

Endomines to increase Pampalo processing plant capacity Endomines and postpones shift to OMX Stockholm main list

The Board of Directors of Endomines AB has today taken the decision to proceed with increasing production capacity at Pampalo up to a maximum of 450,000 tonnes per annum. The decision was based on the results of a recent feasibility study. A second-hand refurbished mill was acquired before the end of last year, and this will now allow for a rapid capacity increase. An environmental permit application for the capacity increase was recently filed, and a decision is expected early next year. Preparations are underway with a view to starting test production at Rämepuro, which is likely to be the first satellite deposit to be developed.

As part of the financing for the expansion, Endomines has recently completed negotiations with Nordea Bank Finland PLC and Finnvera PLC, regarding its October 2009 5-year term loan. Under the amended terms of the agreement, the bank has agreed to postpone two loan repayments of the facility during 2012, amounting to 1.6 MEUR (approximately 14 MSEK). These will now be repaid semiannually (or 0.4 MEUR or 3.5 MSEK per installment) together with the scheduled repayments due in 2014 and 2015, as from June 2014. The termination date of the facility remains December 31, 2015. In addition, the bank has agreed to waive certain financial covenants with a view to easing cash flow constraints.

To further support the capacity expansion at Pampalo, Nordea has agreed to roll over a total of 6,000 oz of the current gold hedge to the year 2016. The major part of the hedge roll-over will cover the period Q2/2012 (or 4,500 oz) and the remaining (or 1,500oz), the period Q3/2012. The 6,000 oz rolled over hedge amount will be evenly distributed to each quarter of 2016 (or 1,500 oz/quarter). The hedge price was fixed on April 3, 2012, at 796 EUR/oz. The positive cash flow effect for this year is estimated to be approximately 2.4 MEUR (or 21 MSEK) at current forward gold and currency rates.

The processing plant capacity expansion will allow for low grade, currently uneconomic, mineral resources to be converted to ore reserves which can be mined and processed at the Pampalo plant. Hence annual gold production will increase, and the company will benefit from the higher volumes of free market price gold production. The above measures will thus have an impact on the mineral resources and ore reserves, as well as on the estimated "Life of Operations". These figures will be updated and published upon finalizing within the next few months.

Accordingly, the Board of Directors has today taken the decision to postpone Endomines' application to shift the Company listing from the First North Premier list to the NASDAQ OMX Stockholm main market until the new mineral resource and ore reserve, and life of operations estimates are ready.

BOARD OF DIRECTORS

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About Endomines AB

Endomines AB is a Nordic mining and exploration company with its first operating gold mine in production since February 2011. 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

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.