

## SUMMARY OF INTERIM REPORT JANUARY – MARCH 2015

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

### Highlights Q1/2015

- Gold production 131.3 kg (176.0)
- Revenues 31.7 MSEK (37.6)
- EBITDA before unrealized losses/gains on derivatives -16.1 MSEK (-5.7)
- Profit after tax -32.6 MSEK (-17.4)
- Earnings per share SEK -0.12 (-0.13)
- Total investments 8.2 MSEK (5.9)
- Total cash flow -20.4 MSEK (-13.0), of which realised gold hedge -11.3 MSEK (-4.0)
- Endomines Exploration Challenge the Karelian Gold Rush was launched on 2<sup>nd</sup> of March
- Mineral Reserve and Resource Estimate update announced 13<sup>th</sup> of March

### Production guidance for 2015

- The production guidance for 2015 is approx. 700 kg of gold

#### Key data-Group

<i>MSEK om ej annat anges</i>	January - March		
	2015	2014	+/-
Revenues	31.7	37.6	-5.9
EBITDA before unrealised loss on derivatives	-16.1	-5.7	-10.4
EBIT	-37.6	-20.1	-17.4
Profit before tax	-39.8	-21.0	-18.8
Net profit	-32.6	-17.4	-15.2
Cash flow	-20.4	-12.9	-7.5
Gold production (kg)	131.3	176.0	-44.7
Gold production (oz)	4,221	5,659	-1 438
Milled ore (tonnes)	76,089	107,866	-31,777

## Operations review

The production for the first quarter 2015 amounted to 131.3 kg gold (176.0).

### Key figures by quarter

	2 014 Q1	2 014 Q2	2 014 Q3	2 014 Q4	2 015 Q1
Milled ore (tonnes)	107,866	104,688	95,583	87,205	76,089
Head grade (Au gram/tonne)	2.0	2.3	2.7	2.4	2.3
Gold recovery (%)	81.6	80.3	81.6	82.9	83.8
Hourly utilization (%)	94.6	95.7	93.7	89.8	82.8
Gold production (kg)	176.0	195.7	210.9	179.3	131.3
Gold production (oz)	5,659	6,292	6,781	5,765	4,221
LTIFR (12 months rolling)	11	16	23	24	25
Cost per milled ore tonne (EUR)	41	39	46	51	61
Cost per milled ore tonne (SEK)	365	349	415	462	577
Cash Cost (USD/oz) per quarter	1,271	939	960	1,046	1,394
Cash Cost (USD/oz) rolling 12 months	1,243	1,130	1,127	1,047	1,059
Gold price (USD/oz)	1,293	1,289	1,284	1,229	1,220

Footnotes for Production figures<sup>1</sup> / LTIFR<sup>2</sup>

As a consequence of a reduced access to new stoping areas in the Pampalo under ground mine, the mined and milled tonnage during the quarter was below the target. The restricted access to stopes, in combination with some technical issues at the crushing circuit in the processing plant, reduced the total throughput tonnage and gold production below the target. The hourly utilization rate in the mill was 82.8%.

The unit production costs were higher than expected due to lower than planned milled ore tonnage and gold production. Total production cost per milled ore tonne amounted to 577 SEK or 61 EUR. Cash cost for the quarter amounted to 1,394 USD/oz (1,271).

### Mineral Reserves and Mineral Resources

In March an update of the Company's mineral reserves and mineral resources was announced. As the Pampalo mine has progressively been deepened, the conditions for the production at Pampalo mine have become more challenging. Previously interpreted larger ore lenses have been observed to be broken up into smaller lenses.

The company commenced infill drilling at its Hosko deposit in late 2014 immediately once financing was secured. The recent drilling has however not been able to confirm the extent of the previously identified high grade part of the deposit. The recent drilling has also delineated grade distribution within the deposit. As earlier announced the Hosko mineral resources and ore reserves have decreased materially.

The updated mineral reserves and mineral resources as of 31 December 2014 are available on the Company website.

<sup>1</sup> Production figures for the last quarter are based on company own assaying and not confirmed by any external laboratory. Figures are individually rounded off.

<sup>2</sup> 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

### **Health and Safety**

The safety performance in terms of Lost Time Accident Frequency Rate (LTIFR) has, during the first quarter, had a negative trend. By end of the quarter the overall 12 month rolling LTIFR is at 25. Management and the Board are reviewing the situation and further safety initiatives have been and will be implemented. The Company policy is a safety target of “zero accidents – zero harm”.

### **Exploration**

Base of Till sampling program started on 23.3.2015 at the NE corner of Kuittila tonalite. By March 31 a 133 samples have been collected. The sampling target for 2015 is 2,000 samples.

Diamond core drilling at Rämepuro South was completed during Q1. The drilling did target to the Southern part of the Pit and on the possible extension of mineralisation towards South. In total 36 diamond drill holes with a combined length of 1,710 meters were drilled. Assay results and interpretation are pending.

Diamond core drilling at Korvilansuo commenced immediately after completion of the Rämepuro drilling. As a first step, six diamond drill holes with a combined length of 680 meters have been planned on wet bog areas targeting to the NE continuation of the known mineralisation.

### **Karelian Gold Rush**

Endomines Exploration Challenge was launched on March 2nd at PDAC2015 conference in Toronto, Canada. Endomines will publish all relevant geological data from the Karelian Gold Line to the competition. Anybody can participate in the competition by analysing the exploration data and by proposing new exploration targets. Registration opens on September 1st and the data will be published on November 4th at FEM2015. Competition will be closed on January 15th, 2016 and the winners will be announced in March 2016 at PDAC2016 conference. Winning exploration target proposal will receive a prize of 40,000 €.

The aim of the competition is to challenge the mining community to innovative and out-of-box thinking in order to come up with new ideas for exploration targets and models.

### **Environment**

All operations have been run in accordance with the existing environmental permit.

### **Personnel**

By the end of the reporting period the number of personnel was 69 employees. The contractors working at the Pampalo Gold Mine had 25 employees.

### **Realised gold price hedges**

Realized gold price hedge during the quarter amounted to -11.3 MSEK (-4.0). The accumulated total payments due to the gold price hedges from June 2011 to March 2015 amount to 138 MSEK.

### **Changes in Board**

The Annual General Meeting in April resolved that the Board of Directors should consist of five members. Staffan Simberg, Meg Tivéus, Stefan Månsson and Rauno Pitkänen were re-elected as members of the Board of Directors. In addition Staffan Simberg was re-elected as chairman of the Board. Mati Sallert had declined re-election. Ann Zetterberg Littorin was elected as a new Board member.



## **Outlook for 2015**

The production guidance for 2015 is approx. 700 kg gold.

## **Financial Calendar 2015**

Full quarterly reports in Swedish as well as a summary report in English are released as follows:

- Q2 2015 on August 13
- Q3 2015 on October 29

In addition key production results are published on the 5<sup>th</sup> working day at the latest after each calendar quarter end.

## **For further information, please contact:**

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or visit the Company's home page: [www.endomines.com](http://www.endomines.com)

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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 CEST on April 27, 2015.*

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## **About Endomines:**

*Endomines conducts exploration and mining business along the 40 kilometer long Karelian Gold Line. Through various regulatory approvals, Endomines controls the exploration rights to this entire area.*

*The Company's first mine, Pampalo, started in February 2011. During 2014, Endomines initiated the production of ore from the mine in Rämepuro and is planning to start mining of the gold deposit in Hosko. The ore from satellite mines will be processed in the centrally located mill at Pampalo.*

*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 for 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. The Liquidity Provider in both Stockholm and Helsinki is Erik Penser Bankaktiebolag.*