

Endomines AB (Publ)

(Company registration no. 556694-2974)

Interim report 1 January - 30 September 2017

This interim report is a translation from the Swedish original which was published on 9 November 2017. In the event of difference between the English translation and the Swedish original, the Swedish interim report shall prevail.

Positive EBITDA year-to-date driven by solid production

THIRD QUARTER Q3-2017 (vs Q3-2016)

- Gold production was 94.1 kg (83.0)
- Milled ore was 37,422 tonnes (36,104) at head grade of 3.0 g/t (2.7)
- Cash Cost was 1,081 USD/oz (1,113)
- Revenue was 27.6 MSEK (27.4)
- EBITDA was 1.1 MSEK (1.3)
- Total cash flow was 1.6 MSEK (-7.4)
- Profit after tax was -8.3 MSEK (-12.3)
- Earnings per share was -0.79 SEK (-1.17)

JANUARY-SEPTEMBER YTD-2017 (vs YTD-2016)

- Gold production was 299.4 kg (215.2), +39 per cent, with the increase driven by higher gold grade, improved production efficiency and increased tonnage
- Milled ore was 125,847 tonnes (108,724) at head grade of 2.8 g/t (2.4)
- Cash Cost was 1,136 USD/oz (1,265)
- Revenue was 91.1 MSEK (64.5), +41 per cent
- EBITDA was positive and amounted to 0.2 MSEK (-9.3)
- Total cash flow was -15.5 MSEK (25.9)
- Profit after tax was -30.3 MSEK (-40.6)
- Earnings per share was -2.89 SEK (-4.12)

SIGNIFICANT SUBSEQUENT EVENTS

- Endomines has on 7 November 2017 received a waiver on its bank loans on expected breaches of loan covenants as of 31 December 2017
- The Company announced on 26 October 2017 that it has appointed Marcus Ahlström as its new CFO as of January 2018

OUTLOOK FOR FULL YEAR 2017

The Company expects to produce between 350 and 400 kg gold from the Pampalo underground mine by continuing the selective mining strategy.

Company strategy

In addition to investing in the Karelian Gold Line, Endomines is re-evaluating its strategy to increase its focus on mergers and acquisitions. The Company intends to broaden its asset base and build a longer-term growth platform by acquiring assets in stable jurisdictions, preferably with relatively short time to production and limited capital expenditure requirements. Endomines' primary focus will remain on gold. The Board is currently evaluating certain options in line with this strategy, along with plans for the Company's financing.

Key financial figures (Consolidated)

MSEK if not otherwise stated	Jul-Sep			Jan-Sep			Full year 2016
	2017	2016	+/-	2017	2016	+/-	
Revenue	27.6	27.4	0.2	91.1	64.5	26.6	102.1
Cost	-26.6	-26.1	-0.5	-90.9	-73.9	-17.0	-109.8
EBITDA	1.1	1.3	-0.2	0.2	-9.3	9.5	-7.7
Depreciation and write-downs	-7.7	-13.7	6.0	-27.1	-31.2	4.1	-95.4
EBIT	-6.6	-12.4	5.8	-26.8	-40.6	13.8	-103.1
Net result for the period	-8.3	-12.3	4.0	-30.3	-40.6	10.3	-125.0
Earnings per share (SEK)	-0.79	-1.17	0.38	-2.89	-4.12	1.23	-12.49
Cash flows from operating activities	2.9	6.2	-3.3	-2.4	-9.2	6.8	-13.6
Investments	-1.1	-12.6	11.5	-11.7	-28.7	17.0	-40.3
Financing	-0.3	-1.0	0.7	-1.4	63.7	-65.1	62.8
Total cash flow	1.6	-7.4	9.0	-15.5	25.9	-41.3	9.0
Liquid assets at the end of the period	13.8	46.4	-32.6	13.8	46.4	-32.6	29.4
Personnel at the end of the period	41	43	-2	41	43	-2	44

CEO Salla Miettinen-Lähde:

"We continued our solid operational performance in the third quarter, producing 94kg of gold. Having produced 299kg in the first nine months of the year, we are well on our way to meeting our increased production guidance of 350-400kg of gold for the full year 2017.

Our underground exploration drilling program in the deep extension of the Pampalo mine was completed during the third quarter. Drilling has confirmed the continuation of the mineralization of the Pampalo deposit, and preliminary results indicate there to be ore tonnage for approximately one additional year's production within the next 100 vertical meters below the current production area. Financial analysis of the deep extension of the mine, including a necessary investment in decline, is in progress and will be completed by the year-end.

We have continued the planning for our regional exploration efforts in the Karelian Gold Line. A new exploration strategy was outlined in August, aiming at defining new targets through the creation and use of extensive three-dimensional models of the area. The models will utilize existing exploration data from several disciplines, including geochemical samples, diamond drilling and geophysics as well as structural observations and geological maps. Furthermore, new data from modern methods, such as infrared scanning of drill cores, will be added over time to enhance the quality of the models. We are excited about the new insights we are getting through this work and view the prospects along the Karelian Gold Line very positively."

Production

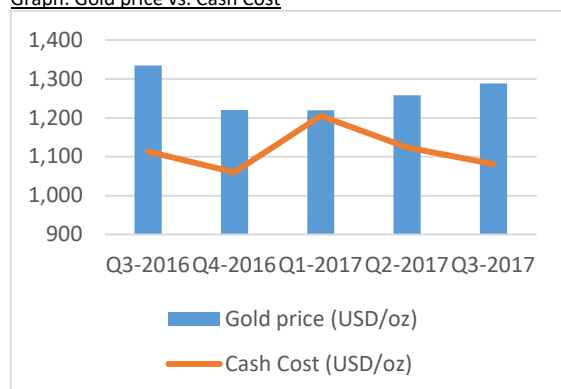
Total gold production in Q3 amounted to 94.1 kg (83.0), and YTD to 299.4 kg (215.2). The successful third quarter production is a continuation of the positive trend in head grade seen already in H1 2017. Mill throughput YTD also shows improved tonnages, while mill gold recovery stayed on the same level. In addition to the relatively high head grade of the ore, all mining processes, including milling, performed technically as planned.

Production figures	Jul-Sep			Jan-Sep			Full year 2016
	2017	2016	+/-	2017	2016	+/-	
Milled ore (tonnes)	37,422	36,104	1,318	125,847	108,724	17,123	150,917
Head grade (Au gram/tonne)	3.0	2.7	0.3	2.8	2.4	0.4	2.6
Gold recovery (%)	83.8	85.3	-1.5	83.5	82.8	0.7	82.9
Hourly utilization (%)	34.2	34.0	0.2	39.6	35.7	3.9	37.6
Gold production (kg)	94.1	83.0	11.1	299.4	215.2	84.2	325.0
Gold production (oz)	3,025	2,667	358	9,626	6,918	2,708	10,449
LTIFR	-	-	-	8	6	-	8
Average gold price (USD/oz)	1,288	1,335	-47	1,255	1,257	-2	0
Cash Cost (USD/oz)	1,081	1,113	-32	1,136	1,263	-127	1,195

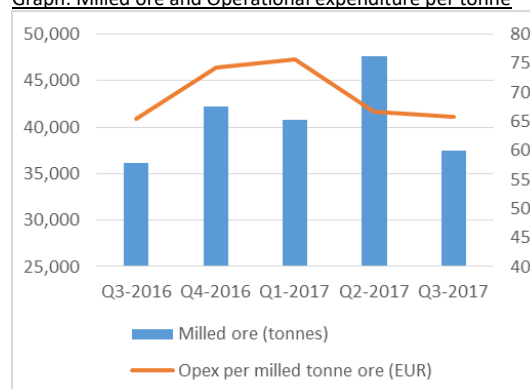
Production figures for the last quarter are based on Company's own assaying and not confirmed by any external laboratory. Figures are individually rounded off.

LTIFR = The Lost Time Injury Frequency Rate is based on reported lost time injuries on a rolling 12-month basis resulting in one day or more off work per 1,000,000 hours worked. LTIFR has been calculated for the whole company including contractors.

Graph: Gold price vs. Cash Cost



Graph: Milled ore and Operational expenditure per tonne



Underground development and exploration

Underground exploration drilling program focusing on the deep extension of the Pampalo deposit was completed during the third quarter. Forty drill holes, totaling 5,040 meters, were drilled below the current production level. Drilling has confirmed the continuation of the Pampalo deposit and all the drill holes have intersected mineralized zones. The final assay results from the drilling program have been received and the first resource estimates and mine planning studies were completed in September. The preliminary results indicate there to be ore tonnage for approximately one additional year's production within the next 100 vertical meters below the current production area. Financial analysis of the deep extension of the mine, including a necessary investment in decline, is in progress and will be completed by the year-end.

Regional exploration activities along the Karelian Gold Line

Regional exploration activities during the quarter were concentrated on detailed planning and budgeting of the work to be carried out in the Karelian Gold Line starting 2018. A new exploration strategy was outlined in a work shop with an Australian geological consulting company, Model Earth Ltd Pty. The new strategy includes an effective use of existing exploration data to develop a series of three-dimensional exploration models for the area. The work will thus comprise the review and validation of the existing data from several disciplines, including geochemical samples, diamond drilling and geophysics as well as structural observations and geological maps. Preparation of the 3D exploration models will further include interpreting the geological units and structures in three dimensions and using the understanding of the structural controls in gold mineralizations in greenstone belts. The 3D models will be used to define new targets for gold exploration along the Karelian Gold Line.

Field activities during the quarter consisted of geological mapping and sampling in the key exploration areas of the Karelian Gold Line. The areas include Pampalo-Nenävaara and Hosko.

Health, environment and safety

The Company's safety performance continues on a good level. The overall strategy is a non-acceptance of accidents and adverse environmental incidents, a Zero Harm policy. The ongoing project to implement LEAN methodology has significantly improved the overall housekeeping on the mine site.

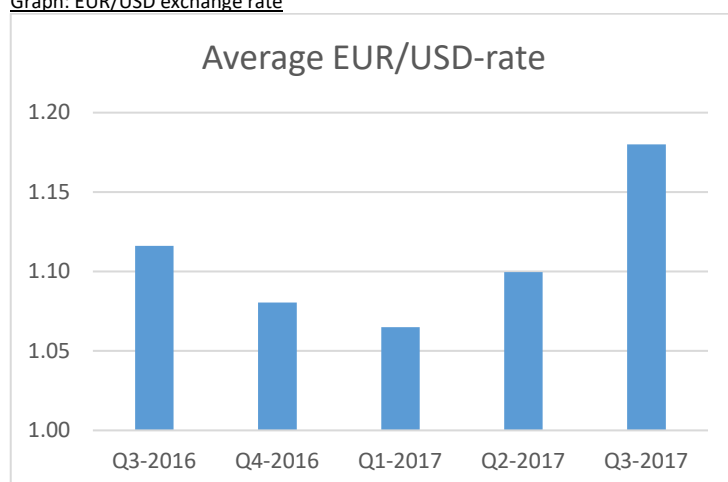
Gold price and EUR/USD exchange rate

At the end of 2016 the gold price was 1,159 USD/oz. Average gold price for the first nine months of 2017 was 1,255 USD/oz (1,257).

Endomines, with gold production in Finland, incurs virtually all its production costs in euro. The EUR/USD exchange rate thus has a significant impact on the revenue and profitability of the Company's operations, with a stronger euro against the US Dollar impacting revenue negatively.

From the beginning of 2017 up to May the US Dollar was stronger against the euro as compared to the corresponding period in 2016. However, since then, the euro has significantly appreciated against the dollar, with the EUR/USD rate increasing from 1.09 in mid-May to 1.18 at end of September.

Graph: EUR/USD exchange rate



Consolidated revenue and results for Q3-2017

<i>MSEK if not otherwise stated</i>	Jul-Sep		
	2017	2016	+/-
Revenue	27.6	27.4	0.2
Cost	-26.6	-26.1	-0.5
EBITDA	1.1	1.3	-0.2
Depreciation and write-downs	-7.7	-13.7	6.0
EBIT	-6.6	-12.4	5.8
Net result for the period	-8.3	-12.3	4.0
Earnings per share (SEK)	-0.79	-1.17	0.38

Revenue increased by 1 per cent and amounted to 27.6 MSEK (27.4). Delivered gold content in the concentrate increased by 13 per cent to 95.5 kg (84.3). The average market price of gold was 1,288 USD/oz (1,335), a decrease by 4 per cent. The stronger euro against the US Dollar had a negative impact on revenue by an additional 5 per cent.

EBITDA was positive and amounted to 1.1 MSEK (1.3). Operating expenses increased slightly to 26.6 MSEK (26.1). Milled ore tonnage increased by 4 per cent while the cost per tonne was at the same level about 66 EUR/tonne. Cash Cost was reduced by 32 USD/oz to 1,081 USD/oz (1,113).

Depreciation charge decreased by 44 per cent mainly due to most of the plant and machinery acquired in 2011 or earlier having been fully depreciated.

EBIT for Q3 2017 was -6.6 MSEK (-12.4) and profit after tax was -8.3 MSEK (-12.3). Earnings per share was -0.79 SEK (-1.17).

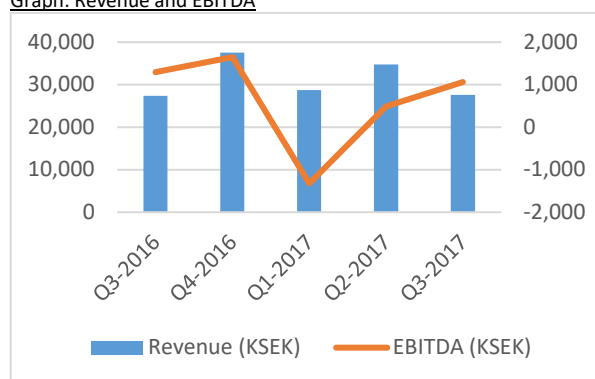
Consolidated revenue and results for the period January-September 2017

<i>MSEK if not otherwise stated</i>	Jan-Sep			Full year
	2017	2016	+/-	2016
Revenue	91.1	64.5	26.6	102.1
Cost	-90.9	-73.9	-17.0	-109.8
EBITDA	0.2	-9.3	9.5	-7.7
Depreciation and write-downs	-27.1	-31.2	4.1	-95.4
EBIT	-26.8	-40.6	13.8	-103.1
Net result for the period	-30.3	-40.6	10.3	-125.0
Earnings per share (SEK)	-2.89	-4.12	1.23	-12.49

Revenue increased by 41 per cent to 91.1 MSEK (64.5). Delivered gold content in concentrate increased by 63 per cent to 296.7 kg (207.4). Average gold price was 1,255 USD/oz (1,257).

EBITDA showed a positive development and amounted to 0.2 MSEK (-9.3). Operating expenses increased by 23 per cent, or 17.0 MSEK, to 90.9 MSEK (73.9), due to higher production throughput. Cash Cost was 10 per cent lower than during the same period last year, at 1,136 USD/oz (1,263).

Graph: Revenue and EBITDA



Depreciation decreased by 4.1 MSEK to 27.1 MSEK, no write-downs were made.

EBIT for the January-September period amounted to -26.8 MSEK (-40.6) and profit after tax was -30.3 MSEK (-40.6). Earnings per share was -2.89 SEK (-4.12).

Consolidated cash flow and the balance sheet

MSEK if not otherwise stated	Jul-Sep			Jan-Sep			Full year
	2017	2016	+/-	2017	2016	+/-	2016
Cash flows from operating activities	2.9	6.2	-3.3	-2.4	-9.2	6.8	-13.6
Investments	-1.1	-12.6	11.5	-11.7	-28.7	17.0	-40.3
Financing	-0.3	-1.0	0.7	-1.4	63.7	-65.1	62.8
Total cash flow	1.6	-7.4	9.0	-15.5	25.9	-41.4	9.0
Liquid assets at the end of the period	13.8	46.4	-32.6	13.8	46.4	-32.6	29.4
Personnel at the end of the period	41	43	-2	41	43	-2	44

Total cash flow amounted to -15.5 MSEK (25.9). Main contributor to the positive total cash flow in 2016 was the 66.6 MSEK share issue in the beginning of 2016. Cash flow from operating activities after change in working capital improved from the year before and was -2.4 MSEK (-9.2). Net investments amounted to 11.7 MSEK (28.7).

Total fixed assets at the end of the quarter were 155.5 MSEK (170.9).

At end of September 2017, interest-bearing net debt amounted to 68.3 MSEK (54.1 at end of 2016), with the change reflecting the decrease in cash. Equity amounted to 84.1 MSEK (114.5), and net gearing to 81.2 % (47.3). Equity ratio was 46 per cent (52).

Liquid assets at the end of Q3 were 13.8 MSEK (29.4). Stock of gold concentrate and mined ore stock pile was 3.9 MSEK (0.5). For further information, see section Future liquidity development.

Consolidated investments and depreciation

Gross investments were 13.6 MSEK (26.8), mainly relating to the decline extension and exploration drilling in the underground mine. Environmental bonds of 1.9 MSEK, related to the ongoing rehabilitation of the Rämepuro open pit operations closed last year, were released, hence net investments were 11.7 MSEK (28.7).

Depreciation charges were 27.1 MSEK (31.2), of which charges relating to depletion (based on ore consumption) represented 16.4 MSEK (15.2) and depreciation on buildings and machinery 10.7 MSEK (16.0).

Employees

Total head count at the end of Q3 2017 was 41, of which 39 at the Pampalo Mine. In addition, seven employees were temporarily laid off. YTD average head count was 43 (44).

The parent company Endomines AB

The parent company has mainly an administrative role, with costs reflecting expenses relating to capital raisings and financing of subsidiaries, listing costs in both Sweden and Finland, IR-activities, Board and Group management expenses, auditing and occasional project costs. Management fees are invoiced between Group companies.

The parent company EBIT for the period January-September 2017 was -7.0 MSEK (-5.5). Personnel costs including Board fees amounted to 2.4 MSEK (2.7), and at the end of the quarter the parent company employed one person (two). Other external expenses were 4.6 MSEK (3.2) and included the costs relating to the CEO. Starting from May 2017, the CEO costs were wholly covered by the parent company, contributing to the increased expenditure in 2017.

Cash at end the quarter amounted to 3.6 MSEK (19.7), and total cash flow was -16.1 MSEK. Shareholder contributions paid to the equity of Endomines Oy were 9.6 MSEK and other cash flow was -6.5 MSEK net.

For more information, see the profit and loss statement and the balance sheet of the parent company.

Changes in Group Management

At the beginning of the year a new General Manager for Finland, Seppo Tuovinen, was employed by Endomines Oy, and in January the previous Resident Manager at the Pampalo Mine left the company. As from May 1 the Group got a new CEO, Mrs. Saila-Miettinen-Lähde. The previous CEO and Managing Director of the parent company and the Finnish subsidiaries has left the Company.

As of 1 May 2017 the Group Management team include Saila Miettinen-Lähde (CEO), Seppo Tuovinen (General Manager Finland) and Börje Lindén (CFO).

The Company announced on 26 October 2017 that it has appointed Marcus Ahlström as its new CFO as of January 2018. The current CFO, Börje Linden, will continue to work for the Company through February 2018 to secure a smooth transition.

Annual General Meeting on 20 April 2017

Endomines AB held its Annual General Meeting on 20 April 2017. The minutes of the AGM are available (in Swedish only) on the Company's website. A summary of the most important resolutions are included (in English) in the press release published on 21 April 2017.

Endomines share capital and the share

The share capital of Endomines AB amounts to 262,156,875 SEK, consisting of 10,486,275 shares at a quota value of SEK 25 per share. According to Endomines' articles of association, the share capital shall amount to not less than SEK 100 million and not more than SEK 400 million.

The total number of shares traded during the first nine months of the year on the stock exchange was 5.2 million, representing 50 per cent of the total number of shares. Nasdaq Stockholm represented 55 per cent and Nasdaq Helsinki 45 per cent of the total number of shares traded. The relative liquidity of the share in Nasdaq Helsinki has increased from 18 percent during full year 2016 to 45 percent of the total during the first nine months this year.

The share price at the end of 2016 was 18.30 SEK and 18.90 SEK at the end of September 2017, closing at highest on 10 July 2017 at 24.70 SEK and lowest on 4 July 2017 at 12.30 SEK.

Authorization of the Board of Directors to resolve on new issue of shares and convertibles

The AGM authorized the Board of Directors during the period up to the next Annual General Meeting to, on one or several occasions, resolve on the issuance of new shares and/or convertibles with or without deviation from the shareholders' pre-emption right.

The number of new shares that can be issued may, in aggregate, amount to a maximum of approximately 5.5 million, which, together with the already outstanding shares, corresponds to the maximum share capital of 400 million SEK

Risks in Endomines operations

All mining and exploration companies are subject to various risks, e.g. technical, commercial, environmental as well as financial. Various circumstances may delay or prevent exploration of a target or production from an existing mine, thereby also substantially impacting the Company's financial performance and liquidity. For further information on risks and uncertainties, see the latest Annual Report (in Swedish only). Management is continuously monitoring, assessing and managing risks.

Related party transactions

No transactions between Endomines and related parties, except Board fees, that has affected the Company's position and results took place.

Significant subsequent events

Endomines has on 7 November 2017 received a waiver on its bank loans on expected breaches of loan covenants as of 31 December 2017.

Outlook for the full-year 2017

Endomines' production guidance for the year is 350-400 kg of gold as revised upwards with the announcement of 27 September 2017.

Future liquidity development

Exploration and mine development activities requires access to financing. It is the Board's assessment that current working capital is not sufficient for all planned activities in the coming 12-months period. The operations might as a consequence need to be adjusted by postponing some investments and other mine development costs in order to secure the working capital level. The Board is actively engaged with financing as a significant part of the Company's growth strategy.

Interim Report preparation principles

The Consolidated Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU, and with the Swedish Financial Reporting Board recommendation, RFR1, complementary accounting rules for Groups, which specifies the supplementary information required in addition to IFRS standards, pursuant to the provisions of the Swedish Annual Accounts Act. This Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting, and in accordance with the Swedish Annual Accounts Act, while the Parent Company accounts have been prepared in accordance with the Swedish Annual Accounts Act. The accounting principles and calculation methods have remained unchanged from those applied in the 2016 Annual Report.

The company presents certain financial metrics in the Interim Report that are not defined in accordance with IFRS. The Company is of the opinion that these metrics provide valuable complementary information for investors and the company's management, in that they enable an evaluation of the Company's performance. Not all companies calculate financial metrics in the same way, so the metrics used by Boliden are not always comparable with those used by other companies, and these metrics should, therefore, not be regarded as a replacement for metrics defined in accordance with IFRS. These financial metrics are calculated in accordance with the definitions

presented on page 7 of the 2016 Annual Report (in Swedish only) as well as on our website (both Swedish and English). Definitions and calculations are not reproduced in this report.

Financial calendar

The year-end bulletin will be published on Thursday 15 February, 2018.

Auditors review

The auditor of Endomines AB has issued an audit report on the review of this interim report.

Contact person

Saila Miettinen-Lähde, CEO of Endomines AB, +358 40 548 36 95

Financial information

This information is information that Endomines AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:45 CEST on 9 November 2017.

In Stockholm on 9 November 2017

Endomines AB (Publ)

Staffan Simberg
Chairman of the Board

Ann Zetterberg Littorin
Member of the Board

Stefan Månsson
Member of the Board

Rauno Pitkänen
Member of the Board

Michael Mattsson
Member of the Board

Saila Miettinen-Lähde
CEO



Auditor's report

Endomines AB (publ) org nr 556694-2974

Introduction

We have reviewed the condensed interim financial information (interim report) of Endomines AB (publ) as of 30 September 2017 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Emphasis of matter

Without impacting our opinion, we wish to bring attention to the section, "Future development of liquidity", on page 9 of the interim report which states that the Company's existing working capital is insufficient for implementation of all of the activities planned to be undertaken during the next twelve month period, and that the operations may, therefore, need to be adapted accordingly. This circumstance implies that there is a significant factor of uncertainty which can lead to considerable doubt as to the company's ability to continue its operations.

Stockholm, 9 November 2017

PricewaterhouseCoopers
Martin Johansson
Authorized Public Accountant

Consolidated statement of profit and loss and other comprehensive income

KSEK	Note	July-September		January-September	
		2017	2016	2017	2016
Net sales		27 610	27 031	90 721	63 840
Other income		27	326	378	708
Total revenue	1	27 637	27 357	91 099	64 548
Change in stock of finished goods and work in progress		-959	-517	2 983	1 715
Raw materials and supplies		-4 964	-4 203	-19 040	-13 621
Personnel expenses	2	-6 593	-6 490	-21 851	-20 283
Other expenses	3	-14 058	-15 231	-52 964	-43 020
Depreciation and impairment	4	-7 653	-13 658	-27 066	-31 215
(+) Profit or (-) loss from hedging instruments		—	378	—	1 314
Operating result		-6 590	-12 364	-26 839	-40 562
Financial income	5	0	1	-13	2
Financial expenses	5	-1 744	106	-3 481	2
Net financial items		-1 744	107	-3 494	4
+Profit/(-) loss before taxes		-8 334	-12 257	-30 333	-40 558
Income taxes	6	—	—	—	—
Net result for the period		-8 334	-12 257	-30 333	-40 558
Other comprehensive income that will be classified to profit/loss					
Translation differences		-502	2 657	-143	5 732
		-502	2 657	-143	5 732
Comprehensive income for the period		-8 836	-9 600	-30 476	-34 826
Net result 100 % attributable to the parent company		-8 334	-12 257	-30 333	-40 558
100% of total comprehensive income is attributable to the parent company		-8 836	-9 600	-30 476	-34 826
Earnings per share (SEK)	7				
before and after dilution effect		-0,79	-1,17	-2,89	-4,12
Average number of shares					
before and after dilution effect	7	10 486 275	10 486 275	10 486 275	9 848 344

Consolidated balance sheet

KSEK	Note	30 Sept	31-dec
		2017	2016
Intangible fixed assets	8	61 216	59 416
Tangible fixed assets	8	89 230	104 592
Other long-term receivables	9	5 023	6 936
Total fixed assets		155 469	170 944
Inventories		3 856	861
Trade receivables		7	143
Other receivables		70	2 035
Prepaid expenses and accrued income		11 327	18 668
Liquid assets		13 821	29 440
Total current assets		29 081	51 147
TOTAL ASSETS		184 550	222 091
Shareholders' equity			
Shareholders' equity			
Share capital		262 157	262 157
Other capital provided		343 873	343 873
Reserves		5 167	5 310
Retained earnings		-527 137	-496 804
Shareholders' equity attributable to the parent company shareholders		84 060	114 536
Total shareholders' equity		84 060	114 536
Liabilities			
Liabilities to credit institutions	11	74 957	79 439
Other provisions		2 142	2 142
Total long-term liabilities		77 099	81 581
Liabilities to credit institutions	11	7 151	4 122
Accounts payable		8 673	15 612
Other current liabilities		1 547	792
Accruals and other		6 020	5 448
Total current liabilities		23 391	25 974
Total liabilities		100 490	107 555
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		184 550	222 091

Consolidated changes of shareholders' equity

KSEK	Share capital	Other capital provided	Reserves	Retained earnings	Total shareholders' equity
All shareholders' equity is attributable to the parent company					
Opening balance 1 Jan 2016	262 157	277 239	988	-371 783	168 601
Net result for the period	—	—	—	-40 558	-40 558
Other comprehensive income	—	—	5 732	—	5 732
Total comprehensive income for the period	—	—	5 732	-40 558	-34 826
Transactions with the shareholders					
Share issue	70 782	—	—	—	70 782
Transaction costs	—	-4 148	—	—	-4 148
Reclassified to share capital	125 836	-125 836	—	—	—
Decrease in the quota value of the shares	-196 618	196 618	—	—	—
Total transactions with the shareholders	—	66 634	—	—	66 634
Closing balance as of 30 Sept 2016	262 157	343 873	6 720	-412 341	200 409
Opening balance 1 Jan 2017	262 157	343 873	5 310	-496 804	114 536
Net result for the period	—	—	—	-30 333	-30 333
Other comprehensive income	—	—	-143	—	-143
Total comprehensive income for the period	—	—	-143	-30 333	-30 476
Transactions with the shareholders	0	0	0	0	0
Total transactions with the shareholders	—	—	—	—	—
Closing balance as of 30 Sept 2017	262 157	343 873	5 167	-527 137	84 060

Consolidated statement of cash flows

KSEK	July-September		January-September	
	2017	2016	2017	2016
Cash flows from operating activities				
+Profit/(-) loss before taxes	-8 334	-12 257	-30 333	-40 558
Adjusted for:				
Depreciation	7 653	13 658	27 066	31 215
Unrealised exchange rate differences on internal receivables and payables	612	-1 246	—	-2 861
Unrealised result from hedging instruments	—	-378	—	-1 314
Other items	—	4	—	—
Cash flows from operating activities before change in net working capital	-69	-219	-3 267	-13 518
Change in net working capital	3 011	6 405	831	4 345
Total cash flows from operating activities	2 942	6 186	-2 436	-9 173
Cash flows from investing activities				
Payments for intangible fixed assets	-295	-2 580	-1 794	-3 525
Payments for tangible fixed assets	-760	-10 037	-11 765	-23 267
Change in other long-term receivables	-10	-12	1 908	-1 867
Total cash flows from investing activities	-1 065	-12 629	-11 652	-28 659
Total cash flows before financing activities	1 877	-6 443	-14 088	-37 832
Cash flows from financing activities				
Proceeds from issue of new shares	—	—	—	70 782
Share issue costs	—	—	—	-4 148
Finance lease payments	-305	-962	-1 447	-2 934
Total cash flows from financing activities	-305	-962	-1 447	63 700
Net (decrease)/increase in liquid assets	1 572	-7 405	-15 535	25 868
Liquid assets at the beginning of the period	12 390	53 297	29 440	19 994
Effect of exchange rate changes on liquid assets	-141	492	-85	522
Liquid assets in the end of the period	13 821	46 384	13 821	46 384

Parent company statement of profit and loss

KSEK	July-September		January-September	
	2017	2016	2017	2016
Net sales	108	142	335	420
Total revenue	108	142	335	420
Other external expenses	-1 449	-904	-4 624	-3 192
Personnel expenses	-840	-766	-2 747	-2 722
Operating result	-2 181	-1 528	-7 036	-5 494
Financial income	272	289	812	887
Financial expenses	-653	1 216	-133	3 271
Net financial items	-381	1 505	679	4 158
+Profit/(-) loss before taxes	-2 562	-23	-6 357	-1 336
Net result for the period	-2 562	-23	-6 357	-1 336
Comprehencive income for the period	-2 562	-23	-6 357	-1 336

Parent company balance sheet

KSEK	30 Sept 2017	31-dec 2016
Shares in group companies	161 940	152 422
Receivables from group companies	62 184	62 185
Other receivables	750	348
Liquid assets	3 612	19 718
Total assets	228 486	234 673
Shareholders' equity	220 222	226 579
Payables to group companies	7 214	7 223
Other liabilities	1 050	871
Total shareholder's equity and liabilities	228 486	234 673

Notes to the interim financial reports

Exchange rates EUR/SEK

	January-September	
	2017	2016
Conversion of profit and loss statements	9,5305	9,3731
Conversion of closing balance at end of previous year period	9,5668	9,6320
Conversion of closing balance at end of previous year		9,5669

Source: The Riksbank

Note 1 Revenues by geographical market		July-September		January-September	
KSEK		2017	2016	2017	2016
EU (flotation concentrate)		25 485	25 438	84 278	56 946
Norway (gravimetric gold concentrate)		2 125	1 593	6 443	6 894
Net sales		27 610	27 031	90 721	63 840
Other come		27	326	378	708
Total revenue		27 637	27 357	91 099	64 548

Note 2 Remuneration to employees		July-September		January-September	
		2017	2016	2017	2016
Average number of employees		42	46	43	44
Total personnel expenses including Board fees		KSEK 6 593	6 490	21 851	20 283
Average per person and month		SEK 52 000	47 000	57 000	51 000

Note 3 Other expenses		July-September		January-September	
		2017	2016	2017	2016
External services, production		9 802	11 103	36 876	26 900
Energy, production		1 543	1 660	6 330	5 714
Other		2 713	2 468	9 758	10 406
		14 058	15 231	52 964	43 020

Note 4 Depreciation and impairment		July-September		January-September	
		2017	2016	2017	2016
Depletion based on production of ore		4 419	8 311	16 340	15 241
Other depreciation		3 234	5 347	10 726	15 974
Total depreciation		7 653	13 658	27 066	31 215

Note 5 Financial income and expense		July-September		January-September	
		2017	2016	2017	2016
Interest income		–	1	–	3
Sale of dormant subsidiary company		–	–	-13	–
Total financial income		0	1	-13	3
Interest expense		-1 123	-1 144	-3 448	-3 374
Financial exchange rate differences		-621	1 249	-33	3 374
Total financial expense		-1 744	105	-3 481	0
Net financial items		-1 744	106	-3 494	3

Note 6 Income taxes

The management's assessment is that the group will not generate taxable income with the next 2-3 years and therefore no deferred tax assets are reported.

Note 7 Earning per share		July-September		January-September	
KSEK if not otherwise stated		2017	2016	2017	2016
Before and after dilution effect:					
Net result 100 % attributable to the parent company		-8 334	-12 257	-30 333	-40 558
Weighted average number of issued shares		10 486 275	10 486 275	10 486 275	9 848 344
Earning per share		-0,79	-1,17	-2,89	-4,12
Number of shares:					
Number of shares at end of period				10 486 275	10 486 275

Note 8 Intangible and tangible fixed assets		January-September	
KSEK		Intangible assets	Tangible assets
Opening net book amount		59 416	104 592
Additions		1 794	11 765
Exchange differences		6	-61
Depreciation		–	-27 066
Closing net book amount		61 216	89 230

Note 9 Other long-term receivables		30 Sept 2017	31 Dec 2016
Pledged liquid assets due to environmental guarantees		5 023	6 936

Note 10 Financial instruments (KSEK)	30 Sept 2017	31 Dec 2016
Loan and trade receivables:		Total
Trade receivables and other receivables excluding accruals	5 100	9 114
Liquid assets	13 821	29 440
	18 921	38 554
Other financial liabilities:		
Bank loans	72 612	72 613
Finance lease	7 082	8 534
Other borrowings (with special terms)	2 414	2 414
Accounts payables and other current liabilities excluding non-financial liabilities	8 668	15 630
Total	90 775	99 191

Note 11 Borrowing and net debt KSEK	30 Sept 2017	31 Dec 2016
Long-term		
Bank loans	69 742	72 613
Loans with special term	2 414	2 414
Lease financing	2 801	4 412
Total long-term liabilities	74 957	79 438
Short-term		
Bank loans	2 870	0
Lease financing	4 281	4 122
Total short-term liabilities	7 151	4 122
Total borrowings (all amounts are EUR-denominated)	82 108	83 561
Net debt		
Liquid assets	13 821	29 440
Total borrowings	-82 108	-83 561
Net interest-bearing debt	-68 287	-54 121
Shareholders' equity	84 060	114 536
Net gearing (net debt divided by equity)	81,2%	47,3%

Bank Loans

The borrower for the bank loans is Endomines Oy and the lender is Nordea Bank in Finland. According to the amortization schedule the fixed amounts are paid quarterly in 2018 on 15 February, 15 May, 15 August and 15 November and in 2019 on 15 February, 15 May as well as 15 August. In addition, a variable pay-back based on the adjusted cash flow of Endomines Oy will be made starting in the third quarter of 2018 on cash-flow above a certain limit. The loan shall be fully paid back by 15 November 2019.

Loan covenants

The loan agreement includes a number of ordinary financial covenants to be fulfilled by either the Finnish subsidiary Endomines Oy or the parent company Endomines AB. Loan covenants are calculated and reported semiannually at June 30 and December 31 unless waived by the bank and the guarantor.

Loan covenants include minimum working capital in the subsidiary (liquid assets, trade receivables, gold inventories, accounts payables and net VAT amount), EBITDA and adjusted equity ratio (shareholders' equity in the subsidiary + shareholder loans divided by total assets). In addition, there is only a minimum equity ratio requirement for the parent company.

Breaches of loan covenants in 2017

On 22 June 2017 Nordea Bank has approved a waiver request from the Finnish subsidiary Endomines Oy relating to expected breaches on the loan covenant as of 30 June 2017. Finnvera, as guarantor, has given its consent to the waiver.

Note 13 Pledged assets and contingent liabilities KSEK	30 Sept 2017	31 Dec 2016
The Group		
Pledged assets for liabilities to credit institutions	23 140	37 566
Pledged assets due to environmental guarantees	5 023	6 936
Pledged assets	28 163	44 502
Contingent liabilities	38 485	38 486
The parent company		
Pledged assets for liabilities to credit institutions	159 140	149 622
Contingent liabilities	None	None

Pledged assets for liabilities refers to the bank loans (see note 11). In the Group the amount represent net assets in the subsidiary, and in the parent company the net book value of its shares in the subsidiary.

The contingent liabilities amount refers to royalty payments subject to agreements signed in 1996. For further information, see the Annual Report corresponding note.

Analyses of change of EBIT MSEK		Juli-september		Januari-september	
		2017	2016	2017	2016
EBIT as reported		-6,6	-12,4	-26,8	-40,6
EBIT	Increase	5,8	Increase	13,7	
<u>Change of EBIT per category</u>					
Revenue from gold concentrate	Increase	0,6	Increase	26,9	
Other revenue	Decrease	-0,3	Decrease	-0,3	
Total Revenue	Increase	0,3	Increase	26,6	
Inventories	Decrease	-0,4	Increase	1,3	
Cost of raw materials	Decrease	-0,8	Decrease	-5,4	
Employee cost	Decrease	-0,1	Decrease	-1,6	
Other cost	Increase	1,2	Decrease	-9,9	
EBITDA	Increase	0,1	Increase	10,9	
Depreciation	Increase	6,0	Increase	4,1	
Write-down of fixed assets		0,0		0,0	
Results from derivate instruments	Decrease	-0,4	Decrease	-1,3	
+Incr/-Decr of EBIT	Increase	5,8	Increase	13,7	