

Higher head grade but below expected levels

Selective Mining introduced from early 2016 with reduced mining activities focused on high grade areas

HIGHLIGHTS Q2 2016 vs Q2 2015

- Gold production 73.7 kg (126.6)
- Milled ore 37,303 tonnes (85,738) at 2.4 g/t (1.8)
- Cash Cost 1,396 USD/oz (1,365)
- Revenues 20.9 MSEK (23.1)
- EBITDA -4.8 MSEK (-18.7)
- Profit after tax -13.5 MSEK (-28.2)
- Earnings per share -1.29 SEK (-4.46)
- Reverse split 100:1 completed in May 2016
- Terms of a new off-take agreement for deliveries of flotation concentrate agreed with Boliden

HIGHLIGHTS JANUARY – JUNE 2016

- Gold production 132.2 kg (257.9)
- Milled ore 72,620 tonnes (161,827) at 2.2 g/t (1.9)
- Cash Cost 1,358 USD/oz (1,380)
- Revenues 37.2 MSEK (54.8)
- EBITDA -10.6 MSEK (-41.2)
- Profit after tax -28.3 MSEK (-60.8)
- Earnings per share -3.11 SEK (-9.61)
- 66.6 MSEK raised in equity issue

SUBSEQUENT EVENTS

- No significant events

PRODUCTION GUIDANCE

During 2016 the Company expects to produce between 300 and 350 kg gold, unchanged since the beginning of the year.

Comments to operations

Key financial data-Group	April-June			January-June		
	2016	2015	+/-	2016	2015	+/-
<i>MSEK if not otherwise stated</i>						
Results						
Revenues	20,9	23,1	-2,3	37,2	54,8	-17,6
ebitda	-4,8	-18,7	13,9	-10,6	-41,2	30,6
ebit	-13,4	-33,5	20,1	-28,2	-71,1	42,9
Profit after tax	-13,5	-28,2	14,7	-28,3	-60,8	32,5
Cash flow	-16,9	-25,1	8,2	33,3	-45,6	78,8
Earnings per share (SEK)	-1,29	-4,46	3,17	-3,11	-9,61	6,50

Decimals are indicated by a comma

Selective Mining from beginning of 2016

The production since the beginning of 2016 is based on the Selective Mining principle. Mining takes place only during weekdays while processing takes place biweekly. The reduced mining is focused on earlier known and in 2015 discovered high grade areas.

The first high-grade stope was introduced to production in mid-May and thus the overall grade improved. Total tonnage of the high grade ore is still low and the Year to Date overall grade is still below the expected average grade for the year 2016.

In the latter part of 2016, production will increasingly be concentrated to high-grade areas. As a result of this, the Company estimates that in the future the Cash Cost will be reduced below the current and forecasted gold price.

Key production figures	April-June			January-June		
	2016	2015	+/-	2016	2015	+/-
<i>MSEK if not otherwise stated</i>						
Milled ore (tonnes)	37 303	85 738	-48 435	72 620	161 827	-89 207
Head grade (Au gram/tonne)	2,4	1,8	0,6	2,2	1,9	0,3
Gold recovery (%)	82,8	84,1	-1,3	81,5	83,9	-2,4
Hourly utilization (%)	37,7	91,5	-53,8	36,5	87,2	-50,7
Gold production (kg)	73,7	126,6	-52,9	132,2	257,9	-125,7
Gold production (oz)	2 370	4 069	-1 699	4 251	8 290	-4 039
Cost per milled ore tonne (EUR)	71	50	20	65	55	10
Cost per milled ore tonne (SEK)	656	469	187	600	510	91
Cash Cost (USD/oz)	1 396	1 365	31	1 358	1 380	-22

Decimals are indicated by a comma and thousands are separated by a space

Gold production during Q2 2016

Total gold production amounted to 73.7 kg (126.6). The decrease as compared to the corresponding period in 2015 is due to the selective mining but the production was higher as compared to the previous quarter.

Milled ore tonnes were reduced by 56 %. The average head grade for Q2 2016 was 2.4 g/t and improved from the previous quarter. Cost per milled ore tonne as well as Cash Cost were higher than planned mainly due to mining costs related to drifting and ground support works. Due to temporary lack of own personnel and other resources contractors were used for drifting to safe-guard production later in the year.

Gold production during H1 2016

Total gold production amounted to 132.2 kg (257.9).

Milled ore tonnes were 55% lower than last year. The head grade was 2.2 g/t. The cost per milled ore tonne increased partly as expected due to selective mining but partly due to increased mining costs related to the above mentioned drifting and ground support works.

New Off-Take agreement

In May Endomines was informed that Dragon Mining terminates the existing agreement on processing flotation concentrate from Pampalo at the Dragon Mining Svartliden leaching plant.

As a consequence of the termination, the company agreed on terms of a new agreement to sell and deliver all of its flotation gold concentrate production from the Pampalo Gold Mine to Boliden Harjavalta, Finland. The agreement will cover a period of one year. Deliveries according to the agreed terms have already commenced in June.

Table: Quarterly key production figures 2015-2016:

Key figures by quarter	2 015	2 015	2 015	2 015	2 016	2 016
	Q1	Q2	Q3	Q4	Q1	Q2
Milled ore (tonnes)	76 089	85 738	90 143	83 926	35 317	37 303
Head grade (Au gram/tonne)	2,1	1,8	2,0	1,7	2,1	2,4
Gold recovery (%)	83,8	84,1	82,7	81,4	80,2	82,8
Hourly utilization (%)	82,8	91,5	93,3	80,2	35,3	37,7
Gold production (kg)	131,3	126,6	153,1	118,5	58,5	73,7
Gold production (oz)	4 221	4 069	4 922	3 810	1 881	2 370
LTIFR (12 months rolling)	25	10	9	4	5	6
Cost per milled ore tonne (EUR)	59	50	50	45	58	71
Cost per milled ore tonne (SEK)	555	469	468	420	541	656
Cash Cost (USD/oz) per quarter	1 394	1 365	1 112	1 202	1 312	1 396
Cash Cost (USD/oz) rolling 12 months	1 059	1 154	1 218	1 258	1 228	1 218
Gold price (USD/oz)	1 220	1 193	1 125	1 105	1 179	1 258

- Production figures for the last quarter are based on company own assaying and not confirmed by any external laboratory. Figures are individually rounded off
- 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 million hours worked. LTIFR has been calculated for the whole company including contractors.
- Cash cost and other Alternative Performance Measures have been defined at the end of the complete quarterly report (in Swedish only)
- Decimals are indicated by a comma and thousands are separated by a space

Exploration and other activities in the Karelian Gold Line

Underground exploration at the Pampalo Deeps area is ongoing from the decline and recently commenced exploration drift at +655 level.

Regional exploration along Karelian Gold Line has commenced. The works are based on the recently compiled new exploration strategy based on the Karelian Gold Rush 2015 competition and consultation with the Geological survey of Finland.

Health, environment and safety

The Company's safety performance is on a good level. The overall strategy is a non-acceptance of accidents and adverse environmental incidents, a Zero Harm policy.

Personnel

As a result of the co-operation negotiations completed in December 2015 and the start of the Selective Mining principle the number of officers and workers were temporarily laid off starting from January 2016. The reported average number of employees in the Group for H1 2016 was as a consequence reduced to 43 persons (73). The Company has accordingly reduced the workforce of its contractors.

Subsequent events

No significant subsequent events to report.

Outlook for 2016, Selective Mining

During 2016 the Company expects to produce between 300 and 350 kg gold. Production during 2016 will be based on the selective mining principle. During 2016, the Company intends to mine and process approximately 125,000 tonnes of high-grade ore. Mining will therefore be concentrated to previously known, as well as in 2015 discovered high-grade areas.

The Company expects these changes to the mining and processing schedule, including the temporary lay-offs of personnel, to improve the profitability of the Pampalo Gold mine operations. Cash Cost is estimated to be reduced below the current and forecasted gold price level.

Financial Calendar 2016

- Full interim reports (in Swedish only) and summary interim results (in Swedish and English) will be issued for Q3 2016 on November 17th 2016
- Year-end bulletin will be issued on February 17, 2017

END OF THE PRESS RELEASE

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This information is information that Endomines AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on AUGUST 18, 2016.

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. The ore is 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.

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

PRESS RELEASE
STOCKHOLM AUGUST 18, 2016



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