

2021

Annual Report



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CALENDAR 2022

- Interim report H1-2022:
18 August 2022

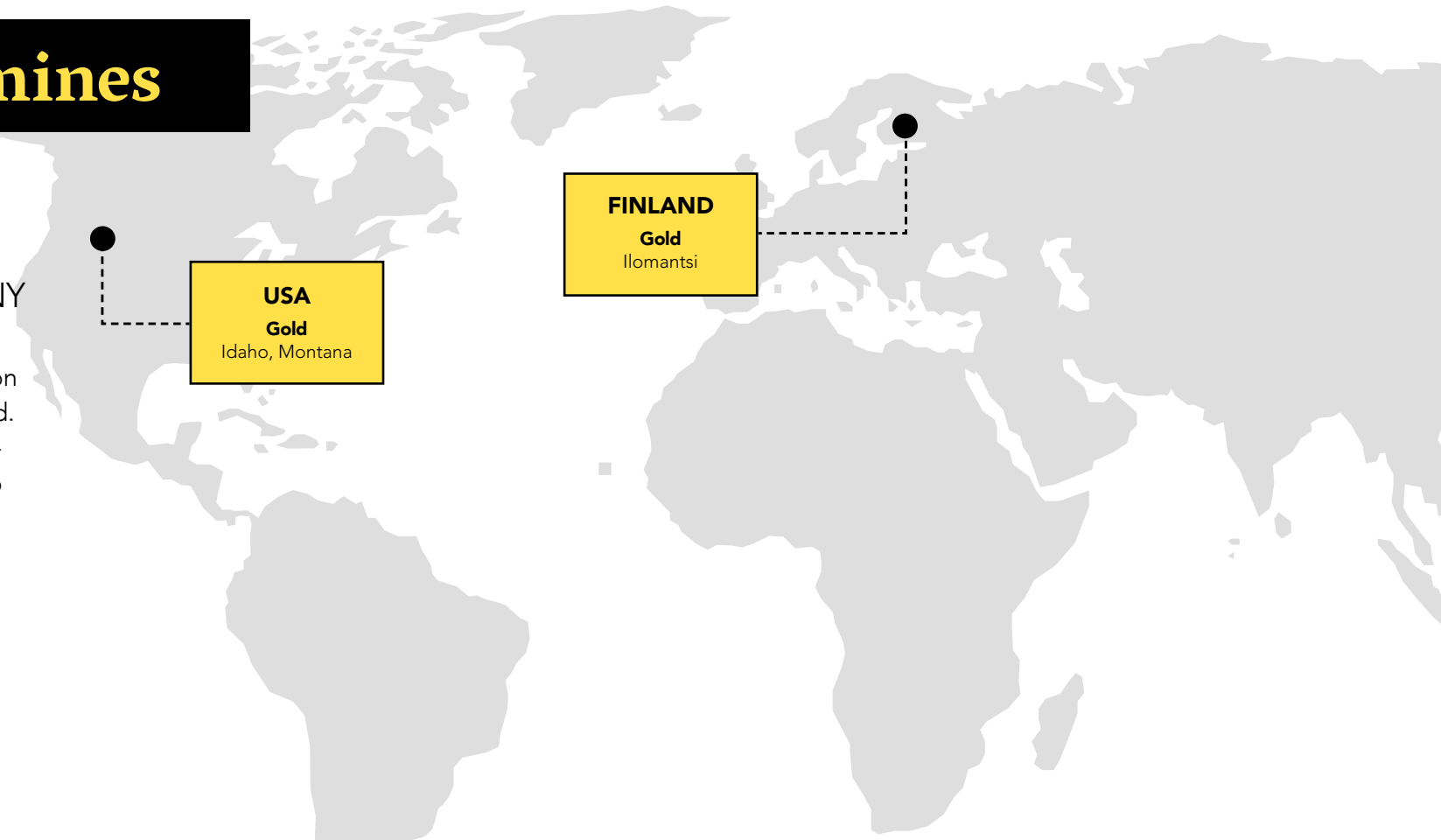
ANNUAL GENERAL MEETING 2022

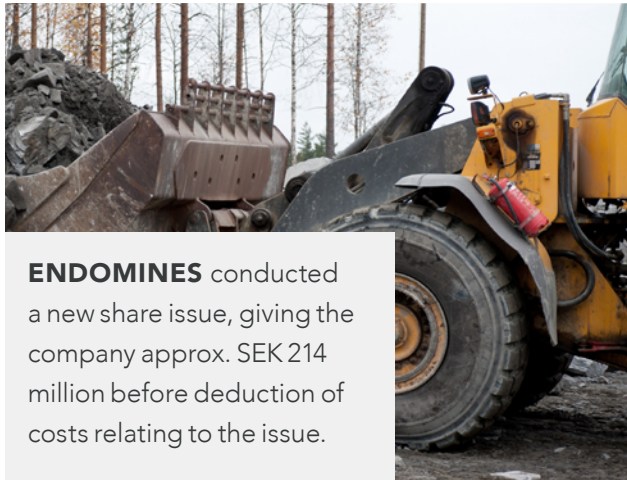
The Annual General Meeting is scheduled to be held on 24 May 2022. The Board will be issuing the invitation at a later date.

About Endomines

ENDOMINES – AN AGILE AND MODERN MINING COMPANY

Endomines is a mining and exploration company with a primary focus on gold. The Company conducts mining operations in Idaho, USA and the Pampalo mine in Eastern Finland. Endomines aims to improve its long-term growth prospects with exploration activities and corporate acquisitions.





ENDOMINES conducted a new share issue, giving the company approx. SEK 214 million before deduction of costs relating to the issue.

January



MINING operations started at the Friday mine in Idaho, and dry testing at the Orogrande enrichment plant was concluded.

August



PAMPALO ore production from the mine development project started.

November



2021

2022

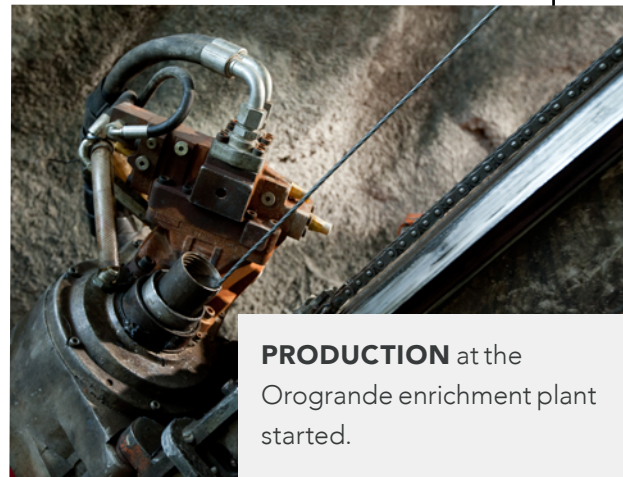
April

October

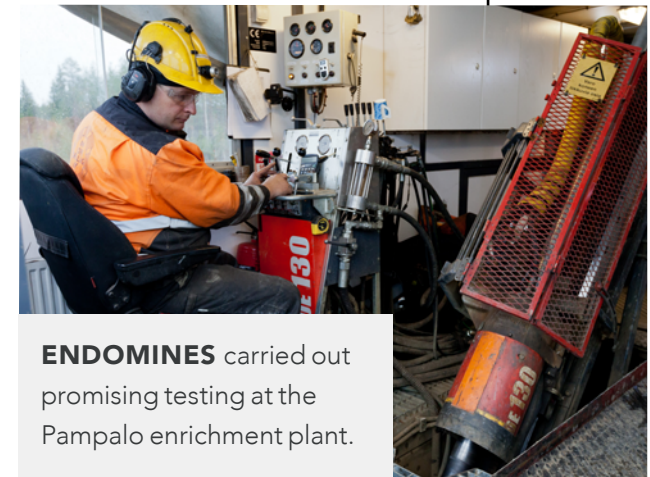
December



ENDOMINES started deep extension of the Pampalo mine and the slope access.



PRODUCTION at the Orogrande enrichment plant started.



ENDOMINES carried out promising testing at the Pampalo enrichment plant.

CEO's review

During the year 2021, there was a predictable increase in insecurity across Europe as the security situation in Ukraine continued deteriorating. The Covid-19 pandemic also continued to impact on the business during 2021. These two events collectively resulted in overarching circumstances that none of us could have imagined a few years ago. We sincerely hope that peace will return to Europe and that life will return to the new normal after the pandemic. These undesirable, unexpected developments have impacted the gold market and the price of gold has risen markedly in the past 24 months.

THE YEAR 2021 WAS AN EXCITING YEAR and a major milestone for Endomines. The share issue carried out at the beginning of 2021 gave us a good start to the year. We continued implementing our growth strategy and took significant steps towards implementing our ambitious long-term goals. We prioritized security and sustainability in everything we undertook, and the Group had no accidents resulting in time lost.

Our operations focused on starting production in Pampalo and on starting gold production in the Friday mine and the Orogrande enrichment plant in Idaho, USA. Production recommenced successfully at the Pampalo mine at the end of the year. We also performed drilling campaigns along the deep ore lenses, resulting in some of the highest-quality gold deposits ever obtained from the Pampalo mine. The drilling results also confirmed that the gold mineralization continues under the current mining level and that those areas are accessible. The project of reopening the Pampalo mine has exceeded our targets. The work was

completed to, or before, schedule, to budget and without any accidents involving any loss of work hours.

Over the summer and autumn, we started upgrading the Orogrande processing plant in Idaho, USA. We started intensifying our mining operations and gold concentrate production in the autumn; however, during acceleration we were faced with multiple operational challenges. Our devoted team managed to solve most of the operational bottlenecks and the production volumes at the Friday mine started increasing by the end of the year. Once we had started quarrying the first ores, it became obvious that the gold mineralization was more irregular than the original calculations, and that more subterranean drilling would be required to optimize future production. Therefore, production was temporarily halted in early 2022.

Endomines owns several other potential gold assets in the USA as well as exploration rights covering the entire 'Karelian Gold Line' in eastern Finland. Over the course of 2021, desk studies were conducted at US Grant and Kearsarge properties in Montana. These findings have signif-



icant potential for future Endomines gold production. The Unify, Rescue and Kimberly projects also feature in our portfolio, and we will be exploring them further in the future. At the 'Karelian Gold Line', we analyzed the available databases and created prospecting plans to test potential target areas. This work will continue in 2022 and thereafter.

I wish to convey my heartfelt thanks to our staff, who have worked hard and shown real team spirit during these unprecedented and exciting times. We believe in our strategy and will keep working hard to achieve our strategic targets. I also wish to thank our shareholders, partners and other stakeholders for believing in us or for sharing this journey with us.

Stockholm, 25 April 2022

Kari Vyhtinen
CEO

Financial Statement

MINERAL RESERVES AND MINERAL RESOURCES

Ore Reserves – Karelian Gold Line, Finland (status Dec 31, 2021)

Deposit	Tons	Grade Au g/t	Oz	kg	Classification	Prepared by	Note
Pampalo	161,000	3.55	18,376	572	Proven	Endomines	(1)
Pampalo Indicated Total	161,000	3.55	18,376	572	Proven	Endomines	
Total	161,000	3.55	18,376	572			

Mineral Resources are reported inclusive of Ore Reserves.

Mineral Resources – Karelian Gold Line, Finland (status Dec 31, 2021)

Deposit	Tons	Grade Au g/t	Oz	kg	Classification	Prepared by	Note
Pampalo Resources							
Pampalo East	229,000	1.8	12,897	401	Indicated	Endomines	(3)
Pampalo NW	29,000	2.5	2,284	71	Indicated	Endomines	(4)
Pampalo Reserves Total	258,000	1.8	15,181	472	Indicated	Endomines	
Pampalo Deep	122,461	5.24	20,600	642	Inferred	Endomines	(2)
Pampalo D-zone	164,110	1.9	9,912	308	Inferred	Endomines	(2)
Pampalo East	62,000	1.4	2,791	87	Inferred	Endomines	(2)
Pampalonlammit	103,000	1.8	5,961	185	Inferred	Endomines	(4)
Pampalo Inferred Total	451,571	2.7	39,264	1,222	Inferred	Endomines	
Karelian Gold Line Resources							
Hosko	35,000	4.1	4,557	142	Measured	Geoconsulting Parkkinen	(5)
Hosko	675,000	1.2	25,761	801	Indicated	Geoconsulting Parkkinen	(5)
Muurinsuo	354,000	1.9	22,080	687	Indicated	Endomines	(7)
Kuivisto East	37,000	3.2	3,807	118	Indicated	MAPTEK	(8)
Karelian Gold Line Measured + Indicated Total	1,101,000	1.6	56,204	1,748	Measured + Indicated		
Hosko	240,000	0.8	6,019	187	Inferred	Geoconsulting Parkkinen	(5)
Rämepuro	136,000	2.3	9,926	309	Inferred	Geoconsulting Parkkinen	(5)
Muurinsuo	231,000	1.4	10,398	323	Inferred	Endomines	(7)
Kuivisto East	145,000	1.0	4,662	145	Inferred	MAPTEK	(8)
Korvilansuo	256,000	2.0	16,461	512	Inferred	Outotec (Finland) Oy	(9)
Karelian Gold Line, Inferred Total	1,008,000	1.5	47,465	1,476	Inferred		
Karelian Gold Line Historic Resources							
Kuittila	275,000	2.6	22,988	715	Historic	Geological Survey of Finland (1990)	(10)
Karelian Gold Line Historic Total	275,000	2.6	22,988	715	Historic		

- (1) The estimate of ore reserves is based on underground planning and development scheme. Cut-off 1.5 grams/ton of gold, top cut 10 grams/ton of gold, dilution 15-30 percent and ore loss 5 percent.
- (2) Cut-off 1.5 g/t; top cut 10-20 g/t gold
- (3) Cut-off 0.5 g/t; top cut 7 g/t gold
- (4) Cut-off 0.5 g/t; top cut 10 g/t gold
- (5) Cut off 0.5 g/t; top cut 11g/t (low grade domain) or 50 g/t gold (high grade domain)
- (6) Cut-off 0.5 g/t; top cut 40 g/t gold
- (7) Cut-off 0.5 g/t; top cut 10 g/t gold
- (8) Cut-off 0.5 g/t gold; no top cut

Troy ounce = 31.1035 g

Mineral resources estimated according the JORC-code (except Kuittila). All figures rounded up individually.

Mineral Resources – Idaho/Montana, USA (status 31 Dec, 2021)

Deposit	Tons	Grade Au g/t	Oz	kg	Classification	Prepared by	Note
Friday Resources							
Measured	245,000	6.88	54,200	1,686	Measured	Hard Rock Consulting	(1,2)
Indicated	217,000	6.16	43,000	1,337	Indicated	Hard Rock Consulting	(1,2)
Measured + Indicated	462,000	6.54	97,200	3,023	Measured + Indicated	Hard Rock Consulting	(1,2)
Inferred	296,000	4.91	46,700	1,453	Inferred	Hard Rock Consulting	
Buffalo Gulch Resources							
Measured	3,515,000	0.57	64,800	2,016	Measured	Hard Rock Consulting	(1,3,4)
Indicated	3,230,000	0.48	49,900	1,552	Indicated	Hard Rock Consulting	(1,3,4)
Measured + Indicated	6,745,000	0.53	114,700	3,568	Measured + Indicated	Hard Rock Consulting	(1,3,4)
Inferred	2,128,000	0.38	25,700	799	Inferred	Hard Rock Consulting	(1,3,4)
Historic Resources							
Rescue	67,000	21.35	45,980	1,430	Historic	Kimberly Mines, (2004)	(5)
Kimberly	261,000	19.18	160,930	5,005	Historic	Laczay, (2010)	(5)
Deadwood	2,375,000	0.77	58,601	1,823	Historic	BEMA Gold Corporation, (1989)	(5)
US Grant	346,000	14.89	165,700	5,152	Historic	McLeod, (1990)	(5)
Kearsarge	4,100,000	2.98	381,000	12,218	Historic	Transatlantic Mining, (2019)	(5)
Historic Total	7,149,000	3.58	812,211	25,628			(5)

Silver assets – Montana, USA (status 31 Dec, 2021)

Deposit	Tons	Grade Ag g/t	Oz	kg	Classification	Prepared by	Note
US Grant	346,000	402	4,470,000	139,033	Historic	McLeod, (1990)	(1)
Historic Total	346,000	402	4,470,000	139,033			
Measured Total	3,795,000	1.0	123,557	3,843			
Indicated Total	4,771,000	1.0	159,728	4,968			
Measured + Indicated	8,566,000	1.0	283,285	8,811			
Inferred Total	3,883,571	1.3	159,128	4,950			
Historic Total	7,149,000	3.6	812,211	25,628			
			1,254,625				

Notes:

1. Measured, Indicated and Inferred mineral classifications are assigned according to CIM Definition Standards. Mineral resources that are not mineral reserves do not have demonstrated economic viability and there is no guarantee that mineral resources will be converted to mineral reserves. Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add up due to rounding.
2. The mineral resource estimate was prepared by HRC based on data and information available as of 1 March, 2016. The Measured, Indicated and Inferred mineral resources are reported considering a base case estimate that applies a cut-off grade of 3.4 g/t Au based on the estimated operating costs, recoveries, and a \$1,300/oz gold price.
3. The mineral resource estimate was prepared by HRC based on data and information available as of 10 December, 2017. The Measured, Indicated and Inferred mineral resources are reported considering a base-case estimate that applies a cut-off grade of 0.14 g/t Au based on the estimated operating costs, recoveries, and a \$1,300/oz gold price.
4. Mineral Resources captured within the pit shell meet the test of reasonable prospect for economic extraction and can be declared a Mineral Resource. Pit optimization is based on assumed gold price of US\$1,300/oz. and mining, processing and G&A costs of US\$15.20 per ton processed; metallurgical recoveries for gold are 90%.
5. Endomines cautions that, while the historic resources presented appear to be in general accordance with those set out in NI 43-101 Sections 1.2 and 1.3, a qualified person has not done sufficient work to classify the historical estimate as current mineral resources, and Endomines is not treating the historical estimate as current nor reliable.

Troy ounce = 31.1035

1. Endomines cautions that, while the historic resources presented appear to be in general accordance with those set out in NI 43-101 Sections 1.2 and 1.3, a qualified person has not done sufficient work to classify the historical estimate as current mineral resources, and Endomines is not treating the historical estimate as current nor reliable.

5-YEAR OVERVIEW

Consolidated income statement, MSEK	2021	2020	2019	2018	2017
Total income	5.0	13.1	5.8	105.3	122.6
EBITDA	-118.2	-108.0	-48.8	5.9	-5.7
Adjusted EBITDA (1)	-118.2	-78.1	-48.8	5.9	-5.7
EBIT	-255.2	-184.7	-52.5	-48.5	-64.8
Net income	-261.1	-197.0	-76.7	-37.4	-69.3
Total earnings	-231.1	-259.0	-64.9	-12.4	-69.2

Consolidated statement of financial position, MSEK	2021	2020	2019	2018	2017
Intangible assets	319.5	387.7	371.3	355.3	63.1
Tangible fixed assets	202.3	175.0	195.7	155.7	62.2
Other investments	5.4	5.3	5.5	5.4	5.2
Current assets excluding cash	26.5	5.8	1.4	5.5	14.3
Liquid assets	12.3	11.3	15.7	18.9	15.8
Total assets	565.8	584.9	589.6	500.9	160.6
Total equity	310.0	330.7	336.0	251.7	45.4
Provisions	13.3	13.2	13.1	9.4	8.1
Derivative instruments	8.8	0.0	0.0	0.0	0.0
Borrowings	6.6	14.4	7.2	35.3	83.6
Other liabilities	227.1	226.7	233.3	204.5	23.5

Summarized consolidated cash flow statement, MSEK	2021	2020	2019	2018	2017
Cash flow from operating activities	-108.7	-76.9	-78.9	-7.6	1.0
Cash flow from investing activities	-50.0	-26.6	-80.3	-158.9	-12.3
Cash flow from financing activities	159.7	-103.5	-155.9	166.9	-2.4
Total cash flow for the period	0.9	-4.4	-3.3	0.4	-13.7

Key figures	2021	2020	2019	2018	2017
Production*					
Milled ore (tons)	4,950	6,658	0	116,456	165,539
Head grade (Au gram/ton)	2.9	3.5	0	3.3	2.9
Gold recovery (%)	84.0	71.5	0	82.6	83.4
Hourly utilization (%)	55.5	35.7	0	39.3	38.8
Gold production (kg)	14.3	16.7	0	331.3	398.1
Gold production (oz)	460.3	538.1	0	10,651	12,799
Cost per milled ore ton (EUR)** (2)	0	0	0	66	70
Cost per milled ore ton (SEK)** (2)	0	0	0	677	678
Cash Cost (USD/oz)** (3)	0	0	0	981	1,165
Financial					
Revenue growth rate	-62%	126%	-94%	-14%	21%
EBITDA margin (4)	-2364%	-596%	-841%	6%	-5%
Operating margin (5)	-5102%	-1410%	-905%	-46%	-53%
Net margin (6)	-5222%	-1504%	-1322%	-36%	-56%
Equity ratio (7)	55%	57%	57%	50%	28%
Net interest-bearing debt (MSEK) (8)	171.8	195.3	199.6	185.3	67.7
Gearing (9)	49%	59%	59%	74%	149%
Return on equity (10)	-82%	-59%	-26%	-25%	-87%
Average number of employees	53	46	34	38	42

* Excluding recovered gold from Pampalo enrichment plant

** As there was no continuous production in 2021, cash cost or cost per ton processed are not applicable

Per share figures, SEK unless otherwise stated	2021	2020	2019	2018	2017
Earnings per share	-1.26	-1.67	-1.28	-1.10	-6.60
Equity per share (11)	1.37	2.52	4.2	7.37	4.33
Weighted average number of shares (thousands) (12)	207,698	117,811	59,705	34,122	10,486
Number of shares at the end of the period (thousands) (13)	225,794	131,305	79,957	35,147	10,486
Share price at the end of period (SEK) (14)	2.66	2.79	5.6	6.00	16.50
Market capitalization at the end of period (MSEK)	600.6	366.3	451	212.4	173.0

ADDITIONAL INFORMATION – ALTERNATIVE KEY FIGURES

EBITDA (MSEK)	2021	2020	2019	2018	2017
Operating profit	-255.2	-184	-52.5	-48.5	-64.8
+ Depreciation and amortization	-137.0	-76.7	-3.6	43.0	59.1
EBITDA	-118.2	-108.0	-48.8	-5.5	-5.7
+ Costs of employee co-operation negotiations	0	0	0	3.6	0.0
+ Costs of the acquisition of TVL Gold Idaho	0	0	0	7.8	0.0
- Final costs for the US Grant mining claims	0.0	29.9	0.0	0.0	0.0
Adjusted EBITDA	(1)	-118.2	-78.1	5.9	-5.7

Cost per milled ton of ore	2021*	2020*	2019	2018	2017
Production costs per management accounting ("non-IFRS") (KEUR)	0	0	0	7,728	11,650
Milled ore (tons)	0	0	0	116,456	165,539
EUR/ton	(2)	0	0	66	70
SEK/ton (based on average exchange rate)	(2)	0	0	677	678

* As there was no continuous production in 2021, cash cost or cost per ton processed are not applicable

Cash cost (USD/oz)	2021	2020	2019	2018	2017
Production costs per management accounting ("non-IFRS") (KEUR)	0	0	0	7,728	11,650
Converted to USD with average exchange rate (KUSD)	0	0	0	9,223	13,117
Costs paid to smelting and enrichment plants (KUSD)	0	0	0	1,226	1,794
Total costs (USD)	0	0	0	10,449	14,911
Gold production for the period (oz)	0	0	0	10,651	12,799
Cash Cost (USD/oz)	(3)	0	0	981	1,165

* As there was no continuous production in 2021, cash cost or cost per ton processed are not applicable

Equity ratio	2021	2020	2019	2018	2017	
Total equity (MSEK)	310.0	330.7	336.0	251.7	45.4	
Total assets (MSEK)	565.8	584.9	589.6	500.9	160.6	
Total equity (%)	(7)	54.8	56.5	57.0	50.2	28.3

Net interest-bearing liabilities and gearing ratio (MSEK, if not stated otherwise)	2021	2020	2019	2018	2017	
Interest-bearing liabilities, total	184.1	206.6	215.4	204.2	83.6	
- Cash and cash equivalents	-12.3	-11.3	-15.7	-18.9	-15.8	
Net interest-bearing liabilities	(8)	171.8	195.3	185.3	67.8	
Total equity	310.0	330.7	336.0	251.7	45.4	
Net interest-bearing debt divided by equity (%)	(9)	55.4	59.1	59.4	73.6	149.3

Equity per share (MSEK)	2021	2020	2019	2018	2017
Equity attributable to the shareholders of the parent company, end of the period	310.0	492.7	336.0	251.4	45.4
Shares outstanding, end of the period (adjusted for share issues, where applicable)	207,698	117,811	59,705	34,122	10,486
Equity per share (SEK)	1.49	4.18	5.63	7.37	4.33

ADDITIONAL INFORMATION – ALTERNATIVE KEY FIGURES

Average income (details in the written part of this summary)	2021	2020	2019	2018	2017
Average income (details in the written part of this summary)					
Income from gold concentrate before the gold price hedge (MSEK)		10.8	5.9	104.0	121.0
Gold delivered (oz)		614	530	10,562	12,715
Average income (SEK/oz)		17,624	11,095	9,847	9,517
Reconciliation with the total income in the Consolidated income statement (MSEK):					
Other income	0	0	0	0	0
Realized effect of gold price hedge	0	0	0	0.0	0.0
Other income	0.1	0.0	1.7	1.3	0.4
Change in inventory	4.9	2.3	-1.8	-0.1	1.2
Total income according to income statement	5.0	13.1	5.8	105.3	122.6
Working capital (MSEK)	2021	2020	2019	2018	2017
Total current assets	38.7	17.1	17.1	24.5	30.1
- Cash and cash equivalents	-12.3	-11.3	-15.7	-18.9	-15.8
Operating assets	26.4	5.8	1.4	5.6	14.3
- Accounts payable	25.9	17.3	9.8	17.2	11.6
- Other short-term liabilities	31.0	27.1	4.9	1.6	4.5
- Accruals and prepaid expenses	22.9	20.8	4.2	8.0	7.4
Operating liabilities	79.8	65.2	18.9	26.8	23.5
Working capital	-53.4	-59.4	-17.5	-21.2	-9.2
Capital invested (MSEK)	2021	2020	2019	2018	2017
Total assets	565.8	584.9	589.6	500.9	160.6
Total liabilities and provisions	-268.7	-267.0	-253.6	-249.2	-115.2
+ Interest-bearing liabilities	184.1	206.6	215.4	204.2	83.6
Capital invested	481.2	524.5	551.4	473.7	129.0

Definitions of the key figures

Endomines provides measures prepared in accordance with IFRS as well as some non-IFRS performance measures (referred to below also as "alternative performance measures"). Non-IFRS measures have limitations as analytical tools and they should be not used as sole or substitute measures to analyze companies. The alternative performance measures are provided to help investors better assess the Company's operating result and anticipated results as well as to facilitate comparisons between results for different periods. The management uses alternative performance measures to, among others, evaluate ongoing operation against past results, for internal planning and for forecasts.

Adjusted EBITDA

(1) Results before depreciation, impairments and unrealized profit/loss on derivative instruments.

Cost per milled ton of ore

(2) Production cost, excluding depreciation, other capital costs etc. divided by ore tons processed. Conversion from EUR to SEK is done by average rate.

Cash Cost (USD/oz)

(3) Cash cost per ounce is calculated based on the guidance issued by The Gold Institute Production Cost Standard. Mining, ore processing and site administration and off-site smelting and refining costs are included in cash cost while depreciations, capital and exploration costs are excluded. "Cash Cost" figure is furnished to provide additional information and is a non-IFRS measure. EUR to USD is converted at median exchange rates.

EBITDA margin

(4) Adjusted EBITDA as per cent of total revenues

Operating margin

(5) EBIT as per cent of total revenues

Net margin

(6) Net income as per cent of total revenues

Equity ratio

(7) Equity as per cent of total assets

Net interest-bearing debt

(8) Total borrowings less cash and cash equivalents

Gearing

(9) Net interest-bearing debt divided by equity

Return on equity

(10) Earnings after tax divided by average equity (opening and closing equity for the period)

Equity per share (thousand)

(12) Adjusted for share issues where applicable

Number of shares at the end of the period (thousands)

(13) Adjusted for share issues where applicable

Share price at the end of period (SEK)

(14) Adjusted for share issues where applicable

MANAGEMENT REPORT

The Board of Directors and the CEO of Endomines AB (publ) corp. reg. no. 556694-2974 hereby submit the annual report for the financial year 2021.

Endomines AB is a mining company focusing on gold production. The company is exploring in Eastern Finland along the Karelian Gold Line. The company also has operations at the Friday mine located in Idaho, USA. Endomines aims to create long-term growth opportunities, through increased exploration and corporate acquisitions. Endomines intends to acquire deposits located in stable jurisdictions, which can be converted to production quickly and with limited investment.

Endomines' goal is to increase shareholder value by developing mineral deposit sites, which are part of the company's extensive project portfolio. Endomines aims to create long-term growth opportunities, through increased exploration and corporate acquisitions. The company's business model, and its mining and exploration operations are based on sustainable valuations and on minimizing environmental impact.

Endomines applies SveMin and FinnMin common reporting rules for public mining and exploration companies. Endomines has chosen to report the mineral resources and mineral reserves in Finland in accordance with the JORC code, and the Canadian NI-43101 code for mineral resources and reserves in the USA. Both are internationally accepted codes for reporting mineral resources and mineral reserves.

Endomines also has ambitions to actively participate in future transformations and consolidations in the Nordic mining industry and will therefore evaluate any such opportunities that may arise.

Endomines AB is listed on Nasdaq Stockholm: (ENDO) and on Nasdaq Helsinki: (ENDOM). Lago Kapital is the company's liquidity guarantor in Stockholm and Helsinki.

The year in summary

Operational

- Deep extension of the Pampalo mine; the target depth of the deep extension was reached in September.

- Ore production at the Pampalo mine from the mine development project commenced in November. Gold production was higher than projected, exceeding expectations.
- The Pampalo enrichment plant underwent renovation and testing in December.
- The first ore obtained was enriched at the Pampalo enrichment plant, with the first concentrate being delivered in January 2022.
- Mining and ore production at the Friday mine continued being intensified throughout the last quarter.
- No injuries were reported in the last 12 months; LTIFR 0 (0)

Financial

- Total revenues, including changes in inventory amounted to SEK 5.0 million (13.1)
- EBITDA amounted to SEK -118.2 million (-108.0)
- Total cash flow amounted to SEK -0.9 million (-4.4)
- Earnings per share amounted to SEK -1.26 (-1.67)

Strategic

- On 28 January 2021 Endomines announced that the company had completed a rights issue, which generated liquidity totalling SEK 214 million before transaction costs.
- On 8 May 2021, Endomines announced that they had entered into a comprehensive financing agreement with LDA Capital totalling EUR 14 million. The financing agreement includes convertible debt instruments totalling EUR 6 million, and a sales option agreement totalling EUR 8 million. The total commitment under the convertible instrument agreement will be issued to the investor in installments of 2 million EUR.
- On 31 May 2021, Endomines reported that the interim Chief Executive Officer Rauno Pitkänen would be retiring on 31 May 2021 and that CEO Marcus Ahlström would be acting as interim CEO until a permanent CEO solution had been found.
- On 2 July 2021, Endomines Finland Oyj announced that they had concluded a financing agreement with a group of Finnish investors totalling, in all, EUR 5 million.

- On 17 July 2021, it was announced that an extraordinary general meeting at Endomines AB had approved a cross-border upstream fusion plan between Endomines AB (publ) and Endomines Finland Oyj, and the move of the company domicile from Sweden to Finland.
- On 6 October 2021, it was announced that Seppo Tuovinen was taking over as interim CEO of Endomines AB until a new permanent CEO had been hired.
- On 10 November 2021, it was announced that Kari Vyhtinen had been appointed as new Chief Executive Officer of Endomines AB (publ) and Endomines Finland Oyj, effective on and from 1 March 2022.
- On 26 November, Endomines Finland Oyj announced that they had concluded a financing agreement with a group of Finnish investors totalling, in all, EUR 2.5 million.
- On 23 December, Endomines AB announced that for practical reasons and due to company registration details, the fusion between Endomines AB and Endomines Finland Oyj had been postponed.

Significant events after the end of the year

- On 4 January 2022, Endomines announced that the company had decided on a direct issue of convertible bonds with a total nominal value of EUR 2,000,000 (the equivalent of SEK 20,453,800) to LDA Capital Limited, entailing a total issue liquidity of EUR 2,000,000. The direct issue was carried out as part of the financing package that Endomines has concluded with LDA, announced in a press release on 8 May 2021.
- On 14 January 2022, Endomines announced that Mikko Sopenen had been appointed the new CFO.
- On 24 January 2022, Endomines announced that LDA Capital Limited would be partially converting its convertible bonds. LDA wished to convert part of the loan, EUR 750,000, to new shares in Endomines. The remainder of the loan, EUR 1,250,000, can be converted on one or more occasions until and including 5 July 2023.

- On 3 February 2022, Endomines updated its production forecast for the Friday mine. Operations at the Friday mine and enrichment plant have been temporarily suspended. The company is focusing on underground drilling to gain an even better definition of the forms and limits of the ore. Intensification of operations is expected to continue once the drilling results are obtained, provided that the results are in line with expectations.
- On 3 February 2022, Endomines updated its production forecast for the Pampalo mine. Production intensification is continuing, and the gold ore produced thus far is of higher quality than projected. Full production was achieved in Q1 2022. Gold concentrate deliveries commenced in January 2022 and the enrichment plant reached full flow and drainage capacity in Q1 2022.
- As announced on 18 February 2022, Endomines decided on a fully-covered, direct issue of 28,571,429 shares to the company's bond holders, at a price of EUR 0.21 (the equivalent of SEK 2.2211) per share, giving a total issue liquidity of EUR 6,000,000 (the equivalent of SEK 63,466,201) before issue costs. Endomines thereby secures a considerably stronger financial position to enable the continued progress and growth of its mine prospecting and development.

Company strategy

Endomines is an agile and modern mining company. We are active in the exploration and mining of gold deposits in Finland and the USA. We strive to increase the value of our company, by developing our resources into economically profitable mines in accordance with sustainable mining methods. We also aim for growth through mergers, acquisitions, and other arrangements. The company strategy is to only acquire deposits in countries with stable jurisdictions, focusing on resources that can be quickly put into production with minor investments.

In early 2018, the company took its first step by acquiring TVL Gold Idaho. TVL Gold Idaho, now Endomines Idaho LLC, is a US mining company with rights to five promising gold projects in Idaho, USA. This was followed by Endomines' acquisition of the US Grant mine and its enrichment plant, as well as the leasing of the Kearsarge Gold Project in the Virginia Mining District of Montana, USA, which was completed on 8 October 2020. These resources were acquired from the Canadian development company Transatlantic Mining Corporation.

Through active exploration, Endomines also strives to secure its mining operations and long-term growth. The current prospecting activity focuses on strengthening future production at the Pampalo and Friday mines. Further prospecting is also planned for the 'Karelian Gold Line' in eastern Finland, and in the prospecting areas close to the American resources.

Operations

Production in Pampalo

For the majority of 2021, the Pampalo mine was not in operation.

The Pampalo mine was closed for upkeep and maintenance in 2018 as the market price for gold was at the lowest in several years (1,250 USD/ounce). The subterranean mine's ore lenses are open down towards the bottom and the known ore extensions have now been drilled down to a mining level of 855 metres. These drilling areas can be reached through deep extension of the already-existing slope access, and deep extension of the mine. The gold mineralization and ore lenses are also completely open below those levels. As the mine was closed for upkeep and maintenance, the company calculated that, by extending the slope access by approx. 100 metres, and by developing those deep ore zones, recommencing mining production would be profitable, as the market rate for gold is now hitting over USD 1,500/ounce.

In December 2020, Endomines announced that the company would be reassessing restarting the Pampalo mine due to the positive gold price prospects.

In January 2021, planning and preparations for the deep extension of the mine and extension the slope access commenced. After multiple negotiations, Power Mining Oy was chosen to overhaul the current slope access and drill the tunnel down to the first planned production levels. Power Mining mobilized its personnel to the mine in March 2021 and started the slope access renovations. Work also started on improving the mine pumping and upgrading the mine power grid in March, and was completed at the end of Q3 2021. In September, just slightly after schedule, the slope access reached the new ore drilling area. The ventilation systems were replaced and work commenced on tunnelling through to the production zones. Recruitment of staff for the enrichment plant also began, and key personnel were hired. In November, they tunnelled through to the first ore, and ore production in the mine development could begin. In October,

the underground diamond drilling programme, to map out the quality and quantity of the ore within the new production zone, was completed. The results, ready in Q4 2021, show some of the highest gold contents ever obtained at the Pampalo mine. In December, the enrichment plant maintenance work was successfully completed, and enrichment plant test runs commenced. Following successful 'wet testing', a thousand tons of low-content ore were put through the enrichment plant. Concentrate deliveries started in January. All the processing water used by the plant comes from the subterranean mine or is recirculated within the enrichment plant, and no external water is used.

On the whole, the relaunch of the Pampalo mine went exceedingly well and exceeded the targets set. The project was carried out according to schedule and within the budget. Production intensification has continued during Q1 2022 and the facility is expected to reach full production capacity in the first half of 2022.

Exploration and underground development in Pampalo

The underground drilling programme commenced in May was completed at the end of October 2021. A total of 92 drill holes (in all 8,461 m) were drilled as part of the programme. A total of 87 'infill' drill holes (in all 6,852 m) were drilled in the projected production zone between mining levels 755 and 815. Six individual exploration holes (in all 1,609 m) were drilled to test potential areas of gold mineralization outside the main Pampalo mineralization.

The first part of the results was published on 12 August 2021, and the second half on 18 November 2021. The results were very promising, including a core sample of 3.9 metres containing 151.4 g/t of gold (9.6 g/t with a top cut of 20 g/t) in drill hole T-1670, and a core sample of 4.3 metres containing 92.9 g/t of gold (7.6 g/t with a top cut of 20 g/t) in drill hole T-1626. The results from the drilling programme are being used to update the mineral resource estimate and the mining plan.

Regional exploration activities along the Karelian Gold Line

Endomines continued regional and mining site exploration along the Karelian Gold Line in Eastern Finland during 2021. Work continued on updating and validating the mineral resource estimate for the areas in close proximity to the mine, on regional prospecting activities, and on developing and planning coming prospecting programmes.

As part of the prospecting programmes in close proximity to the Pampalo mine, 6 individual, almost horizontal subterranean prospecting holes were drilled (in all 1,609 m), with lengths varying from 222 m to 342 m, to test the areas of gold mineralization to the east (Pampalo East) and north (Pampalo Fold) of the main Pampalo mineralizations. The holes were drilled from tunnels located at mining levels 682 and 745, approx. 650 m below the surface. The geological report on the drill core samples was finished in December. Each drill hole penetrated those rock types anticipated to contain areas of gold mineralization. The significance of the results can be evaluated once the drill samples have been tested for gold. Core sample collection and testing is currently underway.

Given that the key focus in 2021 was on the Pampalo subterranean drilling programmes, only limited activities were conducted in the field, mainly mapping and boulder clearing along the 'Karelian Gold Line'.

During the year 2021, Tukes – the Finnish security and chemical plant agency – approved the extension of the application for Ilokulta 10–13 and Korvila 1–3 ore exploration permits, as well as new ore exploration permits for Kurttila.

Update of mineral reserves and mineral resources

Endomines publicized updated estimates of mineral reserves and mineral resources on 31 March 2022. The estimates at the Pampalo Mine and the Karelian Gold Line have been made in accordance with the JORC ("Joint Ore Reserve Committee") code, which is the 2012 Australian Code on reporting of mineral reserves and Inferred mineral resources.

The Friday and Buffalo Gulch projects' reported mineral resources in Idaho, USA, are reported according to the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards for mineral reserves and resources, and are prepared according to the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council on 10 May 2014.

Operations at the Pampalo mine were restarted in 2021 after undergoing care and maintenance (C&M) since 2018. The estimated ore reserves in the Pampalo deep expansion zone have a proven ore reserve of 161,000 tons containing 3.55 g/t of gold (or 18,400 ounces of gold). The updated ore reserve was based on the 6,850-metre-long infill drilling programme that was completed in 2021. An additional assumed mineral resource of 122,000 tons containing 5.24 g/t of gold (or 20,600 ounces of gold) has

been reported for the zone under the ore reserve (Pampalo Deep). The deposits remain open downwards, and the company plans to continue underground drilling in 2022.

Concerning other deposits along the Karelian Gold Line, no changes have occurred in mineral resources. Known resources at the 'Karelian Gold Line' are estimated to total 56,204 ounces and indicated resources totalling 47,465 ounces.

In 2021, the company continued its work to gain a better idea of the gold prospects in Idaho. Endomines has been developing the Friday mine, and is working to change some of the estimated 97,200 ounces of inferred and indicated resources contained in 462,000 tons of mineralized material, into ore reserves, as well as a part of the assumed 46,700 ounces of gold contained in 296,000 tons of mineralized material. The company is currently concentrating on a drilling programme to better define the boundaries of the ore bodies and to confirm the continuity of the contents. The results of the programme will be used to complete a new mineral resource estimate for the Friday mine in 2022.

The mineral resources from the Deadwood, Rescue and Kimberly exploration projects are classified as historical resources, as they were performed prior to the current standards. Endomines wishes to point out that, although the historical resources presented for Kimberly, Rescue, and Deadwood appear to be in line with NI 43–101 chapters 1.2 and 1.3 definitions, a qualified person has not yet completed sufficient work to classify the historical estimates as current mineral resources, and Endomines cannot assume historical estimates to be either current or reliable. The Friday mine and Buffalo Gulch projects reported mineral resources in Idaho, USA, are reported according to the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards for mineral reserves and resources, and are prepared according to the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council on 10 May 2014.

There have been no changes in reported mineral resources for the other Idaho deposits. An update and validation of the mineral resources is planned for 2022. The update will reflect the improved geological understanding of the resources and changes in current market conditions.

In October 2020, Endomines completed the acquisition of the US Grant and Kearsarge gold projects in Montana, USA. The US Grant mine is a high-quality, underground gold and silver project with historical resources amounting to 165,700 ounces of gold and 4.47 million ounces of silver contained in 346,000 tons of

mineralized material. Gold and silver ore was periodically mined at the mine between 1867 and 1984. The Kearsarge project is a high-quality underground gold project with historical resources totalling 380,700 ounces of gold contained in 4.1 million tons of mineralized material.

These resources add to the company a total of 546,400 ounces of historic resources and 4.47 million ounces of silver, with significant additional potential for mineral resources from further prospecting of the area.

Endomines does not consider the historical estimates at the US Grant and Kearsarge projects as mineral resources or mineral reserves defined under NI 43-101.

Increasing production at the Friday mine in Idaho, USA

In the summer of 2021, engineering studies were conducted to identify the areas at the Friday mine and Orogrande enrichment plant requiring modification and refining. Once the studies were finished, the work on relaunching the operations commenced.

Approx. USD 1 million was spent on the Orogrande enrichment plant, and production capacity was increased to more than 4,000 tons per month. The flotation cells were replaced and the waste treatment filter press was switched out with geo-textile tubes, enabling a scalable increase of the flotation waste drainage capacity.

Investments have been made in the mine's production capacity, to enable production of 50,000 tons of ore annually, by purchasing new mining equipment, including two 4-yard and one 1 1/2-yard underground loader. One single-boom jumbo drill, a long-neck drill and an underground ore transport van were hired for purchase. Furthermore, the mine infrastructure underwent various upgrades. Attending to the rough mining makes the company's mine planning more flexible. Further upgrades of equipment and infrastructure are required to develop the ore deeper within the mine.

Endomines recommenced its mining and enrichment operations at the Friday mine and the Orogrande enrichment plant during the autumn of 2021. Intensification of production continued until the start of the new year. Once we had started quarrying the first stopes, it became obvious that the gold mineralization was more irregular than originally believed. This resulted in large variations in ore tonnage and content. Thus, a new subterranean drilling programme has been commenced. The subterranean drilling is continuing in 2022 with the aim of

Comments on the financial results

KEY FIGURES (GROUP)

MSEK unless otherwise stated	JAN-DEC		
	2021	2020	+/-
Total revenues, including changes in inventory	5.0	13.1	-8.1
Costs	-123.2	-121.1	-2.1
EBITDA	-118.2	-108.0	-10.2
Adjusted EBITDA**	-118.2	-78.1	-40.1
Depreciation and write-downs	-137.0	-76.7	-60.3
EBIT	-255.2	-184.7	-70.4
Net profit for the year	-261.1	-196.9	-64.2
Earnings per share (SEK)	-1.26	-1.67	0.41
Cash flow from operations	-108.8	-76.9	-31.9
Investments	-50.0	-26.6	-23.4
Financing	159.7	99.0	60.7
Liquid assets at the end of the year	12.3	11.3	1.0
Personnel at the end of the year	72	30	42
LTIFR (Lost Time Injury Frequency Rate)*	0	0	0

* Adjusted EBITDA for 2020 excludes final costs for the US Grant mining claim, which amounted to SEK 29.9 million.

confirming sufficient reserves for future production schedules. The drilling results will then allow the company to plan its ore mining in a more cost-effective manner, focus on reducing operating costs and ensure that all mining activities are adequately adapted. The subterranean drilling programme has aimed at defining the extent of the ore. The drilling programme will also be testing deeper areas that, according to previous indications, have high-content gold mineralization. Depending on the results, the subterranean drilling can be extended. Once the drilling programme is finished in 2022, the ore models and the ore resources will be updated and, if the results fulfil current expectations, mining will continue to be intensified. On account of the very limited ore storage capacity at the plant, and pending road closures due to winter and road deterioration which prevent ore transports from the mine to the enrichment plant, ore enrichment has also been stopped. These new changes re-

sulted in the company making an evaluation of Friday, leading to a further write-down adjustment of SEK 73.8 million at the end of 2021. Previously during the year, impairment of SEK 47.7 million was written down.

Operations at Endomines' other projects in Idaho

Endomines conducted table studies of the US Grant and Kearsarge deposits in Montana in 2021. These efforts are part of a broader assessment of these resources' economic potential in 2022. The programme will include sampling and drilling below ground, environmental and metallurgic testing, and will result in a profitability estimate.

Endomines also intends to continue exploring potential options of developing other resources in its mine portfolio in Idaho in collaboration with other companies in order to maximize the future economic benefits to its shareholders.

Health, environment, and safety

This is the third year in a row that Endomines has reported a zero-injury rate and confirmed its commitment to a zero-injury policy. Endomines' health, environment, and safety strategy is to not accept any accidents (a zero-tolerance policy on staff injuries) and incidents that adversely impact the environment.

Throughout 2021, focus has been on developing relevant safety and environmental practices for the company's operations in Idaho, while also paying attention to maintaining good practices at Pampalo. At the end of 2021, the rolling twelve-month LTI frequency (lost time due to injury per one million working hours) was 0 in both Pampalo and Idaho, which means that the combined LTI rate for the Group was 0.

Endomines' focus on reporting accidents together with safety and environmental incidents has helped the company maintain its focus on best practices at the forefront of its occupational health and safety policy within the company's US and Finnish operations.

During the first quarter of 2021, the company focused on developing relevant safety and environmental procedures for the company's operations in Idaho; with the relaunch of both the Friday mine in Idaho and the Pampalo mine in Finland during the second and third quarters of 2021, a new emphasis was placed on reintroducing operational health and safety policies throughout the company. A further focus was standardization across both sites to restore Endomines' values Group-wide and protect current and future employees. Rolling this out on two continents with different regulatory bodies is a challenge that requires an understanding not only of the importance of the local culture, but also of the legal requirements.

Personnel

At the beginning of 2021, the Friday mine and the enrichment plant were undergoing care and maintenance following the previous year's closure. This consisted of management, and a mining and maintenance team, keeping the mine and mill in storage until refinancing could be arranged to resume operations.

By the end of Q2 2021, Endomines had started rehiring staff to start ramping up operations at the Friday mine with the introduction of a second shift, and an initial shift at the Orogrande enrichment plant.

In the third quarter of 2021, the Orogrande enrichment plant had reached a stage where enrichment could start gradually re-

Gold price chart (Jan 2020–Dec 2021)



Gold price chart January 2020 – December 2021 in USD/ounce and EUR/ounce (LBMA AM).

quiring night shifts. The mine also brought in additional mechanics and multi-skilled mining staff to complement the arrival of the new underground equipment that had arrived at the end of the third quarter of 2021.

Both crews were close to full extraction by the end of Q4 2021, but it had been a challenging year due to COVID-19 disruptions and a tight labour market. In addition, staff training was needed, as some of the new employees were new to the industry.

Gold price and exchange rates

At the end of 2021, the gold price was 1,820 USD/ounce (LBMA AM on 31 December 2021), a decrease of 4 per cent compared to 1,891 USD/ounce at the end of Q4 2020 (LBMA AM on 31 December 2020). The average gold price for the year 2021 was USD 1,779/oz (1,771), representing an increase of 2 per cent.

Results; profits

Total revenues, including changes in inventory, for 2021 amounted to SEK 5.0 million (13.1). EBITDA amounted to SEK -118.2 million (-108.0), reflecting the increase in operating costs after the gradual start-up at Pampalo, the Friday mine projects that began in the second quarter, and the challenges encountered at the Orogrande enrichment plant.

EBIT amounted to SEK -255.2 million (-184.7). Depreciation and impairments amounted to SEK -137.0 million (-76.7), reflect-

SEK/USD exchange rate (Jan 2020–Dec 2021)



The Riksbank's daily reference rates for SEK/USD January 2020 – December 2021.

ing the start of the Friday mine's depreciation during Q2 as well as impairments made on the Friday mine project in H1 to the sum of SEK 47.7 million, and at year-end to the sum of SEK 73.8 million.

Operating expenses amounted to SEK -123.2 million (-121.1). The increase is mainly due to the increased cost burden of the Friday mine and Pampalo mine operations after gradually stepping up production in 2021.

Net financial items amounted to SEK -5.9 million (-12.3).

Profit after tax amounted to SEK -261.1 million (-196.9). Net earnings per share amounted to SEK -1.26 (-1.67).

Cash flow and financing

Cash flow from operating activities before changes in working capital amounted to SEK -111.3 million (-80.6) in 2021. The change in working capital amounted to SEK -2.5 million (3.7).

Cash flow from investments amounted to SEK -50.0 million (-26.6), consisting mainly of cash paid for non-current assets.

Net cash flow from financing including interest paid amounted to SEK 159.7 million (99.0). The main funds received consist of net proceeds from the borrowing of SEK 80.8 million and share issues with net proceeds of SEK 236.1 million. For further information on financial items, please see the notes at the end of the report.

Financial standing

Net debt amounted to SEK 171.8 million (195.3) at the end of 2021. The main items were the convertible loans raised during 2021, which amounted to SEK 99.4 million. Total equity amounted to SEK 310.0 million (330.7). Endomines Group's debt/equity ratio amounted to 55 per cent (59). The balance sheet sum totalled SEK 565.8 million (584.9) and the equity ratio was 55 per cent (57). At the end of 2021, the Group's cash amounted to SEK 12.3 million (11.3). For more details on the financial instruments, please see note 14. For more details on interest-carrying debt, please see note 20.

Convertible loan

During the year 2021, Endomines concluded financing agreements with a group of Finnish investors totalling a sum of EUR 9.9 million (the equivalent of MSEK 99.4). The base currency of the loan is euros. The total lending principle includes the restructuring of a previous construction loan of EUR 2 million to a new convertible loan.

The lending agreement has a term of 24 months, with an interest rate of 10% per annum. Under the agreement, Endomines Finland undertakes to grant the lenders the right to convert the loan, in part or in full, to Endomines Finland shares. The share conversion option becomes effective 12 months after the loan is taken out, at a conversion rate of EUR 0.25 per share. Thus, none of the loan was converted into shares in 2021.

For further information on this financing agreement, please see note 21 on the convertible loan.

LDA Capital Limited financing

In 2021, Endomines concluded a comprehensive financing package of EUR 14 million with LDA Capital Limited, which was announced on 8 May 2021. The financing package was approved by the Annual General Meeting on 10 June 2021. The financing package grants the company a put option agreement of EUR 8 million commenced in 2021, and a convertible loan agreement for a total capital of EUR 6 million commencing in 2022. For details on this financing agreement, please see below.

Put options

The put option agreements totals EUR 8 million. The company has the option and the right to issue new shares, which LDA Capital has undertaken to subscribe. Endomines will decide the time

and volume of the put options it will exercise. However, the maximum number of redemption options and the time frame between the lowest redemption periods will be determined by the Endomines share trading volume. When put options are exercised, the conversion rate will be determined as follows: 90 per cent of the volume-weighted average price of Endomines shares over a 30-day pricing period (90% of the 30-day VWAP).

Warrants

In connection with the financing package, the company issued 14,000,000 options, each of which entitles the bearer to subscribe a new share. The share options were issued to LDA Capital, in deviation from the shareholders' preferential rights to the Investor, and are being issued free of charge. The subscription price for the new shares to be subscribed as part of the employee stock options equates to 135% of the weighted average price per share in the 10 trading days before the company's 2021 Annual General Meeting. However, according to Swedish law, the subscription price must not be lower than the nominal value of the shares. Please see note 17 and 24 for further information.

Convertible loan agreement

The total sum of EUR 6 million under the convertible agreement can be drawn down by the company in three tranches of EUR 2 million, which LDA Capital has committed to pay out. Endomines has undertaken to draw down at least 2 tranches, or a total of EUR 4 million, during the first 12 months. The first tranche of the convertible loan was drawn down on 4 January 2022. The minimum draw-down period between loan tranches is determined by the Endomines share trading volume. The next tranche of the loan may also be drawn down by the company once LDA Capital has fully converted the previous tranche of the loan into shares. The interest rate on the convertible debt instruments is 0%, and LDA Capital will be converting the loan into shares within 18 months of exercise. LDA Capital can claim the conversion during the term of the loan. The conversion rate will be determined as follows: 85 per cent of the volume-weighted average price of Endomines shares in the 15 days before the conversion date (85% of the 15-day VWAP). However, according to Swedish law, the conversion rate must not be lower than the nominal value of the shares.

Parent company Endomines AB

The parent company's total operating expenses amounted to SEK 22.2 million (17.4), of which SEK 20.4 million (15.9) consisted of other operating expenses, including expenses for the CEO as well as auditing and accounting services. Payroll costs, consisting mainly of board fees, amounted to SEK 1.8 million (1.4). Since May 2017, all Group CEO costs have been entered in the books of the parent company.

In Endomines AB, intra-Group accounts receivable from Endomines Idaho LLC were written down during the fourth quarter in connection as part of the assessment based on its cash-generating unit. The assessment showed that the receivables had been overestimated; the Company has thus performed an intra-Group write-down adjustment of SEK 53 million.

Cash and cash equivalents at the end of 2021 amounted to SEK 9.4 million (10.3).

More information can be found in the Parent Company statement of profit and loss and the Parent Company reports on financial standing.

Sensitivity analysis

The Group's income from gold is in US dollars and the costs of gold production have so far been mainly in euros. Revenue in EUR are thus sensitive to fluctuations in both the gold price and the USD-EUR exchange rate. A sensitivity analysis from a balance sheet perspective is provided in Note 30.

Other data

Risks in Endomines' operations

All mining and exploration companies are subject to several risks such as technical, commercial, environmental, and financial risks. Various circumstances can delay or prevent exploration of a target or production from an existing mine, which can also materially affect the company's financial results and liquidity. Throughout 2021, the COVID-19 pandemic continued to create challenges for operations at the Friday mine in the USA and at the Pampalo mine in Finland. In addition, foreign operations, such as in the USA in Endomines' present case, are subject to risks relating to e.g. currency risks, as well as operational or legal requirements specific to those foreign jurisdictions. The management continuously monitors, assesses, and manages those risks.

The COVID-19 pandemic continued rapidly developing, with a significant number of people infected. We have decided a number of measures to monitor and prevent the effects of the COVID-19 virus, such as employee safety and health measures (e.g. social distancing at work, lunch breaks, staying at home in case of symptoms, etc.) and ensuring delivery of materials that are critical to our production process. Mining has been classified as a societally important and necessary activity in the State of Idaho, USA. We have also had the opportunity to apply for support for, e.g. salary payments in accordance with federal aid directives issued in the USA. We will continue to follow the policies and advice of the various national institutes and, in parallel, we will do our utmost to continue our operations in the best, safest way possible without endangering the health of our employees.

Recent developments in Ukraine have also increased uncertainty, particularly in Europe. Current trade restrictions have affected the cost of raw materials such as fuel, explosives and steel. Endomines' management is continuously taking steps to secure the supply of raw materials to ensure future production. At present, it is very difficult to estimate future raw material cost levels.

Related-party transactions

The members of the Board of Directors are paid directors' fees. For more information on directors' fees, please see note 5 at the end of this report.

Stock information

Endomines' share capital and shares

The share capital in Endomines AB on 31 December 2021 amounted to SEK 451,587,892, consisting of 225,793,946 shares at a value of approx. SEK 2 per share. According to Endomines' Articles of Association, the share capital must amount to at least SEK 300 million and must not exceed SEK 1,200 million.

After the end of the year, the number of Endomines AB shares and votes will increase by 34,154,432 and the share capital by SEK 68,308,864 following issues in January and February 2022. Once these shares are registered, the number of votes in Endomines will amount to 259,948,378 and the share capital to SEK 519,896,756.

The total number of shares traded on the stock exchange in 2021 was 139.3 million, which represents 120.2 per cent of the total number of shares as of 31 December 2021. The relative share

Biggest shareholders as of 31 March 2022:	Number of shares	%	Country code
1 JOENSUUN KAUPPA JA KONE OY	32,469,393	12.43	FI
2 CLEARSTREAM BANKING S.A., W8IMY	31,455,854	12.04	LU
3 NORTHERN TRUST GLOBAL SERVICES SE	29,387,519	11.25	LU
4 NORDEA BANK ABP	16,323,415	6.25	FI
5 SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)	12,149,797	4.65	FI
6 EVLI PLC	11,713,412	4.48	FI
7 MARIATORP OY	8,000,000	3.06	FI
8 WIPUNEN VARAINHALLINTA OY	7,700,000	2.95	FI
9 K22 FINANCE OY	5,103,669	1.95	FI
10 AKTIA BANK ABP	4,130,050	1.58	FI
11 LDA CAPITAL LIMITED	3,579,168	1.37	VG
12 TALOUSTIETO INCREMENTUM OY	3,290,200	1.26	FI
13 KAKKONEN KARI HEIKKI ILMARI	3,085,366	1.18	FI
14 SUOKAS PETRI	2,589,494	0.99	FI
15 ÅLANDSBANKEN AB, W8IMY	2,286,532	0.88	SE
16 CITIBANK EUROPE PLC	2,049,335	0.78	FI
17 EHRNROOTH HELENE MARGARETA	2,000,000	0.77	FI
18 SEB AB, LUXEMBOURG BRANCH, W8IMY	1,930,002	0.74	LU
19 EYEMAKER'S FINLAND OY	1,852,381	0.71	FI
20 AVANZA PENSION	1,803,324	0.69	FI
21 HIETAMOOR OY	1,666,667	0.64	FI
22 HAGA INGMAR	1,505,710	0.58	FI
23 OY Q & A CONSULTING AB	1,500,000	0.57	FI
24 ÅLANDSBANKEN ABP (FINLAND), SWEDISH, BRANCH	1,417,865	0.54	SE
25 DRUMBO OY	1,400,000	0.54	FI
Subtotal	190,389,153	72.88	
Other shareholders	70,809,225	27.12	
Total no. of shares	261,198,378	100	

Shares per country code

FI	180,159,637	68.97
SE	12,937,581	4.95
Other	68,101,160	26.08
	261,198,378	100

liquidity was 66.8 per cent on the Helsinki NASDAQ and 33.3 per cent on the Stockholm NASDAQ. At the end of 2021, 46.7 per cent of the outstanding shares were registered in Finland, 5.6 per cent in Sweden and 31.2 per cent elsewhere. The share price at the end of 2021 was SEK 2.54 (SEK 2.79 at the end of 2020), at its highest on 18 August 2021 at SEK 3.70, and at its lowest on 1 December 2021 at SEK 2.20.

Draft decision on guidelines for remuneration and other terms of employment for company management

In accordance with the guidelines for remuneration to senior executives, Endomines shall apply market-based remuneration levels and terms of employment to be able to recruit and retain a management with high competence and capacity to achieve set goals, designed to promote the company's long-term value creation. The remuneration shall consist of fixed salary, variable remuneration, share-related incentive programmes, other benefits and pension. Variable remuneration shall be paid based on achievement of clearly defined targets, and be capped in relation to their fixed salary.

Nomination Committee

The Nomination Committee for Endomines AB consists of: Ingeborg Åkermarck (Chair), representing Wipunen Varainhallinta Oy/Mariatorp Oy; Kyösti Kakkonen, representing Joensuu Kauppa ja Kone Oy and K2 Oy; and Ingmar Haga, Chair of Endomines AB. More information is available on the company website under the section Corporate Governance/Nomination Committee.

For further information, please see the section Corporate governance/Nomination Committee on our homepage.

Production forecast and future prospects for 2022:

All the critical milestones of the Pampalo underground mining development projects were reached in 2021. The slope access reached the bottom of the new production zone in September, and ore production in the mining development began in November. The enrichment plant maintenance programme was carried out successfully, and test runs in the enrichment plant began in December. The first batch of concentrate was also delivered in January 2022. In January 2022, the company announced that full production capacity was expected to be reached in Q1 2022, and has been achieved as projected. At full production, Endomines expects the Pampalo mine to produce 10,000 to 11,500 ounces of gold annually.

During the summer and autumn of 2021, Endomines began modernizing the Orogrande enrichment plant and ramping up its ore development and production at the Friday mine in Idaho, USA. Ore production and the launch of the enrichment plant continued during Q4 2021. Due to the need to do further underground diamond drilling for planning purposes, mining has been temporarily suspended now that our entire focus is currently on the drilling programme. For that reason, the Friday mine production forecast will be reviewed and a new production forecast will only be released after the results of the drilling programme are finished.

Future liquidity development

The company's long-term growth strategy, i.e. the development of future projects as well as exploration and mining development activities, requires access to funding. The Board of Directors and management are actively involved in continuing to seek new financing that enables the company to implement its long-term growth strategy. On 26 November 2021, Endomines Finland Oyj also announced that it had concluded a comprehensive financing package with a group of Finnish investors for a total amount of EUR 2.5 million. On 4 January 2022, the company announced a direct issue of convertibles to LDA Capital of EUR 2.0 million. On 18 February 2022, the company announced a fully-guaranteed direct issue of EUR 6.0 million to investors of senior covered bonds. In addition to the redemption of the bonds, this will also provide funds for project development.

These financing arrangements, along with other existing, previously-agreed financing facilities and the increasing sales revenue from operations, give the company a stronger financial position to further develop and grow its mining, exploration and project development portfolio in 2022. The company is also actively reviewing new funding opportunities to accelerate exploration and mine development within its resources.

Corporate governance

The Corporate Governance Report is a separate report, which is attached on the next page.

Proposed treatment of loss

At the disposal of the Annual General Meeting is in SEK:

Premium fund	966,830,479
Retained losses	-715,396,633
Profit for the year	-272,166,250

Total	-20,732,404
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Annual General Meeting 2022

The Annual General Meeting is scheduled to be held on 24 May 2022. The Board will be issuing the invitation to the AGM at a later date.

For further details of the business in general, please see the income statement and balance sheet below, cash flow statements, notes and associated comments. Unless otherwise stated, amounts are in thousands of SEK (KSEK).

ENDOMINES CORPORATE GOVERNANCE REPORT 2021

This corporate governance report describes Endomines' corporate governance, including management and directing of company operations and internal control of its financial reporting. The corporate governance of Endomines aims to create good conditions for active and responsible ownership, an appropriate distribution of responsibilities between the various corporate bodies, and good communication with all stakeholders.

Swedish Code of Corporate Governance

Corporate governance in Endomines is based on Swedish legislation, the Swedish Code of Corporate Governance (the "Code"), NASDAQ OMX Stockholm's regulations for issuers, and the internal instructions and policy documents that the company has drawn up and adopted.

Endomines reports no deviations from the Code.

Board authorisation to decide on the new issue of shares, warrants and/or convertibles

The AGM resolved to approve the Board's proposal to authorise the Board to decide, for the period until the next AGM, on a new issue of shares, warrants and/or convertibles equivalent to an increase in Endomines' share capital of a maximum of twenty (20) percent compared to the share capital at the AGM. The authorisation will allow the Board to decide new issues on one or more occasions in exchange for payment in cash, offsetting or payment in kind. With regard to shares, the issue price is to be based upon the share's market value with any customary discount. The reason for the deviation from the shareholders' preferential rights is to enable direct offerings primarily to enable structural operations and to enable the company to raise capital, thereby fostering Endomines' ability to create added value for all shareholders. The Board may exercise the authorisation to decide a direct share offering, on one or more occasions, in deviation from the shareholders' preferential rights, to LDA Capital Limited or its group companies or to whomsoever any one of them designates.

Share capital and shareholders

As of 31 December 2021, Endomines has a share capital of SEK 451,587,892 divided across 225,793,946 shares and the same number of votes. A large part of the shares is owned by trustees. The three largest shareholders, each with a nominal value of more than 10 per cent of the shares, represent a number of different shareholders as trustees.

	Number of shares	Ownership (%)
CLEARSTREAM BANKING S.A.	31,463,290	13.93
NORTHERN TRUST GLOBAL SERIES	29,273,229	12.96
JOENSUUN KAUPPA JA KONE OY	24,666,051	10.92

The latest information on Endomines shareholder structure is available on the company website.

Annual General Meeting

In accordance with the Swedish Companies Act, the AGM is the company's highest decision-making body. At the AGM, shareholders exercise their right to vote on key issues, such as the approval of balance sheets and income statements, disposition of the company's earnings, discharging the Board and CEO from liability, electing Board members and auditors, and remuneration to the Board and auditors. In addition to the AGM, Extraordinary General Meetings can be held.

Notice of the AGM and any EGM where any amendment of the Articles of Association is to be discussed shall be issued no earlier than six and no later than four weeks before the Meeting. Notice of any other EGM shall be issued at the earliest six and no later than three weeks before the meeting. In accordance with the Articles of Association, notice of the AGM and EGM are published in Post- och Inrikes Tidningar (the Official Swedish Gazette) and on the company website. Notice of the pending AGM shall be published in Svenska Dagbladet.

All shareholders who are directly registered in the share register kept by Euroclear Sweden AB and have announced their intention to attend (with any assistants) five working days prior to and latest by the date and time stated in the notice, have the right to attend and vote as per their respective shareholdings.

All shareholders whose shares are trustee-registered with Euroclear Finland Ltd have to be registered in the temporary shareholder register drawn up by Euroclear Finland Ltd, and have announced their intention to attend (with any proxies), by the date and time stated in the notice, have the right to attend and vote as per their respective shareholdings.

Annual General Meeting 2021

At the Annual General Meeting on 10 June 2021, the following resolutions were passed:

Provision regarding Endomines AB's (publ) earnings and discharging the Board and CEO from liability.

The AGM passed a resolution to approve the income statement and balance sheet for 2020 for the Parent Company and the Group. The Meeting decided that no dividend will be paid and that the company's available funds of SEK 89,682,965 will be allocated to a new account.

The Meeting decided to grant the Board and CEO discharge from liability for the 2020 administration.

Board

The Meeting resolved that the Board shall consist of five members without deputies. The AGM passed a resolution, in accordance with the Nomination Committee's proposal, to re-elect Jeremy Read and Ingmar Haga and to elect for the first time Eeva Ruokonen, Markus Ekberg and Jukka-Pekka Joensuu as Board members. Ingmar Haga was re-elected as Chair of the Board.

Directors' fees

The Meeting resolved that fees shall be paid to the Chair of the Board at an unchanged rate of SEK 350,000 per year; and for other Board members at an unchanged amount of SEK 200,000 per

member per year; however, no fees shall be paid to Board members employed by the company; that fees for the Board member's work in the Remuneration Committee, the Audit Committee and the Technology, Environment & Safety Committee shall be paid at an unchanged rate of SEK 25,000 per member per year for each such committee that the Board member works in; that the Chair of the Audit Committee and the Technology, Environment & Safety Committee shall be paid SEK 50,000 per year; and a fee of SEK 3,000 per physical Board meeting shall be paid.

Guidelines for remuneration to senior executives

The Meeting resolved to approve the Board's proposal for guidelines for remuneration to senior executives.

Annual General Meeting 2022

Notice of the Annual General Meeting will be sent out by Endomines' Board at a later stage. Scheduled to be held on 24 May 2022.

Nomination Committee

The AGM 2021 passed a resolution on the procedure for appointing the Nomination Committee in advance of the AGM 2022. The tasks of the Nomination Committee include: to submit proposals for the number of board members and candidates, as well as board and auditors fees, for resolution at the next AGM. The procedure for appointing the nomination committee is described below.

The Nomination Committee shall consist of three members, two of whom shall represent major shareholders and the third shall be the Chair of the Board. In the autumn of 2021, the Chair of the Board will be contacting the major shareholders, based on votes as of 31 August 2021, in order to establish the Nomination Committee. The largest shareholders in terms of voting rights each have the right to appoint a representative, which together with the Chair of the Board shall constitute the Nomination Committee for the period until the next AGM. The composition of the Nomination Committee shall be published on the company's website as soon as it has been appointed and no later than six months before the AGM.

The majority of the Nomination Committee's members shall be independent of the company and its management, and at

least one member shall be independent of the company's largest shareholders or, if applicable, a group of shareholders if they cooperate with company management. The CEO and other members of management shall not be appointed to the Nomination Committee, and the majority of committee members may not be Board members.

The Nomination Committee appoints a Chair. The Chair of the Board shall not be the Chair of the Nomination Committee. Should a member leave the Nomination Committee before its work is completed, a replacement must, if deemed necessary, be appointed by the shareholder represented by the departing member or, if this shareholder is no longer the largest shareholder in terms of voting rights, by the new majority shareholder. If during the term of the committee, one or more of the shareholders represented by members of the Nomination Committee are no longer among the majority shareholders in terms of voting, members representing these shareholders must make their seats available so that the new majority shareholder(s) may appoint their representative(s). However, except on exceptional grounds, no changes shall be made to the composition of the committee when only marginal changes in shareholding have taken place or when the change occurs less than two months before the AGM, where any proposal from the Nomination Committee is to be considered.

The task of the Nomination Committee is to present proposals to the AGM regarding: the number of Board members and candidates to be elected by the Meeting, fees for the Board and Auditors, remuneration for committee work, the composition of the Board, Chair of the Board, Chair of the AGM, the resolution on the Nomination Committee and, if applicable, choice of auditors.

Nomination Committee 2021

The following members have been appointed to the Nomination Committee for the AGM 2022: Ingeborg Åkermarck (Chair of the nominating committee), representing Wipunen Varainhallinta Oy/Mariatorp Oy; Kyösti Kakkonen representing K22 Finance Oy/Joensuun Kauppa ja Kone Oy; and Ingmar Haga in his capacity as Chair of the Board of Endomines AB.

Board of Directors

The Board meets at least six times a year. In accordance with the Articles of Association, the Board of Endomines shall consist of a minimum of three and a maximum of eight members with a maximum of four deputies. Members are appointed for a maximum of one year at a time. The company CEO shall not be a member of the Board. Endomines' Board consists of four members.

Composition of the board and attendance calendar year 2021	Elected	Board	Audit Committee	Remuneration Committee	Technology, Environment & Safety Committee	Independent
Ingmar Haga	2018	18		2	Weekly	Yes
Jeremy Read*)	2019	18	5			No*)
Eeva Ruokonen	2021	18		2		Yes
Markus Ekberg	2021	18			Weekly	Yes
Jukka-Pekka Joensuu	2021	18	4			Yes
Total max. number of meetings						

*) Not independent of the company's significant shareholders TVL Gold LLC, whose main owner is Greg Smith, former CEO of Endomines AB (publ). Jeremy Read is currently the managing director of Greg Smith's family-office company Wentworth Capital based in London

The Board's responsibilities include responsibility for organization and management of company affairs, ensuring that the company's organization is designed in such a way that accounting, asset management, and financial conditions are monitored in a satisfactory manner, and continuously assessing the company's and the Group's financial situation. The Board is responsible vis-à-vis the shareholders for the organization and management of the company.

The Board shall establish rules of procedure for the Board and instructions for the CEO. The Board shall also decide on any amendments to the adopted rules of procedure for the Board and/or instructions for the CEO.

Independence of the Board

All Board members are independent in relation to the company and company management. Jeremy Read is not independent of the company's significant shareholder TVL Gold.

Committees

The Board has established three committees within it: the Remuneration Committee, the Audit Committee and the Technology, Environment & Safety Committee, with responsibility for preparing issues within each area of responsibility.

Remuneration Committee

The Remuneration Committee prepares questions regarding remuneration and other terms of employment for the company's CEO and senior executives. In particular, the Remuneration Committee submits proposals to the Board regarding remuneration principles, remuneration and other terms of employment for the company's management. The members of the Remuneration Committee are Ingmar Haga (Chair) and Eeva Ruokonen.

Audit Committee

The Audit Committee is responsible for assisting the Board in its work regarding quality assurance of the company's financial reporting, internal control and risk management. In addition to this, the Audit Committee reviews the annual report and the consolidated accounts, meets with the company's auditor regularly, monitors the auditors independently, evaluates the audit effort and assists the nomination committee in compiling proposals for auditors and determining their remuneration.

The members of the Audit Committee were Jeremy Read (Chair) and Jukka-Pekka Joensuu.

In 2021, the Audit Committee met five (5) times.

Technology, Environment and Safety Committee

The Technology, Environment & Safety Committee, together with the company's management, has the task of reviewing the exploration and drilling plans and acting as general adviser on issues related to technology, environment and safety. Members of the committee are Markus Ekberg (Chair) and Ingmar Haga. The Committee visited the company's mines and projects during the year.

The Board's work in 2021

During the calendar year 2021, the Board of Directors held 18 Board meetings.

In order for the Board to gain insight into daily operations, the Board strives to visit one of the mines at least once a year. In 2021 the Board of Directors visited the Pampalo mine.

The regular Board meetings are intended for discussion of the CEO's report on the activities relating to the company's economic and financial position, security, production and development of operations, etc. Furthermore, the quarterly, interim, and annual reports are reviewed. In addition, the Board discussed the following issues during the year:

- **January:** Extraordinary General Meeting and resolution on direct issue
- **February:** Financial statement
- **March:** Financing and transaction issues
- **April:** Annual report and financing issues
- **May:** Quarterly report, financing issues (LDA Capital), matters relating to change of headquarters and appointment of new acting CEO
- **June:** Constitutive Board meeting after the 2021 AGM with rules of procedure for the Board and committees, election of committee members, CEO instructions, meeting schedules 2021
- **August:** H1 report, project update and visit to Pampalo mine
- **September:** Matters relating to change of headquarters

- **October:** Financing issues and appointment of new acting CEO
- **November:** Quarterly report, financing issues, matters relating to change of headquarters and appointment of new CEO
- **December:** Matters relating to financing and change of headquarters

During the year, the Board conducted an evaluation of its work under the leadership of the Chair of the Board. The evaluation ensured that the basic intentions of the Code have been followed, and the Chair reported the outcome to the Nomination Committee.

CEO and other senior executives

The CEO is responsible vis-à-vis the Board for the management and development of the company, and is in charge of the day-to-day management of company affairs. The CEO is in charge of any decisions required to develop the company's operations in accordance with the Companies Act, the business model established by the Board, the company's budget, the CEO's rules of procedure and other guidelines and instructions issued by the Board. The CEO takes the necessary steps to ensure that the company's accounts are maintained in accordance with the law and that its assets are managed in a satisfactory manner.

Endomines' CEO and Board jointly draw up the rules of procedure regarding the CEO's obligations and reporting duties. The CEO's instructions are confirmed annually at a Board meeting immediately after the AGM.

Benefits

Principles and guidelines

The AGM decides on fees for the Board. Board fees are not paid for board assignments in subsidiaries. Board members employed by Endomines shall not receive additional remuneration for Board duties. The remuneration of the CEO and senior executives is set by the Board based on a proposal from the Remuneration Committee. The company has also decided guidelines for remuneration to senior executives, which are described below.

Remuneration to the Board

Board fees, including fees for Committee duties, amounted to a total of SEK 1,217,000 in 2021, distributed within the Board as shown in Note 5 to the 2021 Annual Report. For information on the Board fees decided, see section Annual General Meeting 2021 above.

Remuneration to senior executives

Total remuneration paid to the senior executives Marcus Ahlström, Seppo Tuovinen and Vern Langdale in 2021 amounted to SEK 5,874 thousand. Remuneration includes basic salary, bonuses, other benefits, and pension costs. The basic salary, which forms the basis for the total remuneration, shall be proportional to the executive's responsibilities and powers. "Other benefits" mainly refer to a company car and phone. Remuneration distributed to senior executives is detailed in Note 5 of the 2021 Annual report.

Share and share-related incentive programmes

There are no current incentive programmes in place at present.

Audit

The auditor shall review the company's annual report and accounts and the administration of the Board of Directors and CEO. After each financial year, the auditor must submit an auditor's report and a Group audit report to the AGM.

The auditor is appointed by the AGM each year. The regular auditor at Endomines AB since the EGM on 16 December 2005 has been PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm. Authorized Public Accountant Anna Rozhdestvenskaya has been the principal auditor since the 2020 AGM. PricewaterhouseCoopers AB was re-elected as auditor most recently at the AGM 2021 for the period until the end of the AGM 2022. PricewaterhouseCoopers Oy have been the auditors for Kalvinit Oy, Endomines Oy and Endomines Finland Oyj since 2009, with Panu Vänskä as registered auditor since 2021.

The auditor participated in all five (5) audit committee meetings held during the year. None of these meetings were held without the company's supervision.

The Endomines Group's auditors are remunerated on an approved ongoing invoice basis. In 2021, remuneration to Endomines AB's auditor PricewaterhouseCoopers AB amounted to SEK

1,875 thousand, of which SEK 295 thousand related to duties other than audit duties; and to the Finnish subsidiaries' auditor PricewaterhouseCoopers Oy amounted to SEK 209 thousand, which related to audit duties.

Financial reporting and internal control

In accordance with current legislation, stock exchange rules and any other regulations applicable at the given time, the company strives to regularly provide accurate, reliable, and up-to-date financial information. The financial information is published regularly in the form of:

- Annual report
- Interim reports
- Press releases containing news and significant events which may affect the share price

The Board and CEO have the overall responsibility for the internal control of the company's financial reporting. The Board is responsible for documenting how the quality of the Company's financial reporting is ensured and how the company communicates with its auditor. The Board has also appointed an Audit Committee, whose responsibilities include overseeing financial reporting, internal control and the work of the external auditors.

Internal control of financial reporting within Endomines is designed to achieve high reliability in its external reporting. Within Endomines, internal control of the company's financial reporting includes ensuring efficient and reliable management, and accounting of purchases and sales, as well as other income accounts and accounting for the company's financing.

The control environment within Endomines forms the framework for the direction and culture that the company's Board and management communicate within the organization. Internal steering and control in accordance with established frameworks is one of the management's priority tasks. Endomines' Board and management define and design decision-making paths, powers, and responsibilities that are clearly stated and communicated within the organization. The company's Board also strives to ensure that governing documents, such as internal policies and guidelines, identify and include significant areas and provide the right guidance for the work of various executives within the company.

The Board's internal control report

This report mainly concerns the internal control of the company's financial reporting. The internal control at Endomines aims to provide reasonable assurance that the company assets are protected, and that the financial reporting is reliable and fulfils generally accepted accounting principles, laws, and regulations.

The internal control and control measures are structured to meet the requirements of a regulated market, taking into account the size and degree of complexity of the business.

Endomines uses COSO's framework when stipulating and evaluating its internal control.

The control environment

The control environment consists of company values and culture. Endomines has a unified business and flat organization model, in which everyone from the Board through to company management and staff participate in the business and its activities. The Board has the overall responsibility for its internal control. The Board has established a set of rules of procedure for its work and also appointed an Audit Committee. The role of the Audit Committee as the Board's body is to oversee the financial reporting, the internal control and work with the external auditors.

Endomines has a set of rules and procedures for financial reporting, including an accounting and administration manual. The manual consists of accounting principles, finance policy, purchasing procedures and reporting procedures. In addition, delegation of powers and rules for approving transactions within the company and with external parties is included.

Risk assessment

Endomines faces a number of risks and uncertainties that could adversely affect the company's ability to fulfill its exploration and development plans and to successfully mine and refine ore. The risks include: the size of the mineral reserves, the conditions for mining and ore processing, the estimated development potential, exploration, the valuation of the mining resources, environmental permits and environmental costs, regulations and legislation, and various risks of a financial nature.

Control activities

Endomines' management has documented and evaluated control associated with risks of unreliable reporting. This summary document is maintained by Endomines' CFO. The control activi-

ties are designed to prevent and detect errors and/or fraud, in a manner and extent that is appropriate to the size and complexity of the business.

This control includes established accounting principles, process audits and reconciliations, rules for approval of transactions, restriction of rights in systems and analytical procedures for all financial items. Unexpected deviations are followed up by the CFO and Controller.

Endomines has contracts with service providers in Sweden, Finland, and the USA, to provide accounting services for its operations. The services include accounting, accounts payable, salaries, and related checks such as account reconciliations and conformity with laws and regulations.

Information and communication

In addition to the company adhering to industry practices, laws and regulations, Endomines follows the following information disclosure principles:

- seriousness and honesty
- clearly emphasizing the company's basic values and agenda
- openness and equal treatment to promote the company's development and investor contacts

Endomines has a communications policy that establishes the principles and rules for how it communicates with its shareholders and other stakeholders. Press releases and quarterly and annual reports are published on the company website www.endomines.com. Reports, including financial reports, are delivered to the Board each month. Due to the size of the company, close communication is maintained between the Board, company management, and the rest of the business.

Monitoring

The company's financial position and results are closely monitored on several levels. For the operating units, results are analyzed at a detailed level and reported to the Group CFO. The Audit Committee reviews the financial reports before they are approved by the Board. The Technology, Environment & Safety Committee reviews press releases and information regarding technical data (mineral reserves, mineral resources, exploration and nuclear drilling results, etc.).

The Audit Committee and the Board hold discussions with the external auditor to obtain information on the auditor's work, such as any deficiencies found in the financial reporting or internal control.

Endomines has a simple legal and operational structure. In addition, the management has a close, "hands-on" approach to supervision in all significant operations and at various levels in the company. Therefore, the Board does not consider a separate internal control function or internal audit necessary.

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in Endomines AB (publ), corporate identity number 556694-2974

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2021 on pages 20-24 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 27 April 2022
PricewaterhouseCoopers AB

Anna Rozhdestvenskaya

Authorized Public Accountant

BOARD

All board members are independent from the company and the management, Thomas Hoyer is not independent of the company's significant shareholder Joensuun Kauppa ja Kone Oy, and Jeremy Read is not independent of the company's significant shareholder TVL Gold. Other board members are independent of major owners.



INGMAR HAGA (1951)

Chairman of the Board since 2018 and Board member since 2018. Chairman of the Remuneration Committee. Member of the Technical Committee and the Audit Committee. Independent of the company and its significant shareholders.

Education: M.Sc. Åbo Akademi, Finland

Experience: Managing Director (Europe) of Agnico Eagle Mines Limited, 2006–2017; Managing Director of Polar Mining Oy, Finnish subsidiary of Dragon Mining NL, 2003–2005. Senior management positions within the Outokumpu Group in Finland and Canada, 1982–2003. Member of Board of Auriant Mining AB since 2012.

Holdings in Endomines AB: 1,505,710 shares



JEREMY READ (1959)

Board member since 2019. Chair of the Audit Committee. Not independent of the company's significant shareholder TVL Gold LLC.

Education: B.Sc. (Economics), University of Bath

Experience: Has extensive experience in equity capital markets, particularly in the private equity and buy-side roles. He is presently based in London as the managing director of Wentworth Family Office. Wentworth is associated with Greg Smith, the main shareholder of TVL Gold LLC. Has previously also held various director roles at investment banks and investment firms.

Holdings in Endomines AB: 0 shares



Eeva Ruokonen (1960)

Board member since 2021. Member of the Remuneration Committee. Independent of the company and its significant shareholders.

Education: M.Sc. (Technology) Mining Engineering, Helsinki University of Technology; Lic.Sc. (Technology) Mineral processing, Helsinki University of Technology; MBA (Diploma), University of Oulu.

Experience: Member of the Board of Directors and Chair of the Corporate Responsibility Committee of the Finnish Minerals Group since 2018; Advisor, Nordic Talc Oy 2020–present; CEO, Terrekta Oy. Has held several leading positions in the years 1988–2018 in the mining industry at smelters and enrichment plants at companies such as Outokumpu, Boliden and Talvivaara.

Holdings in Endomines AB: 0 shares



MARKUS EKBERG (1957)

Board member since 2021. Chair of the Technical Committee. Independent of the company and its significant shareholders.

Education: M.Sc. Turku University, Euro-Geologist, competent/qualified person under the JORC and the NI 43-101 standards

Experience: Co-owner, chair and CEO of FinnCobalt Oy 2018/2020; CEO of Endomines AB 2009–2017. Several leading positions in the years 1985–2009 at Outokumpu Group and other mining companies in Finland, Norway, Australia and Ireland.

Holdings in Endomines AB: 0 shares



JUKKA-PEKKA JOENSUU (1966)

Board member since 2021. Member of the Audit Committee. Independent of the company and its significant shareholders.

Education: LL.M., University of Turku

Experience: Partner, Eversheds Sutherland since 2018. Executive VP & Vice-CEO, Cinia Group Oy 2014–2017. Partner, COO PriceWaterhouseCoopers Oy 2009–2014.

Holdings in Endomines AB: 0 shares

MANAGEMENT TEAM



KARI VYHTINEN (1971)

CEO since 1 March 2022.

Education: M.Sc. (Tech) mineral processing, Helsinki University of Technology. Executive MBA, Aalto University

Experience: EVP New Business Nov 2019-Feb 2022 Nordkalk Oy, COO of Nordkalk Jan 2017-Nov 2019, several management roles in the mining industry over the past 15 years. Kari has extensive experience in efficiency programs, large equity projects and business development, including M&A.

Holdings in Endomines AB: 0 shares



SEPPO TUOVINEN (1971)

General Manager, Endomines Oy from June 2019 President, Endomines Idaho Aug 2018–Jun 2019; General manager, Endomines Oy (Finland) Jan 2017–Aug 2018

Education: M.Sc. (Mining) at the Helsinki University of Technology in Finland and also an MBA degree from Henley Management College (2009) in the UK.

Experience: 16 years' experience from mining and mine development projects from Outokumpu Mining, Talvivaara Mining Oy, Altona Mining Oy and Kinross from Finland, Ireland and Russia.

Holdings in Endomines AB: 0 shares



MIKKO SOPANEN (1977)

CFO since 10 January 2022

Education: M.Sc. (Finance), Executive MBA, Aalto University

Experience: CFO 2019–2022 Sotkamo Silver ABp, Advisor 2017–2019 PwC Consulting, CFO 2015–2017 Sievi Capital Oyj, Director of Treasury 2006–2015 Liteon Group.

Mikko has extensive experience in financial consulting, corporate treasury and financing.

Holdings in Endomines AB: 0 shares



VERN LANGDALE (1962)

Head of Operations since March 2021

Education: B.Sc (Mining Engineering), Camborne School of Mines

Experience: 35-year experience in mining projects including 23-year experience in gold mining projects. Extensive experience in mine management, planning and project development.

Holdings in Endomines AB: 0 shares

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KSEK	Note	2021	2020
Net sales	4	24	10,824
Change of stocks of finished goods and work-in-progress		4,881	2,262
Other income		80	24
Total income		4,985	13,110
Raw materials and supplies		-16,531	-10,242
Personnel expenses	5	-49,336	-42,888
Other expenses	6	-57,351	-68,029
EBITDA		-118,233	-108,049
Depreciation and impairment	7, 11	-136,955	-76,666
Operating profit		-255,188	-184,715
Financial income	8	10,191	3,355
Financial expenses	8, 11	-16,131	-15,612
Net financial items		-5,939	-12,257
Earnings before tax		-261,127	-196,972
Deferred taxes	9	-	108
Result for the year		-261,127	-196,864

KSEK	Note	2021	2020
Other comprehensive income that may later be reclassified into the statement on comprehensive income			
Currency conversion differences		30,046	-62,197
Other comprehensive income for the period, net of tax		30,046	-62,197
Total profit and loss for the year		-231,081	-259,061
Profit for the year attributable to:			
Parent company shareholders		-261,127	-196,864
Total comprehensive income attributable to:			
Parent company shareholders		-231,081	-259,061
Earnings per share, based on earnings attributable to the parent company's shareholders			
Earnings per share before and after dilution	27	-1.26	-1.67

CONSOLIDATED BALANCE SHEET

KSEK	Note	2021	2020
Assets			
Non-current assets			
Intangible assets			
Capitalized exploration expenses and valuation assets	10	319,480	387,652
		319,480	387,652
Tangible fixed assets			
Land and buildings	10, 11	39,267	38,026
Mines	10	34,202	78,424
Machinery	10, 11	87,494	58,520
Construction in progress	10, 11	41,298	–
		202,261	174,970
Financial assets			
Other receivables	13, 14	5,369	5,270
		5,369	5,270
Total non-current assets		527,109	567,892
Current assets			
Inventories	14, 15	8,196	2,464
Other receivables	14, 16	5,607	1,262
Prepaid expenses and accrued income	17	12,657	2,064
Liquid assets	14, 18	12,258	11,260
Total current assets		38,719	17,050
TOTAL ASSETS		565,828	584,942
Equity and liabilities			
<i>Equity</i>			
Capital and reserves attributable to the owners of the parent company			
Share capital		451,588	394,385
Share Premium Account		985,912	832,743
Reserves		10,038	-20,008
Retained earnings		-1,137,523	-876,425
Total equity	19	310,015	330,695

KSEK	Note	2021	2020
Liabilities			
<i>Long-term liabilities</i>			
Liabilities to credit institutions	20	446	219
Non-current leasing liabilities	20.11	3,200	3,120
Other interest-bearing liabilities	20.21	118,244	93,857
Provisions for restoration of land	23	12,901	12,801
Total long-term liabilities		134,791	109,997
<i>Current liabilities</i>			
Accounts payable		25,890	17,327
Liabilities to credit institutions	20	200	99
Current leasing liabilities	20.11	2,746	8,389
Other interest-bearing liabilities	20.22	59,271	97,289
Provisions for restoration of land	23	399	391
Other liabilities	24	9,571	–
Accrued expenses and advances received	24	22,945	20,755
Total current liabilities		121,022	144,250
Total liabilities		255,813	254,247
Total equity and liabilities		565,828	584,942

CONSOLIDATED CHANGES OF SHAREHOLDERS' EQUITY

KSEK	Share Capital	Miscellaneous provided	Reserves	Retained earnings including net profit for the year	Total Equity
Opening balance 1 Jan 2020	240,157	732,521	42,189	-678,841	336,026
Profit for the year	–	–	–	-196,864	-196,864
Other comprehensive income			-62,197	–	-62,197
Total earnings	–	–	-62,197	-196,864	-259,061
Transactions with shareholders					
Rights issue	53,636	31,681	–	–	85,318
Conversion of convertible loan	100,592	70,235	–	-720	170,107
Issue costs	–	-1,694	–	–	-1,694
Total transactions with shareholders	154,228	100,222	–	-720	253,730
Closing balance 31 December 2020	394,385	832,743	-20,008	-876,425	330,695
Opening balance 1 Jan 2021	394,385	832,743	-20,008	-876,425	330,695
Adjustment for opening retained earnings				29	29
Profit for the year	–	–	–	-261,127	-261,127
Other comprehensive income			30,046	–	30,046
Total earnings	–	–	30,046	-261,127	-231,081
Transactions with shareholders					
Share issues*	188,978	47,116	–	–	236,093
Issue costs	–	-25,721	–	–	-25,721
Lowering share quota value	-131,775	131,775			0
Total transactions with shareholders	57,203	153,169	–	–	210,372
Closing balance 31 Dec 2021	451,588	985,912	10,038	-1,137,523	310,015

*For more details on the share issues, please see note 19.

CONSOLIDATED STATEMENT OF CASH FLOWS

KSEK	Note	2021	2020
Cash flow from operating activities			
Earnings before tax	10	-261,127	- 196,972
Adjusted for:			
Depreciation	7	36,932	23,182
Impairment	10	100,024	53,484
Unrealized exchange rate differences on internal receivables and payables		-3,852	-
Remission of debt		11,220	9,477
Other items		5,514	30,196
Cash flow before change in working capital		-111,289	-80,633
Change in working capital		2,508	3,729
Cash flow from operating activities		-108,781	-76,904
Cash flow from investing activities			
Investments in intangible fixed assets	10	-1,620	-22,140
Investments in tangible fixed assets	10	-48,363	-4,427
Cash flow from investing activities		-49,983	-26,567
Cash flow before financing activities		-158,763	-103,471
Financing activities			
New share issue	19	236,093	14,535
Issue costs	19	-25,721	-1,694
Borrowings	29	80,793	96,510
Amortization of loans	29	-131,456	-10,312
Cash flow from financing activities		159,708	99,039

KSEK	2021	2020
Decrease/increase in liquid assets	945	-4,431
Liquid assets at the beginning of the period	11,260	15,727
Effect of exchange rate changes on liquid assets	53	-36
Liquid assets at the end of the period	12,258	11,260

* For more information on the acquisition of Transatlantic Mining, please see page 12.

PARENT COMPANY STATEMENT OF PROFIT AND LOSS

KSEK	Note	PARENT COMPANY	
		2021	2020
Net sales	4	0	0
Other income	28	8,400	0
Total		8,400	0
Costs for employee benefits	5	-1,851	-1,448
Other expenses	6	-20,359	-15,913
EBITDA		-22,210	-17,360
Depreciation and impairment	7	-314,070	-68,000
Operating profit		-327,880	-85,360
Financial income	8	66,154	21,181
Financial expenses	8	-10,440	-57,637
Net financial items		55,714	-36,456
Earnings before tax		-272,166	-121,816
Deferred taxes	9	0	160
Result for the year		-272,166	-121,657
Other comprehensive income that may later be reclassified into the statement of comprehensive income			
Total profit and loss for the year		-272,166	-121,657
Profit for the year attributable to:			
Parent company shareholders		-272,166	-121,657
Total comprehensive income attributable to:			
Parent company shareholders		-272,166	-121,657

PARENT COMPANY BALANCE SHEET

KSEK	Note	PARENT COMPANY	
		2021	2020
Assets			
Non-current assets			
Financial assets			
Shares in Group companies	12	76,253	281,767
Receivables from Group companies		466,105	395,032
Total non-current assets		542,358	676,799
Current assets			
Receivables from Group companies	16	78,800	0
Other receivables	16	704	594
Prepaid expenses and accrued income	17	10,306	591
Liquid assets	18	9,420	10,311
Total current assets		99,230	11,496
Total assets		641,589	688,295
Equity and liabilities			
Equity			
<i>Capital and reserves attributable to the owners of the parent company</i>			
Share capital	19	451,588	394,385
Unrestricted equity			
Premium fund		966,830	813,661
Retained losses		-715,397	-593,739
Result for the year		-272,166	-121,657
Unrestricted equity		-20,732	98,265
Total equity		430,855	492,650

KSEK	Note	PARENT COMPANY	
		2021	2020
Liabilities			
<i>Long-term liabilities</i>			
Liabilities to Group companies		105,224	7,568
Bond	20, 22	0	37,139
Other interest-bearing liabilities	20	16,865	53,608
Total long-term liabilities		122,089	98,315
<i>Current liabilities</i>			
Liabilities to Group companies		4,859	0
Bond	20, 22	37,840	0
Accounts payable		2,697	6,703
Other interest-bearing liabilities	20	21,431	70,150
Other liabilities	24	8,811	-65
Accrued expenses and advances received	24	13,005	20,542
Total current liabilities		88,644	97,330
Total liabilities		210,733	195,645
Total equity and liabilities		641,589	688,295

PARENT COMPANY CHANGE IN EQUITY

KSEK	Share Capital	Share Premium Account	Retained earnings including net profit for the year	Total Equity
Opening balance 1 Jan 2020	240,157	713,439	-593,019	360,576
Profit for the year	0	0	-121,657	-121,657
Total earnings	0	0	-121,657	-121,657
Transactions with shareholders				
Rights issue	53,636	31,681	0	85,318
Conversion of convertible loan	100,592	70,235	-720	170,107
Issue costs	0	-1,694	0	-1,694
Total transactions with shareholders	154,228	100,222	-720	253,730
Closing balance 31 December 2020	394,385	813,661	-715,396	492,650
Opening balance 1 Jan 2021	394,385	813,661	-715,396	492,650
Profit for the year	0	0	-272,166	-272,166
Total earnings	0	0	-272,166	-272,166
Transactions with shareholders				
Share issues	188,978	47,116	0	236,093
Issue costs	0	-25,721		-25,721
Lowering share quota value	-131,775	131,775		0
Total transactions with shareholders	57,203	153,169	0	210,372
Closing balance 31 Dec 2021	451,588	966,830	-987,562	430,855

PARENT COMPANY STATEMENT OF CASH FLOWS

KSEK	Note	2021	2020
Cash flow from operating activities			
Earnings before tax	29	-272,166	-121,817
Adjusted for:			
Depreciation and impairment that have affected the result	7	314,070	68,000
Other items		16,452	-9,671
Unrealized exchange rate differences on internal receivables and payables		-11,273	28,539
Cash flow before change in working capital		47,083	-34,948
Reduction (+) / increase (-) of current receivables		-49,558	-777
Reduction (-) / increase (+) of current liabilities		24,231	1,788
Total decrease (+) / increase (-) in working capital		-25,327	1,011
Cash flow from operating activities		21,755	-33,937
Cash flow from investing activities			
Acquisition of subsidiaries / operations, net cash effect		-810	0
Investment in subsidiaries		-217,887	-79,319
Cash flow from investing activities		-218,697	-79,319
Cash flow from financing activities			
Share issue, in cash		236,093	14,535
Issue costs		-25,721	-1,694
Borrowings	29	72,858	95,861
Amortization of loans	29	-87,179	-52
Cash flow from financing activities		196,051	108,650
Decrease/increase in liquid assets		-891	-4,606
Liquid assets at the beginning of the year		10,311	14,917
Liquid assets at the end of the year		9,420	10,311

NOTES

The parent company Endomines AB is a public limited company registered in Stockholm. The address of the head office is Ahventie 4A, 02170 Espoo, Finland.

Endomines AB is listed on NASDAQ Stockholm and side listed on NASDAQ Helsinki.

The annual accounts and consolidated accounts were approved by the Board on 22 April 2022 and will be subject to adoption at the next AGM, which will be convened by the Board at a later stage.

Unless otherwise stated, the notes to the financial statements below pertain to both the Group and the parent company. Unless otherwise stated, all amounts are in thousands of Swedish kronor ("KSEK").

Note 1. Significant accounting and valuation principles

Unless otherwise stated, the accounting and evaluation principles set out below are applied consistently to the financial reports submitted.

General accounting principles

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), interpretations from IFRS Interpretations Committee IFRIC IS as adopted by the EU, and in accordance with the Swedish Annual Accounts Act (ÅRL) and RFR 1 Supplementary Accounting Rules for Groups.

The consolidated financial statements have been prepared in accordance with the acquisition value method, in addition to financial assets and liabilities, valued at fair value throughout the statement of comprehensive income.

New and amended standards applied by the Group

The following amendments were applied by the Group for the first time in the financial year commencing 1 January 2021:

- Covid-19-Related Rent Concessions – changes to IFRS 16. Amendment of IFRS 16 (Leases) provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. Companies (lessees) can choose to account for such rent concessions as if they were not lease modifications.

- Interest rate benchmark reform, changes to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The relief rules mean that it is possible for companies to reflect the effects of transitioning from benchmark interest rates to alternative, risk-free interest rates without it having undesirable impacts on such companies' accounting.

The changes stated above had no impact on the consolidated financial reports for the financial year 2021.

Consolidated financial statements (Consolidation Principles)

Subsidiaries are all companies (including structured companies) over which the Group has a controlling influence. The Group controls a company when it is exposed to or entitled to a variable return from its holdings in the company and has the opportunity to influence returns through their influence on the company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases. The consolidated income statements and balance sheets as of 31 December 2021 include the parent company and the subsidiaries Endomines Oy, Endomines Finland Oyj, Endomines Idaho LLC, and Kalvinit Oy.

The Group's internal transactions and balance sheet items, and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction constitutes proof that there is a need for impairment of the transferred asset. The accounting principles for subsidiaries have been changed, where applicable, to ensure a consistent application of the Group's accounting principles.

Foreign currency conversion

(a) Functional currency and reporting currency

Figures included in the financial statements for the various units in the Group are valued in the currency used in the financial environment in which the respective companies operate in (functional currency). The functional currency for the Finnish subsidiaries is the euro (EUR) and for the American subsidiary the US dollar (USD). The Group's main transaction currencies so far have been USD for revenues, and EUR as well as USD for expenses in the foreign subsidiaries, and Swedish kronor (SEK) for the parent company.

As a Swedish-listed company, Endomines AB has chosen to report Group figures in SEK (reporting currency). According to IAS 21 § 38, the choice of reporting currency can be made without any specific conditions being met. During the construction of operations and subsequent share issues, the Group has mainly received financing in SEK. As operations have changed, the Group's overall financial environment has also shifted, but SEK remains the dominant currency. The majority of the financing of the Group consists of equity financing in SEK and borrowings in EUR.

(b) Transactions and balance sheet items

Foreign currency transactions are converted into the functional currency at the exchange rate on the transaction date. Exchange rate gains and losses arising from such transactions, and when converting monetary assets and liabilities into foreign currency at the closing day rate, are reported in the statement of comprehensive income.

Exchange rate differences that arise when converting financial receivables and liabilities are reported in the statement of comprehensive income under financial items, while other exchange rate differences are reported in other revenues or other expenses in the consolidated statement of comprehensive income.

(c) Group companies

The subsidiaries are located in Finland and the USA, with EUR and USD as the local currencies. The income and financial position for these Group companies have been converted into the Group's reporting currency as follows:

- assets and liabilities for balance sheets have been converted to SEK from the local currency at the closing day rate
- income and expenses for income statements have been converted at the average exchange rate for the year, and all exchange rate differences that arise are reported as a separate part of equity

The exchange rates used in this report for conversion from EUR to SEK (comparison year in brackets) are as quoted by Riksbank:

- closing day rate 10.2269 (10.0375)
- average exchange rate 10.1449 (10.4867)

The exchange rate used in this report for conversion from USD to SEK is as quoted by the Riksbank:

- closing day rate 9.0437 (8.1886)
- average exchange rate 8.5815 (9.2037)

Foreign exchange differences are reported, arising on consolidation resulting from converting the currency of net investments in foreign operations under other comprehensive income. When a foreign operation has been divested, price differences are reported in the statement of comprehensive income under capital gain/loss. No divestments of foreign operations have taken place in the past two years.

Fair-value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of this operation and are converted at that date's closing rate.

Intangible assets

Capitalized expenditure from exploration and asset evaluation

Exploration permits and capitalized exploration expenses are reported in accordance with IFRS 6: Exploration for and Evaluation of Mineral Resources. Exploration permits and capitalized exploration expenses are valued at cost and refer to all expenses directly attributable to exploration and evaluation of mineral resources. Retained exploration and evaluation assets include: expenses for exploration permits, sample drilling, laboratory analysis, enrichment tests, and geological studies. Once technical and the commercial feasibility of extracting a mineral resource can be demonstrated and mining commences, retained development expenses are no longer classified as exploration and evaluation resources. The assets are reclassified and reported in accordance with IAS 16: Tangible fixed assets and IAS 38: Intangible assets, depending on how the assets have been reclassified. No depreciation of the exploration and evaluation assets was carried out up until the reclassification.

All intangible fixed assets in the report refer to capitalized expenses relating to exploration and evaluation assets. Exploration and evaluation assets are tested for impairment and any impairments are reported before reclassification takes place.

Impairment requirements for exploration and evaluation assets is also considered based on the requirements in IFRS 6, when facts and circumstances indicate that the carrying value of the asset may exceed its recoverable amount. When facts and circumstances indicate that the carrying value exceeds the recoverable amount; revaluation and reclassification is performed, and information are is disclosed in accordance with IAS 36: Impairment.

Tangible fixed assets

Tangible fixed assets are recognized at cost with deductions for accumulated depreciation and impairment. The acquisition value includes expenses that can be directly attributed to the acquisition of the asset.

Borrowing costs attributable to financing the development and completion of qualified tangible fixed assets, which necessarily take a significant amount of time to complete (over 12 months), are included in the acquisition value. Loan expenses have only been capitalized in connection with the facilities built in Pampalo in 2010. The amortization period is 10 years since March 2011.

Development costs consist partly of mining to gain access to the ore, and of work on roads, mine stopes, shafts, and slant tunnels, etc. Development costs incurred in order to increase mining capacity, develop new sections of ore, and prepare mining areas for future ore production are capitalized. Additional expenses are added to the asset's carrying value or recognized as a separate asset, whichever is appropriate; however, only if it is probable that the future financial benefits associated with the asset will benefit the Group and the asset's acquisition value can be measured reliably. All other types of repairs and maintenance work are reported as expenses in the statement of comprehensive income in the period they occur.

Depreciation and amortization principles for tangible fixed assets

No depreciation is carried out on land assets. However, in order to distribute acquisition value in the depreciation of other assets, the residual value during the estimated useful life of the mine is used, but not for a period any longer than the mine's lifespan; and is calculated as follows:

- Capitalized development costs, facilities and equipment in mines are depreciated at the rate by which ore extraction from the mine is exploited, i.e. with the production-dependent depreciation method ("unit-of-production method"). Depreciation rates are based on mineral reserves and mineral resources that are estimated to be extracted with current working methods.
- Fixed buildings are depreciated on a straight-line basis over 10 years
- Engineering constructions (air and heating installations, elevators, etc.), which depreciate at a faster rate, are amortized on a straight-line basis over 5-10 years

- Production machines and corresponding inventory are depreciated on a straight-line basis over 5-10 years
- Pumps and other technical equipment under heavy wear are depreciated on a straight-line basis over a maximum of 3 years
- Cars and other transports are depreciated on a straight-line basis over a maximum of 5 years

The Group applies component depreciation, therefore sizeable processing facilities (crushers, mills, flotation cells, etc.) are divided into subcomponents with different useful lives and thus different depreciation periods.

The useful life of the mine is determined by calculating the estimated ore resources of the deposit containing mineral reserves, and dividing this sum by the average estimated production plan per year. Mineral reserves are fully included in the calculation, whilst the rest of the mineral resources are recorded at a probable value based on qualified assessment and past experience. Production plans for the useful life of the mines are established annually.

Assessments of whether an asset has decreased in value are done at the end of each reporting period. In such cases, the asset's recoverable amount is calculated and adjusted if necessary. An asset's value is immediately written down as its recoverable amount, if the carrying value exceeds its estimated recoverable amount. See more on impairment tests below.

Gains and losses on divestments are determined by way of comparison between sales revenue and carrying value, and are reported in other revenues or other expenses in the statement of comprehensive income.

In 2021, Endomines performed an impairment test for the Friday mine and enrichment facility in accordance with IAS 36. Based on that impairment test, the management carried out a write-down adjustment during Q2 to a value of SEK 47.7 million, and during Q4 to a value of SEK 73.8 million. The write-downs are due to the fact that the gold mineralization is more irregular than previous interpretations, which has led to major variations in ore tonnage and content. Further exploration and drilling is going to be carried out under Friday, and these outages have also changed the estimated cash flows. The write-down adjustment sensitivity analysis shows that a +1% increase in the discount rate would result in a negative impact of SEK 3.9 million. A -1% change in the price of gold would result in a negative impact of SEK 4.5 million.

Financial assets

Classification, accounting and valuation

The Group only classifies financial assets as assets that are recognised at amortized cost, when the following requirements are met:

- The asset is part of a business model, where the goal is to collect contractual cash flows and,
- The contract terms give rise to cash flows at specific times, which consist solely of the capital sum and interest on the outstanding capital sum.
- Purchases and sales of financial assets are reported on the trading date, the date on which the Group commits to purchase or sell the asset. Financial assets are removed from the balance sheet once the right to receive cash flows from the instrument has expired or has been transferred and the Group has transferred virtually all risks and benefits associated with ownership.

Financial assets are reported at amortized cost.

Accounts receivable and other receivables are included in current assets, when their due date is less than 12 months after the end of the reporting period. The Group's assets in this category consist solely of cash and cash equivalents, accounts receivable and other receivables.

Accounts receivable and other receivables are reported after the acquisition date at amortized cost by application of the effective interest method.

Convertible loan

The fair value of the debt component of convertible loans is calculated at a discount rate made up of the market interest rate on a liability, on the same conditions but without the right of conversion to shares. The sum is reported as debt at amortized acquisition cost until the debt is converted or falls due. The right of conversion is initially reported as the difference between fair value of the entire complex financial instrument and the fair value of the debt component. This is reported under equity net of tax.

Derivative instruments

Derivatives are reported in the balance sheet on the transaction date and valued at fair value, both initially and during subsequent revaluations at the end of each reporting period. The method of reporting the profit or loss arising during revaluation depends on whether the derivative has been identified as a hedging instrument, and, if so, the nature of the entry that has

been hedged. The fair value of currency options is determined using the Black-Scholes options pricing model.

Offsetting of financial instruments

Financial assets and liabilities are offset and reported with a net amount in the balance sheet, only when legally entitled to offset the reported amounts and only when intending to settle them with a net amount or to simultaneously realize the asset and settle the debt. There are no offsets of financial instruments in this annual report.

Reporting of the financing from LDA Capital

The negotiations for the LDA financing resulted in a package made of up three different components. The transaction costs of the entire package have been divided across the three components based on the components' relative fair value at the time the agreement was signed. The warrants issued in 2021 have been reported at fair value at time of issue. The compensation for the options consists of a lower coupon rate than the market interest rate for the convertibles issued in 2022, thus those convertibles not yet issued are being reported with an equivalent pre-paid interest rate. Given that the options can be converted to shares at the rate of EUR 0.36 and Endomines' operating currency is Swedish kronor, the options cannot be classified as equity, but are being reported as financial debt that is being valued at fair value throughout the income statement. EUR 1.1 million of the put-option component was spent in 2021 and the shares issued thereby have resulted in the equivalent increase in equity.

Impairment of financial assets

For assets recognized at amortized cost

The Group applies the simplified method for calculating forecasted credit losses. The method uses forecasted losses for the entire period of the receivable, as a starting point for accounts receivable and contract assets.

Accounts receivable are written off when there is no reasonable expectation of repayment. Indicators that there is no reasonable expectation of repayment include, for example, the debtor failing to meet the repayment plan, or contractual payments being over 120 days late.

Liquid assets

Liquid assets include cash, bank balances, and other short-term investments with payment due within three months from acquisition.

Share capital

Common shares are classified as equity. Transaction costs that can be directly attributed to the issue of new shares or options are reported in net after issue costs, in equity as a deduction from the issue earnings.

Borrowings

Borrowing is initially recognized at fair value, in net after transaction costs. Borrowing is then reported at amortized cost, and any difference between the amount received (net after transaction costs) and the repayment amount is reported in the statement of comprehensive income distributed over the loan period, applying the effective interest method.

One of the Finnish subsidiaries had a loan with special conditions from a municipal credit institution. The loan was issued to finance a specific development project, and the repayment of capital and interest is conditional on the subsidiary reporting distributable earnings under Finnish law. The loan was initially reported at fair value, net after transaction costs, and is subsequently recognized at amortized cost. The company's policy is to apply IAS 20 the valuation of liabilities. Borrowing was classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the balance sheet date. The loan was repaid to the creditor in 2021.

Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in from suppliers as part of ongoing operations. Accounts payable are classified as current liabilities if they are due within a year or earlier (or within a normal business cycle if the cycle is longer than one year). Otherwise, they are recognized as long-term liabilities. All accounts payable in this annual report are short-term. Accounts payable are reported at amortized cost.

Current and deferred income tax

Taxes for the year include current and deferred tax. Taxes are reported in the statement of comprehensive income, except when

the tax relates to items reported under other comprehensive income or directly against equity. In such cases, tax is also reported under other comprehensive income and equity respectively. No taxes in this annual report have been reported under other comprehensive income or directly against equity.

The current tax cost is calculated on the balance sheet date based on the tax law of the country, where the parent company and its subsidiaries are active and generate taxable income: Sweden, Finland, and the USA. The management regularly evaluates the statements given in mandatory tax declarations regarding situations where applicable tax rules are subject to interpretation. Where deemed appropriate, it provides estimates for taxes likely to be paid.

Deferred tax is reported according to the balance sheet method, on all temporary differences arising between the tax value of assets and liabilities and their carrying value in the consolidated accounts, see Note 9. However, deferred tax is not recognized if it arises from a transaction that constitutes the first accounting of an asset or liability that is not a business acquisition, and which at the time of the transaction does not affect the reported or taxable result. Deferred income tax is calculated using current and applicable tax rates and laws that are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are reported to the extent that they are likely to have a future taxable surplus, against which the temporary differences can be offset. No deferred tax has been reported since 31 December 2014.

Deferred tax is calculated on temporary differences that arise from shares in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group, and where it is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are offset when legally entitled to offset current tax claims and tax liabilities, and when the deferred tax assets and liabilities refer to taxes already charged by that same tax authority, and refer to either the same taxpayer or different taxpayers, when intending to regulate balances through net payments.

Employee benefits

(a) Pension obligations

The Group only has defined contribution pension plans. A defined contribution pension plan is a fee-based pension plan, ac-

ording to which the Group pays fixed contributions to a separate legal entity. For defined contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The Group has no additional payment obligations once the fees have been paid. The fees are reported as expenses under remuneration to employees when they are due for payment. Prepaid fees are reported as assets, where the cash repayment or reduction of future payments may benefit the Group.

(b) Severance payments

Severance payments are made when an employee's employment contract is terminated before the normal retirement date or when an employee voluntarily resigns in exchange for such payment. The Group recognizes severance pay, when obliged either to dismiss employees according to a detailed formal plan without the possibility of revocation, or to provide compensation in the event of termination as a result of an offer made to encourage voluntary resignation. Benefits that are due after more than 12 months from the balance sheet date are discounted to present value. No such benefits have existed since the Group was formed.

Provisions

Provisions for environmental restoration measures, restructuring costs, and legal claims are reported, when the Group has an existing legal or informal obligation as a result of past events; it is more likely that an outflow of resources is required to regulate the commitment than not, and the amount corresponds to management's best assessment of outcomes. No provisions are made for future operating losses.

Provisions are valued at the present value of the amount estimated to settle the obligation. A pre-tax discount rate is used to reflect the current market assessment of the time-dependent value of money and any risks associated with the provision.

In this annual report, the Group reports both provisions for environmental restoration measures and other provisions. Estimated costs for restoration of land for exploration and mining are reported as provisions. Endomines has prepared an action plan for land restoration. An assessment of the provision amount is made for each reporting period.

Other provisions refer to accrued interest costs for loans with specific repayment terms.

If there are a number of similar commitments, it may be necessary to assess probability as an outflow of resources for the overall regulation of the whole group of commitments. A provision is reported even if the probability of an outflow regarding a particular item in this group of commitments is low.

Revenue recognition

Revenues include sales of gold concentrate and by-products that are reported upon delivery to the customer in accordance with the terms of sale, i.e. revenue is recognised when significant rights and obligations associated with the right of ownership are transferred to the buyer. Ownership according to the current terms of sale is transferred when the gold concentrate arrives to the buyer. Sales are reported as the fair value of goods and services sold excluding VAT, discounts, and exchange rate differences for sales in foreign currency. There are no intra-group sales of goods.

The Group's gold concentrate is recognized as revenue upon receipt of delivery from the customer.

Revenue from flotation concentrate is calculated based on preliminary information on concentrate quantity, gold content, gold price, with deductions for treatment costs and pollution content. Invoicing takes place the month after the delivery month, with essentially the same details as upon delivery. Definitive invoicing is done once all the parameters included (concentrate quantity, metal content and price, contamination content, etc.) for the agreed pricing period are confirmed. The final price is set at the average price for gold, copper, and silver for the month following the delivery month.

Revenue for gravimetric concentrate is provisionally calculated on the basis of Endomines' own analyses of the gold content in the concentrate and an estimated gold price, with deductions for the agreed payment percentage. The final price is set at the gold price of the day when the analyses are approved by both the company and the customer.

Revenue from activities outside ordinary operations are reported as other operating income. The payment conditions for sales are as follows: The customer pays on the 20th of the month after the month of delivery. All invoicing and payments are in US dollars.

Financial leasing

Leasing agreements for non-current assets, where the Group for all intents and purposes holds liability for the financial risks and benefits associated with ownership, are classified as financial leasing.

At the start of the leasing term, the financial leasing is reported in the balance sheet at either the leasing item's fair value or the current value of the minimum leasing fees, whichever is lower. Each leasing payment is divided up between down-payment of the debt and financial costs to achieve a set interest rate for the debt reported. Equivalent payment obligations, after deduction of financial costs, are included in the balance-sheet items Long-term borrowing and Short-term borrowing. The interest component of the financial costs is reported in the statement of comprehensive income distributed over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Non-current assets held pursuant to financial leasing agreements are written down over whichever period is shorter: the asset's useful life or the leasing term.

Inventories

The Group's inventories consist mainly of gold concentrate and gold ore. Inventories are reported at the lower cost and net realizable value. The acquisition value is determined using the 'first-in, first-out' method (FIFO). The cost of gold concentrate consists of gold ore from own mines, direct wages, other direct costs and attributable indirect production costs, including attributable depreciation based on normal production capacity. Net realizable value is estimated on the sales price of the gold content, in accordance with applicable sales terms, and with deductions for any applicable variable selling costs.

Fair value calculation

Nominal value, deducting forecasted customer losses for accounts receivable and accounts payable, are assumed to correspond to their actual values.

Cash-flow statement

Endomines reports cash flows from operating activities according to the indirect method, whereby the result is adjusted for transactions that have not resulted in paid or received items, accrued or prepaid items relating to previous or future periods, and for any revenue and expenses attributable to investments or

financing of cash flows. Interest paid, as well as, interest received and dividends are attributed to operating activities when the items affect reported results; details specified in Note 29.

Parent company accounts

The parent company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995: 1554) and the Council for Financial Reporting Recommendation RFR 2: Accounting for legal entities, which means that the parent company in annual reports for legal entities, must apply all EU approved IFRS standards and regulations to the extent possible within the framework of the Annual Accounts Act, and considering the relationship between accounting and taxation. The recommendation specifies which exceptions and supplements are made from IFRS.

Accordingly, the parent company applies the accounting principles as reported by the Group, with the exception that shares in subsidiaries are reported at acquisition value after deductions for write-downs. The accounting principles have been applied consistently to all years presented, unless otherwise stated.

The parent company will apply exemptions in accordance with RFR 2, and not with IFRS 9.

Sector

As an organisation, Endomines operates in one sector: gold mining. The Endomines CEO bears full responsibility for this area of business including all business decisions and audits, both of the operations and of the company.

Note 2. Financial risk management

Financial risk factors

Through its operations, the Group is exposed to a variety of financial risks: market risk (including currency and interest rate risk in fair value, interest rate risk in cash flows, and price risk), credit and counterparty risk, liquidity risk and cash flow risk.

Note 30 presents a sensitivity analysis for the most important risks regarding financial assets and liabilities. The sensitivity analysis is based on the financial instruments available on the balance sheet date. The basic principle in the sensitivity analysis is to report any isolated effect on profit after tax, on other comprehensive income after tax or on equity, on a change in exchange rate, interest rate or price where all other variables are constant.

(a) Market risk

Demand for newly produced gold on the world market affects the Group's profitability.

(I) Price risk

The Group is exposed to price risk, primarily in relation to the gold price fluctuations. The gold price is set daily by the LBMA (London Bullion Market Association). The company's exposure to price fluctuations may to some extent be limited by entering into hedging agreements regarding gold prices. There are no current hedging agreements on the balance sheet date.

(II) Currency risk

The Group operates internationally and is exposed to currency risks from various currencies, mainly EUR and USD. All invoicing of gold concentrate takes place in USD, while production costs arise in both EUR and USD.

Currency risk arises from future business transactions, reported assets and liabilities, as well as net investments in foreign operations. No currency hedging agreements apply at the time of preparation of this annual report.

(b) Credit and counterparty risk

Credit and counterparty risk entails the risk of a counterparty in a transaction becoming unable to fulfill its commitments, thus causing a loss for Endomines. In the case of Endomines, these refer to counterparty and credit risks primarily through liquid funds, credit exposures relating to customers, including outstanding receivables and agreements transactions. To limit risk exposure only counterparties with high credit ratings are accepted. The Group counterparty liquid assets are Nordea Bank in Sweden and Finland, and PlainsCapital Bank in the USA.

For the past three years, the Group has only had three customers, Boliden Commercials AB and H&H Metals for flotation concentrate, and Rasmussen AS for gravimetric concentrate. Management does not expect any credit losses as a result of non-payment from these counterparties.

(c) Liquidity risk

Caution in managing liquidity risk means holding sufficient cash and marketable securities, available financing through sufficient agreed credit facilities, and the ability to close market positions. The Group's ambition is in its current phase of operations, to ensure liquidity through owner financing (share issues) and loan financing.

Information on financial liabilities on the balance sheet are broken down by time remaining on the contractual due date are specified in Note 20.

Accounts payable and other financial liabilities are due all within 30 days of the balance sheet date.

(d) Interest rate risk due to cash flow and fair values

Endomines has concluded current financing agreements at a fixed interest rate.

Management of capital

The Group's goal regarding capital structure is to secure its ability to continue operations, in order to generate returns for shareholders, benefit other stakeholders, and to maintain an optimal capital structure in order to keep down the cost of capital.

In order to maintain or adjust capital structure, the Group may issue new shares or sell assets to reduce debt.

Note 3. Important estimates and assessments for accounting purposes

Preparing reports in accordance with IFRS requires the use of important accounting estimates. Furthermore, the management is required to make certain assessments on the application of the company's accounting principles. Estimates and assessments are made on a continuous basis, and are based on historical data and other factors, including expectations on future events that are considered reasonable under current circumstances. The assumptions are influenced by factors such as the price of gold, production prognoses and other prognoses about the company's operations.

Areas with a high degree of assessment, either due to complexity, or assumptions and estimates of significant importance to consolidated financial statements, are detailed in the section below.

Impairment testing of tangible fixed assets

Impairment tests for tangible fixed assets are based on the company's internal production and business plan, as well as, assumptions on future development of i.e. gold prices, exchange rates, and production costs.

Changes in the market price of gold and exchange rates, primarily EUR/USD and in tonnage and gold content have a major

impact on the Group's future cash flows and thereby on assessed impairment. Assumptions on gold price trends and currencies is done by the Company's management on the basis of current prices and external forecasts.

Impairment tests are made where there is an indication of impairment based on a number of assumptions. Planning horizons are based on the estimated useful life of the mine and its enrichment plant. Production plans form the basis for forecasts. Forecasts include only the existing mines, including planned development of the underground mine. Discounted cash flow therefore may also include supplementary drilling to enable future mining operations. The entire planned operation is considered as a single cash-generating unit.

The value of future cash flows, have considerable sensitivity reliant on gold price, currencies and discount rate assumptions. Management is undertaken with support from external forecasts on positive gold price development, compared to the current gold price.

In the present annual report, the following main parameters have been used in the calculations:

- The price of gold is expected to increase as follows: 1,800 USD/ounce in H1/2022, 1,850 USD/ounce in H2 2022, 1,900 USD/ounce for 2023 and 2,000 USD/ounce thereafter.
- The choice of discount rate (12.2 per cent before tax in the USA and 12.0 per cent before tax in Finland) was determined based on Endomines' risk analysis and considerations have been made so that the value of assets are not overestimated or underestimated.
- Impairment tests included all mining assets and other tangible assets related to gold production.

In connection with the end of 2021, Endomines has performed an impairment test for the Friday mine and enrichment plant in accordance with IAS 36. On the basis of the impairment test, management has done a write-down of SEK 73.8 million. Previously during the year, an impairment of SEK 47.7 million was done, meaning the total impairment for Friday was SEK 121.5 million. The impairments are a result of the major variations in gold mineralization, which has led to the company solely focusing on subterranean nuclear drilling to map the quality and quantity of the ores. At end of year, a write-down adjustment of intra-Group accounts receivable from Endomines LLC by Endomines AB was carried out, totalling SEK 53 million, which merely resulted in re-

valuation differences at Group level. Impairment was identified in impairment testing of shares in Group companies. As a consequence, shares in the Finnish subsidiary Endomines Oy were written down by SEK 24 million and shares in Endomines Idaho LLC were written down by SEK 237 million.

Impairment of intangible assets

Intangible assets with an indefinite useful life are impairment-tested whenever indications show that impairment is required. Impairment testing requires management to determine the fair value for cash-generating units based on forecasted cash flows and internal business plans and forecasts.

Restoration of land (provisions)

The provision included in this annual report, is according to the management's best estimate of the amount the Group will currently have to pay to restore the land, regarding deposits where soil removal, mining or operations have occurred. The provisions have been partially reported as operating expenses (where the provision increases from the previous year) and the remainder as a fixed asset, which are amortized within the Group over the estimated remaining useful life from the time when mining has commenced, for details see Note 23.

Acquired assets and liabilities

In the consolidated financial statements, the acquisition of the subsidiaries Endomines Oy, Endomines Finland Oyj, Kalvinit Oy and Endomines Idaho LLC were not reported as acquisition of business, but as an acquisition of an asset. As the acquisitions of Endomines Oy, Kalvinit Oy and Endomines Idaho LLC only consisted of exploration and evaluation assets, it was the management's assessment that this constituted an acquisition of assets and not of a business. Thus IFRS 6 Exploration for and evaluation of mineral resources is applied to the acquisition instead of IFRS 3 Business combinations. Fair value of the acquired assets is based on the valuation of issued shares in Endomines AB, in accordance with IFRS 2.

Deferred tax

The management has made projections and evaluations about the business's projected earnings, and on that basis deemed that the possibilities of utilizing these tax loss carry-forwards are limited, thus no deferred tax is being reported.

Note 4. Information by Country

Group net sales per geographical market

KSEK	Product	2021	2020
Finland	Flotation Concentrate / Enrichment Gold Concentrate / Other	24	4,202
Norway	Gravimetric Gold Concentrate / Enrichment Gold Concentrate	–	–
USA	Flotation Concentrate	–	6,622
Net sales		24	10,824

Salaries and other remuneration to senior executives and other employees

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Board of Directors, CEO and other senior executives	5,916	6,151	1,851	3,164
Salaries and remuneration of other employees	33,474	30,227	–	–
Pension costs	2,692	1,267	–	–
Other social costs	6,483	2,411	–	–
Other employee costs	381	4,001	–	–
Total	48,946	44,058	1,851	3,164

Note 5. Personnel Information, Benefits to Employees, Board and Senior

Average number of employees

	2021			2020		
	Men	Women	Total	Men	Women	Total
Sverige (Endomines AB)	3	–	3	5	–	5
Finland	12	3	15	8	1	9
USA	31	4	35	28	4	32
Group	46	7	53	41	5	46
Of which						
Board of Directors	4	1	5	5	–	5
CEO and other senior executives	3	–	3	2	–	2
	7	1	8	7	–	7

Remuneration to Board members and senior executives

Remuneration and other benefits 2021	Board fees*	Basic salary	Variable remuneration	Other benefits	Pension	Total
Chair of the Board Ingmar Haga	421					421
Board member Jeremy Read	274					274
Board member Markus Ekberg	149					149
Board member Eeva Ruokonen	131					131
Board member Jukka-Pekka Joensuu	131					131
Board member Thomas Hoyer	113					
Marcus Ahlström, Acting CEO, Deputy CEO and CFO		1,919	243	2	541	2,706
Seppo Tuovinen, CEO (Endomines Oy), Acting CEO of Endomines AB**		1,283	0	139	355	1,777
Vern Langdale, Chief Operating Officer (COO)		1,111	0	2	278	1,391
Total	1,217	4,313	243	143	1,175	6,979

* CEO till 6 October 2021

** Acting CEO of Endomines AB & Oyj from 7 October 2021 on

The Chief Executive Officer's variable remuneration is a bonus based on individual targets set by the Board.

Remuneration and other benefits 2020	Board fees*	Basic salary	Variable remuneration	Other benefits	Pension	Total
Chair of the Board Ingmar Haga	390					390
Board member Rauno Pitkänen	300					300
Board member Thomas Hoyer	228					228
Board member Michael Mattsson	158					158
Board member Jeremy Read	228					228
Greg Smith, CEO**		1,860				1,860
Rauno Pitkänen, Acting CEO***		170			42	212
Marcus Ahlström, Acting CEO, Deputy CEO and CFO		1,510	0	3	378	1,891
Seppo Tuovinen, CEO (Endomines Idaho LLC & Endomines Oy)		1,107	0	198	326	1,631
Total	1,303	4,648	0	200	747	6,898

* also includes remuneration for work in committees

** CEO till 30 November 2020

*** 1 December 2020 Acting CEO

Note 6. Other Expenses and Remuneration to Auditors

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
External production services	4,333	7,444	–	–
External services other	41,539	12,086	16,376	11,513
Energy	8,792	2,540	–	–
US Grant Titleholder	–	29,912	–	–
Miscellaneous	2,621	16,047	3,983	4,399
Total	57,286	68,029	20,359	15,913

Remuneration paid to auditors

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Audit assignment, PwC Sweden	1,580	847	1,580	847
Audit assignment, PwC Finland	209	322	–	–
Auditing activities in addition to audit assignments, PwC Sweden	295	220	295	220
Auditing activities in addition to audit assignments, PwC Finland	–	37	–	–
Valuation services, PwC Sweden	–	–	–	–
Tax advisory services, PwC Finland, USA	–	–	–	–
Total	2,084	1,426	1,875	1,067

Audit assignments refer to the review of the annual accounts and accounts, as well as the Board's and the CEO's management, and other duties incumbent upon the company's auditors, as well as, advice or other assistance from observations during review or execution of other such duties.

Note 7. Depreciation and Impairment

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Depreciation				
Buildings	2,178	2,349	–	–
Machinery and equipment	12,903	14,367	–	–
Mines	2,231	2,366	–	–
Intangible assets	1,591	4,100	–	–
Total depreciation	18,904	23,182	–	–
Impairment				
Buildings	–	149	–	–
Machinery and equipment	–	198	–	–
Mines	19,585	–	–	–
Intangible assets	98,467	53,137	–	–
Impairment of shares in subsidiaries	–	–	261,000	68,000
Write-downs of intra-group receivables	–	–	53,070	–
Total impairments	118,052	53,484	314,070	68,000
Total depreciation and impairment	136,955	76,666	314,070	68,000

The impairments were written down in 2021 on the Friday mine project to the sum of SEK 47.7 million in H1, and to the sum of SEK 73.8 million at year-end, calculated at the Riksbank average exchange rate.

Note 8. Financial Income and Expenses

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Repayment of loans	–	3,161	–	–
Financial exchange rate differences	9,619	–	34,590	–
Interest income, subsidiaries	–	–	30,991	20,988
Sale of warrants	573	193	573	193
Total financial income	10,191	3,355	66,154	21,181
Financial exchange rate differences	–	6,795	–	-36,702
Bonds issue costs	-3,763	-3,650	-3,763	-3,650
Interest expense, bank loan & convertible & bond	-11,433	-17,234	-6,598	-17,234
Interest expenses, subsidiaries	–	–	-80	-136
Interest expenses, leasing	-120	-340	–	–
Interest costs, restoration costs	-531	-966	–	–
Interest expenses, other	-283	-217	–	85
Total financial costs	-16,131	-15,612	-10,440	-57,637
Total financial net	-5,939	-12,257	55,714	-36,457

Note 9. Income Tax for the Group

KSEK	2021	2020
Reported result before	-261,062	-196,972
Tax according to current Swedish nominal tax rate of 20.6%.	53,779	42,152
Difference between Swedish and foreign tax rate	-8,709	-7,003
Income tax concerning previous years	–	–
Tax effect of:		
Non-deductible costs	–	-14
Increase in deficit without corresponding activation of deferred tax	-45,070	-35,027
Deferred taxes	–	108

The average tax rate for the Group is 22.88 per cent (21.03), calculated on the basis of reported earnings in each company and nominal tax rates in each country.

Unused tax loss carry-forwards, for which no deferred tax assets have been reported

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
As of the due year				
2022	–	–	–	–
2023	49,925	49,001	–	–
2024	37,311	36,620	–	–
2025	140,905	138,296	–	–
2026	52,535	51,562	–	–
2027	32,470	31,869	–	–
2028	–	–	–	–
2029	12,005	11,896	–	–
2030	10,909	11,312	–	–
2031	396,245	–	–	–
No due date	1,469,969	366,311	187,241	229,146
Unused tax loss carry-forwards, for which no deferred tax assets have been reported	2,202,274	697,006	187,241	229,146

Note 10. The Group's Intangible and Tangible Fixed Assets

There are no intangible and tangible fixed assets in the Parent Company.

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Intangible assets				
<i>Capitalized expenditure from exploration and asset evaluation</i>				
Expenses	554,200	433,992	–	–
Accumulated depreciation and write-downs	-166,548	-62,657	–	–
Opening book value	387,652	371,335	–	–
Capitalizations	–	3,423	–	–
New acquisitions	1,655	114,859	–	–
Reclassification	–	1,926	–	–
Adjustments	–	–	–	–
Depreciation and Impairment*	-100,058	-57,237	–	–
Exchange rate difference	30,231	-46,654	–	–
Closing book value	319,480	387,652	–	–
Expenses	555,855	554,200	–	–
Accumulated depreciation and write-downs	-236,375	-166,548	–	–
Book value	319,480	387,652	–	–

Capitalized expenses for exploration and evaluation assets above, refer to capitalized payments for exploration permits and exploration expenses and are reported in accordance with IFRS 6, see section General Accounting Principles.

* Includes impairments written down on the Friday mine project to the sum of SEK 47.7 million in H1, and to the sum of SEK 73.8 million at year-end.

Tangible fixed assets of the Group

KSEK	Buildings and land	Machinery	Mines	Total
Opening balance on 1 January 2020	66,763	59,383	69,555	195,701
New acquisitions	255	19,229	1,458	20,942
Reclassification	-21,602	22,213	-2,537	-1,926
Exchange rate difference	-4,892	-7,836	-7,589	-20,317
This year's depreciations	-2,497	-14,566	-2,366	-19,429
Closing balance on 31 December 2020	38,027	78,424	58,520	174,970
Acquisition costs	148,214	229,549	277,099	654,862
Accumulated depreciation and write-downs	-110,188	-151,125	-218,578	-479,891
Book value 31 December 2020	38,027	78,424	58,520	174,970
Opening balance on 1 January 2021	38,027	78,424	58,520	174,971
Additions*	191	6,307	33,442	39,940
Cancelled contracts	–	-7,177	–	-7,177
Reclassification	-350	14,558	350	14,558
Exchange rate difference	3,577	8,286	5,003	16,866
This year's depreciations	-2,178	-12,903	-21,816	-36,897
Closing balance on 31 December 2021	39,267	87,495	75,500	202,261
Acquisition costs	148,055	243,237	310,890	702,183
Accumulated depreciation and write-downs	-108,788	-155,743	-235,391	-499,922
Book value 31 December 2021	39,267	87,495	75,500	202,261

Activated interest rate at the end of the year:

2021	–	–	–	–
2020	–	–	–	–

* Includes additions from conversion to IFRS 16. For more information on IFRS16 assets please see Note 11.

Note 11. Leasing - IFRS16

This note describes the effect on the consolidated financial reports of application of IFRS 16 (Leases) from January 2019 onward. IFRS 16 (Leases) published in January 2016 replaces IAS 17 (Leases). The standard is mandatory for fiscal years commencing on or after 1 January 2019. It has meant that virtually all leasing agreements are reported in the lessee's balance sheet, as now no difference is made between operational and financial leases. The sole exception is short-term leases (less than 1 year) and leasing of low value (below SEK 50,000).

According to the new standard, an asset (a right to use a leased asset) and a financial liability concerning the obligation to pay leasing fees must be reported. Associated write-down expenses and interest expenses are to be reported separately.

Changes in the estimated leasing period, leasing payments and similar can require revaluation of the usufruct asset and the leasing liability in future periods. The Group completed its analysis of the leases impacted by the new standard in 2019. It has applied the simplified method of not testing whether a given agreement contains a leasing component or not at the time the agreement is entered into.

The standard does allow a number of various transitional methods, and Endomines has chosen to apply the simplified method (see note 1). During the transition to IFRS 16, the Group reported leasing debt on leasing agreements previously reported as operational leasing pursuant to IAS 17 (Leasing). These liabilities have been valued at the current value of future leasing payments. Furthermore, unpaid leasing fees have been included where relevant, as have set and variable fees, sums expected to be paid as residual value guarantees, and penalties for premature termination of the lease.

The following accounting principles have been applied since the transition to IFRS 16 on 1 January 2019

Since 1 January 2019, the main component of the Group's leasing agreements are reported in the balance sheet and the standard will therefore have an impact on the classification of the Group's operational leases. The standard has an impact on how the Group's operational leases are reported.

The Group should test whether an agreement contains a lease component by examining whether the agreement permits control of the use of a right-of-use asset, in exchange for a fee.

At the beginning of the lease term, a right-of-use asset (the right to use a leased asset) and a financial liability are to be reported in terms of the obligation to pay lease payments.

The right-of-use asset is initially measured at the value of the lease liability adjusted for any lease payments that have been paid before or on the initial date of the lease, with the addition of any direct costs and the estimated cost of recovering the underlying asset.

The lease liability includes the present value of the following lease payments:

- Fixed fees;
- Variable fees that depend on an index or price, initially valued using an index or price as of the start date;
- Amounts expected to be paid for residual value guarantees;
- The exercise price of an option to purchase the asset if the lessee is reasonably certain to be exercising that option; and
- Penalties payable in the event of termination, if the lease term indicates that the lessee plans to terminate the lease.

In determining the lease term, the Company uses all available known factors affecting the incentive to exercise the extension option, or to not exercise the termination option. An extension option

is included in the lease term only if the lessee can reasonably say that such option will be exercised, and the periods included in a termination option are included in the lease term only if the lessee is reasonably certain not to exercise that option. Lease liabilities are revaluated when changes in future lease payments are caused by changes in an index or price or if the Group changes its prognosis regarding buyout, extension or termination

of the lease. The value of the right-of-use asset is also changed by the same amount.

The right-of-use asset is depreciated on a straight-line basis over whichever is the shorter: the asset's useful life or the lease term. The right-of-use asset is adjusted for the revaluation of the lease liability and the impairment losses. Depreciation and impairments are reported separately.

The lease liability is initially estimated at the present value of future lease payments, discounted at the marginal borrowing rate stated in the agreement, or if that is difficult to identify, at the Group's marginal borrowing rate. In general, the marginal borrowing rate is used. Interest expenses are reported separately.

The Group has chosen not to recognise right-of-use assets and lease liabilities for short-term leases (lease term not exceeding twelve months) and leased assets with a low underlying value. Leasing costs for such leases are also reported below.

Information on right- of-use assets is presented below

KSEK	BUILDINGS		MACHINERY	
	2021	2020	2021	2020+
Changes during the year				
Opening balance for the year	412	780	10,121	1,698
Change in reporting principle, IFRS 16	-	-	-	-
Exchange rate difference	14	-4	846	761
Additions	-	259	4,987	17,240
Impairment	-	-41	-7,177	-954
The year's depreciations	-334	-582	-3,632	-8,624
Closing balance for the year	91	412	5,146	10,121

Leasing liabilities are specified below

KSEK	2021	2020
Liabilities relating to leasing IFRS 16		
Long-term interest-bearing debt	3,200	3,120
Short-term interest-bearing liabilities	2,746	8,389
Total	5,946	11,509
Liability maturity break-down	2021	2020
Within a year	2,746	8,389
Between 1 and 5 years	3,070	2,941
More than 5 years	130	179
Total	5,946	11,509

Leasing payments not classified pursuant to IFRS 16

KSEK	2021	2020
Rental costs for short-term leasing	-	172
Assets free from IFRS 16	1,838	2,159
Rental payments at low valued lease costs	-	82
Total	1,838	2,413

The effect of application of IFRS 16 on the consolidated balance sheet

KSEK	2021	2020
Other expenses	5,364	9,150
Depreciation	-4,880	-9,206
Operating profit	484	927
Financial costs	-125	-306
Result for the year	359	621

Application of IFRS 16 did not impact the Group's consolidated cash flow analysis.

Note 12. Shares and Participations in Group Companies

Accumulated acquisition values*	2021	2020
Accumulated acquisition values at the beginning of the year	814,609	799,690
Acquisition of subsidiaries*	810	–
Shareholder contributions	54,676	14,919
Total accumulated acquisition value	870,095	814,609
Accumulated impairments at the beginning of the year	-532,842	-464,842
Impairments for the year	-261,000	-68,000
Total impairments	-793,842	-532,842
Book value	76,253	281,767

The repayment of the acquisition loan for the purchase of TVL Gold LLC was adjusted in 2019, in accordance with the terms of the loan. Consequently, the acquisition price was adjusted, and the value of shares in the subsidiary held by the parent company were adjusted.

Impairment was identified in impairment testing of shares in Group companies. As a consequence, shares in the Finnish subsidiary Endomines Oy were written down as an impairment of SEK 24 million and shares in Endomines Idaho LLC were written down as an impairment of SEK 237 million.

*Endomines Finland Oyj was formed in 2021 as a new subsidiary of the Group as part of the ongoing move of the Group's domicile.

	Org. Nr.	Value	Book value
Endomines Oy, Ilomantsi, Finland, 100%	1061211-5	1,000,000	41,650
Kalvinit Oy, Helsinki, Finland, 100%	1005935-6	456,460	2,700
Endomines Idaho LLC, Idaho, USA, 100%	82-4876650	1,000	237,417
Endomines Finland Oyj, 100%	3215519-7	8,000	810
Total			76,253

Note 13. Financial fixed assets, Group

KSEK	2021	2020
Other long-term receivables relate to pledged funds for environmental obligations in Finland, see also Note 25.	5,369	5,270

Note 14. Financial Instruments by Category

Financial assets

KSEK	LOAN AND TRADE RECEIVABLES	
	2021	2020
Accounts receivable and other receivables excluding interim receivables	10,976	6,532
Liquid assets	12,258	11,260
Total financial assets	23,234	17,792

Financial liabilities

KSEK	OTHER FINANCIAL LIABILITIES	
	2021	2020
Bond	37,840	37,139
Convertible loan	99,420	–
Borrowings	16,865	102,334
Warrant	8,877	–
Liabilities related to financial leasing	5,946	11,509
Loans with special conditions	–	2,850
Accounts payable and other liabilities	25,891	38,082
Total financial liabilities	194,839	191,914

Note 15. Inventories

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Materials	829	452	–	–
Products under work	530	1,851	–	–
Gold concentrate	6,837	161	–	–
Total	8,196	2,464	–	–

Note 16. Other Receivables

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Tax receivables	4,746	585	560	462
Miscellaneous	861	676	144	131
Total	5,607	1,262	704	593

Note 17. Prepaid Expenses and Accrued Income

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Accounts receivable	615	604	–	–
Insurance	84	406	–	324
Issue costs	–	–	–	–
Acquisition costs	–	–	–	–
Warrants	9,450	–	9,450	–
Miscellaneous	2,509	1,054	856	267
Total	12,657	2,064	10,306	591

Note 18. Liquid Assets

Effective interest rate for liquid assets at the end of the year amounted to 0.0 percent (0.0).

Note 19. Specific Information on Equity

SEK	2021	2020
Share capital		
Opening number of shares	131,305,175	79,957,043
Interest on issued shares	–	–
Share issues*	94,488,771	17,857,535
Conversion of convertible loan	–	33,490,597
Closing number of shares	225,793,946	131,305,175
Quota value per share	2.00	3.00
Share capital (KSEK)	451,588	394,385

According to the Articles of Association of Endomines AB, the share capital shall amount to a minimum of SEK 300 million and a maximum of SEK 1200 million and the number of shares to a minimum of 100 million and a maximum of 400 million.

*Share issues in 2021

Event	Change in no. of shares	Total no. of shares	Change in SEK	Total in SEK	Par value in SEK
Equity issuance	85,590,860	216,896,035	171,181,720	433,792,070	2
Direct issue	4,224,000	221,120,035	8,448,000	442,240,070	2
Direct issue	2,000,000	223,120,035	4,000,000	446,240,070	2
Direct issue	2,673,911	225,793,946	5,347,822	451,587,892	2

Other contributed capital in the Group

KSEK	2021	2020
Opening balance	832,743	732,521
Lowering share quota value	131,775	–
Issue costs	-25,721	-1,694
Share issues	47,116	31,681
Conversion of convertible loan	–	70,235
Closing balance	985,912	832,743
Reserves in the Group		
Refers only to conversion reserve		
Opening balance	-20,008	42,189
The year's currency conversion differences	30,046	-62,197
Closing balance	10,038	-20,008

Note 20. Interest-bearing liabilities

KEUR	Loan currency	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
Long-term interest-bearing liabilities					
Liabilities relating to leasing*	EUR/USD	3,200	3,120	–	–
Bridge loan	EUR	16,865	28,558	16,865	28,558
Komatsu loan	USD	1,958	3,626	–	3,626
Convertible loan	EUR	99,420	–	–	–
Liabilities to credit institutions	EUR	446	–	–	–
Other interest-bearing liabilities	EUR	–	24,753	–	21,424
		121,890	97,196	16,865	90,747
Short-term interest-bearing liabilities					
Liabilities relating to leasing*	EUR/USD	2,746	8,389	–	–
Short-term bridge loan	EUR	–	70,150	–	70,150
Bond	SEK	37,840	–	37,840	–
Liabilities to credit institutions		200	–	–	–
Other interest-bearing liabilities**	EUR/USD	21,631	27,238	–	–
		62,217	105,777	37,840	70,150
Interest-bearing liabilities, total		184,107	165,834	76,129	123,758

* For a detailed explanation of leasing liabilities (IFRS16), see Note 11.

Other interest-bearing liabilities

KEUR	2021	2020
Capital loans in accordance with the existing Finnish Companies Act, due 31 December 2021	–	2,532
Installment debt	0	318
Total	0	2,850

The remaining loan and interest were paid off in December 2021

** Short-term other interest-bearing liabilities for 2021 include final costs for Transatlantic Mining of SEK 21,431,000.

** Short-term other interest-bearing liabilities for 2020 include final costs for US Grant mining claims.

For details regarding the convertible loan, please see Note 21. For details regarding the bond, please see Note 22.

Maturity structure

KEUR	2022	2023	2024	2025	2026	2027
Liabilities relating to leasing	2,746	1,228	921	614	307	130
Bridge Loan		16,865				
Convertible loan		99,420				
Bond	37,840					
Other interest-bearing liabilities	21,631	2,404				

The bond and interest were paid back on 6 March 2022.

Note 21. Convertible loan

KSEK	2021	2020
Group		
Convertible bond	99,420	–
Interest accrued on convertible	3,392	–
Total	102,812	–

During Q1 2020, the loan issued to the sellers by TVL Gold LLC was converted into shares in Endomines AB, in accordance with the resolutions taken at the EGM held on 10 December 2019. The conversion was made in two rounds, half was converted into shares on 9 January 2020 at a conversion price of SEK 5.85 per share and the remainder on 25 February at a conversion price of SEK 6.00 per share. As a result of the conversions, the number of shares and votes in Endomines AB increased by 33,490,597.

In 2021 new convertible loans were taken out in addition to the financing agreement with LDA Capital Limited. The principal value of the convertible loans is EUR 9,900,00. None of the loans were converted into shares in 2021. The lending agreement has a term of 24 months, with an interest rate of 10 % per annum on the loans. Under the agreement, Endomines undertakes to grant the lenders the right to convert the loan, in part or in full, to Endomines Finland shares. The share conversion option becomes effective 12 months after the loans are taken out, at a conversion rate of EUR 0.25 per share.

Note 22. Bond

KSEK	2021	2020
Group		
Bond	37,840	37,139
Accrued interest on bond	3,757	3,687
Total	41,597	40,826

The bond was issued on 4 March 2019. It has a three-year maturity and a fixed annual interest rate of 12.0 percent and is redeemable at the company's request for 103 percent of the nominal amount after one year (March 2020) and 101 percent of the nominal amount after two years (March 2021).

The loan and interest were paid back on 6 March 2022.

Note 23. Other Provisions in the Group

KSEK	Restoration costs	Interest expenses for capital loans	Total
Closing balance on 31 December 2019 and opening balance on 1 January 2020	12,073	987	13,060
Discount effect	966	–	966
Exchange rate differences	-796	-37	-834
Closing balance on 31 December 2020 and opening balance on 1 January 2021	12,243	950	13,192
Discount effect	531	–	531
Exchange rate differences	526	–	526
Closing balance on 31 December 2021	13,300	–	14,249

The provision for restoration costs refers to estimated costs for the restoration of land surrounding the Pampalo, Rämepuro, and Friday mines. The discounting effect is reported as interest expense. The addition to existing provisions can be traced to provisions for the Friday mine that arose in 2019.

Note 24. Other Liabilities, Accumulated Costs and Prepaid Revenues

Accrued expenses and advances received

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Debt, US Grant Mining Claim	–	26,613	–	–
Accrued salary-related costs	2,531	2,025	–	–
Accrued board fees	1,553	1,039	1,553	1,039
Accrued audit fees	1,338	581	1,301	581
Bond interest	12,982	16,367	9,590	16,367
Miscellaneous	4,541	1,269	21,927	2,490
Total	22,945	47,894	34,371	20,477

Other liabilities

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Warrants*	8877	0	8877	0
Miscellaneous	694	0	-66	0
Total	9571	0	8811	0

*Other liabilities includes derivative instruments (14,000,000 warrants issued to LDA Capital Limited). For details of the derivative accounting principles, please see note 1.

Note 25. Pledged Collateral

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Pledged funds related to environmental obligations	5,369	5,270	–	–
Total pledged collateral	5,369	5,270	–	–

Note 26. Contingent Liabilities

	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Royalty liabilities under the 1996 agreement regarding Endomines Oy:				
Future royalty payment regarding Ilomantsi ¹⁾	25,802	25,325	–	–
Future royalty payment regarding Pampalo deposit ²⁾	15,340	15,056	–	–
Total contingent liabilities	41,143	40,381	–	–

1) Royalty is paid to the Finnish state based on mined ore in certain areas along the Karelian Gold Line, up to a maximum of EUR 2,523,000.

2) Royalty is paid to Polar Mining Oy and the payment obligation does not become effective until 203,000 oz of gold has been extracted, up to a maximum of EUR 1,500,000. So far, about 60 percent of this has been extracted. At the current rate of production, this payment obligation will come into effect in 2-3 years' time, at the earliest.

Note 27. Earnings per Share for the Group

KSEK	2021	2020
Before and after dilution		
Profit for the year attributable to the Parent Company's shareholders	-261,127	-196,864
Weighted average number of shares for calculation of earnings per share	207,698,232	117,810,761
Basic earnings per share	-1.26	-1.67
Diluted earnings per share	-1.26	-1.67

Earnings per share is calculated by dividing the profit/loss for the period payable to the parent company shareholders by the average total number of shares.

Note 28. Relationships and Transactions with Related

Relationships

The Parent Company's shares and participations in subsidiaries are reported in Note 12.

Information on Board members and Group Management and their remuneration are reported in Note 5, and in the Corporate Governance Report.

Transactions

In addition to the board fees paid to board members, some significant shareholders participated in the company's bridge loan issued in Q2 and Q3 2020, and in the directed issue in Q2 2020. In addition, the Chair of the Board and CEO participated in the bridge loan issued during Q2 2020.

Group internal transactions between parent company and other Group companies

KSEK	2021	2020
Net sales from other Group companies	8,400	–
Other external costs paid to other Group companies	4,581	3,409
Interest income from other Group companies	30,991	20,988
Interest expenses to other Group companies	80	136
Accounts receivable by subsidiaries at year-end	8,400	–
Loans to subsidiaries at year-end	536,505	395,032
Borrowed loans from subsidiaries at year-end	110,083	10,281

Note 29. Additional remarks on the cash flow statement

KSEK	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Interest payments				
Interest received				
External interest rates	–	–	–	–
Interest from subsidiaries	–	–	–	–
Total	–	–	–	–
Interest paid				
External interest rates	-5,014	-4,686	-5,014	-4,686
Interest rates for subsidiaries	–	–	–	–
Total	-5,014	-4,686	-5,014	-4,686

KSEK	Convertible loan	Bond	Bridge Loan	Leasing	Other interest-bearing items	Total
Cash-flow statement						
Borrowings	-80,792	–	–	–	–	-80,792
Amortization of loans	–	3,687	77,176	6,067	44,526	131,456

Note 30. Sensitivity Analysis

For the most important risks from financial instruments, see Note 14, to which the Group is exposed to are reported in Note 3. The table below shows the effects of a differences in an isolated variable with all other variables constant. All information pertains to the Group as a whole.

KSEK	Earnings after tax	Equity	Earnings after tax	Equity
Effect of exchange rate differences on loans between Group companies:				
+ 1% exchange rate difference in SEK – EUR	1,373	1,373	391	391
- 1% exchange rate difference in SEK – EUR	-1,373	-1,373	-391	-391
+ 1% exchange rate difference in SEK – USD	5,553	5,553	3,563	3,563
- 1% exchange rate difference in SEK – USD	-5,553	-5,553	-3,563	-3,563
Effect of exchange rate difference on external receivables in USD:				
+ 1% exchange rate difference in USD – EUR, converted to SEK at balance sheet date exchange rate	6	6	5	5
- 1% exchange rate difference in USD – EUR, converted to SEK at balance sheet date exchange rate	-6	-6	-5	-5

Note 31. Significant events after the end of the year

- On 4 January 2022, Endomines announced that the company had decided on a direct offering of convertibles to LDA Capital Limited.
- On 14 January 2022, Endomines announced that Mikko Sopanen had been appointed the new CFO.
- On 24 January 2022, Endomines announced that LDA Capital Limited would be partially converting its convertible bonds.
- On 3 February 2022, Endomines updated its production forecast for the Friday mine. Operations at the Friday mine and enrichment plant have been temporarily suspended. The company is focusing on underground drilling to gain an even better definition of the forms and limits of the ore. Intensification of operations is expected to continue once the drilling results are obtained, provided that the results are in line with expectations.
- On 3 February 2022, Endomines updated its production forecast for the Pampalo mine. Production continues being intensified, and the gold ore produced thus far is of higher quality than projected. Full production is forecast to be achieved in Q1 2022. Gold concentrate deliveries commenced in January and the enrichment plant has now achieved over 60% of its flow and drainage capacity.
- As announced on 18 February 2022, Endomines decided a fully-covered, direct issue of 28,571,429 shares to the company's bond holders, at a price of EUR 0.21 (the equivalent of SEK 2.2211) per

share, giving a total issue liquidity of EUR 6,000,000 (the equivalent of SEK 63,466,201) before issue costs. Endomines thereby secures a considerably stronger financial position to enable the continued progress and growth of its mine prospecting and development.

- The security situation in Europe deteriorated as a result of Russia invading Ukraine in February 2022. It has not had any significant impact on the company's operations.

At the disposal of the Annual General Meeting are (SEK):

Premium fund	966,830,479
Retained losses	-715,396,633
Result for the year	-272,166,250
Total	-20,732,404

Board's proposed allocation of profits for 2021

The Board proposes not to pay a dividend for the year 2021 and that the loss of SEK -20,732,404 be transferred to retained earnings.

SIGNING OF THE ANNUAL REPORT

The consolidated income statement and balance sheets will be presented by Annual General Meeting for adoption. The Board of Directors and the CEO ensure that the consolidated accounts has been established in accordance with international accounting standards IFRS as adopted by the EU and gives a true and fair view of the Group's position and earnings.

The annual report has been prepared in accordance with generally accepted accounting principles and gives a true and

fair view of the parent company's position and results. Management report for the Group and the parent company gives a true overview of the development of the Group's and the Parent Company's operations, position and position results and describes significant risks and uncertainties such as the Parent Company and the companies included in the Group stand in front of.

Stockholm, 25th of April 2022

Ingmar Haga

Chairman of the Board

Jeremy Read

Board Member

Eeva Ruokonen

Board Member

Jukka-Pekka Joensuu

Board Member

Markus Ekberg

Board Member

Our auditor's report has been submitted on the 27th of April 2022

PricewaterhouseCoopers AB

Anna Rozhdestvenskaya

Authorized Public Accountant

AUDITOR'S REPORT Unofficial translation

To the general meeting of the shareholders of Endomines AB (publ), corporate identity number 556694-2974

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Endomines AB (publ) for the year 2021, except for the corporate governance statement on pages 20-24. The annual accounts and consolidated accounts of the company are included on pages 12-19 and 25-55 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 20-24. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are

further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal control, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and control, and the industry in which the group operates.

The parent company and its Finnish subsidiaries Endomines Oy, Endomines Finland Oyj and Kalvinit Oy have been subject to statutory auditing, while Endomines Idaho LLC has been subject to a specified audit procedures for group purposes. In preparing our audit plan, we have determined the audit efforts that will be made for each company.

The Group team has performed the audit of the Parent Company, audit of the consolidation, audit of the annual report, au-

dit of significant assumptions and judgments as well as the review of the Group's impairment testing. Based on the audit efforts carried out, we believe that we have obtained sufficient audit evidence to be able to express an opinion on the financial reports as a whole.

Our audit is performed on an ongoing basis throughout the year. In connection with the interim report for the half year and at the end of the year, we reported our most significant observations to the Group Management and the Audit Committee. Regarding the interim report for the six months, we submitted auditors report on review.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS

HOW OUR AUDIT TOOK INTO ACCOUNT THE PARTICULARLY IMPORTANT AREA

Impairment testing of tangible and intangible assets and shares in subsidiaries

The group's intangible and tangible assets amount to a significant amount. As of 31 December 2021, the intangible and tangible assets in USA and Finland include various permits and capitalized exploration costs, buildings and machinery amounting to SEK 319 million respectively SEK 202 million. In accordance with the requirements stated in IFRS 6 and IAS 36, the company tested whether there were indications of impairment.

In Note 3 Significant accounting estimates and judgements, Note 7 Depreciation and impairment, Note 10 The Group's intangible and tangible fixed assets there is a description of the principles for impairment testing, previous impairment and the outcome of this year's impairment test. Impairment tests for tangible fixed assets are based on the Company's internal production and business plan and assumptions on future development. The planning horizon is the estimated life of each mine plan. Impairment testing for intangible assets are performed based on the fair value for cash-generating units on the basis of forecast cash flows and internal business plans and forecasts.

The impairment tests have a significant sensitivity to gold prices and assumptions about the discount factor.

Based on the impairment tests, a write-down of assets allocated to Friday mine has been made amounting to SEK 122 million. There was no indication of impairment for tangible and intangible assets in Finland. More detailed information is available in Note 3, Note 7 and Note 10.

Impairment losses were identified during the impairment test of shares in subsidiaries. As a result, shares in the Finnish subsidiary Endomines Oy have been written down by SEK 24 million and shares in the American subsidiary Endomines Idaho LLC have been written down by SEK 237 million. More detailed information can be found in Note 3 Important estimates and assessments for accounting purposes as well as Note 12 Shares in subsidiaries.

Our audit included procedures to verify that assets have been recognised according to applicable accounting policies and that the impairment tests have been performed by the use of generally accepted valuation methods, are mathematically correct, and by the use of reasonable assumptions.

In our audit we have performed, among others, the following procedures: Assessed the model used by the Group for impairment testing of the Friday mine and evaluated the significant assumptions for establishing forecasted cash flows and discount interest rates used for calculating the value-in-use of the cash generating units. In our evaluation, we have compared the historic business performance and the Group's forecasts and strategic planning as well as with external data sources when possible and relevant.

For the exploration assets our audit procedures included a audit of the company valuation report and resources. We verified that the assumptions applied in the forecast of future cash flows are consistent with external data sources when possible and relevant. We also evaluated management's sensitivity analysis of changes in the assumptions that could lead to further impairment.

We audited related disclosures and that they met the requirements of IAS 36.

KEY AUDIT MATTERS

HOW OUR AUDIT TOOK INTO ACCOUNT THE PARTICULARLY IMPORTANT AREA

Financing/Going concern

The Company's business is capital-intensive. Access to financing is required to conduct exploration and mine expansion. As in previous years, the Company reported a loss in 2021 and had negative cash flow. This resulted in stressed liquidity and a need to secure the long-term financing for the Group.

The Board and management are actively involved in continuing to seek new financing that makes it possible for the company to implement its long-term growth strategy. On January 4, 2021, Endomines Extraordinary General Meeting resolved to approve the Board's decision of 30 November 2020 on rights issue. As a result of the rights issue Endomines raised SEK 214 million before transaction costs.

In May 2021, Endomines entered into a comprehensive financing package of EUR 14 million with LDA Capital Limited. The financing package was approved by the Annual General Meeting on June 10, 2021. The financing package includes convertible notes amounting to EUR 6 million and a put option agreement amounting to EUR 8 million. On January 4, 2022, Endomines AB announced a directed issue of convertibles to LDA Capital EUR 2 million. On February 18, 2022, the company announced a fully guaranteed direct issue of EUR 6 million.

In addition, Endomines Oy has in 2021 entered into financing agreements with a group of Finnish investors amounting to a total of EUR 7.5 million.

These financing arrangements with the increasing sales revenues from the business give the company a stronger financial position for further development and growth of its mining, exploration and project development portfolio in 2022. The company is also actively reviewing new financing opportunities to accelerate the exploration and mining development of its assets.

At 31 December 2021, the Group's cash and cash equivalents amounted to SEK 12 million.

We have reviewed the liquidity forecast prepared by management and approved by the Board. According to the liquidity forecast, which includes additional planned funding, the company has sufficient funds to run the business twelve months after the end of the reporting period.

We have examined the most significant assumptions on which the forecast is based. Furthermore, we analysed the performance of operations and the outcome of the forecast events from the start of the reporting period until the submission of the auditor's report.

We examined the application of the accounting policies and the related disclosures submitted in the annual report pertaining to the Company's financing and found these appropriate.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-11 and 24-25. The other information also consists of the remuneration report, which we expect to have access to after the date of this audit report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director

intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Endomines AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those

standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Endomines AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Endomines AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the audi-

tor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Endomines AB (publ) by the general meeting of the shareholders on the 10 June 2021 and has been the company's auditor since before annual general meeting 2013.

Stockholm 27 April 2022
PricewaterhouseCoopers AB

Anna Rozhdestvenskaya
Authorized Public Accountant



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