



## Management Discussion & Analysis

For the three and nine months ended  
September 30, 2019 and 2018

*(Expressed in Thousands of United States Dollars)*

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This Management Discussion and Analysis (“MD&A”) should be read in conjunction with Endeavour Mining Corporation’s (“Endeavour Mining” or the “Corporation”, or the “Group”) condensed interim consolidated financial statements for the three and nine months ended September 30, 2019, as well as the audited consolidated financial statements for the years ended December 31, 2018 and 2017 and notes thereto which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) or (“GAAP”). This Management Discussion and Analysis contains “forward-looking statements” that are subject to risk factors set out in a cautionary note contained herein. The reader is cautioned not to place undue reliance on forward-looking statements. All figures are in United States Dollars, unless otherwise indicated. Tabular amounts are in thousands of United States Dollars, except per share amounts and where otherwise indicated. This MD&A is prepared as of November 5<sup>th</sup>, 2019. Additional information relating to the Corporation, including the Corporation’s Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## 1. BUSINESS OVERVIEW

### 1.1. OPERATIONS DESCRIPTION

Endeavour Mining is a TSX-listed intermediate gold producer, focused on developing and operating a portfolio of high quality, low-cost, long-life mines in West Africa. The Corporation adopts an active portfolio management approach to focus on high quality assets with an investment criteria based on capital allocation efficiency and return on capital employed. Endeavour Mining has built a solid track record of exploration, development and operation in the highly prospective Birimian greenstone belt.

Endeavour Mining operates four mines across Côte d’Ivoire (Agbaou and Ity) and Burkina Faso (Houndé and Karma).

*Figure 1: Endeavour Mining’s Principal Properties in West Africa as of September 30, 2019*



## 2. HIGHLIGHTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

### 2.1. CORPORATE HIGHLIGHTS FOR THE THREE MONTHS SEPTEMBER 30, 2019

- › On July 2, 2019, Endeavour Mining announced that an ongoing exploration program at the Houndé mine in Burkina Faso has significantly extended mineralization at all three discoveries in the Kari area, boosting confidence that maiden resources will be delineated before year-end.
- › On July 8, 2019, Endeavour Mining announced a significant addition in high-grade resources at its previously announced Le Plaque discovery at its flagship Ity mine in Côte d'Ivoire, and the definition of seven new targets which boost confidence in delineating further resources.
- › On September 3, 2019, Endeavour Mining announced that it has increased indicated resources for the Ivorian Fetekro greenfield exploration property by 141% to 1.2Moz, boosting confidence in its ability to achieve its objective of discovering a standalone project through exploration.

### 2.2. OPERATIONAL AND FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

- › Production increased to 180,769 ounces in Q3-2019, up 5.5% over Q2-2019, and All-in Sustaining Cost<sup>1</sup> ("AISC") remained flat at \$803 per ounce despite the severe rainy season.
- › FY-2019 Group guidance adjusted to 650,000 - 695,000 ounces, reflecting Ity's stronger production performance, at an AISC of \$795-845 per ounce.
- › Operating Cash Flow, before non-cash working capital, for Q3-2019 doubled to \$115.4 million or \$1.05/share compared to Q2-2019.
- › Net Debt<sup>1</sup> was reduced from \$660.0 million to \$608.5 million over the previous quarter-end, resulting in the Net Debt/Adjusted EBITDA<sup>1</sup> ratio decreasing from 2.75x to 1.94x.
- › Adjusted Net Earnings<sup>1</sup> increased by 289% to \$33.1 million or \$0.30/share compared to \$8.5 million or \$0.08/share in Q2-2019.

<sup>1</sup> Throughout this MD&A, cash costs, all-in sustaining costs, adjusted EBITDA, adjusted earnings attributable to shareholders, all-in sustaining margin, all-in margin, sustaining and non-sustaining capital expenditures, growth projects, free cash flow, net debt and net debt/adjusted EBITDA are non-GAAP financial performance measures with no standard meaning under IFRS, further discussed in the section Non-GAAP Measures.

Table 1: Quarterly and YTD Highlights

(\$'000s)	Units	THREE MONTHS ENDED			NINE MONTHS ENDED	
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>Operating data from continuing operations</b>						
Gold produced <sup>1</sup>	oz	180,769	171,299	139,041	472,859	437,897
Gold sold	oz	185,268	170,749	134,159	476,892	438,679
Realized gold price <sup>2</sup>	\$/oz	1,443	1,285	1,161	1,338	1,240
All-in sustaining costs	\$/oz	803	790	820	817	759
Cash cost per gold ounce sold	\$/oz	613	632	710	632	658
All-in sustaining margin	\$/oz	639	494	341	520	482
<b>Cash flow data from continuing operations</b>						
All-in sustaining margin	\$	118,435	84,406	45,781	248,148	211,260
All-in margin	\$	106,100	45,782	31,486	174,221	147,768
Operating cash flow before non-cash working capital	\$	115,385	57,322	50,208	220,699	198,828
Operating cash flow before non-cash working capital per share	\$/share	1.05	0.52	0.47	2.01	1.85
<b>Profit and loss data from continuing operations</b>						
Revenues <sup>2</sup>	\$	267,292	219,371	155,764	637,973	544,173
Earnings from mine operations	\$	83,704	53,051	25,322	154,581	132,396
Net and comprehensive earnings/(loss) attributable to shareholders	\$	(32,199)	711	14,628	(46,155)	31,450
Basic earnings/(loss) per share attributable to shareholders	\$/share	(0.29)	0.01	0.14	(0.42)	0.29
Adjusted EBITDA	\$	122,951	93,819	48,755	257,706	208,372
Adjusted EBITDA margin	%	46%	43%	31%	40%	38%
Adjusted net earnings/(loss) attributable to shareholders	\$	33,155	8,519	(1,408)	36,764	32,886
Adjusted net earnings/(loss) per share attributable to shareholders	\$/share	0.30	0.08	(0.01)	0.33	0.31
<b>Balance Sheet Data</b>						
Cash	\$	120,101	77,677	33,302	120,101	33,302
Net Debt <sup>3</sup>	\$	608,488	659,964	535,377	608,488	535,377
Net Debt / Adjusted EBITDA (LTM) ratio	\$	1.94	2.75	1.79	1.94	1.79

<sup>1</sup> Includes 8,784 ounces of pre-production gold at the Ity CIL operation in Q1 2019.

<sup>2</sup> Revenue is net of gold stream sales to Franco-Nevada and Sandstorm.

## 3. OPERATIONS PERFORMANCE OVERVIEW

### 3.1. GUIDANCE

- › The Group's full year 2019 production guidance has been adjusted to 650,000 - 695,000 ounces at an AISC of \$795-845 per ounce.
  - As the Ity CIL plant was still in construction when guidance was set, a wide range was provided. Following a quick ramp-up and strong performance since commissioning, Ity's production is now expected to be near the top end of the guided 160,000 – 200,000 ounces range, so the lower end of the Group's guidance has been increased slightly by 35,000 ounces. All the other mines, on aggregate, remain on track to meet their full year production guidance as Agbaou's strong performance is expected to offset that of Houndé while Karma remains in line.
  - The Group's AISC guidance has also been adjusted upwards by 4% (representing \$35 per ounce) to \$795-845 per ounce to reflect the higher realized royalties associated with the stronger gold price environment (estimated impact of circa \$15-20 per ounce or 1.5%). In addition, it also reflects a 2% increase in expected AISC across the mines, representing \$15-20 per ounce. This increase is mainly due to Houndé's higher than expected AISC (due to the slower than expected ramp-up at the newly commissioned Bouéré high grade deposit caused by the severe rainy season), and Ity's AISC which is expected to be near the top end of its guided range (as mentioned in Q2-2019, driven by the increased production at a lower average grade), while Agbaou is expected to finish below its guided range.

**Table 2: Group Production**

(All amounts in koz, on a 100% basis)	THREE MONTHS ENDED			NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Agbaou	36	35	31	103	97
Ity Heap Leach	-	-	21	3	64
Ity CIL	64	58	-	130	-
Karma	26	21	26	69	75
Houndé	55	58	61	168	201
<b>PRODUCTION FROM CONTINUING OPERATIONS</b>	<b>181</b>	<b>171</b>	<b>139</b>	<b>473</b>	<b>438</b>
Tabakoto (divested in December 2018)	-	-	26	-	86
<b>TOTAL PRODUCTION</b>	<b>181</b>	<b>171</b>	<b>165</b>	<b>473</b>	<b>524</b>

**Table 3: Group All-In Sustaining Costs**

(All amounts in US\$/oz)	QUARTER ENDED			NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Agbaou	767	788	954	780	838
Ity Heap Leach	-	-	730	1,086	750
Ity CIL	575	585	n.a.	580	-
Karma	901	1,047	841	962	864
Houndé	954	836	638	857	555
Corporate G&A	33	30	44	36	42
Sustaining Exploration	0	0	14	0	16
<b>GROUP AISC FROM CONTINUING OPERATIONS</b>	<b>803</b>	<b>790</b>	<b>820</b>	<b>817</b>	<b>759</b>
Tabakoto (divested in December 2018)	-	-	1,420	-	1,335
<b>GROUP AISC</b>	<b>803</b>	<b>790</b>	<b>917</b>	<b>817</b>	<b>853</b>

## 4. OPERATIONS REVIEW

### 4.1. HEALTH, SAFETY, ENVIRONMENT AND CORPORATE RESPONSIBILITY

Endeavour Mining puts the highest priority on safe and healthy work practices and systems. The Group's business principles and policies are based on targeting the achievement of a "zero harm" performance, reducing the lost time injury frequency rate ("LTIFR") at all the operations and striving to continually improve performance. The following table shows the safety statistics for the trailing twelve months ended September 30, 2019 for continuing operations.

*Table 4: LTIFR Statistics for the trailing twelve months ended September 30, 2019*

Incident Category	Agbaou	Karma	Ity	Houndé	Total
Fatality	-	-	-	-	-
Lost Time Injury	-	-	1	-	1
Total Man Hours	3,582,057	2,811,017	7,781,028	4,119,035	18,293,137
<b>LTIFR<sup>1</sup></b>	-	-	<b>0.13</b>	-	<b>0.13</b>

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.

## 4.2. OPERATIONS REVIEW

The following tables summarize operating results for the three months ended September 30, 2019, June 30, 2019, and September 30, 2018 and the nine months ended September 30, 2019 and September 30, 2018.

*Ity Gold Mine, Côte d'Ivoire*

**Table 5: Ity CIL Key Performance Indicators**

	Unit	THREE MONTHS ENDED			NINE MONTHS ENDED	
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>Operating Data:</b>						
Tonnes ore mined	kt	1,639	1,409	-	4,162	-
Tonnes of waste mined	kt	1,583	2,460	-	6,285	-
Open pit strip ratio <sup>2</sup>	w:o	0.97	1.75	-	1.51	-
Tonnes milled	kt	1,183	934	-	2,375	-
Average gold grade milled	g/t	1.94	2.03	-	1.99	-
Recovery rate	%	88%	90%	-	89%	-
Gold produced:	oz	63,764	57,503	-	130,051	-
Gold sold (A):	oz	65,354	61,989	-	127,344	-
<b>Financial Data (\$'000)</b>						
Revenues	\$	96,299	82,208	-	178,507	-
Mining costs-open pit	\$	(13,743)	(13,996)	-	(27,739)	-
Processing cost	\$	(15,688)	(12,809)	-	(28,496)	-
G&A cost <sup>3</sup>	\$	(4,917)	(5,152)	-	(10,068)	-
Inventory adjustments and other <sup>4</sup>	\$	1,095	(1,309)	-	(214)	-
Total Cash Cost <sup>1</sup> (B)	\$	(33,253)	(33,265)	-	(66,517)	-
Royalties	\$	(3,868)	(3,028)	-	(6,896)	-
Sustaining capital <sup>1</sup>	\$	(486)	-	-	(486)	-
Total All-In Sustaining Costs <sup>1</sup> (C)	\$	(37,607)	(36,293)	-	(73,899)	-
Non-sustaining capital <sup>1</sup>	\$	(117)	-	-	(117)	-
<b>All-In Margin<sup>1</sup></b>	<b>\$</b>	<b>58,575</b>	<b>45,915</b>	<b>-</b>	<b>104,491</b>	<b>-</b>
add back: Sustaining and non-sustaining capital <sup>1</sup>	\$	603	-	-	603	-
Depreciation/depletion	\$	(10,908)	(10,498)	-	(21,406)	-
Non-cash operating income/(expense)	\$	(1,710)	3,143	-	1,433	-
<b>Earnings from mine operations</b>	<b>\$</b>	<b>46,560</b>	<b>38,560</b>	<b>-</b>	<b>85,121</b>	<b>-</b>
<b>Unit cost analysis</b>						
Realized gold price	\$/oz	1,473	1,326	-	1,402	-
Open pit mining cost per tonne mined	\$/t	4.27	3.62	-	4.27	-
Processing cost per tonnes milled	\$/t	13.26	13.72	-	13.26	-
G&A cost per tonnes milled	\$/t	4.16	5.52	-	4.16	-
<b>Cash cost per ounce sold<sup>1</sup> D=B/A</b>	<b>\$/oz</b>	<b>509</b>	<b>537</b>	<b>-</b>	<b>522</b>	<b>-</b>
<b>Mine All-In Sustaining Costs<sup>1</sup> E=C/A</b>	<b>\$/oz</b>	<b>575</b>	<b>585</b>	<b>-</b>	<b>580</b>	<b>-</b>

<sup>1</sup>Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

<sup>2</sup>Strip ratio includes capital waste

<sup>3</sup>General and Administration cost

<sup>4</sup>Mining cost, processing cost and G&A cost associated with pre-commercial gold produced of 8,784 ounces has been accounted for in inventory and other adjustment in the nine months ended 30 September 2019.

### **Ity CIL Q3 2019 vs Q2 2019 Insights**

- › Construction was completed three months ahead of schedule and commercial production was declared in early Q2-2019, following a quick three week ramp up to the 4Mtpa nameplate capacity.
- › As guided, production continued to increase, despite the severe rainy season, due to greater tonnes milled which compensated for a slightly lower recovery rate and processed grade.
  - Tonnes of ore mined continued to increase, specifically at the Ity and Daapleu pits where the mine scheduling placed greater emphasis on waste extraction in the prior quarters in order to be in a better position during the wet season. As a result, the overall strip ratio decreased, and mining continued to progress into the harder fresh ore.
  - Plant throughput increased, achieving an annualised run-rate of approximately 4.7Mtpa, as the 25% volumetric upgrade to 5Mtpa continued to progress and remains on track to be completed during Q4-2019. The main contributor to the increased throughput was the installation of larger motors on the primary apron feeder and vibrating grizzly at the crusher as well as increased lime addition capacity.
  - Average processed grades slightly decreased as a result of the low-grade ore utilized to fill the excess plant capacity and planned mining activity during the wet season.
- › The AISC decreased mainly due to a lower strip ratio, greater production volumes and lower G&A costs, which more than offset higher mining and royalty costs.
  - Mining unit costs increased from \$3.62 per tonne mined to \$4.27 per tonne mined due to the volume effect of mining less material and the higher costs associated with increased pumping requirements and utilization of articulated dump trucks to mine soft oxide ore during the rainy season.
  - Processing unit costs decreased slightly from \$13.72 per tonne to \$13.26 per tonne milled due to greater throughput.
  - Royalties increased from \$49 to \$59 per ounce due to a higher realized gold price which also triggered a higher royalty rate based on the applicable sliding scale increasing from 3.5% to 4.0% above \$1,300 per ounce.
  - Sustaining capital increased from \$nil to \$0.5m (\$7.4 per ounce) for the quarter due to capital expenditure incurred on additional dewatering pumps ahead of the rainy season.
- › Non-sustaining capital was minimal.
- › Depreciation and depletion remained flat for the quarter.

### **YTD-2019 vs YTD-2018 Insights**

- › Ity had its first gold pour in March 2019 with commercial production declared in early Q2-2019. Comparative period production was carried out under heap leach which ceased in Q4-2018.

### **Q4 2019 Outlook**

- › Ity is on track to achieve the upper-end of its full-year 2019 production guidance of 160,000 – 200,000 ounces and is expected to finish near the top end of AISC guidance of \$525-\$590 per ounce due to higher royalty costs (as the guidance was based on a lower gold price of \$1,250 per ounce) and the lower average grade required to fill excess plant capacity beyond its nameplate design.
- › The 25% volumetric plant upgrade to 5Mtpa is expected to be completed in Q4-2019 during scheduled downtimes. Roughly \$4.4 million of growth capital spend was incurred out of the total guided spend of \$10-15 million, with the remaining expected to be spent in Q4-2019, mainly related to tailings storage facility.
- › Sustaining and non-sustaining capital spend is expected to be minimal in Q4-2019.

### **Exploration Activities**

- › The initial 2019 exploration campaign at Le Plaque of approximately 71,000 meters has been completed and due to the success, exceeded the target with a total of 79,184 meters drilled in the first nine months.
- › As announced on July 8, 2019, the Le Plaque Indicated resource increased from 85,000 to 476,000 ounces at a grade of 3.20g/t, considerably higher than the current Ity mine reserve grade of 1.54g/t, with the potential to further increase the resource.
- › The Le Plaque deposit is now composed of three zones (Le Plaque Main, Epsilon and Le Plaque South), all of which remain open at depth and in multiple directions with mineralization confirmed by step-out drilling.
- › The Le Plaque drilling campaign is ongoing with the aim of delineating further resources and achieving reserve status for inclusion in the year-end reserve and resource statement in Q1-2020.

Table 6: Houndé Key Performance Indicators

	Unit	THREE MONTHS ENDED			NINE MONTHS ENDED	
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>Operating Data:</b>						
Tonnes ore mined	kt	661	917	1,413	2,346	4,086
Tonnes of waste mined	kt	9,693	8,225	8,481	26,550	25,478
Open pit strip ratio <sup>2</sup>	w:o	14.67	8.97	6.00	11.32	6.20
Tonnes milled	kt	1,015	1,043	1,006	3,092	2,886
Average gold grade milled	g/t	1.85	1.88	2.02	1.84	2.26
Recovery rate	%	92%	93%	94%	93%	95%
Gold produced:	oz	54,708	58,232	60,736	168,299	201,390
Gold sold (A):	oz	58,392	54,255	57,913	172,222	200,479
<b>Financial Data (\$'000)</b>						
Revenues	\$	86,289	71,013	70,314	234,805	258,170
Mining costs-open pit	\$	(22,150)	(19,563)	(21,180)	(60,688)	(56,200)
Processing cost	\$	(13,160)	(13,502)	(12,789)	(39,389)	(33,790)
G&A cost	\$	(5,237)	(6,577)	(6,062)	(18,297)	(19,610)
Capitalized waste	\$	8,337	5,928	2,617	17,536	10,191
Inventory adjustments and other	\$	(7,890)	26	7,377	(10,956)	11,084
Total Cash Cost <sup>1</sup> (B)	\$	(40,100)	(33,687)	(30,037)	(111,794)	(88,325)
Royalties	\$	(6,041)	(4,470)	(4,222)	(15,784)	(16,889)
Sustaining capital <sup>1</sup>	\$	(9,548)	(7,223)	(2,712)	(20,042)	(6,032)
Total All-In Sustaining Costs <sup>1</sup> (C)	\$	(55,689)	(45,381)	(36,971)	(147,620)	(111,246)
Non-sustaining capital <sup>1</sup>	\$	(1,445)	(3,191)	-	(10,740)	(4,254)
<b>All-In Margin<sup>1</sup></b>	<b>\$</b>	<b>29,155</b>	<b>22,441</b>	<b>33,343</b>	<b>76,445</b>	<b>142,670</b>
add back: Sustaining and non-sustaining capital <sup>1</sup>	\$	10,993	10,414	2,712	30,782	10,286
Depreciation/depletion	\$	(18,375)	(16,243)	(14,147)	(50,295)	(47,665)
Non-cash operating income/(expense)	\$	(1,419)	-	115	(1,419)	967
<b>Earnings from mine operations</b>	<b>\$</b>	<b>20,354</b>	<b>16,612</b>	<b>22,022</b>	<b>55,513</b>	<b>106,257</b>
<b>Unit cost analysis</b>						
Realized gold price	\$/oz	1,478	1,309	1,214	1,363	1,288
Open pit mining cost per tonne mined	\$/t	2.14	2.14	2.14	2.10	1.90
Processing cost per tonne milled	\$/t	12.96	12.95	12.71	12.74	11.71
G&A cost per tonne milled	\$/t	5.16	6.31	6.03	5.92	6.79
<b>Cash cost per ounce sold<sup>1</sup> D=B/A</b>	<b>\$/oz</b>	<b>687</b>	<b>621</b>	<b>519</b>	<b>649</b>	<b>441</b>
<b>Mine All-In Sustaining Costs<sup>1</sup> E=C/A</b>	<b>\$/oz</b>	<b>954</b>	<b>836</b>	<b>638</b>	<b>857</b>	<b>555</b>

<sup>1</sup>Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

<sup>2</sup>Strip ratio includes capital waste.

### Q3 2019 vs Q2 2019 Insights

- › Houndé performed well as the impact of the severe rainy season was mitigated, with the throughput and average grade milled remaining stable, resulting in a slight production decrease. This was due to the utilization of lower-grade stockpiles and the transition to mining the higher-grade Bouéré deposit.
  - Tonnes of ore mined decreased due to the higher strip ratio in the Vindaloo pit. In addition, the higher-grade Bouéré pit was commissioned, however mined at a slower than anticipated rate due to the severe rainy season.
  - Tonnes milled remained stable as low-grade stockpiles were used to supplement the plant feed.
  - The average grade milled remained stable despite the low-grade stockpiles utilized to supplement the plant feed due to the scheduled mining of higher-grade ore.
  - Recovery rate decreased slightly due to the ore blend.
- › The AISC increased mainly due to the scheduled increase in sustaining waste capitalization, slightly higher mining unit costs and royalty costs which were partially offset by lower G&A unit costs.
  - Mining unit costs remained stable at \$2.14 per tonne.
  - Processing unit costs remained stable at \$12.96 per tonne.
  - Royalties increased from \$82 per ounce to \$103 per ounce due to a higher realized gold price which also triggered a higher royalty rate, based on the applicable sliding scale, increasing from 4.0% to 5.0% above \$1,300 per ounce.
  - Sustaining capital increased from \$7.2 million to \$9.5 million (from \$133 per ounce to \$164 per ounce) due to the scheduled waste capitalization activity, albeit less than anticipated due to delays caused by the rainfall.
- › Non-sustaining capital decreased from \$3.2 million to \$1.4 million mainly due to the completion of pre-stripping, resettlement and road construction for the Bouéré deposit.
- › Depreciation and depletion increased due to the addition of mining in the Bouéré deposit.

### YTD-2019 vs YTD-2018 Insights

- › As guided production decreased and AISC increased due to low-grade stockpiles supplementing the mill feed and a shift to processing a higher proportion of harder fresh ore compared to YTD-2018 which benefited from high-grade soft oxide ore and associated higher recovery rate, a lower strip ratio and lower unit operating costs.

### Q4 2019 Outlook

- › Houndé is expected to finish slightly below the lower-end of its full-year 2019 production guidance of 230,000 – 250,000 ounces and is expected to finish above the AISC guidance of \$720-790 per ounce due to the slower than planned ramp-up of the high-grade Bouéré deposit as a result of the impact of the severe rainy season in Q3-2019. AISC are also impacted by higher royalties as the guidance was based on a lower gold price of \$1,250 per ounce.
- › Sustaining capital spend is expected to increase in Q4-2019 as \$15.0 million of the guided \$35.0 million remain to be incurred, mainly relating to waste capitalization efforts.
- › Non-sustaining capital spend is expected to be minimal in Q4-2019.

### Exploration

- › Houndé is Endeavour's largest exploration focus this year with a drilling campaign of approximately 195,000 meters planned. A total of 174,710 meters have been drilled YTD-2019, with the focus mainly on the near-mine Kari anomalies.
- › On June 24, 2019, a maiden reserve of 7.3Mt at a grade of 3.01g/t containing approximately 710,000 ounces was announced for the Kari Pump deposit. The maiden reserve has an 89% M&I resource to reserve conversion rate, based on a gold price of \$1,250 per ounce, and a low discovery cost of less than \$13.50 per ounce.
- › The Kari pump reserve grade is 53% higher than Houndé's current mine reserve grade of 1.97g/t. Environmental studies at Kari Pump are underway and an application for a mining license is scheduled to be submitted during Q4-2019, with the goal of commencing mining activities in late 2020 or early 2021.
- › As announced on July 2, 2019, mineralization has been significantly extended at all three discoveries in the Kari area. At Kari Pump near-surface mineralization was extended 700 meters to the northeast and 900 meters towards Kari West and remains open.
- › The drilling campaigns at Kari West and Kari Center were recently completed and a maiden resource estimate is expected to be published in Q4-2019. Reserve status is anticipated for inclusion in the year-end reserve and resource statement in Q1-2020.

Table 7: Agbaou Key Performance Indicators

	Unit	THREE MONTHS ENDED			NINE MONTHS ENDED	
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>Operating Data</b>						
Tonnes ore mined	kt	589	564	625	1,604	1,918
Tonnes of waste mined	kt	5,647	5,992	6,317	17,405	20,777
Open pit strip ratio <sup>2</sup>	w:o	9.59	10.60	10.11	10.85	10.83
Tonnes milled	kt	672	644	669	2,037	2,122
Average gold grade milled	g/t	1.77	1.75	1.54	1.64	1.53
Recovery rate	%	95%	94%	94%	94%	93%
Gold produced:	oz	36,129	34,558	31,248	102,520	96,975
Gold sold (A):	oz	36,081	34,411	30,649	104,202	98,679
<b>Financial Data (\$'000)</b>						
Revenues	\$	53,374	45,108	36,853	142,531	126,118
Mining costs-open pit	\$	(16,855)	(15,786)	(17,826)	(48,310)	(61,397)
Processing cost	\$	(5,052)	(5,152)	(5,201)	(15,491)	(16,343)
G&A cost	\$	(2,772)	(3,089)	(3,220)	(8,948)	(9,496)
Capitalized waste	\$	3,591	2,225	3,239	12,850	14,961
Inventory adjustments and other	\$	(824)	(1,090)	(1,242)	(2,340)	2,104
Total Cash Cost <sup>1</sup> (B)	\$	(21,912)	(22,892)	(24,250)	(62,239)	(70,171)
Royalties	\$	(2,152)	(1,711)	(1,358)	(5,566)	(4,830)
Sustaining capital <sup>1</sup>	\$	(3,619)	(2,513)	(3,636)	(13,435)	(7,688)
Total All-in Sustaining Costs <sup>1</sup> (C)	\$	(27,683)	(27,116)	(29,244)	(81,240)	(82,689)
Non-sustaining capital <sup>1</sup>	\$	(1,590)	(2,602)	(131)	(6,716)	(10,958)
<b>All-In Margin<sup>1</sup></b>	<b>\$</b>	<b>24,101</b>	<b>15,391</b>	<b>7,478</b>	<b>54,575</b>	<b>32,471</b>
add back: Sustaining and non-sustaining capital <sup>1</sup>	\$	5,209	5,115	3,767	20,151	18,646
Depreciation/depletion	\$	(10,819)	(12,207)	(7,123)	(31,612)	(23,544)
Non-cash operating income/(expense)	\$	-	-	-	-	(1,316)
<b>Earnings from mine operations</b>	<b>\$</b>	<b>18,491</b>	<b>8,298</b>	<b>4,122</b>	<b>43,114</b>	<b>26,257</b>
<b>Unit cost analysis</b>						
Realized gold price	\$/oz	1,479	1,311	1,202	1,368	1,278
Open pit mining cost per tonne mined	\$/t	2.70	2.41	2.57	2.54	2.71
Processing cost per tonne milled	\$/t	7.52	8.00	7.77	7.61	7.70
G&A cost per tonne milled	\$/t	4.13	4.79	4.81	4.39	4.48
<b>Cash cost per ounce sold<sup>1</sup> D=B/A</b>	<b>\$/oz</b>	<b>607</b>	<b>665</b>	<b>791</b>	<b>597</b>	<b>711</b>
<b>Mine All-In Sustaining Costs<sup>1</sup> E=C/A</b>	<b>\$/oz</b>	<b>767</b>	<b>788</b>	<b>954</b>	<b>780</b>	<b>838</b>

<sup>1</sup>Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

<sup>2</sup>Strip ratio includes capital waste

### Q3 2019 vs Q2 2019 Insights

- › Production increased, despite the severe rainy season, due to higher mill throughput and recovery rate while average grades milled remained flat.
  - Tonnes of ore mined increased mainly due to a lower overall strip ratio as mining focused on deeper elevations of the North Pit which has a lower strip ratio, and mining commenced in the South Pit extension.
  - Tonnes milled increased due to increased utilization and slightly higher throughput, whilst the blended grade remained unchanged.
  - Recovery rate increased slightly to 95%.
- › The AISC decreased mainly due to a reduction in processing and G&A unit costs as well as an increase in gold sold, which offset higher mining unit costs and royalties.
  - Mining unit costs increased from \$2.41 per tonne to \$2.70 per tonne mined due to increased drill and blast activities and longer haul distance in the North Pit.
  - Processing unit costs decreased from \$8.00 per tonne to \$7.52 per tonne due to lower consumption of reagents.
  - Royalties increased from \$50 per ounce to \$60 per ounce due to a higher realized gold price which also triggered a higher royalty rate based on the applicable sliding scale increasing from 3.5% to 4.0% above \$1,300 per ounce.
  - Sustaining capital costs increased from \$2.5 million to \$3.6 million (from \$73 per ounce to \$100 per ounce) primarily due to the increase in capitalized waste in the South Pit extension, albeit less than anticipated due to better than expected mining unit costs.
- › Non-sustaining capital decreased from \$2.6 million to \$1.6 million, which is attributable to the cost of the TSF raise which is nearing completion.
- › Depreciation and depletion decreased slightly due to higher usage of stockpiles in Q2-2019 which have a lower associated cost base.

### YTD-2019 vs YTD-2018 Insights

- › Production increased while AISC decreased. Production benefitted from slightly higher grades and recovery rates which were partially offset by lower mill throughput due to the increase in transitional and fresh ore processed. AISC was impacted by higher sustaining capital which was partially offset by lower mining unit costs.

### Q4 2019 Outlook

- › Agbaou is on track to meet the upper-end its full-year 2019 production guidance of 120,000 – 130,000 ounces and slightly below AISC guidance of \$850-\$900 per ounce.
- › Sustaining capital spend is expected to increase in Q4-2019, however it is expected to finish below the guided \$24.0 million for the full year mainly due to better than expected mining unit costs.
- › The remaining 2019 non-sustaining capital spend of between \$1 and \$2 million of the guided \$8 million is expected to be incurred in Q4-2019, relating mainly to the completion of the TSF raise.

### Exploration Activities

- › An exploration program totaling approximately 10,000 meters was planned for 2019 with the aim of testing extensions of the North and West pits and investigating near-mine targets.
- › The 2019 exploration program began in Q3-2019, with full results pending from the 2,000 meters of diamond drilling and 5,100 meters of reverse circulation drilling conducted. Additional short drilling campaigns on near-mine targets are expected to continue in Q4-2019.

Table 8: Karma Key Performance Indicators

	Unit	THREE MONTHS ENDED			NINE MONTHS ENDED	
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>Operating Data:</b>						
Tonnes ore mined	kt	948	1,057	755	2,838	3,927
Tonnes of waste mined	kt	3,410	4,599	2,272	11,949	7,850
Open pit strip ratio <sup>2</sup>	w:o	3.60	4.35	3.01	4.21	2.00
Tonnes of ore stacked	kt	919	1,047	981	3,061	3,060
Average gold grade stacked	g/t	1.17	0.86	1.02	0.89	0.94
Recovery rate	%	79%	83%	89%	81%	80%
Gold produced:	oz	26,168	21,006	26,064	69,287	75,274
Gold sold (A) :	oz	25,442	20,093	24,668	68,910	74,792
<b>Financial Data (\$'000)</b>						
Revenues <sup>3</sup>	\$	31,329	21,042	23,951	76,644	77,555
Mining costs-open pit	\$	(10,333)	(11,954)	(9,626)	(33,572)	(29,456)
Processing cost	\$	(6,653)	(7,455)	(8,295)	(22,165)	(26,815)
G&A cost	\$	(2,619)	(2,978)	(3,526)	(8,726)	(10,626)
Capitalized waste	\$	2,539	6,556	3,502	12,204	7,291
Inventory adjustments and other	\$	(2,387)	(2,294)	(27)	(5,206)	3,151
Total Cash Cost <sup>1</sup> (B)	\$	(19,453)	(18,125)	(17,972)	(57,465)	(56,455)
Royalties	\$	(2,420)	(1,822)	(1,761)	(6,054)	(5,975)
Sustaining capital <sup>1</sup>	\$	(1,043)	(1,087)	(1,022)	(2,801)	(2,202)
Total All-In Sustaining Costs <sup>1</sup> (C)	\$	(22,916)	(21,034)	(20,755)	(66,320)	(64,632)
Non-sustaining capital <sup>1</sup>	\$	(4,167)	(8,681)	(8,332)	(15,679)	(17,029)
<b>All-In Margin<sup>1</sup></b>	<b>\$</b>	<b>4,246</b>	<b>(8,674)</b>	<b>(5,136)</b>	<b>(5,355)</b>	<b>(4,106)</b>
add back: Sustaining and non-sustaining capital <sup>1</sup>	\$	5,210	9,769	9,354	18,480	19,231
Depreciation/depletion	\$	(12,358)	(11,564)	(8,723)	(34,875)	(26,637)
Non-cash operating income/(expense)	\$	2,044	1,507	3	(970)	(1,009)
<b>(Loss)/Earnings from mine operations</b>	<b>\$</b>	<b>(858)</b>	<b>(8,961)</b>	<b>(4,502)</b>	<b>(22,720)</b>	<b>(12,521)</b>
<b>Unit cost analysis</b>						
Realized gold price <sup>3</sup>	\$/oz	1,231	1,047	971	1,112	1,037
Open pit mining cost per tonne mined	\$/t	2.37	2.11	3.18	2.27	2.50
Processing cost per tonnes stacked	\$/t	7.24	7.12	8.46	7.24	8.76
G&A cost per tonne stacked	\$/t	2.85	2.84	3.59	2.85	3.47
<b>Cash cost per ounce sold<sup>1</sup> D=B/A</b>	<b>\$/oz</b>	<b>765</b>	<b>902</b>	<b>729</b>	<b>834</b>	<b>755</b>
<b>Mine All-In Sustaining Costs<sup>1</sup> E=C/A</b>	<b>\$/oz</b>	<b>901</b>	<b>1,047</b>	<b>841</b>	<b>962</b>	<b>864</b>

<sup>1</sup>Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.<sup>2</sup>Strip ratio includes capital waste.<sup>3</sup>Revenue and realized gold price are net of gold stream sales to Franco/Nevada and Sandstorm.

### Q3 2019 vs Q2 2019 Insights

- › Production increased as expected, despite the severe rainy season, due to a significantly higher stacked grade which more than offset the lower recovery rates and stacked tonnage.
  - Tonnes of ore mined decreased as mining was completed in the Kao Main pit in early Q3-2019, focusing activities solely on the Kao North pit.
  - Tonnes stacked decreased due to maintenance downtimes related to the installation and commissioning of the tripper conveyor and the impact of the wet season on the overall system utilization.
  - The stacked grade increased due to the benefit of mining oxide ore from the newly commissioned Kao North pit.
  - Recovery rates decreased due to the characteristics of the ore from the Kao North pit compared to that of the Kao Main pit.
- › The AISC decreased mainly due to the volume effect of greater quantities of gold sold which more than offset higher unit mining and stacking costs and higher royalties.
  - Mining unit costs increased from \$2.11 per tonne to \$2.37 per tonne due to less tonnes mined as a result of the completion of the Kao Main pit, as well as planned maintenance costs.
  - Processing unit costs increased slightly from \$7.12 per tonne to \$7.24 per tonne due to less tonnes stacked.
  - Royalties increased from \$91 per ounce to \$95 per ounce due to a higher realized gold price which also triggered a higher royalty rate based on the applicable sliding scale increasing from 3.5% to 4.0% above \$1,300 per ounce.
  - Sustaining capital costs remained flat at \$1.0 million (\$41 per ounce).
- › Non-sustaining capital spend decreased by \$4.5 million to \$4.2 million due to the completion of pre-stripping activity in the Kao North pit in the previous quarter while capital spend related to the third lift is scheduled to be incurred during Q4-2019.
- › Depreciation and depletion increased mainly due to increased production.

### YTD-2019 vs YTD-2018 Insights

- › Production decreased and AISC increased mainly due to the lower grades associated with supplemented ore stacked from stockpiles as well as higher waste capitalization.

### Q4 2019 Outlook

- › Karma is on track to meet the bottom-end of its full-year 2019 production guidance of 105,000 – 115,000 ounces and is expected to finish slightly above AISC guidance of \$860-910 per ounce partially due to higher royalty costs as the guidance was based on a lower gold price of \$1,250 per ounce.
- › The remaining sustaining capital spend of \$2.0 million out of the guided \$5.0 million is expected to be incurred in Q4-2019.
- › Non-sustaining capital spend is expected to increase in Q4-2019 to between \$9.0 and \$11.0 million, mainly related to the scheduled third lift, tracking slightly above the guided \$24.0 million for the full year due to additional upgrades expected to be made on the pumping, electrical and conveyor system.

### Exploration Activities

- › An exploration program totaling approximately 27,000 meters was planned for 2019, with the aim of delineating near-mill oxide targets.
- › The 2019 exploration program began in late Q3-2019 with drilling mainly focused on the Kao North, Kao Main and GG1 deposits.

Table 9: Ity Heap Leach Key Performance Indicators

	Unit	THREE MONTHS ENDED			NINE MONTHS ENDED	
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>Operating Data:</b>						
Tonnes ore mined	kt	-	-	253	-	927
Tonnes of waste mined	kt	-	-	614	-	2,607
Open pit strip ratio <sup>2</sup>	w:o	-	-	2.43	-	2.81
Tonnes of ore stacked	kt	-	-	326	-	991
Average gold grade stacked	g/t	-	-	2.64	-	2.52
Recovery rate	%	-	-	78%	-	79%
Gold produced:	oz	-	-	20,993	2,702	64,258
Gold sold (A):	oz	-	-	20,929	4,214	64,729
<b>Financial Data (\$'000)</b>						
Revenues	\$	-	-	24,647	5,486	82,331
Mining costs-open pit	\$	-	-	(6,087)	-	(22,379)
Processing cost	\$	-	-	(4,793)	(684)	(15,208)
G&A cost	\$	-	-	(2,877)	(26)	(9,305)
Capitalized waste	\$	-	-	-	-	-
Inventory adjustments and other	\$	-	-	(196)	(3,664)	3,383
Total Cash Cost <sup>1</sup> (B)	\$	-	-	(13,953)	(4,374)	(43,509)
Royalties	\$	-	-	(952)	(201)	(3,036)
Sustaining capital <sup>1</sup>	\$	-	-	(382)	-	(2,006)
Total All-In Sustaining Costs <sup>1</sup> (C)	\$	-	-	(15,287)	(4,575)	(48,551)
Non-sustaining capital <sup>1</sup>	\$	-	-	-	-	-
<b>All-In Margin<sup>1</sup></b>	<b>\$</b>	<b>-</b>	<b>-</b>	<b>9,360</b>	<b>911</b>	<b>33,780</b>
add back: Sustaining and non-sustaining capital <sup>1</sup>	\$	-	-	382	-	2,006
Depreciation/depletion	\$	-	-	(5,769)	-	(20,656)
Non-cash operating income/(expense)	\$	-	-	(142)	(4,134)	(2,275)
<b>(Loss)/Earnings from mine operations</b>	<b>\$</b>	<b>-</b>	<b>-</b>	<b>3,832</b>	<b>(3,223)</b>	<b>12,855</b>
<b>Unit cost analysis</b>						
Realized gold price	\$/oz	-	-	1,178	1,302	1,272
Open pit mining cost per tonne mined	\$/t	-	-	7.02	-	6.33
Processing cost per tonnes stacked	\$/t	-	-	14.70	-	15.35
G&A cost per tonnes stacked	\$/t	-	-	8.83	-	9.39
<b>Cash cost per ounce sold<sup>1</sup> D=B/A</b>	<b>\$/oz</b>	<b>-</b>	<b>-</b>	<b>667</b>	<b>1,038</b>	<b>672</b>
<b>Mine All-In Sustaining Costs<sup>1</sup> E=C/A</b>	<b>\$/oz</b>	<b>-</b>	<b>-</b>	<b>730</b>	<b>1,086</b>	<b>750</b>

<sup>1</sup>Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

<sup>2</sup>Strip ratio includes capital waste

### 4.3. DEVELOPMENT PROJECTS REVIEW

#### *Kalana Project, Mali*

- › Based on Endeavour Mining's capital allocation strategy, its short-term focus remains on debt reduction through its expected cash flow generation. During this debt reduction phase, it intends to review available internal growth opportunities developed through its exploration success.
- › In line with this strategy, further exploration is underway at Kalana with the goal of delineating additional satellite deposits, and updating the feasibility study, to give the project the required scale to fit the Group's investment criteria. Based on Endeavour Mining's capital allocation strategy, the Kalana project investment case will then be reviewed against other internal growth opportunities.
- › A \$4.0 million exploration campaign totalling approximately 26,000 meters has been planned for 2019 with the aim of testing additional targets located within a 10km radius of the Kalana deposit and increasing the resources base available for the project.
- › Drilling at the Kalana project re-commenced in late Q2-2019 with a total of 20,500 meters of reconnaissance drilling completed on targets located in proximity to the Kalana Main deposit. The results are being analyzed.
- › Total growth capital of \$9.0 million has been allocated for 2019 for the feasibility study, maintenance and standby costs, and Corporate Social Responsibility activities, of which \$9.0 million has been spent YTD-2019.

## 5. RESULTS FOR THE PERIOD

### 5.1. STATEMENT OF COMPREHENSIVE INCOME

Table 10: Statement of Comprehensive Income

(\$'000s)	THREE MONTHS ENDED			NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenue	267,292	219,371	155,764	637,973	544,173
Operating expenses	(114,599)	(103,318)	(86,238)	(306,280)	(262,094)
Depreciation and depletion	(54,509)	(51,970)	(35,911)	(142,611)	(118,953)
Royalties	(14,480)	(11,032)	(8,293)	(34,501)	(30,730)
<b>Earnings from mine operations</b>	<b>83,704</b>	<b>53,051</b>	<b>25,322</b>	<b>154,581</b>	<b>132,396</b>
Corporate costs	(6,166)	(5,143)	(5,888)	(17,370)	(18,572)
Share-based compensation	(5,238)	(4,385)	(4,007)	(12,223)	(16,784)
Exploration costs	(3,858)	(1,674)	(2,583)	(9,893)	(7,621)
<b>Earnings/(loss) from operations</b>	<b>68,442</b>	<b>41,849</b>	<b>12,844</b>	<b>115,095</b>	<b>89,419</b>
(Losses)/gains on financial instruments	(49,528)	(11,757)	24,755	(60,162)	24,274
Finance costs	(14,170)	(12,386)	(6,679)	(31,475)	(18,724)
Other income/(expenses)	(673)	4,574	(173)	3,704	(1,156)
<b>Earnings/(loss) from continuing operations before taxes</b>	<b>4,071</b>	<b>22,280</b>	<b>30,747</b>	<b>27,162</b>	<b>93,813</b>
Current income tax expense	(16,917)	(13,845)	(17,443)	(44,240)	(45,310)
Deferred tax (expense)/recovery	(10,699)	(1,531)	2,007	(11,006)	2,456
Net loss from discontinued operations <sup>1</sup>	-	-	(35,705)	-	(59,137)
<b>Total net and comprehensive earnings/(loss)</b>	<b>(23,545)</b>	<b>6,904</b>	<b>(20,394)</b>	<b>(28,084)</b>	<b>(8,178)</b>

<sup>1</sup> The financial results of Tabakoto have been classified as a discontinued operation in accordance with IFRS reporting standards.

Review of results for the three and nine months ended September 30, 2019:

- › Revenues for Q3-2019 were \$267.3 million and \$638.0 million YTD-2019, compared to \$155.8 million and \$544.2 million in the same period of 2018. The increase in Q3-2019 and YTD-2019 when compared to the same periods in the prior year is due an increase in overall production and higher realized gold prices. The overall increase in production is mainly due to the commencement of commercial production of the ITY CIL processing facility on April 8, 2019.
- › Operating expenses for Q3-2019 were \$114.6 million and \$306.3 million YTD-2019, compared to \$86.2 million and \$262.1 million in the same period in 2018. The increase of \$28.4 million in Q3-2019 compared to Q3-2018 is due to higher operating expenses at Ity in 2019 under the CIT operating facility compared to 2018 under the heap leach operating facility, as well as increased operating costs at Houndé. The upward trend YTD-2019 compared to YTD-2018 is due to an increase in operating expenses at Houndé Mine, the transition of Ity Mine from heap leach to CIL processing facility in H1-2019.
- › Depreciation and depletion in Q3-2019 were \$54.5 million and \$142.6 YTD-2019, compared to \$35.9 million and \$119.0 million in the comparative period for 2018. The increase is primarily due to increase in production in Q3-2019 compared to the same period in Q3-2018. Depreciation and depletion increased YTD-2019 by \$23.7 million compared to YTD-2018 mainly due to a higher depreciation charge at Ity CIL assets in 2019 compared to lower depreciation charge at Ity heap leach assets in 2018, as well as increased depreciation at Karma.
- › Corporate costs were \$6.2 million for Q3-2019 and \$17.4 million YTD-2019, compared to \$5.9 million and \$18.6 million in the comparative periods for 2018. The decrease over the YTD comparative periods are due to the realization of corporate savings initiatives.
- › Share based compensation were \$5.2 million in Q3-2019 and \$12.2 million YTD-2019, compared \$4.0 million and \$16.8 million in the same periods for 2018. The YTD decrease in the expense is due to the expense of the fair value of the PSUs into earnings over the terms of the previously granted PSUs.

- › Exploration costs were \$3.9 million in Q3-2019 and \$9.9 million YTD-2019, compared to \$2.6 million and \$7.6 million for the same periods in 2018. The increase is due to increased exploration in 2019 that includes more greenfield work, as management continues to focus on unlocking exploration value within the portfolio.
- › Losses/Gain on financial instruments were a loss of \$49.5 million in Q3-2019 and a loss of \$60.2 million YTD-2019, compared to a gain of \$24.8 million and a gain of \$24.3 million the same periods in 2018. The loss in Q3-2019 is mainly due to a \$22.3 million expense as the Corporation has adjusted the estimate of fair value of the receivables for the sale of the Tabakoto and Nzema mines at September 30, 2019.
- › Finance costs were \$14.2 million for Q3-2019 and \$31.5 million YTD-2019, compared to \$6.7 million and \$18.7 million in the same period in 2018. Finance costs are primarily associated to interest expense on the Revolving Credit Facility and convertible debt.
- › Other income/(expenses) were an expense of \$0.7 million for Q3-2019 and an income of \$3.7 million YTD-2019, compared to an expense of \$0.2 million and \$1.2 million in the same period in 2018. The YTD increase in other income is mainly due to the reversal of a tax provision of \$7.7 million in Q2-2019 associated with the Kalana Project which was acquired upon purchase, related to prior period and settled in the current period.
- › Current income tax expense was \$16.9 million in Q3-2019 and \$44.2 million YTD-2019 compared to \$17.4 and \$45.3 million in the same period of 2018. Income tax expense YTD-2019 included a \$12.2 million current income tax accrual for Agbaou 2019 performance to date, in addition a \$4.3 million withholding tax expense associated to a 2018 dividend distribution. In the comparative period, Agbaou still had the benefit of a five-year tax holiday which ended in Q4-2018. At Ity, \$20.5 million of income tax has been accrued for 2019 performance to date inclusive of the benefit from five-year tax holiday on certain deposits. A \$10.0 million income tax accrual for 2019 performance at Houndé which was offset by a \$6.5 million income tax accrual recovery relating to 2018 as a result of the finalization of prior year tax returns.

## 5.2. CASH FLOW

The following table reconciles the AISC margin, and all-in margin to the quarterly change in cash.

Table 11: Free Cash Flow<sup>1</sup>

(\$'000s)	THREE MONTHS ENDED			NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Gold ounces sold	185,268	170,749	134,159	476,892	438,679
Realized gold price	1,443	1,285	1,161	1,338	1,240
Revenue	267,292	219,371	155,764	637,973	544,173
Total cash costs	(113,515)	(107,967)	(86,211)	(301,190)	(258,460)
Royalties	(14,480)	(11,032)	(8,293)	(34,501)	(30,730)
Corporate costs	(6,166)	(5,143)	(5,888)	(17,370)	(18,572)
Sustaining capital <sup>1</sup>	(14,696)	(10,823)	(7,752)	(36,764)	(17,928)
Sustaining exploration <sup>1</sup>	-	-	(1,839)	-	(7,223)
<b>All-in Sustaining Margin from continuing operations<sup>1</sup></b>	<b>118,435</b>	<b>84,406</b>	<b>45,781</b>	<b>248,148</b>	<b>211,260</b>
Less: Non-sustaining capital <sup>1</sup>	(8,434)	(17,232)	(8,463)	(37,124)	(32,241)
Less: Non-sustaining exploration <sup>1</sup>	(3,901)	(21,392)	(5,832)	(36,803)	(31,251)
<b>All-In Margin from continuing operations<sup>1</sup></b>	<b>106,100</b>	<b>45,782</b>	<b>31,486</b>	<b>174,221</b>	<b>147,768</b>
Operating working capital changes as per statement of cash flows	(18,996)	4,887	(32,416)	(39,185)	(79,316)
Changes in long-term assets	652	(2,469)	(8,835)	(7,817)	(19,103)
Taxes paid	(20,738)	(29,569)	(8,747)	(51,972)	(14,458)
Interest paid, financing fees and lease repayment	(16,444)	(20,548)	(13,048)	(49,778)	(33,127)
Cash settlements on hedge programs, gold collar premiums	(1,633)	(802)	3,019	(2,570)	694
<b>Net free cash flow from continuing operations<sup>1</sup></b>	<b>48,941</b>	<b>(2,719)</b>	<b>(28,541)</b>	<b>22,899</b>	<b>2,457</b>
Growth projects <sup>1</sup>	(6,466)	(19,601)	(68,020)	(92,342)	(230,733)
Exploration expense <sup>2</sup>	(3,858)	(1,674)	(2,583)	(9,893)	(7,621)
M&A activities <sup>3</sup>	-	-	-	(453)	-
Cash paid on settlement of share appreciation rights, DSUs and PSUs	-	-	-	(1,125)	(4,447)
Net equity proceeds/(dividends)	(5,046)	36	(1,956)	(4,772)	(1,397)
Proceeds (repayment) of long-term debt	-	20,000	80,000	80,000	(130,000)
Convertible senior bond	-	-	-	-	330,000
Other (foreign exchange gains/losses and other)	8,853	(2,399)	439	1,765	(6,959)
Cashflows used by discontinued operations	-	-	(24,194)	-	(36,758)
<b>Cash inflow for the period</b>	<b>42,424</b>	<b>(6,357)</b>	<b>(44,855)</b>	<b>(3,921)</b>	<b>(85,459)</b>

<sup>1</sup>Non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.

<sup>2</sup>Exploration expense per the statement of comprehensive earnings (loss). This cash outflow relates to expenditure on greenfield exploration activity.

<sup>3</sup>M&A activities include acquisition and disposal costs, as well as any cash received from disposed operations.

- › All-in margin was \$106.1 million in Q3-2019 and \$174.2 million YTD-2019, compared to \$31.5 million and \$147.8 million in the same periods in 2018. The movement is mainly due to the transition of the Ity Mine from heap leach to a CIL processing facility. All-in margin increased by \$74.6 million in Q3-2019 compared to same period in 2018 mainly due to an increase in revenue driven by higher gold prices. All-in margin increased by \$26.5 million YTD-2019 compared to same period in prior year mainly due to an increase in revenue.
- › Taxes paid were \$20.7 million in Q3-2019 and \$52.0 million YTD-2019. Taxes paid are predominately due to a \$13.4 million payment at Ity, and a \$31.1 million income tax payment made at Houndé relating to 2018 income tax payable and the first installment of 2019 current income tax.
- › Interest paid, financing fees and lease repayments for Q3-2019 consists of repayments of finance lease obligations of \$5.4 million, interest paid of \$10.2 million and payment of financing and other fees of \$0.8 million. The increase from the comparative period is due to an increase in interest paid.
- › Net free cash flow was an inflow of \$48.9 million for Q3-2019 and an inflow of \$22.9 million for YTD-2019, compared to an outflow of \$28.5 million and an inflow of \$2.5 million in the comparative periods for 2018. The increase in net free cash flow is mainly due to a decrease in outflows relating to the movement in working capital as well as an increase in all-in margin.
- › Growth projects cash outflow was \$92.3 million YTD-2019 which was comprised of \$83.7 million on the Ity CIL project, and \$8.6 million on Kalana.

#### *Working Capital*

The YTD Q3-2019 working capital is an outflow of \$39.2 million which is broken down as follows:

- › Receivables were an inflow of \$13.8 million YTD-2019. This is mainly due to the decrease in VAT receivable at Karma and Houndé.
- › Inventories were an outflow of \$20.0 million YTD-2019, this is mainly due to the increase in stockpiles, GIC and consumables at Ity CIL as the mine came into commercial production in Q2-2019.
- › Prepayments YTD-2019 are a \$7.6 million outflow mainly due to prepaid items at Karma relating to the conveyor system.
- › Trade and other payables were a \$25.4 million outflow for YTD-2019 as payables return to a normalized rate following the completion of construction of Ity CIL.

### 5.3. BALANCE SHEET

Table 12: Balance Sheet

(\$'000s)	As at September 30, 2019	As at June 30, 2019	As at December 31, 2018
<b>ASSETS</b>			
Cash	120,101	77,677	124,022
Trade and other receivables	30,480	63,440	57,782
Inventories	168,205	169,507	126,353
Current portion of derivative financial assets	-	-	1,636
Prepaid expenses and other	24,459	20,515	16,975
<b>CURRENT ASSETS</b>	<b>343,245</b>	<b>331,139</b>	<b>326,768</b>
Mining interests	1,571,595	1,592,723	1,543,842
Deferred income taxes	-	1,958	4,186
Other long term assets	49,101	56,330	47,247
<b>TOTAL ASSETS</b>	<b>1,963,941</b>	<b>1,982,150</b>	<b>1,922,043</b>
<b>LIABILITIES</b>			
Trade and other payables	134,324	144,160	177,322
Current portion of equipment finance obligations	21,974	31,540	24,034
Current portion of derivative financial liabilities	15,945	9,440	-
Income taxes payable	38,384	43,153	47,064
<b>CURRENT LIABILITIES</b>	<b>210,627</b>	<b>228,293</b>	<b>248,420</b>
Equipment finance obligations	75,878	76,595	76,347
Long-term debt	637,396	622,721	542,248
Other long term liabilities	42,709	41,765	41,877
Deferred income taxes	75,638	66,896	68,818
<b>TOTAL LIABILITIES</b>	<b>1,042,248</b>	<b>1,036,270</b>	<b>977,710</b>
Share capital	1,774,172	1,774,145	1,743,661
Equity reserve	63,517	59,122	65,452
Deficit	(1,011,229)	(979,030)	(951,107)
Non-controlling interest	95,233	91,643	86,327
<b>TOTAL EQUITY</b>	<b>921,693</b>	<b>945,880</b>	<b>944,333</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,963,941</b>	<b>1,982,150</b>	<b>1,922,043</b>

### Net Debt Position

The following table summarizes the Corporation's net debt position as at September 30, 2019, June 30, 2019, and December 31, 2018.

**Table 13: Net Debt Position**

(\$'000s)	September 30, 2019	June 30, 2019	December 31, 2018
Cash	120,101	77,677	124,022
Less: Equipment finance obligation	(88,589)	(97,641)	(100,381)
Less: Convertible senior bond	(330,000)	(330,000)	(330,000)
Less: Drawn portion of \$350 million RCF	(310,000)	(310,000)	(230,000)
<b>Net Debt</b>	<b>(608,488)</b>	<b>(659,964)</b>	<b>(536,359)</b>
<b>Net Debt / Adjusted EBITDA LTM ratio</b>	<b>1.94</b>	<b>2.75</b>	<b>1.97</b>

Adjusted EBITDA ratio is per table 18 and is calculated using the trailing twelve months Adjusted EBITDA as presented in prior reporting

### Equipment Finance Obligations

The equipment finance obligation relates to leased Komatsu mining equipment at the Houndé and ITY mines.

**Table 14: Equipment Finance Obligations**

	September 30, 2019	June 30, 2019	December 31, 2018
Houndé mine	43,266	46,063	50,378
Ity mine	45,323	51,578	50,003
<b>Present value of minimum finance payments</b>	<b>88,589</b>	<b>97,641</b>	<b>100,381</b>

**Table 15: IFRS 16 Leases**

	September 30, 2019	June 30, 2019	December 31, 2018
Agboau mine	2,261	2,609	-
Ity mine	2,996	3,303	-
Houndé mine	2,107	2,348	-
Corporate	1,898	2,234	-
<b>Present value of minimum finance payments</b>	<b>9,262</b>	<b>10,494</b>	<b>-</b>

### Convertible Senior Notes (Long-term Debt)

On February 8, 2018, the Corporation completed a private placement of convertible senior notes with a total principal amount of \$330.0 million due in 2023 (the "Notes"). The initial conversion rate is 41.84 of the Corporation's common shares ("Shares") per \$1,000 Note, or an initial conversion price of approximately \$23.90 (CAD\$29.47) per share.

The Notes bear interest at a coupon rate of 3% payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2018. The Notes mature on February 15, 2023, unless earlier redeemed, repurchased or converted in accordance with the terms of the Notes. The Corporation may, subject to certain conditions, elect to satisfy the principal amount due at maturity or upon redemption through the payment or delivery of any combination of Shares and cash.

The key terms of the Convertible Senior Notes include:

- › Principal amount of \$330.0 million.
- › Coupon rate of 3% payable on a semi-annual basis.
- › The term of the notes is five years, maturing in February 2023.
- › The notes are reimbursable through the payment or delivery of shares and/or cash.

- › The initial conversion price is \$23.90 (CAD \$29.47) per share.
- › The reference share price of the notes is \$18.04 (CAD \$22.24) per share.

For accounting purposes, the Corporation measures the Notes at amortized cost, accreting to maturity over the term of the Notes. The conversion option is an embedded derivative and is accounted for as a financial liability measured at fair value through the profit or loss, as the Corporation has the ability to settle the option at fair value in cash, common shares, or a combination of cash and common shares in certain circumstances.

The conversion option related to the Notes is recorded at fair value, the value was determined using a valuation model, with the following assumptions; volatility of 26%, risk free rate of 2.6%, term of the conversion option 3.4 years, and a share price of \$19.12.

The liability component for the Notes at September 30, 2019 has an effective interest rate of 6.2% (December 31, 2018 – 6.2%).

The unrealized loss on the convertible note for the nine months ended September 30, 2019 was \$10.3 million (nine months ended September 30, 2018 unrealized loss – \$19.5 million).

#### *Revolving Credit Facility (Long-term Debt)*

On September 19, 2017, the Corporation signed a \$500.0 million revolving credit facility (“the new RCF”) with a syndicate of leading international banks.

The Corporation completed a private placement of \$330.0 million convertible senior notes, on March 9, 2018. As a result, the Corporation reduced the principal of the RCF available to \$350.0 million and made a repayment of \$280.0 million on the new RCF. To align with the reduction in the amount available under the new RCF, \$3.6 million of deferred financing charges were expensed in the year ended December 31, 2018.

The key terms of the RCF include:

- › Principal amount of \$350.0 million. On May 17, 2019 the Corporation increased the total commitment capacity on the RCF by \$80.0 million, to give a principal amount of \$430.0 million on the RCF.
- › Interest accrues on a sliding scale of between LIBOR plus 2.95% to 3.95% based on the Corporation’s leverage ratio.
- › Commitment fees for the undrawn portion of the new RCF of 1.03%.
- › The term of the new RCF is four years, maturing in September 2021.
- › The principal outstanding on the new RCF is repayable as a single bullet payment on the maturity date.
- › Banking syndicate includes Société Générale, ING, Citibank N.A., Investec Bank Plc, Macquarie Bank Ltd, Barclays Bank, HSBC and BMO.
- › The new RCF can be repaid at any time without penalty.

#### *Other long-term liabilities*

The main component of the Group’s other long-term liabilities is the environmental rehabilitation provision which was \$38.9 million at September 30, 2019. The Corporation’s mining and exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing. The Corporation has made, and intends to make in the future, provisions to comply with such laws and regulations or constructive obligations. The Corporation records a liability for the estimated future rehabilitation costs and decommissioning of its operating mines and development projects at the time the environmental disturbance occurs, or a constructive obligation is determined.

### Equity and Capital

Endeavour Mining's authorized capital is 200,000,000 shares divided into 100,000,000 ordinary shares with a par value of \$0.10 each and 100,000,000 undesignated shares; no undesignated shares have been issued. The table below summarizes Endeavour Mining's share structure at September 30, 2019.

*Table 16: Outstanding Shares*

	September 30, 2019	June 30, 2019	December 31, 2018
Shares issued and outstanding	109,927,097	109,924,857	108,081,596
Stock options	15,416	17,656	50,535

As at November 5th, 2019, the Corporation had 109,927,097 shares issued and outstanding, as well as 14,950 stock options outstanding.

### Financial instruments

To increase the cash flow certainty during its debt reimbursement phase, Endeavour Mining has put in place a short-term Gold Revenue Protection Strategy consisting of Gold Option Contracts, similar to the strategy employed during its construction phase.

A deferred premium collar strategy using written call options and bought put options has been put in place beginning on July 1, 2019 and ending on June 30, 2020 with a floor price of \$1,358 per ounce and a ceiling price of \$1,500 per ounce. The program covers a total of 360,000 ounces, representing approximately 50% of Endeavour Mining's total estimated gold production for the period. The total premium payable for entering into this program was \$9.2 million, which is deferred and settled as monthly contracts mature.

Once the Gold Option Contracts program ends, Endeavour Mining will return to a position where its gold production is fully exposed to spot gold prices.

## 5.4. ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS

### *New accounting policies*

The Corporation has adopted *IFRS 16 Leases* for the annual period beginning on January 1, 2019.

- › *IFRS 16 Leases* (effective January 1, 2019), was issued in January 2016, which replaces IAS 17 “Leases” and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases, with exemptions for lease terms 12 months or less, or the underlying asset has a low value.
- › The Corporation has adopted IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated.

### *Critical judgements and key sources of estimation uncertainty*

The Corporation’s management has made critical judgments and estimates in the process of applying the Corporation’s accounting policies to the consolidated financial statements that have significant effects on the amounts recognized in the Corporation’s condensed interim consolidated financial statements. These estimates include commencement of commercial production, determination of economic viability, functional currency, business combinations, exchangeable shares, and capitalization of waste stripping. There have been no significant changes compared to December 31, 2018.

## 6. NON-GAAP MEASURES

### 6.1. ALL-IN SUSTAINING MARGIN AND ADJUSTED EBITDA

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use the all-in sustaining margin and adjusted earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”) to evaluate the Corporation’s performance and ability to generate cash flows and service debt. These do not have a standard meaning and are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The following tables provide the illustration of the calculation of this margin, for the three months ended September 30, 2019, June 30, 2019, and September 30, 2018 and nine months ended September 30, 2019 and September 30, 2018.

**Table 17: All-In Sustaining Margin<sup>1</sup>**

(\$'000s)	THREE MONTHS ENDED			NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenues	267,292	219,371	155,764	637,973	544,173
Less: Royalties	(14,480)	(11,032)	(8,293)	(34,501)	(30,730)
Less: Total cash costs	(113,515)	(107,967)	(86,211)	(301,190)	(258,460)
Less: Corporate G&A	(6,166)	(5,143)	(5,888)	(17,370)	(18,572)
Less: Sustaining capital	(14,696)	(10,823)	(7,752)	(36,764)	(17,928)
Less: Sustaining exploration	-	-	(1,839)	-	(7,223)
<b>All-in sustaining margin from continuing operations</b>	<b>118,435</b>	<b>84,406</b>	<b>45,781</b>	<b>248,148</b>	<b>211,260</b>

<sup>1</sup>Data does not include Tabakoto.

**Table 18: Adjusted EBITDA**

(\$'000s)	THREE MONTHS ENDED			NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Earnings/(loss) from continuing operations before taxes <sup>1</sup>	4,071	22,280	30,747	27,162	93,813
Add back: Depreciation and depletion <sup>1</sup>	54,509	51,970	35,911	142,611	118,953
Add back: Other (income)/expenses <sup>1</sup>	673	(4,574)	173	(3,704)	1,156
Add back: Finance costs <sup>1</sup>	14,170	12,386	6,679	31,475	18,724
Add back: losses/(Gains) on financial instruments <sup>1</sup>	49,528	11,757	(24,755)	60,162	(24,274)
<b>Adjusted EBITDA from continuing operations</b>	<b>122,951</b>	<b>93,819</b>	<b>48,755</b>	<b>257,706</b>	<b>208,372</b>

## 6.2. CASH AND ALL-IN SUSTAINING COST PER OUNCE OF GOLD SOLD

The Corporation reports cash costs based on ounces sold. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors may find this information useful. However, there are no standardized meanings, and therefore this additional information and should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with GAAP. The following table provides a reconciliation of cash costs per ounce of gold sold (including the ounces sold from ore purchased), for the three months ended September 30, 2019, June 30, 2019, and September 30, 2018 and nine months ended September 30, 2019 and September 30, 2018.

Table 19: Cash Costs

(\$'000s except ounces sold)	THREE MONTHS ENDED			NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Operating expenses from mine operations	(114,599)	(103,318)	(86,238)	(306,280)	(262,094)
Non-cash and other adjustments	1,084	(4,649)	27	5,090	3,634
<b>Cash costs from continuing operations</b>	<b>(113,515)</b>	<b>(107,967)</b>	<b>(86,211)</b>	<b>(301,190)</b>	<b>(258,460)</b>
Operating expenses from discontinued operations <sup>1</sup>	-	-	(30,310)	-	(109,964)
Non-cash and other adjustments from discontinued operations <sup>1</sup>	-	-	2,960	-	23,309
Total cash costs <sup>1</sup>	(113,515)	(107,967)	(113,560)	(301,190)	(345,116)
Gold ounces sold <sup>1</sup>	185,268	170,749	160,010	476,892	524,488
<b>Total cash cost per ounce of gold sold<sup>1</sup></b>	<b>613</b>	<b>632</b>	<b>710</b>	<b>632</b>	<b>658</b>
<b>Excluding discontinued operations</b>					
Cash costs from continuing operations	(113,515)	(107,967)	(86,211)	(301,190)	(258,460)
Gold ounces sold	185,268	170,749	134,159	476,892	438,679
<b>Total cash cost per ounce from continuing operations</b>	<b>613</b>	<b>632</b>	<b>643</b>	<b>632</b>	<b>589</b>

<sup>1</sup> Figures include Tabakoto.

The Corporation is reporting all-in sustaining costs per ounce sold. The methodology for calculating all-in sustaining costs per ounce was developed internally and is calculated below. This non-GAAP measure provides investors with transparency regarding the total cash cost of producing an ounce of gold in each period. Readers should be aware that this measure does not have a standardized meaning. It is intended to provide additional information and should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with GAAP.

**Table 20: All-In Sustaining Costs**

(\$'000s except ounces sold)	THREE MONTHS ENDED			NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Total cash cost for ounces sold <sup>1</sup>	(113,515)	(107,967)	(113,560)	(301,190)	(345,116)
Royalties <sup>1</sup>	(14,480)	(11,032)	(10,158)	(34,501)	(37,306)
Corporate G&A <sup>1</sup>	(6,166)	(5,143)	(5,888)	(17,370)	(18,572)
Sustaining capital <sup>1</sup>	(14,696)	(10,823)	(15,248)	(36,764)	(39,231)
Sustaining exploration	-	-	(1,839)	-	(7,223)
All-in sustaining costs from all operations	(148,857)	(134,965)	(146,694)	(389,825)	(447,447)
Gold ounces sold <sup>1</sup>	185,268	170,749	160,010	476,892	524,488
<b>All-in sustaining cost per ounce sold</b>	<b>803</b>	<b>790</b>	<b>917</b>	<b>817</b>	<b>853</b>
<b>Excluding discontinued operations</b>					
add back: all-in sustaining costs from Tabakoto	-	-	36,710	-	114,534
All-in sustaining costs from continuing operations	(148,857)	(134,965)	(109,983)	(389,825)	(332,912)
Gold ounces sold	185,268	170,749	134,159	476,892	438,679
<b>All-in sustaining costs per ounce sold from continuing operations</b>	<b>803</b>	<b>790</b>	<b>820</b>	<b>817</b>	<b>759</b>

<sup>1</sup> Figures include Tabakoto in the comparative periods.

**Table 21: Sustaining and Non-Sustaining Capital**

(\$'000s)	THREE MONTHS ENDED			NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>Expenditures and prepayments on mining interests<sup>1</sup></b>	<b>33,497</b>	<b>65,792</b>	<b>133,961</b>	<b>203,034</b>	<b>393,912</b>
Non-sustaining capital expenditures	(8,434)	(17,232)	(16,559)	(37,124)	(41,228)
Non-sustaining exploration	(3,901)	(21,392)	(5,832)	(36,803)	(31,251)
Sustaining exploration	-	-	(1,839)	-	(7,223)
Growth projects <sup>2</sup>	(6,466)	(16,345)	(94,483)	(92,342)	(274,979)
<b>Sustaining Capital</b>	<b>14,696</b>	<b>10,823</b>	<b>15,248</b>	<b>36,765</b>	<b>39,231</b>

<sup>1</sup> Per the condensed interim consolidated statement of cash flows which include all additions from Tabakoto in comparative periods.

### 6.3. ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER SHARE

Net earnings have been adjusted for items considered exceptional in nature and not related to Endeavour Mining's core operation of mining assets. The presentation of adjusted net earnings and may assist investors and analysts to understand the underlying operating performance of our core mining business. However, adjusted net earnings and adjusted net earnings per share do not have a standard meaning under IFRS. They should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with IFRS and are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS.

The following table reconciles these non-GAAP measures to the most directly comparable IFRS measure.

*Table 22: Adjusted Net Earnings*

(\$'000s)	THREE MONTHS ENDED			NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Total net and comprehensive earnings/(loss)	(23,545)	6,904	(20,394)	(28,084)	(8,178)
Net loss from discontinued operations <sup>1</sup>	-	-	35,705	-	59,137
Deferred income tax (recovery)/expense	10,699	1,531	(2,007)	11,006	(2,456)
Loss/(gain) on financial instruments	49,528	11,757	(24,755)	60,162	(24,274)
Other (income)/expenses	673	(4,574)	173	(3,704)	1,156
Share-based compensation	5,238	4,385	4,007	12,223	16,784
Tax impact of adjusting items	-	-	6,942	-	6,942
Non-cash and other adjustments	1,084	(4,649)	27	5,090	3,634
<b>Adjusted net earnings</b>	<b>43,677</b>	<b>15,354</b>	<b>(302)</b>	<b>56,693</b>	<b>52,745</b>
<b>Attributable to non-controlling interests</b>	<b>10,522</b>	<b>6,835</b>	<b>1,106</b>	<b>19,930</b>	<b>19,859</b>
<b>Attributable to shareholders of the Corporation</b>	<b>33,155</b>	<b>8,519</b>	<b>(1,408)</b>	<b>36,764</b>	<b>32,886</b>
Weighted average number of shares issued and outstanding	109,926,147	109,919,887	107,747,004	109,786,878	107,703,358
<b>Adjusted net earnings per share (basic) from continuing operations</b>	<b>0.30</b>	<b>0.08</b>	<b>(0.01)</b>	<b>0.33</b>	<b>0.31</b>

<sup>1</sup> As per the condensed interim consolidated statement of comprehensive earnings/(loss)

### 6.4. FREE CASH FLOW AND ADJUSTED CASH FLOW

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use free cash flow to assess the Corporation's ability to generate and manage liquid resources. These terms do not have a standard meaning and are intended to provide additional information. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

*Table 23: Adjusted Operating Cash Flow (AOCF) and AOCF per share*

(\$'000s)	THREE MONTHS ENDED			NINE MONTHS ENDED	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>96,389</b>	<b>62,209</b>	<b>17,792</b>	<b>181,514</b>	<b>119,512</b>
Add back changes in non-cash working capital	(18,996)	4,887	(32,416)	(39,185)	(79,316)
<b>OPERATING CASH FLOWS BEFORE NON-CASH WORKING CAPITAL</b>	<b>115,385</b>	<b>57,322</b>	<b>50,208</b>	<b>220,699</b>	<b>198,828</b>
Divided by weighted average number of O/S shares, in thousands	109,926	109,920	107,747	109,787	107,703
<b>OPERATING CASH FLOW PER SHARE</b>	<b>1.05</b>	<b>0.52</b>	<b>0.47</b>	<b>2.01</b>	<b>1.85</b>

## 6.5. NET DEBT AND NET DEBT/ADJUSTED EBITDA RATIO

The Corporation is reporting Net Debt and Net Debt/Adjusted EBITDA ratio. This non-GAAP measure provides investors with transparency regarding the liquidity position of the Corporation. It is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The calculation of net debt is shown in table 13, calculated as nominal undiscounted debt including leases, less cash. The following table explains the calculation of net debt/Adjusted EBITDA ratio using the last twelve months of Adjusted EBITDA.

*Table 24: Net Debt/ Adjusted EBITDA ratio*

(\$'000s)	September 30, 2019	June 30, 2019	December 31, 2018
Net Debt	608,488	659,964	536,359
Trailing twelve month Adjusted EBITDA <sup>1</sup>	314,172	239,976	271,610
<b>Net Debt / Adjusted EBITDA LTM ratio</b>	<b>1.94</b>	<b>2.75</b>	<b>1.97</b>

<sup>1</sup> Trailing twelve month Adjusted EBITDA is as reported in previous filings. Prior quarter results include the Tabakoto discontinued operations.

## 7. QUARTERLY AND ANNUAL FINANCIAL AND OPERATING RESULTS

The following tables summarize the Corporation's financial and operational information for the last eight quarters and three fiscal years. The significant factors affecting results in the quarters presented below are volatility of realized gold prices, the addition of the Houndé mine in Q4-2017, non-cash inventory write downs at Karma and Tabakoto, and non-cash impairment of the Nzema mineral interest.

*Table 25: 2019 - 2018 Quarterly Key Performance Indicators*

		FOR THE THREE MONTHS ENDED			
(\$'000s)	Unit	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Gold ounces sold	oz	185,268	170,749	120,876	173,424
Gold revenues	\$	267,292	219,371	151,310	207,784
Cash flows from continuing operations	\$		62,209	22,916	11,569
Earnings from mine operations	\$	83,704	53,051	17,826	22,498
Net earnings (loss) and total comprehensive earnings (loss)	\$	(23,545)	6,904	(11,443)	(129,557)
Net earnings (loss) attributable to shareholders	\$	(32,199)	711	(14,667)	(31,515)
Basic earnings (loss) per share from continuing operations	\$	(0.29)	0.01	0.13	(0.29)
Diluted earnings (loss) per share from continuing operations	\$	(0.29)	0.01	0.13	(0.29)

*Table 26: 2018 - 2017 Quarterly Key Performance Indicators*

		FOR THE THREE MONTHS ENDED			
(\$'000s except ounces sold)	Unit	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Gold ounces sold	oz	134,159	150,732	185,151	190,511
Gold revenues	\$	155,764	189,515	240,281	206,550
Cash flows from operations	\$	11,569	59,566	48,303	82,497
Earnings from mine operations	\$	25,322	43,077	66,140	55,660
Net earnings (loss) and total comprehensive earnings (loss)	\$	(20,394)	(15,443)	27,659	(133,824)
Net earnings (loss) attributable to shareholders	\$	(16,775)	(15,311)	13,092	(101,832)
Basic earnings (loss) per share from continuing operations	\$	0.14	0.04	0.12	(1.24)
Diluted earnings (loss) per share from continuing operations	\$	0.14	0.04	0.12	(1.24)

**Table 27: Annual Key Performance Indicators<sup>1</sup>**

(\$'000s except per share amounts)	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Gold ounces sold	612,103	667,569	545,689
Gold revenues	751,957	470,643	566,486
Cash flows from operations	1,320	221,791	153,897
Earnings from mine operations	78,575	121,926	170,610
Net earnings (loss) and total comprehensive earnings (loss)	17,060	(177,068)	(52,423)
Net earnings (loss) attributable to shareholders	(65)	(156,337)	(66,722)
Basic earnings (loss) per share	(0.00)	(1.59)	(0.83)
Diluted earnings (loss) per share	(0.00)	(1.59)	(0.83)
Total assets	1,922,043	1,693,511	1,357,098
Total long term financial liabilities	118,224	451,705	246,811
Total attributable shareholders' equity	858,006	984,864	908,789
Adjusted net earnings per share <sup>2</sup>	0.49	0.60	0.51

<sup>1</sup> Figures are presented as per prior period reporting.

<sup>2</sup> The adjusted net earnings per share is inclusive of the prior period tax adjustment included in the September 2018 adjusted earnings per share.

Adjusted net earnings have been modified for the year ended December 31, 2016 from \$1.15 to \$1.02 as the Non-Controlling Interest portion has been adjusted.

## 8. RISK FACTORS

Readers of this MD&A should consider the information included or incorporated by reference in this document and the Corporation's condensed interim financial statements and related notes for the period ending September 30, 2019. The nature of the Corporation's activities and the locations in which it works mean that the Corporation's business generally is exposed to significant risk factors, many of which are beyond its control. The Corporation examines the various risks to which it is exposed and assesses any impact and likelihood of those risks. For discussion on all the risk factors that affect the Corporation's business generally, please refer to the most recent Annual Information Form filed on SEDAR at [www.sedar.com](http://www.sedar.com), and the 2018 year-end audited consolidated financial statements. The risks that affect the financial statements specifically, and the risks that are reasonably likely to affect them in the future which are incorporated by reference in this MD&A, are discussed below.

### 8.1. FINANCIAL RISKS

#### *Credit risk*

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Corporation by failing to discharge its obligations. Credit risk arises from cash, cash-restricted, marketable securities, trade and other receivables, long-term receivable and other assets.

The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk other than receivable balances owed from the governments in the countries the Corporation operates in.

Other receivables at September 30, 2019 include \$11.2 million related to the disposal of Nzema. Long-term receivables and NSR of \$13.3 million consist of a receivable and NSR associated with the sale of the Tabakoto mine in December 2018.

BCM Group, a private mining contractor and operator, is the counterparty who acquired the two mines and from whom the receivables are ultimately due. The Corporation received \$nil and \$3.7 million in the three and nine months ended September 30, 2019, in relation to the receivable from the sale of the Nzema Mine. The Corporation is pursuing all avenues (whether contractual or negotiated) to collect the amounts outstanding.

The Corporation sells its gold to large international organizations with strong credit ratings, and the historical level of customer defaults is minimal. As a result, the credit risk associated with gold trade receivables at September 30, 2019 is considered to be negligible. The Corporation does not rely on ratings issued by credit rating agencies in evaluating counterparties' related credit risk:

*Table 28: Exposure to Credit Risk*

(\$'000s)	September 30, 2019	June 30, 2019	December 31, 2018
Cash	120,101	77,677	124,022
Trade and other receivables	30,480	63,440	57,782
Working capital loan	528	516	491
Derivative financial assets	-	-	1,636
Marketable securities	1,626	1,979	497
Long-term receivable	13,322	19,322	13,446
	<b>166,057</b>	<b>162,934</b>	<b>197,874</b>

#### *Liquidity risk*

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash, physical gold or another financial asset. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements.

### Currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. There has been no change in the Corporation's objectives and policies for managing this risk during the period ended September 30, 2019.

The Corporation has not hedged its exposure to foreign currency exchange risk.

The table below highlights the net assets/(liabilities) held in foreign currencies, presented in US dollars:

*Table 29: Net Assets in Foreign Currencies*

(\$'000s)	September 30, 2019	June 30, 2019	December 31, 2018
Canadian dollar	507	529	309
CFA Francs	14,218	18,177	26,615
Euro	1,127	704	919
Other currencies	8,824	10,645	2,707
	<b>24,676</b>	<b>30,055</b>	<b>30,550</b>

The effect on earnings before taxes as at September 30, 2019, of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above mentioned financial and non-financial assets and liabilities of the Corporation is estimated to be \$2.5 million (December 31, 2018, \$3.1 million), if all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at September 30, 2019.

### Interest rate risk

Interest rate risk is the risk that future cash flows from, or the fair values of, the Corporation's financial instruments will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk primarily on its long-term debt. Since marketable securities and government treasury securities held as loans are short term in nature and are usually held to maturity, there is minimal fair value sensitivity to changes in interest rates. The Corporation continually monitors its exposure to interest rates and is comfortable with its exposure given the relatively low short-term US interest rates and LIBOR.

The effect on earnings and other comprehensive loss before tax as at September 30, 2019, of a 10% change in the LIBOR rate on the RCF is estimated to be \$0.1 million (December 31, 2018 - \$0.1 million).

### Price risk

Price risk is the risk that the fair value or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market prices. There has been no change in the Corporation's objectives and policies for managing this risk and no significant changes to the Corporation's exposure to price risk during the period ended September 30, 2019.

*The Corporation's business requires substantial capital expenditure and there can be no assurance that such funding will be available on a timely basis, or at all*

The Corporation may require additional capital if it decides to develop other operations properties or make additional acquisitions. The Corporation may also encounter significant unanticipated liabilities or expenses. The Corporation's ability to continue its planned exploration and development activities, as well as its ability to discharge unanticipated liabilities and expenses, depends on its ability to generate sufficient free cash flow from its operating mines, each of which is subject to certain risks and uncertainties. The Corporation may be required to obtain additional equity or debt financing in the future to fund exploration and development activities or acquisitions of additional projects. There can be no assurance that the Corporation will be able to obtain such financing in a timely manner, on acceptable terms or at all. In addition, any additional debt financings, if available, may involve financial covenants and the granting of further security over the Corporation's assets.

*The Corporation's use of derivative instruments involves certain inherent risks, including credit risk, market liquidity risk, and unrealized mark-to-market risk*

From time to time, the Corporation employs hedging tools for a portion of its gold production and commodity prices to protect a portion of its cash flows against decreases in the price of gold or increases in the price of the underlying commodities it uses. The main hedging tools available to protect against price risk are collar contracts which involve a combination of put and call options or forward sales. Various strategies are available using these tools. Although hedging activities may protect the Corporation against a low gold price or commodity price fluctuations, they may also (i) limit the price that can be realized on the portion of hedged gold where the market price of gold exceeds the strike price in forward sale or call option contracts, and (ii) stipulate a price at which a commodity (such as fuel) must be purchased, which may be higher than the prevailing market price for that commodity.

*The Corporation's business could be adversely affected by global financial conditions*

Global financial conditions have been characterized by ongoing volatility. Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Such events are illustrative of the effect that events beyond the Corporation's control may have on commodity prices, demand for metals, including gold, availability of credit, investor confidence and general financial market liquidity, all of which affect the Corporation's business.

*Commitment and contingencies*

The Corporation is, from time to time, involved in various claims, legal proceedings, tax assessments and complaints arising in the ordinary course of business from third parties. The Corporation cannot reasonably predict the likelihood or outcome of these actions. The Corporation does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations.

The Corporation was recently served in the Cayman Islands with notice of a claim by a former service provider. The Corporation is taking legal advice on the merits of the claim and the probable outcome but intends to vigorously defend against the claims. The Corporation does not believe that the outcome of the claim will have a material impact.

The Corporation's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Corporation believes its operations are materially in compliance with all applicable laws and regulations. The Corporation has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Corporation is obligated to deliver 100,000 ounces of gold (20,000 ounces per year) to Franco-Nevada Corporation and Sandstorm Gold Inc. (the "Syndicate") over a five period in exchange for 20% of the spot price of gold for each ounce of gold delivered (the "ongoing payment"). The amount that was previously advanced for this agreement of \$100.0 million is reduced on each delivery by the excess of the spot price of the gold delivered over the ongoing payment. Following the five-year period, which commenced on March 31, 2016, the Corporation is committed to deliver refined gold equal to 6.5% of the gold production at the Karma Mine for the life of the mine in exchange for ongoing payments. The Corporation delivered an additional 7,500 ounces between July 2017 and April 2019 in exchange for the additional deposit of \$5.0 million received in 2017. The Corporation assumed the gold stream when it acquired the Karma Mine on April 26, 2016. Gold ounces sold to the Syndicate under the stream agreement are recognized as revenue only on the actual proceeds received, which per the agreement is 20% of the spot gold price.

## 9. CONTROLS AND PROCEDURES

### 9.1. DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). Additionally, these controls and procedures provide reasonable assurance that information required to be disclosed in the Corporation's annual and interim filings (as such terms are defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) and other reports filed or submitted under Canadian securities law is recorded, processed, summarised and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management including the CEO and CFO as appropriate to allow timely decisions regarding required disclosure.

As at December 31, 2018, management evaluated the design and operating effectiveness of the Corporation's disclosure controls and procedures as required by Canadian Securities Law. Based on that evaluation, the CEO and CFO concluded that as of December 31, 2018, the disclosure controls and procedures were effective.

There have been no material changes in the Corporation's disclosure controls and procedures since the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Corporation's public disclosures.

### 9.2. INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation's management, with the participation of its CEO and CFO, is responsible for establishing and maintaining adequate internal controls over financial reporting. Under the supervision of the CFO, the Corporation's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

As at December 31, 2018, management evaluated the effectiveness of the Corporation's internal control over financial reporting as required by Canadian securities laws.

Based on that evaluation of internal control over financial reporting, the CEO and CFO have concluded that, as at December 31, 2018, the internal controls over financial reporting were effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no material changes in the Corporation's internal controls over financial reporting since the year ended December 31, 2018 that have materially affected or are reasonably likely to materially affect the Corporation's internal controls over financial reporting.

### 9.3. LIMITATIONS OF CONTROLS AND PROCEDURES

The Corporation's management, including the CEO and CFO believe that any disclosure controls and procedures or internal control over financial reporting, can provide only reasonable, but not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the actions of one individual, by collusion of two or more people, or by unauthorised override of the control. Accordingly, because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

## 10. CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A and certain information incorporated herein by reference constitute forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to the Corporation's plans or future financial or operating performance, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, 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 time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and 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 state that certain actions, events or results "may", "could", "would", "might" 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.

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 Mining 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 the Corporation operates, actual resolutions of legal and tax matters, as well as those factors discussed in the section entitled "Description of the Business – Risk Factors" in Endeavour Mining's most recent Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com). Although Endeavour Mining 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 should not place undue reliance on forward-looking statements. The Corporation's management reviews periodically information reflected in forward-looking statements. The Corporation has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

### CAUTIONARY NOTE REGARDING RESERVES AND RESOURCES

Readers should refer to the most recent Annual Information Form of Endeavour Mining and other continuous disclosure documents filed by Endeavour Mining available at [www.sedar.com](http://www.sedar.com), for further information on mineral reserves and resources, which is subject to the qualifications and notes set forth therein.

Additional information relating to the Corporation is available on the Corporation's website at [www.endeavourmining.com](http://www.endeavourmining.com) and in the Corporation's most recently filed Annual Information Form filed on SEDAR at [www.sedar.com](http://www.sedar.com).