

# Endomines AB (Publ)

*(Company registration no. 556694-2974)*

## Interim report 1 January - 30 June 2017

This interim report is a translation from the Swedish original which was published on 18 August 2017. In the event of difference between the English translation and the Swedish original, the Swedish interim report shall prevail.

### **Q2-2017 (Q2-2016)**

- Gold production was 107.4 kg (73.7), with the increase driven by higher gold grade, improved production efficiency and increased tonnage
- Milled ore was 47,621 tonnes (37,303) at head grade of 2.7 g/t (2.4)
- Cash Cost was 1,124 USD/oz (1,396)
- Revenue was 34.7 MSEK (20.9)
- EBITDA was 0.5 MSEK (-4.8)
- Profit after tax was -9.8 MSEK (-13.5)
- Earnings per share was -0.93 SEK (-1.29)

### **H1-2017 (H1-2016)**

- Gold production was 205.3 kg (132.2)
- Milled ore was 88,425 tonnes (72,620) at head grade of 2.8 g/t (2.2)
- Cash Cost was 1,162 USD/oz (1,358)
- Revenue was 63.5 MSEK (37.2)
- EBITDA was -0.8 MSEK (-10.6)
- Profit after tax was -22.0 MSEK (-28.3)
- Earnings per share was -2.10 SEK (-2.97)

### **SIGNICANT SUBSEQUENT EVENTS**

No significant events to be reported.

### **OUTLOOK FOR FULL YEAR 2017**

The Company expects to produce between 300 and 350 kg gold from the Pampalo underground mine by continuing the selective mining strategy.

**Key financial figures (Consolidated)**

<i>MSEK if not otherwise stated</i>	Apr-Jun			Jan-Jun			Full year 2016
	2017	2016	+/-	2017	2016	+/-	
Revenue	34.7	20.9	13.8	63.5	37.2	26.3	102.1
Cost	-34.2	-25.6	-8.6	-64.3	-47.8	-16.5	-109.8
Depreciation and write-downs	-9.8	-8.7	-1.1	-19.4	-17.6	-1.9	-95.4
EBITDA	0.5	-4.8	5.2	-0.8	-10.6	9.8	-7.7
EBIT	-9.3	-13.4	4.1	-20.2	-28.2	7.9	-103.1
Net result for the period	-9.8	-13.5	3.7	-22.0	-28.3	6.3	-125.0
Earnings per share (SEK)	-0.93	-1.29	0.36	-2.10	-2.97	0.87	-12.49
Cash flows from operating activities	-2.4	-5.9	3.6	-5.4	-15.4	10.0	-13.6
Investments	-2.8	-10.1	7.3	-10.6	-16.0	5.4	-40.3
Financing	-0.5	-0.9	0.5	-1.1	64.7	-65.8	62.8
Liquid assets in the end of the period	12.4	53.3	-40.9	12.4	53.3	-40.9	29.4
Personnel in the end of the period	42	47	-5	42	47	-5	44

**CEO Saira Miettinen-Lähde:**

*"During the first half of 2017, our gold production exceeded our expectations, amounting to 205kg. Whilst this achievement was on one hand based on higher gold grades in the ore, also our improved production efficiency played an important role. We have worked on LEAN principles and paid attention to the phasing of production processes, which has paid off in more accurate mining and increased throughput overall. In the second half of the year we will be mining in new areas, which casts some uncertainty on the gold grades and may therefore impact our production.*

*Our exploration activities have over the past couple of years focused on the deep extension of the Pampalo mine. Underground drilling below the current production level continued also during the second quarter with best intersections at above 10g of gold per tonne. On the average, our preliminary estimates would indicate that the head grades in the deep extension would be roughly at the same level or slightly higher than in the current production area, yet the rock quality appears increasingly challenging. The overall resource estimation and mine planning studies are now ongoing, and we anticipate completing these, along with profitability analyses necessary for a potential investment decision on the extension, within the next 1-2 months.*

*Going forward, we anticipate substantially increasing our regional exploration activities in the Karelian gold line. In preparation for this, we have during the second quarter considered different options for commencing an extensive exploration program. We are excited about the opportunities in the Karelian gold line and look forward to Endomines being in a position to execute a systematic exploration effort in the area in the years to come."*

**Production**

Total gold production in Q2 amounted to 107.4 kg (73.7), and in H1 to 205.3 kg (132.2). The good second quarter production is a continuation of the positive trend seen in the first quarter and reflects an increasing head grade as well as improved production efficiency and bigger ore volume. Consequently, production in the second quarter and first half of 2017 significantly exceeded the respective amounts in 2016.

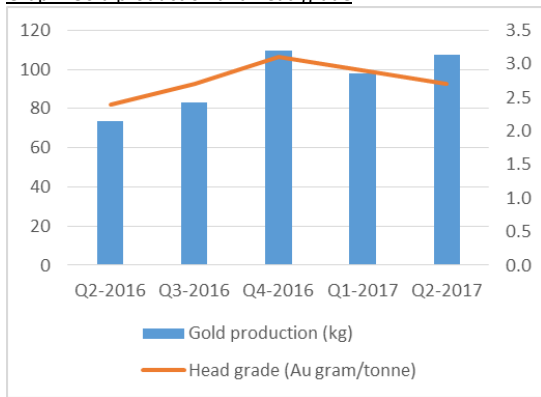
In addition to the relatively high head grade of the ore, the key contributors to the good production performance included improved sequencing of the geological and mining operations.

Production figures	Apr-Jun			Jan-Jun			Full year 2016
	2017	2016	+/-	2017	2016	+/-	
Milled ore (tonnes)	47,621	37,303	10,318	88,425	72,620	15,805	150,917
Head grade (Au gram/tonne)	2.7	2.4	0.3	2.8	2.2	0.6	2.6
Gold recovery (%)	83.1	82.8	0.3	83.4	81.5	1.9	82.9
Hourly utilization (%)	43.5	37.7	5.8	42.3	36.5	5.8	37.6
Gold production (kg)	107.4	73.7	33.7	205.3	132.2	73.1	325.0
Gold production (oz)	3,453	2,369	1,084	6,601	4,251	2,350	10,449
Cash Cost (USD/oz)	1,124	1,396	-272	1,162	1,358	-196	1,195
LTIFR				7	6		8

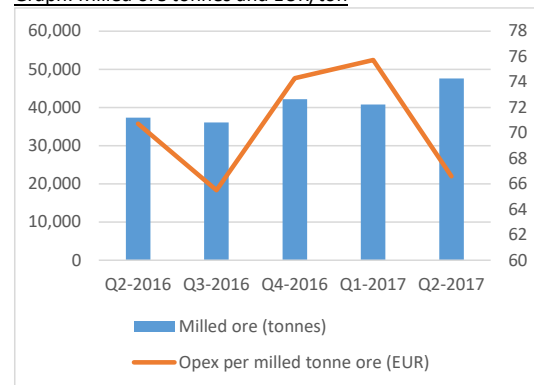
Production figures for the last quarter are based on Company's own assaying and not confirmed by any external laboratory. Figures are individually rounded off.

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 production and head grade



Graph: Milled ore tonnes and EUR/ton



### Underground development and exploration

Underground exploration drilling focusing the deep extension of the Pampalo deposit continued during the second quarter. Seventeen drill holes were drilled below the current production levels. All the holes have intersected mineralized zones with best intersections at above 10g of gold per tonne. Overall, preliminary estimates would indicate that the average head grades in the deep extension would be roughly at the same level or slightly higher than in the current production area, with tonnages at or slightly below the current level. The rock quality seems to require significantly more support works at the deep extension. Final assay results from the drilling as well as resource estimation and mine planning studies are still pending. These, along with analysis of the required investments for and profitability of the extension are expected to be completed within the next 1-2 months.

### Regional exploration activities along the Karelian Gold Line

Regional exploration in the Karelian gold line during the quarter was limited to planning for exploration strategies, mainly due to financial reasons. However, going forward, Endomines anticipates substantially increasing its regional exploration activities along the highly promising Karelian Gold Line. Hence, different options for commencing an extensive exploration program were considered. More detailed planning and budgeting will be carried out during the third quarter.

Field activities consisted of geological mapping and boulder prospecting in the Pampalo-Nenävaara and Hosko areas. An exploration permit for the area north of Hosko was granted by the Finnish Safety and Chemicals Agency (TUKES).

### Health, environment and safety

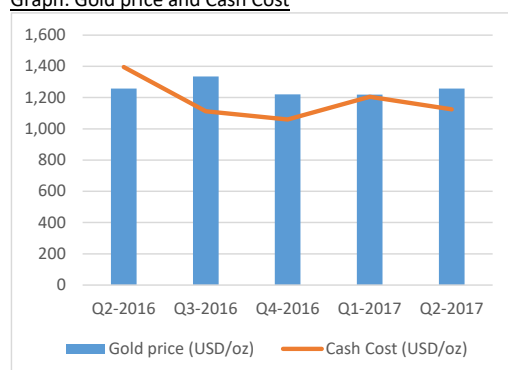
The Company's safety performance is on a good level. The overall strategy is a non-acceptance of accidents and adverse environmental incidents, a Zero Harm policy. Late 2016, the Pampalo mine implemented a LEAN methodology project to improve housekeeping and to boost the safety performance. The project is progressing well.

### 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 six months 2017 was 1,238 USD/oz (1,220), marginally higher than in the same period last year.

The gold price in euro is an important factor in determining the profitability of Endomines' operations, as a stronger euro against the US Dollar has a negative impact on the revenues. The average gold price in euro for the first half of 2017 was 1,144 EUR/oz (1,092), and the euro has during H1-2017 been weaker against the dollar as compared to H1-2016. Average rate for EUR/USD was 1.082, compared to 1.116 the year before. However, the euro has appreciated against the dollar especially during the second quarter, when the rate increased from 1.07 to 1.12 in May-June 2017. Current EUR/USD exchange rate is 1.17 (17 August).

Graph: Gold price and Cash Cost



### Consolidated revenue and results for Q2-2017

<i>MSEK if not otherwise stated</i>	Apr-Jun		
	2017	2016	+/-
Revenues	34.7	20.9	13.8
Cost	-34.2	-25.6	-8.6
Depreciation and write-downs	-9.8	-8.7	-1.1
EBITDA	0.5	-4.8	5.2
EBIT	-9.3	-13.4	4.1
Net result for the period	-9.8	-13.5	3.7
Earnings per share (SEK)	-0.93	-1.29	0.36

Revenues increased by 66 per cent and amounted to 34.7 MSEK (20.9). Delivered gold content in the concentrate increased by 60 per cent to 109.3 kg (67.0). The average market price of gold was 1,258 USD/oz both Q2-2017 and Q2-2016. The received payment per cent in Q2 was higher than during the same period last year mainly due to improved head grade in 2017.

EBITDA for Q2-2017 was positive and amounted to 0.5 MSEK (-4.8). Operating expenses increased by 34 per cent to 34.2 MSEK (25.6), reflecting mainly higher production volume. Cash Cost showed a positive development and was reduced by more than 100 USD to 1,206 USD/oz (1,312).

EBIT for Q2-2017 was -9.3 MSEK (-13.4) and profit after tax was -9.8 MSEK (-13.5). Earnings per share was -0.93 SEK (-1.29).

### Consolidated revenues and results for H1-2017

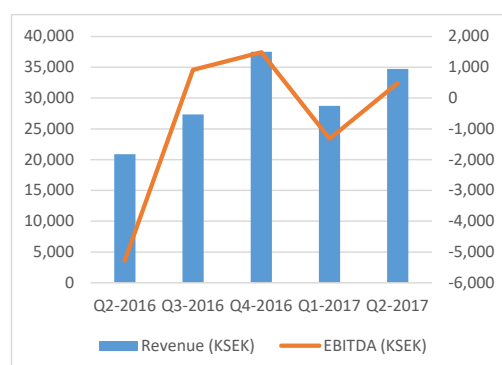
<i>MSEK if not otherwise stated</i>	Jan-Jun			Full year 2016
	2017	2016	+/-	
Revenues	63.5	37.2	26.3	102.1
Cost	-64.3	-47.8	-16.5	-109.8
Depreciation and write-downs	-19.4	-17.6	-1.9	-95.4
EBITDA	-0.8	-10.6	9.8	-7.7
EBIT	-20.2	-28.2	7.9	-103.1
Net result for the period	-22.0	-28.3	6.3	-125.0
Earnings per share (SEK)	-2.10	-2.97	0.87	-12.49

Revenues increased by 71 per cent to 63.5 MSEK (37.2). Delivered gold content in concentrate increased by 62 per cent to 201.1 kg (123.1). Average gold price was 1,238 USD/oz (1,220). An improved payment per cent combined with a little weaker SEK against the euro contributed to the improved revenue figures.

EBITDA showed a positive development and amounted to -0.8 MSEK (-10.6). Operating expenses increased by 35 per cent, or 16.5 MSEK, to 64.3 MSEK (47.8). Production OPEX increased due to higher throughput. Cash Cost was significantly lower than during the same period last year, at 1,162 USD/oz (1,358).

EBIT for H1-2017 amounted to -20.2 MSEK (-28.2) and profit after tax was -22.0 MSEK (-28.3). Earnings per share was -2.10 SEK (-2.97).

Graph: Revenue and EBITDA



### Consolidated cash flow and the balance sheet

<i>MSEK if not otherwise stated</i>	Jan-Jun			Full year 2016
	2017	2016	+/-	
Cash flows from operating activities	-5.4	-15.4	10.0	-13.6
Investments	-10.6	-16.0	5.4	-40.3
Financing	-1.1	64.7	-65.8	62.8
Liquid assets at the end of the period	12.4	53.3	-40.9	29.4
Personnel at the end of the period	42	47	-5	44

Total cash flow amounted to -17.1 MSEK (33.3). Main contributor to the positive total cash flow in 2016 was the 66.6 MSEK share issue in the beginning of 2016. Cash flow after change in working capital

improved from the year before and was -5.4 MSEK (-15.4). Net investments amounted to 10.6 MSEK (16.0) and financial lease amortizations were 1.1 MSEK (2.0).

Total fixed assets at the end of the quarter were 164.0 MSEK (170.9).

At end of June 2017, interest-bearing net debt amounted to 70.9 MSEK (54.1 at end of 2016), with the change reflecting mainly the decrease in cash. Equity amounted to 102.2 MSEK (114.5), and net gearing to 76.4 % (47.3). Equity ratio was 48 per cent (52).

Liquid assets were 12.4 MSEK (29.4). Stock of gold concentrate and mined ore stock pile was 4.4 MSEK (0.5) and accrued income on delivered gold concentrate was 11.5 MSEK (18.0). For further information, see section Future liquidity development.

#### **Consolidated investments and depreciation**

Gross investments were 12.5 MSEK (16.0), of which 11.0 MSEK (13.2) relating to the decline 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 10.6 MSEK (16.0).

Depreciation charges were 19.4 MSEK (17.6), of which charges relating to depletion (based on ore consumption) represented 11.9 MSEK (6.9) and depreciation on buildings and machinery 7.5 MSEK (10.6).

#### **Employees**

Total head count at the end of Q2-2017 was 42, of which 39 at the Pampalo Mine. In addition, nine employees were temporarily laid off. Average head count during the first half year was 43 (43).

#### **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 H1-2017 was -4.9 MSEK (-4.0). Personnel costs amounted to 1.9 MSEK (2.0), and at the end of the quarter the parent company employed one person. Other external expenses were 3.2 MSEK (2.3) and included the costs relating to the CEO. Unlike in earlier periods, the CEO costs were wholly covered by the parent company, contributing to the increased expenditure.

EBIT amounted to -4.9 MSEK (-4.0).

Cash at end the quarter amounted to 5.9 MSEK (19.7), and total cash flow was -13.8 MSEK. Shareholder contributions paid to the equity of Endomines Oy were 9.6 MSEK and other cash flow was -3.4 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 May 1, 2017 the Group Management team include Saila Miettinen-Lähde (CEO), Seppo Tuovinen (General Manager Finland) and Börje Lindén (CFO).

### **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 six months of the year on the stock exchange was 1.8 million, representing 17 per cent of the total number of shares. Nasdaq Stockholm represented 60 per cent and Nasdaq Helsinki 40 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 40 percent of the total during the first six months this year.

The share price at the end of 2016 was 18.30 SEK and 12.50 SEK at the end of June 2017, closing at highest early 2017 at 20.90 SEK and lowest late June at 12.40 SEK. Closing price in the middle of August was 18.10 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 authorization was registered at Bolagsverket (the Swedish Company Registration Office) on 25 April 2017. 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.

### **Significant events**

No significant subsequent events to report.

### **Outlook for the full-year 2017**

Endomines' production guidance for the year is 300-350 kg of gold. If production during the second half of the year remained at the same level as in the first half, the gold production would exceed 350 kg. However, mining during the latter half of the year is done in new areas, which contain some uncertainty relating to head grades. Therefore, the Company maintains its production guidance at its present level for the time being.

### **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). For an English version of the definition, see our website [www.endomines.com](http://www.endomines.com).

#### **Financial calendar**

The interim report for Q3 2017 will be published on November 9, 2017

#### **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 Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:45 CEST on August 18, 2017



This interim report is unaudited.

**Board assurance**

The undersigned declare that the Interim Report gives a true and fair overview of the Parent Company's and the Group's operations, positions and results, and describes the material risks and uncertainty factors faced by the Parent Company and the companies that make up the Group.

In Stockholm on August 18, 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

## Consolidated statement of profit and loss and other comprehensive income

KSEK	Note	April-June		January-June	
		2017	2016	2017	2016
Net sales		34,632	20,698	63,111	36,809
Other income		90	190	351	382
<b>Total revenue</b>	1	<b>34,722</b>	<b>20,888</b>	<b>63,462</b>	<b>37,191</b>
Change in stock of finished goods and work in progress		-792	1,840	3,942	2,232
Raw materials and supplies		-6,886	-6,019	-14,076	-9,418
Personnel expenses	2	-8,002	-7,786	-15,258	-13,793
Other expenses	3	-18,554	-14,201	-38,906	-27,789
Depreciation and impairment	4	-9,795	-8,680	-19,413	-17,557
(+) Profit or (-) loss from hedging instruments		-	520	-	936
<b>Operating result</b>		<b>-9,307</b>	<b>-13,438</b>	<b>-20,249</b>	<b>-28,198</b>
Financial income	5	-13	-	-13	1
Financial expenses	5	-479	-38	-1,737	-104
<b>Net financial items</b>		<b>-492</b>	<b>-38</b>	<b>-1,750</b>	<b>-103</b>
<b>+Profit/(-) loss before taxes</b>		<b>-9,799</b>	<b>-13,476</b>	<b>-21,999</b>	<b>-28,301</b>
Income taxes	6	-	-	-	-
<b>Net result for the period</b>		<b>-9,799</b>	<b>-13,476</b>	<b>-21,999</b>	<b>-28,301</b>
<b>Other comprehensive income that will be classified to profit/loss</b>					
Translation differences		489	2,069	359	3,075
		<b>489</b>	<b>2,069</b>	<b>359</b>	<b>3,075</b>
<b>Comprehensive income for the period</b>		<b>-9,310</b>	<b>-11,407</b>	<b>-21,640</b>	<b>-25,226</b>
<b>Net result 100 % attributable to the parent company</b>		<b>-9,799</b>	<b>-13,476</b>	<b>-21,999</b>	<b>-28,301</b>
<b>100% of total comprehensive income is attributable to the parent company</b>		<b>-9,310</b>	<b>-11,407</b>	<b>-21,640</b>	<b>-25,226</b>
<b>Earnings per share (SEK)</b>	7				
before and after dilution effect		<b>-0.93</b>	-1.29	<b>-2.10</b>	-2.97
<b>Average number of shares</b>	7				
before and after dilution effect		10,486,275	10,486,275	10,486,275	9,525,873

## Consolidated balance sheet

KSEK	Note	30 June	31-dec
		2017	2016
Intangible fixed assets	8	61,589	59,416
Tangible fixed assets	8	97,287	104,592
Other long-term receivables	9	5,079	6,936
<b>Total fixed assets</b>		<b>163,955</b>	<b>170,944</b>
Inventories		4,788	861
Trade receivables		80	143
Other receivables		205	2,035
Prepaid expenses and accrued income		12,318	18,668
Liquid assets		12,390	29,440
<b>Total current assets</b>		<b>29,781</b>	<b>51,147</b>
<b>TOTAL ASSETS</b>		<b>193,736</b>	<b>222,091</b>
<b>Shareholders' equity</b>			
Shareholders' equity			
Share capital		262,157	262,157
Other capital provided		343,873	343,873
Reserves		5,669	5,310
Retained earnings		-518,802	-496,804
Shareholders' equity attributable to the parent company shareholders		<b>92,897</b>	<b>114,536</b>
<b>Total shareholders' equity</b>		<b>92,897</b>	<b>114,536</b>
<b>Liabilities</b>			
Liabilities to credit institutions	11	76,892	79,439
Other provisions		2,166	2,142
<b>Total long-term liabilities</b>		<b>79,058</b>	<b>81,581</b>
Liabilities to credit institutions	11	6,447	4,122
Accounts payable		8,605	15,612
Other current liabilities		1,749	792
Accruals and other		4,980	5,448
<b>Total current liabilities</b>		<b>21,781</b>	<b>25,974</b>
<b>Total liabilities</b>		<b>100,839</b>	<b>107,555</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>193,736</b>	<b>222,091</b>

## 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					
<b>Opening balance 1 Jan 2016</b>	<b>262,157</b>	<b>277,239</b>	<b>988</b>	<b>-371,783</b>	<b>168,601</b>
Net result for the period	–	–	–	-28,301	<b>-28,301</b>
Other comprehensive income	–	–	3,075	–	<b>3,075</b>
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>3,075</b>	<b>-28,301</b>	<b>-25,226</b>
<b>Transactions with the shareholders</b>					
Share issue	70,782	–	–	–	<b>70,782</b>
Transaction costs	–	-4,148	–	–	<b>-4,148</b>
Reclassified to share capital	125,836	-125,836	–	–	–
Decrease in the quota value of the shares	-196,618	196,618	–	–	–
<b>Total transactions with the shareholders</b>	<b>–</b>	<b>66,634</b>	<b>–</b>	<b>–</b>	<b>66,634</b>
<b>Closing balance as of 30 June 2016</b>	<b>262,157</b>	<b>343,873</b>	<b>4,063</b>	<b>-400,084</b>	<b>210,009</b>
<b>Opening balance 1 Jan 2017</b>	<b>262,157</b>	<b>343,873</b>	<b>5,310</b>	<b>-496,804</b>	<b>114,536</b>
Net result for the period	–	–	–	-21,999	<b>-21,999</b>
Other comprehensive income	–	–	359	–	<b>359</b>
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>359</b>	<b>-21,999</b>	<b>-21,640</b>
<b>Transactions with the shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total transactions with the shareholders</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Closing balance as of 30 June 2017</b>	<b>262,157</b>	<b>343,873</b>	<b>5,669</b>	<b>-518,803</b>	<b>92,896</b>

## Consolidated statement of cash flows

KSEK	April-June		January-June	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
+Profit/(-) loss before taxes	-9,799	-13,476	-21,999	-28,301
Adjusted for:				
Depreciation	9,795	8,680	19,413	17,557
Unrealised exchange rate differences on internal receivables and payables	-729	-1,061	-612	-1,615
Unrealised result from hedging instruments	–	-520	–	-936
Other items	–	–	–	-4
<b>Cash flows from operating activities before change in net working capital</b>	<b>-733</b>	<b>-6,377</b>	<b>-3,198</b>	<b>-13,299</b>
Change in net working capital	-1,622	438	-2,180	-2,060
<b>Total cash flows from operating activities</b>	<b>-2,355</b>	<b>-5,939</b>	<b>-5,378</b>	<b>-15,359</b>
<b>Cash flows from investing activities</b>				
Payments for intangible fixed assets	-267	-331	-1,499	-945
Payments for tangible fixed assets	-2,504	-9,745	-11,005	-13,230
Change in other long-term receivables	17	3	1,918	-1,855
<b>Total cash flows from investing activities</b>	<b>-2,754</b>	<b>-10,073</b>	<b>-10,587</b>	<b>-16,030</b>
<b>Total cash flows before financing activities</b>	<b>-5,109</b>	<b>-16,012</b>	<b>-15,965</b>	<b>-31,389</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of new shares	–	–	–	70,782
Share issue costs	–	–	–	-4,148
Finance lease payments	-471	-930	-1,142	-1,972
<b>Total cash flows from financing activities</b>	<b>-471</b>	<b>-930</b>	<b>-1,142</b>	<b>64,662</b>
<b>Net (decrease)/increase in liquid assets</b>	<b>-5,580</b>	<b>-16,942</b>	<b>-17,107</b>	<b>33,273</b>
Liquid assets at the beginning of the period	17,858	70,194	29,440	19,994
Effect of exchange rate changes on liquid assets	112	45	56	30
<b>Liquid assets in the end of the period</b>	<b>12,390</b>	<b>53,297</b>	<b>12,390</b>	<b>53,297</b>

### Parent company statement of profit and loss

KSEK	April-June		January-June	
	2017	2016	2017	2016
Net sales	110	139	227	278
<b>Total revenue</b>	<b>110</b>	<b>139</b>	<b>227</b>	<b>278</b>
Other external expenses	-1,633	-1,238	-3,175	-2,288
Personnel expenses	-902	-942	-1,907	-1,956
<b>Operating result</b>	<b>-2,425</b>	<b>-2,041</b>	<b>-4,855</b>	<b>-3,966</b>
Financial income	264	299	540	598
Financial expenses	675	1,032	520	2,055
<b>Net financial items</b>	<b>939</b>	<b>1,331</b>	<b>1,060</b>	<b>2,653</b>
<b>+Profit/(-) loss before taxes</b>	<b>-1,486</b>	<b>-710</b>	<b>-3,795</b>	<b>-1,313</b>
<b>Net result for the period</b>	<b>-1,486</b>	<b>-710</b>	<b>-3,795</b>	<b>-1,313</b>
<b>Comprehencive income for the period</b>	<b>-1,486</b>	<b>-710</b>	<b>-3,795</b>	<b>-1,313</b>

### Parent company balance sheet

KSEK	30 June	31-dec
	2017	2016
Shares in group companies	161,940	152,422
Receivables from group companies	62,877	62,185
Other receivables	471	348
Liquid assets	5,860	19,718
<b>Total assets</b>	<b>231,148</b>	<b>234,673</b>
Shareholders' equity	222,784	226,579
Payables to group companies	7,294	7,223
Other liabilities	1,070	871
<b>Total shareholder's equity and liabilities</b>	<b>231,148</b>	<b>234,673</b>

## Notes to the interim financial reports

### Exchange rates EUR/SEK

	January-June	
	2017	2016
Conversion of profit and loss statements	9.5923	9.2992
Conversion of closing balance at end of previous year period	9.6734	9.4164
Conversion of closing balance at end of previous year		9.5669

Source: The Riksbank

Note 1 Revenues by geographical market KSEK	April-June		January-June	
	2017	2016	2017	2016
EU (flotation concentrate)	32,209	16,846	58,793	31,508
Norway (gravimetric gold concentrate)	2,422	3,852	4,318	5,301
<b>Net sales</b>	<b>34,632</b>	<b>20,698</b>	<b>63,111</b>	<b>36,809</b>
Other come	90	190	351	382
<b>Total revenue</b>	<b>34,722</b>	<b>20,888</b>	<b>63,462</b>	<b>37,191</b>

Note 2 Remuneration to employees	April-June		January-June	
	2017	2016	2017	2016
Average number of employees	43	45	43	43
Total personnel expenses including Board fees	KSEK 8,002	7,786	15,258	13,793
Average per person and month	SEK 62,000	58,000	59,000	54,000

Note 3 Other expenses	April-June		January-June	
	2017	2016	2017	2016
External services, production	13,075	9,108	27,074	15,797
Energy, production	2,133	1,635	4,787	4,054
Other	3,346	3,458	7,045	7,938
	<b>18,554</b>	<b>14,201</b>	<b>38,906</b>	<b>27,789</b>

Note 4 Depreciation and impairment	April-June		January-June	
	2017	2016	2017	2016
Depletion based on production of ore	6,033	3,451	11,921	6,930
Other depreciation	3,762	5,229	7,492	10,627
Total depreciation	<b>9,795</b>	<b>8,680</b>	<b>19,413</b>	<b>17,557</b>

Note 5 Financial income and expense	April-June		January-June	
	2017	2016	2017	2016
Interest income	-	1	-	2
Sale of dormant subsidiary company	-13	-	-13	-
<b>Total financial income</b>	<b>-13</b>	<b>1</b>	<b>-13</b>	<b>2</b>
Interest expense	-1,189	-1,105	-2,325	-2,230
Financial exchange rate differences	710	1,066	588	2,125
<b>Total financial expense</b>	<b>-479</b>	<b>-39</b>	<b>-1,737</b>	<b>-105</b>
<b>Net financial items</b>	<b>-492</b>	<b>-38</b>	<b>-1,750</b>	<b>-103</b>

### 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 KSEK if not otherwise stated	April-June		January-June	
	2017	2016	2017	2016
Before and after dilution effect:				
Net result 100 % attributable to the parent company	-9,799	-13,476	-21,999	-28,301
Weighted average number of issued shares	10,486,275	10,486,275	10,486,275	9,525,873
<b>Earning per share</b>	<b>-0.93</b>	<b>-1.29</b>	<b>-2.10</b>	<b>-2.97</b>
<b>Number of shares:</b>				
Number of shares at end of period			10,486,275	10,486,275

Note 8 Intangible and tangible fixed assets KSEK	January-June	
	Immateriella	Materiella
Opening net book amount	59,416	104,592
Additions	1,499	11,005
Exchange differences	674	1,103
Depreciation	-	-19,413
<b>Closing net book amount</b>	<b>61,589</b>	<b>97,287</b>

Note 9 Other long-term receivables	30 June 2017	31 Dec 2016
Pledged liquid assets due to environmental guarantees	5,079	6,936

<b>Note 10 Financial instruments (KSEK)</b>	<b>30 June 2017</b>	<b>31 Dec 2016</b>
<b>Loan and trade receivables:</b>		<b>Total</b>
Trade receivables and other receivables excluding accruals	5,364	9,114
Liquid assets	12,390	29,440
	<b>17,754</b>	<b>38,554</b>
<b>Other financial liabilities:</b>		
Bank loans	73,421	72,613
Finance lease	7,478	8,534
Other borrowings (with special terms)	2,440	2,414
Accounts payables and other current liabilities excluding non-financial liabilities	9,902	15,630
<b>Total</b>	<b>93,241</b>	<b>99,191</b>

<b>Note 11 Borrowing and net debt KSEK</b>	<b>30 June 2017</b>	<b>31 Dec 2016</b>
<b>Long-term</b>		
Bank loans	71,486	72,613
Loans with special term	2,440	2,414
Lease financing	2,966	4,412
<b>Total long-term liabilities</b>	<b>76,893</b>	<b>79,438</b>
<b>Short-term</b>		
Bank loans	1,935	0
Lease financing	4,512	4,122
<b>Total short-term liabilities</b>	<b>6,447</b>	<b>4,122</b>
<b>Total borrowings</b> (all amounts are EUR-denominated)	<b>83,339</b>	<b>83,561</b>
<b>Net debt</b>		
Liquid assets	12,390	29,440
Total borrowings	-83,339	-83,561
<b>Net interest-bearing debt</b>	<b>-70,949</b>	<b>-54,121</b>
<b>Shareholders' equity</b>	<b>92,897</b>	<b>114,536</b>
Net gearing (net debt divided by equity)	76.4%	47.3%

The bank loans amount to a total of 7,590,000 EUR, of which 200,000 EUR is short-term. Repayment of the loans will commence in the first quarter of 2018 and continue quarterly by 100,000 EUR until the third quarter of 2019. 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. The loan shall be fully paid back by 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 as of June 30, 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.

<b>Note 13 Pledged assets and contingent liabilities KSEK</b>	<b>30 June 2017</b>	<b>31 Dec 2016</b>
<b>The Group</b>		
Pledged assets for liabilities to credit institutions	29,381	37,566
Pledged assets due to environmental guarantees	5,079	6,936
<b>Pledged assets</b>	<b>34,460</b>	<b>44,502</b>
Contingent liabilities	38,914	38,486
<b>The parent company</b>		
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.

<b>Analyses of change of EBIT MSEK</b>	<b>April-juni</b>		<b>Januari-juni</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>EBIT as reported</b>	<b>-9.3</b>	<b>-13.4</b>	<b>-20.2</b>	<b>-28.2</b>
+Incr/-Decr of EBIT	4.1		7.9	
<u>Change of EBIT per category</u>	0.0		0.0	
+Incr/-Decr of Revenue from gold concentrate	13.9		26.3	
+Incr/-Decr of other revenue	-0.1		0.0	
<b>+Incr/-Decr of Total Revenue</b>	<b>13.8</b>		<b>26.3</b>	
+Incr/-Decr of inventories	-2.6		1.7	
+Incr/-Decr of cost of raw materials	-0.9		-4.7	
+Incr/-Decr of employee cost	-0.2		-1.5	
+Incr/-Decr of other cost	-4.4		-11.1	
<b>+Incr/-Decr of EBITDA</b>	<b>5.8</b>		<b>10.7</b>	
+Incr/-Decr of depreciation	-1.1		-1.9	
+Incr/-Decr of write-down of fixed assets	0.0		0.0	
Results from derivate instruments	-0.5		-0.9	
<b>+Incr/-Decr of EBIT</b>	<b>4.1</b>		<b>7.9</b>	