production **Time schedule**

Indicative time schedule for the proposed rights issue:

- Extraordinary general meeting: November 12, 2009
- Last day of trading in shares with unit rights: November 17
- First day of trading in shares ex unit rights: November 18
- Record date for participation in the rights issue: November 20
- Estimated day for publication of the prospectus: November 20
- Subscription period: November 25-December 9
- Trading in unit rights: November 25-December 4

Advisors

Erik Penser Bankaktiebolag is the financial advisor and Cederquist is the legal advisor to Endomines.

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Endomines AB (publ) explores and develops mineral deposits in Finland. The Company owns mining concessions and claims over all the known gold deposits along the Karelian Gold Line, including the Pampalo mine where the Company aims to start mining in 2010. In addition, Endomines has claims for gold deposits in Finnish Lapland. Besides gold, and through its subsidiary Kalvinit Oy, the Company plans to develop its deposits of the industrial mineral ilmenite in Central Ostrobothnia.

Endomines applies SveMin's and FAERI's common reporting rules for public mining and exploration companies. Endomines report its mineral resources according to the internationally accepted JORC or NI-43-101 code. Endomines applies International Financial Reporting Standards (IFRS) for its accounting principles. The use of IFRS allows for comparison of the Company with foreign exploration and mining companies.

The shares of Endomines AB are quoted on First North Premier segment in Stockholm under ticker EN-DO. Erik Penser Bankaktiebolag acts as Certified Adviser and Liquidity Provider.

Read more about Endomines on www.endomines.com

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