

Summary of Endomines AB Q1 2012 report:

Q1/2012 Highlights

- Revenues KSEK 35,450 (25,721)
- Operating result KSEK -8,028 (4,175)
- Profit after tax KSEK -1,205 (-5,475)
- Earnings per share SEK -0.02 (-0.07)
- Cash flow from operations KSEK 10,979 (-29,410)
- Gold production 168,8 kg (105.4) or 5,427 oz. (3,390)
- Cash Cost 878 USD/oz. (1,136)

Production guidance for 2012

Endomines issued a release on 22nd March stating that the Company could potentially not reach the planned production level of 800 kg for the first full year of production.

Table: Key financial information

KEY FIGURES	<u>Jan - mars</u>	
KSEK, unless otherwise stated	2 012	2 011
Results		
Concentrates sales	52 686	25 842
gold price hedge	-17 759	–
Pampalo net revenues	34 927	25 842
Other revenues	-477	-121
Total Revenues	34 450	25 721
Revenue, growth, %	33,9	-
EBITDA, Pampalo	7 142	2 330
EBITDA, Other	-6 162	-4 057
EBITDA, Group	980	-1 727
EBITDA margin, %	2,8	-6,7
EBIT	-8 028	-4 175
EBIT, %	-24,0	-16,3
Net Profit	-1 205	-5 475

Summary of events during the whole year 2011

Pampalo Gold Mine

The Pampalo Gold Mine has seen increased levels of mine and mill production tonnage from quarter to quarter, and record mined ore tonnage was reached in Q1. However, as reported in Endomines' final year results for 2011 and Q1 production report gold production was somewhat lower than planned as the underground works followed our planned mining schedule, and accordingly, produced from lower grade areas of the mine. The somewhat lower production was due to some technical problems in the crushing circuit. Although the planned mining schedule will now be mining from higher grade ore during the Q2 and Q3 periods, Endomines issued a release on 22nd March stating that we could potentially not reach our planned production level of 800 kg for the first full year of production.

Table: Quarterly productions statistics

Quarterly production figures and rolling 12 months						
	Q2-2011	Q3-2011	Q4-2011	Q1-2012	Roll 12	FY 2011
Mined ore (tonnes)	44,050	49,441	57,872	61,134	212,497	176,745
Milled ore (tonnes)	53,169	56,915	64,666	61,596	236,346	210,545
Head grade (Au gram/tonne)	3.1	3.6	3.3	3.2	3.3	3.4
Hourly utilization (%)	90.5	86.7	93.3	86.5	89.3	85.3
Gold recovery (%)	87.0	88.1	86.2	85.6	86.7	87.0
Gold production (kg)	1 44.7	1 82.1	1 83.7	1 68.8	6 79.3	6 15.9
Gold production (oz)	4,651	5,855	5,906	5,427	21,839	19,802
LTIFR (12 month rolling) ¹	50	42	35	16	16	35
Cash cost (USD per oz) ²	919	675	918	878	843	864
OPEX/ (SEK/tonne)	629	520	629	579	590	614

Furthermore, in the underground mine our own drifting jumbo, which was delivered late last year was put in full production during the period. This, together with the contractor drifting rig and increased ground support cost during the period resulted in a Cash Cost of 878 USD/oz for the period.

Commercial production and deliveries of gravimetric concentrate started in January and are now ongoing for various customers in Europe.

A Sandvik cable bolting rig was delivered to the mine mid-January and immediately commissioned. This rig will allow flexible and cost-efficient ground support work in the mine and will be a key tool in reducing the waste rock dilution and increase the head grade in the mined ore, and is thus expected to have a positive effect on our cash flow.

During the period, Endomines filed an application for Pampalo Gold Mine environmental permit renewal and has requested capacity increase to a maximum of 450 000 tpa. The application was filed early February and a decision is expected in early 2013 – once the capacity increase which was recently approved is completed.

¹ LTIFR = The Lost Time Injury Frequency Rate (LTIFR) is calculated as reported lost time injuries resulting in one day/shift or more off work per 1,000,000 hours worked.

² 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.

Gold Exploration

A new mineral resource and ore reserve estimate for Pampalo Gold mine was prepared by Outotec Oyj. The estimate includes Pampalo underground mine resources and reserves and the work will be followed by an update of Rämepuro and Pampalo NordWest resources and reserve update.

During the period, our exploration team compiled all exploration results, which were obtained from the 2012 exploration works. The exploration campaign 2011 confirmed the significant potential of the Karelian Gold Line, and the results form a solid base for the next field season works, which already have been started. Newly discovered Korvilansuo and Rämepuro will be the main targets.

Industrial Minerals

Endomines continued to seek and evaluate strategic alternatives for the Industrial Minerals subsidiary Kalvinit Oy. The strengthening of the market price for ilmenite has led to a keen interest for the Kälviä-ilmenite deposit.

Tekes - the Finnish Funding Agency for Technology and Innovation, approved Kalvinit Oy's application to write-off loan capital amounting to SEK 9 million and all accrued interest.

Safety

As for the Endomines personnel, we are pleased to note the excellent progress made with regards to safety improvements. Our own workforce has by end of March worked over 365 days without lost time injuries resulting to LTIFR-rate =0. However, during the last 12 months there have been two lost time injuries for the contactor personnel resulting to the overall LTIFR=16. This figure is clearly better than the industry average, but we remain committed to our overall "zero-accident" target.

Outlook for 2012

The Pampalo Gold Mine has now achieved a stable production but a lot of challenges remain for the whole personnel. Our main targets will be production head grade improvement by reducing waste rock dilution. With regards to processing, the major challenge will be installation of the second grinding mill and other necessary equipment with minimal production disturbances.

Calendar 2012

- Interim reports will be published on:
 - Q2 -2012 14 Aug 2012
 - Q3 - 2012 12 Nov 2012

A full interim report (in Swedish) is available on the Company's website.

In Stockholm on 23 May, 2012

Markus Ekberg, CEO of Endomines AB

For further information, please contact:

Markus Ekberg, CEO of Endomines AB

tel. +358 40 706 48 50

Or visit the Company's website at www.endomines.com



About Endomines AB

Endomines AB is a Nordic mining and exploration company with its first operating gold mine in production since February 2011. The Pampalo Gold Mine is targeting an annual production of 800 - 900 kg of gold as from 2012. 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.

Endomines AB shares 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.