

# Endomines AB Conducts a Rights Issue of Units for a Total of Approximately MSEK 96.1

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STOCKHOLM -- (BUSINESS WIRE) -- Regulatory News: The Board of Directors of [Endomines AB](#) (publ) ("Endomines" or the "Company") (STO:ENDO) (HEX:ENDOM) has decided, subject to the approval by an extraordinary general meeting that is to be held on October 30, 2014, on a rights issue of units consisting of shares and warrants (the "Issue"), totaling approximately MSEK 96.1. The Issue is secured to 80 percent by subscription undertakings and underwriting commitments.

The Endomines shares are admitted for trading on NASDAQ OMX Stockholm and NASDAQ OMX Helsinki.

## Summary

- The shareholders of Endomines have preferential right to subscribe for one unit for each existing share. One unit consists of two shares and two warrants
- The subscription price is SEK 1.10 per unit, equivalent to SEK 0.55 per share. The warrants are received without consideration
- Four warrants entitle the holder, not later than December 9, 2016, to sub-scribe for one new share in the Company at a subscription price equal to the quota value increased by 4 percent, rounded up to the nearest SEK 0.10[1]
- Endomines is initially supplied a maximum of approximately MSEK 96.1 before transaction costs, upon full subscription of the Issue and, not later than December 2016, an additional maximum of approximately MSEK 48.1 upon full exercise of the warrants when subscribing for shares
- The prospectus for the Issue will be published on November 3, 2014
- The record date for participating in the Issue will be November 6, 2014
- The subscription period for the Issue will be November 12 until November 28, 2014
- The Issue is secured to 80 percent by subscription undertakings and underwriting commitments

## Background and reasons for the Issue

Endomines has progressed from being a diversified exploration company to an operating mining company based upon in-house controlled mineral reserves and resources along the 40 kilometer extended Karelian Gold Line.

The production capacity in the centrally located Pampalo plant in 2013 has been increased from initially 270,000 tonnes to 420,000 tonnes, to better accommodate for the beneficiation of ore from satellite mines with lower head grades.

The gold price has been declining since 2013, which has negatively impacted Endomines profitability. Hence, the Company has implemented cost reduction initiatives and efficiency improvements.

Endomines has continued the exploration activities at the Pampalo mine and in its vicinity. The Company's objective is to increase the knowledge of the mineralizations in the deeper parts of the Pampalo mine and in the potential open pits nearby. The Company has also commenced mining operations at Rämepuro and intends to start mine production in Hosko at 2015 and to prepare for other satellite mines along the Karelian Gold Line. However, this will require additional capital.

It is the Company's view that the current working capital is not sufficient for the upcoming twelve months to operate the business and to simultaneously be able to carry out the planned activities as described in this section. In light of the Company's need for additional financial resources, the Board of Directors has

therefore resolved on the Issue, subject to approval by the general meeting. The proceeds from the Issue shall, besides a strengthening of the Company's liquidity and financial base, be utilized for continued exploration. A continued exploration is needed in order to extend the operational period of the Pampalo plant and mine with nearby situated deposits, as well as to secure the conversion of mineral resources to mineral reserves in order to be able to open new mines and thus create increased production along the Karelian Gold Line.

### **Terms and conditions**

Shareholders of the Company on the record date for the Issue will for each share held in the Company receive one (1) unit right. One (1) unit right entitles the holder to subscribe for one (1) unit consisting of two (2) new shares and two (2) warrants (the "Unit") for SEK 1.10, corresponding to SEK 0.55 for each newly issued share. In total, the Issue includes a maximum of 87,385,625 Units, based on the total number of shares in the Company on the date hereof. The subscription price will be converted into Euro for trading on NASDAQ OMX Helsinki. The subscription price in Euro will be announced in the prospectus, which is estimated to be published on November 3, 2014.

The warrants are issued without consideration. Four (4) warrants entitle the holder to subscribe for one (1) new share in the Company. The price for a share upon exercise of the warrants will ultimately be determined based on the shares' quota value after the Issue, increased by 4 percent and rounded up to the nearest SEK 0.10. Upon full subscription of the Issue, the price will be SEK 1.10. The warrants can be exercised for subscription of shares in the Company during a certain period each quarter until and including December 9, 2016. The price in Euro for a share upon exercise of the warrants that are traded at NASDAQ OMX Helsinki will be announced before each exercise period.

The subscription period for Units is expected to be November 12 until November 28, 2014, or a later date that is decided by the Company's Board of Directors. Subscription of Units according to the underwriting commitments will, in case the underwriting commitments are utilized, take place as soon as possible after the subscription period.

The number of shares in Endomines will initially increase by 174,771,250 to 262,156,875 shares upon full subscription of the Issue and by a further 43,692,812 shares to 305,849,687 shares upon full exercise of the warrants.

As a prerequisite for the Issue, the Board of Directors proposes that the extraordinary general meeting resolves to reduce the shares' current quota value of SEK 3.00 to SEK 1.00. The share capital will in such a case be reduced by SEK 174,771,250 for transfer to a fund to be used pursuant to a resolution adopted by the general meeting. The share capital will then, if the Issue is fully subscribed, be restored by the Issue proceeds and a transfer of capital from the share premium reserve. In case the Issue would not be fully subscribed, additional funds will be added to the share capital through a bonus issue, so that the share capital is fully restored.

The total Issue proceeds, excluding warrants, amounts to a maximum of approximately MSEK 96.1 at full subscription of the Issue. The Company will potentially receive an additional approximately MSEK 48.1 upon full exercise of the war-rants.

The total Issue costs are estimated to be approximately MSEK 10.0, of which fees to underwriters are approximately MSEK 4.6.

### **Additional information**

The Issue is subject to approval by the extraordinary general meeting in Endo-mines. The extraordinary general meeting will be held on October 30, 2014 at 17:00 at Erik Penser Bankaktiebolag's office, Biblioteksgatan 9 in Stockholm. The notice will be published through a press release and will be available on the Company's website [www.endomines.com](http://www.endomines.com) from September 30, 2014. The notice will also be published in Post- och Inrikes Tidningar on Thursday, October 2, 2014, when also an advertisement regarding the notice has been made public will be published in SvD.

### **Subscription and underwriting commitments**

The Company has in connection with the Offering entered into subscription undertakings with existing shareholders representing approximately 21 percent of the rights issue and underwriting commitments with existing shareholders and external parties, amounting to about 60 percent of the Issue. The underwriting

commitments can only be used for lack of subscription in the Issue of up to 80 percent of the Issue proceeds, corresponding to 69,908,500 Units or approximately MSEK 76.9, based on the total number of shares in the Company on the date hereof. The underwriting compensation is 8.0 percent of the respective underwriter's maximum commitment under the underwriting undertaking.

### **Indicative timetable for the Issue**

October 30, 2014

Extraordinary general meeting to approve the Board of Director's resolution on the Issue

November 3, 2014

Estimated date for publication of the prospectus

November 4, 2014

Last trading day including the unit right

November 5, 2014

First trading day excluding the unit right

November 6, 2014

The record date for participating in the Issue, i.e. shareholders that are registered in the share register on this date will receive unit rights that entitle them to participate in the Issue

November 12-25, 2014

Trading in unit rights on NASDAQ OMX Stockholm and NASDAQ OMX Helsinki

November 12-28, 2014

Subscription period with and without unit rights

December 4, 2014

Publication of the Issue preliminary outcome

### **Financial and legal advisors**

Erik Penser Bankaktiebolag is financial adviser and Hannes Snellman Attorneys is legal adviser to Endomines in connection with the Issue.

Endomines AB discloses the information provided herein pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication at 08:45 CET on September 30, 2014.

About Endomines AB Endomines is conducting exploration as well as mining activities along the 40 kilometer extended Karelian Gold Line. Endomines is controlling, based on decisions from relevant authorities, the explorations right for the entire area.

The Company's first mine, Pampalo, was started in February 2011. During 2014 production from the open pit at Rämepuro was commenced and the Company is now planning to start mining of the gold deposit at Hosko. The ore from Hosko will, as for the ore from Rämepuro, be treated at the, within the Karelian Gold Line centrally located, mill at Pampalo.

The Company operates under a regime of sustainable principles and with a business practice to minimize the impact to the environment.

Endomines applies SveMin's & FinnMin's respective rules for reporting (public mining & exploration companies). The Company has chosen to report mineral resources and ore reserves according to the JORC-code, which is the internationally accepted Australasian code for reporting ore reserves and mineral resources.

The shares of Endomines AB are quoted on NASDAQ OMX Stockholm under ticker ENDO and on NASDAQ OMX Helsinki under ticker ENDOM. Pareto Securities acts as Liquidity Provider in Stockholm.

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This press release does not constitute an invitation or offer to acquire, subscribe for or otherwise trade in unit rights, interim shares, interim units, new shares or warrants in Endomines AB (publ). An invitation for interested persons to subscribe for Units in Endomines AB (publ) will only be made through the prospectus that Endomines AB (publ) intends to publish on or about November 3, 2014.

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

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[1] Equal to SEK 1.10 upon full subscription of the Issue

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