This Management's Discussion and Analysis ("MD&A") should be read in conjunction with Endeavour Mining Corporation's ("Endeavour Mining" or the "Corporation") audited consolidated financial statements for the twelve months ended December 31, 2015 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS").This Management's 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 Management's Discussion and Analysis is prepared as of March 3, 2016. Additional information relating to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com.

ASSETS OVERVIEW

Endeavour Mining is a Canadian listed intermediate gold producer with four operating mines in West Africa as of the date of this MD&A. However, the Corporation's assets for the year ended December 31, 2015 comprised of the Agbaou Gold Mine in Côte d'Ivoire, the Nzema Gold Mine in Ghana, the Tabakoto Gold Mine in Mali, the Youga Gold Mine in Burkina Faso, the recently acquired Ity Gold Mine in Côte d'Ivoire, and the permitted Houndé Gold Project in Burkina Faso.

On November 27, 2015 the Ity Gold Mine was acquired as part of a long term strategic partnership with La Mancha Holding S.àr.l., a privately-held gold investment company controlled by the Sawiris family. As part of the agreement, Endeavour Mining acquired La Mancha's indirect 55% interest in the Ity Gold Mine in Côte d'Ivoire, plus various regional exploration properties, the feasibility study stage Ity CIL project, and La Mancha contributed $63 million cash with the acquired businesses. With the completion of the transaction, La Mancha was issued new Endeavour Mining shares representing 30% of the enlarged share capital.

On February 29, 2016 the Corporation announced that it had completed the sale of the Youga Gold Mine in Burkina Faso, receiving $25.3 million of cash proceeds whilst retaining a 1.8% Net Smelter Royalty ("NSR") on production realized beyond the current reserve from the property sold, and with the inclusion of a buyback provision. The sale is in line with Endeavour Mining's objective in actively managing its portfolio of assets and improving overall quality.

Figure 1: Endeavour Mining's principal properties in West Africa as of December 31, 2015



Endeavour Mining's shares are listed on the Toronto Stock Exchange (symbol EDV) and quoted in the United States on the OTCQX International (symbol EDVMF). On January 11, 2016, Endeavour Mining announced that it had successfully been removed from the official list of the Australian Securities Exchange.

HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2015

For the year ended December 31, 2015, Endeavour Mining achieved gold production of 516,646 ounces (includes 5,689 ounces from the Ity Gold Mine) which exceeded guidance (475,000 – 500,000 ounces) at an all-in sustaining cost ('AISC") of $922, below the range of guidance of $930 - $980, and an operating EBITDA[1] of $163.7 million. The Corporation repaid $60 million voluntarily against the revolving credit facility reducing net debt to $143.9 million, and completed the year with a cash balance of $109.6 million at December 31, 2015.

Table 1: Year over year and quarterly key figures

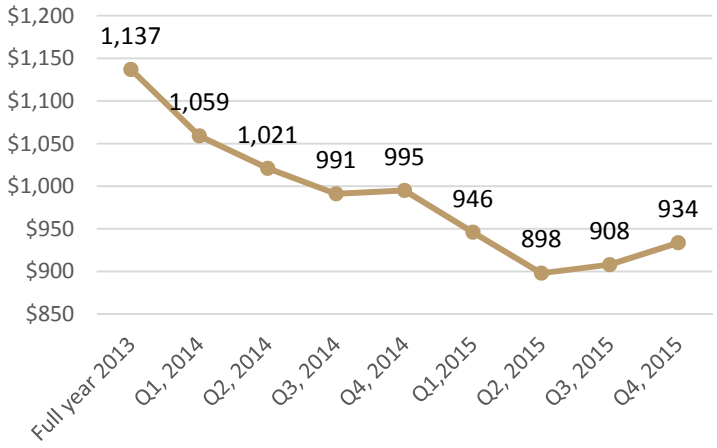
	Three months ended		Year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Operating Data				
Gold ounces produced:	136,844	119,729	516,646	465,770
Gold ounces sold:	142,343	123,354	519,812	467,887
Realized gold price ($/ounce)	1,102	1,198	1,157	1,264
Cash cost per gold ounce sold ($/ounce)[1]	740	767	720	826
All-in sustaining costs per gold ounce sold ($/ounce)[1]	934	995	922	1,010
Sustaining capital ($ '000')[1]	9,924	12,973	48,451	30,580
Financial Data ($ '000')				
Revenues	156,823	147,744	601,376	583,576
Royalties	7,510	6,657	28,820	28,307
Operating EBITDA[1]	29,495	29,877	163,719	142,771
Net earnings (loss)	(21,643)	(340,156)	35,601	(328,200)
Basic earnings (loss) per share ($/share)	(0.51)	(6.79)	0.42	(6.62)
All-in sustaining margin[1]	23,929	25,012	122,162	117,103
Cash generated from operating activities	41,913	57,610	147,301	127,438
Net debt[1]			143,899	254,069

[1]Cash cost, AISC, sustaining capital, operating EBTDA, all-in sustaining margin and net debt are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the section Non-GAAP Measures. Throughout this MD&A, the Corporation excludes royalties in its calculation of cash costs.

- Gold production of 516,646 ounces and sales of 519,812 ounces at an AISC of $922 compared to production of 465,770 ounces and 467,887 ounces sold at an AISC of $1,010 for the year ended December 31, 2014. Realized gold price was $1,157 versus $1,264 in the prior year.
- The Agbaou Mine continued to outperform expectations producing 181,365 ounces of gold at an AISC of $576 per ounce, above guidance range in production and below guidance in AISC.
- Endeavour Mining has achieved significant progress in optimizing the performance of its mines, as demonstrated by the 18% decline in AISC since the year ended December 31, 2013. AISC of $934 for the current quarter ended December 31, 2015 demonstrates continued significant improvements in our operations as well as the benefit of the decline of crude oil prices and favourable exchange rates.

[1] AISC, all-in sustaining costs at the mine level, cash costs, operating EBITDA, all-in sustaining margin, free cash flow, and adjusted earnings are non-GAAP financial performance measures with no standard meaning under IFRS, further discussed in the section Non-GAAP Measures. Throughout this MD&A, the realized price is the realized average gold price received for all ounces sold.

Figure 2: AISC quarterly evolution



- Operating EBITDA of $163.7 million was achieved in 2015 compared to $142.8 million achieved for the same period in the prior year.
- Net earnings of $35.6 million resulted in earnings attributable to shareholders of the Corporation of $18.2 million or $0.42 per share, compared to a net loss of $273.7 million or ($6.62) per share for the prior year.
- All-in sustaining margin of $122.2 million was achieved in the current year, which compares favorably with the prior year figure of $117.1 million. Cash generated from operating activities of $147.3 million compares to $127.4 million in the prior year.

Table 2: Free cash flow before working capital, tax and financing costs

	Year ended December 31, 2015	Year ended December 31, 2014
Gold production (ounces)	516,646	465,770
Gold sold (ounces)	519,812	467,887
Gold price ($/oz)	1,157	1,264
In US$ millions		
Revenue	601.4	583.6
Less: AISC cost	479.2	466.5
AISC margin	122.2	117.1
Less: Non-sustaining capital & exploration	37.5	82.2
Free cash flow (before working capital, tax & financing costs)	**84.7**	**34.9**

- In December 2015, the Corporation continued its revolving credit facility reduction program with a third $20.0 million voluntary repayment following $20 million repaid in April 2015 and $20 million in July 2015. The Corporation's undrawn portion of the credit facility was $110 million at year end, which remains fully available for general corporate purposes. With the total repayments of $60 million during 2015 the Corporation has successfully achieved its objective in reducing net debt to $143.9 million at December 31, 2015 down from $254.0 million for the comparable reporting period. Net debt to Operating EBITDA has decreased to a ratio of 0.9 from 1.8 in the prior year.

Table 3: Net debt evolution

In US$ millions	Year ended December 31, 2015	Year ended December 31, 2014
Cash	109.5	62.2
Less: Equipment finance lease	13.4	16.2
Less: Drawn portion of $350 million RCF	240.0	300.0
Net debt	143.9	254.0
Operating EBITDA	163.7	142.8
Net debt to operating EBITDA ratio	0.9	1.8

RESOURCES AND RESERVES

As of December 31, 2015, our mines and projects had Proven and Probable Mineral Reserves ("P&P reserves") totaling approximately 5.9 million ounces ("Moz"), (4.7Moz on an attributable basis) and Measured and Indicated resources ("M&I resources") amounted to 11.0 million ounces of gold (8.6Moz on an attributable basis), representing a 32% and 39% increase, respectively, over the previous year on a 100% basis.

Table 4: Year over year Reserve and Resource variation

On a 100% basis, in koz	As at December 31, 2015	As at December 31, 2014	Variation	
P&P Reserves	5,925	4,505	**1,420**	**32%**
M&I Resources	10,973	7,901	**3,072**	**39%**
Inferred Resources	2,443	2,463	**(20)**	**(1%)**

[1]*Note: M&I resources shown are inclusive of P&P reserves. Further information concerning the Mineral Resource and Mineral Reserve as at December 31, 2014, is available in the February 19, 2015, press release entitled "Endeavour Mining increases Mineral Reserves to 4.5Moz with exploration additions of 870,000 oz in 2014". The December 31, 2015 Mineral Reserve and Mineral Resources were published on Feb. 29, 2016.*

As shown in Table 5, a total of 494,000 ounces ("koz") were depleted during 2015, with 61% and 93%, respectively, of depleted P&P reserves and M&I resources being replaced. Exploration additions (excluding the Ity mine acquisition) amounted to 460koz of M&I resources, which includes the negative impact of reducing the gold price estimate from $1,600/oz to $1,500/oz for the Agbaou, Nzema and Youga mines. A total of 301koz were added to reserves (exclusive of depletion), as a result of the resource conversion at the Agbaou and Tabakoto mines.

Table 5: P&P reserves and M&I resources replenished

		P&P Reserve Depletion/Replacement		M&I Resource Depletion/Replacement	
On a 100% basis, in koz	2015 Ore depletion[1]	Ounces added (removed)[2]	% of depletion replenished	Ounces added (removed)[2]	% of depletion replenished
Tabakoto	162	80	49%	167	103%
Nzema[3]	73	(67)	(92%)	(27)	(37%)
Youga	75	3	4%	64	85%
Agbaou	184	285	155%	256	139%
Sub-total	**494**	**301**	**61%**	**460**	**93%**
Ity[4]	7	1,620		3,113	
Total	**501**	**1,921**		**3,573**	

[1] *Depletion on a processed ore contained ounce basis*
[2] *Includes exploration ounces delineated and changes due to gold price and cut-off grade. Excludes ore depleted.*
[3] *Nzema ore depletion is based on EDV ore and excludes purchased ore*
[4] *Ity is included for the post-acquisition period of November 28 to December 31, 2015*

OUTLOOK

2016 Production and AISC/oz Guidance

- Endeavour Mining is providing 2016 production guidance updated for the sale of the Youga mine, of 535,000 to 560,000 ounces at an all-in sustaining cost per ounce of $870 to $920.

- The mine production forecasts are largely in line with 2015 production rates, with the following variances: Agbaou production is expected to decline modestly due to changing ore feed; Nzema production is expected to increase with additional deliveries of high grade third-party ore during the Adamus pit push-back period; and Tabakoto production is expected to increase as the operating improvements of the fourth quarter of 2015 are sustained in 2016.

Table 6: 2016 Production guidance by mine (ounces, 100% basis[1])

	Actual			Guidance Range 2016		
	2013	2014	2015			
Agbaou	6,132	146,757	181,365	165,000	-	175,000
Nzema	103,464	115,129	110,302	110,000	-	130,000
Tabakoto	125,231	127,323	151,067	155,000	-	175,000
Youga[2]	89,448	76,561	68,223	7,000	-	8,000
Ity[3]	-	-	80,807	65,000	-	75,000
Total	**324,275**	**465,770**	**591,764**	**502,000**		**563,000**
Selected 2016 guidance range				**535,000**	**-**	**560,000**

[1] Gold production is on a 100% consolidated basis. Actual mine ownership is Agbaou – 85%, Nzema – 90%, Tabakoto – 80%, Youga – 90%, Ity – 55%
[2] Youga 2016 guidance is based on estimate for the pre-sale period ended February 29, 2016
[3] Ity produced 5,689 ounces since acquisition on November 27, 2015

The fully permitted Houndé Gold Project continues to be the key construction project in our future plans. Our community and social sensitization plans are well underway along with the implementation of human resource, financial and logistical support services that are necessary to be in place prior to project commencement. These early efforts and Endeavour Mining's pre-project planning is being done to facilitate a construction decision in the first half of 2016, which will consider several factors including the gold price outlook.

Table 7: 2016 AISC/oz guidance by mine ($/oz)

	2016 Guidance Range ($/oz)		
Agbaou	650	-	700
Nzema	970	-	1,020
Tabakoto	920	-	970
Youga	980	-	1,030
Ity	800	-	850
Mine-level AISC/oz	820	-	870
Plus corporate G&A		38	
Plus sustaining exploration		11	
AISC/oz	**870**	**-**	**920**

2016 AISC Margin and Free Cash Flow

- At a gold price of $1,150 per ounce and using the mid-point of 2016 production and AISC/oz guidance ranges, Endeavour Mining is projecting an AISC margin of approximately $138 million in 2016, or $255 per ounce.

- Exploration has been allocated $20 million toward programs focused on reserve replacement and mine life extensions, with $6 million or approximately $11 per 2016 production ounce toward sustaining exploration programs and $14 million toward non-sustaining exploration programs.

- Non-sustaining project capital has been allocated $48 million, which includes installation of a secondary crusher at the Agbaou Mine, a pit wall push-back at the Nzema Mine, non-sustaining exploration programs ($14 million mentioned earlier), and project-related investments at both Houndé and Ity CIL projects.

Endeavour Mining is continuing to prepare the Houndé Project for a construction decision in the first half of 2016 and expects to complete the Ity CIL feasibility study by mid-year 2016.

Table 8: 2016 Free Cash Flow before working capital, tax and financing costs assuming a gold price of 1,150 $/oz 2016[1]

2016 Production (ounces, guidance range mid-point)	**547,500**	
2016 AISC/oz ($/oz, guidance range mid-point)	**$895**	
	$ million	**$/ounce**
Revenue	630	1,150
Less: AISC costs (includes corporate G&A, sustaining capital and sustaining exploration costs)	492	895
All-in sustaining margin	**138**	**255**
Non-sustaining capital	(48)	(80)
Agbaou Mine secondary crusher - $12 million		
Nzema Mine push-back - $12 million		
Houndé Project - $5 million		
Ity CIL Project - $5 million		
Non-sustaining exploration - $14 million		
Free cash flow (before working capital movement, tax and financing costs)	**90**	**175**

[1]Numbers may differ due to rounding

- At $1,150 gold price, and with the current allocations to non-sustaining capital, the free cash flow (before working capital movement, tax and financing costs) is projected to be $90 million or $175 per ounce, with a $30 million sensitivity for a $50 per ounce gold price movement.

OPERATIONS REVIEW

Agbaou Gold Mine, Côte *d'Ivoire*

The following table shows the evolution of the reserves and resources at Agbaou between 2015 and 2014:

Table 9: Agbaou 2015 and 2014 Reserves and Resources [1]

	As at December 31, 2015			As at December 31, 2014		
Resources shown inclusive of Reserves	Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)	Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)
Proven Reserves	1.9	2.53	156	2.7	2.69	236
Probable Reserves	11.3	2.40	871	8.8	2.44	690
P&P Reserves	**13.2**	**2.42**	**1,027**	**11.5**	**2.50**	**926**
Measured Resource	1.9	2.67	166	2.9	2.75	255
Indicated Resources	12.5	2.53	1,014	11.1	2.40	854
M&I Resources	**14.4**	**2.54**	**1,180**	**13.9**	**2.48**	**1,109**
Inferred Resources	1.2	1.71	65	2.1	2.31	154

[1] Numbers may differ due to rounding

The following table summarizes the operating results of the Agbaou Gold Mine for the three months and years ended December 31, 2015 and 2014:

Table 10: Agbaou key performance indicators

	Three months ended		Year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Operating Data				
Tonnes of ore mined (000's)	753	796	2,818	2,741
Average gold grade mined (g/tonne)	2.05	1.92	2.00	1.97
Tonnes of ore milled (000's)	748	629	2,665	2,241
Average gold grade milled (g/tonne)	2.05	2.50	2.15	2.10
Gold ounces produced:	51,732	47,365	181,365	146,757
Gold ounces sold:	53,298	50,466	182,219	149,904
Financial Data ($ '000')				
Revenues	58,904	60,433	211,204	180,513
Realized gold price ($/ounce)	1,105	1,197	1,159	1,256
Royalties	2,143	2,061	7,574	6,399
Cash cost per ounce sold ($/ounce)[1]	452	452	462	523
Sustaining capital[1]	2,390	4,088	13,191	7,650
All-In sustaining costs ($/ounce)[1]	537	574	576	621
All-in sustaining margin[1]	30,289	31,466	106,272	91,231

[1] Cash cost per ounce sold, sustaining capital, all-in sustaining costs and all-in sustaining margin are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the section Non-GAAP Measures.

Agbaou continued its excellent performance during the second year of operations with cash flow generated from operations of $128.4 million at an AISC of $576 which is significantly below the 2015 range of guidance of $690 to $740. The soft nature of the oxide ore mined throughout the year allowed above plan ore tonnes to be processed with higher recoveries. Agbaou generated an all-in sustaining margin of $106.3 million and $90.3 million of earnings from mine operations for the full year.

Sustaining capital of $13.2 million for the year was primarily invested in waste capitalization ($5.1m), a tailings storage facility ("TSF") lift ($4.7m) and land compensation ($1.0m).

At Agbaou, the $5.8 million exploration program successfully delineated 256koz of M&I resources, mainly comprised of oxide ore from the West Pit extension, which should allow the mine to both maintain its current production level over the next few years and extend its mine life. Total P&P reserves increased by 11% over the previous year, from 926koz to 1,027koz, despite the depletion of 184koz following the record production achieved in 2015. M&I resources increased by 6% over the previous year, from 1,109koz to 1,180koz, with nearly 90% converted to reserves. The current reserve is now 13% greater than the 2014 pre-production reserve of 0.9Moz. In 2016, exploration is expected to focus on the North Pit and South Pit extensions, the Agbaou South target, and to generate targets beyond the current resource boundaries.

Nzema Gold Mine, Ghana

The following table shows the evolution of the reserves and resources at Nzema between 2015 and 2014:

Table 11: Nzema 2015 and 2014 Reserves and Resources

	As at December 31, 2015			As at December 31, 2014		
Resources shown inclusive of Reserves	**Tonnage (Mt)**	**Grade (Au g/t)**	**Content (Au koz)**	**Tonnage (Mt)**	**Grade (Au g/t)**	**Content (Au koz)**
Proven Reserves	3.2	2.25	230	5.2	2.03	339
Probable Reserves	1.5	2.57	125	2.1	2.33	156
P&P Reserves	**4.7**	**2.35**	**356**	**7.3**	**2.11**	**496**
Measured Resource	22.4	1.36	976	23.7	1.36	1,040
Indicated Resources	12.2	1.31	514	13.0	1.30	550
M&I Resources	**34.6**	**1.34**	**1,490**	**36.7**	**1.35**	**1,590**
Inferred Resources	5.9	1.28	244	7.6	1.30	311

The following table summarizes the operating results of the Nzema Gold Mine for the three months and years ended December 31, 2015 and 2014:

Table 12: Nzema key performance indicators

	Three months ended		Year ended	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Operating Data				
Tonnes of ore mined (000's)	278	342	1,310	1,366
Average gold grade mined (g/tonne)	1.53	1.78	1.64	1.87
Tonnes of ore milled (000's)	446	400	1,783	1,587
Average gold grade milled (g/tonne)	1.80	2.27	2.21	2.51
Gold ounces produced[1]:	23,076	25,810	110,302	115,129
Gold ounces sold:	22,526	25,402	110,404	114,044
Financial Data ($ '000')				
Revenues	24,934	30,262	128,342	144,593
Realized gold price ($/ounce)	1,107	1,191	1,162	1,268
Royalties	1,344	1,663	7,234	8,014
Cash cost per ounce sold ($/ounce)	1,033	1,007	900	880
Sustaining capital	897	3,022	10,839	9,795
All-In sustaining sosts ($/ounce)	1,133	1,191	1,064	1,036
All-in sustaining margin	(587)	8	10,895	26,443

[1] Includes purchased ore of 6,315 ounces and 47,383 ounces for the three months and year ended December 31, 2015, and 12,168 ounces and 42,633 ounces in the comparable periods in 2014.

Nzema completed the year with an AISC of $1,064 which was slightly above the range of guidance of $1,000 to $1,050 per ounce. The decrease in ounces produced in comparison with the prior year was due to the lack of readily available high grade tolled ore in supplementing mined ore from the Adamus pit, particularly in the fourth quarter. The rainy season experienced during the third quarter impacted the grade of some of the purchased ore, negatively affecting ounces produced. Nzema generated $18.3 million of operating cash flow at an all-in sustaining margin of $10.9 million for the 2015 year.

Sustaining capital of $10.8 million for the year was primarily a result of waste capitalization ($7.4m) and the TSF lift ($2.7m).

Due to Nzema's mine life visibility over the next few years, no significant exploration capital was allocated in 2015. Consequently, the reserve and resource variances are due to mining depletion and a lower gold price used for the resource estimate.

Tabakoto Gold Mine, Mali

The following table shows the evolution of the reserves and resources at Tabakoto between 2015 and 2014:

Table 13: Tabakoto 2015 and 2014 Reserves and Resources

	As at December 31, 2015			As at December 31, 2014		
Resources shown inclusive of Reserves	**Tonnage (Mt)**	**Grade (Au g/t)**	**Content (Au koz)**	**Tonnage (Mt)**	**Grade (Au g/t)**	**Content (Au koz)**
Proven Reserves	2.3	3.19	235	2.3	3.33	249
Probable Reserves	4.2	3.68	491	4.4	3.96	558
P&P Reserves	**6.4**	**3.50**	**725**	**6.7**	**3.74**	**807**
Measured Resource	6.3	2.86	575	5.6	2.93	529
Indicated Resources	12.3	3.22	1,270	13.4	3.04	1,310
M&I Resources	**18.5**	**3.09**	**1,844**	**19.0**	**3.01**	**1,839**
Inferred Resources	9.0	3.55	1,023	17.6	2.79	1,582

The following table summarizes the operating results of the Tabakoto Gold Mine for the three months and years ended December 31, 2015 and 2014:

Table 14: Tabakoto key performance indicators

	Three months ended		Year ended	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Operating Data				
Tonnes of ore mined - Open pit (000's)	137	211	520	638
Average gold grade mined - Open pit (grams/tonne)	4.62	2.41	3.78	2.74
Tonnes of ore mined - Underground (000's)	215	280	1,009	807
Average gold grade mined - Underground (grams/tonne)	3.19	2.72	3.08	3.28
Tonnes of ore milled (000's)	392	371	1,588	1,485
Average gold grade milled (grams/tonne)	3.53	2.52	3.17	2.88
Gold ounces produced:	41,546	26,577	151,067	127,323
Gold ounces sold:	41,118	27,600	151,345	127,357
Financial Data ($ '000')				
Revenues	45,319	33,275	174,685	161,727
Realized gold price ($/ounce)	1,102	1,206	1,154	1,270
Royalties	2,702	1,979	10,438	9,665
Cash cost per gold ounce sold ($/ounce)	907	1,126	846	1,172
Sustaining capital	6,024	4,831	23,048	11,078
All-In sustaining costs ($/ounce)	1,119	1,373	1,067	1,335
All-in sustaining margin	(702)	(4,620)	13,158	(8,295)

The Tabakoto complex, which includes the Kofi C open pit, the Tabakoto underground mine, the Segala underground mine, and the Tabakoto mill delivered an improved year in comparison to the prior year generating a positive all-in sustaining margin of $13.2 million and $9.8 million of earnings from mine operations. In the current year, Tabakoto's AISC of $1,067 per ounce decreased significantly from $1,335 per ounce in 2014. The AISC which was above the guidance range for the year of $950 to $1,000 per ounce and is partly due to the severe rain fall experienced during the third quarter. This affected overall operations, in particular production from the Tabakoto underground where flooding was experienced, and Kofi ore that was difficult to re-handle following the heavy rains.

Sustaining capital of $23.0 million for the year was primarily invested in Kofi C waste capitalization ($6.6m) and underground development at Segala ($9.1m) and Tabakoto ($4.8m).

At Tabakoto, the $7.8 million exploration program focused primarily on the underground drilling of mineralized zones below development in the Tabakoto and Segala mines. Despite realizing only 40% of the planned underground exploration campaign due to the lack of drilling access and flooding, successful exploration replaced 85% of the M&I resources depleted, although only 49% of reserves were replaced due to the delays encountered. Surface exploration delineated an open pit M&I resource of 0.9Mt at 3.45g/t Au containing 105koz at the Tabakoto Northwest deposit.

In 2016, the focus will be directed towards delineating additional underground resources and resource-to-reserve conversion. Furthermore, exploration is expected to test the potential extension of the Kofi B deposit and generate new open pit targets on the Kofi trend, which lies immediately north of Randgold's Loulo endowment.

Youga Gold Mine, Burkina Faso

The following table shows the evolution of the reserves and resources at Youga between 2015 and 2014:

Table 15: Youga 2015 and 2014 Reserves and Resources

	As at December 31, 2015			As at December 31, 2014		
Resources shown inclusive of Reserves	Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)	Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)
Proven Reserves	1.9	1.49	93	2.5	1.69	139
Probable Reserves	0.6	1.95	37	1.0	2.03	63
P&P Reserves	**2.5**	**1.59**	**130**	**3.5**	**1.79**	**202**
Measured Resource	8.1	1.24	321	7.3	1.35	318
Indicated Resources	9.7	1.54	480	9.7	1.58	494
M&I Resources	**17.8**	**1.40**	**801**	**17.0**	**1.48**	**812**
Inferred Resources	3.1	1.53	150	2.8	1.59	142

On February 29, 2016 the Corporation announced that it had sold the Youga Gold Mine in Burkina Faso for $25.3 million whilst retaining a 1.8% Net Smelter Royalty ("NSR") on production realized beyond the current reserve from the property sold, and with the inclusion of a buyback provision.

The following table summarizes the operating results of the Youga Gold Mine for the three months and years ended December 31, 2015 and 2014.

Table 16: Youga key performance indicators

	Three months ended		Year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Operating Data				
Tonnes of ore mined (000's)	275	251	1,335	1,161
Average gold grade mined (grams/tonne)	1.99	2.53	2.13	2.47
Tonnes of ore milled (000's)	281	261	1,064	991
Average gold grade milled (grams/tonne)	1.94	2.70	2.19	2.67
Gold ounces produced:	14,801	19,977	68,223	76,561
Gold ounces sold:	17,484	19,886	67,927	76,582
Financial Data ($ '000')				
Revenues	19,244	23,719	78,724	96,743
Realized gold price ($/ounce)	1,101	1,193	1,159	1,263
Royalties	780	954	3,038	4,229
Cash cost per gold ounce sold ($/ounce)	935	759	856	742
Sustaining capital	94	1,032	854	2,057
All-In sustaining costs ($/ounce)	985	859	913	824
All-in sustaining margin	2,021	6,637	16,702	33,639

The Youga mine completed another successful year in line with expectations with gold production of 68,223 ounces. AISC of $913 per ounce is below the range of guidance of $975 to $1,025 per ounce. During the year, the higher grade open pits which comprised the original Youga pits were depleted and the Zergoré pit became the principal source of ore supply to the processing plant. Youga continued to generate positive operating cash contributing $11.3 million for the year to the group. Sustaining capital of $0.9 million for

the year was invested in a variety of mine maintenance requirements.

The Youga mine recovered a total of over 600,000 ounces of gold since operations commenced in 2008 and employs approximately 665 workers in total, including full time Endeavour employees and contractors. The sale of the mine to MNG Gold will provide additional life to the Youga operation through MNG Gold's nearby Balogo high-grade deposit and is expected to be well received by all levels of the mine's stakeholders.

Ity Gold Mine, Côte d'Ivoire

The following table details the reserves and resources of the Ity mine:

Table 17: Ity 2015 Reserves and Resources

	As at December 31, 2015		
Resources shown inclusive of Reserves	**Tonnage (Mt)**	**Grade (Au g/t)**	**Content (Au koz)**
Proven Reserves	-	-	-
Probable Reserves	30.4	1.65	1,613
P&P Reserves	**30.4**	**1.65**	**1,613**
Measured Resource	27.3	1.35	1,190
Indicated Resources	34.1	1.75	1,916
M&I Resources	**61.4**	**1.57**	**3,106**
Inferred Resources	14.1	1.52	687

The following table summarizes the operating results of the Ity Gold Mine for the period ended December 31, 2015, since its acquisition on November 27, 2015:

Table 18: Ity key performance indicators

	Period ended December 31, 2015
Operating Data	
Tonnes of ore mined (000's)	63
Average gold grade mined (grams/tonne)	2.38
Tonnes of ore milled (000's)	71
Average gold grade milled (grams/tonne)	2.39
Gold ounces produced	5,689
Gold ounces sold:	7,917
Financial Data ($ '000')	
Revenues	8,421
Realized gold price ($/ounce)	1,064
Royalties	536
Cash cost per gold ounce sold ($/ounce)	550
Sustaining capital	519
All-In sustaining costs ($/ounce)	683
All-in sustaining margin	**3,011**

The Ity mine produced 5,689 ounces of gold in 2015 since the mine was acquired on November 27, 2015 (80,807 ounces in 2015 including post acquisition by Endeavour). AISC of $683 per ounce with operating cash flow of $3.8 million over the ownership period contributed positively to the group.

Sustaining capital of $0.5 million for the period since acquisition was invested in a small variety of mine maintenance requirements.

Following the acquisition of the Ity mine in November 2015, the short-term exploration objective was to add heap-leachable reserves and resources. Subsequently, the heap leach reserve now stands at 191koz, up 10% compared to the amount communicated in September 2015 with the acquisition. Furthermore, several targets

have been identified and are currently being drilled, which should allow the mine to continue to extend its heap leach mine life.

New targets are expected to be drilled on the Ity property in 2016, aimed at delineating additional resources for the CIL project. Furthermore, Endeavour has strategically applied for adjacent exploration tenements in light of the exploration success achieved at Ity over the recent years, which allowed its M&I resources to increase from 0.2Moz to 3.1Moz between 2012 and 2015.

DEVELOPMENT PROJECT REVIEW

Houndé Project, Burkina Faso, Pre-construction stage

On February 19, 2015, Endeavour Mining announced an update to the year-end mineral reserves from the November 2013 Feasibility Study ("FS"). The Houndé Project now has 2.1 Moz in Proven and Probable mineral reserves, an increase of 34% from the original reserves due to the expansion of the Vindaloo deposit and inclusion of two new deposits, Bouéré and Dohoun, both located within 12 kilometers of the proposed plant site.

The Vindaloo deposits and proposed plant site are approximately 2 kilometers from a paved highway and as close as 50 meters to a 225 kV power line corridor that extends from Côte d'Ivoire through to Ouagadougou, the capital of Burkina Faso. A rail line that extends to the port of Abidjan, Côte d'Ivoire, lies approximately 25 kilometres west of the deposit area. The project will benefit from Endeavour's experience operating the Youga Mine, also located in Burkina Faso, and the recent construction experience at the Nzema and Agbaou Mines.

The highlights of the Houndé Project drilling and reserve and resource update include:

- Estimated average annual production of 190,000 ounces of gold per year over a 10 year mine life, with average annual production of 240,000 ounces expected over the first three years;
- Total Proven and Probable mineral reserves of 2.07 Moz and life of mine production of 1.91 Moz;
- An average 92.7% process recovery at a milling rate of 3.0 million tpa (nameplate) through a SAG/ball mill, gravity, CIL circuit;
- Owner operated open pit mining with reserves of 30.6 million tonnes grading 2.1 g/t Au;
- Initial start-up capital is estimated at $327.7 million (including full mining fleet, working capital, import duties and contingency);
- Forecast life of mine all-in sustaining cost of $714 per ounce;
- Based on a gold price of $1,200 per ounce, the project yields an after-tax
    - Internal rate of return of 27.9%; and
    - Net present value of $302 million @ 5%.

The Houndé Project is situated in the southwestern region of Burkina Faso just south of Semafo's Mana mine and the property totals approximately 1,000 square kilometres. The nearby town of Houndé, located 5 kilometers from the project site has a population of approximately 70,000 people. Ownership is currently 100%, however, at production Endeavour Mining's ownership would decrease to 90% with the remaining 10% ownership held as a free carried interest by the Government of Burkina Faso.

The Houndé Project is fully permitted and it is expected that it can be built and self-financed from existing operations, together with lease financing, the use of our existing corporate credit facility and funds received from the recently announced long term strategic partnership with the Sawiris family. Construction and operational optimization was undertaken during the second half of 2015 with positive results. The Construction Services Team spent the second half of 2015 increasing our in-country presence and further developing and enhancing our government and local community relationships in Ouagadougou, and on-site at Houndé. Community and social sensitization plans are well underway along with the implementation of human resource, financial and logistical support services that are necessary to be in place prior to project commencement. These early efforts and Endeavour Mining's pre-project planning are being undertaken to facilitate the construction decision in the first half of 2016, which will consider several factors including the gold price outlook.

Ity CIL Project, Cote d'Ivoire

As part of the strategic partnership with the Sawiris family, Endeavour Mining acquired the Ity CIL Project in Cote d'Ivoire. Endeavour has continued to perform further work on the project and expects to complete the Ity CIL feasibility study in the third quarter of 2016.

In 2014, a pre-feasibility study ("PFS") to replace the current heap leach plant with a CIL plant was completed by SNC-Lavalin using a processing rate of 1.5 MTPA based on Indicated Mineral Resources at the time. Following the positive PFS results, in late 2014 and early 2015, the La Mancha Group conducted drilling programs at Daapleu, Zia NE and Mont Ity that were designed to upgrade all Inferred material from the latest resource estimate to Indicated, as well as to delineate each deposit further along strike. The resulting resource estimate update yielded a significant increase in Indicated Mineral Resource for all three areas. An updated PFS was completed in July 2015 for the CIL Project using a processing rate of 2.0 MTPA. The 2015 aggressive exploration program increased Measured and Indicated Mineral Resources to 3.1Moz. As such, a definitive feasibility study is currently underway using a 3.0MTPA processing rate.

QUARTERLY AND ANNUAL FINANCIAL AND OPERATING RESULTS

The following tables summarize the Corporation's financial and operational information for the last eight quarters and three fiscal years. The significant factors affecting results in the quarters presented below are volatility of realized gold prices, the commencement of operations at the Agbaou Mine in the first quarter of 2014, and non-cash impairments of mineral interests. The Ity Mine was added during the fourth quarter of 2015.

Table 19: 2015 Quarterly Key Performance Indicators

	For the three months ended			
($ '000')	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Gold revenues	156,823	137,859	154,629	152,065
Gold ounces sold	142,343	123,002	129,614	124,850
Cash flows from operations	41,913	27,547	46,186	31,425
Earnings from mine operations	13,119	21,824	40,875	31,129
Net earnings (loss) and total comprehensive earnings (loss)	(21,643)	6,705	32,997	17,541
Net earnings (loss) attributable to shareholders of Endeavour Mining Corporation	(24,670)	3,503	26,677	12,715
Basic earnings (loss) per share	(0.51)	0.08	0.60	0.30
Diluted earnings (loss) per share	(0.51)	0.08	0.60	0.30

Table 20: 2014 Quarterly Key Performance Indicators

	For the three months ended			
($ '000')	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Gold revenues	147,744	145,223	153,398	137,211
Gold ounces sold	123,354	114,082	118,653	111,798
Cash flows from operations	58,017	22,587	25,266	21,746
Earnings from mine operations	14,266	15,256	22,913	23,461
Net earnings (loss) and total comprehensive earnings (loss)	(340,157)	2,056	952	8,953
Net earnings (loss) attributable to shareholders of Endeavour Mining Corporation	(280,576)	1,859	40	5,027
Basic earnings (loss) per share	(6.80)	0.04	0.10	0.10
Diluted earnings (loss) per share	(6.80)	0.04	0.10	0.10

Table 21: Annual Key Performance Indicators

($ '000')	For the year ended December 31, 2015	December 31, 2014	December 31, 2013
Gold revenues	601,376	583,576	443,314
Gold ounces sold	519,812	467,887	318,505
Cash flows from operations	147,302	127,438	43,834
Earnings from mine operations	106,947	75,897	11,136
Net earnings (loss) and total comprehensive earnings (loss)	35,601	(328,200)	(371,715)
Net earnings (loss) attributable to shareholders	18,227	(273,650)	(332,456)
Basic loss per share	0.42	(6.62)	(8.10)
Diluted loss per share	0.42	(6.62)	(8.10)
Total assets	1,054,094	963,875	1,273,993
Total long term financial liabilities	273,469	343,468	327,411
Total attributable shareholders' equity	564,103	464,352	737,057
Adjusted earnings per share	0.99	0.34	(0.60)

Year ended December 31, 2015 compared to the year ended December 31 2014

Net earnings attributable to shareholders were $18.2 million, or $0.42 per share, compared to net losses of $273.7 million, or ($6.62) per share, in the same period in 2014, attributable to the following components:

- Revenue for the year increased by $17.8 million to $601.4 million from $583.6 million for the comparable year. Gold ounces sold increased from 467,887 ounces in 2014 to 519,812 ounces for the year ended December 31, 2015. The realized price of gold per ounce for the full year 2015 was $1,157 compared to $1,264 per ounce for the year ended December 31, 2014.

- Operating expenses for the year ended December 31, 2015 decreased by $5.5 million to $382.0 million despite the increased ore tonnes mined and milled year over year in the production of an additional 51,925 ounces sold. Effective cost management in addition to the depreciation of the Euro against the dollar affecting certain CFA input costs and the lower cost of diesel fuel assisted in reducing operating expenses compared to the prior year period.

- Depreciation and depletion for the year ended December 31, 2015 was $83.7 million compared to $91.9 million for the comparable year despite higher gold production, partially on account of lower mineral property values at the end of 2014.

- Earnings from mine operations for the year ended December 31, 2015 were $106.9 million compared to $75.9 million for the comparable year and further illustrates the Corporation's improvement in both the operating and cost management areas.

- Corporate costs for the year ended December 31, 2015 were $21.1 million compared to $21.7 million for the comparable year.

- Acquisition costs of $13.1 million were incurred with the acquisition of the Ity Gold mine on November 27, 2015 compared to nil in the prior year.

- Gains on financial instruments for the year ended December 31, 2015 were $9.5 million compared to losses of $11.2 million for the prior year mainly due to the gain on foreign exchange of $7.7 million in the current year, compared to a loss of $4.6 million in 2014.

- Finance costs for the year ended December 31, 2015 were $30.5 million compared to $27.9 million for the comparable year due to the additional finance costs relating to the revolving credit facility renewal.

- The current income and other tax expense for the year ended December 31, 2015 was $4.3 million compared to $33.5 million for the comparable year, the decrease was due mainly to the inclusion of the Malian tax provision in the prior year. Deferred income tax expense for the year ended December 31, 2015 was $2.7 million compared to a recovery of $81.2 million for the comparable year primarily associated to the impairment expense incurred over certain mining interests in 2014. For the year ended December 31, 2014 the Corporation incurred an impairment expense on mining interests and related assets of $365.9 million compared nil for the current year ended December 31, 2015.

Three months ended December 31, 2015 compared to the three months ended December 31, 2014

Net losses attributable to shareholders were $24.7 million, or ($0.51) per share, compared to net losses of $280.6 million, or ($6.80) per share, in the same period in 2014, attributable to the following components:

- Revenue for the fourth quarter of 2015 increased by $9.1 million to $156.8 million from $147.7 million in the same period in 2014. Gold ounces sold increased from 123,354 ounces in 2014 to 142,343 ounces for the fourth quarter of 2015. The realized price of gold per ounce for the fourth quarter of 2015 was $1,102 compared to $1,198 per ounce in the same period in 2014.

- Operating expenses for the fourth quarter of 2015 increased by $8.2 million to $110.7 million affected by $8.1 million in operating costs incurred at the Ity mine for the first time since acquisition in the current quarter.

- Depreciation and depletion for the fourth quarter of 2015 was $25.4 million compared to $24.3 million for the same prior year period in 2014.

- Earnings from mine operations for the fourth quarter of 2015 were $13.1 million compared to $14.3 million for the same period in 2014.

- Corporate costs for the fourth quarter of 2015 were $8.0 million compared to $7.5 million for the same period in 2014.

- Acquisition costs of $13.1 million were incurred in the fourth quarter with the acquisition of the Ity Gold mine on November 27, 2015 compared to nil in the comparable quarter.

- Gains on financial instruments for the fourth quarter of 2015 were $5.9 million compared to losses of $0.9 million for the same period in 2014 primarily due the gain on foreign exchange of $5.6 million in the current quarter off set by other financial instrument losses.

- Finance costs for the fourth quarter of 2015 were $6.7 million compared to $6.6 million for the same period in 2014.

- The current income and other tax expense for the fourth quarter of 2015 was $0.4 million compared to an expense of $27.2 million for the same period in 2014 due to the inclusion of the Malian tax provision in 2014. Deferred income tax expense for the fourth quarter of 2015 was $8.1 million compared to $75.5 million recovery for the same period in 2014 due to the impairment expense incurred over certain mining interests in the fourth quarter of 2014.

LIQUIDITY AND CAPITAL RESOURCES

On March 10, 2015, the Corporation renewed its $350 million senior secured revolving corporate loan facility (the "Facility") with a syndicate of leading international banks. The Facility has a new maturity date of March 2020 and key terms including the following:

- The maturity date is five years from signing, March 9, 2020, and the available Facility amount declines with four equal semi-annual reductions of $87.5 million commencing September 2018;
- The Facility includes standard corporate financial covenants, including:
  - Interest Cover shall not be less than 3 to 1, calculated on a rolling 12 month basis;
  - Net Debt to EBITDA shall not exceed 3.5 times, calculated on a rolling 12 month basis;
  - Minimum Tangible Net Worth shall not be less than US$350 million.
- The interest is based on LIBOR plus a margin ranging between 3.75% and 5.75% per annum (sliding scale based on the actual Net Debt to EBITDA ratio).

The Facility is secured by shares of the Corporation's material gold mining subsidiaries and certain material assets of those subsidiaries.

Table 22: Gross Debt and Cash

	For the year ended	
In $ millions	December 31, 2015	December 31, 2014
Cash	109.5	62.2
Less: Equipment finance lease	13.4	16.2
Less: Drawn portion of $350 million RCF	240.0	300.0
Net Debt	**143.9**	**254.0**

With the investment phase of the Corporation's strategy winding down at the end of 2014 and its cash flows growing, the Corporation embarked on its revolving credit facility reduction program with a third $20.0 million repayment in December 2015 following $20.0 million repaid in April 2015 and $20.0 million repaid in July 2015. The Corporation's undrawn portion of the credit facility was $110 million at December 31, 2015.

At December 31, 2015, Endeavour Mining had cash of $109.6 million (December 31, 2014 – $62.2 million) and $4.8 million in restricted cash (December 31, 2014 – $4.5 million).

Total working capital as at December 31, 2015 was $83.4 million (December 31, 2014 - $42.8 million).

Net change in cash position from December 31, 2014, was an increase of $47.3 million, attributable to the following components of the consolidated cash flow statement:

- Operating activities generated $147.3 million in comparison to $127.4 million generated in the same period of the previous year primarily due to more robust mine operating earnings. Timing induced changes in working capital balances generated an inflow $5.6 million of cash versus $21.0 million in the comparable year.
- Investing activities used $7.3 million in comparison to $112.9 million used in the comparable year. Included in investing activities was $86.1 million of cash acquired from the strategic partnership with the Sawiris family. The current period outflow consisted primarily of $55.2 million of sustaining capital including sustaining exploration, and $37.5 million of non-sustaining investments. The sustaining capital related to capitalized waste and the normal course timing of planned mine capital investments and non-sustaining investments related primarily to non-sustaining capital at Tabakoto.
- Financing activities used cash of $91.7 million in comparison to $27.2 million in the prior comparable year. The current year outflows consisted primarily of the repayments of the revolving credit facility of $60.0 million, refinancing fees of $8.8 million, and interest paid on the Facility amounting to $16.4 million.

Net change in cash position for the current quarter from September 30, 2015, was an increase of $77.5 million, attributable to the following components of the consolidated cash flow statement:

- Operating activities generated $41.9 million in comparison to $57.6 million generated in the same period of the previous year. Timing induced changes in working capital balances generated an inflow of $26.1 million of cash versus $49.6 million in the comparable period in 2014.

- Investing activities generated $61.3 million in comparison to an outflow of $43.0 million used in the same period of the previous year. The inflow included $86.1 million of cash acquired from the strategic partnership with the Sawiris family. The cash outflows consisted primarily of $12.1 million of sustaining capital including sustaining exploration, and $10.4 million of non-sustaining investments. The sustaining capital related to capitalized waste and the normal course timing of planned mine capital investments and non-sustaining investments related primarily to non-sustaining capital at Tabakoto.

- Financing activities used cash of $27.1 million in comparison to $9.7 million in the prior comparable period. The current period outflows consisted primarily of the reduction of the revolving credit facility of $20.0 million and interest paid on the facility amounting to $7.4 million.

In the opinion of management, Endeavour Mining's cash position, undrawn facility, and working capital at December 31, 2015, together with anticipated cash flows from operations, are sufficient to support the Corporation's on-going operational requirements, planned sustaining investments, and commitments.

The following table reconciles AISC margin and free cash flow to the year over year change in cash:

Table 23: Net free cash flow generation

	For the year ended	
In $ millions	December 31, 2015	December 31, 2014
Revenue	601.4	583.6
Less: AISC costs	479.2	466.5
AISC margin	122.2	117.1
Less: Non-sustaining capital & exploration	37.5	82.2
Free cash flow (before working capital, tax & financing costs)	84.7	34.9
Taxes paid	(7.2)	(11.7)
Interest paid	(16.4)	(13.5)
Net other financial items (fees, lease repayments & hedge settlements)	(15.4)	(13.7)
Realized loss on derivative financial instruments	(3.6)	(11.9)
Unrealized foreign exchange loss on cash	(2.1)	(2.9)
Working capital & other non-operating cash adjustments	(5.7)	7.7
Net free cash llow before other items	34.3	(11.1)
La Mancha acquisition cash received	86.1	-
La Mancha transaction costs	(13.1)	-
Revolving credit facility payments	(60.0)	-
Year over year change in cash	**47.3**	**(11.1)**

FINANCIAL INSTRUMENTS

With the acquisition of the Nzema and Tabakoto mines by way of acquisitions of Adamus Resources and Avion Gold, Endeavour Mining inherited several hedge programs which have been reduced, amended and settled in the periods subsequent to the acquisitions.

As at December 31, 2015, only 20,101 ounces of gold forward contracts remain outstanding with a fair value of the liability at $4.0 million (December 31, 2014 - $9.3 million), to be settled in 2016. During the year ended December 31, 2015, the Corporation settled 44,062 ounces of gold forward contracts resulting in a realized loss of $0.7 million. Additionally, at December 31, 2015, the Corporation settled the remaining 6,066 ounces of gold call options resulting in a realized loss of $1.8 million. The settlements of the calls and forward contracts are in cash as there is no exchange of physical gold between the Corporation and the buyer.

The Corporation also entered a 12 month fuel price protection program in June 2015, in line with approximately 50% of the diesel volume scheduled to be consumed at the Tabakoto mine, by way of fuel swap contracts on 1,268 metric tonnes of Gas Oil per month. The program is cash settled and had a fair value liability of $1.5 million as at December 31, 2015 (December 31, 2014 - $nil), to be settled in 2016.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes the contractual maturities of the Corporation's financial liabilities at December 31, 2015:

Table 24: Financial liabilities as of December 31, 2015

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 127,581	$ -	$ -	$ -	$ 127,581
Long-term debt	-	-	230,000	10,000	240,000
Finance lease obligations	4,540	11,278	-	-	15,818
Minimum operating lease payments	1,288	2,151	1,325	-	4,764
Derivative financial liabilities	5,463	-	-	-	5,463
	$ 138,872	$ 13,429	$ 231,325	$ 10,000	$ 393,626

The Corporation has commitments in place at its operations for drill and blasting services, load and haul services, and the supply of explosives and hydrocarbon services with varying terms, and is subject to operating and finance lease commitments in connection with the purchase of mining equipment, light duty vehicles, operational building facilities and rented office premises. Additionally, the Corporation has at times contracts in place at the Nzema mine to purchase higher grade ore from third parties. The above table does not include the Corporation's environmental rehabilitation provision which is in place at each of the operating mines, the majority of which is expected to be incurred concurrent with the end of mining operations at each of the mines.

During 2014, the Corporation's Malian subsidiary entered into a five year, $18 million equipment lease financing facility. The equipment lease was used to purchase a portion of the owner-operated mining equipment for the Tabakoto and Segala underground developments. The lease terms have a fixed rate of 9.5% per annum to amortize the principal and there exists a purchase option to buy the equipment outright at the end of the lease life for 0.5% of cost. The equipment lease is treated as a finance lease.

CONTINGENCIES

The Corporation is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. 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'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 operates in numerous countries and, accordingly, it is subject to, and pays annual income taxes under, the various income tax regimes in the countries in which it operates. From time to time the Corporation is subject to a review of its income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Corporation's business conducted within the country involved. If the Corporation is unable to resolve any of these matters favorably, there may be a material adverse impact on the Corporation's financial performance, cash flows or results of operations. In the event that management's estimate of the future resolution of these matters changes, the Corporation will recognize the effects of the changes in its consolidated financial statements in the period that such changes occur.

In the fourth quarter of 2014, the Corporation's Malian subsidiary, Segala Mining Corporation SA ("Semico"), received a tax assessment from the Malian tax authority of $40.6 million related to the fiscal years 2011 to 2013 and to various taxes. The Corporation and its advisors believe that a significant portion of the assessment's tax claims are wholly without merit and as such have engaged with the tax authority actively since receiving the assessment in the fourth quarter of 2014 to resolve this matter. The Corporation continues to engage with the highest levels of Malian authorities together with its advisors to resolve this matter and given the response presented to the authorities as well as advice received from its advisors, a vigorous process is underway to refute the notified amounts as well as avoid any additional payments. The tax assessment was fully provided for in 2014 and the tax office has offset certain VAT receivables against the assessment reducing the Corporation's exposure to actual payments needing to be made.

If the Corporation is unable to resolve these matters favorably, there may be a material adverse impact on the Corporation's financial performance, cash flows and results of operations. In the event that management's estimate of the future resolution of these matters changes, the Corporation will recognize the effects of the changes in its consolidated financial statements in the period that such changes occur.

RELATED PARTIES AND TRANSACTIONS AND OFF-BALANCE SHEET ITEMS

The Corporation's related parties include its subsidiaries and key management personnel. During the normal course of operations, the Corporation enters into transactions with related parties for goods and services which are measured at the exchange amount, which is the amount of consideration established and agreed by the parties. The Corporation has no off balance sheet items.

OUTSTANDING SHARE DATA

Endeavour Mining's authorized capital is $200,000,000 divided into 100,000,000 ordinary shares with a par value of $0.10 each and 100,000,000 undesignated shares; no undesignated shares have been issued. The table below summarizes Endeavour Mining's share structure at December 31, 2015.

Table 25: Outstanding shares evolution

	December 31, 2015	December 31, 2014
Shares issued and outstanding	58,969,629	41,248,472
Stock options	2,734,404	2,514,180

As at March 3, 2016 the date of this MD&A, the Corporation has 59,040,392 shares issued and outstanding, as well as 2,625,035 stock options outstanding.

The following table summarizes share option details outstanding as at December 31, 2015:

Table 26: Options schedule

Exercise Prices (CAD$)	Outstanding	Exercisable	Weighted average exercise price (CAD$)	Weighted average remaining contractual life
$5.20 - $7.99	657,074	-	-	0.00 years
$8.00 - $14.99	681,818	375,736	9.84	3.26 years
$15.00 - $19.99	312,437	312,437	15.19	1.53 years
$20.00 - $24.99	394,288	394,288	22.79	2.09 years
$25.00 - $29.99	459,000	459,000	26.4	0.97 years
$30.00 - $84.99	225,966	225,966	45.14	0.46 years
$85.00 - $449.57	3,821	3,821	301.54	1.23 years
	2,734,404	**1,771,248**	**23.09**	**1.74 years**

SUBSEQUENT EVENTS

On February 29, 2016, the Corporation announced the sale of its non-core Youga Mine to MNG Gold for $25.3 million. The sale includes the Youga Mine and the related exploration properties and is part of the Corporation's plan to focus on its core mining operations and assets.

The total cash consideration is comprised of US$20 million for the asset and US$5.3 million for the cash-on-hand. In addition, Endeavour has retained a 1.8% Net Smelter Royalty ("NSR") on production realized beyond the current reserve from the property sold, with the inclusion of a buyback provision.

NON-GAAP MEASURES

All-in sustaining margin and operating EBITDA

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use the all-in sustaining margin and operating earnings before interest, tax, depreciation and amortization ("operating EBITDA") to evaluate the Corporation's performance and ability to generate cash flows and service debt. Accordingly, 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 and operating EBITDA, as adjusted and calculated by the Corporation, for the three months and years ended December 31, 2015 and 2014:

Table 27: All-In Sustaining Margin

	Three months ended		Year ended	
($ '000')	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Revenues	156,823	147,744	601,376	583,576
Less: royalties	(7,510)	(6,657)	(28,820)	(28,307)
Less: cash costs of ounces sold (see table that follows)	(105,361)	(94,570)	(374,067)	(381,570)
Less: corporate G&A	(7,968)	(7,500)	(21,145)	(21,720)
Subtotal	35,984	39,017	177,344	151,979
Less: sustaining capital (see table that follows)	(9,924)	(12,973)	(48,451)	(30,580)
Less: sustaining exploration	(2,131)	(1,032)	(6,731)	(4,296)
All-in Sustaining Margin	**23,929**	**25,012**	**122,162**	**117,103**

Table 28: Operating EBITDA calculation

	Three months ended		Year ended	
($ '000')	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Earnings (loss) before tax[1]	(13,204)	(388,452)	42,555	(375,856)
Add back: Depreciation and depletion[1]	25,445	24,258	83,655	91,886
Add back: Impairment and write-downs[1]	-	365,940	-	365,940
Add back: Acquisition costs[1]	13,099	-	13,099	-
Deduct: Non recurring mineral property and other assets sales[1]	3,430	20,640	3,430	21,747
Add back: Finance costs[1]	6,665	6,601	30,452	27,862
Add back: (gains) losses on financial instruments[1]	(5,940)	890	(9,472)	11,192
Operating EBITDA	**29,495**	**29,877**	**163,719**	**142,771**

[1] As found on the consolidated statement of comprehensive income.

Cash cost per ounce of gold sold

The Corporation reports cash costs on the basis of ounces sold. In the gold mining industry these are common performance measures but do not have any standardized meanings. The Corporation follows the recommendation of the Gold Institute Production Cost Standard. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Corporation's performance and ability to generate cash flows. Accordingly, 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 following table provides a reconciliation of cash costs per ounce of gold sold (including the ounces sold from ore purchased), for the three months and years ended December 31, 2015 and 2014:

Table 29: Cash costs

	Three months ended		Year ended	
($ '000' except ounces sold)	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Operating expenses from mine operations[1]	110,748	102,562	381,954	387,486
Non-cash adjustments included in operating expenses	(5,387)	(7,992)	(7,887)	(5,916)
Cash cost	105,361	94,570	374,067	381,570
Divided by ounces of gold sold	142,343	123,354	519,812	461,755
Total cash cost per ounce of gold sold	**740**	**767**	**720**	**826**

[1] As found on the statement of earnings

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, and readers should be aware that this measure does not have a standardized meaning. This non-GAAP measure provides investors with transparency to the total period-attributable cash cost of producing an ounce of gold, and may aid in the comparison with other gold mining peers. Accordingly, 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 30: All-In Sustaining Costs

	Three months ended		Year ended	
($ '000' except ounces sold)	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Cash cost for ounces sold	105,361	94,570	374,067	381,570
Royalties	7,505	6,657	28,820	28,307
Corporate G&A	7,968	7,500	21,145	21,720
Sustaining capital	9,924	12,973	48,451	30,580
Sustaining exploration	2,131	1,032	6,731	4,296
All-in sustaining costs	132,889	122,732	479,214	466,473
Divided by gold ounces sold	142,343	123,354	519,812	461,755
All-In Sustaining Cost per ounce sold	**934**	**995**	**922**	**1,010**

Table 31: Sustaining capital

	Three months ended		Year ended	
($ '000' except ounces sold)	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Expenditures and prepayments on mining interests[1]	23,834	42,952	92,648	117,114
Non-sustaining capital at Tabakoto, Nzema and Agbaou mines	(9,364)	(24,523)	(30,419)	(72,762)
Sustaining exploration	(2,131)	(1,032)	(6,731)	(4,296)
Project capital spend at Houndé project	(2,415)	(4,424)	(7,047)	(9,476)
Sustaining capital	**9,924**	**12,973**	**48,451**	**30,580**

[1] As found on the statement of cash flows.

The $11.8 million of non-sustaining investments for the current three month period consists primarily of underground development at the Segala and Tabakoto underground mines, as well as non-sustaining exploration. Capital of $2.7 million was also spent on the Houndé Project in the fourth quarter and $2.1 million was incurred in ongoing resource conversion considered sustaining exploration.

The $37.5 million of non-sustaining investments for the current year end consists of $18.7 million at Tabakoto; $9.2 million in non-sustaining exploration; $7.0 million at Houndé; $2.1 million at Ity and $0.5 million at Nzema.

The Corporation utilizes components of the above tables to calculate free cash flow.

Cash costs and all-in sustaining costs on mine by mine basis

The following table provides additional detail as to how cash costs and all-in sustaining costs at the mine site level are calculated on a mine by mine basis for the years ended December 31, 2015 and 2014.

Table 32: 2015 Mines cash costs and AISC

For the year ended December 31, 2015	Unit	Agbaou	Nzema	Tabakoto	Youga	Ity	Total
Mining Physicals							
Total tonnes mined - Open pit	000t	20,447	8,144	9,333	8,026	368	
Total ore tonnes - Open pit	000t	2,818	1,310	520	1,335	63	
Total ore tonnes - Underground	000t	-	-	1,009	-	-	
Total tonnes milled	000t	2,665	1,783	1,588	1,064	102	
Gold sold	**oz**	**182,219**	**110,404**	**151,345**	**67,927**	**7,917**	**519,812**
Unit cost analysis							
Mining costs - Open pit[1]	$/t mined	2.63	4.73	2.59	3.86	2.38	
Mining costs – Underground[1]	$/t ore	-	-	40.02	-	-	
Processing and maintenance	$/t milled	6.88	14.28	22.90	20.10	16.26	
Site G&A	$/t milled	5.39	7.14	20.21	8.95	11.86	
Cash cost details							
Mining costs - Open pit	$000s	48,685	31,125	17,651	31,013	892	129,366
Mining costs -Underground	$000s	-	-	40,366	-	-	40,366
Processing and maintenance	$000s	18,330	25,454	36,357	21,388	1,653	103,182
Site G&A	$000s	14,372	12,727	32,095	9,519	1,205	69,918
Purchased ore at Nzema	$000s	-	29,447	-	-	-	29,447
Inventory adjustments	$000s	2,785	594	1,572	(3,793)	602	1,760
Cash costs for ounces sold	$000s	84,172	99,347	128,041	58,127	4,352	374,039
Royalties	$000s	7,575	7,234	10,438	3,038	535	28,820
Sustaining capital	$000s	13,191	10,839	23,048	854	519	48,451
Cash cost per ounce sold	$/oz	462	900	846	856	550	720
Mine-level AISC per ounce sold	**$/oz**	**576**	**1,064**	**1,067**	**913**	**683**	**868**

Table 33: 2014 Mines cash costs and AISC

For the year ended December 31, 2014	Unit	Agbaou	Nzema	Tabakoto	Youga	Total
Mining Physicals						
Total tonnes mined - Open pit	000t	19,560	8,769	7,046	4,993	
Total ore tonnes - Open pit	000t	2,741	1,366	638	1,161	
Total ore tonnes - Underground	000t	-	-	807	-	
Total tonnes milled	000t	2,241	1,587	1,485	991	
Gold sold[2]	**oz**	**143,772**	**114,044**	**127,357**	**76,582**	**461,755**
Unit cost analysis						
Mining costs - Open pit	$/t mined	2.61	4.56	4.55	4.98	
Mining costs – Underground	$/t ore	-	-	50.77	-	
Processing and maintenance	$/t milled	7.66	17.90	30.11	24.24	
Site G&A	$/t milled	3.84	7.87	17.62	10.88	
Cash cost details						
Mining costs - Open pit[1]	$000s	46,395	34,821	32,035	24,887	138,138
Mining costs -Underground[1]	$000s	-	-	40,956	-	40,956
Processing and maintenance	$000s	17,175	28,410	44,696	24,022	114,303
Site G&A	$000s	8,601	12,491	26,164	10,783	58,039
Purchased ore at Nzema	$000s	-	24,409	-	-	24,409
Inventory adjustments	$000s	2,999	231	5,376	(2,882)	5,725
Cash costs for ounces sold	$000s	75,170	100,362	149,227	56,810	381,570
Royalties	$000s	6,399	8,014	9,665	4,229	28,307
Sustaining capital	$000s	7,650	9,795	11,078	2,057	30,580
Cash cost per ounce sold	$/oz	523	880	1,172	742	826
Mine-level AISC per ounce sold	**$/oz**	**621**	**1,036**	**1,335**	**824**	**954**

Numbers may not add due to rounding, [1]Includes all capitalized mining costs, [2]Agbaou excludes pre-commercial production

Adjusted net earnings and adjusted net earnings per share

Adjusted net earnings and adjusted net earnings per share are financial measures with no standard meaning under IFRS. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently. Net earnings have been adjusted for items considered exceptional in nature and not related to Endeavour Mining's core operating of mining assets and Endeavour Mining uses this measure for its own internal purposes. The presentation of adjusted net earnings may enable investors and analysts to better understand the underlying operating performance of our core mining business through the eyes of management. Management periodically evaluates the components of adjusted net earnings based on an internal assessment of performance measures that are useful for evaluating the operating performance of our business and a review of the non-GAAP measures used by mining industry analysts and other mining companies.

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

Table 34: Adjusted net earnings

	For the three months ended		For the year ended	
($ in millions except per share and share amounts)	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Net earnings (loss) and total comprehensive earnings (loss)	(21.6)	(340.2)	35.6	(328.2)
Non-cash impairment charges	-	365.9	-	365.9
(Gain) loss on derivative instruments, marketable securities and interest	(0.3)	(1.5)	(1.1)	5.2
Loss on promissory note	-	3.3	-	3.3
Imputed interest on promissory note	-	(0.5)	(0.7)	(1.8)
Gain (loss) on foreign currency	(5.6)	(0.4)	(7.7)	4.6
Other expenses (income)	-	20.6	3.4	21.7
Stock-based payments	1.3	0.3	4.2	1.2
Acquisition costs	13.1	-	13.1	-
Deferred income tax expense (recovery)	8.1	(50.2)	2.7	(55.9)
Adjusted net earnings (loss) after tax	**(5.0)**	**(2.7)**	**49.5**	**16.0**
Attributable to non-controlling interests	**0.7**	**(0.3)**	**7.1**	**2.1**
Attributable to shareholders of the Corporation	**(5.7)**	**(2.4)**	**42.4**	**13.9**
Weighted average number of outstanding shares	48,050,323	41,314,367	42,963,687	41,314,152
Adjusted net earnings (loss) per share (basic)	**(0.12)**	**(0.06)**	**0.99**	**0.34**

HEALTH, SAFETY AND CORPORATE SOCIAL RESPONSIBILITY

Endeavour Mining emphasizes employee and affected stakeholders' health and safety and puts the highest priority on safe, healthy and environmentally sound work practices and systems. The Corporation's values and business principles on safety and health underpin its safety and health policy and represent the minimum guidelines for the Corporation and its employees in this respect. The Corporation has a Zero Harm policy which is applied at all sites, and continuous efforts are made to reduce the lost time injury frequency rate ("LTIFR") at all the operations. The following table shows the safety statistics for the most recent full year period, 2015.

Table 35: 2015 Statistics

Incident Category	Tabakoto	Agbaou	Nzema	Youga	lty	Total
Fatality	0	0	0	0	0	0
Lost Time Injury	4	0	1	1	4	10
Total Man Hours (millions)	3.8	2.3	3.3	1.7	2.1	13.2
LTIFR[1]	1.05	0	0.31	0.59	1.88	0.76

[1] Lost Time Injury Frequency Rate= (Number of LTIs in the Period X 1,000,000)/ (Total man hours worked for the period)

Endeavour Mining sees itself as an integral part of the communities in which it operates, as well as a responsible development partner. Endeavour Mining works in collaboration with and engages government, local communities and outside organizations to ensure it supports economic sustainability and social development, with projects including skills training and educational scholarships, healthcare, water and sanitation, public infrastructure maintenance, institutional capacity building and livelihood programs.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 effect on the amounts recognized in the Corporation's consolidated financial statements. The most critical accounting policies follow:

(a) Commencement of commercial production

Prior to a mine being capable of operating at levels intended by management, costs incurred are capitalized as part of the costs of related mining properties and proceeds from mineral sales are offset against costs capitalized. The Corporation defines the commencement of commercial production as the date that a mine has achieved a consistent level of production. Management considers several factors in determining when a mining interest is capable of operating at levels intended by management. Depletion of capitalized costs for mining properties begins when the mine is capable of operating at levels intended by management. Commercial production at the Agbaou Mine was declared on January 27, 2014 (accounting for commercial production commenced on February 1, 2014).

(b) Determination of economic viability

Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

(c) Functional currency

The functional currency for each of the Corporation's subsidiaries, and investments in associates, is the currency of the primary economic environment in which the entity operates. The Corporation has determined the functional currency of each entity is the US dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

(d) Business combinations

Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Corporation to make certain judgements, taking into account all facts and circumstances. If an acquired set of assets and liabilities includes goodwill, the set is presumed to be a business.

(e) Capitalization of waste stripping

Capitalization of waste stripping requires the Corporation to make judgments and estimates in determining the amounts to be capitalized. These judgments and estimates include and rely on the expected stripping ratio for each separate open pit, the determination of what defines separate pits, and the expected ounces to be extracted from each component of a pit, amongst others.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Corporation has not early adopted the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective. The Corporation is currently assessing the impact they will have on the consolidated financial statements.

- *IFRS 9, Financial Instrument*s: IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities measured at fair value through profit and loss. In July 2014, the IASB issued the final version of *IFRS 9 Financial Instruments* bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace *IAS 39 Financial Instruments: Recognition and Measurement.* The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 9 on its consolidated financial statements.

- *IFRS 15, Revenue from Contracts with Customers:* IFRS 15 introduces a new framework for determining the nature, amount, timing and uncertainty of revenues and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation is currently evaluating the potential impact of the new standard on its consolidated financial statements.

- *IFRS 16, Leases:* IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. The standard is effective for annual periods beginning on or after January 1, 2019. The Corporation is currently evaluating the potential impact of the new standards on its consolidated financial statements.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation's management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Corporation's assets and liabilities are as follows:

(a) Value Added Tax ("VAT")

Included in trade and other receivables are recoverable VAT balances owing by the fiscal authorities in Burkina Faso, Ghana, Cote d'Ivoire, and Mali. The Corporation is following the relevant process in each country to recoup the VAT balances owing and continues to engage with authorities to accelerate the repayment of the outstanding VAT balances.

(b) Impairment of mining interests and goodwill

The Corporation considers both external and internal sources of information in assessing whether there are any indications that mining interests and goodwill are impaired. External sources of information the Corporation considers include changes in the market, economic and legal environment in which the Corporation operates that are not within its control and affect the recoverable amount of mining interests and goodwill. Internal sources of information the Corporation considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

In determining the recoverable amounts of the Corporation's mining interests and goodwill, the Corporation's management makes estimates of the discounted future cash flows expected to be derived from the Corporation's mining properties, costs to sell the mining properties and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions about gold's selling price, future capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Reductions in gold price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Corporation's mining interests and/or goodwill. These factors moving in the opposite direction could result in full or partial reversals of previous write-downs to mining interests.

(c) Estimated recoverable ounces

The carrying amounts of the Corporation's mining interests are depleted based on recoverable ounces. Changes to estimates of recoverable ounces and depletable costs including changes from revisions to the Corporation's mine plans and changes in gold price forecasts can results in a change to future depletion rates.

(d) Mineral reserves

Mineral reserves and mineral resources are determined in accordance with Canadian Securities Administrator's national Instrument *43-101* Standards of Disclosure *for Mineral Projects.* Mineral reserve and resource estimates included numerous estimates. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is a dependent on the

quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as gold prices and market conditions could have a material effect in the future on the Corporation's financial position and results of operation.

(e) Environmental rehabilitation costs

The provisions for rehabilitation of mine and project sites and the related accretion expense are based on the expected costs of environmental rehabilitation and inputs used to determine the present value of such provisions using the information available at the reporting date. To the extent the actual costs differ from these estimates, adjustments will be recorded and the profit or loss may be impacted.

(f) Deferred income taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Corporation's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Corporation reassesses unrecognized and recognized income tax assets.

(g) Share-based payments

Significant assumptions are made when accounting for share-based payments. Changes to these assumptions may alter the resulting accounting and ultimately the amount charged to profit or loss.

(h) Contingencies

Due to the nature and complexity of the Corporation's operations, various legal and tax matters are ongoing at any given time. In the event that the circumstances surrounding these matters change or the Corporation's outlook for the outcomes of these matters changes, the effects will be recognized in the consolidated financial statements.

RISK FACTORS

Readers of this Management's Discussion and Analysis should give careful consideration to the information included or incorporated by reference in this document and the Corporation's audited consolidated financial statements and related notes for the year ended December 31, 2015. Significant risk factors for the Corporation are metal prices, government regulations, foreign operations, environmental compliance, dependence on management, title to the Corporation's mineral properties and litigation. For further details of risk factors, please refer to the most recent Annual Information Form filed on SEDAR at http://www.sedar.com/, the 2015 year-end audited consolidated financial statements, and the below discussions.

OPERATIONAL RISKS

a) *Political Risks*

The majority of Endeavour Mining's assets are located in West Africa. Endeavour Mining believes that the governments of the countries that the Corporation holds assets in support the development of their natural resources by foreign companies. There is no assurance however that future political and economic conditions of these countries will not result in their governments adopting different policies respecting foreign ownership of mineral resources, taxation, rates of exchange, environmental protection, labour relations, repatriation of income or return of capital, restrictions on production, price controls, export controls, local beneficiation of gold production, expropriation of property, foreign investment, maintenance of claims and mine safety. The possibility that a future government in any of these countries may adopt substantially different policies, which might include the expropriation of assets, cannot be ruled out. There is also a risk of limitations being placed on the ability to repatriate funds.

b) *Mineral Legislation*

Mineral reserve and mineral resource estimates are imprecise and depend partially on statistical inference drawn from drilling and other data, which may prove to be unreliable. Estimates, which were valid when made, may c0eral indicators of mine life. Reserves should not be interpreted as assurances of mine life or of the profitability of current or future production. There can be no assurance that those portions of such mineral resources that are not mineral reserves will ultimately be converted into mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Mining reserves depleted by production must be continually replaced to maintain production levels over the long term. There is no assurance that current or future exploration programs will result in any new commercial mining operations or yield new reserves to replace or expand current reserves.

c) *Outside Contractor Risks*

It is common for certain aspects of mining operations, such as drilling, blasting and hauling to be conducted by an outside contractor. The mining operations at the Youga Gold Mine, the Nzema Gold Mine and the Agbaou Gold Mine are undertaken by contactors and as a result, the Corporation is subject to a number of risks, including reduced control over the aspects of the operations that are the responsibility of the contractor, failure of a contractor to perform under its agreement with the companies, inability to replace the contractor if either party terminates the contract, interruption of operations in the event the contractor ceases operations due to insolvency or other unforeseen events, failure of the contractor to comply with applicable legal and regulatory requirements and failure of the contractor to properly manage its workforce resulting in labour unrest or other employment issues.

FINANCIAL AND RELATED RISKS

The Corporation's activities expose it to a variety of risks that may include currency risk, credit risk, liquidity risk, interest rate risk and other price risks, including equity price risk. The Corporation examines the various financial instrument risks to which it is exposed and assesses any impact and likelihood of those risks.

(i) *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. There has been no change in the Corporation's objectives and policies for managing this risk in the three months and year ended December 31, 2015.

The Corporation's maximum exposure to credit risk is as follows:

Table 36: Exposure to credit risk

	December 31, 2015	December 31, 2014
Cash and cash equivalents	$ 109,519	$ 62,179
Cash - restricted	4,824	4,517
Marketable securities	375	854
Trade and other receivables	13,045	21,530
	$ 127,763	$ 89,080

(ii) *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.

(iii) *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 including its capital expenditures. Gold is sold in US dollars and the Corporation's costs are incurred principally in CFA Franc, Canadian dollars, Euros, Ghana Cedi, and US dollars. The Corporation also holds cash and cash equivalents, marketable securities, and other receivables that are denominated in non-US dollar currencies which are subject to currency risk. The Corporation has not hedged its exposure to foreign currency exchange risk. The Corporation has not hedged its exposure to foreign currency exchange risk.

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

Table 37: Net assets in foreign currencies

	December 31, 2015	December 31, 2014
Canadian dollar	$ (2,961)	$ 1,111
CFA Francs	60,530	(6,451)
Other currencies	(687)	4,046
	$ 56,882	$ (1,294)

The effect on earnings and other comprehensive earnings before tax as at December 31, 2015, 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

$5.7 million (December 31, 2014, $0.1 million), assuming that all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at December 31, 2015.

(iv) *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 earnings before tax as at December 31, 2015, of a 10% change in the LIBOR rate on the Facility is estimated to be $0.1 million (December 31, 2014 - $0.1 million).

(v) *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 three months and nine ended December 31, 2015.

CONTROLS AND PROCEDURES

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, summarized 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 the end of and for the year ended December 31, 2015, 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, 2015, the disclosure controls and procedures were effective.

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.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. As at December 31, 2015, management evaluated the effectiveness of the Corporation's internal control over financial reporting as required by Canadian securities laws.

The Corporation was unable to conduct an assessment of the Ity Gold Mine's internal control over financial reporting in the period between the acquisition date and the date of management's internal control assessment, due to the timing of the acquisition. Accordingly, management excluded from its assessment the internal control over financial reporting of the Ity Gold Mine, which was acquired on November 27, 2015. As permitted under National Instrument 52-109 Certification of Disclosure, the Company will include its assessment of the Ity Gold Mine's internal control over financial reporting in its 2016 annual management report on internal control.

There have been no material changes in the Corporation's internal controls over financial reporting during the year ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

Based on that evaluation, the CEO and CFO have concluded that, as at December 31, 2015, 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.

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.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A and certain information incorporated herein by reference constitute forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to the Corporation's plans or future financial or operating performance, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "will continue" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". The material factors or assumptions used to develop material forward-looking statements are disclosed throughout this document.

Forward-looking statements, while based on management's best estimates and assumptions, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Endeavour Mining to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the successful integration of acquisitions; risks related to international operations; risks related to joint venture operations; risks related to general economic conditions and credit availability, actual results of current exploration activities, unanticipated reclamation expenses; changes in project parameters as plans continue to be refined; fluctuations in prices of metals including gold; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Corporation operates, actual resolutions of legal and tax matters, as well as those factors discussed in the section entitled "Description of the Business – Risk Factors" in Endeavour Mining's most recent Annual Information Form available on SEDAR at www.sedar.com. 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.