

Summary of Year-End Report 2010

Construction of the Pampalo Gold Mine completed before year end in line with budget and on the schedule. Production started early 2011 as scheduled.

The year 2010 was a successful year for Endomines AB. The company was transformed from a junior exploration company to a mining company ready for production. The construction of the processing plant and other surface infrastructure was completed in late November in line with its budget and on schedule. Test runs started immediately thereafter. The Pampalo Gold Mine is now in commercial production, with the first gold concentrates produced at the mine on February 2011.

Summary of key financial figures 2010

- The company does not report net revenues [as yet]
- Earnings after tax -83,261 KSEK (-13,773] of which -12,092 (-1,452) during the fourth quarter
- Earnings per share -1.13 SEK (-0.38), of which -0.16 SEK (-0.03) during fourth quarter
- Cash flow -71,849 KSEK (107,500), of which 679 KSEK (128,466) during the fourth quarter

Summary of events during Q4/2010

Key milestones for the Pampalo Gold Mine project during Q4/2010 are outlined below:

- On the surface, processing plant and power line were completed mid-November as scheduled.
- Plant test runs started immediately, aiming to achieve nominal capacity of 230 000 tonnes/annum during summer 2011.
- Crushing plant construction was completed in December, and the plant can now be operated at its design capacity of 130 tons/hour. Optimization of various operating parameters continues with a view to reaching a steady rate of production flow through the crusher circuit.

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- Endomines placed an order for a new Sandvik DS420-C ground support rig with a view to moving towards an owner-operator model in the underground mining operation. Delivery of the rig will take place at the end of Q2/2011. Accordingly, the recruitment and training of operators of the rig has begun.

Summary of Events during the whole year 2010

Endomines Oy and Pampalo Gold Mine

Key milestones for the Pampalo Gold Mine project during 2010 were:

- Underground mine production started in mid-April, 2010, and 1000 meters of underground development drifting has been completed since then. In total, 45 000 tonnes of ore has been mined by drifting and long-hole stoping. Combined with existing ore stockpiles of 22 000 tonnes, this amounts to a total of 67 000 tonnes of ore stockpiled for processing, equaling approximately 4 month's mill feed. Underground production grade has come in as expected, and complies with the ore reserve grade.
- Ventilation raises of approximately 175 meters were drifted during 2010
- Totally some 5000 meters of infill diamond drilling was carried out during 2010.
- An updated ore reserve estimate for Pampalo Gold Mine was completed in September. The increase of the mineable reserve tonnes at Pampalo Gold Mine by 50 % and gold content by 11% will add almost two years to the Pampalo Gold mine production plan which together with satellite mines is now estimated at eight years
- On the surface, a new power line and processing plant were completed mid-November as scheduled. Test runs started immediately thereafter, with a view that the plant will achieve its nominal capacity of 230 000 tonnes/annum during summer 2011.
- The crusher is operating at its design capacity of 130 tons/hour. A steady rate of production flow will be reached through the crusher circuit through optimization of various operating parameters.
- Tailings Storage Facility works were completed in August 2010 as scheduled.
- The on-site laboratory is performing as designed and expected.
- All recruitment has been completed for the site, with c. 60-70% of personnel hired locally and trained by Endomines.

Updated ore reserve estimate for Pampalo Gold Mine

The Pampalo Gold Mine ore reserve estimate was updated during 2010. The data included results from the infill drilling campaign completed in the Pampalo underground mine during spring 2010. The key purpose of the campaign was to delineate the intended production area for the initial three to four years of production, rather than to assessing the

full potential of the Pampalo Gold deposit. Deep extensions of the Pampalo deposit will be explored in due course over the coming years.

The JORC-compliant Pampalo Gold Mine resource and reserve estimate was prepared by Mr. Markku Meriläinen (MSc, Geology, MAusIMM) and Mr. Pekka Lovén, (MSc, Mining Engineering, MAusIMM), both Competent Persons in accordance with the JORC-code, and employed by Outotec (Finland) Oyj. Meriläinen and Lovén are not associated in any manner with Endomines AB or any of its subsidiaries.

The summary table of the Karelian Gold Line ore reserves and Mineral Resources:

Gold ore reserves - Karelian Gold Line					
Deposit	Tonnes	Grade Au g/t	Oz	kg Classification	Consultant
Pampalo	22 000	4,0	2 829	88 Stockpiled	WAI
	750 000	3,6	86 807	2 700 Proven	Outotec Oyj
	511 000	3,0	49 287	1 533 Probable	Outotec Oyj
SubTotal	1 283 000	3,4	138 923	4 321	
Pampalo East	200 000	1,5	9 645	300 Probable	MAPTEK
Pampalo Reserves total	1 483 000	3,1	148 569	4 621	
			0		
Hosko	13 000	8,5	3 553	111 Proven	MAPTEK
	116 000	10,0	37 295	1 160 Probable	MAPTEK
Hosko total	129 000	9,9	40 848	1 271	
Rämepuro	134 000	3,9	16 802	523 Probable	MAPTEK
Muurinsuo	67 000	3,0	6 462	201 Probable	MAPTEK
Grand total	1 813 000	3,6	212 680	6 615	

Mineral Resources – Karelian Gold Line					
Deposit	Tonnes	Grade Au g/t	Oz	kg Classification	Consultant
Pampalo	240 000	3,6	27 778	864 Inferred	Outotec Oyj
Pampalo East	21 000	1,5	1 013	32 Inferred	Runge Limited
Hosko	547 000	1,8	31 656	985 Inferred	Runge Limited
Rämepuro	61 000	4,1	8 041	250 Inferred	Runge Limited
Muurinsuo	786 000	1,5	37 906	1 179 Inferred	Runge Limited
Kuivisto East	37 000	3,2	3 807	118 Indicated	MAPTEK
Kuivisto East	145 000	1,0	4 662	145 Inferred	MAPTEK
Kuittila	275 000	2,6	22 988	715 Inferred	GSF, historical
Grand total	2 112 000				

Note: Reserves and Resources reported according the JORC-code(except Kuittila)

Mineral Resources are additional to ore reserves

WAI stock pile estimate: top cut 10 g/t

Outotec estimate: reserve cut-off 1 g/t, gold price 843 €/oz (equals ~1030 usd /oz); Waste Rock Dilution 10-20% Resource estimate cut-off 0,8 g/t

Ore losses: drifting 0 %, stoping 5 % and stoping nearby talc chlorite rock 40 %

Maptek Pampalo East estimate: Cut-off: 1,0 g/t; 5% Ore loss & 15% dilution

Maptek Hosko and Rämepuro estimates: Used gold price 720 USD/oz, cut-off 0,5 g/t; ore loss 5%, dilution 15%

Maptek Muurinsuo estimate: Used gold price 720 USD/oz, cut-off 1,0 g/t; ore loss 5%, dilution 15%

Troy ounce = 31,1034768 g

Kälviä Ilmenite assets write down at the end of Q2/2010

Endomines' Board of Directors carried out a thorough market study and analysis of the Kälviä ilmenite assets during Q1 and Q2/2010, including commissioning a study conducted by independent consultants. As a result, and particularly due to the fact that the Board does not currently foresee the possibility of allocating sufficient capital to continue

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exploration of these assets, nor investment in production facilities, the Board has decided to write down the assets by 44,993 KSEK. The company will consider various strategic options for the project.

Safety and personnel

There were three Lost Time Injuries during 2010. The total Lost Time Injuries for the Pampalo project, incurred during the construction and commission stage, have resulted in an LTI-frequency rate (LTIFR¹) for own and contractor personnel, of 20. Endomines continues to prioritize high safety standards, which are reviewed frequently.

At the year 2010 end total number of employees was 45 own employees and 30 contractor personnel working at the mine site.

Company Overview

The market value of Endomines' gold price and interest rate hedge programs as at December 31st is -196 MSEK, mainly due to the strengthening of the gold price in dollar and the weaker Euro since the beginning of the year.

The market value of the hedge programs will fluctuate in the future due to USD/Euro exchange rates and gold price developments. The effect of the hedge programs will be realized at term date. The company real profit will be based on a combination of operating cost, gold production, hedge price and spot price. The 50% hedge leaves scope to gain from the strong US Dollar price of gold and the weak Euro, as Endomines' operating costs are in Euros and its production sold in US Dollars.

Endomines AB (publ) carried out a rights issue of units during autumn 2009, through which subscribers of shares received warrants free of charge. The subscription period for these ended on 15 December 2010, and a total of 99.8 per cent of the warrants were exercised for subscription of new shares increasing the number of share to a total of 79,441,625

Outlook for 2011

- The ramp-up period at the Pampalo Gold mine will continue and is expected to last 3- 6 months. During the ramp-up period, normal start-up challenges will be resolved and some remaining modifications on the processing plant will be carried out.
- The company will gradually transform its mining operations towards an owner-operator model as mining contractor availability in Finland is becoming scarcer and

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



pricing unfavorable. The company has ordered a ground support rig and purchased a loader from Sandvik. All required personnel to operate these rigs have been recruited.

- The company expects to achieve annualized gold production of 900-100kg/a before year end 2011.
- Endomines' own personnel number is expected to increase slightly due to the change of underground works operations towards an owner-operator model.
- The company plans to start exploration on the Karelian Gold Line with low-altitude airborne geophysical surveys during summer 2011. Some 7 000 meters diamond drilling has also been planned with a view to commence exploring the potential of Karelian Gold Line gold deposits. In addition 2,000 meters diamond drilling is planned to Finnish Lapland gold targets Porkonen and Kivimaa.

The full interim report (in Swedish) is available at Endomines.com

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About Endomines

Endomines AB is a gold mining and exploration company with a portfolio comprising the Pampalo Gold Mine, as well as other gold and industrial mineral deposits and exploration properties located in Finland.

During 2009-2010, Endomines has taken several important steps from exploration to full-scale gold production. The company started commercial production at the Pampalo Gold Mine in February 2011, with a projected annualized output of 900–1.000 kg of gold.

Other deposits along the Karelian Gold Line will be exploited subsequently. Endomines has additional claims in Finnish Lapland (gold), Ostrobothnia (ilmenite) and Southern Finland (limestone/wollastonite).

Endomines applies SveMin's & FinnMin's respective rules for reporting (public mining & exploration companies). Endomines has chosen to report mineral resources and ore reserves according to JORC-code, which is the internationally accepted Australasian code for reporting ore reserves and mineral resources. Endomines applies International Financial Reporting Standards (IFRS) as approved by the European Union.

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

Read more about Endomines on www.endomines.com

This news release may contain forward-looking statements, which address future events and conditions, which are subject to various risks and uncertainties. The Company's actual results, programs and financial



position could differ materially from those anticipated in such forward-looking statements as a result of numerous factors, some of which may be beyond the Company's control. These factors include: the availability of funds; the timing and content of work programs; results of exploration activities and development of mineral properties, the interpretation of drilling results and other geological data, the uncertainties of resource and reserve estimations, receipt and security of mineral property titles; project cost overruns or unanticipated costs and expenses, fluctuations in metal prices; currency fluctuations; and general market and industry conditions.

Forward-looking statements are based on the expectations and opinions of the Company's management on the date the statements are made. The assumptions used in the preparation of such statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.