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Endomines carries out a rights issue and directed issues of 417 MSEK in total to finance planned acquisition of TVL Gold and eliminate bank debt

The Board of Directors of Endomines AB (publ) ("Endomines" or the "Company") has today November 22, 2017 decided on a rights issue of approximately 189 MSEK (the "Rights Issue"), subject to approval at the Extraordinary General Meeting (EGM) to be held on January 8, 2018. Certain existing shareholders and other investors have given a positive indication to subscribe for a minimum of 60 MSEK in the Rights Issue. A separate notice to the EGM is published today.

Further, Endomines has today entered into a Letter of Intent to acquire five gold projects located in Idaho, USA. Endomines intends to acquire the American entity, TVL Gold 1 ("TVL Gold"), which currently holds the assets, for an amount of 34 MUSD (288 MSEK)¹.

One third of the TVL Gold acquisition will be paid in cash. The initial cash payment at closing, estimated to take place in March 2018, will amount to approximately 67 MSEK, i.e. one third of the Rights Issue proceeds. To complete the cash payment, a loan note with a maturity of 18 months will be issued to the seller of TVL Gold. The remaining two thirds of the acquisition price will be paid through a convertible note, which shall be converted over its three-year maturity.

Endomines has also reached an agreement with the Company's lenders such that 2 MEUR (20 MSEK) of the currently outstanding debt of 7.6 MEUR (76 MSEK) will be written off, provided the Company makes a prepayment of 2 MEUR (20 MSEK) immediately after the Rights Issue has been completed and Joensuun Kauppa ja Kone Oy ("JKK") in connection therewith takes over the remaining debt from the lenders. The remaining debt, 3.6 MEUR (36 MSEK), will thus be transferred from the lenders to JKK, whose main owner is Kyösti Kakkonen, known among other things as the founder of Tokmanni Oyj. JKK have agreed to offset the full loan amount against a directed share issue in Endomines at a subscription price of 9.90 SEK per share, upon full subscription of Endomines' Rights Issue and closing of the acquisition of TVL Gold. The agreement with JKK, and thereby also with the lenders, is conditional upon a final Share Purchase Agreement regarding TVL Gold being entered into between Endomines and the seller of TVL Gold. After successful completion of the transaction, the Company would have no remaining bank debt.

In addition to the purposes described above, approximately 30 percent of the Rights Issue proceeds, 55 MSEK, will be used to start production at one of the TVL Gold assets, the Friday mine, as soon as practicable and preferably within

¹ SEK/USD 8.46, SEK/EUR 9.95 is applied throughout the document

one year after completing the acquisition. The remaining Rights Issue proceeds, 39 MSEK will be used for exploration along the Karelian gold line as well as general corporate purposes.

The acquisition of TVL Gold, as well as the agreement concerning the Company's bank debt, is conditional upon Endomines' shareholders approving the Rights Issue and the acquisition of TVL Gold and authorizing the Board of Directors to resolve upon the directed issue of shares to JKK and the directed issue of convertible notes to the seller of TVL Gold. Further, the transaction with JKK is conditional upon the Rights Issue being fully subscribed unless otherwise agreed with JKK.

Summary – Rights Issue

- The shareholders of Endomines have the preferential right to subscribe for two (2) new shares for each existing share
- The subscription price is 9.00 SEK per share
- The Rights Issue proceeds will be 189 MSEK before transaction costs, upon full subscription in the Rights Issue
- The prospectus for the Rights Issue is expected to be published on January 9, 2018
- The record date for participating in the Rights Issue will be January 8, 2018
- The subscription period for the Rights Issue will be January 10 – 24, 2018
- Certain existing shareholders and other investors have given a positive indication to subscribe for a minimum of 60 MSEK in the Rights Issue.

Background and reasons

The acquisition of TVL Gold, USA

Endomines has today entered into a Letter of Intent to acquire five gold projects in Idaho, USA. Endomines intends to acquire the American entity TVL Gold, which currently holds the assets described below, from Gregory Smith, who has been active in the energy, merchant banking and resources business for more than 20 years (the "Seller"). Endomines will have exclusivity to negotiate the final share purchase agreement and to conclude the transaction, on the basis of what has been agreed in the Letter of Intent, until March 31, 2018. Pursuant to the Letter of Intent, the Share Purchase Agreement is intended to contain customary terms and conditions for this type of transaction, and is intended to be concluded before year-end. Closing of the transaction will *inter alia* be conditional upon satisfactory outcome of the due diligence investigation as well as the shareholders approving the transaction at the EGM.

The acquisition will comprise five gold projects in the Orogrande mining district, Idaho, USA. The area has hosted gold mining for over 140 years and exploration potential in the area remains substantial.

A key criterion for the acquisition has been the possibility to start production relatively soon and with limited capital expenditure. Accordingly, Endomines anticipates being able to start production at the first of the mines, Friday, within one year after the acquisition. The start-up cost is currently estimated to 55 MSEK.

Production at the Friday mine is estimated to amount to approximately 9,000 oz (ca. 290kg) gold per annum for close to seven years. In addition, exploration potential beyond the currently known resources is estimated to be substantial. The average gold grade in the ore according to the present mining plan is over 8 g/t.

Plans for the exploitation of the other four projects will be further developed over the coming months, and are expected to be finalised within the next 1-2 years. Production at the other projects is anticipated to commence within 3 to 5 years. One of the projects, Rescue, has a mill, which will be transferred to the Friday site to facilitate the start-up of production there.

According to the seller, the total currently known resources at the five projects amount to over 500,000 oz gold. Part of the resources is from historical resource statements, which do not comply with present classification standards. The Company intends to upgrade the resources to be compliant with the Canadian 43-101 National Instrument for the classification of mineral resources along with the preparation for the production plans at the projects.

Purchase price for TVL Gold and terms of proposed directed issue of convertible notes

The total purchase price for TVL Gold is 34 MUSD (288 MSEK). The pricing is largely based on information provided by and assumptions made by the Seller which information and assumptions, as well as outstanding information, will be verified by Endomines.

Within two weeks from signing the Letter of Intent for the acquisition, the Company will pay an initial purchase price of 250,000 USD (2.1 MSEK) to the Seller, which gives exclusivity until March 31, 2018. The total purchase price, including the initial purchase price, of 34 MUSD (288 MSEK) will be paid one third, or 11.33 MUSD (96 MSEK), in cash, and two thirds, or 22.67 MUSD (192 MSEK), through a convertible note. Of the cash consideration, 8 MUSD (68 MSEK) shall be paid at the closing of the transaction, and 3.33 MUSD (28 MSEK) through a loan with 18 months maturity and 3.0 percent interest. The initial purchase price of 250,000 USD will not be repaid to Endomines if the transaction is aborted for any reason after the payment of the initial purchase price.

The convertible note will have three-year maturity and carry a 6.0 percent coupon, which can be paid in cash or in freely tradable shares. The agreed conversion price for the convertible note is based on the theoretical ex-rights price relating to Endomines' Rights Issue, calculated using the volume weighted average price of Endomines' shares for 30 days prior to announcement and the price of the share in the rights issue ("Conversion Base Price"). As at 21 November 2017, the Conversion Base Price is 11.60 SEK.

One half of the convertible note is convertible one year after the issuance at Conversion Base Price +10 percent, and one half of the convertible note is convertible two years after the issuance at Conversion Base Price +20 percent. For any conversion at maturity, the conversion price will be Conversion Base Price +30 percent. The convertible note will have mandatory conversion.

If conversion is made after one and two years respectively as described above, the Seller would get in total 14,441,936 shares in Endomines, corresponding to 29.2 percent of the total number of shares in the Company after successful completion of the Rights Issue and the directed issue to JKK. As a result of any conversion, the total shareholding of the Seller in Endomines may not exceed 29.9 percent.

Agreement with lenders and Joensuun Kauppa ja Kone Oy regarding bank debt

The Company has reached an agreement with the Company's lenders such that 2 MEUR (20 MSEK) of the Company's total current outstanding debt of 7.6 MEUR (76 MSEK) will be written off, provided that the Company makes a prepayment of 2 MEUR (20 MSEK) to the lenders immediately after the Rights Issue has been completed and JKK in connection therewith takes over the remaining debt from the lenders.

The remaining debt, 3.6 MEUR (36 MSEK), will thus after completion of the Rights Issue be transferred from the lenders to JKK, whose main owner is Kyösti Kakkonen. Provided that the Rights Issue has been fully subscribed and the acquisition of TVL Gold has been completed no later than 31 March 2018, JKK have agreed to offset the full loan amount against a directed share issue in Endomines at a subscription price of 9.90 SEK per share. JKK would thereby get 3,571,959 shares in Endomines, corresponding to 10.2 percent of the total number of shares in the Company after successful completion of the Rights Issue. If the Rights Issue would be fully subscribed, but the acquisition of TVL Gold would not be completed, JKK has the possibility, at its own discretion, to request repayment in cash instead of Endomines shares. The Company would then use part of the proceeds from the Rights Issue to repay the debt.

The agreement with JKK, and thereby also the agreement with the lenders, is conditional upon a final Share Purchase Agreement regarding TVL Gold being entered into between Endomines and the Seller of TVL Gold.

Increase mineral resources and assets along the Karelian gold line

In order to be able to create a foundation for a long-term gold production the Company plans to substantially increase its regional exploration activities along the Karelian Gold Line. Endomines' tenure hosts a gold potential Archean greenstone belt with geological and structural similarities to the Kalgoorlie greenstone belt in Western Australia. The mineralization styles and structures controlling the gold deposits are already known, and the knowledge can be effectively exploited in future exploration projects. Furthermore, there is a large structurally complex area immediately south of Pampalo that has substantial potential for a remarkable gold deposit.

Rights issue terms and conditions

On the record day for the Rights Issue, shareholders in the Company will for each share held in the Company receive two (2) subscription rights. One (1) subscription right entitles to subscription of one (1) share for SEK 9.00 per share. The Rights Issue comprises a maximum of 20,972,550 shares. The subscription price will be recalculated to euro for the shares traded on Nasdaq Helsinki. The subscription price in euro will be stated in the prospectus for the Rights Issue, which is estimated to be made public on January 9, 2018.

The subscription period is estimated to be between January 10 – 24, 2018, or such later date as resolved by the Board of Directors of the Company.

The number of shares in Endomines will increase by 20,972,550 to 31,458,825 shares, assuming full subscription. Shareholders choosing not to participate in the Rights Issue will have their respective holdings diluted by approx. 67 percent, assuming full subscription of the Rights Issue, but will have the possibility to be economically compensated for the dilution effect by selling their respective subscription rights.

As set out above, one-third of the issue proceeds is expected to be used as the cash portion of the acquisition of TVL Gold, 30 percent to start up one of the mines in the US and the remaining amount will be used for exploration, partial repayment of a bank loan, and general corporate purposes.

If the acquisition of TVL Gold for some reason is not successfully concluded, Endomines intends to proceed to explore and execute other short listed acquisition targets, hence the size of the Right issue will remain 189 MSEK.

In case the transaction with the Company's lenders and JKK regarding the bank debt would not be completed for any reason, Endomines will instead renegotiate the Company's future financing with its current lenders.

As a condition for the Rights Issue, the Board of Directors proposes that the EGM resolves to decrease the shares' current quota value from SEK 25.00 to SEK 8.00, through decrease of the share capital, which in turn requires changes in the Articles of Association.

For further details in this matter, please see the notice for the EGM, which has been published in a separate press release today.

The Rights Issue proceeds will be approximately 189 MSEK before transaction costs, upon full subscription in the Rights Issue

The total Issue costs are estimated at approximately 8 MSEK.

Additional information

The Rights Issue and the directed issues are subject to the approval by the Extraordinary General Meeting of Endomines to be held on January 8, 2018, at 4:00 p.m. CET, at Konferens Spårvagnshallarna, Birger Jarlsgatan 57 A, in Stockholm, Sweden. The notice to the meeting will be made public through a separate press release in Swedish today and will also be available at the Company's website www.endomines.com in Swedish. The formal notice to the EGM will be published in the Swedish Official Gazette (Sv. *Post- och Inrikes Tidningar*) on Monday, 27 November 2017 and a note will be published in Svenska Dagbladet the same day stating that the notice has been made public.

Certain existing shareholders and other investors have given a positive indication to subscribe for a minimum of 60 MSEK in the Rights Issue, corresponding to approximately 30 percent of the Rights Issue.

Indicative timetable for the Rights Issue

January 8, 2018	Extraordinary general meeting to approve the Board of Director's resolution on the Issue
January 4, 2018	Last trading day including subscription rights
January 5, 2018	First trading day excluding the subscription rights
January 8 2018	The record date for participating in the Rights 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
January 9 2018	Estimated date for publication of the prospectus
January 10 – 22, 2018	Trading in subscription rights on Nasdaq Stockholm and Nasdaq Helsinki
January 10 – 24, 2018	Subscription period with and without subscription rights
Around January 29, 2018	Publication of the Issue's preliminary outcome

Financial and legal advisors

Evli Bank is financial advisor and Hannes Snellman Attorneys is legal advisor to Endomines in connection with the Rights Issue and the directed issues.

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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 person set out above, at 08:30 CET on 22 November, 2017.

Endomines AB

Endomines AB is a mining company with its primary focus on gold. The Company operates a gold mine in Pampalo and has exploration activities more broadly along the Karelian Gold Line in Eastern Finland. Endomines aims to improve its long term growth prospects by increasing its exploration activities and through acquisitions. Endomines aims to acquire deposits that are situated in stable jurisdictions and can be brought to production rapidly with limited investments.

The shares trade on Nasdaq Stockholm (ENDO) and Nasdaq Helsinki (ENDOM).

Important notice

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares, subscription rights or other securities in Endomines. Any invitation to the persons concerned to subscribe for shares in Endomines will only be made through the prospectus which Endomines estimates will be made public on or around January 9, 2018.

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The subscription rights, paid subscribed shares and shares in Endomines have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities legislation of any state or other jurisdiction in the United States and no subscription rights, paid subscribed shares or shares may be offered, subscribed for, exercised, pledged, sold, resold, granted, delivered or otherwise transferred, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States. There will be no public offering of such securities in the United States.

The securities referred to herein have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the rights issue or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.

This press release contains certain forward-looking information that reflects Endomines' present view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "believe", "estimate" and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking information.

In case of differences between the Swedish and English language versions of this press release, the Swedish language version shall prevail.