

**Pampalo Q2/2011 production statistics and progress report**

Endomines AB releases its Second Quarter (ending June 30, 2011) production results and 2011 gold production guidance for its Pampalo Gold Mine, which is located in Ilomantsi, Eastern Finland. The Q2/2011 production figures are as follows:

**First and second Quarter 2011 Production<sup>1</sup>**

	Q1/2011	Q2/2011	YTD
<b>Tonnes mined</b>	25 382	<b>44 050</b>	69 432
<b>Tonnes processed</b>	35 797	<b>53 169</b>	88 966
<b>Head grade (Au g/t)</b>	3,5	<b>3,0</b>	3,2
<b>Hourly utilization (%)</b>	63,4	<b>90,5</b>	88,2
<b>Gold recovery (%)</b>	83,8	<b>87,0</b>	85,2
<b>Gold produced kg</b>	105,4	<b>139,9</b>	245,3
<b>Gold produced oz</b>	3 390	<b>4 498</b>	7 887
<b>LTIFR<sup>2</sup> (12 month rolling)</b>	39,7	<b>50,0</b>	50,0

Markus Ekberg, Chief Executive of Endomines adds his comments to the figures: "The Pampalo processing plant ramp-up has progressed according to our start-up plan, and we have now reached our scheduled operating capacity. However, our gold production during Q2/2011 is below our target due to lower than expected gold grades from the stopes in production. The reasons for this are that we have started production from low-grade stopes as well as excess waste rock dilution in the high grade stopes we are producing from.

In addition to this lower than expected head grade, we have also scheduled a 45 kV power line guarantee repair for August, with expected plant downtime of 10 days. Endomines thus reduces its 2011 gold production guidance to 550-600 kg/2011 from previously announced levels of 700 kg/2011, which will consequently also impact our final revenue levels for this first year of operation.

The company has initiated measures to improve the head grade and is also studying options to increase the plant throughput. The first step will be to reduce waste rock dilution by increasing the stope ground support volumes with our own cable bolting rig, which has already been delivered to the site. As a result of these measures and as more high-grade ore will be mined during the second half of the year, the head grade is expected to improve during Q3 and Q4/2011."

**For further information, please contact:**

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<sup>1</sup> Production figures are based on company own assaying and not confirmed by any external laboratory. Cash Cost USD/oz will be published in the Q2-report, due on 15<sup>th</sup> August 2011.

<sup>2</sup> LTIFR = The Lost Time Injury Frequency Rate (LTIFR) is based on reported lost time injuries resulting in one day/shift or more off work per 1,000,000 hours worked.

## **About Endomines AB**

*Endomines AB is a Nordic mining and exploration company with its first operating gold mine in production since February 2011. The Pampalo Gold Mine is targeting an annual production of 900-1000 kg as from 2012. The mine is located in Eastern Finland, on the Karelian Gold Line, a 40 km long gold critical belt, where Endomines controls all currently known gold deposits.*

*The company has several other gold and industrial mineral properties at various stages of development. All Endomines' mineral assets are located in Finland, which is politically stable, has a highly developed infrastructure and is ranked as one of the most favorable jurisdictions for the mining industry.*

*Endomines aims to increase shareholder value by developing its strong portfolio of assets, as well as exploring new deposits on the Karelian Gold Line and in Finnish Lapland. The company will also consider new opportunities and acquisitions for further growth.*

*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 (public mining & exploration companies). It has also 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 applies International Financial Reporting Standards (IFRS) as approved by the European Union. The shares of Endomines AB are quoted on the First North Premier segment in Stockholm under ticker ENDO.ST. Erik Penser Bankaktiebolag acts as Certified Adviser and Liquidity Provider.*

*Read more about Endomines on [www.endomines.com](http://www.endomines.com)*

*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 statements.*