

**Endomines AB Press Release****Summary of interim report January - June 2010****Pampalo Gold Mine construction progressing on schedule****Summary of events**

## Pampalo Gold Mine:

- Pampalo Gold Mine construction continues in-line with the budget, with some minor overruns due to quality-improvements with regards to the crushing circuit and mine site laboratory
- Underground infill drilling assay results were received in April, and the production area for the first two to three years of production was delineated.
- Major building works were completed in May.
- Installation of processing plant equipment commenced in May as scheduled.
- A Shareholders Day was held at 19th June at Pampalo Gold Mine.

## Company overview:

- MSc (Mining Engineering) Rauno Pitkänen was elected as a new board member after Per Torell's resignation at the Annual General Meeting.
- Endomines Board of Directors has decided to write-down Kälviä ilmenite assets 44,993 KSEK.
- The current market value of Endomines' gold price and interest rate hedge programs is -168 169 KSEK, mainly due to the strengthening of the gold price in dollar and the weaker Euro.

**Operations overview**

Construction of the Pampalo Gold Mine continued efficiently during the second quarter of 2010.

All assay results from a 43 holes, 2,727-meter diamond-core drilling campaign at the Pampalo underground gold mine were received in April. These results confirm the planned production start-up schedule, with test production commencing at the end of 2010, and full-scale production in the first quarter of 2011.

The completed infill drilling campaign will allow production down to 320-meter levels without any additional diamond core drilling. The ore has now been delineated to cover the first two-three years of production. The new results will also be used for the Pampalo

mine ore reserve estimation that is currently under preparation by independent qualified consultants.

Major building works were completed in early May according to schedule and within budget despite the very cold winter conditions. The first batch of processing equipment containing flotation cells from Metso Minerals Sala AB was received in May. All equipment deliveries and installation have happened according to project schedule.

Underground development works continued with ventilation raise drifting as well as drifting in ore and waste rock. The ore from development drifting has been regularly sampled and these have returned grades, which comply with the expected grades from respective areas. All ore derived from development drifting will be stockpiled for further processing and gold production after the processing plant and power line have been commissioned.

The erection of the new 47-kilometre power line from Ratilanvaara to the Pampalo Gold Mine site is progressing ahead of schedule. The line is expected to be commissioned well before year-end, which will allow for efficient test production to commence during Q4/2010.

A Shareholders' Day was held on June 19th, attended by about 50 shareholders from Finland and Sweden.

There was one lost time accident in the underground mine during the reporting period resulting for three days sick leave. The total work force on-site has been on average 15 Endomines and 46 contractor employees.

### **Kälviä Ilmenite assets write down**

Endomines' Board of Directors has recently carried out a thorough market study and analysis of the Kälviä ilmenite assets, including commissioning a study conducted by independent consultants. As a result, and particularly due to the fact that the Board does not foresee the possibility of allocating sufficient capital to continue exploration of these assets as well as investment in production facilities, the Board has decided to write down the assets by 44,993 KSEK. The company will consider options to Joint Venture or farm-out the project.

### **Outlook 2010**

Construction at the Pampalo Gold Mine will continue according to schedule and budget. Test production is expected to commence during Q4/2010 and full-scale production during Q1/2011.

Underground development works will continue according to the project plan. The first long-hole stope will be taken into production in September. Following this, drifting in the waste rock and in the ore, as well as long hole stoping, will continue. The target is to create a stockpile of approximately 3-4 months of ore supply on the surface before start-up of full-scale production. This will secure sufficient ore supply for production start-up, and will contribute to the achievement of first year underground ore production targets.

### **Hedge program effects**

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.

## **Personnel**

In the near future, Endomine's head count will increase to production level manning as on-going training programs will be completed and the trainees will join the Pampalo Gold Mine team.

## **Summary of key financial figures for January-June 2010 (2009)**

- Earnings after tax -61,867 KSEK (-6,553)
- Earnings per share -0.84 SEK (-0.19)
- Investments 87,387 KSEK (7,053)
- Total Cash Flow -57,033 KSEK (-14,467)

**Full interim report (in Swedish) is available at [www.endomines.com](http://www.endomines.com).**

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### About Endomines

*During 2009-2010 Endomines has taken several important steps to develop the business from exploration to full-scale gold production. By the end of 2010, the company will commence production at the Pampalo Gold Mine, with a projected output of 900–1.000 kg of gold per annum. Other deposits along the Karelian Gold Line will be exploited subsequently. Endomines has additional claims in Finnish Lappland (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 or NI 43-101-cod, which are internationally accepted. 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](http://www.endomines.com)*