



Management Discussion & Analysis

For the three and six months ended
June 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”) condensed interim consolidated financial statements for the three and six months ended June 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 August 1, 2019. Additional information relating to the Corporation, including the Corporation’s Annual Information Form, is available on SEDAR at 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), which are expected to produce 615,000 - 695,000 ounces at an all-in sustaining cost¹ (“AISC”) of \$760-810 per ounce in 2019. The Corporation’s ongoing five-year exploration program aims to discover 10 to 15 million ounces of gold by 2021 which represents more than twice the expected reserve depletion over the period.

¹ 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, cash flow per share, 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.

Figure 1: Endeavour Mining’s principal properties in West Africa as of June 30, 2019



2. HIGHLIGHTS FOR THE THREE MONTHS ENDED JUNE 30, 2019

2.1. CORPORATE HIGHLIGHTS FOR THE THREE MONTHS JUNE 30, 2019

- › On April 8, 2019, Endeavour Mining announced commercial production at its Ity CIL project, in Côte d'Ivoire, at its full nameplate capacity following a quick ramp up phase.

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

- › Production of 171,299 ounces for Q2-2019, up 42% over Q1-2019 following the successful commissioning of the Ity CIL operation while AISC decreased by \$87 per ounce to \$790 per ounce.
- › Well positioned to meet full year 2019 production guidance of 615,000-695,000 ounces and AISC of \$760-810 per ounce.
- › Strong performance expected in H2-2019 due to benefit of the newly commissioned Ity CIL operation which achieved strong operating results Q2-2019 with 57,503 ounces production at an AISC of \$585 per ounces.
- › Adjusted Net Earnings increased to \$8.5 million in Q2-2019 or \$0.08 per share compared to a loss of \$5.0 million or \$(0.04) per share in Q1-2019.
- › Net Debt amounted to \$660.0 million at quarter-end, an increase of \$25.3 million over the previous quarter despite investments of \$69.0 million, with Net Debt/Adjusted EBITDA (LTM) ratio of 2.8x and 1.8x based on Q2-2019 annualised.
- › At quarter-end, Endeavour's available sources of financing and liquidity remained strong at \$197.8 million, as the Revolving Credit Facility was upsized, with minimal capital requirements outstanding.

Table 1: Quarterly and H1 Highlights

(\$000s)	Units	THREE MONTHS ENDED			SIX MONTHS ENDED	
		June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Operating data from continuing operations						
Gold produced ¹	oz	171,299	120,791	146,550	292,090	298,856
Gold sold	oz	170,749	120,876	150,732	291,624	304,520
Realised gold price ²	\$/oz	1,285	1,252	1,257	1,271	1,275
All-in sustaining costs ³	\$/oz	790	877	780	826	732
Cash cost per gold ounce sold ³	\$/oz	632	659	679	644	635
All-in sustaining margin ³	\$/oz	494	375	478	445	543
Cash flow data from continuing operations						
All-in sustaining margin ³	\$	84,406	45,307	71,977	129,713	165,478
All-in Margin ³	\$	45,782	22,338	51,967	68,121	116,281
Operating cash flow before non-cash working capital ³	\$	57,322	47,992	65,028	105,314	148,620
Operating cash flow before non-cash working capital per share ³	\$/share	0.52	0.44	0.60	0.96	1.35
Profit and loss data from continuing operations						
Revenues ²	\$	219,371	151,310	189,515	370,681	388,409
Earnings from mine operations	\$	53,051	17,826	43,077	70,877	107,008
Net and comprehensive earnings/(loss) attributable to shareholders	\$	711	(14,667)	4,017	(13,956)	16,822
Basic earnings/(loss) per share attributable to shareholders	\$/share	0.01	(0.13)	0.04	(0.13)	0.16
Adjusted EBITDA ³	\$	93,819	40,936	68,092	134,755	159,617
Adjusted EBITDA margin ³	%	43%	27%	36%	36%	41%
Adjusted net earnings/(loss) attributable to shareholders ³	\$	8,519	(4,910)	9,189	3,609	33,599
Adjusted net earnings/(loss) per share attributable to shareholders ³	\$/share	0.08	(0.04)	0.09	0.03	0.31
Balance Sheet Data						
Cash	\$	77,677	84,034	78,762	77,677	78,762
Net Debt ³	\$	659,964	634,680	410,376	659,964	410,376
Net Debt / Adjusted EBITDA (LTM) ratio ³	\$	2.75	2.96	1.49	2.75	1.49

¹ Includes 8,784 ounces of pre-production gold at Ity CIL in Q1 2019.

² Revenue is net of gold stream sales to Franco-Nevada and Sandstorm.

³ 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, cash flow per share, net debt, net debt/adjusted EBITDA, adjusted cash flow, and operating cash flow before working capital per share are non-GAAP financial performance measures with no standard meaning under IFRS, further discussed in the Non-GAAP measures section of this MD&A.

3. GUIDANCE

3.1. 2019 OUTLOOK

Production from continuing operations is on track to meet the full year guidance of 615,000 – 695,000 ounces and All-in Sustaining cost of \$760 – 810 per ounce in 2019. The year over year changes are due to the additional benefit of Ity CIL plant and improvements at Karma.

Table 2: Production and Guidance, koz

<i>(All amounts in koz, on a 100% basis)</i>	2018	2019 FULL-YEAR		
	Actuals	GUIDANCE		
Agbaou	141	120	-	130
Ity	85	160	-	200
Karma	109	105	-	115
Houde	277	230	-	250
Production	612	615	-	695
<i>Tabakoto (divested in December 2018)</i>	115	-	-	-
TOTAL PRODUCTION	727	615	-	695

Table 3: AISC and Guidance, \$/oz

<i>(All amounts in US\$/oz)</i>	2018	2019 FULL-YEAR		
	Actuals	GUIDANCE		
Agbaou	819	850	-	900
Ity	719	525	-	590
Karma	813	860	-	910
Houde	564	720	-	790
Corporate G&A	43	35	-	35
Sustaining Exploration	12	5	-	5
GROUP AISC FROM CONTINUING OPERATIONS	744	760	-	810
<i>Tabakoto (divested in December 2018)</i>	1,369	-	-	-
TOTAL PRODUCTION	843	760	-	810

- As detailed in the table below, sustaining and non-sustaining capital allocations for 2019 amount to \$68.0 million and \$83.0 million respectively. Growth projects amount to \$64.0 million, mainly for the completion of the Ity CIL project construction. More details on individual mine capital expenditures have been provided in the below sections.

Table 4: Capital Expenditure Guidance, \$m

<i>(All amounts in US\$m)</i>	SUSTAINING CAPITAL	NON-SUSTAINING CAPITAL	GROWTH PROJECTS
Agbaou	24	8	-
Ity	1	2	55
Karma	5	24	-
Houde	35	7	-
Kalana	-	-	9
Exploration	3	36	-
Corporate (mainly comprised IT systems across the Group)	-	6	-
TOTAL	68	83	64

- Exploration will continue to be a strong focus in 2019 with a group-wide exploration program of \$45.0 – 50.0 million, with approximately 20% expected to be expensed, 5% sustaining, and 75% non-sustaining.

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. Our 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 our performance. The following table shows the safety statistics for the trailing twelve months ended June 30, 2019 for continuing operations.

Table 5: LTIFR Statistics for the trailing twelve months ended June 30, 2019

Incident Category	Agbaou	Karma	Ity	Houndé	Total
Fatality	-	-	-	-	-
Lost Time Injury	-	-	-	-	-
Total Man Hours	3,740,251	2,842,526	9,740,735	4,000,875	20,324,387
LTIFR¹	-	-	-	-	-

¹LTIFR = (Number of LTIs in the Period X 1,000,000) / Total man hours worked for the period

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 summarise operating results for the three months ended June 30, 2019, March 31, 2019, and June 30, 2018 and the six months ended June 30, 2019 and June 30, 2018.

Ity Gold Mine, Côte d'Ivoire

Table 6: Ity CIL key performance indicators

	Unit	THREE MONTHS ENDED			SIX MONTHS ENDED	
		June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Operating Data:						
Tonnes ore mined	Kt	1,409	1,114	-	2,523	-
Tonnes of waste mined	Kt	2,460	2,241	-	4,701	-
Open pit strip ratio ²	w:o	1.75	2.01	-	1.86	-
Tonnes milled	Kt	934	258	-	1,191	-
Average gold grade milled	g/t	2.03	2.04	-	2.03	-
Recovery	%	90%	88%	-	90%	-
Gold produced:	oz	57,503	8,784	-	66,287	-
Gold sold (A):	oz	61,989	-	-	61,989	-
Financial Data (\$'000)						
Revenues	\$	82,208	-	-	82,208	-
Mining costs-open pit	\$	(13,996)	-	-	(13,996)	-
Processing cost	\$	(12,809)	-	-	(12,809)	-
G&A cost	\$	(5,152)	-	-	(5,152)	-
Inventory adjustments and other ³	\$	(1,309)	-	-	(1,309)	-
Total Cash Cost ¹ (B)	\$	(33,265)	-	-	(33,265)	-
Royalties	\$	(3,028)	-	-	(3,028)	-
Sustaining capital ¹	\$	-	-	-	-	-
Total All-In Sustaining Costs ¹ (C)	\$	(36,293)	-	-	(36,293)	-
Non-sustaining capital ¹	\$	-	-	-	-	-
All-In Margin¹	\$	45,915	-	-	45,915	-
add back: Sustaining and non-sustaining capital ¹	\$	-	-	-	-	-
Depreciation/depletion	\$	(10,498)	-	-	(10,498)	-
Non-cash operating income/(expense)	\$	3,143	-	-	3,143	-
Earnings from mine operations	\$	38,560	-	-	38,560	-
Unit cost analysis						
Realised gold price	\$/oz	1,326	-	-	1,326	-
Open pit mining cost per tonne mined	\$/t	3.62	-	-	3.62	-
Processing cost per tonnes milled	\$/t	13.72	-	-	13.72	-
G&A cost per tonnes milled	\$/t	5.52	-	-	5.52	-
Cash cost per ounce sold¹ D=B/A	\$/oz	537	-	-	537	-
Mine All-In Sustaining Costs¹ E=C/A	\$/oz	585	-	-	585	-

¹Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

²Strip ratio includes capital waste

³ 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

Table 7: Ity Heap Leach key performance indicators

	Unit	THREE MONTHS ENDED			SIX MONTHS ENDED	
		June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Operating Data:						
Tonnes ore mined	Kt	-	-	304	-	674
Tonnes of waste mined	Kt	-	-	792	-	1,993
Open pit strip ratio ²	w:o	-	-	2.61	-	2.96
Tonnes of ore stacked	Kt	-	-	308	-	665
Average gold grade stacked	g/t	-	-	2.81	-	2.46
Recovery	%	-	-	88%	-	82%
Gold produced:	oz	-	2,702	25,000	2,702	43,265
Gold sold (A):	oz	-	4,214	26,270	4,214	43,800
Financial Data (\$'000)						
Revenues	\$	-	5,486	34,207	5,486	57,684
Mining costs-open pit	\$	-	-	(8,462)	-	(16,292)
Processing cost	\$	-	(684)	(5,179)	(684)	(10,415)
G&A cost	\$	-	(26)	(3,584)	(26)	(6,428)
Capitalised waste	\$	-	-	-	-	-
Inventory adjustments and other	\$	-	(3,664)	436	(3,664)	3,579
Total Cash Cost ¹ (B)	\$	-	(4,375)	(16,789)	(4,375)	(29,556)
Royalties	\$	-	(201)	(1,165)	(201)	(2,084)
Sustaining capital ¹	\$	-	-	(786)	-	(1,624)
Total All-In Sustaining Costs ¹ (C)	\$	-	(4,576)	(18,740)	(4,576)	(33,264)
Non-sustaining capital ¹	\$	-	-	-	-	-
All-In Margin¹	\$	-	910	15,467	910	24,420
add back: Sustaining and non-sustaining capital ¹	\$	-	-	786	-	1,624
Depreciation/depletion	\$	-	-	(7,470)	-	(14,887)
Non-cash operating income/(expense)	\$	-	(4,134)	(409)	(4,134)	(2,133)
(Loss)/earnings from mine operations	\$	-	(3,224)	8,374	(3,224)	9,024
Unit cost analysis						
Realised gold price	\$/oz	-	1,302	1,302	1,302	1,317
Open pit mining cost per tonne mined	\$/t	-	-	7.72	-	6.11
Processing cost per tonnes stacked	\$/t	-	-	16.81	-	15.66
G&A cost per tonnes stacked	\$/t	-	-	11.64	-	9.67
Cash cost per ounce sold¹ D=B/A	\$/oz	-	1,038	639	1,038	675
Mine All-In Sustaining Costs¹ E=C/A	\$/oz	-	1,086	713	1,086	759

¹Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

²Strip ratio includes capital waste

Ity CIL Q2 Insights

- › Production was strong, following a quick ramp-up period, due to better than expected mill availability, throughput, and recovery rates.
 - Mining activities have ramped-up well, ahead of the rainy season, as tonnes of ore mined significantly exceeded tonnes milled.
 - As planned in the study, multiple pits have been commissioned to obtain an optimal processed ore blend. The ore mined during the quarter was predominantly oxide material and was sourced from the Daapleu pit (47%), Heap Leach Dump (29%), Bakatouo pit (17%) and the Ity Pit (6%). As harder ore became available later in the quarter, the haul roads were completed, in line with the initial planning despite the plant being commissioned early.
 - Plant throughput ramped-up well as commercial production was declared at full nameplate capacity. After testing ore blends earlier in the quarter, the month of June performed at a high throughput of 591tph (an annualized run-rate of nearly 5Mtpa). Plant upgrade work to sustain a throughput of 5Mtpa is ongoing and expected to be completed during Q4-2019.
 - Average processed grades remained flat over the previous quarter at 2.0 g/t and, as expected, remained slightly below study estimates in favour of greater mill throughput and recovery rates.
 - Recovery rates were 90%, achieving higher than the study estimates of 86% (for the first 5 years).
- › AISC amounted to \$585 per ounce, tracking within guidance.
 - Mining unit costs amounted to \$3.62 per tonne mined, slightly higher than study costs of circa \$3.00 per tonne (for the first 5 years) as the operation continues to ramp-up. Mining efficiency is expected to improve following the end of rainy season as more harder ore is exposed, enabling increased use of the larger rigid body trucks.
 - Processing unit costs amounted to \$13.72 per tonne milled, roughly 10% higher than the study estimates of \$12.20 per tonne (for the first 5 years) as higher reagent consumption was required to obtain high recovery rates for some ore sources containing high cyanide soluble copper. This has decreased as the blend has stabilised.
 - There were no sustaining capital costs in the quarter.
- › There was no non-sustaining capital expenditure in the quarter.
- › Depreciation and depletion were incurred for the first time as the mine went into commercial production on April 8.

H1 2019 vs H1 2018 Insights

- › Ity had its first gold pour in March 2019 with commercial production being declared in early Q2-2019. Comparative period production was carried out under heap leach which is now closed.

H2 2019 Outlook

- › Ity is on track to achieve its production guidance of 160,000-200,000 ounces in 2019 at an AISC of \$525-\$590 per ounce, as set at the beginning of the year, several months before its first gold pour.
- › Moreover, Ity's production is expected to attain the top half of the guided range as the bottom-end was based on achieving nameplate capacity, while the top-end already factored upsides including an earlier start date, an expedited ramp-up and the plant producing above nameplate capacity. AISC is expected to finish near the top-end due to the associated lower average grade required to fill excess plant capacity and slightly higher mining costs as activities ramped-up in Q2-2019 following an earlier than expected production start date.
- › As previously mentioned, the plant upgrade from 4 to 5Mtpa is underway and expected to be completed in Q4-2019.

Exploration Activities

- › An exploration campaign totaling approximately 71,000 meters of drilling has been planned for 2019, with the aim of extending and delineating the Le Plaque deposit, conducting regional exploration in its vicinity, and addressing other targets south of the Daapleu and Mount Ity deposits.
- › In H1-2019, a total of 64,600 meters had already been drilled.
- › As announced on July 8, the Le Plaque Indicated resource has increased from 85,000 ounces to 476,000 ounces and has the potential to continue to significantly increase. Le Plaque's Indicated grade is 3.20 g/t Au compared to 1.54 g/t Au for the Ity mine.
- › The Le Plaque deposit is now composed of 3 zones (Le Plaque Main, Epsilon and Le Plaque South), all of which are open at depth and in multiple directions with mineralization confirmed by step-out drilling.
- › The Le Plaque drilling campaign is ongoing with at least 20,000 meters planned for H2-2019 with the aim of delineating further resources and reaching reserves status by year-end.

CIL construction summary

- › The Ity CIL project began processing ore on February 20, 2019 and achieved its first gold pour on March 18, 2019, marking the successful completion of the project build in less than 18 months. Pre-commercial production in Q1-2019 amounted to 8,784 ounces.
- › Commercial production was declared on April 8, 2019, following a quick ramp up to nameplate capacity.
- › Following the performance tests conducted, Endeavour launched optimization and de-bottlenecking work, expected to increase the plant capacity by 1Mtpa to 5Mtpa at a minimal cost of \$10.0 -15.0 million. The volumetric upsize work comprises an upgrade in the crusher feeder, tailings pipes and pumps and a second 50-tonne oxygen plant. These plant upgrades are underway and expected to be completed in Q4-2019.
- › The project was completed for a total of \$402.0 million, \$10.0 million below the initial budget of \$412.0 million. Due to the \$10.0 -15.0 million required for the plant upgrade to 5Mtpa, the total project capex spend is expected to amount to approximately \$412.0 to \$417.0 million.

Table 8: Ity CIL remaining capital cost to be incurred

<i>(in US\$ million)</i>	As at June 30, 2019	As at March 31, 2019
Total cost to completion for 5Mtpa	412 to 417	412 to 417
Less CIL project carrying cost	402	391
Total remaining cost to be incurred	10 to 15	21 to 26

- › The table below illustrates the financing sources for the CIL project.

Table 9: Ity CIL Project Financing Sources

<i>(in US\$ million)</i>	As at June 30, 2019	As at March 31, 2019
Cash outflow	347	328
Leases	67	67
Accounts Payable	2	20
Total Financing	416	415
-Less current assets for operations net of finished goods	(18)	(24)
-of which budgeted consumables	4	-
Total Financing for CIL project	402	391

Table 10: Houndé key performance indicators

	Unit	THREE MONTHS ENDED			SIX MONTHS ENDED	
		June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Operating Data:						
Tonnes ore mined	Kt	917	769	1,312	1,686	2,673
Tonnes of waste mined	Kt	8,225	8,632	8,049	16,857	16,997
Open pit strip ratio ²	w:o	8.97	11.23	6.13	10.00	6.36
Tonnes milled	Kt	1,043	1,034	982	2,076	1,880
Average gold grade milled	g/t	1.88	1.80	2.20	1.84	2.39
Recovery	%	93%	93%	95%	93%	95%
Gold produced:	oz	58,232	55,360	66,873	113,592	140,654
Gold sold (A):	oz	54,255	59,576	68,366	113,830	142,566
Financial Data (\$'000)						
Revenues	\$	71,013	77,503	88,726	148,516	187,856
Mining costs-open pit	\$	(19,563)	(18,975)	(18,717)	(38,538)	(35,020)
Processing cost	\$	(13,502)	(12,727)	(11,207)	(26,229)	(21,001)
G&A cost	\$	(6,577)	(6,483)	(7,264)	(13,060)	(13,548)
Capitalised waste	\$	5,928	3,271	5,919	9,199	7,574
Inventory adjustments and other	\$	26	(3,092)	(1,819)	(3,066)	3,707
Total Cash Cost ¹ (B)	\$	(33,687)	(38,007)	(33,088)	(71,695)	(58,288)
Royalties	\$	(4,470)	(5,273)	(5,748)	(9,743)	(12,667)
Sustaining capital ¹	\$	(7,223)	(3,271)	(3,320)	(10,494)	(3,320)
Total All-In Sustaining Costs ¹ (C)	\$	(45,381)	(46,551)	(42,156)	(91,932)	(74,275)
Non-sustaining capital ¹	\$	(3,191)	(6,104)	(2,664)	(9,295)	(4,254)
All-In Margin¹	\$	22,441	24,848	43,906	47,289	109,327
add back: Sustaining and non-sustaining capital ¹	\$	10,414	9,375	5,984	19,789	7,574
Depreciation/depletion	\$	(16,243)	(15,677)	(17,773)	(31,920)	(33,518)
Non-cash operating income/(expense)	\$	-	-	852	-	852
Earnings from mine operations	\$	16,612	18,546	32,969	35,158	84,234
Unit cost analysis						
Realised gold price	\$/oz	1,309	1,301	1,298	1,305	1,318
Open pit mining cost per tonne mined	\$/t	2.14	2.02	2.00	2.08	1.78
Processing cost per tonne milled	\$/t	12.95	12.31	11.41	12.63	11.17
G&A cost per tonne milled	\$/t	6.31	6.27	7.40	6.29	7.21
Cash cost per ounce sold¹ D=B/A	\$/oz	621	638	484	630	409
Mine All-In Sustaining Costs¹ E=C/A	\$/oz	836	781	617	808	521

¹Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

²Strip ratio includes capital waste.

Q2 2019 vs Q1 2019 Insights

- › Production increased due to the expected increase in average grades milled, while mill throughput and recovery rates remained fairly stable.
 - Tonnes of ore mined increased mainly due to a lower overall strip ratio. Ore extraction increased in the Vindaloo Central pit, which benefited from a low strip ratio, and continued at the Vindaloo Main pit where the strip ratio remained high due to continued waste capitalization activities. In addition, pre-stripping was completed at the high-grade Bouéré pit and ore extraction commenced.
 - Tonnes milled remained stable despite the oxide to transitional/fresh ore blend decreasing from 29% to 24%.
 - The average grade milled increased as the strong waste capitalisation efforts conducted during the previous quarter provided access to higher grade ore. In addition, less low-grade stockpiles were utilized.
 - Recovery rates remained steady at 93%.
- › AISC increased mainly due to the anticipated higher sustaining capital expenditure, unit mining costs, and unit processing costs.
 - Mining unit costs increased slightly from \$2.02 to \$2.14 per tonne due to increased drilling and blasting activities associated with mining greater volumes of transitional and fresh ore.
 - Processing unit costs increased from \$12.31 to \$12.95 per tonne due to a higher proportion of harder transitional and fresh ore milled.
 - Sustaining capital increased from \$3.3 million to \$7.2 million (from \$55 to \$133 per ounce) mainly to due to the spend on TSF wall raise, while waste capitalisation activities continued.
- › Non-sustaining capital decreased from \$6.1 million to \$3.2 million mainly due to the completion of pre-stripping, resettlement and road construction for the Bouéré deposit.
- › Depreciation and depletion remained consistent.

H1 2019 vs H1 2018 Insights

- › Production decreased and AISC increased, as guided, due to low-grade stockpiles supplementing the mill feed and a shift to harder ore as H1-2018 benefited from high-grade soft oxide ore with associated higher recovery rates, lower operating costs and a lower strip ratio.

H2 2019 Outlook

- › On track to meet full-year 2019 production guidance of 230,000-250,000 ounces and AISC guidance of \$720-790 per ounce.
- › H2-2019 production is expected to benefit from high-grade ore from the Bouéré deposit, which began to be processed in early Q3-2019.
- › Sustaining capital spend is expected to increase in H2-2019 as \$25.0 million out of the guided \$35.0 million remain to be incurred, mainly relating to waste capitalization efforts, completion of the TSF raise, and fleet maintenance.
- › Non-sustaining capital spend is expected to be minimal in H2-2019.

Exploration

- › Houndé is Endeavour's largest exploration focus this year with a budget comprising of approximately 195,000 meters of drilling. In H1-2019, more than 174,250 meters were already drilled, with a focus mainly on the Kari anomalies.
- › As announced on June 24, 2019, a maiden reserve of 7.3Mt at 3.01 g/t Au for ~710,000 ounces was announced for the Kari Pump deposit. The maiden reserve has a high M&I resource to reserve conversion rate of 89% based on a gold price of \$1,250 per ounce and discovered at a cost of less than \$13.50 per ounce. The Kari pump reserve has a grade 53% higher than the Houndé mine reserve grade of 1.97g/t. Environmental studies on Kari Pump have been launched and an application for a mining license is scheduled to be submitted later in 2019, with the goal of initiating 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. Mineralization at Kari West and Kari Center was also significantly extended.
- › A further drilling campaign is underway with the aim of delineating a maiden resource and reserve for the Kari West and Kari Center discoveries by year end.

Table 11: Agbaou key performance indicators

	Unit	THREE MONTHS ENDED			SIX MONTHS ENDED	
		June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Operating Data						
Tonnes ore mined	Kt	564	451	611	1,015	1,293
Tonnes of waste mined	Kt	5,992	5,767	7,190	11,758	14,460
Open pit strip ratio ²	w:o	10.60	12.79	11.77	11.58	11.18
Tonnes milled	Kt	644	720	727	1,365	1,453
Average gold grade milled	g/t	1.75	1.42	1.60	1.58	1.52
Recovery	%	94%	93%	92%	94%	93%
Gold produced:	oz	34,558	31,833	33,653	66,391	65,727
Gold sold (A):	oz	34,411	33,710	34,471	68,122	68,030
Financial Data (\$'000)						
Revenues	\$	45,108	44,048	44,703	89,156	89,265
Mining costs-open pit	\$	(15,786)	(15,669)	(20,698)	(31,455)	(43,571)
Processing cost	\$	(5,152)	(5,287)	(5,482)	(10,439)	(11,142)
G&A cost	\$	(3,089)	(3,087)	(3,013)	(6,176)	(6,276)
Capitalised waste	\$	2,225	7,034	3,772	9,259	11,722
Inventory adjustments and other	\$	(1,090)	(426)	595	(1,516)	3,346
Total Cash Cost ¹ (B)	\$	(22,892)	(17,435)	(24,826)	(40,327)	(45,921)
Royalties	\$	(1,711)	(1,703)	(1,638)	(3,415)	(3,472)
Sustaining capital ¹	\$	(2,513)	(7,304)	(1,749)	(9,816)	(4,052)
Total All-in Sustaining Costs ¹ (C)	\$	(27,116)	(26,442)	(28,213)	(53,558)	(53,445)
Non-sustaining capital ¹	\$	(2,602)	(2,524)	(2,877)	(5,126)	(10,827)
All-In Margin¹	\$	15,391	15,082	13,613	30,473	24,993
add back: Sustaining and non-sustaining capital ¹	\$	5,115	9,828	4,626	14,942	14,879
Depreciation/depletion	\$	(12,207)	(8,586)	(8,806)	(20,793)	(16,421)
Non-cash operating income/(expense)	\$	-	-	1	-	(1,316)
Earnings from mine operations	\$	8,298	16,324	9,434	24,622	22,135
Unit cost analysis						
Realised gold price	\$/oz	1,311	1,307	1,297	1,309	1,312
Open pit mining cost per tonne mined	\$/t	2.41	2.52	2.65	2.46	2.77
Processing cost per tonne milled	\$/t	8.00	7.34	7.54	7.65	7.67
G&A cost per tonne milled	\$/t	4.79	4.28	4.14	4.53	4.32
Cash cost per ounce sold¹ D=B/A	\$/oz	665	517	720	592	675
Mine All-In Sustaining Costs¹ E=C/A	\$/oz	788	784	818	786	786

¹Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

²Strip ratio includes capital waste

Q2 2019 vs Q1 2019 Insights

- › Production increased due to the expected increase in average grades milled and slightly higher recovery rates which compensated for the lower mill throughput.
 - Tonnes of ore mined increased mainly due to a lower overall strip ratio following the strong waste capitalization efforts conducted during the previous quarter which provided access to higher grade ore in the current period. Ore extraction continued to focus on the North Pit and West Pit 3, with increased fresh ore extraction.
 - Mill throughput decreased as expected due to oxide to transitional/fresh ore blend decreasing from 69% to 59%.
 - Average processed grades increased mainly due to mining higher grade areas. In addition, less low-grade stockpiles were utilized.
 - Recovery rates slightly increased to 94%.
- › As expected, AISC increased (although remaining well-below the guided range), mainly due to an increase in the operating strip ratio, unit processing and G&A costs, which were partially mitigated by a decrease in sustaining capital spend.
 - Mining unit costs slightly decreased from \$2.52 to \$2.41 per tonne mined as fixed cost benefitted from a slight increase in volume which was offset by increased drill and blast costs associated with mining greater volumes of transitional and fresh ore.
 - Processing unit costs increased from \$7.34 to \$8.00 per tonne due to a decrease in tonnes milled along with an increase in electricity consumption associated with the increase in transitional and fresh ore milled.
 - Sustaining capital costs decreased from \$7.3 million to \$2.5 million (from \$217 to \$73 per ounce) primarily due to the decrease in capitalised waste.
- › Non-sustaining capital marginally increased from \$2.5 million to \$2.6 million. This is attributable to the cost of the on-going TSF raise.
- › Depreciation and depletion increased for the quarter due to increase in production.

H1 2019 vs H1 2018 Insights

- › Both production and AISC remained flat. 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 capex which was partially offset by lower unit mining costs.

H2 2019 Outlook

- › Agbaou is on track to meet its full-year 2019 production guidance of 120,000 – 130,000 ounces and its AISC guidance of \$850-\$900 per ounce.
- › Sustaining capital spend is expected to increase in H2-2019 as \$14.0 million out of the guided \$24.0 million remains to be incurred, mainly related to waste capitalization.
- › The remaining 2019 non-sustaining capital spend of roughly \$4.0 million is expected to be mainly incurred in Q3-2019, relating to the completion of the TSF raise.

Exploration Activities

- › An exploration program totaling approximately 10,000 meters, has been budgeted for 2019 with the aim of delineating oxide material in extensions of the North and West Pits and further investigating targets on parallel trends.
- › Due to higher priorities in Côte d'Ivoire, Agbaou exploration activities have been postponed until later in the year as the team focuses on the Greater Ity and Fetekro areas.

Table 12: Karma key performance indicators

	Unit	THREE MONTHS ENDED			SIX MONTHS ENDED	
		June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Operating Data:						
Tonnes ore mined	Kt	1,057	834	1,636	1,891	3,172
Tonnes of waste mined	Kt	4,599	3,940	3,298	8,539	5,578
Open pit strip ratio ²	w:o	4.35	4.73	2.02	4.52	1.76
Tonnes of ore stacked	Kt	1,047	1,095	838	2,142	2,079
Average gold grade stacked	g/t	0.86	0.69	0.93	0.77	0.90
Recovery	%	83%	80%	78%	82%	76%
Gold produced:	oz	21,006	22,113	21,024	43,119	49,210
Gold sold (A) :	oz	20,093	23,375	21,625	43,469	50,124
Financial Data (\$'000)						
Revenues ³	\$	21,042	24,273	21,879	45,315	53,604
Mining costs-open pit	\$	(11,954)	(11,285)	(10,267)	(23,239)	(19,830)
Processing cost	\$	(7,455)	(8,058)	(8,794)	(15,512)	(18,520)
G&A cost	\$	(2,978)	(3,130)	(3,372)	(6,108)	(7,100)
Capitalised waste	\$	6,556	3,108	1,431	9,664	3,789
Inventory adjustments and other	\$	(2,294)	(527)	4,090	(2,820)	3,175
Total Cash Cost ¹ (B)	\$	(18,125)	(19,891)	(16,912)	(38,014)	(38,486)
Royalties	\$	(1,822)	(1,812)	(1,703)	(3,634)	(4,214)
Sustaining capital ¹	\$	(1,087)	(671)	(516)	(1,758)	(1,180)
Total All-In Sustaining Costs ¹ (C)	\$	(21,034)	(22,374)	(19,131)	(43,407)	(43,880)
Non-sustaining capital ¹	\$	(8,681)	(2,831)	(5,482)	(11,512)	(8,697)
All-In Margin¹	\$	(8,674)	(931)	(2,734)	(9,604)	1,027
add back: Sustaining and non-sustaining capital ¹	\$	9,769	3,502	5,998	13,270	9,877
Depreciation/depletion	\$	(11,564)	(10,954)	(9,840)	(22,518)	(17,914)
Non-cash operating income/(expense)	\$	1,507	(4,521)	(2,231)	(3,014)	(1,009)
Loss from mine operations	\$	(8,961)	(12,905)	(8,807)	(21,866)	(8,019)
Unit cost analysis						
Realised gold price ³	\$/oz	1,047	1,038	1,012	1,042	1,069
Open pit mining cost per tonne mined	\$/t	2.11	2.36	2.08	2.23	2.27
Processing cost per tonnes stacked	\$/t	7.12	7.36	10.50	7.24	8.91
G&A cost per tonne stacked	\$/t	2.84	2.86	4.02	2.85	3.42
Cash cost per ounce sold¹ D=B/A	\$/oz	902	851	782	875	768
Mine All-In Sustaining Costs¹ E=C/A	\$/oz	1,047	957	885	999	875

¹Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

²Strip ratio includes capital waste.

³Revenue and realised gold price are net of gold stream sales to Franco/Nevada and Sandstorm.

Q2 2019 vs Q1 2019 Insights

- › Production decreased slightly despite higher stacked grades and a better recovery rate due to a temporary build-up of gold-in-circuit ounces within the elution column, while the previous quarter benefitted from the release of gold-in-circuit ounces.
 - Tonnes of ore mined increased as expected, as mining activities ramped up in anticipation of the rainy season. The main ore source continued to be transitional ore from the Kao Main pit which is expected to be mined out in early Q3-2019. Pre-stripping was completed at the Kao North pit and mining activities ramped-up. Oxide ore from the Kao North pit is expected to be the main ore source for H2-2019.
 - Tonnes stacked remained steady as the crusher and agglomerator continues to perform above nameplate capacity.
 - The stacked grade increased mainly due to less low-grade stockpiles utilised and higher-grade ore sourced from the Kao North pit.
 - Recovery rate increased due to the ore mined from the Kao North pit.
- › AISC increased mainly due to inventory adjustments and increased sustaining capex, which were partially offset by lower unit mining cost and lower unit processing cost.
 - Mining unit costs decreased from \$2.36 to \$2.11 per tonne due to mining oxide materials at a higher elevation in the Kao North pit.
 - Processing unit costs decreased from \$7.36 to \$7.12 per tonne due to less cyanide consumption associated with the oxide materials stacked.
 - Sustaining capital costs increased by \$0.4 million to \$1.1 million (from \$29 to \$54 per ounce) mainly due to an increase in capitalised waste.
- › Non-sustaining capital spend increased by \$5.9 million to \$8.7 million mainly due to the pre-stripping activity in the Kao North deposit.
- › Depreciation and depletion increased mainly due to an update in the life of mine assumptions.

H1 2019 vs H1 2018 Insights

- › Production decreased and AISC increased mainly due to the lower grades associated with supplemented ore stacked from stockpiles (specifically in Q1-2019) as well as higher waste capitalisation.

H2 2019 Outlook

- › Karma is on track to meet its full-year 2019 production guidance of 105,000-115,000 ounces and its AISC guidance of \$860-910 per ounce.
- › As guided, Karma is expected to have a stronger performance in H2-2019 due to the benefit of stacking oxide ore from the Kao North pit.
- › The remaining sustaining capital spend of \$3.0 million out of the guided \$5.0 million is expected to be incurred mainly in Q3-2019, relating to waste capitalisation.
- › Non-sustaining capital spend is expected to increase in H2-2019 as \$13.0 million out of the guided \$24.0 million remain to be incurred, mainly related to upgrades for the stacking line extension system, leach pumps and power.

Exploration Activities

- › An exploration program totaling approximately 27,000 meters has been planned for 2019, with the aim of delineating near-mill oxide targets. It is mainly focused on testing the extension of the North Kao deposit and the along strike and northern plunge extension of the Yabonso deposit.
- › In H1-2019, due to the priority of exploration at Houndé, exploration activity at Karma has been postponed to later in the year as the team focuses on the numerous Houndé exploration targets.

4.3. DEVELOPMENT PROJECTS REVIEW

Exploration Activities

- › Exploration continued to be a strong focus in H1-2019 with a company-wide exploration spend of \$39.0 million, comprising 307,124 meters drilled across the group. Details by asset are provided in the above mine sections.
- › The main areas of focus in H1-2019 were:
 - At Houndé, where a 200,000 meter drilling campaign is underway with the aim of delineating a maiden resource and reserve for the Kari West and Kari Center discoveries by year end.
 - At Ity, where a high-grade resource was published in late Q2-2019 for the Le Plaque discovery with further drilling planned in H2-2019 with the aim of delineating further resources and reaching reserves status by year-end.
 - At the greenfield Fetekro property, a \$7.0 million exploration campaign totaling approximately 43,000 meters has been planned for 2019, of which 37,600 meters were drilled in H1-2019, with the aim of delineating additional Indicated resource at the Lafigue deposit and testing other nearby targets. An updated resource is expected to be published in late Q3-2019.
 - Drilling at Kalana commenced in Q2-2019 with a total of 20,500 meters drilled on nearby targets.
 - Exploration at both Agbaou and Karma has been delayed to later in the year to redeploy exploration staff at Ity and Houndé respectively, (which are of higher priority and where additional human resources were necessary).

Kalana Project, Mali

- › Based on Endeavour's capital allocation strategy, its short-term focus remains to reimburse debt through its expected cash flow generation. During this debt reimbursement 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 Endeavour's investment criteria. Based on Endeavour's capital allocation strategy, the Kalana project investment case will then be reviewed against other internal growth opportunities and compete with them for capital.
- › A \$4.0 million exploration campaign totaling approximately 26,000 meters has been planned for 2019, beginning in the second quarter, 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. In H1-2019, a total of 20,500 meters has been drilled on nearby targets.
- › 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 \$7.0 million was spent in H1-2019.

5. RESULTS FOR THE PERIOD

5.1. STATEMENT OF COMPREHENSIVE INCOME

Table 13: Statement of comprehensive income

(\$000s)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Revenue	219,371	151,310	189,515	370,681	388,409
Operating expenses	(103,318)	(88,363)	(92,646)	(191,681)	(175,922)
Depreciation and depletion	(51,970)	(36,132)	(43,538)	(88,102)	(83,042)
Royalties	(11,032)	(8,989)	(10,254)	(20,021)	(22,437)
Earnings from mine operations	53,051	17,826	43,077	70,877	107,008
Corporate costs	(5,143)	(6,061)	(6,130)	(11,204)	(12,618)
Share-based compensation	(4,385)	(2,600)	(10,109)	(6,985)	(12,777)
Exploration costs	(1,674)	(4,361)	(2,284)	(6,035)	(5,038)
Earnings/(loss) from operations	41,849	4,804	24,554	46,653	76,575
(Losses)/gains on financial instruments	(11,757)	1,123	10,922	(10,634)	(481)
Finance costs	(12,386)	(4,919)	(4,549)	(17,305)	(12,045)
Other income/(expenses)	4,574	(197)	(818)	4,377	(983)
Earnings/(loss) from continuing operations before taxes	22,280	811	30,109	23,091	63,066
Current income tax expense	(13,845)	(13,478)	(17,095)	(27,323)	(27,867)
Deferred tax (expense)/recovery	(1,531)	1,224	(4,432)	(307)	449
Net loss from discontinued operations ¹	-	-	(24,025)	-	(23,432)
Total net and comprehensive earnings/(loss)	6,904	(11,443)	(15,443)	(4,539)	12,216

¹ 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 six months ended June 30, 2019:

- › Revenues for Q2-2019 were \$219.4 million and \$370.7 million for H1-2019, compared to \$189.5 million and \$388.4 million in the same period of 2018. The increase in Q2-2019 and the decrease in H1-2019 when compared to the same period in the prior period is mainly due to Ity Mine commencing commercial production under the CIL processing facility on April 8, 2019 and the effects of realised gold price.
- › Operating expenses for Q2-2019 were \$103.3 million and \$191.7 million in H1-2019, compared to \$92.6 million and \$175.9 million in the same period in 2018. The increase is mainly due to an increase in cash costs at Houndé, Ity and to a lesser extent Karma. The increase of \$10.7 million in Q2-2019 compared to Q2-2018 is due to commencement of Ity CIL production in Q2-2019. The upward trend in H1-2019 compared to H1-2018 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, as well as non-cash inventory expense in H1-2019 at Karma.
- › Depreciation and depletion in Q2-2019 were \$52.0 million and \$88.1 in H1-2019, compared to \$43.5 million and \$83.0 million in the comparative period for 2018. The increase is primarily due to increase in production in Q2-2019 compared to the same period in Q2-2018. Depreciation and depletion increased in H1-2019 by \$5.1 million compared to H1-2018 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.
- › Corporate costs were \$5.1 million for Q2-2019 and \$11.2 million for H1-2019, compared to \$6.1 million and \$12.6 million in the comparative periods for 2018. The decreases over the comparative periods are due to the realisation of corporate savings initiatives.
- › Share based compensation were \$4.4 million in Q2-2019 and \$7.0 million for H1-2019, compared \$10.1 million and \$12.8 million in the same periods for 2018. The decrease in the expense are due to the expense of the fair value of the PSUs into earnings over the terms of the previously granted PSUs.

- › Exploration costs were \$1.7 million in Q2-2019 and \$6.0 million in H1-2019, compared to \$2.3 million and \$5.0 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 \$11.8 million in Q2-2019 and a loss of \$10.6 million in H1-2019, compared to a gain of \$10.9 million and a loss of \$0.5 million the same periods in 2018. The loss in Q2-2019 is due to a \$11.2 million unrealised loss on the new gold revenue protection program (of which \$9.2 million is premium) and a \$4.5 million unrealised loss on the convertible senior bond which was offset by a \$3.3 million foreign exchange gain.
- › Finance costs were \$12.4 million for Q2-2019 and \$17.3 million in H1-2019, compared to \$4.5 million and \$12.0 million in the same period in 2018. Finance costs are primarily associated to interest expense on the Revolving Credit Facility and convertible debt. There was no capitalisation of finance cost in Q2-2019 as construction on the Ity CIL project has completed (Q1-2019: \$6.8 million)
- › Other income/(expenses) were an income of \$4.6 million for Q2-2019 and \$4.4 million in H1-2019, compared to an expense of \$0.8 million and \$1.0 million in the same period in 2018. The other income in Q2-2019 is mainly due to the reversal of a tax provision of \$7.7 million associated to Kalana project which was acquired upon purchase, related to prior period and settled in the current period.
- › Current income tax expense was \$13.8 million in Q2-2019 and \$27.3 million in H1-2019 compared to \$17.1 and \$27.9 million in the same period of 2018. Income tax for H1-2019 consisted of \$7.5 million of current tax at Agbaou as the five year tax holiday came to an end in Q4-2018, \$15.3 million from Ity which includes a \$2.0 million provision relating to a prior period tax assessment, \$1.8 million at Houndé which includes a \$4.5 million recovery as expense from prior periods due to a true-up on filing of prior year tax returns to be recoverable upon finalisation of prior year tax returns, as well as \$2.6 million in current tax expense for corporate entities.
- › The loss from discontinued operations were nil in Q2-2019 and H1-2019 compared to \$24.0 million and \$23.4 million in the same period in 2018. This is due to the sale of Tabakoto in December 2018.

5.2. CASH FLOW

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

Table 14: Free cash flow¹

\$(000's)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Gold ounces sold	170,749	120,876	150,732	291,624	304,520
Realised gold price	1,285	1,252	1,257	1,271	1,275
Revenue	219,371	151,310	189,515	370,681	388,409
Total cash costs	(107,967)	(79,708)	(91,675)	(187,675)	(172,316)
Royalties	(11,032)	(8,989)	(10,254)	(20,021)	(22,437)
Corporate costs	(5,143)	(6,061)	(6,130)	(11,204)	(12,618)
Sustaining capital ¹	(10,823)	(11,245)	(6,371)	(22,068)	(10,176)
Sustaining exploration ¹	-	-	(3,108)	-	(5,384)
All-in Sustaining Margin from continuing operations¹	84,406	45,307	71,977	129,713	165,478
Less: Non-sustaining capital ¹	(17,232)	(11,459)	(9,506)	(28,690)	(23,778)
Less: Non-sustaining exploration ¹	(21,392)	(11,510)	(10,504)	(32,902)	(25,419)
All-In Margin from continuing operations¹	45,782	22,338	51,967	68,121	116,281
Operating working capital changes as per statement of cash flows	4,887	(25,076)	(9,671)	(20,189)	(46,900)
Changes in long-term assets	(2,469)	(6,000)	(7,213)	(8,469)	(10,268)
Taxes paid	(29,569)	(1,665)	(3,422)	(31,234)	(5,712)
Interest paid, financing fees and lease repayment	(20,548)	(12,786)	(13,128)	(33,334)	(20,079)
Cash settlements on hedge programs, gold collar premiums	(802)	(135)	(1,744)	(937)	(2,325)
Net free cash flow from continuing operations¹	(2,719)	(23,324)	16,789	(26,042)	30,998
Growth projects ¹	(19,601)	(66,275)	(87,933)	(85,876)	(162,713)
Exploration expense ²	(1,674)	(4,361)	(2,284)	(6,035)	(5,038)
M&A Activities ³	-	(453)	-	(453)	-
Cash paid on settlement of share appreciation rights, DSUs and PSUs	-	(1,125)	(1,890)	(1,125)	(4,447)
Net equity proceeds/(dividends)	36	238	(43)	274	559
Proceeds (repayment) of long-term debt	20,000	60,000	70,000	80,000	(210,000)
Convertible senior bond	-	-	-	-	330,000
Other (foreign exchange gains/losses and other)	(2,399)	(4,689)	(984)	(7,088)	(7,398)
Cashflows used by discontinued operations	-	-	(5,419)	-	(12,564)
Cash outflow for the period	(6,357)	(39,988)	(11,764)	(46,345)	(40,603)

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

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

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

- › All-in margin was \$45.8 million in Q2-2019 and \$68.1 million in H1-2019, compared to \$52.0 million and \$116.3 million in the same periods in 2018. The movement is mainly due to the transition of Ity Mine from Heap leach to CIL processing facility. All-in margin decreased by \$6.2 million in Q2-2019 compared to same period in 2018 as mainly due to increase in non-sustaining capital and exploration expenditure partially offset by increased revenue. All-in margin decreased by \$48.2 million in H1-2019 compared to same period in prior year mainly due to decrease in revenue by \$17.7 million which is as well as an increase in cash costs of \$15.4 million.
- › Taxes paid were \$29.6 million in Q2-2019 and \$31.2 million in H1-2019. Taxes paid are predominately due to the \$25.0 million income tax payment made at Houndé relating to 2018 income.
- › Interest paid, financing fees and lease repayments for Q2-2019 consists of repayments of finance lease obligations of \$11.0 million, interest paid of \$8.0 million and payment of financing and other fees of \$1.5 million. The increase on the comparative period is due to increased levels of group debt and leasing pertaining to a change in accounting standards.
- › Net free cash flow was an outflow of \$2.7 million for Q2-2019 and an outflow of \$26.0 million for H1-2019, compared to an inflow of \$16.8 million and an inflow of \$31.0 million in the comparative periods for 2018. The decrease in net free cash flow is mainly due to taxes paid as well as increase in interest, financing fees and lease repayments.
- › Growth projects cash outflow was \$85.9 million in H1-2019 which was comprised of \$79.3 million on the Ity CIL project, and \$6.6 million on Kalana.

Working Capital

The H1 working capital is an outflow of \$20.2 million which is broken down as follows:

- › Receivables were an outflow of \$3.6 million in H1-2019. This is mainly due to the increase in VAT receivable at Houndé, which is slightly offset by gold sales receivables decreasing in the period.
- › Inventories were an outflow of \$20.8 million in H1-2019, this is mainly due to the increase in stockpiles and GIC at Ity CIL as the mine ramps up production, as well as an increase in consumables at Houndé.
- › Prepayments at H1-2019 are a \$4.3 million outflow mainly due to prepaid items at Karma relating to the conveyor system.
- › Trade and other payables were a \$8.6 million inflow for H1-2019. This is mainly due the buildup of payables at Ity subsequent to the commencement of commercial production.

5.3. BALANCE SHEET

Table 15: Balance sheet

(\$000s)	As at June 30, 2019	As at March 31, 2019	As at December 31, 2018
ASSETS			
Cash	77,677	84,034	124,022
Trade and other receivables	63,440	62,387	57,782
Inventories	169,507	122,404	126,353
Current portion of derivative financial assets	-	929	1,636
Prepaid expenses and other	20,515	17,215	16,975
CURRENT ASSETS	331,139	286,969	326,768
Mining interests	1,592,723	1,622,357	1,543,842
Deferred income taxes	1,958	4,193	4,186
Other long term assets	56,330	54,637	47,247
TOTAL ASSETS	1,982,150	1,968,156	1,922,043
LIABILITIES			
Trade and other payables	144,160	162,814	177,322
Current portion of equipment finance obligations	31,540	30,350	24,034
Current portion of derivative financial liabilities	9,440	-	-
Income taxes payable	43,153	58,877	47,064
CURRENT LIABILITIES	228,293	252,041	248,420
Equipment finance obligations	76,595	78,337	76,347
Long-term debt	622,721	594,113	542,248
Other long term liabilities	41,765	41,259	41,877
Deferred income taxes	66,896	67,602	68,818
LONG TERM LIABILITIES	807,977	781,311	729,290
TOTAL LIABILITIES	1,036,270	1,033,352	977,710
Share capital	1,774,145	1,774,060	1,743,661
Equity reserve	59,122	55,035	65,452
Deficit	(979,030)	(979,741)	(951,107)
Non-controlling interest	91,643	85,450	86,327
TOTAL EQUITY	945,880	934,804	944,333
TOTAL EQUITY AND LIABILITIES	1,982,150	1,968,156	1,922,043

Net Debt Position

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

Table 16: Net debt position

\$(000's)	June 30, 2019	March 31, 2019	December 31, 2018
Cash	77,677	84,034	124,022
Less: Equipment finance obligation	(97,641)	(98,714)	(100,381)
Less: Convertible senior bond	(330,000)	(330,000)	(330,000)
Less: Drawn portion of \$350 million RCF	(310,000)	(290,000)	(230,000)
Net Debt	(659,964)	(634,680)	(536,359)
Net Debt / Adjusted EBITDA LTM ratio	2.75	2.96	1.97

Adjusted EBITDA ratio is per table 21 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 mine and for the Ity CIL Project. A second batch of Komatsu equipment were commissioned in Q4-2018 at Ity.

Table 17: Equipment Finance Obligations

	June 30, 2019	March 31, 2019	December 31, 2018
Houndé Mine	46,063	49,688	50,378
Ity Mine	51,578	49,026	50,003

Table 18: IFRS 16 Leases

	June 30, 2019	March 31, 2019	December 31, 2018
Agboau Mine	2,609	3,080	-
Ity Mine	3,303	-	-
Houndé Mine	2,348	-	-
Kalana Project	-	223	-
Corporate	2,234	2,573	-

Convertible Senior Notes (Long-term Debt)

On February 6, 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 Notes include:

- › Principal amount of \$330.0 million.
- › Coupon rate of 3% payable on a semi-annual basis.
- › The term of the notes is 5 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 amortised cost, accreted 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.

Revolving Credit Facility (Long-term Debt)

On September 19, 2017, the Corporation refinanced its previous Revolving Credit Facility (RCF) and upsized the available funds to \$500.0 million revolving credit facility with a syndicate of leading international banks.

On February 10, 2018, the Corporation reduced the principal available of the RCF to \$350.0 million in line with the RCF's requirements as result of the Corporation completing a private placement of \$330.0 million convertible senior notes.

The key terms of the RCF include:

- › Principal amount of \$430.0 million.
- › 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 Ltd, HSBC and BMO.
- › The new RCF can be repaid at any time without penalty.

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.

Other long-term liabilities

The main component of the Group's other long-term liabilities is the environmental rehabilitation provision which was \$38.8 million at June 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 authorised 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 summarises Endeavour Mining's share structure at June 30, 2019.

Table 19: Outstanding shares

	June 30, 2019	March 31, 2019	December 31, 2018
Shares issued and outstanding	109,924,857	109,918,066	108,081,596
Stock options	17,656	22,011	50,535

As at August 1, 2019, the Corporation had 109,924,857 shares issued and outstanding, as well as 17,656 stock options outstanding.

Financial instruments

To increase the cash flow certainty during its debt reimbursement phase, Endeavour has put in place a short-term Gold Revenue Protection Strategy consisting of Gold Option Contracts, like 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'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 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 recognised 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 capitalisation 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 amortisation (“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 June 30, 2019, March 31, 2018, and December 31, 2018 and six months ended June 30, 2019 and June 30, 2018.

Table 20: All-In Sustaining Margin¹

(\$'000)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Revenues	219,371	151,310	189,515	370,681	388,409
Less: Royalties	(11,032)	(8,989)	(10,254)	(20,021)	(22,437)
Less: Total cash costs	(107,967)	(79,708)	(91,675)	(187,675)	(172,316)
Less: Corporate G&A	(5,143)	(6,061)	(6,130)	(11,204)	(12,618)
Less: Sustaining capital	(10,823)	(11,245)	(6,371)	(22,068)	(10,176)
Less: Sustaining exploration	-	-	(3,108)	-	(5,384)
All-in sustaining margin from continuing operations	84,406	45,307	71,977	129,713	165,478

¹Data does not include Tabakoto.

Table 21: Adjusted EBITDA

(\$'000)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Earnings/(loss) from continuing operations before taxes ¹	22,280	811	30,109	23,091	63,066
Add back: Depreciation and depletion ¹	51,970	36,132	43,538	88,102	83,042
Add back: Other (income)/expenses ¹	(4,574)	197	818	(4,377)	983
Add back: Finance costs ¹	12,386	4,919	4,549	17,305	12,045
Add back: losses/(Gains) on financial instruments ¹	11,757	(1,123)	(10,922)	10,634	481
Adjusted EBITDA from continuing operations	93,819	40,936	68,092	134,755	159,617

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 standardised 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 for the three months ended June 30, 2019, March 31, 2019, and December 31, 2018.

Table 22: Cash Costs

\$'000's except ounces sold	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Operating expenses from mine operations	(103,318)	(88,363)	(93,466)	(191,681)	(175,922)
Non-cash and other adjustments	(4,649)	8,655	1,791	4,006	3,606
Cash costs from continuing operations	(107,967)	(79,708)	(91,675)	(187,675)	(172,316)
Operating expenses from discontinued operations ¹	-	-	(47,513)	-	(79,654)
Non-cash and other adjustments from discontinued operations ¹	-	-	17,371	-	20,348
Total cash costs ¹	(107,967)	(79,708)	(121,817)	(187,675)	(231,621)
Gold ounces sold ¹	170,749	120,876	179,327	291,624	364,478
Total cash cost per ounce of gold sold¹	632	659	679	644	635
Excluding discontinued operations					
Cash costs from continuing operations	(107,967)	(79,708)	(91,675)	(187,675)	(172,316)
Gold ounces sold	170,749	120,876	150,732	291,624	304,520
Total cash cost per ounce from continuing operations	632	659	608	644	566

¹ 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 standardised 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 23: All-In Sustaining Costs

\$'000's except ounces sold	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Total cash cost for ounces sold ¹	(107,967)	(79,708)	(121,817)	(187,675)	(231,621)
Royalties ¹	(11,032)	(8,989)	(12,491)	(20,021)	(27,148)
Corporate G&A ¹	(5,143)	(6,061)	(6,130)	(11,204)	(12,618)
Sustaining capital ¹	(10,823)	(11,245)	(13,934)	(22,068)	(23,983)
Sustaining exploration	-	-	(3,108)	-	(5,384)
All-in sustaining costs from all operations	(134,965)	(106,003)	(157,480)	(240,968)	(300,754)
Gold ounces sold ¹	170,749	120,876	179,327	291,624	364,478
All-in sustaining cost per ounce sold	790	877	878	826	825
Excluding discontinued operations					
add back: all-in sustaining costs from Tabakoto	-	-	39,946	-	77,825
All-in sustaining costs from continuing operations	(134,965)	(106,003)	(117,535)	(240,968)	(222,928)
Gold ounces sold	170,749	120,876	150,732	291,624	304,520
All-in sustaining costs per ounce sold from continuing operations	790	877	780	826	732

¹ Figures include Tabakoto in the comparative periods.

Table 24: Sustaining and non-sustaining capital

(\$'000)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Expenditures and prepayments on mining interests¹	65,792	103,745	129,627	169,537	259,951
Non-sustaining capital expenditures	(17,232)	(11,459)	(10,397)	(28,690)	(24,669)
Non-sustaining exploration	(21,392)	(11,510)	(10,504)	(32,902)	(25,419)
Sustaining exploration	-	-	(3,108)	-	(5,384)
Growth projects ²	(16,345)	(69,531)	(91,684)	(85,876)	(180,496)
Sustaining Capital	10,823	11,245	13,934	22,069	23,983

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

² Total expenditure for growth projects in the period. The amounts do not agree to the free cash flow as those figures reflect the amounts physically paid.

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 25: Adjusted net earnings

(\$'000)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Total net and comprehensive earnings/(loss)	6,904	(11,443)	(15,443)	(4,539)	12,216
Net loss/(profit) from discontinued operations ¹	-	-	24,025	-	23,432
Deferred income tax (recovery)/expense	1,531	(1,224)	4,432	307	(449)
Loss/(gain) on financial instruments	11,757	(1,123)	(10,922)	10,634	481
Other (income)/expenses	(4,574)	197	818	(4,377)	983
Share-based compensation	4,385	2,600	10,109	6,985	12,777
Non-cash and other adjustments	(4,649)	8,655	1,791	4,006	3,606
Adjusted net earnings	15,354	(2,338)	14,810	13,016	53,046
Attributable to non-controlling interests	6,835	2,572	5,621	9,407	19,447
Attributable to shareholders of the Corporation	8,519	(4,910)	9,189	3,609	33,598
Weighted average number of shares issued and outstanding	109,919,887	109,546,862	107,727,522	109,734,405	107,681,174
Adjusted net earnings per share (basic) from continuing operations	0.08	(0.04)	0.09	0.03	0.31

¹ 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 26: Adjusted Operating Cash Flow (AOCF) and AOCF per share

(\$'000)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
CASH GENERATED FROM OPERATING ACTIVITIES	62,209	22,916	55,357	85,125	101,720
Add back changes in non-cash working capital	4,887	(25,076)	(9,671)	(20,189)	(46,900)
OPERATING CASH FLOWS BEFORE NON-CASH WORKING CAPITAL	57,322	47,992	65,028	105,314	148,620
Divided by weighted average number of O/S shares, in thousands	109,920	109,547	107,728	109,734	107,681
OPERATING CASH FLOW PER SHARE	0.52	0.44	0.60	0.96	1.38

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 16, 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 27: Net Debt/ Adjusted EBITDA ratio

\$(000's)	June 30, 2019	March 31, 2019	December 31, 2018
Net Debt	659,964	634,680	536,359
Trailing twelve month Adjusted EBITDA ¹	239,976	214,249	271,610
Net Debt / Adjusted EBITDA LTM ratio	2.75	2.96	1.97

¹ 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 summarise 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 realised 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 28: 2019 - 2018 Quarterly Key Performance Indicators

(\$000's)	Unit	FOR THE THREE MONTHS ENDED			
		June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Gold ounces sold	oz	170,749	120,876	173,424	134,159
Gold revenues	\$	219,371	151,310	207,784	155,764
Cash flows from continuing operations	\$	62,209	22,916	11,569	11,569
Earnings from mine operations	\$	53,051	17,826	22,498	25,322
Net earnings (loss) and total comprehensive earnings (loss)	\$	6,904	(11,443)	(129,557)	(20,394)
Net earnings (loss) attributable to shareholders	\$	711	(14,667)	(31,515)	(16,775)
Basic earnings (loss) per share from continuing operations	\$	0.01	0.13	(0.29)	0.14
Diluted earnings (loss) per share from continuing operations	\$	0.01	0.13	(0.29)	0.14

Table 29: 2018 - 2017 Quarterly Key Performance Indicators

(\$'000' except ounces sold)	Unit	FOR THE THREE MONTHS ENDED			
		June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Gold ounces sold	oz	150,732	185,151	190,511	110,789
Gold revenues	\$	189,515	240,281	206,550	135,110
Cash flows from operations	\$	59,566	48,303	82,497	55,164
Earnings from mine operations	\$	43,077	66,140	55,660	7,442
Net earnings (loss) and total comprehensive earnings (loss)	\$	(15,443)	27,659	(133,824)	(64,522)
Net earnings (loss) attributable to shareholders	\$	(15,311)	13,092	(101,832)	(64,104)
Basic earnings (loss) per share from continuing operations	\$	0.04	0.12	(1.24)	(0.26)
Diluted earnings (loss) per share from continuing operations	\$	0.04	0.12	(1.24)	(0.26)

Table 30: Annual Key Performance Indicators¹

(\$000' 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 ²	0.49	0.60	0.51

¹ Figures are presented as per prior period reporting.

² 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 June 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, 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 June 30, 2019 include \$18.5 million related to the disposal of Nzema and \$8.8 million deferred cash consideration related to the disposal of Tabakoto (Note 6). Long-term receivables and NSR of \$19.3 million consist of a receivable and NSR associated with the sale of the Tabakoto mine in December 2018.

The fair value of the receivables are determined based on the future expected results and performance of the sold mines. 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 \$3.7 million during the quarter ended June 30, 2019, is in discussions with BCM to collect the remaining amounts currently receivable, and intends to pursue 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 June 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. The Corporation's maximum exposure to credit risk is as follows:

Table 31: Exposure to credit risk

(\$'000)	June 30, 2019	March 31, 2019	December 31, 2018
Cash	77,677	84,034	124,022
Trade and other receivables	63,440	62,387	57,782
Working capital loan	516	503	491
Derivative financial assets	-	929	1,636
Marketable securities	1,979	1,392	497
Long-term receivable	19,322	19,322	13,446
	162,934	168,567	197,874

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 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 June 30, 2019.

The table below highlights the net assets (liabilities) held in foreign currencies:

Table 32: Net assets in foreign currencies

(\$'000)	June 30, 2019	March 31, 2019	December 31, 2018
Canadian dollar	529	409	309
CFA Francs	18,177	25,352	26,615
Euro	704	1,315	919
Other currencies	10,645	8,763	2,707
	30,055	35,839	30,550

The effect on earnings before taxes as at June 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 \$2.4 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 June 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 June 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 quarter ended June 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 must deliver 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 realisation 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, realisation 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. 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, 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 web site at www.endeavourmining.com and in the Corporation's most recently filed Annual Information Form filed on SEDAR at www.sedar.com.