

Endomines enters into agreement to sell Kalvinit Oy together with its ilmenite deposits to Cove Resources Ltd.

Endomines AB (publ) ("Endomines") has on 5 July 2012 entered into an agreement with the Australian company Cove Resources Ltd. ("Cove Resources"), whereby Endomines agrees to sell all of the shares in its wholly owned subsidiary Kalvinit Oy ("Kalvinit") to Cove Resources, if Cove Resources finds the results of a feasibility study to be performed by Cove Resources before 15 April 2013 satisfactory. Kalvinit is focused on the development of industrial mineral ilmenite deposits and holds certain exploration rights to ilmenite deposits in the Kälviä area in Finland.

If Cove Resources proceeds with the acquisition after completion of the feasibility study, Cove Resources will pay a total purchase price of EUR 3,000,000 in cash for the shares in Kalvinit, plus a royalty of 2 per cent of the Net Smelter Return of produced and sold minerals from the deposits held by Kalvinit. The maximum amount of royalty payable under the agreement is EUR 7,000,000. Of the initial purchase price of EUR 3,000,000, a non-refundable amount of EUR 150,000 is paid in connection with signing of the transaction agreement. A further EUR 850,000 will be paid upon completion of the transaction, and the remainder of the purchase price will be paid in two installments, on 15 January 2014 and on 15 October 2014.

Prior to completion of the transaction, Cove Resources will conduct a customary feasibility study of the ilmenite deposits held by Kalvinit. The feasibility study shall be completed no later than 15 April 2013. Completion of the transaction is conditional on the results of the feasibility study being satisfactory to Cove Resources.

Kalvinit's limestone and copper assets in Kuovila and Rähvääkö are not included in the transaction and will be transferred to Endomines or a wholly-owned subsidiary of Endomines prior to completion. Endomines has issued customary representations and warranties regarding Kalvinit to Cove Resources in the transaction agreement. Provided that the results of the feasibility study by Cove Resources are satisfactory to the purchaser, the transaction is expected to close in Q2 2013.

Karl-Axel Waplan, Chairman of the Board of Endomines, comments: *"We are very pleased to have entered this agreement with Cove Resources and that we now have a good long-term solution for the ilmenite deposits. This agreement ensures that we are compensated for our earlier investments in Kalvinit, and shall have a further return on our investment once production of ilmenite begins. Furthermore, this transaction now allows Endomines to focus on the development of the Pampalo Gold Mine as well as our other deposits along the Karelian Gold Line"*, continues Karl-Axel Waplan.

About Kalvinit Oy

Kalvinit was founded in 1995, and is responsible for the exploration and development of Endomines' ilmenite deposits in the Kälviä area, on Finland's West Coast. The industrial mineral ilmenite is used in several different industries, including titanium oxide (TiO₂) production. Titanium oxide is used as colour pigment in paints, titanium metal production and cosmetic products etc.

Endomines

Since founding, Kalvinit has carried out two major test-mining and processing trials at the Koivu and Kaire deposits, totalling 24,000 tons, in co-operation with a third party. The material mined during these trials has been used for processing tests and to ensure product quality.

About Cove Resources Ltd.

Cove Resources Ltd. is an Australian based mineral company that is listed on the Australian Stock Exchange. The company develops mineral projects which have the potential for exploration success. They also seek to identify complementary merger and acquisition opportunities. The company currently has eight projects located in Queensland and Western Australia.

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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 has several other gold and industrial mineral properties at various stages of development. All Endomines' mineral assets are located in Finland, which is politically stable, has a highly developed infrastructure and is ranked as one of the most favorable jurisdictions for the mining industry.

Endomines aims to increase shareholder value by developing its strong portfolio of assets, as well as exploring new deposits on the Karelian Gold Line and in Finnish Lapland. The company will also consider new opportunities and acquisitions for further growth.

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 (public mining & exploration companies). It has also 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 applies International Financial Reporting Standards (IFRS) as approved by the European Union.

The shares of Endomines AB are quoted on the First North Premier segment in Stockholm under ticker ENDO.ST. Erik Penser Bankaktiebolag acts as Certified Adviser and Liquidity Provider.

Read more about Endomines on www.endomines.com

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.