

If you have any questions regarding the information described in this Management Information Circular or require assistance in voting your shares, please contact Kingsdale Advisors at 1-855-682-2023 (toll free in North America) or +1 416-867-2272 (collect outside of North America) or by email at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com)



Creating a premier African gold producer

## NOTICE OF 2018 ANNUAL GENERAL MEETING

Meeting Date: June 26, 2018

## MANAGEMENT INFORMATION CIRCULAR

[www.endeavourmining.com](http://www.endeavourmining.com)



## Letter from the Chairman of the Board

Dear Shareholders,

It is our pleasure to invite you to Endeavour's 2018 Annual General Meeting, which will be held on June 26, 2018 at 7 boulevard des Moulins, Monaco. A number of resolutions will be proposed, and your vote is important. You can vote by proxy on the Internet, by phone, by fax or by mail. You can also vote in person at the meeting if you are a registered shareholder. This Circular provides details about the items to be considered at the Meeting.

**236%**

TOTAL SHAREHOLDER  
RETURN OVER 2016-2017,  
BEATING THE S&P TSX  
GLOBAL GOLD INDEX,  
WHICH WAS UP 51%

**663 koz**

RECORD ANNUAL GOLD  
PRODUCTION LEVEL

**\$869/oz**

RECORD LOW ALL-IN-  
SUSTAINING COST

SUCCESSFUL BUILD AND  
COMMISSIONING OF  
HOUNDÉ AHEAD OF  
SCHEDULE IN 2017

- You will be electing the 8 members of your Board.** All of the individuals nominated for election as directors are currently members of the Board. This Circular includes a profile on each nominated director, along with information concerning his or her participation on our committees and ownership of equity securities in Endeavour.
- You will be appointing your auditors.** The Board recommends that Deloitte LLP be reappointed as auditors.
- You will be asked to consider a non-binding advisory resolution accepting the Corporation's approach to executive compensation.** This new annual advisory vote is being adopted to further underline the Corporation's commitment to enhanced governance practices in the wake of the many changes implemented since 2016.

The Board is responsible for the supervision of the management of the business and this Circular contains information about our philosophy, strategy, policies and programs. The following summary table provides a Corporate Governance snapshot.

|  |          |   |   |
|--|----------|---|---|
| Size of the proposed Board                           | <b>8</b> | Policy on interlocking directors                          | ✓ |
| Number of independent directors                      | <b>7</b> | Director share ownership guidelines                       | ✓ |
| All committee members are independent                | ✓        | New director orientation                                  | ✓ |
| Directors are elected annually                       | ✓        | Continuing director development                           | ✓ |
| Directors are elected individually                   | ✓        | Regular assessment of the Board and its committees        | ✓ |
| Majority voting policy for the election of directors | ✓        | Code of business conduct and ethics rooted in core values | ✓ |
| The roles of Chair and CEO are separate              | ✓        | Mechanisms to ensure Board renewal                        | ✓ |
| Anti-hedging policies                                | ✓        |   |   |

In 2016, we set out a new five-year strategy which seeks to drive value from our operational strength in West Africa, our project development track record and pipeline, a reinvigorated and well-funded long-term exploration program, and sound management of the balance sheet and the portfolio of assets.

In last year's management information circular we articulated the need to enhance the previous governance framework; this included re-evaluating the philosophy and methodology of our compensation system, bringing it into better alignment with the new strategy and shareholder interests.

During 2017, we continued to refine our internal policies and procedures, while aiming for more transparent disclosure and more efficient communication with our shareholders and other stakeholders. In what was a busy year for the business, we took considerable steps forward towards achieving our objectives, further details of which are contained in the CEO's letter and throughout this Circular. With regards to governance, I highlight the following milestones:

- we strengthened the Board to reflect a desire for additional operating and technical experience with the nomination of Jim Askew in July;
- we promoted Jeremy Langford as Chief Operating Officer upon Attie Roux's retirement, reflecting our preference for internal talent development; and
- recognising that constant enhancement to the foundations of the business is important, we revised and adopted numerous best-practice policies and procedures, aimed at strengthening the administration and control environment, specifically in important areas such as anti-bribery and anti-corruption prevention, education and systems, as well as on human rights and corporate social responsibility;

Your participation as a shareholder is very important to us. Please review this Circular before exercising your vote, as it contains important information relating to the business of the Meeting.

Thank you for your support and continued confidence in Endeavour Mining.

Sincerely,



Michael Beckett  
Chair of the Board

May 18, 2018

## Letter from the Chief Executive Officer and President

Dear Shareholders,

I would like to thank you for your continued support during 2017. The year was marked by important progress as we built on the foundations of the new strategy set out in 2016. As you know, the aim of this strategy is to transform Endeavour into a premier low-cost African gold producer with a portfolio of mines having greater than 10 years' mine life, and producing gold at all-in sustaining costs of less than US\$800 per ounce.

To recap, the drivers of our medium-term strategy rest on four key pillars: operational excellence, project development, unlocking exploration value, and balance sheet and portfolio management. In what was a particularly busy year for the group, we took considerable steps towards achieving our objectives under each of those pillars, as discussed below:

### **1. Operational Excellence**

Endeavour has a proven track record of operating in West Africa, with 2017 marking the seventh year we have met guidance. Our management team possesses deep experience in the region and is supported by a strong operations team. Our Regional Operations Centre is based in Abidjan, placing operational management close to our assets and our stakeholders.

We increased production by 12% in 2017 to 663,000 ounces of gold, decreased all-in sustaining costs (AISC) by 2% to US\$869, and increased all-in cash margin to US\$162 million, a 9% increase from 2016. While recognising those achievements, 2017 was also a transitional year for Endeavour as the steps taken have set the stage for higher quality and scale of production in 2018 and beyond.

Last year's strong performance leaves us in a solid position to continue to increase production in 2018 to 670,000 to 720,000 ounces while decreasing the group's AISC to US\$840-890/oz.

### **2. Project Development**

We continued to build on the Company's construction track record by successfully completing construction of Houndé ahead of schedule and under-budget. Nameplate capacity was achieved within weeks following the introduction of first ore to the plant, with commercial production declared on November 1, 2017.

In September of last year, the Projects team was also mobilised to begin development of the Ity CIL project in Côte d'Ivoire, where construction is on schedule and on budget, with first gold expected in Q2 2019.

Project development will remain an important focus for Management in 2018 with Ity CIL project construction ongoing, and an updated feasibility study in the works for the Kalana project expected by year-end.

### **3. Unlocking Exploration Value**

A vital part of our strategic vision is to capitalise on the potential in our exploration portfolio, one of the largest and most promising in West Africa and currently covering more than 10,090 square kilometers with more than 200 exploration targets.

Following the strategic review of our exploration portfolio in late 2016, we committed to an ambitious five-year discovery target of 10-15 million ounces of indicated gold resources, which would represent a doubling of the resource base in place at the time the strategy was announced. Since then we have discovered 2.3 million indicated ounces and believe we are on-track to achieve this target.

In 2017 the priority was to increase Ity's Indicated resources so that we could adequately size the plant for construction. This effort led to the addition of over 1 million ounces of Indicated resources and translated to an upsized 4Mtpa plant from the previous 3Mtpa case in the 2016 feasibility study. Additional notable successes were the confirmation of high-grade mineralization at several targets near the Houndé plant (which will be a focus in 2018), further discoveries in the greater Ity area, the launch of an exploration joint venture with Randgold in Côte d'Ivoire, and the consolidation of greenfield exploration tenements.

Exploration continues to be a central theme for us in 2018 with a company-wide exploration program of between US\$40-45 million. The main areas of focus will be near-mine exploration at Houndé, an intensive exploration campaign at Kalana during H1-2018 (with the aim of publishing an updated resource by mid-year), continuing to build on Ity's exploration success, and ramping up greenfield exploration (which represents 40% of the 2018 exploration budget).

### **4. Balance Sheet and Portfolio Management**

Our strategy is to improve our asset quality over time, which will ultimately drive greater cash flow generation. Regarding the company's project development funding requirements, in our reformulated 2016 strategy we highlighted the importance of maintaining a healthy financial structure, characterized by low net debt, strong liquidity and ample financing sources.

The company's financial position remains strong and conservative, notwithstanding an investment of US\$320 million in growth projects over the course of the year.

We funded the 2017 investment program with more than US\$100 million of cash generated from operations and by drawing on our debt facilities. As a result, net debt at year-end was US\$232 million, with leverage remaining at a healthy ratio of 1.05 times Net Debt to Adjusted EBITDA.

At year end, we had available liquidity of US\$323 million, comprised of US\$123 million in available cash and US\$200 million in an undrawn bank credit facility. Subsequent to year-end our liquidity position improved with the issuance of a 5-year US\$330 million convertible bond in February. We then took the step of downsizing our available bank facility from US\$500 million to US\$350 million, resulting in an overall liquidity position of US\$503 million.

In line with Endeavour's aim to focus on high quality assets (and following on from the sale of our non-core Youga mine in 2016) in 2017 we sold our non-core Nzema mine in Ghana (short mine life, low exploration potential and high AISC) and strengthened our development pipeline with the addition of the Kalana project (long mine life, high exploration potential, low AISC, and attractive IRR). Meanwhile, in April we acquired an additional 25% interest in the Ity CIL project in Côte d'Ivoire, taking our ownership to 80%.

Where 2016 reset our strategy, 2017 demonstrated the strategy in action; it has been an exceptionally busy but exciting time for Endeavour. Through the various successes across our four strategic pillars we have been able to create significant value for our shareholders with a total shareholder return of 236% over the past two years and 28% in 2017. That performance significantly exceeds the S&P TSX Global Gold Index during both periods, which returned 51% and 1% respectively.

I would like to end by reiterating our gratitude to you, our shareholders, and also by thanking the entire Endeavour team for their dedication in 2017. We look forward to continuing to implement the strategy in 2018 and beyond.

Sincerely,

A handwritten signature in black ink, appearing to be 'S. de Montessus', written in a cursive style.

Sébastien de Montessus  
CEO and President

May 18, 2018

## NOTICE OF 2018 ANNUAL GENERAL MEETING

- Date & Time** June 26, 2018 at 2:00 p.m. (CEST) (the "**Meeting**").
- How to Participate** Attend in person at Bureau 76, 7 Boulevard des Moulins, 98000 Monaco, if you are a registered shareholder, or submit your proxy or voting instruction form in accordance with the instructions set out in the accompanying management information circular (the "**Circular**") of Endeavour Mining Corporation (the "**Corporation**") dated May 18, 2018.
- Meeting Materials** It is important that you review the accompanying Circular before exercising your vote, as it contains important information relating to the business of the Meeting.
- Business of the Meeting** The Meeting is being held for the following purposes:
1. to receive and consider the consolidated financial statements of the Corporation for the year ended December 31, 2017 and the report of the auditors thereon;
  2. to appoint Deloitte LLP, Chartered Professional Accountants, as Auditors of the Corporation for the ensuing year at a remuneration to be fixed by the directors;
  3. to elect directors as more particularly described in the accompanying Circular;
  4. to consider, and if deemed advisable, pass, with or without variation, a non-binding advisory resolution accepting the Corporation's approach to executive compensation; and
  5. to transact such other business as may be properly transacted at such Meeting or at any adjournment thereof.
- Voting Entitlement** The Board of Directors of the Corporation has fixed the close of business on May 17, 2018 as the record date of the Meeting, being the date for determination of the registered holders of ordinary shares of the Corporation entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

**Any questions regarding voting your Shares should be directed to our strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, who can be reached by toll-free telephone in North America at 1-855-682-2023, by collect call outside North America at +1 416-867-2272, or by email at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).**

Dated as of the 18th day of May, 2018.

By order of the Board of Directors,

"Sébastien de Montessus"

Sébastien de Montessus

Chief Executive Officer, President & Director



## 2018 MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "**Circular**") has been prepared for the holders of ordinary voting shares ("**Shares**") of Endeavour in connection with our Annual General Meeting of shareholders to be held on June 26, 2018 (the "**Meeting**"). References in this Circular to the Meeting include any adjournment(s) or postponement(s) thereof.

In this Circular, "you", "your" and "shareholder" refer to direct and indirect holders of Shares and "we", "us", "our", "Endeavour" and the "Corporation" refer to Endeavour Mining Corporation, unless otherwise indicated.

Information in this Circular is as of May 18, 2018, unless otherwise indicated. All dollar figures are in US dollars, unless otherwise indicated.

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SCHEDULE "A" - Board of Directors Corporate Governance Guidelines

## 1. VOTING AND OTHER IMPORTANT INFORMATION

### 1.1 Solicitation of Proxies

Both the Board of Directors (the "**Board**") and management of Endeavour encourage you to vote at the Meeting. We are soliciting proxies for the Meeting to be held on June 26, 2018 or any adjournment or postponement thereof at the time and place and for the purposes set forth in the accompanying notice of Meeting. Proxies may also be solicited personally or by telephone, facsimile, mail or electronically by the directors and regular employees of the Corporation at a nominal cost to the Corporation.

Kingsdale Advisors has been retained by the Corporation as our strategic shareholder advisor and proxy solicitation agent in connection with the solicitation of proxies for the meeting. Shareholders can contact Kingsdale Advisors either by mail at Kingsdale Advisors, The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario M5X 1E2, by toll-free telephone in North America at 1-855-682-2023 or collect call outside North America at +1 416-867-2272, or by email at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com). The Corporation will pay Kingsdale Advisors a fee of approximately \$35,000, plus reasonable out-of-pocket expenses, for these services.

### 1.2 Voting Procedures

Endeavour's shareholders consist of registered (or direct) shareholders, beneficial (or indirect) shareholders. You are a registered shareholder if your name appears on a physical share certificate or DRS advice issued by the Corporation's transfer agent. You are a beneficial shareholder if you hold Shares through an intermediary, such as a bank, trust company, securities dealer, broker or other nominee or a clearing agency. Most of Endeavour's shareholders are beneficial shareholders.

#### 1.2 (a) Registered Shareholders

Registered shareholders have two methods by which they can vote their Shares at the Meeting: in person or by proxy. To ensure representation at the Meeting, registered shareholders are encouraged to complete and return the form of proxy enclosed with the Meeting materials mailed to them whether or not they intend to attend the Meeting. Sending in a form of proxy will not prevent a registered shareholder from voting in person at the Meeting; if the Meeting is attended, the registered shareholder's vote will be taken and counted at the Meeting.

A shareholder appointing a proxyholder may indicate the manner in which the appointed proxyholder is to vote regarding any specific item by checking the space opposite the item on the proxy. The Shares represented by the proxy submitted by a shareholder will be voted or withheld from voting in accordance with the directions, if any, given in the proxy. If the shareholder giving the proxy wishes to confer a discretionary authority regarding any item of business, then the space opposite the item should be left blank; your proxyholder will thereby be entitled to vote your Shares as he or she thinks fit.

**A shareholder can appoint another person, who need not be a shareholder, to represent such shareholder at the Meeting by inserting such person's name in the blank space provided in the form of proxy and striking out the names of the persons designated by management in the form of proxy, or by completing another proper form of proxy. If you appoint the persons designated by management in the form of proxy as your proxyholder, such proxyholder will, unless you give contrary instructions, vote the Shares represented by the proxy for or in favour of all matters described herein.**

Proxies must be completed in accordance with the instructions provided on the form of proxy and must be received by the Corporation's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by 2:00 p.m. (CEST)/ 5:00 a.m. (PST) / 8:00 a.m. (EST) on June 22, 2018, or not less than 48 hours before the commencement of any adjournment or postponement of the Meeting. Registered shareholders must return the properly completed proxy to Computershare as follows:

1. **By mail or personal delivery** to Computershare, 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1;
2. **By fax** to Computershare, to the attention of the Proxy Department at 1-866-249-7775 (toll free within Canada and the U.S.) or +1 416-263-9524 (international);
3. **By telephone** by calling 1-866-732-8683 (toll free within Canada or the U.S.) from a touch tone telephone and referring to your control number provided on the form of proxy delivered to you; or
4. **Over the internet** by going to [www.investorvote.com](http://www.investorvote.com) and following the online voting instructions given to you and referring to your control number provided on the form of proxy delivered to you.

The Chairman of the Meeting will have the discretion to accept or reject proxies deposited in any other manner, including waiving the time limit for deposit of proxies without notice.

**Only registered shareholders are entitled to attend and vote their Shares at the Meeting in person. Alternatively, you can vote your Shares at the Meeting by proxy.** You are a registered shareholder if your name appears on a physical share certificate or DRS advice issued by the Corporation's transfer agent. If you are a registered shareholder and plan to attend the Meeting at Bureau 76, 7 Boulevard des Moulins, 98000 Monaco, on June 26, 2018 at 2:00 p.m. (CEST), and wish to vote your Shares in person, please register with the scrutineer upon arrival at the Meeting.

If you have any questions or require more information with respect to voting your Shares at the Meeting, please contact our proxy solicitation agent, Kingsdale Advisors, by email at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com) or by telephone at 1-855-682-2023 (toll-free within North America) or +1 416-867-2272 (collect outside North America).

#### **1.2 (a)(i)      *Revocation of a Proxy***

Registered shareholders who have given a proxy may revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy. Registered shareholders may revoke a proxy by depositing a written instrument giving notice of revocation: (a) at the office of Computershare set out above or at the registered office of Endeavour on or before the last business day preceding the day of the Meeting at which the proxy is to be used; or (b) with the Chairman of the Meeting on the day of the Meeting (prior to the commencement of the Meeting). The written notice of revocation may be executed by the registered shareholder or by an officer or attorney upon presentation of written authorization of the shareholder.

In addition, a proxy may be revoked by (a) the registered shareholder executing another form of proxy bearing a later date and depositing the same at the offices of Computershare prior to the deadline for depositing proxies set out above; or (b) by the registered shareholder personally attending the Meeting,

identifying himself or herself to the scrutineer as a registered shareholder as of the Record Date present in person, and voting his or her Shares. A proxy may also be revoked by any other method permitted by applicable law.

## 1.2 (b) Beneficial Shareholders

***The information set out in this section is important to many of Endeavour's shareholders as a substantial number of shareholders do not hold their Shares in their own names.***

If your Shares are not registered in your name, they will be held by an intermediary, such as a bank, trust company, securities broker or other financial institution, on your behalf as a beneficial shareholder. There are two kinds of beneficial shareholders:

1. Objecting Beneficial Owners: those who object to their name being made known to the issuers of securities which they own (called "**OBOs**"); and
2. Non-Objecting Beneficial Owners: those who do not object (called "**NOBOs**").

Endeavour has distributed materials for the Meeting to intermediaries for distribution to beneficial shareholders (both NOBOs and OBOs). Typically, intermediaries will use a service company, such as Broadridge Financial Solutions, Inc. ("**Broadridge**"), to forward meeting materials to beneficial shareholders. Beneficial shareholders who have not waived the right to receive meeting materials will also receive either a voting instruction form ("**VIF**") or, less frequently, a form of proxy. The purpose of these forms is to permit beneficial shareholders to direct the voting of the Shares they beneficially own.

Endeavour may use the Broadridge QuickVote™ service to assist non-registered Shareholders with voting their Shares over the telephone. Alternatively, Kingsdale Advisors may contact such non-registered Shareholders to assist them with conveniently voting their Shares directly over the phone. If you have any questions about the Meeting, please contact Kingsdale Advisors by telephone at 1-855-682-2023 (toll-free in North America) or +1 416-867-2272 (collect outside North America) or by email at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).

**Each intermediary will have its own procedures to permit voting of Shares held on behalf of beneficial shareholders, including requirements as to when and where proxies or VIFs are to be delivered. Beneficial shareholders should carefully follow the instructions provided by their intermediary to ensure that their Shares are voted at the Meeting.**

If you are a Beneficial Endeavour Shareholder and wish to:

- change voting instructions given to your intermediary; or
- revoke voting instructions given to your intermediary,

follow the instructions given by your intermediary or contact your intermediary to discuss what procedure to follow.

If you have any questions or require more information with respect to voting your Shares at the Meeting, please contact our proxy solicitation agent, Kingsdale Advisors, by email at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com) or by telephone at 1-855-682-2023 (toll-free within North America) or +1 416-867-2272 (collect outside North America).

In addition, Management of Endeavour has elected to pay to distribute its meeting materials to the OBOs.

### **1.3 Quorum and Votes Necessary to Pass an Ordinary Resolution**

Under Endeavour's articles of association, the quorum for the transaction of business at the Meeting consists of two or more registered shareholders holding at least five per cent (5%) of the paid up voting share capital of Endeavour present in person or by proxy.

The resolutions to be submitted to Endeavour shareholders at the Meeting are ordinary resolutions requiring the approval of a simple majority (50% plus one vote) of the votes cast.

### **1.4 Voting Shares and Principal Holders Thereof**

The authorized capital of Endeavour is US\$30,000,000 divided into 200,000,000 Shares with a par value of US\$0.10 each, and 100,000,000 undesignated shares with a par value of US\$0.10 each, of which none of the undesignated shares have been issued.

Thursday, May 17, 2018 has been fixed in advance by the directors as the Record Date for the purposes of determining those Endeavour shareholders entitled to receive notice of, and to vote in person or by proxy at the Meeting or any adjournment or adjournments thereof. As at the close of business on the Record Date, Endeavour had 107,727,522 Shares issued and outstanding, each Share carrying the right to one vote.

At the Meeting on a show of hands, every individual who is present as a registered shareholder or as a representative of one or more registered corporate shareholders, or who is holding a proxy on behalf of an Endeavour shareholder who is not present at the Meeting, will have one vote, and on a poll every Endeavour shareholder present in person or represented by proxy and every person who is a representative of one or more corporate Endeavour shareholders, will have one vote for each Share of which such person, or the person represented, is the holder. At the Meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by one or more shareholders present in person or by proxy entitled to vote. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting shall be entitled to a second or casting vote.

To the knowledge of the directors and senior officers of Endeavour, no person beneficially owns, directly or indirectly, or exercises control or direction over, Shares carrying 10% or more of the voting rights attached to all the issued and outstanding Shares as at the date of this Circular, other than La Mancha Holding S.à.r.l. ("**La Mancha**"), a privately-held gold investment company which is controlled by the Sawiris family. As of the date of this Circular La Mancha directly or indirectly exercises control or direction over, 32,160,099 Shares, representing approximately 30% of the voting rights attached to all the issued and outstanding Shares as of the Record Date.

## 1.5 Caution on Forward-Looking Statements

This Circular contains "forward-looking statements". Forward-looking statements include, but are not limited to, statements with respect to Endeavour's plans or future financial or operating performance, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, commodity prices, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting timelines, requirements for additional capital, sources and timing of additional financing, economic, political and regulatory conditions, realization of unused tax benefits and the future outcome of legal and tax matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "will continue" or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "have potential" or "will be taken", "occur" or "be achieved". The material factors or assumptions used to develop material forward-looking statements are disclosed throughout this document and other publicly-available filings of Endeavour. Factors that could cause future results or events to differ materially from current expectations expressed or implied by the forward looking statements include the ability to deliver gold production growth coupled with a further decline in total cash cost per ounce produced and a reduction in capital expenditures in 2018, attaining 2018 production guidance of 670-720koz of gold at a group level AISC of \$840-890/oz, the ability to fund all of Endeavour's cash requirements for 2018 with existing sources of liquidity and forecasted cash flow from operations, the ability to carry out the planned 2018 exploration program and obtain results within anticipated schedules, political and social stability in West Africa (including Endeavour's ability to maintain or renew licenses and permits) and other risks described in this AIF and in other documents filed from time to time with Canadian securities regulatory authorities.

Forward-looking statements, while based on management's best estimates and assumptions, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Endeavour to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the successful integration of acquisitions; risks related to international operations; risks related to joint venture operations; risks related to general economic conditions and credit availability; actual results of current exploration activities; unanticipated reclamation expenses; changes in project parameters as plans continue to be refined; fluctuations in prices of metals including gold; fluctuations in foreign currency exchange rates; increases in market prices of mining consumables; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which Endeavour operates; actual resolutions of legal and tax matters, as well as those factors discussed in the section entitled "Risk Factors" in the Corporation's most recent Annual Information Form, a copy of which is available under Endeavour's "SEDAR" (System for Electronic Document Analysis and Retrieval) profile at [www.sedar.com](http://www.sedar.com). Although Endeavour has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ

materially from those anticipated in such statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. Except as required under applicable securities legislation, Endeavour undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

## 2. BUSINESS OF THE MEETING

### 2.1 Receiving the Audited Consolidated Financial Statements

The audited consolidated financial statements of the Corporation for the year ended December 31, 2017 are available on the Corporation's website at [www.endeavourmining.com](http://www.endeavourmining.com) and under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com), and have been mailed to shareholders who requested them. Management will be available to review Endeavour's consolidated financial results at the Meeting, and there will be an opportunity for discussion of these results with shareholders and proxyholders who are present.

### 2.2 Appointment of Auditor

The auditor of the Corporation since July 2, 2002 has been Deloitte LLP, Chartered Professional Accountants. The audit partner with primary responsibility for Endeavour's audit services is periodically rotated in accordance with regulatory requirements. Shareholders will be asked at the Meeting to vote for the appointment of Deloitte LLP as auditor of the Corporation until the next Annual General Meeting of Endeavour's shareholders at remuneration to be fixed by the Board.

Aggregate fees paid to Endeavour's auditor relating to the years ended December 31, 2017 and 2016 were as follows:

|                               | December 31, 2017<br>(C\$) | December 31, 2016<br>(C\$) |
|-------------------------------|----------------------------|----------------------------|
| Audit Fees <sup>(1)</sup>     | 1,923,000                  | 1,713,000                  |
| Tax Fees <sup>(2)</sup>       | 476,000                    | 560,959                    |
| All Other Fees <sup>(3)</sup> | Nil                        | 44,485                     |
| Total Fees                    | 2,399,000                  | 2,318,444                  |

- (1) "Audit Fees" are the aggregate fees billed by the auditors for audit services.
- (2) "Tax Fees" are fees for tax compliance work, preparing the annual tax returns and tax planning issues.
- (3) "All Other Fees" are the aggregate fees paid to the auditors for general advisory services and other audit related services.

**The Board recommends that Endeavour shareholders vote FOR the appointment of Deloitte LLP as the auditor of Endeavour for the 2018 fiscal year and for the authorization of the Board to set their remuneration. It is intended that all proxies received will be voted in favour of the appointment of Deloitte LLP as auditor of the Corporation unless a proxy contains instructions to withhold the same from voting.**

## 2.3 Election of Directors

Shareholders are being asked to elect a Board comprised of eight members, namely:

|                        |                |               |
|------------------------|----------------|---------------|
| Michael Beckett        | James Askew    | Ian Cockerill |
| Olivier Colom          | Livia Mahler   | Wayne McManus |
| Sébastien de Montessus | Naguib Sawiris |               |

Information about the individual director nominees can be found on pages 10 to 14 of this Circular. Directors appointed at the Meeting will hold office until the next annual general meeting or until their successors are elected or appointed. All of the nominees are currently directors of Endeavour and all nominees, except for Sébastien de Montessus, Chief Executive Officer and President of Endeavour, are independent of Endeavour. Naguib Sawiris and Jim Askew, though nominees of our 30% shareholder, La Mancha, are independent of Endeavour.

### 2.3 (a) Majority Voting

On the recommendation of the Corporate Governance & Nominating Committee, the Board has adopted a majority voting policy pursuant to which any nominee proposed for election as a director, other than in a contested election, who receives, from the Shares voted at the Meeting in person or by proxy, a greater number of votes withheld than votes in favour of their election, must immediately tender his or her resignation to the Chairman of the Board, effective upon acceptance by the Board. The Corporate Governance & Nominating Committee will consider the director's offer to resign and make a recommendation to the Board whether to accept it within 90 days of the Meeting. In its deliberations, the Corporate Governance & Nominating Committee may consider any exceptional circumstances as to why the Board should not accept the resignation of the tendering director and any other factors that the members of the Board consider relevant. The Board will accept the resignation absent exceptional circumstances. The Corporation will promptly issue a press release with the Board's decision which, if applicable, shall include reasons for not accepting a resignation.

The tendering director will not participate in any Corporate Governance & Nominating Committee or Board deliberations on the resignation offer.

**The Board recommends that Endeavour shareholders vote FOR the election of each of the nominees as a director. It is intended that all proxies received will be voted in favour of the election of the nominees whose names are set forth above unless a proxy contains instructions to withhold the same from voting.**

## 2.4 Say on Pay Advisory Vote

On May 14, 2018 the Board adopted an annual advisory vote on executive compensation ("**Say on Pay**") in order to provide shareholders of the Corporation a formal opportunity to show their approval or disapproval of the Corporation's executive compensation policies. The Board regularly reviews its governance and compensation practices and decided to adopt the Say on Pay after a review of market practices and in consideration of its enhanced corporate governance profile. The objective of the Say on Pay is to promote constructive engagement with the Corporation's shareholders regarding the principles and policies the Board uses in making executive compensation decisions.

The Say on Pay vote requires an affirmative vote of a majority of the votes cast. While the results of the Say on Pay will not be binding, the Board is fully responsible for compensation decisions and will not be relieved of these responsibilities. The Board will take into consideration the results of the Say on Pay when considering future policies, procedures and decisions related to executive compensation and in determining whether there is a need to increase the engagement with shareholders.

At the Meeting, the shareholders of the Corporation will be asked to consider a non-binding advisory resolution on executive compensation, known as "Say on Pay", as follows:

**"BE IT RESOLVED THAT** on an advisory basis, and not to diminish the role and responsibilities of the Board, the shareholders support the executive compensation and the framework for remuneration disclosed in the Corporation's management information circular delivered in advance of the June 26, 2018 annual and special meeting of shareholders."

**The Board recommends that Endeavour shareholders vote FOR the Say on Pay resolution. More information regarding the Corporation's executive compensation approach can be found in the Compensation Discussion & Analysis section beginning on page 24.**

## **2.5 Other Business**

Following the conclusion of the formal business of the Meeting, management of Endeavour will invite questions and comments from shareholders.

As of the date of this Circular, management is not aware of any changes to the items of business of the Meeting listed above and does not expect any other business to be brought forward at the Meeting. If there are changes or new business, your proxyholder will be entitled to vote your Shares as he or she sees fit.

### 3. BOARD OF DIRECTORS

#### 3.1 About our Nominees



**MICHAEL BECKETT**  
London, England  
*Director and Chairman*  
(Independent)

**Principal Occupation:** Various Chairman and Director appointments

**Director since:** July 26, 2002

**Shareholdings:**  
16,000 Shares and  
65,729 Deferred Share Units

**2017 total compensation:**  
US\$267,500 (39% cash, 61% DSUs)

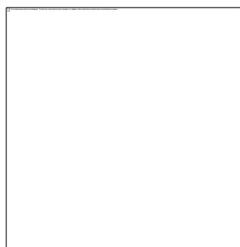
**Other Public Company Directorships:**  
None

Michael Beckett is the Chairman of Endeavour. He has over 50 years' experience in the mining sector and has been involved in the development of some of the largest gold mines in the U.S., Africa and Papua New Guinea; iron ore mines in West Australia; industrial minerals in the Ukraine, Russia and Indonesia; and platinum in South Africa. Mr. Beckett was previously Chairman of Ashanti Goldfields Company Limited, Managing Director of Consolidated Gold Fields plc, Chairman of WBB Minerals Ltd, Clarkson plc, the Thomas Cook Group, MyTravel.

Mr. Beckett is a member of Endeavour's Audit Committee, Technical Committee and Corporate Governance & Nominating Committee and the chair of the Remuneration Committee and the Safety, Health & Environment Committee.

#### 2017 Meeting Attendance

| Board Meetings | Audit Committee | Corporate Governance | Remuneration | SH&E | Technical Committee |
|----------------|-----------------|----------------------|--------------|------|---------------------|
| 9/9            | 5/5             | 4/4                  | 2/2          | 4/4  | 3/3                 |



**JAMES ASKEW**  
Denver Colorado  
*Director* (Independent)  
– La Mancha nominee

**Principal Occupation:** Various Chairman and Director appointments

**Director since:** July 20, 2017

**Shareholdings:**  
4,083 Deferred Share Units

**2017 total compensation:**  
US\$82,500 (0% cash, 100% DSUs)

**Other Public Company Directorships:**  
OceanaGold Limited (Chairman)  
Syrah Resources Limited (Chairman)  
Evolution Mining Ltd.

Jim Askew is a mining engineer with more than 45 years of broad international experience as a Chief Executive Officer and board member for a wide range of international publicly listed mining and mining related companies. He also has extensive technical expertise in open pit and underground mines including design, construction and operations. Currently, he serves on the boards of several publicly listed resource companies.

#### 2017 Meeting Attendance

| Board Meetings | SH&E | Technical Committee |
|----------------|------|---------------------|
| 3/4            | 2/3  | 2/2                 |



**IAN COCKERILL**  
Johannesburg, South  
Africa  
*Director (Independent)*

**Principal Occupation:** Various Chairman and Director appointments

**Director since:** September 17, 2013

**Shareholdings:**  
9,400 Shares<sup>(1)</sup> and  
32,633 Deferred Share Units

**2017 total compensation:**  
US\$165,000 (42% cash, 58% DSUs)

**Other Public Company Directorships:**  
Orica Ltd.  
Ivanhoe Mines Ltd.  
Blackrock World Mining Trust

Ian Cockerill has over 40 years of experience in the mining industry, having been responsible for business development at AngloGold, and Chief Executive Officer of both Gold Fields Ltd. and AngloCoal, between 1999 and 2009. He is a non-executive director of Orica Ltd in Australia, the senior lead independent director of Ivanhoe Mines Ltd. (formerly Ivanplats) and non-executive Chair of Blackrock World Mining Trust.

Mr. Cockerill is a member of the Safety, Health & Environment Committee and the chair of the Technical Committee.

**2017 Meeting Attendance**

|                |      |                     |
|----------------|------|---------------------|
| Board Meetings | SH&E | Technical Committee |
| 9/9            | 3/4  | 3/3                 |

(1) Held indirectly by a family trust.



**OLIVIER COLOM**  
Paris, France  
*Director (Independent)*

**Principal Occupation:** Chairman of OC Advisory

**Director since:** October 1, 2016

**Shareholdings:**  
6,101 Deferred Share Units

**2017 total compensation:**  
US\$165,000 (42% cash, 58% DSUs)

**Other Public Company Directorships:**  
None

Olivier Colom is a former French diplomat and diplomatic adviser to President Nicolas Sarkozy, with extensive experience of African affairs. At the French Foreign Office, he helped to reform France's development aid programme before specialising in European Union affairs, notably economic, financial, budgetary and agricultural affairs. He has served as a diplomat in Oslo and London, where he was seconded to the office of UK Prime Minister Tony Blair in 2005-2006, and subsequently joined the French President's staff at the Elysée Palace in 2007, serving as diplomatic advisor and deputy "Sherpa" to President Nicolas Sarkozy. From 2013 to 2016, he was a member of the Edmond de Rothschild Group's Executive Committee. Mr. Colom is currently the chairman of OC Advisory. He is a graduate of the National School of Administration and the Institute of Political Studies in Paris, and holds a degree in General Public Law (Sorbonne) and a masters degree in International Law from Paris-X University.

**2017 Meeting Attendance**

|                |                      |              |
|----------------|----------------------|--------------|
| Board Meetings | Corporate Governance | Remuneration |
| 8/9            | 4/4                  | 2/2          |



**LIVIA MAHLER**  
Vancouver, Canada  
*Director (Independent)*

**Principal Occupation:** Chief Executive Officer of Computational Geosciences Inc.

**Director since:** October 1, 2016

**Shareholdings:**  
3,266 Deferred Share Units

**2017 total compensation:**  
US\$162,500 (69% cash, 31% DSUs)

**Other Public Company Directorships:**  
Ivanhoe Mines Ltd.

Livia Mahler has significant experience in corporate governance having sat on a number of Audit and Compensation committees. Ms. Mahler is currently an independent director and Chair of the Compensation Committee and member of the Audit Committee at Ivanhoe Mines (TSX:IVN) and is President and Chief Executive Officer of Computational Geosciences Inc., a company that provides geophysical data processing services to the mining and oil & gas industries. Ms. Mahler previously served on the Audit and Compensation committees of Diversified Royalty Corp. (TSX:DIV), Turquoise Hill Resources Ltd. (NYSE/TSX:TRQ) and DuSolo Fertilizers Inc. (TSXV:DSF). Ms. Mahler's background also includes 20 years of venture capital experience where she invested in technology companies and was widely recognized for her strategic insights into the Canadian venture industry. Ms. Mahler received a Bachelor of Science degree from the Hebrew University of Jerusalem and an MBA from the University of British Columbia.

**2017 Meeting Attendance**

|                |                 |      |                     |
|----------------|-----------------|------|---------------------|
| Board Meetings | Audit Committee | SH&E | Technical Committee |
| 8/9            | 5/5             | 4/4  | 3/3                 |



**WAYNE McMANUS**  
Grand Cayman, Cayman Islands  
*Director (Independent)*

**Principal Occupation:** Adjunct Professor of Accounting and Finance and Author of Accounting textbooks

**Director since:** July 26, 2002

**Shareholdings:**  
8,000 Shares and  
42,264 Deferred Share Units

**2017 total compensation:**  
US\$190,000 (52% cash, 48% DSUs)

**Other Public Company Directorships:**  
None

Wayne McManus has extensive work experience in the private banking sector, providing accounting and wealth management services for high net worth clients. He has earned an LL.M. in taxation, a JD, an MBA and has more than 20 years of college teaching experience. Mr. McManus is a Certified Public Accountant, holds the Chartered Financial Analyst designation and is a member of the CFA Institute.

Mr. McManus is the chair of Endeavour's Audit Committee and a member of the Corporate Governance & Nominating Committee and Remuneration Committee.

**2017 Meeting Attendance**

|                |                 |                      |              |
|----------------|-----------------|----------------------|--------------|
| Board Meetings | Audit Committee | Corporate Governance | Remuneration |
| 9/9            | 5/5             | 4/4                  | 2/2          |



**SÉBASTIEN DE MONTESSUS**  
 London, England  
*Director, Chief Executive Officer and President*  
 (Not Independent)

**Principal Occupation:** Chief Executive Officer and President of Endeavour

**Director since:** November 27, 2015

**Shareholdings:**  
 636,936 Performance Share Units<sup>(1)</sup>  
 105,290 Restricted Share Units

**2017 total compensation:**  
 See Summary Compensation Table, page 44

**Other Public Company Directorships:**  
 Evolution Mining Limited

Mr. de Montessus is the Chief Executive Officer and President of Endeavour. Mr. de Montessus was the Chief Executive Officer of La Mancha from 2012 to 2015. Under his leadership, La Mancha doubled its production through optimization efforts before undergoing a portfolio restructuring which enabled La Mancha to become the main shareholder of Evolution Mining Limited, a leading Australian gold miner. In September 2015, Mr. de Montessus was appointed to the board of Evolution Mining.

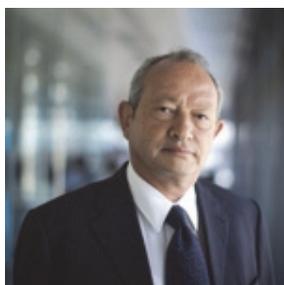
Prior to his role with La Mancha, Mr. de Montessus was a member of the Executive Board and Group Deputy CEO of AREVA Group (a world leader in nuclear energy) and CEO of AREVA Mining (uranium), where he oversaw the design and implementation of a five-year strategic plan, which saw AREVA Mining significantly increase profitability and become the largest uranium producer in the world with 6 mines in operation across Canada, Africa and Kazakhstan and a total turn-over of \$1.5B (2012). Mr. de Montessus was a board member of ERAMET, a world leader in nickel/manganese and alloy metals, between 2010 and 2012. Before joining AREVA in 2002, Mr. de Montessus was an investment banker at Morgan Stanley in London (M&A and Equity Capital Markets). Mr. de Montessus is a business graduate from ESCP-Europe Business School in Paris.

#### 2017 Meeting Attendance

Board Meetings

9/9

(1) Includes 489,096 performance shares units, economically equivalent to the 712,500 performance shares awarded to Mr. de Montessus under the U.K. Executive PSU Plan. See page 53 of this Circular.



**NAGUIB SAWIRIS**  
 Director (Independent)  
 – La Mancha nominee

**Principal Occupation:**  
 Businessperson

**Director since:** November 27, 2015

**Shareholdings:**  
 Nil<sup>(1)</sup>

**2017 total compensation:**  
 US\$140,000 (100% cash)

**Other Public Company Directorships:**  
 Orascom Telecom Media Technology Holding S.A.E  
 Evolution Mining Limited  
 Beltone Financial Holding S.A.E

Mr. Naguib Sawiris is Chairman of the Advisory Board of La Mancha, Chairman of the Board of Orascom TMT Investments S.à.r.l., and Chairman of Orascom Telecom Media and Technology Holding S.A.E. The Sawiris Family group has substantial interests in the telecom, construction, fertiliser, cement, real estate and hotel development industries and other businesses.

Mr. Sawiris founded Orascom Telecom Holding and developed it into a leading regional telecom player until a merger with VimpelCom Ltd created the world's sixth largest mobile telecommunications provider. Mr. Sawiris has received a number of honorary degrees, industry awards and civic honors, including the "Legion d'honneur", the highest award given by the French Republic for outstanding services rendered to France, the Honor of Commander of the Order of the "Stella della Solidarietà Italiana", and the prestigious "Sitara-e-Quaid-e-Azam" award for services rendered to the people of Pakistan in the field of telecommunication, investments and social sector

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work.

Mr. Sawiris serves on a number of additional Boards, Committees and Councils including the Egyptian Council for Foreign Affairs, and the Arab Thought Foundation. Mr. Sawiris has also served on the Advisory Committee to the NYSE Board of Directors and the International Advisory Board to the National Bank of Kuwait.

Mr. Sawiris holds a diploma of Mechanical Engineering with a Masters in Technical Administration from the Swiss Federal Institute of Technology Zurich ETH Zürich and a Diploma from the German Evangelical School, Cairo, Egypt.

### 2017 Meeting Attendance

Board Meetings

7/9

- 
- (1) 32,160,099 Shares are held by La Mancha Holding S.à.r.l., a privately-held gold investment company controlled by the Sawiris family. Mr. Sawiris is Chairman of the Advisory Board of La Mancha.

## 3.2 The Endeavour Board

During 2016, the Corporation completed the succession process from its founding CEO to Sébastien de Montessus. The Corporation adopted a new long-term growth strategy, unveiled in July 2016. To succeed in implementing an ambitious growth strategy and to manage risks facing the business, the Corporation sees the need for the Board to have a more engaged role in decision-making, as a business which is growing in scale and complexity requires more frequent and detailed input from the Board. With this in mind, the Board aims to meet in person at least 4 times annually, with one of those meetings held in West Africa. Depending on levels of activity and need, the Board may meet in person more often than this. The Corporate Governance & Nominating Committee regularly monitors the performance of the Board and its Committees, and considers whether the current mix of directors' skills, expertise and experience is best suited to achieve the strategic goals of the Corporation and carrying out the mandate of the Board.

Endeavour values diversity. The Board believes that having directors with diverse backgrounds and experiences benefits the Corporation by enabling the Board to consider issues from a variety of perspectives, and can also enhance effective decision making and strategic planning. When assessing potential candidates for nomination to the Board, the Corporate Governance & Nominating Committee considers gender, national origin, and ethnicity in addition to business skills, qualifications and career history. Endeavour has an internationally diverse composition of directors, and is working to make advances in other areas. This monitoring of the precise skills and expertise needed at the Board level, and the Corporation's focus on the significant project development work in its pipeline, led the Board to nominate Jim Askew as a director in July 2017. Mr. Askew's profile appears above, but the Board had particular regard to the technical skill and experience that Mr. Askew has accumulated during his mining career at a CEO and Chairman level. The addition of a director with a deep level of technical knowledge will assist the Corporation in navigating operational and project development-related matters as the business grows.

The Board recognises that a broad range of skills and expertise is necessary for the Board to discharge its responsibilities. Specific skills and expertise must be considered in the context of integrity and good judgment, together with the ability to devote sufficient time to Board affairs. The following Skills Matrix

describes the particular skills and expertise that are viewed as integral to the Board's effectiveness. The Corporate Governance & Nominating Committee uses the Skills Matrix to assess the strengths and adequacy of the composition of the existing Board, as well as assisting with the recruitment process for new directors.

| Skills and Expertise  | Number of the Corporation's nominated Directors with Expertise |
|---|--|
| <b>Strategy and Leadership</b> – Experience driving strategic direction and leading growth of an organization, preferably including the management of multiple projects, comfort with current principles of risk management and corporate governance.         | <b>7 of 8</b>  |
| <b>Metals and Mining</b> – Knowledge of the mining industry, market, international regulatory environment and stakeholder management.   | <b>7 of 8</b>  |
| <b>Finance</b> – Experience in the field of finance, investment and/or in mergers and acquisitions.   | <b>8 of 8</b>  |
| <b>Public Policy</b> – Experience in, or a thorough understanding of, the workings of government and public policy both domestically and internationally.   | <b>8 of 8</b>  |
| <b>Human Resources</b> – Experience in the oversight of significant, sustained succession planning and talent development and retention programs, including executive compensation.   | <b>7 of 8</b>  |
| <b>Accounting</b> – Experience as a professional accountant, CFO or CEO in corporate financial accounting and reporting; comfort working with basic financial reports; understanding of the key financial levers of the business.                             | <b>7 of 8</b>  |
| <b>International Business</b> – Experience working in a major organization that carries on business in one or more international jurisdictions, preferably in Africa.   | <b>8 of 8</b>  |
| <b>Operations and Exploration</b> – Experience with a leading mining or resource company with reserves, explorations and operations expertise, including cultivating and maintaining a culture focused on safety, the environment and operational excellence. | <b>5 of 8</b>  |

| Skills and Expertise                | Beckett | Askew | Cockerill | Colom | Mahler | McManus | de Montessus | Sawiris |
|-------------------------------------|---------|-------|-----------|-------|--------|---------|--------------|---------|
| <b>Strategy &amp; Leadership</b>    | X       | X     | X         | X     | X      |         | X            | X       |
| <b>Metals &amp; Mining</b>          | X       | X     | X         |       | X      | X       | X            | X       |
| <b>Finance</b>                      | X       | X     | X         | X     | X      | X       | X            | X       |
| <b>Public Policy</b>                | X       | X     | X         | X     | X      | X       | X            | X       |
| <b>Human Resources</b>              | X       | X     | X         | X     | X      |         | X            | X       |
| <b>Accounting</b>                   | X       | X     | X         |       | X      | X       | X            | X       |
| <b>International Business</b>       | X       | X     | X         | X     | X      | X       | X            | X       |
| <b>Operations &amp; Exploration</b> | X       | X     | X         |       | X      |         | X            |         |

### 3.2 (a) Share Ownership Requirements

Endeavour believes that directors should have a financial stake in the Corporation. The Board adopted a share ownership policy on November 12, 2013, which requires its directors to achieve and maintain minimum shareholding thresholds, in either Shares or units representing an economic interest in Shares. The current ownership requirement for directors is 30,000 Shares and/or Share units. Directors are expected to achieve these thresholds by November 11, 2018 or, for directors who joined the Corporation after November 12, 2013, within five years of their appointment, as applicable.

As of December 31, 2017, all non-executive directors met the shareholding requirement or were in the process of doing so within the prescribed time limit. Mr. Sawiris, being the Chairman of the Advisory Board of La Mancha, has been exempted by the Board from the share ownership requirement on the basis that La Mancha's significant interest in Endeavour provides sufficient alignment of Mr. Sawiris' interests with that of other Endeavour directors.

As of the date of this Circular, the total share interests held by the non-executive directors nominated for re-election were as follows:

| Name            | Shares held (#)      | Deferred Share Units held (#) | Total Share Interests held (#) | Mandatory Shareholding Threshold (#) | Share Ownership Guideline Met; or Prescribed Deadline |
|-----------------|----------------------|-------------------------------|--------------------------------|--------------------------------------|---|
| Michael Beckett | 16,000               | 65,729                        | 81,729                         | 30,000                               | Yes   |
| James Askew     | Nil                  | 4,083                         | 4,083                          | 30,000                               | Must be met by July 19, 2022                          |
| Ian Cockerill   | 9,400 <sup>(1)</sup> | 32,633                        | 42,033                         | 30,000                               | Yes   |
| Olivier Colom   | Nil                  | 6,101                         | 6,101                          | 30,000                               | Must be met by September 30, 2021                     |
| Livia Mahler    | Nil                  | 3,266                         | 3,266                          | 30,000                               | Must be met by September 30, 2021                     |
| Wayne McManus   | 8,000                | 42,264                        | 50,264                         | 30,000                               | Yes   |
| Naguib Sawiris  | Nil                  | Nil                           | Nil                            | 30,000                               | N/A <sup>(2)</sup>                                    |

(1) Held indirectly by a family trust.

(2) 32,160,099 Shares are held by La Mancha, a privately-held gold investment company controlled by the Sawiris family. Mr. Sawiris is Chairman of the Advisory Board of La Mancha.

In addition to these share ownership requirements, the Corporation also has an anti-hedging policy, so the directors' market value exposure vis-à-vis their respective share positions cannot be offset or reduced. This does not apply to Shares held by La Mancha.

### 3.2 (b) Attendance of Directors

Endeavour believes that an active board governs more effectively and therefore directors are expected to make every reasonable effort to attend all meetings of the Board and Committees of which they are members. Directors are strongly encouraged to attend in person, but may participate by teleconference if they cannot attend in person.

The following table provides a summary of the number of Board and Committee meetings held during fiscal 2017.

| Type of Meeting Held                        | Number of Meetings |
|---|--------------------|
| Board of Directors                          | 9                  |
| Audit Committee                             | 5                  |
| Corporate Governance & Nominating Committee | 4                  |
| Safety, Health and Environment Committee    | 4                  |
| Remuneration Committee                      | 2                  |
| Technical Committee                         | 3                  |

The following table provides a summary of director attendance at Board and Committee meetings held during fiscal 2017.

| Director                   | Board Meetings Attended |            | Committee Meetings Attended |            | Total Board/Committee Meetings Attended |            |
|----------------------------|-------------------------|------------|-----------------------------|------------|---|------------|
|                            | Number of Meetings      | Percentage | Number of Meetings          | Percentage | Number of Meetings                      | Percentage |
| Michael Beckett            | 9 of 9                  | 100%       | 18 of 18                    | 100%       | 27 of 27                                | 100%       |
| James Askew <sup>(1)</sup> | 3 of 4                  | 75%        | 4 of 5                      | 80%        | 7 of 9                                  | 78%        |
| Ian Cockerill              | 9 of 9                  | 100%       | 6 of 7                      | 86%        | 15 of 16                                | 94%        |
| Olivier Colom              | 8 of 9                  | 89%        | 6 of 6                      | 100%       | 14 of 15                                | 93%        |
| Livia Mahler               | 8 of 9                  | 89%        | 12 of 12                    | 100%       | 20 of 21                                | 95%        |
| Wayne McManus              | 9 of 9                  | 100%       | 11 of 11                    | 100%       | 20 of 20                                | 100%       |
| Sébastien de Montessus     | 9 of 9                  | 100%       | N/A                         | N/A        | 9 of 9                                  | 100%       |
| Naguib Sawiris             | 7 of 9                  | 78%        | N/A                         | N/A        | 7 of 9                                  | 78%        |

(1) Appointed to the Board on July 20, 2017.

### 3.2 (c) Orientation and Continuing Education of Directors

As part of the Corporation's orientation program, new directors are given copies of all policies, Committee charters and mandates. They are also provided with guidance concerning trading in the Corporation's securities, blackout periods, and the Corporation's disclosure practices. Senior executives are made available to meet with new directors to familiarize them with the Corporation's operations, programs and projects. Presentations made at Board meetings, together with site visits, are intended to provide insight into the Corporation's business and familiarize new directors with the policies, Committee charters, codes, mandates and programs they require to effectively perform their duties. Directors are required to complete the Corporation's online anti-bribery and anti-corruption training module, and will be expected to undertake periodic anti-bribery and anti-corruption education as the Corporation adapts its internal procedures.

The Corporation's ongoing director education programs entail, as a matter of routine each year, mine site visit opportunities, briefings from staff and management, reports on issues relating to the Corporation's operations, and other initiatives intended to keep the Board abreast of new developments and challenges that the Corporation may face. The Corporation aims to hold at least one Board meeting per year in Abidjan (its operations' headquarters) along with visits to at least one mine site in order to provide better exposure of the Board to local management and issues facing the business as it grows. In 2017 the Board visited both the Houndé and Karma mine sites in Burkina Faso, having visited the

Agbaou and Ity mine sites in Côte d'Ivoire during 2016. These periodic Board visits are in addition to any separate site visits conducted by members of the Safety, Health & Environment Committee.

### **3.2 (d) Corporate Cease Trade Orders, Bankruptcies**

No nominee director is or within the 10 years before the date of this Circular has been, a director or executive officer of any other issuer that, while such person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied such other issuer access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an order that resulted, after the director or officer ceased to be a director or officer, in the issuer being the subject of a cease trade order or similar order or an order that denied the relevant issuer access to any exemption order under Canadian securities legislation, for a period of more than 30 consecutive days.

Except as disclosed below, no nominee director is, or within the 10 years before the date of this Circular has been, a director or executive officer of any other issuer that, while such person was acting in such capacity within a year of such person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Mr. Cockerill was a non-executive director of Peterstow Holdings from August 2010 to March 2012. In August 2012, subsequent to Mr. Cockerill's resignation from the board of directors, Peterstow Holdings applied for an order from the High Court in Swaziland to be placed under provisional liquidation. Mr. Cockerill was a minority shareholder of Peterstow Holdings, owning less than 1% of the issued and outstanding capital of the company. Mr. Cockerill was a non-executive director of African Minerals Limited from July 2013 to December 2014. Subsequent to his resignation from the board, the High Court in London appointed representatives of Deloitte LLP as administrators on March 26, 2015 to manage the company's affairs, business and property on behalf of African Minerals and its stakeholders.

No nominee director has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

No nominee director has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or has entered into a settlement agreement with a Canadian securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **3.3 Director Compensation**

#### **3.3 (a) Objective of Director Compensation**

The main objective of Endeavour's director compensation program is to attract and retain directors with a broad range of skills and expertise, who are also able to successfully carry out the Board's mandate. As a gold mining company with interests and operations in challenging international environments, directors are required to devote significant time and energy to the performance of their duties, including preparing for and attending Board meetings and mine site visits in challenging locations, participating on Committees and ensuring that they stay informed about our business and trends and developments affecting the mining industry. In order to attract and retain directors who meet these expectations, the Board believes that the Corporation must offer a competitive compensation package.

#### **3.3 (b) Director Compensation Policies and Approach**

The Board currently consists of eight directors, of whom seven are independent. Jim Askew was nominated to the Board in July 2017, and his nomination is subject to the confirmation of shareholders at the Meeting. Mr. Askew is a nominee of La Mancha pursuant to La Mancha's rights under its Investor Rights Agreement with the Corporation. Following the Meeting the Board is expected to consist of eight members with seven being independent. The independent directors are compensated in accordance with guidelines established by the Corporate Governance & Nominating Committee. The Corporation does not compensate executive directors for their services in their capacity as directors.

Endeavour maintains a flat-fee approach consisting of an annual Board retainer, plus Committee and Chairman fees, but does not provide any Board meeting attendance fees, Committee meeting attendance fees or other meeting compensation, nor does it provide travel per diems or compensation for travel time. The annual retainer is paid in a mix of cash and share-based awards consisting of Deferred Share Units ("DSUs"). Committee and Chairman fees may only be paid in DSUs and not in cash. Since 2013, the Corporation has not issued stock options to non-executive directors. This streamlined fixed retainer approach recognizes that meeting attendance is a minimum expectation, simplifies the administration of Board compensation and provides for greater predictability in forecasting Board compensation expense.

The Board has established a mandatory shareholdings level for non-executive directors, as described above. The Board believes that a share ownership requirement along with a mixture of 'at-risk' compensation promotes the objectives of director retention and alignment with long-term shareholders.

#### **3.3 (c) Process for Determining Director Compensation**

During 2016, the Corporation completed the succession process from its founding CEO to Sébastien de Montessus. The Corporation adopted a new long-term growth strategy, unveiled in July 2016. Execution of the growth strategy is founded on organic asset development and the elevation of exploration as a key future value driver. To succeed in implementing an ambitious growth strategy and to manage risks facing the business, the Corporation saw the need to adapt its governance and practices, to change its organisational structure, and crucially, to build capacity within key support functions. The actions needed to address the needed changes commenced in July 2016 and will be part of a constant evolution in governance as the business grows and as the governance landscape develops. Taking into account those factors and the CEO transition, the Corporation expects the Board to have a more engaged role in

decision-making, and believes that a business which is growing in scale and complexity will require more frequent and detailed input from the Board.

The Corporate Governance & Nominating Committee is responsible for recommending director compensation policies to the Board. The Corporate Governance & Nominating Committee reviews director compensation annually. Beginning in 2012, Mercer (Canada) Limited ("**Mercer**"), an independent consultant, has provided commentary and assistance to Endeavour in aligning its approach to compensation with typical market practices in the mining industry and in the general marketplace. With advice from Mercer, the Corporation adopted a DSU plan in January 2013 to strengthen the alignment of interests between shareholders and independent directors by linking a significant portion of independent directors' annual compensation to the future market value of Shares. Upon implementing the DSU plan in 2013, the Board also established a policy that non-executive directors are not eligible for new awards under its incentive stock option plan (the "**Option Plan**").

Given the newly unveiled growth strategy in 2016, Mercer was again engaged to advise the Corporation on Board compensation levels. Consistent with prior reviews, Mercer worked with a representative of the Corporate Governance Committee to develop a peer group for benchmarking purposes. Endeavour's Board compensation levels were then assessed relative to the 2016 peer group, and Board compensation was adjusted upwards in 2017 (as described below) based on the findings. Mercer was again asked to identify an appropriate peer group for 2017; the 2017 Comparator Group (as listed beginning on page 29 of this Circular) is comprised of organizations with business operations, stage of development, location of operations, business complexity, and revenues, assets and/or market cap levels that are similar to those of the Corporation. During 2018 the level of Board compensation established in 2017 with Mercer's assistance has not been reviewed or increased, and the Board has indicated that ordinarily the exercise should be repeated every two years (i.e. in 2019). Based on the results of the 2017 Mercer review, the following determinations were made by the Corporation regarding our approach to director compensation:

- having regard to the growing time commitment and effort involved, it was appropriate to increase the annual Chair fee from its positioning at the 25<sup>th</sup> percentile level to the 50<sup>th</sup> percentile level, and the annual director fee from its positioning below the 50<sup>th</sup> percentile level to just above the 50<sup>th</sup> percentile level;
- given the established levels of the Committee Chair fee and the Committee Member fee versus the 2017 Comparator Group it was felt appropriate to leave those at existing levels, while increasing the Audit Committee Chair fee to reflect common practice for peers and the additional time commitment necessary for audit review; and
- no change was recommended by Mercer in 2017 concerning the split of DSUs versus cash, which is generally regarded to be in line with current good Canadian governance standards, and aligns directors with the interests of shareholders.

The following table summarizes Endeavour's compensation arrangements for 2017, along with the current 2018 compensation arrangements. At this time there has been no variation to the director compensation levels referenced in our 2016 Management Information Circular.

| Compensation Component  | 2017 Value (US\$)                    | 2018 Value (US\$)                    |
|---|--------------------------------------|--------------------------------------|
| Annual director retainer (paid in mix of cash and DSUs)       | 140,000                              | 140,000                              |
| Annual fee for the Chairman of the Board (paid in DSUs)       | 60,000                               | 60,000                               |
| Committee fee for regular committee membership (paid in DSUs) | 10,000                               | 10,000                               |
| Committee fee if chairperson of the committee (paid in DSUs)  | 30,000 for Audit<br>20,000 otherwise | 30,000 for Audit<br>20,000 otherwise |

The Corporate Governance & Nominating Committee monitors director compensation practices among Canadian mining and other resource companies and ordinarily intends to review Board compensation levels every two years.

### 3.3 (d) Share-based awards – the DSU Plan

Certain components (shown in the table above) of the directors' compensation are payable in DSUs. DSUs are notional Shares that have the same value at any given time as the Shares of the Corporation, but do not entitle the participant to any voting or other shareholder rights and are non-dilutive to shareholders. DSUs awarded to directors vest immediately on the date of grant, and are normally issued and priced at the end of each quarter. Following a director ceasing to be a member of the Board, DSUs are cash-settled in accordance with their terms at the prevailing market price (being the lesser of the most recent closing price or the 5 day volume weighted average price) of the Shares.

### 3.3 (e) Directors' Total Compensation for 2017

A total of \$1,172,500 was paid to the independent directors serving as at December 31, 2017 with an aggregate pay mix of 51% cash and 49% DSUs. The total 2017 compensation range of \$82,500 to \$267,500 per independent director serving on the Board for a full year, was set by the Corporation following its review with Mercer in early 2017, and were considered to be appropriate for 2017 and 2018, given the expertise and time commitments of the different director roles.

### 3.3 (e)(i) Summary Director Compensation Table

The compensation earned by each of the non-executive directors during the year ended December 31, 2017 was:

| Name                       | Cash fees earned (US\$) | Share-based Awards (US\$) | Option-based awards (US\$) | All other compensation (US\$) | Total Compensation (US\$) | Pay Mix (% Cash - % DSUs) |      |
|----------------------------|-------------------------|---------------------------|----------------------------|-------------------------------|---------------------------|---------------------------|------|
|                            |                         |                           |                            |                               |                           |                           |      |
| Michael Beckett            | 105,000                 | 162,500                   | Nil                        | Nil                           | 267,500                   | 39%                       | 61%  |
| James Askew <sup>(1)</sup> | 0                       | 82,500                    | Nil                        | Nil                           | 82,500                    | 0%                        | 100% |
| Ian Cockerill              | 70,000                  | 95,000                    | Nil                        | Nil                           | 165,000                   | 42%                       | 58%  |

|                              |         |         |     |     |           |      |     |
|------------------------------|---------|---------|-----|-----|-----------|------|-----|
| Olivier Colom                | 70,000  | 95,000  | Nil | Nil | 165,000   | 42%  | 58% |
| Livia Mahler                 | 112,000 | 50,500  | Nil | Nil | 162,500   | 69%  | 31% |
| Wayne McManus                | 98,000  | 92,000  | Nil | Nil | 190,000   | 52%  | 48% |
| Ian Henderson <sup>(2)</sup> | 130,000 | 25,000  | Nil | Nil | 155,000   | 84%  | 16% |
| Naguib Sawiris               | 140,000 | Nil     | Nil | Nil | 140,000   | 100% | 0%  |
| Total                        | 725,000 | 602,500 | Nil | Nil | 1,327,500 | 55%  | 45% |

(1) Appointed to the Board on July 20, 2017.

(2) Did not stand for re-election.

As disclosed above, total director compensation is linked to a director's participation on committees of the Board. Board and committee membership as of the date of this Circular is as follows:

| Name            | Board of Directors | Audit Committee | Corporate Governance & Nominating Committee | Safety, Health & Environment Committee | Remuneration Committee | Technical Committee |
|-----------------|--------------------|-----------------|---|--|------------------------|---------------------|
| Michael Beckett | Chair              | Member          | Member                                      | Chair                                  | Chair                  | Member              |
| James Askew     | Member             |                 |   | Member                                 |                        | Member              |
| Ian Cockerill   | Member             |                 |   | Member                                 |                        | Chair               |
| Olivier Colom   | Member             |                 | Chair                                       |  | Member                 |                     |
| Livia Mahler    | Member             | Member          |   | Member                                 |                        | Member              |
| Wayne McManus   | Member             | Chair           | Member                                      |  | Member                 |                     |
| Naguib Sawiris  | Member             |                 |   |  |                        |                     |

### 3.3 (e)(ii) Outstanding Share-Based-Awards

The following table shows all outstanding share-based awards held by each non-executive director as at December 31, 2017.

| Name            | Number of share-based awards that have not vested (#) | Payout value of share-based awards that have not vested (US\$) | Payout value of vested share-based awards that have not paid out (US\$) <sup>(1)</sup> |
|-----------------|---|--|--|
| Michael Beckett | Nil   | Nil  | 1,342,813  |
| James Askew     | Nil   | Nil  | 83,412   |
| Ian Cockerill   | Nil   | Nil  | 666,688  |
| Olivier Colom   | Nil   | Nil  | 124,644  |
| Livia Mahler    | Nil   | Nil  | 66,725   |
| Wayne McManus   | Nil   | Nil  | 863,449  |
| Naguib Sawiris  | Nil   | Nil  | Nil  |
| Total           | Nil   | Nil  | 3,147,731  |

(1) All DSUs are fully vested on grant but will not be paid-out until after the applicable Separation Date (i.e. the resignation of the director from the Board).

### 3.3 (e)(iii) *Outstanding Option-Based Awards*

In 2013, the Board established a policy whereby non-executive directors ceased to be eligible for new stock option awards, and as of December 31, 2017, no stock option awards are outstanding to the account of any non-executive director.

### 3.3 (e)(iv) *Share-Based and Option-Based Awards – Value Vested or Earned During the Year*

The following table shows the value of the share-based awards, in the form of DSUs, which vested or were earned by each non-executive director for the fiscal year ending December 31, 2017. With respect to non-executive directors, no option-based awards or other non-equity incentive plan awards were granted or vested for the fiscal year ending December 31, 2017.

| Name                         | Share-based Awards (US\$) | Option-based awards (US\$) | Non-equity incentive plan awards (US\$) |
|------------------------------|---------------------------|----------------------------|---|
| Michael Beckett              | 162,500                   | Nil                        | Nil                                     |
| James Askew <sup>(1)</sup>   | 82,500                    | Nil                        | Nil                                     |
| Ian Cockerill                | 95,000                    | Nil                        | Nil                                     |
| Olivier Colom                | 95,000                    | Nil                        | Nil                                     |
| Livia Mahler                 | 50,500                    | Nil                        | Nil                                     |
| Wayne McManus                | 92,000                    | Nil                        | Nil                                     |
| Ian Henderson <sup>(2)</sup> | 25,000                    | Nil                        | Nil                                     |
| Naguib Sawiris               | Nil                       | Nil                        | Nil                                     |
| Total                        | 602,500                   | Nil                        | Nil                                     |

(1) Appointed to the Board on July 20, 2017.

(2) Term ended June 27, 2017.

## 4. EXECUTIVE COMPENSATION

### 4.1 Compensation Discussion and Analysis

#### 4.1 (a) Executive Summary of 2017 Executive Compensation

Endeavour's evolution into a mid-tier gold producer began in 2010, with a 'buy and build' strategy that included the subsequent acquisition of three companies (Etruscan Resources, Adamus, and Avion), as well as the construction of the Agbaou mine, and the completion of a feasibility study for the Houndé project.

With the La Mancha transaction in November 2015, Endeavour entered its second phase of growth, based around a new strategy. The new strategy is focused on increasing the quality of Endeavour's portfolio to create a leading African gold producer with low all-in sustaining costs ("**AISC**") of less than US\$800 per ounce and long-life assets of greater than 10 years mine life. Successful implementation of the strategy rests on four pillars: operational excellence, project development, unlocking exploration value, and portfolio and balance sheet management. Since completion of the La Mancha transaction the Corporation has undertaken a series of corporate and operations focused actions to reshape its business, which include:

- the US\$63 million equity subscription by La Mancha (November 2015);
- the acquisition of True Gold Mining Inc. ("**True Gold**") bringing the Karma mine into the portfolio, and the related equity subscription by La Mancha to maintain its 30% holding (April 2016);
- a C\$144 million bought deal financing (July 2016);
- the departure of several former senior executives of the Corporation during 2016, including the resignation of the Corporation's founder and former CEO, his succession by Sébastien de Montessus, and the establishment of the Executive Committee in July 2016 (discussed below);
- the sale of the non-core Youga mine in Burkina Faso (February 2016), commencement of construction of the Houndé project (April 2016), and completion of the feasibility study on the Ity CIL project (November 2016);
- the acquisition of a further 25% stake in the Ity CIL project, taking the Corporation's interest to 80% (April 2017), followed by the publication of an optimised construction case (with improved economics) for Ity CIL prior to construction being launched (September 2017);
- the acquisition of Avnel Gold Mining Ltd. ("**Avnel**") bringing the Kalana feasibility stage project into the portfolio, and the related equity subscription by La Mancha to maintain its 30% holding (September/October 2017);
- the refinancing of the Corporation's US\$350 million banking facilities to repurpose the terms for the scale of the business and its project development needs, and to widen the pool of banks supporting the Corporation to eight (September 2017);

- commissioning and completion of construction at the Houndé mine in Burkina Faso ahead of schedule and under budget, followed by first gold pour and commercial production (October 2017); and
- the sale of the non-core Nzema mine in Ghana (December 2017).

Following the significant organizational changes during 2016, several governance changes were made to add new expertise, depth and capability at both the Board and management levels, and a new corporate strategy was adopted. The Corporation undertook a review of the philosophy, methodology and efficacy of the various elements of its executive compensation program. The executive compensation review was conducted in collaboration with Mercer and Endeavour's other advisers. Endeavour drew two main conclusions from the exercise: firstly, that in order to be properly aligned with shareholder interests, long-term compensation needs to be tied to measurable performance conditions (see page 26); and secondly, that in order to be an effective motivator and act as a proper incentive tool, long-term compensation must be tangible and capable of realisation by the executive.

Before completing the review in 2016, the Corporation's executive compensation package included base salary, a short-term incentive cash bonus awarded as a percentage of salary, a long-term incentive package comprised of performance share units ("**PSUs**") and stock options, and a potential participation in the Gold LTI pool (discussed further at page 31). In light of the advice of Mercer and the conclusions of the compensation program review, the Corporation redesigned certain aspects of its executive compensation program, including establishing a more rigorous framework for the allocation of short-term incentive bonuses and a new executive long-term incentive program (the "**Executive LTIP**"). The compensation review also decreased the proportion of executive compensation awarded under short-term incentive plans, and strengthened the linkage of long-term incentive compensation to operational performance and the other strategic goals of the Corporation.

Compensation paid to the Corporation's executives in 2017 reflects a year with an intense pace of activity on the operational, project development, exploration and corporate fronts. The Corporation has greatly increased its profile as a high-growth, low-cost African gold strategy with unique opportunities compared with similar West Africa focused companies. That unique quality is borne out by factors and strengths that are particular to the Corporation, including already having a range of attractive project development opportunities in its portfolio, having one of the largest and most prospective exploration land packages in West Africa, having an in-house project development and construction team with unparalleled experience and success in the region, having a track record of operational excellence (achieving annual guidance for the last seven years), having a healthy balance sheet with low net-debt and supported by low-cost operating cash flow and ample sources of liquidity to pursue its growth opportunities in 2018 and beyond. The compensation disclosure that follows includes contractual compensation resulting from the July 2017 retirement of Attie Roux as COO and the promotion of Jeremy Langford.

#### **4.1 (b) Executive Committee**

Endeavour believes that getting the best out of its executive team involves not only tapping into their individual skills and experience, but also fostering a management approach where executives bear responsibility for the entire business, and contribute to all facets of discussion. Endeavour employs executives who demonstrate capability in problem-solving and decision-making outside their own specialist areas. Following the 2016 organizational changes, the CEO determined it was necessary to

integrate senior management activities more closely with the day-to-day business in West Africa. To this end, the Executive Committee was established, comprised of the CEO, COO, CFO, EVP Exploration & Growth, EVP Corporate Finance & General Counsel, EVP Government Relations, CSR & Security, and EVP People & Public Affairs. The Executive Committee aims to meet in person each month, ideally with the regional operations team in Abidjan, or at one of the mine sites. This has the effect of bringing the Executive Committee closer to the real issues facing the business, and provides a level of integration of efforts that is designed to tackle problems head-on. Endeavour expects all its executives to attend these monthly meetings unless there are exceptional circumstances or commitments.

#### **4.1 (c) Shareholder Engagement**

Endeavour is committed to engaging and communicating directly with shareholders and regularly engages in discussions with shareholders related to, among other things, corporate governance and executive compensation. As part of Endeavour's shareholder engagement process, following the 2017 annual general meeting, the Corporation engaged shareholders representing approximately 80% of Endeavour's shareholder base. Through these discussions, the Corporation has incorporated shareholder feedback as appropriate into our compensation programs and made enhancements to further link our compensation programs with our business strategy and shareholder interests. At the 2018 Meeting, shareholders will be asked to vote on the Corporation's inaugural Say on Pay vote. Please refer to the Advisory Vote on Executive Compensation on page 8.

#### **4.1 (d) Executive Compensation Program Objective, Approach and Policies**

The primary objective of Endeavour's executive compensation program is to support the Corporation's business strategy by attracting and retaining talented executives through competitive compensation. This involves paying for performance by emphasizing the variable "at-risk" long-term compensation which is linked to specific performance conditions that reflect the Corporation's key strategic and operational objectives. The aim is the clear alignment of long-term incentives with shareholder interest and experience. To deliver its growth strategy for shareholders Endeavour must recruit and retain top-caliber executive officers and other key employees who will achieve sustained high performance.

Endeavour's target pay positioning reflects its plan to attract and retain highly skilled and talented executives who have extensive experience travelling to and working in the challenging environments where our assets are located. Endeavour's executives spend much of their time in the field – five mines, three operating countries and government partners, two development projects and two languages – as direct contact and time spent with local management, local communities and the work force is essential. Therefore, Endeavour has embraced an operating philosophy that its Executive Committee should be engaged frequently and in close proximity to its business interests and wider team in West Africa.

To accomplish this objective, Endeavour generally targets base salaries between the median and 75<sup>th</sup> percentile of the Comparator Group compiled by Mercer (updated for 2017, and listed on page 29 of this Circular), and total direct compensation (base salary, annual incentive bonus, and long-term incentives) at or above the 75<sup>th</sup> percentile. In the case of the CEO, target total direct compensation (base salary, annual incentive bonus, and long-term incentives) is positioned at or above the 90<sup>th</sup> percentile. Endeavour's target pay positioning reflects that it does not offer pensions, retirement programs or related incentives (other than as required by applicable law).

#### 4.1 (e) Named Executive Officers

In 2017, the Corporation's Named Executive Officers ("NEOs") were the CEO, CFO, the three other most highly compensated individuals, and any individual who would have been one of the three most highly compensated individuals, but for the fact they were no longer an officer at the financial year-end, and comprised:

|                        |   |
|------------------------|---|
| Sébastien de Montessus | Chief Executive Officer and President                         |
| Jeremy Langford        | Chief Operating Officer                                       |
| Vincent Benoit         | Chief Financial Officer                                       |
| Patrick Bouisset       | Executive Vice-President, Exploration & Growth                |
| Morgan Carroll         | Executive Vice-President, Corporate Finance & General Counsel |
| Adriaan "Attie" Roux   | former Chief Operating Officer                                |

#### 4.1 (f) Elements of NEO Compensation

Compensation of NEOs for the year ended December 31, 2017 included base salary, an annual performance-based bonus and awards under the Executive LTIP. The first of the three annual award grants (summarized on page 33) under the Executive LTIP (Grant 1) took place in October 2016 (vesting December 2018). The second annual award grant (Grant 2) was made in January 2017 (vesting December 2019) and the third award grant (Grant 3) was made in February 2018 (vesting December 2020). Prior to the implementation of the Executive LTIP, the NEOs were eligible to receive PSUs and stock options as part of the Corporation's 2015 LTI program, and were eligible as potential participants in the Gold LTI (see page 32). The Corporation does not currently intend to compensate executives using stock options, and will not compensate executives using the Gold LTI.

| Element of Compensation                                | Description and Purpose  |
|--|--|
| <b>Base Salary</b>                                     | <p>Base salaries are fixed and therefore not subject to uncertainty. Base salaries are used as a measure to compare to, and remain competitive with, compensation offered by competitors and as the base to determine other elements of compensation and benefits.</p> <p>Base salaries are fixed at the commencement of a NEO's employment with the Corporation and may be adjusted based on competitive market practices, changing roles and responsibilities, the NEO's performance and improvements in job proficiency/competence, and the Corporation's results and ability to pay.</p>   |
| <b>Short-Term Incentive Awards – Annual Cash Bonus</b> | <p>While base salaries are fixed, annual bonuses are tied to performance and are a variable component of compensation designed to reward NEOs for delivering exceptional performance results.</p> <p>In 2017, the Corporation offered annual cash bonuses, calculated and awarded as a percentage of salary based on managerial targets assigned to executives by the CEO, and to the CEO by the Board. These targets comprise quantitative elements that tie to the Corporation's strategic goals and annual operating plan including:</p> <ul style="list-style-type: none"> <li>• Company-wide operating and financial targets, including: <ul style="list-style-type: none"> <li>o Budget production and costs;</li> <li>o Financial targets;</li> <li>o Reserve / resource replacement;</li> <li>o Completion of specific projects and value-added studies; and</li> <li>o Safety, Health and Environment performance.</li> </ul> </li> <li>• Strategic goals such as identification, evaluation and execution of corporate opportunities;</li> </ul> |

|  |   |
|--|---|
|  | <ul style="list-style-type: none"> <li>• Other objectives such as achieving synergies from acquisitions or completing exceptional corporate events (including acquisitions and disposals); and</li> <li>• Individual performance results: The CEO's individual performance is assessed by the Board upon the recommendation of the Remuneration Committee. Other executives' performance is assessed by the CEO, taking into account the executive's contribution to our overall success, his leadership skills and involvement on group-wide projects.</li> </ul> <p>None of the current NEOs have contractual minimum bonus amounts so the entire annual bonus is at risk and performance-related. Details of factors weighed in awarding the 2017 bonus are discussed below at page 37 of this Circular.</p> <p>In line with the implementation of the Executive LTIP, the significant organizational changes in 2016 also led to the adoption of a more rigorous framework for the allocation of short-term incentive bonuses. The Corporation awarded 2017 cash bonuses on the basis of group performance targets that included: the Corporation achieving production, cost and free cash flow guidance, the successful start-up of the Houndé project on time, and group exploration targets, as well as on the basis of personal factors such as individual goals for the year and contribution to the overall executive team performance. See the scorecard and graphic starting on page 37 for further detail.</p> |
| <b>Long-Term Incentive Awards – Stock Options and PSUs</b> | <p>The core purpose of a long-term incentive ("LTI") compensation program is to provide strong incentives to deliver and exceed the Corporation's long-term objectives, reward participants for their contribution, serve as a retention mechanism so that participants are incentivized to remain with the Corporation to realize the value of the awards, and continue to align compensation with shareholders' interests.</p> <p>Historically, Endeavour used stock option grants, the Gold LTI and (since 2014) PSUs, as components of its LTI program for senior executives. Following its 2016 review of compensation practices, the Corporation determined that the Gold LTI no longer represents a suitable and effective incentive tool. The Executive LTIP was adopted in September 2016, and the first award grants under the Executive PSU Plans were made to NEOs and other executives in October 2016. To shift the pay mix toward a greater proportion of total compensation being performance-linked, the Corporation does not currently intend to issue stock options to senior executives.</p>  |
| <b>Benefits Plans</b>                                      | <p>The Corporation has not provided its NEOs or other employees with pension plans (other than as required by applicable law, see page 48), retirement contributions, car allowances, or loans. The other benefits and perquisites provided are limited to housing allowances, payment of certain taxes by the Corporation on behalf of certain employees and payment of contributions to basic insurance programs (medical, life and disability).</p>  |

#### 4.1 (g) Market Competitive Compensation

The Remuneration Committee believes that it is appropriate to establish compensation levels based on a review and understanding of compensation practices as well as levels of compensation in similar companies and in companies with which the Corporation competes for executive talent.

Mercer worked with the Remuneration Committee to develop a comparator group for benchmarking. The following summarizes the types of companies process Mercer included in used by Mercer to create the Comparator Group:

- gold and other precious metals producers, with a preference for companies based or listed in North America;
- companies that are of a similar size (based on key metrics such as revenue, market capitalization, and assets), and have the potential to grow at a similar rate to Endeavour; and
- companies with interests and / or operations in diverse and challenging international environments.

After reviewing and validating the 2016 Comparator Group, it was determined that four comparator organizations should be removed (Dundee Precious Metals Inc., Golden Star Resources Ltd., Nevsun Resources Ltd., and Semafo Inc.) and three companies should be added (Coeur Mining Inc., Pan American Silver Corp., Tahoe Resources Inc.) to reflect Endeavour's sustained growth. This resulted in a comparator group of 14 companies (the "**2017 Comparator Group**"), which are set out below.

In addition, the Remuneration Committee reviews the total direct compensation expense related to the entire corporate staff, inclusive of share-based compensation expense, as a percentage of gross revenue ("**Corporate Cost Efficiency Ratio**"). The Corporate Cost Efficiency Ratio provides context for Endeavour's overall efficiency of corporate administrative expenses, and Endeavour and its advisors consider it to be an important metric to view executive compensation as one component of its 'big-picture' general and administrative (G&A) expense. For 2017, Endeavour's Corporate Cost Efficiency Ratio was 5.79% which placed it ninth in the 2017 Comparator Group of 15. In 2016 the ratio was 5%, placing Endeavour in fifth position within the 2016 comparator group of 17 companies. The increase in 2017 can be attributed to the Corporation's expanding footprint as it built management capacity for the expected production growth from Houndé and Ity CIL. As this production growth is delivered we anticipate that the ratio should again improve. For 2017, Endeavour's G&A expense amounted to \$70/oz produced, which could be expected to decline to below \$60/oz when rebased on its 2019 objective of producing over 800,000 ounces per year. The relative placing of the Corporation within a peer group will always depend on the trend of G&A profiles within that group.

|    |   | 2017 Revenue | 2017 G&A expense, inclusive of share-based comp. | Corporate Cost Efficiency Ratio |                |
|----|---|--------------|--|---------------------------------|----------------|
|    |   | US\$ million | US\$ million                                     | % of Revenue                    | \$/Au-eq Ounce |
| 1  | Centamin plc                                | 676          | 17   | 2.4%                            | 30             |
| 2  | Acacia Mining plc                           | 752          | 19   | 2.5%                            | 23             |
| 3  | Pan American Silver Corp                    | 817          | 21   | 2.6%                            | 36             |
| 4  | Centerra Gold Inc.                          | 1,199        | 38   | 3.2%                            | 42             |
| 5  | IAMGold Corp.                               | 1,095        | 40   | 3.7%                            | 46             |
| 6  | Alamos Gold Inc.                            | 543          | 22   | 4.0%                            | 51             |
| 7  | New Gold Inc.                               | 604          | 29   | 4.8%                            | 42             |
| 8  | Agnico Eagle Mining Ltd.                    | 2,243        | 115  | 5.1%                            | 63             |
| 9  | Endeavour Mining Corporation <sup>(1)</sup> | 800          | 46   | 5.8%                            | 70             |
| 10 | Coeur Mining Inc                            | 710          | 44   | 6.2%                            | 75             |
| 11 | Tahoe Resources Inc                         | 734          | 46   | 6.2%                            | 81             |
| 12 | Yamana Gold Inc                             | 1,804        | 114  | 6.3%                            | 85             |
| 13 | OceanaGold Corp.                            | 724          | 50   | 6.9%                            | 86             |
| 14 | B2Gold Corp.                                | 639          | 62   | 9.7%                            | 98             |
| 15 | Eldorado Gold Corp.                         | 391          | 61   | 15.6%                           | 208            |
|    | <b>Comparator Group Median</b>              | <b>729</b>   | <b>-</b>   | <b>5.0%</b>                     | <b>57</b>      |

(1) Includes the full year of revenue adjusted for all 2017 mined ounces

#### 4.1 (h) Associated Risks

The Corporation has considered the risks relating to its compensation paid to its executives, directors and other employees and determined that the type and structure of the compensation does not present any risks that are reasonably likely to have a material adverse effect on the Corporation and is in line with similar companies within the gold mining industry.

The Corporation uses the following practices to discourage inappropriate or excessive risk-taking by executive officers:

- Pay Mix. Incentive compensation awards are based on achievement of both corporate and individual performance objectives, and are not inordinately weighted to any single metric. Compensation packages consist of a mix of fixed and performance-based compensation, with short and long-term conditions. The 2017 pay mix of each NEO is represented in a graphic on page 46;
- Anti-Hedging Policy. Directors, NEOs and executives are prohibited from purchasing financial instruments (including prepaid variable forward contracts, equity swaps, and collars) that are designed to hedge or offset a decrease in the market value of Endeavour's equity securities that are granted as compensation or held, directly or indirectly, by a director, NEO or executive. However derivative instruments are permitted to hedge Canadian dollar foreign exchange risk versus the home currency of a director, NEO or executive;
- Clawback Policy. All PSU Plans and the Stock Option Plan include a clawback policy. Under this policy, which applies to all participants, all or a portion of the incentive compensation received under those plans is subject to clawback and recapture from such participant, if:
  - (1) any such proceeds were based on the achievement of financial results that were subsequently materially revised (e.g. due to the restatement of the Corporation's, or any of its affiliates', financial statements); and
  - (2) such participant engaged in gross negligence or intentional misconduct that caused or substantially caused the need for the material revision; and
- Mandatory minimum shareholding. To align the interests of directors and senior management with the Corporation's shareholders, the Board adopted a Share Ownership Policy on October 29, 2012, which requires its senior executives to achieve and maintain minimum shareholding thresholds. The current ownership requirement for senior executives is equal to the amount of their base salary and senior officers are expected to achieve this threshold by October 29, 2017 or, for senior executives who joined the Corporation after October 29, 2012, within five years of their employment start date.

The following table shows the breakdown of the securities held by each NEO along with the value of the securities. As at the date of this Circular, all NEOs have either met the shareholding requirement or are in the process of doing so within the prescribed time limit. Only shares held outright by the NEO will count towards the mandatory minimum requirement; stock options, PSUs, RSUs or other share-equivalent instruments do not count toward the requirement.

| Name                   | Shares held (#) | Value of Shares (US\$) <sup>(1)</sup> | Base Salary (as at Dec. 31, 2017) (US\$) | Value of Shares as Multiple of Salary | Share Ownership Guideline Met; or Prescribed Deadline |
|------------------------|-----------------|---------------------------------------|--|---------------------------------------|---|
| Sébastien de Montessus | Nil             | Nil                                   | 950,000                                  | Nil                                   | Must be met by November 27, 2020                      |
| Vincent Benoit         | Nil             | Nil                                   | 600,000                                  | Nil                                   | Must be met by November 27, 2020                      |
| Patrick Bouisset       | Nil             | Nil                                   | 400,000                                  | Nil                                   | Must be met by November 27, 2020                      |
| Jeremy Langford        | 48,000          | 980,624                               | 550,000                                  | 1.78                                  | Yes   |
| Adriaan Roux           | 46,423          | 948,407                               | 664,000                                  | 1.43                                  | N/A   |
| Morgan Carroll         | 25,900          | 529,129                               | 400,000                                  | 1.32                                  | Yes   |

(1) The value of the Shares reflects the December 29, 2017 (the last trading day of 2017) closing price on the Toronto Stock Exchange of CDN\$25.63 converted to U.S. dollars based on an exchange rate of 0.7971.

#### 4.1 (i) Restructuring of Long-Term Incentive Awards undertaken in 2016

##### 4.1 (i)(i) Background to Gold LTI and rationale for 2016 changes

Following the significant organizational changes in 2016, including the CEO transition, Mercer was retained to re-evaluate the compensation practices of the Corporation, including its long-term incentive scheme. The primary conclusions of that review were briefly noted above under the Executive Summary of 2017 Executive Compensation. Given that the Corporation has refocused executives on specific mid-to long-term performance conditions that reflect the Corporation's key strategic and operational objectives, the Corporation decided to implement the new Executive LTIP, and to discontinue awarding stock options and using the Gold LTI as compensation mechanisms (as discussed below at page 32). Although stock options are a potentially good incentive tool given their equity-linked value, they reward only share price appreciation whereas the Executive LTIP has been designed to also incentivize the accomplishment of key operational objectives which are elements of delivering the strategic growth plan.

At inception of the Corporation's gold strategy in 2009 the Corporation adopted the gold long-term incentive policy ("**Gold LTI**"). The Gold LTI operated as a "participation incentive" whereby executives could obtain a payout in the event of certain types of crystallisation events, which included asset sales and a change of control of the Corporation. Notwithstanding those triggers, under the terms of the Gold LTI policy, following a crystallisation event a potential payout to an executive was at the sole discretion of the (now former) CEO, or, if he was unable to act, the Chairman. These features made the Gold LTI compensation mechanism highly uncertain for the executive, as there could be no guarantee of a crystallisation event ever occurring, and no guarantee of personal compensation even if a crystallisation event did occur. The value of the Gold LTI pool was calculated as 10% of the increase in value of the Gold Strategy assets upon a crystallisation event over the equity cost base of the Corporation on an issued share basis. The equity cost base was calculated as the accumulation of the historic market values (or strike prices of exercised stock options) for all of the shares issued by Endeavour.

During the new strategy reset in 2016, consideration was given to the Corporation's long-term incentive plan. This 2016 compensation review made clear that the Gold LTI is not a compensation mechanism used by the Corporation's peer group, nor indeed by companies in the mining sector more widely; additionally its features make it highly uncertain for executives and for shareholders. For these reasons,

following the 2016 review process the Corporation determined that the Gold LTI is unsuitable as an effective incentive tool. As such, the Corporation will only compensate executives under the Executive LTIP going forward, and not under the Gold LTI. In order to be eligible to transition to the Executive LTIP, executives waived any rights they may have had under the Gold LTI policy such that no executive has any residual economic interest in the Gold LTI.

#### **4.1 (i)(ii)      *2016 Restructuring of Executive LTIP and Performance Criteria***

Following its 2016 review of compensation practices, the Corporation adopted the Executive LTIP as its new executive long-term incentive program, in addition to a similar long-term incentive program for certain other members of management. The Executive LTIP is implemented via two PSU plans adopted in 2016 for participation by UK and non-UK executives (the "**UK Executive PSU Plan**" and the "**Non-UK Executive PSU Plan**", respectively, and together, the "**Executive PSU Plans**"). Shareholders approved the Executive PSU Plans at the annual general meeting of the Corporation held on June 27, 2017. Under those plans the Corporation may elect to settle any Grant in either cash or shares.

Award grants under the Executive PSU Plans contain forward-looking performance conditions for vesting, which are linked to the Corporation's strategy over a rolling 3-year period. The Executive LTIP program is currently comprised of three separate annual award grants, one in each of 2016, 2017 and 2018. Subject to the achievement of the respective performance conditions for each grant, the awards will vest in December 2018, December 2019 and December 2020. Awards may also vest either partially, pro-rata or in full on the happening of certain other events, including termination without cause and a change of control of the Corporation.

The UK Executive PSU Plan grants performance shares, rather than performance share units as under the other PSU Plans. The performance shares are a special class of non-voting share issued in an Endeavour subsidiary company (Endeavour Gold Corporation), the rights of which result in the potential payout of performance shares in that subsidiary. Due to the capitalization of that subsidiary, the number of performance shares that are issued does not correlate with the number of performance share units issued under the Non-UK Executive PSU Plan. However, awards of performance shares are designed to be economically identical (though potentially more tax-efficient for UK resident executives) to what would be paid out on a performance share unit award under the Non-UK Executive PSU Plan in the same circumstances (at a 0.68:1 ratio). For ease of comparison in the Circular, disclosure of the number and value of a NEO's performance shares is presented as its performance share unit equivalent. As a result, any use of the term "PSU" in this circular can be taken to also include performance shares, unless otherwise stated.

Performance criteria under the Executive PSU Plans include key indicators linked to (i) the performance of our Shares (measuring relative total shareholder return ("**TSR**") against the S&P TSX Global Gold Index between the time of grant and the vesting date of each grant) and (ii) key future operational indicators (measuring achievement of targets linked directly to our growth strategy). The relative influence of TSR and operational performance indicators towards vesting (and therefore payout) is weighted according to the relative importance of those factors. With respect to TSR, potential vesting of a PSU ranges from 0% to 150% of the number of PSUs that were originally granted, with interpolation between 0% and 150% if between the first and third quartiles and remaining at 150% for the fourth quartile. The overall payout on vesting of PSUs is subject to a performance multiplier between (i) 0% to 125% for Grants 1 and 2, and (ii) 0% to 137.5% for Grant 3, depending on the achievement of the performance criteria, as set out in the table below.

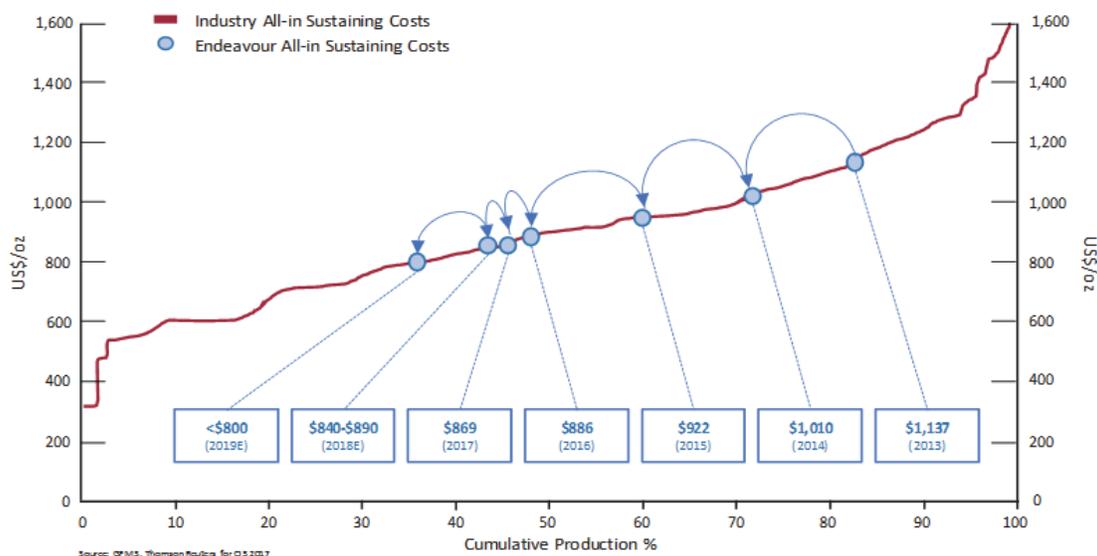
| Executive LTIP Grant                                   | Performance Criteria  | Weighting   | Vesting Date                    |
|--|---|---|---------------------------------|
| <p><b>Grant 1</b></p> <p>Awarded<br/>October, 2016</p> | <ul style="list-style-type: none"> <li>Relative TSR measured from July 1, 2016 to December 31, 2018 against the components of the S&amp;P TSX Global Gold Index over the same period</li> <li>Reaching the Corporation's 2018 public market guidance for ounces of annual gold production at the Houndé mine</li> <li>Reaching an average AISC of US\$850/oz or less for 2018</li> </ul>  | <p>50%-75%</p> <p>25%</p> <p>25%</p>                      | <p><b>December 31, 2018</b></p> |
| <p><b>Grant 2</b></p> <p>Awarded<br/>January, 2017</p> | <ul style="list-style-type: none"> <li>Relative TSR measured from January 1, 2017 to December 31, 2019 against the components of the S&amp;P TSX Global Gold Index over the same period</li> <li>Reaching the Corporation's 2019 public market guidance for ounces of annual gold production at the Ity mine</li> <li>Reaching an average AISC of US\$800/oz or less for 2019</li> </ul>  | <p>50%-75%</p> <p>25%</p> <p>25%</p>                      | <p><b>December 31, 2019</b></p> |
| <p><b>Grant 3</b></p> <p>2018</p>                      | <ul style="list-style-type: none"> <li>Relative TSR measured from January 1, 2018 to December 31, 2020 against the components of the S&amp;P TSX Global Gold Index over the same period</li> <li>Reaching exploration targets for new Resource ounces discovered, in a range between 1.5moz and 3moz, where any such new Resources must be at least 1moz at a mine/project in order to count towards the target</li> <li>Reaching the Corporation's 2020 public market guidance for ounces of annual gold production for all mines in aggregate</li> <li>Reaching an average AISC of US\$800/oz or less for 2020</li> </ul> | <p>50%-75%</p> <p>25%-37.5%</p> <p>12.5%</p> <p>12.5%</p> | <p><b>December 31, 2020</b></p> |

Following the vesting of each of the three award grants referred to above, Endeavour will publish details of the actual vested awards measured against the original target performance criteria for each award.

It should be noted that due to the forward-looking nature of future annual gold production numbers in 2018 - 2020 (Grants 1 – 3) it is not possible to predict (and therefore include) those guidance numbers at the time of each relevant Grant; annual production guidance numbers are generally approved by the Board of Directors and published to the market in early January of each calendar year. The operational performance criteria selected to apply to each of the Grants are closely tied to the achievement of key milestones in the Corporation's growth strategy. Therefore, the sequencing of Grants 1 and 2 and their linkage to, respectively, successful construction, start-up and production of the Houndé and Ity CIL projects is in line with the Corporation's shareholder communication about the growth strategy. Similarly, Grant 3 is expected to include and be tied to the success of our long-term exploration plan, and is sequenced as the third Grant because of the time necessary for long-term exploration to deliver results and translate into value for shareholders. Grant 3 also includes an operating component, as is the case for Grants 1 and 2, given the importance of sustaining key performance indicators in the business over time, such as production levels and AISC (all-in-sustaining cost per ounce of gold produced).

Concerning the AISC, as can be seen from the graph below, the Corporation believes that the achievement of the targets used in each of the Grants would mean that the Corporation has succeeded in lowering its costs to industry-leading levels.

All-in Sustaining Cost Comparison: Endeavour vs. Industry



Source: GFMS, Thomson Reuters

The graph above presents the gold industry "all-in sustaining cost" ("AISC") per cumulative number of ounces produced by the industry during 2017 (expressed as a percentage). The graph illustrates Endeavour's continued AISC decline since 2013 and its projection for 2018 and 2019. If Endeavour was to achieve those targets this would place the company very competitively on the gold industry cost curve. As would be expected, a relatively small number of the larger global gold production companies (and companies benefitting from by-product metal credits) occupy a substantial number of the cumulative production ounces in the first and second AISC quartiles. Due to the importance of achieving these AISC targets, and the corresponding potential to increase shareholder value, Endeavour has linked its Executive LTIP to these targets (as shown in the table on page 38).

**4.1 (i)(iii) Clawback of awards**

To safeguard against short-term decision making by individuals and to ensure appropriate risk management, each of the Executive PSU Plans and the Stock Option Plan include clawback provisions, such that participants would forfeit the economic benefit of their PSUs or stock options in the event that the payout of any award was premised on financial results that were subsequently materially revised, or if the relevant participant engaged in conduct that was grossly negligent or constituted material misconduct that caused (or substantially caused) the need for material revision of financial results.

As further described on page 16, the Corporation also requires its senior executives to achieve and maintain a minimum share ownership threshold, which equals the amount of their base salary; senior executives are expected to achieve this threshold by October 29, 2017 or, for senior executives who

joined the Corporation after October 29, 2012, within five years of their employment start date. Executives are not permitted to hedge the equity exposure relating to their share ownership, but are permitted to hedge foreign exchange exposure between Canadian dollars and the Executive's home currency.

#### **4.1 (j) La Mancha Transaction**

As a result of the corporate transaction completed on November 27, 2015, a new strategic partnership was created with La Mancha, a privately-held gold investment company, with La Mancha becoming Endeavour's largest shareholder with 30% ownership.

##### **4.1 (j)(i) Change of control mitigation**

Under the terms of certain pre-existing employment or management services agreements under which services of certain NEOs and senior executives of Endeavour were then provided, the La Mancha transaction triggered change of control provisions that would have required Endeavour to make certain cash payments (the "**CoC Amounts**") and would have accelerated vesting of PSUs and stock options if those individuals had chosen to resign within 6 months of the completion of the transaction. To prevent a significant loss of executive talent and expertise, in exchange for (i) waiving the change of control rights triggered by the La Mancha transaction, and (ii) agreeing to amend the change of control threshold in their agreements from 30% to 50% for future change of control events (together, the "**CoC Waiver**"), the Remuneration Committee (with advice from Mercer) negotiated and agreed to make two payments to the applicable NEOs and other senior executives equivalent to 25% of their potential CoC Amounts paid at closing of the La Mancha transaction in 2015 and 25% of their potential CoC Amounts was deferred until November 27, 2017 (the "**Residual CoC Instalment**"), subject to certain conditions described below. The remaining 50% of the CoC Amounts were forfeited by the executives.

##### **4.1 (j)(ii) Retention RSUs**

In relation to those executives who originally signed the CoC Waiver and who are currently retained by the Corporation, their individual Residual CoC Instalments were converted into restricted share units (the "**Retention RSUs**") of the Corporation in 2016 to properly reflect the terms of the original CoC Waiver. The number of Retention RSUs granted to the relevant executives was calculated by dividing their Residual CoC Instalment by the closing stock price of the Corporation on November 27, 2015, being the date of closing of the La Mancha transaction. The Retention RSUs were cash settled instruments and were to vest on the earlier of November 27, 2017, the date of termination of the executive by the Corporation (other than for cause), or the death of the executive. In the case of Attie Roux, his allocated Retention RSUs vested and were paid out in accordance with the terms of his employment contract, upon his retirement as COO in 2017. In the case of two other executives who signed the CoC Waiver, their Retention RSUs vested on November 27, 2017 as planned, and were subsequently settled in cash.

As payments in respect of the CoC Waivers were made in relation to the La Mancha transaction, they were required to be categorized as acquisition expenses of the transaction, under IFRS standards in the Corporation's audited financial statements, and therefore are not considered to be regular executive compensation. Regardless of their nature, the partial CoC Waiver payments (paid in 2015) and the Retention RSUs (granted in 2016 on conversion of the Residual CoC Instalments) are reflected in the "Summary Compensation Table" below.

#### 4.1 (j)(iii) *Start-up RSUs and PSUs*

Following the La Mancha transaction, incoming executives were granted a one-off instalment of restricted share units upon entering into new employment contracts with Endeavour (the "**Start-up RSUs**") as well as PSUs under the Initial PSU Plan (the "**Start-up PSUs**"). The Start-up RSUs are settled in cash and vest on the earlier of November 27, 2018, the date of termination of the executive by the Corporation (other than for cause), or the death of the executive. The Start-up PSUs may be settled in shares or in cash at the Corporation's election, and vest in accordance with the Initial PSU Plan on November 27, 2018. Mr. de Montessus was granted a right to receive Start-up RSUs and Start-up PSUs in three consecutive annual grants, between 2016 and 2018. Accordingly, the first two of those annual grants had been made as at December 31, 2017.

Start-up RSUs and Start-up PSUs are reflected in the "Summary Compensation Table" below in the "Share-Based Awards" column.

#### 4.1 (k) *Analysis and Discussion of 2017 Total Direct Compensation*

##### 4.1 (k)(i) *2017 Base Salaries*

As noted on page 26, Endeavour targets base salaries for its NEOs between the median and 75<sup>th</sup> percentile of the Comparator Group. This target level reflects the ambition of the new long-term growth strategy, the intensity of individual effort expected to implement it, and the mix of skills and experience needed to attract and retain sufficiently qualified executives. In 2016 we experienced significant organizational changes associated with resetting our long-term strategy including the departure of the then CEO and of several senior executives of the Corporation, the streamlining of the executive functions and formation of the Executive Committee. During 2017 our former COO Attie Roux, who had been a core leader and factor in Endeavour's operational strength in prior years, retired and was succeeded by Jeremy Langford, who has also played a leading role in the Corporation's development.

| Name and Principal Position                                   | Base Salary 2016 (US\$) | Base Salary 2017 (US\$) | % Change |
|---|-------------------------|-------------------------|----------|
| Sébastien de Montessus, Chief Executive Officer and President | 950,000                 | 950,000                 | 0%       |
| Vincent Benoit, Chief Financial Officer                       | 420,000                 | 600,000                 | 43%      |
| Patrick Bouisset, EVP - Exploration & Growth                  | 400,000                 | 400,000                 | 0%       |
| Jeremy Langford, EVP – Construction Services                  | 475,000                 | 550,000                 | 16%      |
| Adriaan Roux, former Chief Operating Officer                  | 664,400                 | 664,400                 | 0%       |
| Morgan Carroll, EVP – Corporate Finance & General Counsel     | 325,000                 | 400,000                 | 23%      |

Mr. Benoit's salary was increased to reflect his promotion to the CFO role in the London office, with significantly increased responsibilities, and a mandate to upgrade systems, organisation, policies and procedures affecting his area of responsibility, and to ensure the Corporation's control environment is appropriate for its increasing size. Mr. Langford's salary was increased on his promotion to the COO role in July 2017. Mr. Carroll's salary was increased to reflect the broad range of his responsibilities, the expanding scope of corporate and financing activities, and the level of intensity of legal work associated with the Corporation's growth.

Annual performance incentive targets were established for the NEOs as follows: de Montessus (100% of salary; 150% for extraordinary achievements), Benoit (75% of salary; 100% for extraordinary achievements), Bouisset (75% of salary; 100% for extraordinary achievements), Langford (75% of salary; 100% for extraordinary achievements), Roux (100% of salary; 125% for extraordinary achievements) and Carroll (75% of salary; 100% for extraordinary achievements). If minimum threshold performance levels are not met under both the company-wide and individual accomplishments and achievements, no annual bonuses would be paid. The 2017 annual incentive bonuses were paid in cash in the amounts disclosed below:

| Name and Principal Position                                   | Target 2017 Bonus (US\$) |                      |                              | 2017 Annual Bonus Award (US\$) |                   |             | Actual 2017 Bonus as % of Salary |
|---|--------------------------|----------------------|------------------------------|--------------------------------|-------------------|-------------|----------------------------------|
|   | Range (% of Salary)      | Target (% of Salary) | Target Amount <sup>(1)</sup> | Cash-based Award               | Share-based Award | Total Award |                                  |
| Sébastien de Montessus, Chief Executive Officer and President | 0%-150%                  | 100%                 | 950,000                      | 1,425,000                      | Nil               | 1,425,000   | 150%                             |
| Vincent Benoit, Chief Financial Officer                       | 0%-100%                  | 75%                  | 416,250                      | 450,000                        | Nil               | 450,000     | 81%                              |
| Patrick Bouisset, EVP – Exploration & Growth                  | 0%-100%                  | 75%                  | 300,000                      | 400,000                        | Nil               | 400,000     | 100%                             |
| Jeremy Langford, – Chief Operating Officer & EVP Projects     | 0-100%                   | 75%                  | 384,375                      | 512,500                        | Nil               | 512,500     | 100%                             |
| Adriaan Roux, former Chief Operating Officer                  | 0%-125%                  | 100%                 | 498,300                      | 0                              | Nil               | Nil         | 0%                               |
| Morgan Carroll, EVP – Corporate Finance & General Counsel     | 0-100%                   | 75%                  | 262,500                      | 350,000                        | Nil               | 350,000     | 100%                             |

(1) Weighted Average salary for the period multiplied by the Target (% of Salary).

#### 4.1 (k)(ii) 2017 Short-Term Incentive Bonus

Following the compensation review of 2016 changes to the measurement of annual short-term incentive bonuses were implemented in 2017. The Corporation measured individual executive eligibility for short-term incentive bonuses against the company-wide accomplishments and achievements (80%) and individual accomplishments and achievements (20%). Details of how those factors were measured appear in the following scorecard:

| Criteria                              | Target Description  | Actual achievement      | Target Achieved          | Weighting |      |      |      |      |                                 |   |   |   |   |     |                                 |   |   |   |   |   |                      |   |   |   |   |   |                    |   |   |   |   |   |                                 |     |     |     |   |   |                               |     |     |   |   |   |                    |     |     |     |     |   |   |
|---------------------------------------|---|-------------------------|--------------------------|-----------|------|------|------|------|---------------------------------|---|---|---|---|-----|---------------------------------|---|---|---|---|---|----------------------|---|---|---|---|---|--------------------|---|---|---|---|---|---------------------------------|-----|-----|-----|---|---|-------------------------------|-----|-----|---|---|---|--------------------|-----|-----|-----|-----|---|---|
| <b>Total Shareholder Return (TSR)</b> | During 2017, the TSR for Endeavour Shares was +28%, outperforming the S&P TSX Global Gold Index of +1 %.<br><i>(Target: Outperform TSX Global Gold Index)</i>   | 28% vs 1% for the index | Out-performed peer group | 80%       |      |      |      |      |                                 |   |   |   |   |     |                                 |   |   |   |   |   |                      |   |   |   |   |   |                    |   |   |   |   |   |                                 |     |     |     |   |   |                               |     |     |   |   |   |                    |     |     |     |     |   |   |
| <b>Safety, Health and Environment</b> | <p>During 2017, recordable workplace injuries and environmental incidents were within international standardized metrics.</p> <p>Safety Performance - Lost time injury frequency rate: 0.29 per million man hours worked.</p> <table border="1"> <thead> <tr> <th></th> <th>2013</th> <th>2014</th> <th>2015</th> <th>2016</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td><i>Youga Mine<sup>(1)</sup></i></td> <td>1</td> <td>1</td> <td>1</td> <td>0</td> <td>n/a</td> </tr> <tr> <td><i>Nzema Mine<sup>(2)</sup></i></td> <td>2</td> <td>3</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td><i>Tabakoto Mine</i></td> <td>3</td> <td>2</td> <td>4</td> <td>2</td> <td>0</td> </tr> <tr> <td><i>Agbaou Mine</i></td> <td>1</td> <td>0</td> <td>0</td> <td>0</td> <td>1</td> </tr> <tr> <td><i>Karma Mine<sup>(3)</sup></i></td> <td>n/a</td> <td>n/a</td> <td>n/a</td> <td>2</td> <td>2</td> </tr> <tr> <td><i>Ity Mine<sup>(4)</sup></i></td> <td>n/a</td> <td>n/a</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <td><i>Houndé Mine</i></td> <td>n/a</td> <td>n/a</td> <td>n/a</td> <td>n/a</td> <td>0</td> </tr> </tbody> </table> <p>(1) Youga Mine divested in February 2016<br/> (2) Nzema Mine divested in December 2017<br/> (3) Karma Mine acquired in April 2016<br/> (4) Ity Mine acquired in November 2015</p> <p>Endeavour puts the highest priority on safe and healthy work practices and systems. Our business principles and policies are based on targeting the achievement of a "zero harm" performance, reducing the LTIFR at all the operations and striving to continually improve our performance. We improved our safety performance during 2017, recording a lost-time injury rate of 0.29 per million man hours worked, vs. 0.40 in 2016.</p> <p>Endeavour Mining views itself as an integral part of the communities in which it operates, as well as a responsible development partner. Endeavour Mining collaborates and engages with government, local communities and outside organisations to ensure it supports economic sustainability and social development. Projects include skills training, educational scholarships, healthcare, water and sanitation, public infrastructure maintenance, institutional capacity building and livelihood programs.</p> <p>The selected peer group average for 2017 was 0.8 for companies reporting on the same metrics, which included Randgold, Nordgold, Eldorado, Asanko,</p> |                         | 2013                     |           | 2014 | 2015 | 2016 | 2017 | <i>Youga Mine<sup>(1)</sup></i> | 1 | 1 | 1 | 0 | n/a | <i>Nzema Mine<sup>(2)</sup></i> | 2 | 3 | 1 | 1 | 1 | <i>Tabakoto Mine</i> | 3 | 2 | 4 | 2 | 0 | <i>Agbaou Mine</i> | 1 | 0 | 0 | 0 | 1 | <i>Karma Mine<sup>(3)</sup></i> | n/a | n/a | n/a | 2 | 2 | <i>Ity Mine<sup>(4)</sup></i> | n/a | n/a | 4 | 1 | 1 | <i>Houndé Mine</i> | n/a | n/a | n/a | n/a | 0 | 0.29 LTIFR vs. 0.80 for selected peer group average |
|                                       | 2013  | 2014                    | 2015                     | 2016      | 2017 |      |      |      |                                 |   |   |   |   |     |                                 |   |   |   |   |   |                      |   |   |   |   |   |                    |   |   |   |   |   |                                 |     |     |     |   |   |                               |     |     |   |   |   |                    |     |     |     |     |   |   |
| <i>Youga Mine<sup>(1)</sup></i>       | 1   | 1                       | 1                        | 0         | n/a  |      |      |      |                                 |   |   |   |   |     |                                 |   |   |   |   |   |                      |   |   |   |   |   |                    |   |   |   |   |   |                                 |     |     |     |   |   |                               |     |     |   |   |   |                    |     |     |     |     |   |   |
| <i>Nzema Mine<sup>(2)</sup></i>       | 2   | 3                       | 1                        | 1         | 1    |      |      |      |                                 |   |   |   |   |     |                                 |   |   |   |   |   |                      |   |   |   |   |   |                    |   |   |   |   |   |                                 |     |     |     |   |   |                               |     |     |   |   |   |                    |     |     |     |     |   |   |
| <i>Tabakoto Mine</i>                  | 3   | 2                       | 4                        | 2         | 0    |      |      |      |                                 |   |   |   |   |     |                                 |   |   |   |   |   |                      |   |   |   |   |   |                    |   |   |   |   |   |                                 |     |     |     |   |   |                               |     |     |   |   |   |                    |     |     |     |     |   |   |
| <i>Agbaou Mine</i>                    | 1   | 0                       | 0                        | 0         | 1    |      |      |      |                                 |   |   |   |   |     |                                 |   |   |   |   |   |                      |   |   |   |   |   |                    |   |   |   |   |   |                                 |     |     |     |   |   |                               |     |     |   |   |   |                    |     |     |     |     |   |   |
| <i>Karma Mine<sup>(3)</sup></i>       | n/a   | n/a                     | n/a                      | 2         | 2    |      |      |      |                                 |   |   |   |   |     |                                 |   |   |   |   |   |                      |   |   |   |   |   |                    |   |   |   |   |   |                                 |     |     |     |   |   |                               |     |     |   |   |   |                    |     |     |     |     |   |   |
| <i>Ity Mine<sup>(4)</sup></i>         | n/a   | n/a                     | 4                        | 1         | 1    |      |      |      |                                 |   |   |   |   |     |                                 |   |   |   |   |   |                      |   |   |   |   |   |                    |   |   |   |   |   |                                 |     |     |     |   |   |                               |     |     |   |   |   |                    |     |     |     |     |   |   |
| <i>Houndé Mine</i>                    | n/a   | n/a                     | n/a                      | n/a       | 0    |      |      |      |                                 |   |   |   |   |     |                                 |   |   |   |   |   |                      |   |   |   |   |   |                    |   |   |   |   |   |                                 |     |     |     |   |   |                               |     |     |   |   |   |                    |     |     |     |     |   |   |

| Criteria   | Target Description  | Actual achievement     | Target Achieved                               | Weighting |
|--|---|------------------------|---|-----------|
|  | Glencore, and Goldcorp.<br><i>(Target: max. LTIFR below selected peer group average: X per million man hours worked)</i>  |                        |   |           |
| <b>Budget Production &amp; Costs</b>                           | 2017 production was up 12% year-over-year to 663koz, in line with FY 2017 guidance of 630-675koz.<br><i>(Target minimum production: 630 koz)</i>  | 663koz gold production | Target Achieved                               |           |
| <b>Financial Target</b>  | AISC was down \$17/oz to \$869/oz, in line with FY 2017 guidance of \$850-895/oz.<br><i>(Target maximum AISC: below \$895/oz)</i>   | \$869/oz               | Target Achieved                               |           |
| <b>Gold Reserve / Resource Replacement</b>                     | Group P&P reserves were up 2.0Moz year-over-year to 9.1Moz while M&I resources up 2.3Moz to 14.9Moz.<br><i>(Target Indicated Resources replacement: on track with long-term exploration strategy)</i>     |                        | On track to meeting 5 year exploration target |           |
| <b>Completion of Specific Projects and Value-added Studies</b> | During 2017, the Corporation completed the sale of non-core Nzema mine and the acquisition of Avnel, successfully built Houndé and launched the construction of Ity CIL.                                  |                        | Target Achieved                               |           |
| <b>Personal Goals Component</b>                                | Certain data considered by the Corporation in assessing whether personal goals have been satisfied is confidential in nature; however, general responsibilities by NEO function appear in the table below |                        |   | 20%       |

Acknowledging the desirability of transparency in measuring individual executive performance and the relationship of that performance to annual short-term incentive bonuses, the scorecard above captures key performance indicators of the Corporation for 2017 and whether they were achieved. In calculating the short-term incentive bonus, a weighting of 80% in aggregate is attributed to total shareholder return and key operational performance indicators, while personal goals for the NEO have a weighting of 20%.

| NEO                           | Function        | Primary goals  |
|-------------------------------|-----------------|--|
| <b>Sébastien de Montessus</b> | CEO & President | Leadership of the Corporation and its strategic direction. Implementation of 2017 group targets. Accountable to investors for overall stock performance. Professionalization of Group functions and administration in anticipation of growth. Overall responsibility for safety and health of personnel and for stakeholder relations.                   |
| <b>Jeremy Langford</b>        | COO             | Strategic implementation of Operations and Projects targets. Direct responsibility for realisation of annual guidance results (production, costs and cashflow). Professionalization of Operations and Projects functions and administration in anticipation of growth. Overall responsibility for safety and health of personnel and other stakeholders. |

|                         |   |   |
|-------------------------|---|---|
| <b>Vincent Benoit</b>   | CFO                                     | Responsibility for all Finance, Accounting and Tax functions. Professionalization of Finance functions, reporting systems and administration in anticipation of growth. Responsible for implementing corporate strategy and business development. |
| <b>Patrick Bouisset</b> | EVP Exploration & Growth                | Strategic implementation of organic growth through near-mine and greenfield exploration. Professionalization of Exploration Group functionality.  |
| <b>Morgan Carroll</b>   | EVP Corporate Finance & General Counsel | Responsibility for external financing, as well as banking and debt capital markets relationships. Responsibility for legal matters affecting the group. Professionalization of functionality.   |

The above table indicates certain targets across individual NEO functions, the personal component of the annual short-term incentive bonus is limited to 20%, and certain data considered by the Corporation in whether the personal achievements have been satisfied is confidential in nature.

#### **4.1 (k)(iii) 2017 LTI Compensation**

PSUs were introduced in 2014 as part of the LTI compensation program under the Initial PSU Plan, with the intention of increasing the pay mix in favour of long-term equity-based compensation. PSUs granted under the Initial PSU Plan are generally subject to three year 'cliff-vesting' to serve as an employee retention mechanism. The Initial PSU Plan was designed to be a more performance driven LTI vehicle than stock options.

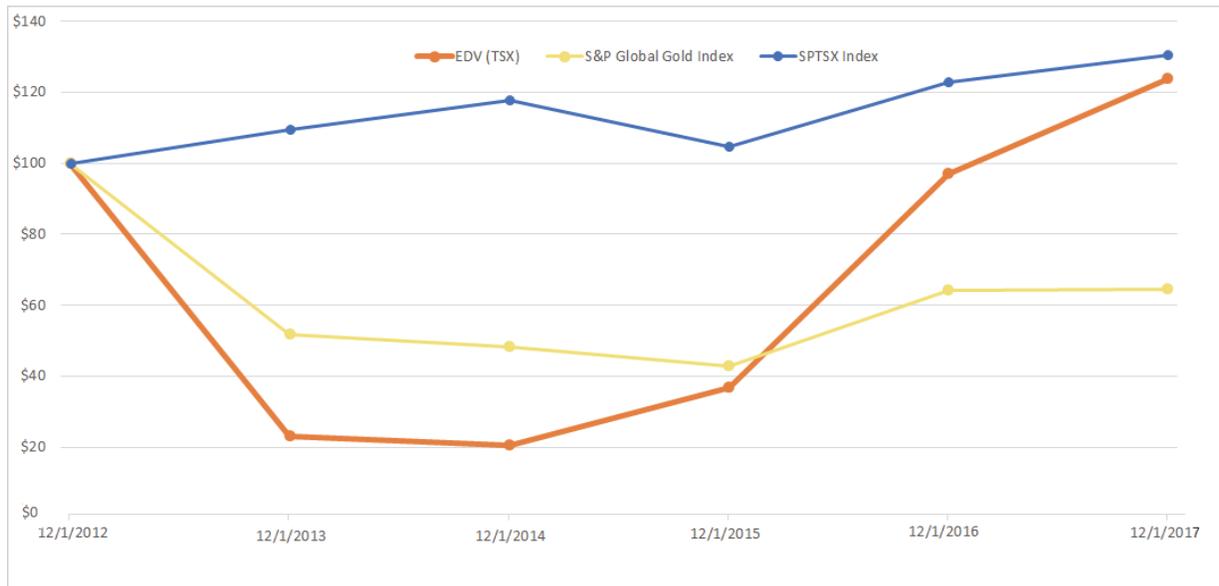
Since its review of long-term compensation in September 2016, the Corporation has not awarded stock options to senior management. The review also concluded that the Gold LTI no longer represents a suitable and effective incentive tool. As an alternative to stock option grants and the Gold LTI, the Corporation adopted the two Executive PSU Plans, comprised of the UK Executive PSU Plan and the Non-UK Executive PSU Plan, to implement the Executive LTIP. These two PSU Plans reflect defined performance conditions for vesting and provide flexible and tax-efficient solutions for executives depending on their individual tax residency. Details of the Executive LTIP and performance criteria for PSU awards are discussed on page 53 of this Circular.

Grant 1 under the Executive LTIP was awarded in October 2016 with 219,283 PSUs (in the form of 332,500 performance shares) issued under the UK Executive PSU Plan and 426,950 PSUs issued under the Non-UK Executive PSU Plan. Grant 2 under the Executive LTIP was awarded in January 2017 with 1,061,471 PSUs (in the form of 508,830 performance shares) issued under the UK Executive PSU Plan and 699,808 PSUs issued under the Non-UK Executive PSU Plan. The annual awards and the associated performance conditions for each grant under the LTIP are discussed in the table on page 33.

#### **4.1 (l) Performance Graph**

The following graph compares the cumulative total shareholder return of CDN\$100 invested in Shares of Endeavour from December 31, 2012 to December 31, 2017 with the S&P/TSX Global Gold Index and the S&P/TSX Composite Index for the same period.

### Total shareholder return – 5 years to December 31, 2017



Market data sourced from Bloomberg

Between 2013 and 2017, Endeavour's cumulative shareholder return followed a similar trend as the gold-sector specific S&P/TSX Global Gold Index. In the six-month period of December 31, 2012 to June 30, 2013, the spot gold price declined, which resulted in dramatic declines in the value of gold producers as illustrated by the chart above. During this period, Endeavour was in the midst of constructing the Agbaou mine, and the perceived risks associated with completing the project as well as Endeavour's leverage at the time were key drivers in Endeavour's share price under-performance. However, during 2016 and 2017 Endeavour significantly outperformed the index due to the implementation and execution of its strategy, as discussed above on page 24 of this Circular. Most notable successes during this period were Endeavour's improved balance sheet, its strong operating results, the successful construction and start-up of its Houndé mine, the publication of its Ity CIL feasibility study and subsequent construction launch, the sale of its non-core Youga and Nzema mines, the acquisition of the Karma mine and Kalana project, as well as significant exploration success.

#### **4.1 (m) 2017 Total Direct Compensation to the CEO and other Named Executive Officers**

##### Sébastien de Montessus, Chief Executive Officer and President

Mr. de Montessus was appointed as CEO and President of Endeavour in July 2016, having previously served as President since November 2015. He is responsible for implementing Endeavour's growth strategy and in 2017 Endeavour took significant steps towards achieving those strategic objectives (as further described on pages 24-25). All executives report directly to Mr. de Montessus, who is ultimately responsible for the operational and financial performance of the Corporation.

Mr. de Montessus was previously the Chief Executive Officer of the La Mancha Group from 2012 to 2015, and under his leadership La Mancha doubled its production through optimization efforts before undergoing a portfolio restructuring, which enabled La Mancha to become the main shareholder of Evolution Mining, a leading Australia gold miner, and of Endeavour in November 2015. Mr. de Montessus was previously a member of the Executive Board and Group Deputy CEO of AREVA Group (a

world leader in nuclear energy) and CEO of AREVA Mining (uranium). Mr. de Montessus was a Board member of ERAMET, a world leader in alloying metals, between 2010 and 2012. Before joining AREVA in 2002, Mr. de Montessus was an investment banker at Morgan Stanley in London (M&A and Equity Capital Markets).

#### *Target Total Direct Compensation for 2017*

- The Remuneration Committee carried out a detailed analysis of the 2017 Comparator Group with the assistance of Mercer. As a result, and in support of Mr. de Montessus' strong leadership, strategic vision, and track record prior to joining Endeavour, the Board set his target total direct compensation in the top quartile of the Comparator Group.

#### Total Direct Compensation for 2017

- Mr. de Montessus' target total direct compensation for 2017 (excluding the 2017 tranche of Start-up RSUs; see page 36) was \$5,953,214, which is approximately at the 95<sup>th</sup> percentile position of total direct compensation paid to 2017 Comparator Group CEOs (as compiled by Mercer in November 2017).
- The performance criteria for the CEO in 2017 included: (i) total shareholder return; (ii) achievement of strategic objectives, (iii) achievement of operational objectives; (iv) project advancement; (v) exploration program success and (vi) achieving or exceeding budget targets.
- During 2017, the CEO provided strong overall supervision of the expanding business of the Corporation, oversaw a period of significant corporate activity which furthered the strategic priorities of Endeavour, and provided leadership to improve internal organization, processes, systems and governance, while exceeding the targets of the Corporation for the year.

#### Other NEOs (Messrs. Benoit, Bouisset, Langford, Roux and Carroll)

- For the other NEOs, total direct compensation was targeted at the 75<sup>th</sup> percentile of the 2017 Comparator Group.
- The target total direct compensation for 2017 for the other NEOs averaged \$2,806,661.60, which is in the top quartile of total direct compensation paid to 2017 Comparator Group NEOs (as compiled by Mercer in November 2017).
- The measurement criteria for each of the other NEOs were also specific and quantitative where possible, and organized in a similar fashion to that of the CEO and aligned with the Corporation's goals.

#### **4.1 (n) Compensation Governance**

The Corporation has a Remuneration Committee which consists of Michael Beckett (Chairman), Olivier Colom and Wayne McManus, each of whom are independent directors. The Remuneration Committee assists the Board in approving and monitoring the Corporation's guidelines and practices with respect to compensation and benefits, as well as in determining recruitment, retention and termination policies and procedures. The Remuneration Committee retains Mercer independently to provide annual compensation advice directly to the committee.

The Remuneration Committee's responsibilities include, among other things:

- determining, in consultation with the Board and the Chief Executive Officer, a framework or policy for the remuneration of the executive management. The principal objective of such policy is to ensure that members of the executive management of the Corporation are motivated to pursue the long-term growth and success of the Corporation within an appropriate control framework and to establish a clear relationship between key executive performance and remuneration; and
- within the terms of the agreed policy, determining and recommending to the Board the individual remuneration package of the Chief Executive Officer.

Endeavour's executive compensation philosophy, as established by the Remuneration Committee in consultation with the Board and the CEO, is to:

- provide market-competitive compensation to attract and retain the talent needed to implement the business strategy;
- pay for performance by emphasizing variable compensation that is linked to the Corporation's key strategic and operational objectives; and
- align long-term performance awards with Endeavour's Share price to incentivize long-term value enhancement.

It is recognized that the entrepreneurial nature of Endeavour's business strategy requires flexibility in the determination of executive compensation, and the Remuneration Committee, the Board and the CEO consult regularly with each other and with outside consultants, as necessary, in this regard.

A copy of the Remuneration Committee's charter which sets out its role and responsibilities, composition, structure and membership requirements is available on the Corporation's website. Please refer to the section "Information Concerning Directors" above for background information on each of the Remuneration Committee members.

The Remuneration Committee has retained Mercer annually since 2012 to provide advice and recommendations on the Corporation's executive compensation programs. In 2017, Mercer provided consulting advice in the following areas:

- executive compensation policy (for example, the choice of comparator group and compensation philosophy);
- total compensation benchmarking for the NEOs;
- a summary of market competitive short-term and long-term incentive award levels below the NEO level; and
- the provision of general market observations with respect to market trends and issues and ongoing advice.

Decisions made by the Remuneration Committee, however, are the responsibility of the Remuneration Committee and may reflect factors and considerations other than the information and recommendations provided by Mercer.

#### 4.1 (o) Executive Compensation – Related Fees

During the year ended December 31, 2017, Mercer was paid US\$63,981 in executive compensation-related fees (US\$108,410 in 2016). The decrease in fees during 2017 can be attributed to the normalised level of advice during 2017 as opposed to the substantial advice in 2016 relating to changes to the compensation structure given the new growth strategy. Other than described above, Mercer did not provide any other services to Endeavour during 2016 or 2017.

#### 4.2 Summary Compensation Table

The following table contains information about the compensation paid to, or earned by, the NEOs for the financial years ended December 31, 2015, 2016 and 2017.

| All amounts in US\$<br>Name and Principal Position    | Year      | Salary <sup>(1)</sup>  | Share-based awards <sup>(2)</sup> | Option-based awards <sup>(3)</sup> | Non-equity incentive plan compensation |                 | Other comp. <sup>(4)</sup> | Total comp. |
|---|-----------|------------------------|-----------------------------------|------------------------------------|--|-----------------|----------------------------|-------------|
|   |           |                        |                                   |                                    | Annual plans                           | Long-term plans |                            |             |
| Sébastien de Montessus, CEO and President             | 31-Dec-17 | 950,000                | 2,841,013 <sup>(7)</sup>          | Nil                                | 1,425,000                              | Nil             | 1,072,374                  | 6,288,387   |
|   | 31-Dec-16 | 900,000 <sup>(5)</sup> | 2,994,893 <sup>(6)</sup>          | Nil                                | 1,537,500                              | Nil             | 420,690                    | 5,853,083   |
|   | 31-Dec-15 | 70,833                 | 350,036                           | Nil                                | Nil                                    | Nil             | Nil                        | 420,869     |
| Vincent Benoit, Chief Financial Officer               | 31-Dec-17 | 555,000                | 2,400,000                         | Nil                                | 450,000                                | Nil             | 354,921                    | 3,759,921   |
|   | 31-Dec-16 | 420,000                | 2,618,210                         | Nil                                | 315,000                                | Nil             | 624                        | 3,353,834   |
|   | 31-Dec-15 | 35,000                 | 149,968                           | Nil                                | Nil                                    | Nil             | Nil                        | 184,968     |
| Patrick Bouisset, Executive VP – Exploration & Growth | 31-Dec-17 | 400,000                | 1,600,000                         | Nil                                | 400,000                                | Nil             | 63,838                     | 2,463,838   |
|   | 31-Dec-16 | 400,000                | 1,646,760                         | Nil                                | 300,000                                | Nil             | 479,545                    | 2,826,305   |
|   | 31-Dec-15 | 33,333                 | 50,017                            | 50,009                             | Nil                                    | Nil             | Nil                        | 133,359     |
| Jeremy Langford, Chief Operating Officer              | 31-Dec-17 | 512,500                | 2,200,000                         | Nil                                | 512,500                                | Nil             | 52,047                     | 3,277,047   |
|   | 31-Dec-16 | 454,167                | 2,041,428                         | Nil                                | 356,250                                | Nil             | 6,190                      | 2,858,035   |
|   | 31-Dec-15 | 350,000                | 510,646                           | 85,647                             | 262,500                                | Nil             | 337,500                    | 1,546,293   |
| Attie Roux, former Chief Operating Officer            | 31-Dec-17 | 498,300                | Nil                               | Nil                                | Nil                                    | Nil             | 2,056,381                  | 2,554,681   |
|   | 31-Dec-16 | 664,400                | 3,771,815                         | Nil                                | 664,400                                | Nil             | 854,834                    | 5,955,449   |
|   | 31-Dec-15 | 650,000                | 786,136                           | 111,255                            | 375,000                                | Nil             | 939,964                    | 2,862,355   |

|  |           |         |           |        |         |     |        |           |
|--|-----------|---------|-----------|--------|---------|-----|--------|-----------|
| Morgan<br>Carroll,<br>Executive VP<br>– Corp<br>Finance &<br>Gen Counsel | 31-Dec-17 | 350,000 | 1,200,000 | Nil    | 350,000 | Nil | 77,821 | 1,977,821 |
|  | 31-Dec-16 | 325,000 | 1,761,391 | Nil    | 250,000 | Nil | 86,997 | 2,423,388 |
|  | 31-Dec-15 | 325,000 | 87,691    | 86,321 | 200,000 | Nil | 86,997 | 786,009   |

(1) Weighted average salary for the period.

(2) Share-based awards are comprised of performance shares and performance share units issued under the PSU Plans as well as Retention RSUs and Start-up RSUs.

A Monte Carlo simulation and a probability factor model was used to derive the fair value of the performance shares, as such a model is a commonly used and accepted model format for determining the fair value of such share based awards. The Total Shareholder Return (“TSR”) element is fair valued using a multi-asset Monte Carlo simulation, while the fair value related to the likely achievement of the operational performance elements is determined based on a probability model. The combined Monte Carlo simulation and probability model applied to, respectively, the TSR element and the operational targets element, derives a pay-out probability factor of 29.59% (2016 grant) and 59.03% (2017 grant). The Monte Carlo simulation and probability factor model include the following underlying assumptions:

| Assumptions                       | 2016 LTIP | 2017 LTIP |
|-----------------------------------|-----------|-----------|
| Share Price (CAD\$)               | 19.90     | 18.44     |
| Expected Volatility               | 68.70%    | 67.10%    |
| Average peer group volatility     | 59.30%    | 59.80%    |
| Risk Free Discount Factor (CAD\$) | 0.43%     | 0.82%     |

Performance share units are deemed for purposes of this Circular to have a grant value equal to a volume-weighted average share price at market close on the last trading day immediately preceding the grant date. Calculated values for 2017 are converted to US\$ using the exchange rate in effect on December 29, 2017, being \$0.7971. The fair value of performance share units can be derived by applying the above referenced pay-out probability factors (29.59% (2016 grant) and 59.03% (2017 grant)) to the grant value of each performance share unit award.

Retention RSUs and Start-up RSUs, which have a fair value equal to zero under IFRS at the grant date, are deemed for purposes of this Circular to have a value equal to a volume-weighted average Share price at market close on the last trading day immediately preceding the grant date. Calculated values for 2017 are converted to US\$ using the exchange rate in effect on December 29, 2017, being \$0.7971. CoC Waiver payments, Retention RSUs and Start-up RSUs are discussed on page 36 of this Circular.

(3) Stock options are valued at their fair value under IFRS as of the grant date using a Black-Scholes valuation model, a commonly used and accepted model based on the straightforward nature of the options issued. The stock option based awards are valued at the point of grant which is the same as the accounting fair value, are expensed on a straight line basis, and the Black-Scholes valuation model includes the following assumptions:

| Assumptions                         | January 19, 2015 | August 4, 2015 | March 11, 2016 |
|-------------------------------------|------------------|----------------|----------------|
| Share Price (CAD\$)                 | 6.10             | 5.20           | 10.94          |
| Expected Dividend yield             | 0.00%            | 0.00%          | 0.00%          |
| Expected Volatility                 | 48.7%            | 48.7%          | 79.5%          |
| Risk Free Interest Rate             | 4.7%             | 4.71%          | 2.11%          |
| Expected Option Life                | 5 years          | 5 years        | 5 years        |
| Fair Value per stock option granted | 3.97             | 4.03           | 4.20           |

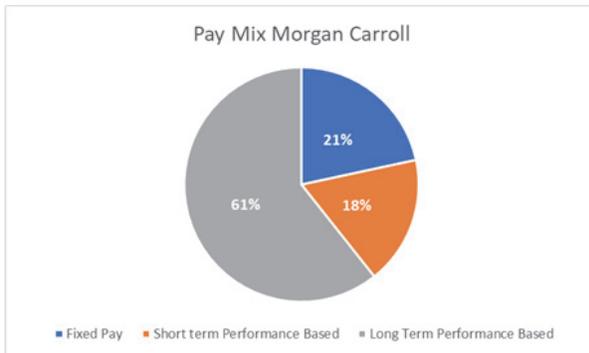
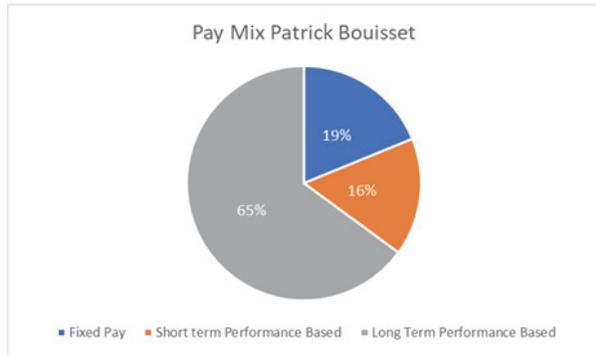
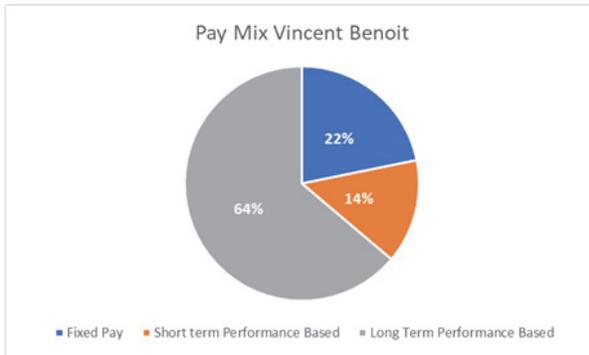
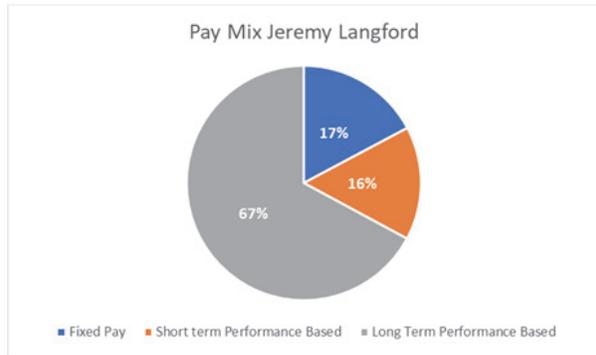
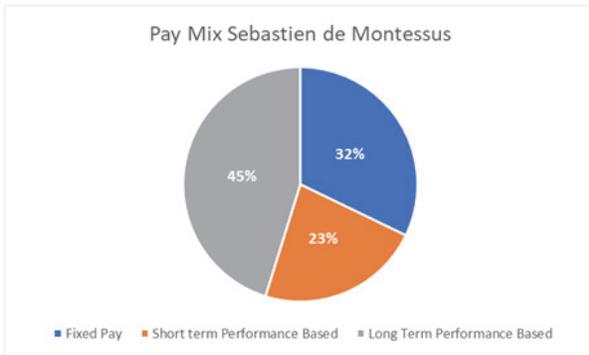
(4) Other Compensation for 2017 and 2016 includes housing allowances, medical benefits and taxes paid by the Corporation on behalf of the NEO. Other Compensation for 2017 also included statutory pension contributions.

(5) Mr. de Montessus' salary was increased during 2016 from \$850,000 to \$950,000 in connection with his mid-year appointment as Chief Executive Officer of the Corporation.

(6) Includes the value of 332,500 performance shares (issued on the basis of a grant amount of \$3.8 million), which is equivalent in value to 219,283 performance share units using the methodology for valuing PSUs described in note (2) above. See page 53 of this Circular for further information.

(7) Includes the value of 380,000 performance shares (issued on the basis of a grant amount of \$3.25 million), which is equivalent in value to 269,813 performance share units using the methodology for valuing PSUs described in note (2) above. See page 53 of this Circular for further information.

The following pie charts indicate the pay mix of each of the Corporation's current NEOs:



### 4.3 Incentive Plan Awards

The tables below set forth details of all incentive plan awards outstanding for each NEO of the Corporation for the financial year ended December 31, 2017, consisting of incentive stock options and PSUs.

#### 4.3 (a)(i) Outstanding Option-Based Awards

| Name                   | Number of securities underlying unexercised options (#) | Option exercise price (CDN\$) <sup>(1)</sup> | Option expiration date | Value of unexercised in-the-money options (US\$) <sup>(2)</sup> |
|------------------------|---|--|------------------------|---|
| Sébastien de Montessus | Nil   | Nil  | Nil                    | Nil   |
| Vincent Benoit         | Nil   | Nil  | Nil                    | Nil   |
| Patrick Bouisset       | 14,950  | 10.94  | March 11, 2021         | 175,056   |
| Jeremy Langford        | 11,210  | 10.94  | March 11, 2021         | 131,262   |
| Adriaan Roux           | Nil   | Nil  | Nil                    | Nil   |
| Morgan Carroll         | 11,750  | 6.10   | January 19, 2020       | 182,917   |
|                        | 20,258  | 5.20   | August 4, 2020         | 329,897   |
|                        | 9,340   | 10.94  | March 11, 2021         | 109,366   |

(1) Options are granted with a Canadian dollar exercise price (being the currency in which the Shares trade on the TSX).

(2) This value is calculated as the difference between the CDN\$ exercise price of an Option and the closing price of the Shares on the TSX on December 29, 2017 (the last trading day of 2017), which was CDN\$25.63, with that difference being converted to US\$ for the purposes of the table above using the exchange rate in effect on December 29, 2017, being \$0.7971.

#### 4.3 (a)(ii) Outstanding Share-Based Awards (PSUs)

| Name                   | Number of PSUs (#) that have not vested | Payout value of PSUs that have not vested (US\$) <sup>(1)</sup> | Payout value of vested PSUs not paid out or distributed (US\$) |
|------------------------|---|---|--|
| Sébastien de Montessus | 636,936 <sup>(2)</sup>                  | 17,020,573  | Nil  |
| Vincent Benoit         | 314,327                                 | 8,357,856   | Nil  |
| Patrick Bouisset       | 216,777                                 | 5,793,334   | Nil  |
| Jeremy Langford        | 254,804                                 | 6,639,337   | Nil  |
| Adriaan Roux           | 0                                       | 0   | Nil  |
| Morgan Carroll         | 162,659                                 | 4,291,227   | Nil  |

(1) Payout value of performance share units is calculated using the market price of the Shares of CDN\$25.63 on the TSX on December 29, 2017 (the last trading day of 2017), along with factoring by the maximum performance multiplier of 1.5 under the Initial PSU Plan and 1.25 under the Executive PSU Plans, respectively, which reflects Endeavour's TSR performance relative to the components of the S&P TSX Global Gold Index, and assumes that all other performance criteria under the Executive PSU Plans have been achieved. The result is converted to US dollars using the exchange rate in effect on December 29, 2017, being \$0.7971.

(2) Includes 489,096 performance share units, economically equivalent to the 712,500 performance shares awarded to Mr. de Montessus under the U.K. Executive PSU Plan. See page 53 of this Circular.

#### 4.3 (a)(iii) Outstanding Retention RSUs and Start-up RSUs

| Name                   | Number of RSUs (#) that have not vested <sup>(1)</sup> | Payout value of RSUs that have not vested (US\$) <sup>(2)</sup> | Payout value of vested RSUs not paid out or distributed (US\$) <sup>(2)</sup> |
|------------------------|--|---|---|
| Sébastien de Montessus | 105,290  | 2,151,140   | Nil   |
| Vincent Benoit         | 46,550   | 951,001   | Nil   |
| Patrick Bouisset       | 44,333   | 905,709   | Nil   |
| Jeremy Langford        | Nil  | Nil   | Nil   |
| Adriaan Roux           | Nil  | Nil   | Nil   |
| Morgan Carroll         | Nil  | Nil   | Nil   |

(1) Start-up RSUs are disclosed in the table below and are discussed above on page 36 of this Circular.

(2) Payout value of RSUs is calculated using the market price of the Shares of CDN\$25.63 on the TSX on December 29, 2017 (the last trading day of 2017) and converted to US dollars using the exchange rate in effect on December 29, 2017, being \$0.7971.

#### 4.3 (a)(iv) Value Vested or Earned for Incentive Plan Awards during the Year

In 2017, the Corporation had two kinds of incentive plan awards that executives and certain employees were eligible to receive: PSUs issued under the Initial PSU Plan and the Executive PSU Plans; and annual bonuses payable in cash. The Corporation does not currently intend to compensate executives using stock options, and no stock options were awarded to executives during 2017.

The following table sets forth details of the value vested or earned under IFRS for all incentive plan awards during the most recently completed financial year by the NEOs:

| Name                   | Option-based awards - Value vested during the year ended December 31, 2017 (US\$) | Share-based awards - Value vested during the year ended December 31, 2017 (US\$) | Non-equity incentive plan compensation - Value earned during the year ended December 31, 2017 (US\$) |
|------------------------|---|--|--|
| Sébastien de Montessus | Nil   | 6,812,561  | 1,425,000  |
| Vincent Benoit         | Nil   | 4,377,917  | 410,000  |
| Patrick Bouisset       | 79,589  | 2,733,376  | 400,000  |
| Jeremy Langford        | 646,046   | 2,485,291  | 512,00   |
| Adriaan Roux           | Nil   | Nil  | Nil  |
| Morgan Carroll         | 709,134   | 1,542,406  | 350,000  |

#### 4.3 (a)(v) Pension Plan Benefits

As a result of the relocation of corporate functions to London in 2016, the UK management services subsidiary has become subject to UK legislation requiring pension enrollment. The legislation requires all employers to automatically enrol eligible workers aged between 22 and the state pension age (currently age 65) and earning more than £10,000 per annum (as at 2017/2018) into a qualifying pension scheme that meets minimum statutory quality requirements. When the legislation is fully in force on April 6, 2019, minimum total contribution of 6% of statutory "qualifying earnings" will need to be made into a qualifying pension scheme in respect of each eligible worker. Of the 6% minimum contribution, at least

3% must be paid by the UK employer. During the year the UK subsidiary elected to adopt the minimum employer percentage contribution required to be made under this statutory regime with respect to two of its NEOs.

#### 4.4 Termination and Change of Control Benefits

The Corporation has the following plans or arrangements in respect of compensation that may be received by its NEOs with a view to compensating such officers in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change of control.

Pursuant to employment agreements entered into between the Corporation and each of Sébastien de Montessus, Vincent Benoit, Patrick Bouisset, Jeremy Langford and Morgan Carroll (each, an "**Executive Employment Agreement**"), if such an agreement is terminated:

1. by the Corporation for any reason other than for cause, the relevant NEO, in addition to receiving ordinary course payment of any accrued but unpaid salary, reimbursable expenses and pro-rated vacation entitlements up to termination, is entitled to receive a payment equal to (a) 12 months of salary as of the date of termination and (b) 12 months of bonus, calculated on the basis of average bonus paid in the preceding two years. The NEO would also be entitled to a pro-rated bonus for the year in which termination took place, payable in accordance with the Corporation's bonus policy, as amended from time to time. Assuming the Executive Employment Agreements were terminated without cause as of December 31, 2017, Messrs. de Montessus, Benoit, Bouisset, Langford, and Carroll would have been entitled to payments from the Corporation of approximately US\$2,431,250, US\$982,500, US\$750,000, US\$984,375 and US\$700,000, respectively; or
2. within six months following a Change of Control (as defined below), by the Corporation for any reason other than for cause or by the Executive, the relevant NEO, in addition to receiving ordinary course payments (as described above), is entitled to receive a payment equal to (a) 24 months of salary as of the date of termination and (b) 24 months of bonus, calculated on the basis of average bonus for the year in which termination took place, paid in the preceding two years. The NEO would also be entitled to a pro-rated bonus payable in accordance with the Corporation's bonus policy, as amended from time to time. Assuming the Executive Employment Agreements were terminated as of December 31, 2017 (following a Change of Control), Messrs. de Montessus, Benoit, Bouisset, Langford and Carroll would have been entitled to payments from the Corporation of US\$4,862,500, US\$1,965,000, US\$1,500,000, US\$1,968,750 and US\$1,400,000, respectively.

For purposes of the foregoing, a "**Change of Control**" can be summarized as:

- (a) the acquisition, directly or indirectly, of securities of the Corporation such that after the completion of such acquisition, the acquiror is entitled to exercise 50% or more of the votes entitled to be cast at a meeting of the shareholders of the Corporation;
- (b) in connection with a contested election of directors or any initiative by a shareholder at a meeting of the Corporation's shareholders, the nominees named in the most recent management information circular of the Corporation for election to the Board shall not constitute a majority of the Board; or
- (c) the sale, transfer or other disposition of more than 50% of the assets of the Corporation.

On July 17, 2017 Attie Roux retired from his position as Chief Operating Officer of the Corporation and Jeremy Langford assumed Mr. Roux's responsibilities. Pursuant to the terms of Mr. Roux's Employment Agreement dated November 18, 2016 (the "**Employment Contract**") upon retirement he was entitled to receive (i) a cash payment equivalent to 12 months' of salary plus 12 months' of bonus (average of the preceding two years of actual bonus paid), (ii) a cash payment in respect of a pro-rated bonus for the partial year 2017, and (iii) accrued holiday leave, unreimbursed expenses and other adjustments; the total of the foregoing amounted to c.US\$1,963,110. Under his Employment Contract terms a pro-rata portion of unvested PSUs and RSUs were accelerated; he was additionally entitled to exercise any vested but unexercised stock options for a period of 90 days from his retirement. Mr. Roux's Employment Contract had been negotiated at inception such that retirement would operate as a trigger for the foregoing payments, as if analogous to a termination without cause (provided that it constituted bona fide retirement from full time employment and not a change of employer).

No employment agreements for continuing NEOs were amended in fiscal 2017 and all change of control provisions are legacy provisions from when the NEO became an executive for the first time.

#### **4.4 (a) Indebtedness of Directors, Executive Officers and Senior Officers**

At no time during the year ended December 31, 2017, was a director, executive officer or senior officer of the Corporation or any proposed nominee for election as a director of the Corporation, or any associate of any such director, officer or proposed nominee indebted to the Corporation or any of its subsidiaries.

#### **4.4 (b) Interest of Informed Persons in Material Transactions**

Since the commencement of the Corporation's most recently completed financial year, no informed person of the Corporation, no proposed director of the Corporation, nor any associate or affiliate of any informed person or proposed director, has been party to any transaction or any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## 5. EQUITY COMPENSATION PLANS

### 5.1 Endeavour Stock Option Plan

The Corporation has an incentive stock option plan, being the Option Plan (the "**Option Plan**"), under which equity securities of the Corporation are authorized for issuance. The Option Plan was initially approved by shareholders at the Corporation's annual general meeting on February 28, 2003, and was last approved by shareholders on June 18, 2015, which approval is effective until June 18, 2018.

The Corporation is not seeking re-approval for the Option Plan at the Meeting. While no further options may be granted under the Option Plan following June 18, 2018, holders of existing options which are outstanding under the Option Plan will be able to exercise such options in accordance with their terms.

As at May 17, 2018 the Corporation had 107,727,522 Shares outstanding and a total of 58,338 Shares were issuable on the exercise of options granted under the Option Plan, which represents 0.05% of the Shares outstanding.

The weighted-average exercise price of the outstanding options is CDN\$9.94 and the weighted average remaining term is 2.716 years. As at the date of this Circular, there was a theoretical total of 6,596,282 unallocated Shares available for allocation and issuance under the Option Plan, representing approximately 6.12% of the Corporation's issued and outstanding Shares. However, as noted above, the Option Plan will lapse on June 18, 2018 and the Corporation does not currently intend to grant further options.

In fiscal years 2015 and 2016, we granted awards under the Option Plan for 699,374 Shares and 346,790 Shares respectively. No awards were issued under the Option plan during 2017. Based on our basic weighted average of securities outstanding for those three years of 41,314,367, 80,629,491 and 98,520,420, respectively, for the three fiscal year period 2015 to 2017, our average burn rate was 0.71% (our individual year burn rates were 1.69% for fiscal 2015, 0.43% for fiscal 2016 and 0% for fiscal 2017).

| Annual Burn Rates for Three Most Recent Financial Years |           |
|---|-----------|
| Financial Year Ending December 31                       | Burn rate |
| 2015  | 1.69%     |
| 2016  | 0.43%     |
| 2017  | 0%        |

The Option Plan has the following key features:

- The aggregate number of Shares to be reserved for exercise of all options granted under the Option Plan and any other share compensation arrangement shall not exceed 10% of the Shares of the Corporation issued and outstanding at the time of granting of options. The maximum number of Shares which may be reserved for issuance to any one person under the Option Plan shall be 5% of the Shares issued and outstanding at the time of the grant.
- Options may be granted to eligible participants from time to time, including officers, employees, management company employees or consultants.

- The Option Plan includes the "insider participation limits" specified by the TSX. The maximum number of Shares which may be reserved for issuance to insiders under the Option Plan as well as any other share compensation arrangement at any time shall be 10% of the Shares issued and outstanding (on a non-diluted basis). The maximum number of Shares which may be issued to insiders under the Option Plan and any other share compensation arrangement within a 12-month period shall be 10% of the Shares issued and outstanding (on a non-diluted basis). The maximum number of Shares reserved for issuance to any person under the Option Plan within a 12-month period shall be 5% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis).
- Option exercise prices shall not be less than the greater of the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of Shares traded on the Exchange for the five trading days immediately preceding the date of the grant, and the closing trading price of the Shares on the grant date.
- Options cannot be granted for a term exceeding 10 years.
- Options granted shall vest at the times specified by the Board at the date of grant.
- Subject to the discretion of the Board and as specified below, upon an option holder ceasing to be an eligible participant, he or she may exercise vested, unexpired options for up to 90 days thereafter. In the event of termination for cause, unexercised options are immediately cancelled. In the event of the death, unexpired options may continue to be exercised up to one year thereafter.
- Options are non-transferable and non-assignable.
- Certain amendments related to the Option Plan, including increasing the number of Shares reserved for issuance under the Option Plan, reducing the exercise price of options (including any cancellation and reissuance of options), extending the term of options beyond their original expiry date, changing insider participation limits, permitting option grants to non-executive directors, altering the amendment provisions of the Option Plan or permitting any transfer of assignment of options other than by will or the laws of descent and distribution, require shareholder approval. Subject to the policies of the TSX, the Board is permitted to make other amendments to the Option Plan and options without shareholder approval.
- The Board may amend, suspend or terminate the Option Plan or any portion thereof at any time in accordance with applicable legislation and subject to any required approval.
- The Board may, without shareholder approval, make the following amendments to the Option Plan or any option:
  - amend the vesting provisions of the Option Plan and any stock option agreement;
  - amend the Option Plan or an option as necessary to comply with applicable law or the requirements of the TSX or any other regulatory body having authority over the Corporation, the Option Plan or the shareholders;
  - any amendment of a "housekeeping" or administrative nature; and

- any other amendment that does not require the approval of the shareholders under the Option Plan.
- In the event of a take-over bid, business combination, proposed change of control or certain other fundamental changes, the Board may make changes to the terms of options, including: (a) accelerating vesting, conditionally or unconditionally; (b) terminating outstanding options in favour of replacement options; (c) modifying the terms of any option to assist the holder to tender into any take-over bid; or (d) terminating any option following successful completion of the transaction.

A copy of the Option Plan is available for inspection during normal business hours at the Corporation's executive office in Monaco as well as under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### 5.1 (a) Etruscan Replacement Stock Option Plan

In connection with the Corporation's acquisition of Etruscan Resources Inc. ("**Etruscan**") in 2010, outstanding Etruscan options were replaced with new options entitling the holder to Shares of Endeavour. The term to expiry, conditions to and manner of exercising, vesting schedule and all other terms and conditions of the new option remained unchanged from the existing Etruscan option and are governed by an Etruscan replacement stock option plan adopted as part of the Etruscan acquisition.

**Since completion of the Etruscan acquisition, no additional grants have been or will be authorized under the Etruscan replacement option plan.** A copy of the Etruscan replacement option plan is available for inspection during normal business hours at the Corporation's executive office in Monaco.

### 5.2 Endeavour PSU Plans

The Corporation currently has a total of four PSU Plans:

- the Initial PSU Plan adopted by the Board on March 18, 2014, pursuant to which executives and other employees were awarded PSUs prior to April 2016, and pursuant to which the Start-up PSUs are granted;
- the UK Executive PSU Plan adopted by the Board on October 7, 2016 to effect the Executive LTIP and pursuant to which United Kingdom resident executives have been granted and are eligible to receive PSU awards;
- the Non-UK Executive PSU Plan adopted by the Board on October 7, 2016 to effect the Executive LTIP and pursuant to which non-United Kingdom resident executives have been granted and are eligible to receive PSU awards; and
- the Employee PSU Plan adopted by the Board on February 24, 2017, pursuant to which non-executive management and other employees have been granted and are eligible to receive PSU awards,

(collectively, the "**PSU Plans**"), each of which was established to assist the Corporation in attracting and retaining talented employees, executive officers, and consultants and to promote a greater alignment of interests between the participants under the PSU Plans and shareholders of the Corporation. The PSU Plans were approved by shareholders at the Corporation's annual general meeting on June 27, 2017.

The key features of the PSU Plans are summarized below. This summary is qualified by the complete terms of each of the PSU Plans.

| Design Features              | Summary of Design Feature  |
|------------------------------|--|
| <b>Eligible participants</b> | <p><u>Initial and Employee PSU Plans:</u> Any employee, executive officer, director or consultant of the Corporation.</p> <p><u>UK Executive PSU Plan:</u> Any senior employee, executive officer or director of the Corporation who is resident in the UK or any other jurisdiction and who the Corporation determines may participate.</p> <p><u>Non-UK Executive PSU Plan:</u> Any senior employee, executive officer, director or consultant of the Corporation and who the Corporation determines may participate.</p>  |
| <b>Units</b>                 | <p>Performance share units (issued under the Initial, Employee and Non-UK Executive PSU Plans) are notional shares that have the same value at any given time as Shares in the Corporation, but do not entitle the participant to any voting or other shareholder rights and are non-dilutive to shareholders.</p> <p>Performance shares (issued under the UK Executive PSU Plan) are a special class of non-voting share issued in an Endeavour subsidiary company (Endeavour Gold Corporation). The rights of the performance shares mean that the potential payout is identical (though potentially more tax-efficient for UK resident executives) to what would be available through equivalent performance share units issued under the other PSU Plans.</p>  |
| <b>Term</b>                  | Three years from date of grant.  |
| <b>Vesting type</b>          | <p>Performance share units vest based on performance, generally three years after grant.</p> <p>Performance shares become redeemable three years after grant.</p>  |
| <b>Performance criteria</b>  | <p>In determining the performance criteria for PSUs, the Corporation considers total shareholder return ("TSR") to be a key performance metric as it most directly aligns management with the shareholders' experience. TSR offers a simple and measurable approach that is both effective from a pay-for-performance perspective and provides transparency on potential pay out amounts. TSR is the only performance metric measured for awards under the Initial PSU Plan. In connection with the Corporation's revised approach to compensation practices, performance criteria measured for awards under the Executive PSU Plans and the Employee PSU Plan are TSR and key, long term operational performance indicators (measuring achievement of production and all-in sustaining cost targets).</p> <p><u>Initial PSU Plan:</u> The number of PSUs that vest is determined by measuring the Corporation's TSR relative to the constituents of the S&amp;P TSX Global Gold Index. The PSU performance multiplier (leverage percentage) ranges from 50% (if in the bottom quartile) to 150% (if in the top quartile) of the PSUs that were originally granted, with interpolation between 50% and 150% if between the top and bottom quartiles.</p> <p><u>Executive PSU Plans:</u> The number of PSUs that vest and the price at which the performance shares are redeemed are determined by a performance multiplier of 0% to 125% calculated based on (a) the Corporation's TSR relative to the constituents of the S&amp;P TSX Global Gold Index at July 1, 2016 (weighted 50-75%), and (b) achievement of key operational performance objectives (weighted 50% in aggregate). With respect to TSR, the PSU performance leverage ranges from 0% to 150% of the PSUs that were originally granted, with interpolation between 0% and 150% if between the first and third quartiles.</p> |

|  |  |
|--|--|
|  | <p>and remaining at 150% for the fourth quartile. The operational performance objectives are set annually by the Board in its discretion prior to grant of that year's awards. For the 2016 grants, the operational performance criteria are: (i) reaching the Corporation's 2018 public market guidance for ounces of annual gold production at the Houndé mine (weighted 25%), and (ii) reaching an average AISC of \$850/oz or less for 2018 (weighted 25%). For the 2017 grants, the operational performance criteria are: (i) reaching the Corporation's 2019 public market guidance for ounces of annual gold production at the Ity mine (weighted 25%), and (ii) reaching an average AISC of \$800/oz or less for 2019 (weighted 25%). For the 2018 grants, the operational performance criteria are: (i) reaching exploration targets for new Resource ounces discovered, in a range between 1.5moz and 3moz, where any such new Resources must be at least 1moz at a mine/project in order to count towards the target, (ii) reaching the Corporation's 2020 public market guidance for ounces of annual gold production for all mines (weighted 12.5%), and (iii) reaching an average AISC of \$800/oz or less for 2020 (weighted 12.5%).</p> <p><i>Employee PSU Plan:</i> The number of PSUs that vest is determined by a performance multiplier of 0% to 125% calculated based on (a) the Corporation's TSR relative to the constituents of the S&amp;P TSX Global Gold Index at January 1, 2017 (weighted 50-75%), and (b) achievement of key operational performance objectives (weighted 50% in aggregate). With respect to TSR, the PSU performance leverage ranges from 0% to 150% of the PSUs that were originally granted, with interpolation between 0% and 150% if between the first and third quartiles and remaining at 150% for the fourth quartile. The operational performance objectives are set annually by the Corporation in its discretion prior to grant of that year's awards. For the 2017 grants, the operational performance criteria were: (i) reaching the Corporation's 2019 public market guidance for ounces of annual gold production at the Ity mine (weighted 25%), and (ii) reaching an average AISC of \$800/oz or less for 2019 (weighted 25%).</p> |
| <b>Pricing at time of grant</b>                  | <p>The conversion from the dollar value of the LTI grant to the number of PSUs is based on the closing price of the Shares on the trading day immediately preceding the date of grant on the TSX.</p> <p>For the performance shares, the subscription agreement entered into by Participants specifies a redemption amount (a figure in US dollars).</p>   |
| <b>Dividend equivalents</b>                      | <p>Additional PSUs are credited to the PSU holders during the vesting period at the same rate as dividends paid on the Shares, if any.</p>   |
| <b>Payout value and form of payment</b>          | <p>Upon vesting, each PSU (if earned, subject to the performance multiplier) will have a value equal to the volume weighted average trading price in Canadian dollars of the Shares on the TSX during the last 5 or 10 trading days prior to the vesting date.</p> <p>Upon redemption, each performance share will be redeemed for a sum equal to the redemption amount, adjusted according to performance against the performance criteria, as set out above.</p> <p>From and after shareholder approval of a PSU Plan, vested PSUs (including redeemed performance shares) may, at the option of the Corporation, be paid out in either cash or Shares. Until such time, PSUs will be paid out in cash at the end of their vesting or redemption period.</p>   |
| <b>Maximum percentage of securities issuable</b> | <p>The aggregate number of Shares issuable under the PSU Plans and under all other equity based compensation arrangements of the Corporation shall not exceed 10% of the total number of Shares issued and outstanding from time to time.</p>  |
| <b>Participation limits</b>                      | <p>Each of the PSU Plans includes "insider participation limits" which restrict the maximum</p>  |

|  |  |
|--|--|
|  | <p>number of Shares which may be issued to insiders within any one year period, or may be issuable to insiders at any time, to 10% of the Shares issued and outstanding at the time of issuance (on a non-diluted basis), including Shares issued under any other equity based compensation arrangement. The maximum number of Shares reserved for issuance to any insider under a PSU Plan within a one year period shall be 5% of the Shares issued and outstanding at the time of issuance (on a non-diluted basis), excluding Shares issued to such insider over the preceding one year period.</p>  |
| <p><b>Clawback</b></p>   | <p>Each of the PSU Plans contains a clawback provision whereby PSUs and the proceeds of settlement thereof will be recaptured by the Corporation if any such proceeds were based on: (i) the achievement of financial results that were subsequently materially revised; and (ii) the recipient of such PSU or proceeds of settlement thereof engaged in grossly negligent or intentional misconduct that caused or substantially caused the need for the material revision.</p>   |
| <p><b>Triggers on termination of service or employment</b></p> | <p>If a participant under:</p> <p><u><i>the Initial PSU Plan or the Employee PSU Plan:</i></u></p> <ul style="list-style-type: none"> <li>• Ceases to be an eligible person as a result of his/her termination for cause, resignation without a good reason (as defined in the relevant PSU Plan) or for taking an unapproved leave of absence, all unvested PSUs of such participant will be deemed forfeited and will cease to have any value whatsoever;</li> <li>• Retires, all unvested PSUs will continue to vest pro-rata based on the number of months of active service completed up to the time of retirement;</li> <li>• Is absent from work due to an approved leave of absence, all unvested PSUs will continue to vest pro-rata based on the number of months of active service completed up to the time of the leave of absence;</li> <li>• Ceases to be an eligible person as a result of his or her death or disability, all unvested PSUs will vest on such event;</li> </ul> <p><u><i>the Initial PSU Plan:</i></u></p> <ul style="list-style-type: none"> <li>• Ceases to be an eligible person as a result of his termination without cause or with a good reason, all unvested PSUs will continue to vest pro-rata based on the number of completed months of active service or employment between the date of grant and the vesting date;</li> <li>• That has a service or employment agreement with the Corporation that provides for a change of control payment upon the termination of such participant's service or employment, for any reason within six month of a change of control event ceases to be an eligible person under the Initial PSU Plan as a result of his or her service or employment being terminated by either the Corporation or such participant for any reason within six months of a change of control, all unvested PSUs or replacement equivalents held by such participant will vest on the participant's date of termination;</li> </ul> <p><u><i>the Executive PSU Plans:</i></u></p> <ul style="list-style-type: none"> <li>• Ceases to be an eligible person and is not a good leaver (as defined below), any unvested PSUs will be deemed forfeited and will cease to have any value whatsoever; and</li> <li>• Ceases to be an eligible person as a result of retirement, death, ill-health, disability, redundancy, termination without cause or resignation for good reason (i.e. is a good leaver) or as a result of the disposal of the participant's employing company in circumstances the Board determines justifies treating the participant</li> </ul> |

|                                  |   |
|----------------------------------|---|
|                                  | <p>as a good leaver, then any unvested PSUs shall vest and become capable of being settled, subject to the satisfaction of the performance criteria pro rata to the proportion of time between the date of grant to the date of settlement, unless the Board considers that a greater than pro rata proportion is appropriate, having regard to any directly relevant factors (including the contribution of the participant, the circumstances of the participant's termination and the amount of time elapsed since the date of grant).</p>   |
| <b>Plan amendments</b>           | <p>The Board may amend, suspend or terminate the plan without shareholder approval in accordance with applicable law, and subject to any required regulatory approval, and provided same shall not alter or impair any PSUs or any rights thereunder without the participant's consent. Shareholder approval is required for the following amendments: (i) increasing the number of Shares that can be issued under the plan; (ii) permitting the grant of a PSU with a settlement date of more than 3 years from the date of grant; (iii) removing or exceeding the insider participation limits; and (iv) amending the amendment provisions. Shareholder approval is not required for changes that only impact cash-settled PSUs.</p>   |
| <b>Transferability</b>           | <p>Performance share units are non-transferrable or assignable save, at the discretion of the Corporation, to a trustee, custodian or administrator acting on behalf of the participant.</p> <p>Performance shares may not be transferred save, with prior consent of the Corporation to a "Permitted Transferee" (any member of affiliate of the Endeavour group, or to a participant's spouse, widow, children or grandchildren, or a trust or settlement set up whole for the benefit of the participant or the above persons).</p>  |
| <b>Change of control trigger</b> | <p><u>Initial PSU Plan</u>: In the event of a take-over bid, business combination, proposed change of control or certain other fundamental changes, the Board may make changes to the terms of the PSUs, including: (i) accelerating vesting and settlement, conditionally or unconditionally; (ii) modifying the terms of any option to assist the holder to tender into any take-over bid or proposed change of control; or (iii) provide for the exchange of any unsettled PSUs for securities of the successor entity upon successful completion of such a transaction.</p> <p><u>Executive PSU Plans</u>: In the event of an actual or potential change in control, PSUs that have been granted will vest. The Board, without the necessity or requirement for the agreement of participants, may make changes to the terms of the PSUs including: (i) accelerating vesting and settlement, conditionally or unconditionally; (ii) otherwise amending or modifying the terms of the award; and (iii) providing for the exchange of any unsettled PSUs for securities of the successor entity upon successful completion of such a transaction.</p> |

## 5.2 (a) Shares Issuable under Equity Compensation Plans

The below table indicates the maximum number of Shares that could be issued with respect to the awards made and outstanding under each equity compensation plan of the Corporation as of the Record Date (May 17, 2018), and this number of issuable Shares as a percentage of the Shares issued and outstanding as of the Record Date:

| Plan                             | Maximum number of Shares issuable under outstanding Awards <sup>(1)</sup> | Percentage of issued and outstanding Shares |
|----------------------------------|---|---|
| Initial PSU Plan                 | 557,381   | 0.52%                                       |
| UK Executive PSU Plan            | 1,240,124   | 1.15%                                       |
| Non-UK Executive PSU Plan        | 1,638,076   | 1.52%                                       |
| Employee PSU Plan                | 680,221   | 0.63%                                       |
| Option Plan                      | 58,338  | 0.05%                                       |
| Etruscan replacement option plan | 2,330   | 0.002%                                      |
| Total                            | 4,176,470   | 3.88% <sup>(2)</sup>                        |

- (1) Maximum number of Shares issuable under the PSU Plans is calculated using the number of units issued factoring by the maximum performance multiplier of 1.5 under the Initial PSU Plan and 1.25 under the remaining PSU Plans, respectively, which reflects Endeavour's TSR performance relative to the components of the S&P TSX Global Gold Index, and assumes that all other performance criteria under the Executive PSU Plans and the Employee PSU Plan have been achieved.
- (2) Currently the Corporation has aggregate awards outstanding that give rise to the potential issuance of up to 4,176,470 Shares, representing 3.88% of the total issued and outstanding Shares. Under the rules of the TSX, the Corporation may make awards pursuant to which up to an aggregate maximum of 10% of the issued and outstanding Shares may be issuable, which leaves an additional 6,596,282 Shares as potentially issuable, representing 6.12% of the total issued and outstanding Shares as at the date of this Circular.

## 5.2 (b) Securities Authorized and Outstanding

The following table indicates the number of Shares issuable on exercise of outstanding options issued under the Option Plan, and the Etruscan replacement option plan, the weighted average exercise price of such options, and the number of Shares available for issuance on exercise of options which remain outstanding as at December 31, 2017. The Etruscan plan was assumed by the Corporation in connection with acquisition transactions; options are no longer issuable under such plans.

| Plan Category  | Number of securities to be issued upon exercise of outstanding options | Weighted-average exercise price of outstanding options | Number of Shares remaining available for future issuance under equity compensation plans |
|--|--|--|--|
| Equity compensation plans approved by securityholders <sup>(1)</sup> | 144,877  | CDN\$10.67   | 7,955,182  |
| Total  | 144,877  | CDN\$10.67   | 7,955,182  |

- (1) Aggregate of the Option Plan, assuming re-approval, 141,848 Shares issuable at a weighted average exercise price of CDN\$9.51; the Etruscan replacement option plan 3,029 Shares issuable at a weighted average exercise price of CDN\$65.04.

## 6. STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### 6.1 Overview

The Corporation, its Board and its management are committed to implementing best practices in corporate governance and transparency. The Corporation's current corporate governance practices and policies are consistent with the Canadian Securities Administrators' National Policy 58-201 – *Corporate Governance Guidelines*.

The Board is responsible for the overall corporate governance of the Corporation. The Board regularly monitors and seeks to improve the Corporation's corporate governance practices through its evaluation of regulatory developments with respect to corporate governance and the transparency of public company disclosure.

The Corporation, its Board and its management recognize the integral role of strong corporate governance practices in ensuring that the Corporation is effectively managed with a view to achieving its strategic and risk oversight objectives and protecting its employees, shareholders and other stakeholders. Enhancing shareholder value is a key driver for the Corporate Governance & Nominating Committee as it designs and guides the Corporation's approach to significant issues of corporate governance. Endeavour's governance practices, the role of the Corporate Governance & Nominating Committee and some of its current areas of focus are described in more detail below and throughout this Circular.

The Board carries out its mandate and exercises its duties directly and through its Committees. The Board has five standing Committees: the Audit Committee; the Corporate Governance & Nominating Committee; the Technical Committee, the Safety, Health and Environment Committee; and the Remuneration Committee. The full text of the Corporation's corporate governance policies are available on the Corporation's website at [www.endeavourmining.com](http://www.endeavourmining.com).

### 6.2 Corporate Governance Snapshot

|  |          |   |   |
|--|----------|---|---|
| Size of the proposed Board                           | <b>8</b> | Policy on interlocking directors                          | ✓ |
| Number of independent directors                      | <b>7</b> | Director share ownership guidelines                       | ✓ |
| All committee members are independent                | ✓        | New director orientation                                  | ✓ |
| Directors are elected annually                       | ✓        | Continuing director development                           | ✓ |
| Directors are elected individually                   | ✓        | Regular assessment of the Board and its committees        | ✓ |
| Majority voting policy for the election of directors | ✓        | Code of business conduct and ethics rooted in core values | ✓ |
| The roles of Chairman and CEO are separate           | ✓        | Mechanisms to ensure Board renewal                        | ✓ |
| Anti-hedging policies                                | ✓        |   |   |

### 6.3 Continuing Development

As part of Endeavour's commitment to implementing best practices in corporate governance, we continually review new developments and monitor industry and peer group practices. We also engage professional advisors to assist with our review and implementation of new practices, as well as the

continual enhancement of our disclosure practices, which we have been progressively improving since 2016.

The Board and management of Endeavour believe that good governance of the Corporation is essential to creating long-term sustainable value and, as best practices evolve, Endeavour is committed to continuing to update the policies and procedures in our organization.

#### **6.4 Director Independence and Other Relationships**

The Board believes that it must be independent of management to be effective. The Board, with help from the Corporate Governance & Nominating Committee, assesses personal, business, and other relationships and dealings between directors and Endeavour. The Board considers a director independent if he or she does not have a material relationship with Endeavour that could interfere with his or her exercise of independent judgment. Certain relationships (for example, being an officer of Endeavour) automatically mean a director is not independent.

The Board has determined that each of the director nominees, other than Sébastien de Montessus, is independent (seven of eight nominees). In determining whether a director is independent, the Board considers the independence criteria set out in the applicable Canadian regulations and any other facts or matters that the Board considers relevant.

##### **6.4 (a) Chairman**

The roles of Chairman and CEO are separate. The Chairman's role includes reviewing items of importance for consideration by the directors and providing leadership to the directors in discharging their duties to the Corporation. The Board has established a process for the appointment or change in, and appointment of, the Chairman. That process is led by the current Chairman, or if he or she is being considered for reappointment, the chair of the Corporate Governance & Nominating Committee.

##### **6.4 (b) Meetings of Independent Directors**

The independent directors generally convene without executive directors and other management at the conclusion of each meeting of the Board, and they are strongly encouraged to meet independently of management on an as needed basis, depending on the circumstances experienced by the Corporation. Directors are encouraged to raise any issues of concern. Any issues addressed at *in camera* sessions requiring action on behalf of, or communication to, management are communicated by the independent directors. As the Committees of the Board are all made up solely of independent directors, there is no need for separate *in camera* meetings following Committee meetings other than in the case of the Audit Committee. The Audit Committee meets *in camera* with the Corporation's auditors after every regularly scheduled meeting of the committee (as these meetings routinely include management representatives).

##### **6.4 (c) Other Relationships**

It is expected that each director be able to devote sufficient time to the Corporation in order to effectively discharge his or her responsibilities. As such, the current obligations of each proposed nominee director to other public company boards is carefully considered and, for existing directors, the number of public company boards that each director may join is monitored.

To maintain director independence and avoid potential conflicts of interest, the Board has adopted a policy that requires directors to advise the Chairman prior to accepting any other public company directorship. In addition, directors are expected to report changes in their business and professional affiliations or responsibilities, including retirement, to the Corporate Secretary and the Chairman.

The following table lists the directors of the Corporation standing for re-election who also serve as directors of other public companies.

| Name of Director       | Other Directorship(s)   |
|------------------------|---|
| James Askew            | OceanaGold Limited, Syrah Resources, Evolution Mining Limited   |
| Ian Cockerill          | Orica Limited, Ivanhoe Mines Ltd. and Blackrock World Mining Trust  |
| Livia Mahler           | Ivanhoe Mines Ltd.  |
| Sébastien de Montessus | Evolution Mining Limited  |
| Naguib Sawiris         | Orascom Telecom Media, Technology Holding S.A.E, Evolution Mining Limited and Beltone Financial Holding S.A.E |

#### 6.4 (d) Board Interlocks

The Corporate Governance & Nominating Committee monitors the outside boards our directors sit on to determine if there are circumstances which would impact a director's ability to exercise independent judgement. An interlock occurs when two or more Board members are also fellow board members of another public company. The Board has adopted a policy that in general no more than two directors may sit on the same public company board without the prior consent of the Corporate Governance & Nominating Committee. In considering whether or not to permit more than two directors to serve on the same board, the committee takes into account all relevant considerations including, in particular, the total number of Board interlocks at that time.

Currently, three of the Corporation's directors, Sébastien de Montessus, Jim Askew and Naguib Sawiris, sit on the board of directors of Evolution Mining Limited. Livia Mahler sits on the board of directors of Ivanhoe Mines Ltd. with Ian Cockerill. The Board has considered these interlocks and determined that they do not impair the ability of these directors to exercise independent judgment as members of the Board. The interlock of three directors with the board of Evolution Mining is considered an exception from the general policy, given Jim Askew and Naguib Sawiris are nominees of La Mancha (under its Investor Rights Agreement with the Corporation).

#### 6.4 (e) Other Independence Mechanisms

The Chairman and each committee can engage outside consultants, paid for by the Corporation, without consulting management. This helps ensure they receive independent advice as they feel necessary.

#### 6.4 (f) Position Descriptions

The Committee charters outline the roles of each Committee and the respective chairpersons. The Chairman of the Board does not have a formal written position description. The Chairman's role includes reviewing items of importance for consideration by the directors and providing leadership to the directors in discharging their duties to the Corporation. All material decisions are made with the approval of the Board, or as may be delegated by the Board to a committee of the Board.

The Chief Executive Officer has an executive employment contract which outlines his roles and responsibilities to the Corporation. Generally, the CEO is responsible for implementing the Corporation's strategy, for managing its gold operations, as well as identifying and developing new business relationships and opportunities for the growth of the Corporation.

#### 6.4 (g) Risk Management Oversight

The Board, its committees, and management devote a significant amount of time to the identification, management, reporting and mitigation of risk. A description of the kinds of risks facing the Corporation can be found under the heading "Risk Factors" in the Corporation's most recent Annual Information Form, which is available under the Corporation profile at [www.sedar.com](http://www.sedar.com).

The Corporation manages its material business risks through the implementation and monitoring of various corporate and operational-level policies. For instance, the Corporation's policies on delegation of financial authority impose authorization limits for expenditures, financial commitments and other transactions for corporate and operational activities on the basis of an individual's position within the Corporation. Operational-level compliance with authorization limits and other accounting policies and financial controls is monitored by an internal controls manager based in the Corporation's operations hub in Abidjan, Côte d'Ivoire. The Corporation also has a centralized financial control function based in London, which oversees group-wide financial accounting and tax control from operations.

The Corporate Governance & Nominating Committee ("**CorpGov Committee**") is responsible for monitoring ongoing governance compliance and considering and recommending nominations for directorships. Like the other committees of the Board, its charter is published on our website. As an element of its oversight the CorpGov Committee has examined the circumstances of the long-running inquiry by French officials into AREVA's (now Orano) 2007 acquisition of UraMin and certain of its past employees, including Sébastien de Montessus' former employment by AREVA (a French multinational group involved in the nuclear power industry). In March 2018 Mr. de Montessus' status in the French inquiry changed to "*mis en examen*", which can be translated as "under judicial inquiry"; this is an investigative stage of the inquiry and does not equate to being "charged", as that term is known in the UK and North America. Having considered the matter the CorpGov Committee and the Board of Directors did not consider that the ongoing inquiry will impede Mr. de Montessus' ability to carry out his responsibilities and effectively execute his duties as Chief Executive Officer. These matters are unrelated to Endeavour or any of its business or assets and pre-date Mr. de Montessus joining the Corporation. The CorpGov Committee will continue to monitor the ongoing French inquiry.

The Corporation has also established a Safety, Health and Environmental Committee, whose responsibilities include:

- reviewing and monitoring the safety, health and environmental performance of the Corporation;
- overseeing the establishment and periodic review and updating of the safety, health and environmental policies of the Corporation;
- overseeing the establishment and implementation of systems necessary to ensure compliance with safety, health and environmental policies, bringing any material non-compliance with the policies to the attention of the Board in a timely fashion; and

- overseeing the establishment and implementation of monitoring processes to assess the effectiveness of the policies and compliance systems.

Individual directors and Committees may, in appropriate circumstances, engage independent professional advice at the expense of the Corporation. The Board and the Board Committees also have access to senior management, although contact is usually in the context of Committee responsibilities.

#### **6.4 (h) Director Orientation and Continuing Education**

##### **6.4 (h)(i) Orientation**

The Board ensures that new directors are provided with a comprehensive initial orientation designed to familiarize them with the Corporation and its strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Corporate Governance Guidelines and its independent auditors. This process is tailored to the skills and expertise of each new director, and can involve one-on-one meetings with senior management and other Board members, the provision of written materials (including copies of key policies and mandates, a record of public information and minutes from recent Board meetings) and other training as may be required.

##### **6.4 (h)(ii) Continuing Education**

The Board regularly receives presentations from senior management on various operational, business, industry and other key issues facing the Corporation. The Corporation intends to hold at least one of its regularly scheduled Board meetings per year at its West African regional operations centre in Abidjan, and to include at least one site visit (except in the case of the Safety, Health & Environment Committee, whose members may visit operational mine sites or construction projects at more regular intervals). The Board intends to discuss strategic matters in depth annually, but to also have regular briefings about strategy progression at scheduled quarterly Board meetings. This is with a view to keeping the Board abreast of any relevant developments, and keeping members fully engaged in the detail of the business strategy and operational matters. The Corporation believes that the ability to rely on constructive and direct feedback and informed decision-making at the Board level is a key ingredient to future success.

While the Board collectively represents a significant amount of expertise in the mining industry, directors are encouraged to periodically attend applicable conferences or seminars, or obtain materials pertaining to their role on the Board or that may otherwise increase their knowledge of current issues in the mining industry, which may be paid for in part or in whole by the Corporation. During 2017, the Corporation circulated materials, reading recommendations, and provide access to on-line educational seminars on topics including corporate governance (and specifically anti-bribery and anti-corruption), executive compensation, financial reporting and strategy, succession planning, key accounting considerations, and risk assessment and disclosure. Each of our directors was required to participate in an online anti-bribery and anti-corruption training module based on standards used by Transparency International.

#### **6.5 Management Assessment, Succession Planning and Strategic Oversight**

The Board expects management of the Corporation to conduct the business of the Corporation in accordance with the Corporation's ongoing strategic plan and to meet or surpass the annual and long-term goals of the Corporation set by the Board in consultation with management. As part of its annual strategic planning process, the Board specifies its expectation of management both over the next financial year and in the context of the Corporation's long-term goals. The Board reviews management's

progress in meeting these expectations at regularly scheduled quarterly Board meetings, and actively raises issues and topics for discussion as part of this review process. In addition, the Board regularly monitors the performance of the executive management team in light of the current stage of the Corporation's strategic plan. The Board also considers whether any member of the management team is close to retirement, and works to ensure that pending executive management exits are smoothly conducted to minimize any business disruptions that might arise from such exit.

Management presents strategic issues to the Board throughout the year, depending on prevailing market conditions and other developments, and the CEO updates the Board on execution of our corporate strategy at every regularly scheduled Board meeting, and otherwise as may be necessary or advisable in the circumstances.

## **6.6 Director Assessment and Succession Planning**

It is the responsibility of the Chairman of the Board to ensure the effective operation of the Board. The Chairman meets with directors to discuss the effectiveness of the processes the Board follows and the quality of information provided to the directors by management. This assessment runs as a continuous process to evaluate performance against the formal mandates of the Board and its Committees, and other criteria.

Nominees for directorship are recommended to the Board by the Chairman, Chief Executive Officer or Corporate Governance & Nominating Committee in accordance with the policies and principles set forth in its charter. The Corporate Governance & Nominating Committee periodically reviews the composition of the full Board and the various Committees to determine whether additional Board members with specific qualifications or areas of expertise are needed to further enhance the composition of the Board and Committees, and work with other Board members in attracting candidates with these qualifications. In evaluating candidates for nomination to the Board, the Committee takes into consideration such factors and criteria as it deems appropriate, including judgment, skill, integrity, reputation, diversity and business and other experience.

The Corporate Governance & Nominating Committee implemented an annual review program to assess the performance of the Board and its committees. These annual evaluation forms are submitted by non-executive directors to the Corporate Governance & Nominating Committee, and provide individual feedback about Board performance as a whole, as well as self-assessment of the director and his contribution. This forms the basis for discussion concerning whether changes to Board practices are required or desirable. The conclusions of the Board's self-evaluation are that its practices and contributions (including those of its Committees) are effective in achieving the objectives of the Board. In particular, the directors noted the successful navigation of the Corporation through a CEO succession in 2016. Further, the Board has continually monitored changes to the corporate governance landscape, including reviewing external advice on best practices for anti-bribery and anti-corruption policies, practices and procedures, in an effort to continually improve the Corporation's governance.

## **6.7 Ethical Business Conduct**

A business conduct & ethics policy has been adopted by the Board and it applies to directors and officers and employees of the Corporation. A copy of the policy can be obtained from the Corporation's website at [www.endeavourmining.com](http://www.endeavourmining.com).

To ensure that conflicts of interest are dealt with appropriately, directors that are conflicted will always refrain from discussing and voting on those matters. To ensure compliance with laws and regulations, the Board asks questions of management at Board meetings. The Board reviews all financial reports released to the public. The Board promotes an environment of ethical behaviour by encouraging directors, officers and employees to report any violations of the policy. At the direction of the Board, an independent corporate whistleblower service has been engaged in order to provide a secure and confidential platform for concerned persons (including employees and contractors) to raise issues they believe may have a legal, ethical or compliance impact on the Corporation, its employees or stakeholders.

## **6.8 Anti-Hedging Policy**

Directors, NEOs and executives are prohibited from purchasing financial instruments that are designed to hedge or offset a decrease in the market value of Endeavour's equity securities that are granted as compensation or held, directly or indirectly, by a director, NEO or executive. However derivative instruments are permitted to hedge Canadian dollar foreign exchange risk versus the home currency of a director, NEO or executive.

## **6.9 Diversity Policy**

The Corporation recognizes that a diverse and talented workforce gives it a competitive advantage, and that the Corporation's success is the result of the quality and skills of its people. The Corporation's current emphasis is on developing a workforce whose diversity reflects that of the communities in which it operates. As part of the Corporation's talent development practice, we are working to ensure the increasing rate of localization of our mining operations. We have proactive programs to identify top talent and implement development plans for high-potential individuals from the communities in which we operate. We actively monitor the presence of 'ex-pat' labour in our employment mix and are developing a sponsorship program connecting high-potential, local individuals with senior leaders to accelerate their development and advancement. Endeavour's diversity representation goals are currently focused on the 'localization' of entry-level through to senior operations positions which will create a healthy feeder pool that supports planning and succession strategies at the most senior levels of the Corporation.

Diversity contributes to the achievement of the Corporation's corporate objectives. To this end, the Board unanimously adopted a Diversity Policy in 2013 designed to assist it in achieving various diversity objectives. These objectives include the following:

- recruiting, managing and promoting on the basis of an individual's competence, qualification, experience and performance, regardless of gender, age, race, nationality, religious beliefs, cultural background or sexual orientation;
- creating and fostering a workplace characterized by inclusive practices and behaviours for the benefit of all staff and stakeholders, which is free from discriminatory behaviours and business practices;
- identifying relevant factors to be taken into account in the employee selection process and develop practices to limit potential unconscious bias;

- attracting and retaining a diverse range of talented individuals to further the Corporation's strategic goals;
- providing appropriate flexible work practices and policies to support employees;
- establishing measurable objectives for quantifying, encouraging and assessing diversity within the Corporation; and
- taking action to discourage discrimination, bullying and harassment in the workplace.

#### **6.10 Policies Regarding the Representation of Women on the Board of Directors**

As discussed above, the Corporation's Diversity Policy provides that the Corporation will recruit, manage and promote on the basis of competence, qualification, experience and performance, regardless of gender, age, race, nationality, religious beliefs, cultural background, sexual orientation or any other basis. The Corporation believes that this method is appropriate for its circumstances and that a standalone written policy specifically relating to the identification and nomination of women directors would run counter to the Corporation's pluralistic approach to achieving board and management diversity and maintaining board and management effectiveness.

#### **6.11 Consideration of the Representation of Women in the Director and Executive Officer Identification and Selection Process**

In identifying and nominating candidates for election or re-election to the Board, the Corporate Governance & Nominating Committee gives consideration to the level of representation of women on the Board, but does not allocate any significant greater weighting to a candidate based on his or her gender. The ultimate decision to nominate an individual to the Board will be based on merit and the contribution the chosen candidate will bring to the Board. Similarly, the Board and management will consider the level of representation of women in executive officer positions, but hiring decisions will ultimately be based on abilities and suitability. Selection of female candidates will be dependent upon the pool of female candidates with the necessary skills, knowledge and experience. The Corporation believes that this approach enables it to make decisions regarding the composition of the Board and senior management team based on what is in the best interests of the Corporation and its shareholders.

#### **6.12 Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

The Corporation has not adopted a target for women on the Board or in executive officer positions because the Corporation does not believe that any director nominee or executive officer should be chosen or excluded solely or largely because of gender. In selecting a director nominee, the Corporate Governance & Nominating Committee focuses on skills, expertise and background that would complement the existing Board. Similarly, the Board and management make hiring decisions for executive officers on the basis of merit and suitability.

#### **6.13 Number of Women on the Board and in Executive Officer Positions**

As of the date of this Circular, there is one woman on the Board (representing 12.5% of the total number of directors). If all of management's nominees for election as directors of the Corporation are elected, the Board will include one woman representing 12.5% of the total number of directors. None of the

Corporation's executive officers are women and none of the executive officers of the Corporation's major subsidiaries (as that term is defined in National Instrument 55-104 *Insider Reporting Requirements and Reporting Exemptions*) are women. The Corporation continues to make appointments or hiring decisions in line with the Diversity Policy.

#### **6.14 Director Term Limits and Other Mechanisms of Board Renewal**

The Board believes that the need to have experienced directors who are familiar with the business of the Corporation must be balanced with the need for renewal, fresh perspectives and a healthy skepticism when assessing management and its recommendations. The Board has implemented a formal assessment process that evaluates the performance of the Board and its committees and the skills and contribution of each director. The Corporation has not adopted director term limits at this time on the basis that the imposition of such limits discounts the value of experience and continuity amongst board members. Such limits create a risk of excluding experienced and valuable board members as a result of an arbitrary determination based on fixed criteria that may not best serve the interests of shareholders.

The Board believes that other mechanisms of ensuring board renewal, such as the Corporation's formal assessment program, are adequate for ensuring that the Corporation maintains a high performing Board. Non-executive directors on the Board average over 5 years of service, and service ranges from approximately 9 months to 15 years.

#### **6.15 Shareholder Engagement**

The Corporation seeks to provide to its shareholders clear and accessible information on the Corporation's operations. The officers and senior management of the Corporation routinely make themselves available to shareholders to respond to questions and concerns. Shareholder concerns are dealt with on an individual basis, usually by providing requested information. Significant shareholder concerns are brought to the attention of senior management of the Corporation or the Board.

In addition, the Corporation has implemented an investor relations page on its website at [www.endeavourmining.com/s/investors.asp](http://www.endeavourmining.com/s/investors.asp) where shareholders can access presentations, webcasts, analyst coverage and other facts relating to the Corporation. The investor relations page lists a number of contacts that shareholders may reach out to if they require more information on the Corporation, or they may send an email to [investor@endeavourmining.com](mailto:investor@endeavourmining.com).

The Board has adopted a Corporate Disclosure Policy, with a view to ensuring that the Corporation has established a system for efficient and effective corporate communications, including providing the market with timely, direct and equal access to information issued by the Corporation, and full compliance with applicable securities laws and exchange rules. A copy of this policy is available on the Corporation's website.

## 7. ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found under Endeavour's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information relating to the Corporation is provided in the Corporation's comparative financial statements for year ended December 31, 2017 and related management discussion and analysis (the "**Financial Statements and MD&A**"). The Financial Statements and MD&A will be presented to Endeavour shareholders at the Meeting, and are also available from the Corporation's corporate executive office in Monaco. Copies of the Financial Statements and MD&A may be requested by contacting the Corporation at [investor@endeavourmining.com](mailto:investor@endeavourmining.com).

Shareholders, employees, and other interested parties may communicate directly with the Board through the Chairman, by writing to:

Chairman of the Board  
Endeavour Mining Corporation  
Cayman Corporate Centre, 27 Hospital Road  
George Town, Grand Cayman  
Cayman Islands KY1-9008

### Approval of this Information Circular

The Board has approved the content of this Circular and its delivery to the shareholders.

Dated at Monaco, as of the 18<sup>th</sup> day of May, 2018.

**SCHEDULE "A"**  
**ENDEAVOUR MINING CORPORATION**  
**Board of Directors Corporate Governance Guidelines**

**1. INTRODUCTION**

This Charter and Corporate Governance Guidelines (the "**Charter**") have been adopted by the Corporation's Board of Directors (the "**Directors**"), acting on the recommendation of its Corporate Governance & Nominating Committee, to assist the Board and its Committees in the exercise of their responsibilities. These principles and policies are in addition to and are not intended to change or interpret any Federal or Provincial law or regulation or the Memorandum and Articles of the Corporation. The Board of Directors will review this Charter at least annually and, if appropriate, revise this Charter from time to time.

**2. OPERATION OF THE BOARD**

*2.1 Director Responsibilities*

The basic responsibility of the Directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Corporation and its shareholders. In discharging that obligation, the Directors should be entitled to rely on the honesty and integrity of the Corporation's executive officers and its outside advisors and auditors. Each Director shall make every reasonable effort to attend each meeting of the Board and any Committee of which the director is a member, and to be reasonably available to management and the other directors for consultations between meetings.

In furtherance of its responsibilities, the Board of Directors will:

- review, evaluate and approve, on a regular basis and at least annually, long-range strategic plans for the Corporation;
- review, evaluate and approve major resource allocations and capital investments;
- review the financial and operating results of the Corporation;
- review and evaluate the principal risks of the Corporation's business and ensure appropriate systems are in place to manage these risks;
- review, evaluate and approve the overall corporate organizational structure, the integrity of senior management, the assignment of senior management responsibilities and plans for senior management development and succession; and
- adopt, implement and monitor compliance with the Corporation's Corporate Governance guidelines.

Directors are expected to advise the Chief Executive Officer prior to accepting any other public Corporation directorship or any assignment to the audit committee of the board of directors of any public Corporation of which such a Director is a member.

Directors are expected to report changes in their business and professional affiliations or responsibilities, including retirement, to the Corporate Secretary and the Chairman of the Corporate Governance & Nominating Committee.

## 2.2 *Board and Committee Meetings*

Board and Committee meetings will be held regularly in accordance with the Memorandum and Articles of the Corporation or in accordance with the specific Committee charter. Directors are expected to attend Board meetings and meetings of the Committees on which they serve. Directors should spend the time necessary and meet as frequently as necessary to properly discharge their responsibilities.

The Chairman, Chief Executive Officer or Committee Chairpersons may from time to time invite corporate officers, other employees and advisors to attend Board or Committee meetings whenever deemed appropriate.

## 2.3 *Agenda Items for Board and Committee Meetings*

The Chairman and Corporate Secretary will establish the agenda for each Board meeting. At the beginning of the year the Chairman will establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen). Each Director is free to suggest the inclusion of items on the agenda. Each Director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the Directors approximately one week prior to each Board meeting. Directors should review these materials in advance of the meeting. Subject to any applicable notice requirements, Directors having items to suggest for inclusion on the agenda for future Board meetings should advise the Corporate Secretary and Chairman well in advance of such meetings.

The Chairperson of each Committee, in consultation with the Committee members, will determine the frequency and length of the Committee meetings consistent with any requirements set forth in the Committee's charter. The Chairperson of each Committee, in consultation with the appropriate members of the Committee and management, will develop the Committee's agenda. At the beginning of each year each Committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the Committee members approximately one week prior to each Committee meeting. Committee members should review these materials in advance of the meeting.

## 2.4 *Director Compensation*

The Board of Directors or an authorized Committee thereof will determine and review the form and amount of director compensation, including cash, equity based awards and other director compensations. In connection with such director compensations the Board of Directors will be aware that questions may be raised when directors' fees and benefits exceed what is customary. The Board of Directors will consider that the independence of the Directors may be jeopardized if Director compensation and perquisites exceed customary levels, if the Corporation makes substantial charitable contributions to organizations with which a Director is affiliated, or if the Corporation enters into consulting contracts with or provides other indirect forms of compensation to a Director or an organization with which the Director is affiliated.

## 2.5 *Director Orientation and Education*

Management will provide new Directors with an initial orientation in order to familiarize them with the Corporation and its strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Corporate Governance Guidelines and its independent auditors. The Board of Directors of the Corporation will encourage, but not require directors to periodically pursue or obtain appropriate programs, sessions or materials as to the responsibilities of directors of publicly traded companies.

#### *2.6 Director Access to Officers*

Directors have full and free access to officers of the Corporation. Any meetings or contacts that a Director wishes to initiate may be arranged through the Chief Executive Officer or the Corporate Secretary, subject to reasonable advance notice to the Corporation and reasonable efforts to avoid disruption to the Corporation's operations.

#### *2.7 Independent Advisors*

The Board and each Committee, to the extent set forth in the applicable Committee charter, have the right to engage experts or advisors, including independent legal counsel at the expense of the Corporation.

### **3. BOARD STRUCTURE**

#### *3.1 Size of the Board*

The size of the Board of Directors shall be determined in accordance with the Memorandum and Articles of Association of the Corporation, with acknowledgement that the number of Board members be such that the Corporation can operate effectively and efficiently.

#### *3.2 Selection of Directors*

Nominees for directorship will be recommended to the Board by the Chairman, Chief Executive Officer or Corporate Governance & Nominating Committee in accordance with the policies and principles set forth in its charter. Any invitation to join the Board should be extended through the Chairperson of the Corporate Governance & Nominating Committee or the Chairman of the Board or Chief Executive Officer after approval by the full Board.

The Board is responsible for nominating members to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders, in each case based upon the recommendation of the Corporate Governance & Nominating Committee.

#### *3.3 Director Qualifications*

The Corporate Governance & Nominating Committee is responsible for recommending to the Board the types of skills and characteristics required of directors, based on the needs of the Corporation from time to time. This assessment should include issues of relevant experience, intelligence, independence, commitment, compatibility with the Chief Executive Officer and the Board culture, understanding of the Corporation's business and other factors deemed relevant. The Corporate Governance & Nominating

Committee should confer with the full Board as to the criteria it intends to apply before a search for a new director is commenced.

A sufficient number of the Directors should be independent directors in accordance with the applicable policies and guidelines of the Canadian Securities Administrators.

#### *3.4 Resignation from the Board*

Any Director may resign at any time by giving notice in writing or by electronic transmission to the Corporation Secretary. Such resignation shall take effect upon receipt thereof or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

### **4. COMMITTEES OF THE BOARD**

A substantial portion of the analysis and work of the Board is done by standing Board Committees. The Board has established the following standing Committees: the Audit Committee; the Corporate Governance & Nominating Committee; the Safety, Health & Environment Committee and the Remuneration Committee. The Board may, from time to time, establish or maintain additional Committees as necessary or appropriate. Each Committee Chair, in consultation with Committee members, will determine the frequency and length of each Committee's meetings.

Committee members will be appointed by the Board upon recommendation of the Corporate Governance & Nominating Committee with consideration of the desires of individual Directors and skills. It is the sense of the Board that consideration should be given to rotating Committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

Each Committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the Committees as well as qualifications for Committee membership, procedures for Committee member appointment and removal, Committee structure and operations and Committee reporting to the Board. All members of the Audit Committee will be independent directors; additional information about the Audit Committee is set out in the section entitled "Audit Committee" in our Annual Information Form dated March 30, 2017. All members of the Corporate Governance & Nominating Committee, Remuneration Committee and Safety, Health & Environment will preferably be independent directors.

Each Committee chair, in consultation with the Committee members and management, will develop the Committee's agenda. Each Committee will issue annually a schedule of proposed meeting dates and agenda items for the upcoming year (to the degree these items can be foreseen). These agendas will be shared with the Board.

Attendance of non-Committee persons at Committee meetings will be at the pleasure of the Committee.

Minutes of each Committee meeting will be kept and made available to the Board. Each Committee will report regularly to the Board on substantive matters considered by the Committee.

The Board shall be responsible for conducting an annual self-evaluation. The Corporate Governance & Nominating Committee shall be responsible for monitoring the processes and evaluation criteria established by each Committee. The assessment will be discussed with the full Board following the end of each fiscal year.

**5. AMENDMENT, MODIFICATION AND WAIVER**

These guidelines may be amended or modified by the Board of Directors, subject to disclosure and other policies and guidelines of the Canadian Securities Administrators.

# QUESTIONS? NEED HELP VOTING?

## CONTACT US:

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