



ENDOMINES AB (publ)

PRESS RELEASE

November 17, 2015

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Endomines conducts a rights issue of shares for a total of approximately MSEK 70.8

The Board of Directors of Endomines AB (publ) ("Endomines" or the "Company") has decided, subject to the approval by an extraordinary general meeting to be held on December 17, 2015, on a rights issue of shares (the "Issue"), totaling approximately MSEK 70.8. Notice to the extraordinary general meeting to *inter alia* approve the decision of the Issue will be made public today through a separate press release. The Issue is secured to eleven per cent by subscription undertakings from three owners.

The Endomines shares are admitted for trading on Nasdaq Stockholm and Nasdaq Helsinki.

Summary

- The shareholders of Endomines have preferential right to subscribe for three new shares for each existing share.
- The subscription price is SEK 0.09 per share
- Endomines is supplied a maximum of approximately MSEK 70.8 before transaction costs, upon full subscription of the Issue
- The prospectus for the Issue is expected to be published on December 23, 2015
- The record date for participating in the Issue will be December 21, 2015
- The subscription period for the Issue will be January 11-25, 2016
- The Issue is secured to eleven per cent by subscription undertakings

Background and reasons for the Issue

Endomines has gone through an intensive development since the mining start in 2011. The operations are focused to the centrally located Pampalo underground mine along the 40 kilometer extended Karelian Gold Line. The Company has, since the start, developed into a focused and well-functioning mining company. Total gold production since the start in 2011 until the third quarter in 2015 has been a total of 3.5 tons of gold or in average 60 kg gold per month. This is the equivalent to more than 700 kg gold per year.

The mining operations take place in Pampalo, but also in the neighbouring Pampalo East and in Rämepuro.

As a listed mining company, Endomines has since the start of mining suffered from complicating circumstances; very heavy hedge payments in accordance with the project loan agreement that was a pre-



condition for the financing before mining start, decreasing gold content and diminishing ore reserves over time.

On October 29, 2015 Endomines has reached an agreement with Nordea Bank to convert the short-term liability obtained at the closure of the Company's gold hedge on October 9 to a long-term loan. At the same time, all long-term loans were prolonged from earlier payback years 2016-2017 to 2018-2019. This means that Endomines has availability to its own cash flow until end of 2017 and secures financial scope to develop the operations of Endomines, focusing on exploration for a future profitable mining.

The underground exploration in the Pampalo mine below levels 500-700 meters has given exceptionally good results during the autumn 2015. Regional exploration activities along the Karelian Gold Line will be reduced in favour of a focus on the Pampalo underground mine and its vicinity. Regional exploration activities will be reactivated with improved gold prices.

The Company will, within the limits of its financial capabilities, reduce its gold production based on the Selective Mining principle. The Company intends to mine and process approximately 125,000 tonnes of high-grade ore. Mining will therefore be concentrated to earlier known as well as in 2015 discovered high-grade areas. The ore will be processed in campaigns, approximately for 7-10 days per month. The Pampalo underground mine will operate continuously, but only during weekdays.

There will be a temporary reduction in the workforce by approximately 50 per cent to some 30 employees. The Company expects these measures will contribute to the future profitability of its operations and the return to full production. Cash Cost is estimated to be reduced significantly. The relatively lower grade areas will be left secured and mined when the gold price turns upwards.

It is the Company's view that the current working capital is not sufficient for the upcoming twelve months to operate the business. In light of the Company's need for additional financial resources, the Board of Directors has therefore resolved on the Issue, subject to approval by the general meeting.

As earlier informed, a rights issue of no less than MSEK 28 net (MEUR 3) is a requirement under the Company's loan agreement with Nordea Bank, entered into on 29 October 2015.

The proceeds from the Issue shall, besides a strengthening of the Company's liquidity and financial base, be utilized for Selective Mining and simultaneous exploration in Pampalo and its vicinity and thus create increased production along the Karelian Gold Line.

Terms and conditions of the Issue

On the record day for the Issue, shareholders in the Company will for each share held in the Company receive three (3) subscription rights. One (1) subscription right entitles to subscription of one (1) share for SEK 0.09. The Issue comprises in total a maximum of 786,470,625 shares. The subscription price will be re-



calculated to euro for the shares traded on Nasdaq Helsinki. The subscription price in euro will be stated in the prospectus for the Issue, which estimated to be made public on 23 December 2015.

The subscription period is estimated to be between 11-25 January 2016, or such later date as resolved by the Board of Directors of the Company.

If the Issue is fully subscribed, the number of shares in Endomines will increase by 786,470,625 to 1,048,627,500 shares in total. Shareholders choosing not to participate in the Issue will have their respective holdings diluted by 75 per cent, upon full subscription of the Issue, but will have a possibility to be economically compensated for the dilution effect by way of selling their respective subscription rights.

As a condition for the Issue, the Board of Directors proposes that the extraordinary general meeting resolves to decrease the shares' current quota value from SEK 1.00 to SEK 0.25. The share capital will thus be reduced by SEK 196,617,656.25 through a transfer to a funds for the disposal of the general meeting. The share capital will then, following a fully subscribed Issue, be restored through proceeds from the Issue and a transfer from the share premium reserve. In the event the Issue would not be fully subscribed, additional funds will be transferred to the share capital through a bonus issue, without the issuance of new shares, with the effect that the share capital would be fully restored. The above proposal for reduction of the share capital and the resolution of the Issue also presupposes the extraordinary general meeting to resolve on an adjustment of the Company's articles of association in accordance with the board of directors' proposal.

The total Issue proceeds amounts to a maximum of approximately MSEK 70.8 at full subscription.

The total Issue costs are estimated to approximately MSEK 3.7.

Additional information

The Issue is subject to the approval by the extraordinary general meeting in Endomines. An extraordinary general meeting will be held on 17 December 2015, at 5:00 p.m. CET, at Finlandshuset Konferens, Snickarbacken 4, in Stockholm, Sweden. A notice to the meeting will be made public through a separate press release in Swedish today and will be available at the Company's website www.endomines.com in Swedish as from today, 17 November 2015. The notice will also be made public in the Swedish Official Gazette (*Sw. Post- och Inrikes Tidningar*) on Thursday, 19 November 2015, and, an announcement that the notice has been made public will be published in the Swedish newspaper Svenska Dagbladet.

Subscription undertakings

The Company has in connection with the Issue entered into subscription undertakings with current shareholders corresponding to approximately eleven per cent of the Issue.



Indicative timetable for the Issue

December 17, 2015	Extraordinary general meeting to approve the Board of Director's resolution on the Issue
December 17, 2015	Last trading day including subscription rights
December 18, 2015	First trading day excluding the subscription rights
December 21, 2015	The record date for participating in the Issue, i.e. shareholders that are registered in the share register on this date will receive subscription rights that entitle them to participate in the Issue
December 23, 2015	Estimated date for publication of the prospectus
January 11-21, 2016	Trading in subscription rights on Nasdaq Stockholm and Nasdaq Helsinki
January 11-25, 2016	Subscription period with and without subscription rights
January 29, 2016	Publication of the Issue's preliminary outcome

Financial and legal advisors

Erik Penser Bankaktiebolag is financial adviser and Hannes Snellman Attorneys is legal adviser to Endomines in connection with the Issue.

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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 8:45 a.m. CET on November 17, 2015.

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. The ore from satellite mines will be processed in the centrally located mill at Pampalo.

The Company's 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.

Important information

This press release may contain forward-looking statements and assumptions which address future events and conditions, which are subject to various risks and uncertainties. Actual events and results could differ materially from such statements as a result of risks and other factors that would influence the Company's business, 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 and assumptions 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 the statements.

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for shares in Endomines AB (publ) will only be made through the prospectus that Endomines AB (publ) intends to publish on or about December 23, 2015.

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