

SUMMARY OF INTERIM REPORT JANUARY – JUNE 2014

The full interim report may be found on the company's website and is in Swedish only.

ENDOMINES REPORTS INCREASED REVENUES AND DECREASED COSTS

Highlights Q2/2014

- Gold production 195.7 kg (168.1) or +16 %, milled ore exceeded 100,000 tons for the second consecutive quarter
- Revenues 46.1 MSEK (28.4) increased by 62 %,
- Cash Cost below 1,000 USD/oz
- EBITDA before unrealized losses/gains on derivatives 7.6 MSEK (-25.0)
- Profit after tax -0.7 MSEK (-7.6)
- Earnings per share -0.01 SEK (-0.09)
- Environmental permit for Rämepuro satellite mine was granted on May 9th

Highlights H1/2014

- Gold production 371.7 kg (348.5) or +7%
- Revenues 83.7 MSEK (68.6), + 22 %
- EBITDA before unrealized losses/gains on derivatives 1.9 MSEK (-16.0)
- Profit after tax -18.1 MSEK (-12.9)
- Earnings per share -0.21 SEK (-0.15)
- Investments 7.1 MSEK (19.2)
- Cash flow -12.3 MSEK and closing cash balance end of June was 32.6 MSEK

Subsequent events

- The Company filed an environmental permit application for Hosko satellite deposit operations in early July.

Production guidance for 2014

- The production guidance for 2014 remains as previously announced and is in line with 2013 gold production (790 kg)

Key financial data

MSEK	Second quarter			First 6 months		
	2014	2013	+/-	2014	2013	+/-
Revenues	46.1	28.4	17.7	83.7	68.6	15.2
EBITDA before unrealised loss on derivatives	7.6	-25.0	32.6	1.9	-16.0	17.9
EBIT	-3.4	-18.1	14.7	-23.6	-16.6	-7.0
Profit before tax	-1.2	-11.5	10.3	-22.2	-16.4	-5.8
Net profit	-0.7	-7.6	7.0	-18.1	-12.9	-5.2
Earnings per share (SEK)	-0.01	-0.09	0.08	-0.21	-0.15	-0.06
Cash flow	0.6	11.5	-10.9	-12.3	30.4	-42.7
Gold production (kg)	195.7	168.1	27.6	371.7	348.5	23.2
Gold production (oz)	6,292	5,405	887	11,950	11,205	746
Milled ore (tonnes)	104,688	80,939	23,749	212,554	139,795	72,759

Comments to operations

Gold Production

Pampalo production for the second quarter 2014 amounted to 195.7 kg (168.1) gold and 371.7 kg (348.5) for the first six months 2014. The milled tonnage for the second quarter of the year again exceeded 100,000 tonnes. This confirms that the processing plant is of a high technical quality. Processed tonnage was 29 % above the corresponding quarter last year. The production cost per milled tonne of ore amounted to 349 SEK or 39 EUR which was lower than during previous quarters. The hourly utilization rate in the mill was as well good and amounted to 95.7%. Cash cost for the quarter amounted to 939 USD/oz, which was well below the average market price for the period and above break-even at EBITDA-level.

Key production figures by quarter¹

	Q1-2013	Q2-2013	Q3-2013	Q4-2013	Q1-2014	Q2-2014
Milled ore (tonnes)	58,856	80,939	93,460	96,328	107,866	104,688
Head grade (Au gram/tonne)	3.5	2.3	3.0	2.6	2.0	2.3
Gold recovery (%)	88.4	86.7	82.6	82.8	81.6	80.3
Hourly utilization (%)	88.8	92.7	92.7	87.5	94.6	95.7
Gold production (kg)	180.4	168.1	228.5	213.0	176.0	195.7
Gold production (oz)	5,800	5,405	7,346	6,848	5,659	6,292
LTIFR (12 months rolling) ²	9	0	8	8	11	16
Cost per milled ore tonne (EUR)	57	69	57	56	41	39
Cost per milled ore tonne (SEK)	483	592	498	499	365	349
Cash Cost ³ (USD/oz) per quarter	1,081	1,441	983	1,351	1,271	939
Cash Cost (USD/oz) rolling 12 months	745	954	998	1,197	1,243	1 130
Gold price (USD/oz)	1,631	1,415	1,326	1,273	1,293	1,289

The company continues to investigate reasons to lower than expected gold recovery. Lower head grade and more complex mineralogy due to several deposits in simultaneous production is assumed to be the main

¹ Production figures for Q2/2014 are partly based on company own assaying and not confirmed by any external laboratory. Figures are individually rounded off.

² LTIFR = The Lost Time Injury Frequency Rate is based on reported lost time injuries on a rolling 12-month bases resulting in one day/shift or more off work per 1,000,000 hours worked. LTIFR has been calculated for the whole company including contractors.

³ Endomines calculates "Cash cost" per ounce figures using the guidance issued by The Gold Institute Production Cost Standard. Mining, ore processing and site administration and off-site smelting and refining costs are included to the "cash cost" but amortization, reclamation, capital and exploration costs are excluded, i.e. "Cash Cost" is calculated per payable ounces. "Cash Cost" figure is furnished to provide additional information and is a non-IFRS measure. Conversion from EUR to USD made by average rate for the period EUR/USD.

reason. Increasing pH in the process water has also been observed to be one factor impacting on gold recovery. The pH issue has been solved by introduction of more rigorous pH control systems.

Successful cost reductions and increased efficiency at Pampalo operations

Early 2014 the Board made the decision to start co-operation negotiations in order to carry out cost saving initiatives and improve overall efficiency at Pampalo operations.

The co-operation consultations with the employees were concluded during the first quarter and 18 employees were laid off from the beginning of the second quarter. Three employees were made redundant and one employee retired. Contractors have adjusted their own workforce according to the revised activity plan. The layoffs have had no immediate impact to the production.

During the second quarter these cost savings and efficiency improvements have started to give real effect, which has materialized in the reduced unit operating costs and Cash Cost. Cost savings are also partially due to reduced activities such as reduced meterage of development drifting in the Pampalo underground mine. Increased open pit mining has also resulted in lower unit operating cost.

During the second quarter the company has continued exploration activities at its Pampalo mine. The main target has been to increase the knowledge of the mineralization in the open pit area and also to gain information from the underground extensions of the Pampalo lodes.

Rämepuro environmental permit granted and operations have commenced

In May Endomines received an environmental permit decision for the Rämepuro satellite mine.

The permit grants the Company the right to commence operations immediately and, as scheduled, during summer 2014. Mining and processing of Rämepuro ore has consequently commenced. The Rämepuro ore is an important supplement for the Pampalo central processing plant ore feed during the coming years.

Regional exploration

Exploration drilling and other green field exploration works at Korvilansuo area and other regional targets have been suspended. The Company has an intention to resume exploration as soon as the financial situation allows. As the Company is focusing on the development of the Karelian Gold Line it is considering divesting its lower priority exploration assets in other parts of Finland.

Health and Safety

Two accidents occurred during the second quarter – one of these were related to an employee and the other to a contractor employee. Despite these accidents, the Company's safety performance continues on a good level. The overall "LTIFR" rate is 16. The Company policy is a safety target of "zero accidents – zero harm". During the quarter a new safety campaign "Safe by Choice" was launched.

Personnel

By the end of the reporting period the number of personnel was 71 employees of whom 10 persons are laid off either part-time or full-time. The contractors working at the Pampalo Gold Mine had 23 employees. In the beginning of April the Company's Chief Technical Officer Jaakko Liikanen resigned.

Subsequent events

The Company filed an environmental permit application for Hosko satellite deposit operations in early July. The company is progressing with the planning works. The plan is to open Hosko deposit for production during summer 2015 parallel with Pampalo and Rämepuro production.

Outlook for 2014

The production guidance for 2014 is in line with 2013 gold production (790 kg).

During the second half of 2014 the company will increase drifting in the Pampalo mine. This will have an impact on operating costs, however is deemed necessary to secure long term operations.

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

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

The shares of Endomines AB are quoted on NASDAQ OMX Stockholm under ticker ENDO and on NASDAQ OMX Helsinki under ticker ENDOM. Pareto Öhman acts as Liquidity Provider in Stockholm.

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