

SUMMARY OF INTERIM REPORT JANUARY – SEPTEMBER 2014

Endomines reports improved EBITDA and reduced costs

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

July-September 2014

- Gold production 210.9 kg (228.5) or -8 % mainly due to head grade and recovery
- Revenues 47.8 MSEK (54.1) or -12 %
- Improved EBITDA before unrealized losses on derivatives to 6.9 MSEK (3.8)
- Profit after tax was -5.5 MSEK (-9.0)
- Earnings per share -0.06 SEK (-0.10)
- Pampalo OPEX/milled ore tonne decreased by 17 % to 415 SEK (498), Cash Cost below 1,000 USD/oz
- Cash flow was 0.8 MSEK (-16.4) and ending cash balance amounted to 34.6 MSEK
- The Board of Directors decided on a rights issue totalling approximately 96 MSEK at full subscription
- The issue is secured to 80 per cent by subscription undertakings and underwriting commitments at which level Nordea Bank Finland has agreed to postpone loan amortizations until 2016-2017
- The issue is subject to approval by the extraordinary general meeting to be held on Oct 30, 2014

January-September 2014

- Gold production 582.6 kg (577.0) or +1 %
- Revenues 131.6 MSEK (122.6), + 7 %
- EBITDA before unrealized losses on derivatives 8.7 MSEK (-12.2)
- Profit after tax -23.5 MSEK (-21.9)
- Earnings per share -0.27 SEK (-0.26)

Subsequent events

- Endomines strengthened its organisation and recruited an Exploration Manager to the Company's operations at Karelian Gold Line, Finland

Production guidance for 2014

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

Key financial data-Group MSEK om ej annat anges	July-September			January-September		
	2014	2013	+/-	2014	2013	+/-
Revenues	47.8	54.1	-6.2	131.6	122.6	8.9
Ebitda before unrealised loss on derivatives	6.9	3.8	3.0	8.7	-12.2	20.9
Ebit	-5.5	-8.4	2.9	-29.1	-25.0	-4.1
Profit before tax	-6.6	-10.9	4.4	-28.8	-27.3	-1.5
Net profit	-5.5	-9.0	3.5	-23.5	-21.9	-1.7
Cash flow	0.8	-16.4	17.2	-11.5	14.0	-25.5
Earnings per share (SEK)	-0.06	-0.10	0.04	-0.27	-0.26	-0.01
Gold production (kg)	210.9	228.5	-17.6	582.6	577.0	5.6
Gold production (oz)	6,781	7,346	-565	18,732	18,551	181
Milled ore (tonnes)	95,583	93,460	2,123	308,137	233,255	74,882

Comments to operations

Pampalo Gold Production

The production for the third quarter 2014 amounted to 210.9 kg gold.

Key production figures¹

Key production figures by quarter	2 013	2 013	2 013	2 013	2 014	2 014	2 014
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Milled ore (tonnes)	58,856	80,939	93,460	96,328	107,866	104,688	95,583
Head grade (Au gram/tonne)	3.5	2.3	3.0	2.6	2.0	2.4	2.7
Gold recovery (%)	88.4	86.7	82.6	82.8	81.6	80.3	81.6
Hourly utilization (%)	88.8	92.7	92.7	87.5	94.6	95.7	93.7
Gold production (kg)	180.4	168.1	228.5	213.0	176.0	195.7	210.9
Gold production (oz)	5,800	5,405	7,346	6,848	5,659	6,292	6,781
LTIFR (12 months rolling)	9	0	8	8	11	16	23
Cost per milled ore tonne (EUR)	57	69	57	56	41	39	46
Cost per milled ore tonne (SEK)	483	592	498	499	365	349	415
Cash Cost (USD/oz) per quarter	1,081	1,441	983	1,351	1,271	939	960
Cash Cost (USD/oz) rolling 12 months	745	954	998	1,197	1,243	1,130	1,127
Gold price (USD/oz)	1,631	1,415	1,326	1,273	1,293	1,289	1,284

Definitions:

LTIFR, see², Cash Cost, see³

The milled tonnage for the third quarter exceeded 95,000 tonnes and the plant utilization was a high 93.7%. The production cost per milled ore tonne amounted to 415 SEK or 46 EUR which was in line with recent previous periods. Cash cost for the third quarter was below 1,000 USD/oz and amounted to 960 USD/oz, which contributed to the positive EBITDA in the third quarter.

¹ Production figures for the current quarter 2014 are partly based on company own assaying and not confirmed by external laboratories. 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.

Cost reduction and increased efficiency program continues

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

During the third quarter the cost reduction and efficiency improvements have continued, although total operational cost has increased to some extent mainly due to increased activity at Rämepuro satellite mine. The cost reductions are partially due to reduced activities, e.g. drifting, in the Pampalo underground mine. Increased lower cost open pit mining tonnage has also contributed.

To secure future operations in the Pampalo underground mine, the Company expects that underground drifting in the Pampalo mine must be accelerated during fourth quarter of 2014. This will increase both total and unit operating costs, but is deemed to be necessary for long term operations.

Rämepuro satellite mine operations

The Company's first satellite mine Rämepuro has been in full scale production since early summer 2014. Operations have progressed as planned and scheduled.

Regional exploration

Exploration drilling and other green field exploration works at Korvilansuo area and other regional targets have been suspended. After the reporting period the company has recruited an exploration manager M.Sc. Jyrki Bergström and the Company will restart its regional exploration as soon as the financing of the exploration activities is secured.

Health and Safety

One accident happened during the third quarter to an employee. The Company's safety performance has unfortunately deteriorated to the normal level of the industry and overall "LTIFR" rate is 23. The Company policy is a safety target of "zero accidents – zero harm" and a campaign to improve the "LTIFR" has been initiated.

Personnel

At the end of the September the total number of personnel was 69 employees of which three persons remains laid off. The contractors working at the mine sites in Pampalo and Rämepuro had 37 employees.

Rights issue of units 2014

In September the Board of Directors of Endomines AB decided (subject to the approval by an extraordinary general meeting that is to be held on October 30, 2014) on a rights issue of units consisting of shares and warrants (the "Issue"), totalling approximately MSEK 96.1. The Issue is secured to 80 per cent by subscription undertakings and underwriting commitments.

Endomines has continued the exploration activities at the Pampalo mine and in its vicinity. The Company's objective is to increase the knowledge of the mineralizations in the deeper parts of the

Pampalo mine and in the potential open pits nearby. The Company has also commenced mining operations at Rämepuro and intends to start mine production at Hosko in 2015 and to prepare for other satellite mines along the Karelian Gold Line. However, this will require additional capital.

The proceeds from the Issue shall, besides a strengthening of the Company's liquidity and financial base, be utilized for continued exploration and development of the operations. A continued exploration is needed in order to extend the operational period of the Pampalo plant and mine with nearby situated deposits, as well as to secure the conversion of mineral resources to mineral reserves in order to be able to open new mines and thus create increased production along the Karelian Gold Line.

The Issue is subject to approval by the extraordinary general meeting in Endomines. The extraordinary general meeting will be held on October 30, 2014 at 17:00 at Erik Penser Bankaktiebolag's office, Biblioteksgatan 9 in Stockholm.

The Company has in connection with the Offering entered into subscription undertakings and underwriting commitments with existing shareholders and external parties amounting to 76.9 MSEK or 80.0 per cent of the total Issue.

Subsequent events

Endomines strengthened its organisation and recruited an Exploration Manager to the Company's operations at Karelian Gold Line, Finland.

Outlook for 2014

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

Total operating cost is expected to increase due to increased activity at the mine sites.

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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 28th. 2014.

About Endomines AB

Endomines is conducting exploration as well as mining activities along the 40 kilometer extended Karelian Gold Line. Endomines is controlling, based on decisions from relevant authorities, the exploration rights for the entire area.

The Company's first mine, Pampalo, was started in February 2011. During 2014 production from the open pit at Rämepuro was commenced and the Company is now planning to start mining of the gold



deposit at Hosko. The ore from Hosko, as for Rämepuro ore, will be treated at Pampalo mill, at the center of the Karelian Gold Line.

The Company operates under a regime of sustainable principles and with a business practice to minimize the impact to the environment.

Endomines applies SveMin's & FinnMin's respective rules for reporting (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. Pareto Securities acts as Liquidity Provider in Stockholm.

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.
