

Three months ended March 31, 2016 and 2015

(Expressed in Thousands of United States Dollars)

(Unaudited)

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Thousands of United States Dollars)
(Unaudited)

	March 31, 2016	December 31, 2015
ASSETS		
Current		
Cash	$ 117,004	109,519
Cash - restricted	3,583	4,824
Trade and other receivables	5,474	13,045
Income taxes receivable (Note 17)	283	2,945
Inventories (Note 5)	74,653	93,939
Prepaid expenses and other	12,603	12,640
Loan receivable (Note 6)	15,000	-
	228,600	236,912
Mining interests (Note 7)	731,282	740,756
Deferred income taxes	72,820	70,116
Other long term assets (Note 8)	6,083	6,310
	$ 1,038,785	$ 1,054,094
LIABILITIES		
Current		
Trade and other payables	112,659	127,581
Current portion of finance lease obligations (Note 9)	4,315	4,394
Current portion of derivative financial liabilities (Note 10)	5,554	5,463
Income taxes payable	17,759	16,061
	140,287	153,499
Finance lease obligations (Note 9)	8,282	9,025
Long-term debt (Note 11)	226,708	225,582
Other long term liabilities (Note 12)	36,052	38,862
Deferred income taxes	25,791	30,014
	437,120	456,982
EQUITY		
Share capital (Note 13 (a))	1,071,898	1,071,088
Equity reserve (Note 13)	41,981	41,966
Retained earnings	(547,995)	(548,951)
Equity attributable to shareholders of the Corporation	565,884	564,103
Non-controlling interests (Note 14)	35,781	33,009
Total equity	601,665	597,112
	$ 1,038,785	$ 1,054,094

COMMITMENTS AND CONTINGENCIES (NOTE 21)
SUBSEQUENT EVENTS (NOTE 22)

Approved by the Board: April 29, 2016
"Neil Woodyer" Director *"Wayne McManus"* Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Condensed Interim Consolidated Statements of Comprehensive Earnings (Loss)
(Expressed in Thousands of United States Dollars)
(Unaudited)

	Three months ended March 31,	
	2016	2015
Revenues		
Gold revenue	$ 143,957	$ 130,449
Cost of sales		
Operating expenses	83,985	79,759
Depreciation and depletion	26,224	17,958
Royalties	6,590	6,353
Earnings from mine operations	27,158	26,379
Corporate costs	4,826	3,983
Acquisition costs (Note 22)	1,249	-
Share-based payments (Note 13 (b))	2,555	1,130
Exploration	914	649
Earnings from operations	17,614	20,617
(Losses) gains on financial instruments (Note 15)	(2,875)	3,891
Finance costs	(6,844)	(7,808)
Other expenses (Note 16)	90	169
Other income (expenses)	(9,629)	(3,748)
Earnings from continuing operations before taxes	7,985	16,869
Current income taxes expense	(2,342)	(879)
Deferred income taxes recovery (expense)	5,488	(5,066)
Net and comprehensive earnings from continuing operations	11,131	10,924
Net (loss) earnings from discontinued operations and loss on disposal (Note 4)	(3,273)	2,027
Total net and comprehensive earnings	7,858	12,951
Net earnings from continuing operations attributable to:		
Shareholders of Endeavour Mining Corporation	4,054	7,271
Non-controlling interests (Note 14)	7,077	3,653
Net earnings from continuing operations	$ 11,131	$ 10,924
Total net earnings attributable to:		
Shareholders of Endeavour Mining Corporation	956	9,045
Non-controlling interests (Note 14)	6,902	3,906
Total net earnings	$ 7,858	$ 12,951
Net earnings per share from continuing operations (Note 13 (c))		
Basic earnings per share	$ 0.07	$ 0.18
Diluted earnings per share	$ 0.07	$ 0.18
Net earnings per share (Note 13 (c))		
Basic earnings per share	$ 0.02	$ 0.22
Diluted earnings per share	$ 0.02	$ 0.22

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Thousands of United States Dollars)
(Unaudited)

	Three months ended March 31,	
	2016[1]	2015 [1]
Operating Activities		
Earnings before taxes	$ 5,583	$ 20,289
Adjustments for:		
Depreciation and depletion	27,483	19,451
Unwinding of reclamation obligation	192	194
Amortization of financing costs	1,124	1,016
Unrealized gain on marketable securities and interest on working capital loan	(115)	(79)
Share-based payments, net of cash paid on settlement of performance share units	1,951	1,130
Unrealized gain on derivative financial instruments	91	-
Loss on derecognition of promissory note	-	(2,025)
Realized loss on derivative financial instruments	3,502	2,283
Pension adjustment	72	-
Loss on disposition of Youga Mine (Note 4)	1,025	-
Interest expense	3,548	3,937
Unrealized foreign exchange (gain) loss	(1,250)	(1,592)
Income taxes paid	(2,624)	(2,834)
Operating cash flows before non-cash working capital	40,582	41,770
Changes in non-cash working capital:		
Trade and other receivables	100	(2,161)
Prepaid expenses and other	(2,328)	1,298
Inventories	(4,636)	(294)
Trade and other payables	(13,571)	(9,711)
Other	-	522
Cash generated from operating activities	$ 20,147	$ 31,425
Investing Activities		
Expenditures and prepayments on mining interests	(21,032)	(24,933)
Bridge loan advanced to True Gold (Note 6)	(15,000)	-
Cash received on sale of Youga Mine (net) (Note 4)	22,086	-
Other	539	(461)
Cash used in investing activities	$ (13,407)	$ (25,394)
Financing Activities		
Proceeds received from the issue of common shares	539	-
Cash payment on settlement of hedge programs (Note 10)	(3,212)	(2,283)
Payment of financing and other fees	-	(5,387)
Interest paid	(431)	(4,172)
Repayment of finance lease obligation (Note 11)	(823)	(818)
Cash used in financing activities	$ (3,927)	$ (12,660)
Effect of exchange rate changes on cash	4,672	854
Increase (decrease) in cash	7,485	(5,775)
Cash, beginning of year	109,519	62,179
Cash, end of year	$ 117,004	$ 56,404

[1] The earnings before income taxes were determined as:

Earnings before taxes from continuing operations	7,985	16,869
Net (loss) earnings from discontinued operations and loss on disposal (Note 4)	(3,273)	2,027
Deferred and current income taxes on discontinued operations	871	1,391
Earnings before income taxes	5,583	20,289

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Thousands of United States Dollars)
(Unaudited)

	Share Capital												
	Number of Common Shares	Par Value	Additional Paid in Capital	Number of Exchangeable Shares	Par Value	Additional Paid in Capital	Total Number of Shares	Total Share Capital	Equity Reserve	Retained Earnings	Total Attributable to Shareholders	Non-Controlling Interests	Total
At January 1, 2015	41,248,686	$ 4,119	$ 985,746	65,680	$ 7	$ 1,697	4,131,437	$ 991,569	$ 39,961	$ (567,178)	$ 464,352	$ (20,982)	443,370
Share based payments	-	-	-	-	-	-	-	-	560	-	560	-	560
Net loss and total comprehensive loss	-	-	-	-	-	-	-	-	-	9,045	9,045	3,906	12,951
At March 31, 2015	41,248,686	$ 4,119	$ 985,746	65,680	$ 7	$ 1,697	4,131,437	$ 991,569	$ 40,521	$ (558,133)	$ 473,957	$ (17,076)	$ 456,881
At January 1, 2016	58,969,261	$ 5,892	$ 1,063,876	50,681	$ 5	$ 1,315	59,019,942	$ 1,071,088	$ 41,966	$ (548,951)	$ 564,103	$ 33,009	$ 597,112
Exchangeable shares exchanged into common shares	10,096	1	257	(10,096)	(1)	(257)	-	-	-	-	-	-	-
Share options exercised	102,900	10	800	-	-	-	102,900	810	(273)	-	537	-	537
Share based payments (Note 13 (b))	-	-	-	-	-	-	-	-	288	-	288	-	288
Disposal of the Youga Mine (Note 4)	-	-	-	-	-	-	-	-	-	-	-	(4,130)	(4,130)
Net earnings and total comprehensive earnings	-	-	-	-	-	-	-	-	-	956	956	6,902	7,858
At March 31, 2016	59,082,257	$ 5,903	$ 1,064,933	40,585	$ 3	$ 1,058	59,122,842	$ 1,071,898	$ 41,981	$ (547,995)	$ 565,884	$ 35,781	$ 601,665

The accompanying notes are an integral part of these condensed interim consolidated financial statements

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Endeavour Mining Corporation ("Endeavour" or the "Corporation") is a publicly listed gold mining company that operates four mines in West Africa in addition to having project development and exploration assets. Endeavour is focused on effectively managing its existing assets to maximize cash flows as well as pursuing organic and strategic growth opportunities that benefit from its management and operational expertise.

Endeavour's corporate office is in Vancouver, Canada and its shares are listed on the Toronto Stock Exchange ("TSX") (symbol EDV) and quoted in the United States on the OTCQX International under the symbol 'EDVMF'. The Corporation is incorporated in the Cayman Islands and its registered office is located at 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting,* using the accounting policies consistent with International Financial Reporting Standards ("IFRS").

These condensed interim consolidated financial statements should be read in conjunction with the most recently issued annual consolidated financial statements of the Corporation, which include information necessary or useful to understanding the Corporation's business and financial statement presentation. In particular, the Corporation's significant accounting policies were presented as Note 2 to the consolidated financial statements for the fiscal year ended December 31, 2015, and have been consistently applied in the preparation of these interim financial statements.

(b) Basis of preparation

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at fair value at the end of each reporting period. The Corporation's accounting policies have been applied consistently in preparing these condensed interim consolidated financial statements.

(c) Accounting standards recently adopted

Effective January 1, 2016, the Corporation adopted the following new accounting standards:

- *IAS 1, Presentation of Financial Statements:* the amendments clarify guidance on materiality and aggregation, use of subtotals, aggregation and disaggregation of financial statement line items, the order of the notes to the financial statements and disclosure of significant accounting policies. The adoption of this amended standard has no material impact on the Corporation's consolidated financial statements.
- *IFRS 7, Financial Instruments:* Disclosures: the amendments require increased disclosure regarding derecognition of financial assets and the continuing involvement accounting in connection with servicing contracts for annual periods beginning on or after January 1, 2016. The adoption of this amended standard has no material impact on the Corporation's consolidated financial statements.
- *IAS 34, Interim Financial Reporting:* the amendments clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but

outside the interim financial statements. The adoption of this amended standard has no impact on the Corporation's consolidated financial statements.

3. ACQUISITION OF THE ITY MINE

On November 27, 2015, the Corporation completed the acquisition of 55% interest in Société des Mines d'Ity S.A. ("Ity Mine"), in exchange for 17.7 million common shares of Endeavour. The consideration and preliminary allocation of the fair value of assets acquired and liabilities assumed was presented in the Corporation's consolidated financial statements for the year ended December 31, 2015. There has been no change to the original estimates to date.

4. DISPOSITION OF MINING INTERESTS

On February 29, 2016, the Corporation announced and completed 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 $20 million for the asset and $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.

The Corporation recognized a loss on disposition of $1.0 million, net of tax, calculated as follows:

Cash proceeds	25,228
Transaction costs	(934)
Total proceeds	24,294
Net assets sold and derecognized:	
Cash	3,142
Inventories	21,199
Other current assets	12,406
Mining interests	10,826
Other non-current assets	658
Accounts payable and accrued liabilities	(12,542)
Provisions	(4,800)
Other non-current liabilities	(1,440)
	29,449
Non-controlling interest	4,130
Net assets attributable to Endeavour	25,319
Loss on disposition	(1,025)

The components of net loss from discontinued operation the three months ended March 31, 2016 and 2015, were as follows:

	Three months ended March 31,	
	2016	2015
Revenue		
Gold revenue	$ 7,457	$ 21,616
Cost of sales		
Operating expenses	6,911	14,486
Depreciation and depletion	1,259	1,493
Royalties	327	889
Earnings (loss) from mine operations	(1,040)	4,748
Exploration	278	54
Earnings (loss) from operations	(1,318)	4,694
Other income (expenses)		
(Losses) gains on financial instruments	-	(1,249)
Finance costs	(59)	(27)
Loss on disposition	(1,025)	-
	(1,084)	(1,276)
Earnings (loss) before taxes	(2,402)	3,419
Income taxes (expense) recovery	(871)	(1,391)
Net (loss) earnings from discontinued operations	(3,273)	2,027
Shareholders of Endeavour Mining Corporation	(3,098)	1,774
Non-controlling interest	(175)	253
Total (loss) earnings from discontinued operations	$ (3,273)	$ 2,027
Net (loss) earnings per share from discontinued operations		
Basic	$ (0.05)	$ 0.04
Diluted	$ (0.05)	$ 0.04

The net cash flows from discontinued operation for the three months ended March 31, 2016 and 2015, were as follows:

	Three months ended March 31,	
	2016	2015
Net cash (used in) generated from operating activities	$ (3,871)	$ 4,264
Cash generated from (used) in investing activities	22,055	(284)
Total	$ 18,184	$ 3,980

5. INVENTORIES

	March 31, 2016	December 31, 2015
Doré bars[1]	$ 996	$ 1,950
Gold in circuit[2]	13,416	13,675
Ore stockpiles[3]	20,488	33,547
Spare parts and supplies	39,752	44,767
	$ 74,653	$ 93,939

(1) Includes a charge of $Nil million to reduce the costs of inventory to net realizable value at the Tabakoto mine (December 31, 2015, recovery of $0.7 million) and a charge of $0.3 million at the Nzema mine (December 31, 2015, recovery of $0.4 million).
(2) Includes a charge of $Nil million to reduce the costs of inventory to net realizable value at the Tabakoto mine (December 31, 2015, recovery of $0.6 million) and $0.5 million at the Nzema mine (December 31, 2015, recovery of $0.7 million).
(3) Includes a charge of $Nil million to reduce the costs of inventory to net realizable value at the Tabakoto mine (December 31, 2015, recovery of $1.6 million) and a charge of $1.2 million to reduce the costs of inventory to net realizable value at the Nzema mine (December 31, 2015, $3.6 million).

The $74.7 million inventory balance at March 31, 2016, does not include $21.2 million of inventory related to the disposed Youga Mine (December 31, 2015, $19.8 million included in the $93.9 million balance) (Note 4).

The cost of inventories recognized as expense in the three months ended March 31, 2016, was $110.0 million, and were included in operating expenses (March 31, 2015 - $97.7 million).

6. LOAN RECEIVABLE

On March 22, 2016, as part of the arrangement agreement with True Gold Mining Inc. (“True Gold”) (Note 22), the Corporation provided a $15.0 million convertible bridge loan (“Bridge Loan”) to True Gold to ensure True Gold remains well funded as it completes construction of the Karma Mine.

The Corporation has the right to convert the whole or any part of the principal amount of the Bridge Loan outstanding, or capitalized interest outstanding, into common shares of True Gold upon an occurrence of certain events, as specified in the convertible loan note agreement, which include, among others, non-payment when due, failure to obtain True Gold shareholder approval for the Arrangement (Note 22), acceptance by True Gold of a superior proposal, or an event of default under the True Gold gold stream.

The loan bears interest at LIBOR plus 12% per annum and is repayable within 12 months.

The loan receivable is classified as at fair value through profit or loss financial asset and is recorded at fair value. At March 31, 2016, the Bridge Loan is recognized at its fair value of $15.0 million.

As discussed in Note 22, the Corporation has completed the acquisition of True Gold on April 26, 2016.

7. MINING INTERESTS

	Mining Properties				
	Depletable	Non depletable	Plant and equipment	Corporate assets	Total
Cost					
Balance as at December 31, 2014	$ 833,155	$ 436,205	$ 542,924	$ 1,862	$ 1,814,146
Acquisition of the Ity Mine (Note 3)	15,823	-	15,361	346	31,530
Expenditures/additions	65,950	10,065	19,578	477	96,070
Transfers	(6,944)	-	6,944	-	-
Reclamation liability change in estimate	(1,671)	-	-	-	(1,671)
Disposals	-	-	(142)	-	(142)
Balance as at December 31, 2015	906,313	446,270	584,665	2,685	1,939,933
Expenditures/additions	12,624	6,099	6,421	7	25,151
Disposal of the Youga Mine (Note 4)	(84,837)	(19,538)	(75,268)	-	(179,643)
Balance as at March 31, 2016	$ 834,100	$ 432,831	$ 515,818	$ 2,692	$ 1,785,441
Accumulated depreciation and impairment					
Balance as at December 31, 2014	$ 573,811	$ 212,075	$ 328,648	$ 1,581	$ 1,116,115
Depreciation/depletion	44,096	-	39,143	415	83,654
Depreciation charge included in inventory	1,298	-	(1,875)	-	(577)
Disposals	-	-	(15)	-	(15)
Balance as at December 31, 2015	619,205	212,075	365,901	1,996	1,199,177
Depreciation/depletion	14,713	-	11,387	124	26,224
Depreciation charge included in inventory	(2,308)	-	(977)	-	(3,285)
Disposal of the Youga Mine (Note 4)	(79,404)	(16,772)	(71,781)	-	(167,957)
Balance as at March 31, 2016	$ 552,206	$ 195,303	$ 304,530	$ 2,120	$ 1,054,159
Carrying amounts					
At December 31, 2015	$ 287,108	$ 234,195	$ 218,764	$ 689	$ 740,756
At March 31, 2016	$ 281,894	$ 237,528	$ 211,288	$ 572	$ 731,282

At March 31, 2016, the carrying amount of plant and equipment included $13.0 million of assets under finance leases (December 31, 2015 - $14.3 million).

At March 31, 2016, mineral property additions included $4.1 million in accounts payable (March 31, 2015 - $2.8 million).

A summary by property of the carrying value is as follows:

					Development Projects				
	Tabakoto Mine	Nzema Mine	Youga Mine	Agbaou Mine	Ity Mine	Houndé Project	Ouaré Project	Exploration Properties	Corporate assets	Total
Cost										
Balance as at December 31, 2014	$ 683,315	$ 622,375	$ 167,511	$ 192,415	$ -	$ 131,870	$ 11,629	$ 3,169	$ 1,862	$ 1,814,146
Acquisition of the Ity Mine (Note 5)	-	-	-	-	31,184	-	-	-	346	31,530
Expenditures/additions	53,675	11,367	934	19,067	3,980	6,570	-	-	477	96,070
Reclamation liability change in estimate	2,055	(4,546)	(289)	1,127	(18)	-	-	-	-	(1,671)
Disposals	-	-	(142)	-	-	-	-	-	-	(142)
Balance as at December 31, 2015	739,045	629,196	168,014	212,609	35,146	138,440	11,629	3,169	2,685	1,939,933
Additions/expenditures	8,859	1,943	-	8,269	3,437	2,636	-	-	7	25,151
Disposal of the Youga Mine (Note 4)	-	-	(168,014)	-	-	-	(11,629)	-	-	(179,643)
Balance as at March 31, 2016	$ 747,904	$ 631,139	$ -	$ 220,878	$ 38,583	$ 141,076	$ -	$ 3,169	$ 2,692	$ 1,785,441
Accumulated depreciation and impairment										
Balance as at December 31, 2014	$ 475,408	$ 445,162	$ 149,439	$ 29,727	$ -	$ -	$ 11,629	$ 3,169	$ 1,581	$ 1,116,115
Depreciation/depletion	29,211	18,032	6,109	29,143	744	-	-	-	415	83,654
Depreciation captured in inventory	(1,159)	(340)	795	(1,035)	1,162	-	-	-	-	(577)
Disposals	-	-	(15)	-	-	-	-	-	-	(15)
Balance as at December 31, 2015	503,460	462,854	156,328	57,835	1,906	-	11,629	3,169	1,996	1,199,177
Depreciation/depletion	7,562	6,206	-	6,552	5,780	-	-	-	124	26,224
Depreciation captured in inventory	(201)	(2,685)	-	1,043	(1,442)	-	-	-	-	(3,285)
Disposal of the Youga Mine (Note 4)	-	-	(156,328)	-	-	-	(11,629)	-	-	(167,957)
Balance as at March 31, 2016	$ 510,821	$ 466,375	$ -	$ 65,430	$ 6,244	$ -	$ -	$ 3,169	$ 2,120	$ 1,054,159
Carrying amounts										
At December 31, 2015	$ 235,585	$ 166,342	$ 11,686	$ 154,774	$ 33,240	$ 138,440	$ -	$ -	$ 689	$ 740,756
At March 31, 2016	$ 237,083	$ 164,764	$ -	$ 155,448	$ 32,339	$ 141,076	$ -	$ -	$ 572	$ 731,282

8. OTHER LONG TERM ASSETS

Other long term assets are comprised of:

	March 31, 2016	December 31, 2015
Working capital loan	$ 1,025	$ 1,017
Investment in associate	2,000	2,000
Long term stockpiles	2,765	3,047
Long term receivable	293	246
Total	$ 6,083	$ 6,310

Investment in associate and working capital loan

The Corporation holds a 15% investment in associate and applies the equity method to account for the investment. The Corporation also has a working capital loan receivable from the associate.

Long term stockpiles

Certain low grade stockpiles that are not expected to be processed until the end of mine life are classified as long term assets. In the three months ended March 31, 2016, a charge of $Nil million (March 31, 2015, charge of $0.2 million) was recorded to adjust the cost to net realizable value.

9. FINANCE LEASE OBLIGATIONS

On March 7, 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.

The finance leases were composed of the following obligations:

	March 31, 2016	December 31, 2015
Equipment lease obligations	$ 12,597	$ 13,419
Less: current portion	(4,315)	(4,394)
Long-term equipment lease obligations	$ 8,282	$ 9,025

	Minimum lease payments	
	March 31, 2016	December 31, 2015
Not later than one year	$ 4,540	$ 4,540
Later than one year and not later than five years	10,142	11,278
	14,682	15,818
Less future finance charges	(2,085)	(2,399)
Present value of minimum lease payments	$ 12,597	$ 13,419

10. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial liabilities

The following table summarizes the derivative financial liabilities:

	March 31, 2016	December 31, 2015
Gold price protection programs (a)	$ 4,994	$ 4,005
Fuel price protection program (b)	560	1,458
Less: current portion	(5,554)	(5,463)
Derivative financial liabilities, long term	$ -	$ -

The following table summarizes the gain (loss) on derivative financial liabilities that have been recognized through the consolidated statements of comprehensive earnings (loss):

	Three months ended March 31, 2016	2015
Realized loss - gold and fuel price protection programs	$ (3,502)	$ (2,283)
Change in unrealized (loss) gain on gold and fuel price protection programs	(91)	2,060
Total loss on the gold and fuel price protection programs	$ (3,593)	$ (223)

(a) Gold price protection programs

Forward contracts

Prior to Endeavour's acquisition, Adamus implemented a gold price protection program as part of the initial project financing of the Nzema Gold Mine. The gold price protection program consisted of gold forward contracts initially covering 290,000 ounces at a forward price of $1,075 per ounce and subsequently amended to $1,061 per ounce. The program required no cash or other margin.

On July 29, 2013 Endeavour re-distributed a portion of the 96,163 ounces of remaining forward contracts to several new lenders. The amended strike price has increased from $1,061 per ounce to a weighted average strike price $1,332 per ounce. On the close out of the former hedge under the Nzema project financing, a $300 per ounce increase in the strike price gave rise to a crystallized loss; this crystallized loss will be allocated and paid over the remaining hedge deliveries, resulting in the net proceeds to be received of $1,032 per ounce ($1,332 per ounce less the loss of $300 per ounce). Other terms and conditions remain the same.

The settlements of the forward contracts are in cash as there is no exchange of physical gold between the Corporation and the buyer. During the three months ended March 31, 2016, the Corporation settled 6,663 ounces of gold resulting in a realized loss of $2.5 million (March 31, 2015, $1.3 million).

As at March 31, 2016, 13,438 ounces of gold forward contracts remain outstanding with a fair value of $5.0 million (December 31, 2015, $4.0 million).

(b) Fuel Swap Contracts

On June 1, 2015, Endeavour initiated a 12-month fuel price protection program approximately equal to 50% of the diesel fuel requirement at the Tabakoto Mine in the form of a cash-settled commodity swap transaction with Societe Generale. The strike price of the swap is $572 per metric tonne (Mtonne) of Gas Oil, with monthly settlements of 1,268 Mtonnes.

During the three months ended March 31, 2016, the Corporation settled 3,804 Mtonnes of Gas Oil resulting in a realized loss of $1.0 million (March 31, 2015, $nil).

As at March 31, 2016, 2,537 Mtonnes of Gas Oil swap contracts remain outstanding as a liability of $0.6 million (December 31, 2015, $1.5 million).

11. LONG-TERM DEBT

	March 31, 2016	December 31, 2015
Corporate loan facility	$ 240,000	$ 240,000
Deferred financing costs	(13,859)	(14,983)
Corporate loan facility	226,141	225,017
Other	567	565
Total debt	$ 226,708	$ 225,582

On July 24, 2013, the Corporation signed a $350 million amended senior secured revolving corporate loan facility (the "Facility") and utilized $300 million of the amended Facility while completing the expansion of the Tabakoto mine and the construction of the Agbaou mine.

On March 10, 2015, the Corporation renewed its Facility with a syndicate of leading international banks. The renewed Facility has a 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 Endeavour's material gold mining subsidiaries and certain material assets of those subsidiaries.

The Corporation repaid $60.0 million in principal in the year ended December 31, 2015.

On April 28, 2016, the Corporation made a principal payment of $40.0 million to reduce the drawn amount on the facility to $200.0 million.

12. OTHER LONG TERM LIABILITIES

Provisions are comprised of:

	March 31, 2016	December 31, 2015
Environmental rehabilitation provision[(1)]	$ 31,232	$ 35,893
Deferred and performance share liability	4,388	2,608
Net pension obligation	432	361
Total	$ 36,052	$ 38,862

(1) As at March 31, 2016, the environmental rehabilitation provision was reduced by $4.8 million related to the disposed Youga Mine (Note 4).

Long-term compensation award – Gold Strategy

In early 2009, Endeavour launched its gold investment strategy ("Gold Strategy"), which is the basis of the Corporation's gold mining business. In order to retain, attract, and motivate a group of specialist professional employees with the skills and experience necessary to significantly enhance the profitability and growth of Endeavour's gold business, a long term bonus policy (the "Gold LTI Policy") was established concurrently with the implementation of the Gold Strategy. To ensure that the interests of Endeavour's management team were aligned with shareholders over the long term, the Gold LTI Policy was designed to compensate management when shareholders receive a direct benefit or realization. An award under the Gold LTI Policy (a "Gold LTI Award") is calculated as 10% of the increase in value of Gold Strategy assets and is crystalized and becomes payable upon the sale of a material gold asset, the realization of increased value on completion of a corporate transaction, and certain other events necessary to protect the integrity of the Gold LTI Policy.

Since the start of the Gold LTI Policy, one crystallization event has occurred which resulted in the disbursal of a Gold LTI Award of $8.0 million in aggregate under the Gold LTI Policy. No other crystallization events have occurred in the implementation of the Gold LTI Policy and therefore no other Gold LTI Awards have been paid or accrued to date.

The calculation of a Gold LTI Award is dependent on the nature of the crystallization event that gives rise to the obligation to make a Gold LTI Award. Intermediate gold producers with attractive growth profiles have been attractive acquisition targets for larger gold producers. In the event an offer is made for the Corporation that is accepted by its shareholders, a Gold LTI Award would be determined as 10% of the acquisition value in excess of the equity cost base of the Corporation on an issued share basis. The equity cost base is the accumulation of the historic market values (or strike prices of exercised stock options) for all of the shares issued by Endeavour to build the gold company, which as of April 26, 2016 was equivalent to approximately C$1,417 million (or C$16.81 per issued share), (December 31, 2015, C$1,061 million or C$17.97 per issued share). Future Gold LTI Awards payable on a crystallization event will be calculated based on the value of the actual consideration exchanged, which may vary significantly from an estimate derived from Endeavour's market capitalization.

13. SHARE CAPITAL

(a) Voting shares

Authorized
100,000,000 voting shares of $0.10 par value
100,000,000 undesignated shares

(b) Share-based compensation

The following table summarizes the share-based compensation:

	Three months ended March 31	
	2016	2015
Amortization of option grants	$ 288	$ 561
Total expense recognized on grant and change in fair value of DSUs	661	207
Total expense recognized on grant and change in fair value of PSUs	1,003	-
Total expense recognized on settlement of PSUs	603	362
Total share-based payments	$ 2,555	$ 1,130

(i) Options

A summary of the changes in share options is presented below:

	Options outstanding	Weighted average exercise price (C$)
At December 31, 2014	2,514,127	$ 20.61
Granted	699,374	6.02
Expired	(479,097)	17.33
At December 31, 2015	2,734,404	17.45
Granted	346,790	10.94
Exercised	(102,900)	7.01
Expired	(196,225)	37.87
At March 31, 2016	2,782,069	$ 15.59

On March 11, 2016, the Corporation issued 346,790 options with a strike price of C$10.94 and a fair value of $1.16 million (C$1.8 million), to be expensed over 2 years. The options were valued using the Black-Scholes option pricing model. Assumptions used were a dividend yield of nil, expected volatility of 71.3%, risk free rate of 0.9% and expected life of 3.24 years.

The following table summarizes information about the outstanding and exercisable share options outstanding as at March 31, 2016:

Exercise Prices (C$)	Outstanding	Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
$5.20 - $7.99	575,974	219,900	$ 6.10	3.61 years
$8.00 - $14.99	964,608	326,652	9.95	2.74 years
$15.00 - $19.99	312,437	312,437	15.19	1.28 years
$20.00 - $24.99	389,188	389,188	22.79	1.70 years
$25.00 - $29.99	457,500	457,500	26.40	0.68 years
$30.00 - $84.99	79,240	79,240	43.00	0.69 years
$85.00 - $449.57	3,122	3,122	327.73	1.13 years
	2,782,069	1,788,039	$ 19.41	1.74 years

The Corporation has established a share option plan whereby the Corporation's directors may from time to time grant options to directors, employees or consultants. The maximum term of any option is ten years. The exercise price of an option is not less than the volume weighted average trading price of the shares traded on the exchange for the five trading days immediately preceding the grant date. At March 31, 2016, there were 5,912,284 (December 31, 2015 – 5,902,031) options available for grant under the plan, of which 3,130,215 (December 31, 2015 – 3,167,627) are still available to be granted.

(ii) Deferred share units

On January 26, 2013, the Corporation established a deferred share unit plan ("DSU") for the purposes of strengthening the alignment of interests between non-executive directors of the Corporation and shareholders by linking a portion of the annual director compensation to the future value of the Corporation's common shares. Upon establishing the DSU plan for non-executive directors, the Corporation no longer grants options to non-executive directors.

The DSU allows each non-executive director to choose to receive, in the form of DSUs, all or a percentage of the director's fees, which would otherwise be payable in cash. Compensation for serving on committees must be paid in the form of DSUs. The plan also provides for discretionary grants of additional DSUs by the Board. Each DSU fully vests upon award, but is distributed only when the director has ceased to be a member of the Board. Vested units are settled in cash based on the common share price at that time.

A summary of the changes in DSUs is presented below:

	DSUs outstanding	Weighted average exercise price (C$)
At December 31, 2014	96,763	$ 4.54
Granted	81,321	6.36
At December 31, 2015	178,084	5.37
Granted	14,404	11.03
At March 31, 2016	192,488	$ 5.79

The total fair value of DSUs at March 31, 2016, was $1.6 million (December 31, 2015 – $1.0 million). The fair value of the DSUs was recognized as share-based payments totaling $0.6 million for the three months ended March 31, 2016 (March 31, 2015, $0.2 million), with a corresponding amount recorded as a deferred share unit liability in the consolidated statement of financial position (Note 12).

(iii) Performance share units

In March 2014, following a comprehensive review of its executive compensation programs and pay practices, the Corporation introduced a change in its long term incentive plan ("LTI Plan") to include a portion of performance-linked share unit awards ("PSUs"). The PSU program is intended to increase the pay mix in favour of long-term equity-based compensation with 3 year cliff-vesting to serve as an employee retention mechanism.

A summary of the changes in PSUs is presented below:

	PSUs outstanding	Weighted average exercise price (C$)
At December 31, 2014	262,700	$ 9.50
Granted	298,000	6.10
Exercised/Released	(1,888)	9.50
Expired	(41,012)	8.02
At December 31, 2015	517,800	7.61
Granted	205,430	10.94
Exercised/Released	(40,370)	7.29
Expired	(23,230)	8.29
At March 31, 2016	659,630	$ 8.64

The total fair value of outstanding PSUs at March 31, 2016, was $2.8 million (December 31, 2015 - $1.6 million). The fair value of the PSUs was recognized as share-based payment expense totaling $1.6 million for the three months ended March 31, 2016, (March 31, 2015, $0.4 million), with a corresponding amount recorded as a preferred share unit liability in the consolidated statement of financial position (Note 12), which reflects additional expense of $0.6 million for certain PSUs exercised in the quarter.

(c) Diluted earnings per share

Diluted net earnings (loss) per share was calculated based on the following:

	Three months ended March 31,	
	2016	2015
Basic weighted average number of shares outstanding	59,051,152	41,314,367
Effect of dilutive securities		
Stock options	307,956	-
Diluted weighted average number of shares outstanding	59,359,108	41,314,367

The following summarizes the stock options excluded from the computation of diluted earnings per share because the exercise prices exceeded the daily weighted average market values of the common shares for the three months ended March 31, 2016, of C$10.21 (March 31, 2015 – C$5.70).

	2016	2015
Stock Options	1,634,595	3,079,687

14. NON-CONTROLLING INTERESTS

The composition of the non-controlling interests is as follows:

	Agbaou Gold Operations SA (Agbaou Mine)	Adamus Resources Limited (Nzema Mine)	Segala Mining Corporation SA (Tabakoto Mine)	Burkina Mining Company SA (Youga Mine)	Societe des Mines d'Ity (Ity Mine)	Total
At December 31, 2014	$ 8,958	$ (4,772)	$ (29,601)	$ 4,433	$ -	$ (20,982)
Net earnings (loss)	3,513	(359)	499	253	-	3,906
At March 31, 2015	12,471	(5,131)	(29,102)	4,686	-	(17,076)
Arising on acquisition of the Ity Mine	-	-	-	-	37,102	37,102
Net earnings (loss)	10,192	586	2,051	104	535	13,468
Dividend distribution	-	-	-	(485)	-	(485)
At December 31, 2015	22,663	(4,545)	(27,051)	4,305	37,637	33,009
Net earnings (loss)	3,889	(481)	353	(176)	3,316	6,900
Disposal of the Youga Mine (Note 4)	-	-	-	(4,129)	-	(4,129)
At March 31, 2016	$ 26,552	$ (5,026)	$ (26,698)	$ -	$ 40,953	$ 35,781

15. GAINS (LOSSES) ON FINANCIAL INSTRUMENTS, NET

	Three months ended March 31, 2016	2015
Gain (loss) on marketable securities	$ 102	$ (141)
Imputed interest on promissory note and other assets	13	220
Interest income (loss)	325	(179)
Loss on derivative financial assets	-	(35)
Loss on derivative financial liabilities (Note 12)	(3,593)	(223)
Gain on foreign currency	278	4,249
	$ (2,875)	$ 3,891

16. OTHER EXPENSES

	Three months ended March 31, 2016	2015
Loss on sale of assets	$ -	$ (21)
Other	90	190
	$ 90	$ 169

17. INCOME TAXES

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.

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.

As at March 31, 2016, there has been no update on any of the ongoing taxation matters discussed above.

18. SEGMENTED INFORMATION

The following is an analysis of the Corporation's revenue and results by reportable segment.

The Youga Mine is no longer included in the Corporation's operating segments due to its disposition by the Corporation on February 29, 2016, as discussed in Note 4.

	Three months ended March 31, 2016						
	Agbaou Mine Côte d'Ivoire	Nzema Mine Ghana	Tabakoto Mine Mali	Ity Mine Côte d'Ivoire	Exploration	Non-Mining	Total
Revenue							
Gold revenue	$ 48,284	$ 23,690	$ 45,247	$ 26,736	$ -	$ -	$ 143,957
Cost of sales							
Operating expenses	17,061	22,347	31,092	13,485	-	-	83,985
Depreciation and depletion	6,552	6,206	7,562	5,780	-	124	26,224
Royalties	1,733	1,225	2,700	932	-	-	6,590
Earnings (loss) from mine operations	22,938	(6,088)	3,893	6,539	-	(124)	27,158
Corporate costs	-	-	-	-	-	4,826	4,826
Acquisition costs (Note 22)		-	-		-	1,249	1,249
Share-based payments	-	-	-	-	-	2,555	2,555
Exploration	-	-	-	-	914	-	914
Earnings (loss) from operations	22,938	(6,088)	3,893	6,539	(914)	(8,754)	17,614
Other income (expenses)							
Gains (losses) on financial instruments	434	(104)	(2,883)	3,142	110	(3,574)	(2,875)
Finance costs	(39)	(45)	(397)	(10)	-	(6,353)	(6,844)
Other income	-	-	-	-	-	90	90
	395	(149)	(3,280)	3,132	110	(9,837)	(9,629)
Earnings (loss) before taxes	23,333	(6,237)	613	9,671	(804)	(18,591)	7,985
Income taxes recovery (expense)	2,784	3,591	(1,939)	(1,880)	811	(221)	3,146
Net earnings (loss) from continuing operations	26,117	(2,646)	(1,326)	7,791	7	(18,812)	11,131

	Three months ended March 31, 2015					
	Agbaou Mine Côte d'Ivoire	Nzema Mine Ghana	Tabakoto Mine Mali	Exploration	Non-Mining	Total
Revenue						
Gold revenue	$ 55,806	$ 32,912	$ 41,731	$ -	$ -	$ 130,449
Cost of sales						
Operating expenses	19,253	31,191	29,315	-	-	79,759
Depreciation and depletion	7,250	3,032	7,650	-	26	17,958
Royalties	1,950	1,907	2,496	-	-	6,353
Earnings (loss) from mine operations	27,353	(3,218)	2,270	-	(26)	26,379
Corporate costs	-	-	-	-	3,983	3,983
Impairment of mining interests	-	-	-	-	-	-
Share-based payments	-	-	-	-	1,130	1,130
Exploration	-	-	-	649	-	649
Earnings (loss) from operations	27,353	(3,218)	2,270	(649)	(5,139)	20,617
Other income (expenses)						
(Losses) gains on financial instruments	(644)	(2,972)	4,763	13	2,731	3,891
Finance costs	(32)	(70)	(454)	-	(7,252)	(7,808)
Other (expense) income	-	-	190	(21)	-	169
	(676)	(3,042)	4,499	(8)	(4,521)	(3,748)
Earnings (loss) before taxes	26,677	(6,260)	6,769	(657)	(9,660)	16,869
Income taxes (expense) recovery	(3,605)	2,517	(4,382)	-	(475)	(5,945)
Net earnings (loss) from continuing operations	$ 23,072	$ (3,743)	$ 2,387	$ (657)	$ (10,135)	$ 10,924

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the three months ended March 31, 2016.

Geographical information

The Corporation's revenue from continuing operations from external customers by location of operations is presented above and information about its non-current assets by location is detailed below:

Non-current assets

	March 31, 2016	December 31, 2015
Côte d'Ivoire	$ 192,875	$ 192,529
Ghana	182,410	180,338
Mali	289,800	290,055
Burkina Faso	141,076	150,128
Other	4,024	4,132
	$ 810,185	$ 817,182

Information about major customers

Each segment has only one customer which accounts for all of its revenues. The Corporation is not economically dependent on a limited number of customers for the sale of gold because gold can be sold through numerous commodity market traders worldwide.

Total assets and liabilities

	March 31, 2016		December 31, 2015	
	Total assets	Total liabilities	Total assets	Total liabilities
Agbaou Project	$ 211,038	$ 32,604	$ 197,977	$ 37,063
Nzema Mine	201,842	32,894	204,185	31,831
Tabakoto Mine	336,165	78,868	342,597	75,465
Youga Mine (Note 4)	-	-	51,646	20,760
Ity Mine	117,479	24,161	104,739	21,274
Houndé Project	141,076	-	138,440	-
Exploration	1,584	18,554	857	19,887
Non-Mining	29,601	250,039	13,653	250,702
	$ 1,038,785	$ 437,120	$ 1,054,094	$ 456,982

19. CAPITAL MANAGEMENT

The Corporation's objectives of capital management are to safeguard the entity's ability to support the Corporation's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans. In the management of capital, the Corporation includes the components of equity, short-term borrowings and long-term debt, net of cash and cash equivalents, restricted cash and marketable securities.

Capital, as defined above, is summarized in the following table:

	March 31, 2016	December 31, 2015
Equity	$ 601,665	$ 597,112
Current and long-term debt	226,708	225,582
	828,373	822,694
Less:		
Cash	(117,004)	(109,519)
Cash - restricted	(3,583)	(4,824)
Marketable securities	452	375
	$ 708,238	$ 708,726

The Corporation manages its capital structure and makes adjustments to it in light of changes in its economic environment and the risk characteristics of the Corporation's assets. To effectively manage the entity's capital requirements, the Corporation has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Corporation has the appropriate liquidity to meet its operating and growth objectives.

20. FINANCIAL INSTRUMENTS

Financial assets and liabilities

The Corporation's financial instruments consist of cash, marketable securities, trade and other receivables, promissory note and other assets, long-term receivable, trade and other payables, derivative financial liabilities and current and long-term debt. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

The Corporation has certain financial assets and liabilities that are held at fair value. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques to measure fair value:

Classification of financial assets and liabilities

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

At March 31, 2016, the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities measured and recognized in the statement of financial position at fair value are categorized are as follows:

	March 31, 2016			
	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Cash	$ 117,004	$ -	$ -	$ 117,004
Cash - restricted	3,583	-	-	3,583
Marketable securities	452	-	-	452
Loan receivable (Note 6)	-	-	15,000	15,000
	$ 121,039	$ -	$15,000	$ 136,039
Liabilities:				
Derivative financial liabilities	-	5,554	-	5,554
	$ -	$ 5,554	$ -	$ 5,554

At December 31, 2015, the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities are measured and recognized in the statement of financial position at fair value are categorized as follows:

	December 31, 2015			
	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Cash	$ 109,519		$ -	$ 109,519
Cash - restricted	4,824		-	$ 4,824
Marketable securities	375		-	$ 375
	$ 114,718	$ -	$ -	$ 114,718
Liabilities:				
Derivative financial liabilities	-	5,463	-	5,463

There were no transfers between any of the levels in the periods.

Financial instrument risk exposure

The Corporation's activities expose it to a variety of risks that may include credit risk, liquidity risk, currency 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 ended March 31, 2016.

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

	March 31, 2016	December 31, 2015
Cash	$ 117,004	$ 109,519
Cash - restricted	3,583	4,824
Marketable securities	452	375
Trade and other receivables	5,474	13,045
Loan receivable (Note 6)	15,000	-
Working capital loan	1,025	1,017
Long-term receivable	293	246
	$ 142,831	$ 129,026

(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, physical gold or another financial asset. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements.

The following table summarizes the contractual obligations at March 31, 2016:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 112,659	$ -	$ -	$ -	$ 112,659
Long-term debt	-	-	230,000	10,000	240,000
Finance lease obligations	4,540	10,142	-	-	14,682
Minimum operating lease payments	1,219	2,085	1,104	-	4,408
Derivative financial liabilities	5,554	-	-	-	5,554
	$ 123,972	$ 12,227	$ 231,104	$ 10,000	$ 377,303

Market risk

(i) Currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. There has been no change in the Corporation's objectives and policies for managing this risk during the three months ended March 31, 2016.
The Corporation has not hedged its exposure to foreign currency exchange risk.

The table below highlights the monetary net assets denominated in foreign currencies (in $US):

	March 31, 2016	December 31, 2015
Canadian dollar	$ (4,012)	$ (2,961)
CFA Francs	65,296	60,530
Other currencies	(3,119)	(687)
	$ 58,165	$ 56,882

The effect on earnings and other comprehensive earnings before tax as at March 31, 2016, 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 $5.8 (December 31, 2015, $5.7 million), assuming that all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at March 31, 2016.

(ii) 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 March 31, 2016, of a 10% change in interest rate on the Facility is estimated to be $0.1 million (December 31, 2015 - $0.1 million).

21. COMMITMENTS AND CONTINGENCIES

Contracts and Leases

(i) The Corporation has commitments in place at all four of its mines for drill and blasting services, load and haul services, and supply of explosives and hydrocarbon services.

(ii) The Corporation has various contracts in place at Nzema mine to purchase higher grade ore from third parties for processing that typically do not extend to more than one year.

(iii) The Corporation 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.

(iv) 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.

(v) 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.

22. SUBSEQUENT EVENTS

True Gold Mining Inc.

On March 4, 2016, the Corporation announced that it entered into a definitive arrangement agreement (the "Arrangement") with True Gold pursuant to which Endeavour would acquire all of the issued and outstanding common shares of True Gold via a court-approved plan of arrangement. In conjunction with the acquisition, Endeavour Mining announced that La Mancha Holding S.àr.l., its largest shareholder with 30% ownership, intends to exercise its anti-dilution right that will result in new equity placement in Endeavour Mining to preserve its 30% ownership.

The Arrangement was approved by the special shareholder vote on April 21, 2016, and the acquisition completed on April 26, 2016, with an issuance of 17,600,982 new shares to shareholders of True Gold.

Pursuant to the Arrangement, shareholders of True Gold received 0.044 of an Endeavour common share. In addition, all outstanding True Gold options were converted to Endeavour options at the same ratio as the common shares. All outstanding True Gold DSUs and restricted share units were converted into the True Gold shares prior to the completion of the Arrangement. All True Gold stock appreciation rights will be converted to cash based on the closing price of Endeavour on the day prior to exercise multiplied by the ration of 0.044, less C$0.19, until February 7, 2017.

In connection with the acquisition, La Mancha Holding S.à.r.l, exercised an anti-dilution right to maintain its 30% stake and invested C$82.6 million ($65.2 million) via an equity placement for 7,546,777 common shares.

For the three months ended March 31, 2016, the Corporation incurred $1.2 million in transaction and acquisition-related costs, including advisory, legal, valuation and other professional fees. These costs are presented as acquisition costs within the consolidated statements of comprehensive earnings.

Hounde Project

On April 11, 2016, the Corporation announced that its 90%-owned Hounde Project in Burkina Faso has entered the construction phase of its development, following approval from the Board of Directors. The initial capital cost is estimated at $328 million, inclusive of $47 million for the owner-mining fleet. The Hounde Project is permitted to commence operations and early earthworks have begun.

The Hounde Project is expected to be funded from internal and existing sources of capital, as well as the planned mining equipment financing.

Gold Revenue Protection Strategy

As a result of the Hounde construction decision, Endeavour has implemented a short-term Gold Revenue Protection Strategy consisting of gold option contracts evenly spread over a 15-months period, to increase the certainty of its upcoming free cash flow. The gold option contracts have been structured to limit Endeavour's debt requirements even if the gold price drops to $1,000/oz.

A deferred premium collar strategy using written call options and bought put options has been put in place for the 15-months period from April 2016 to June 2017. The program covers a total of 400,000 ounces, representing approximately 50% of Endeavour's total estimated gold production for the period. The total premium payable for entering into this program is $9.2 million, which is deferred and settled as monthly contracts mature.