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## **ANNUAL INFORMATION FORM**

**for the financial year ended December 31, 2015**

**March 21, 2016**

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### **ENDEAVOUR MINING CORPORATION**

**Cayman Corporate Centre  
27 Hospital Road  
Georgetown, Grand Cayman KYI-9008  
Cayman Islands**

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## PRELIMINARY NOTES AND CAUTIONARY STATEMENT

### Date of Information

In this Annual Information Form (the "**AIF**") information is given as at December 31, 2015, unless stated otherwise.

Except as otherwise required by the context, reference to "**Endeavour**" or the "**Corporation**" in this AIF means, collectively, Endeavour Mining Corporation and its subsidiaries.

### Currency and Exchange Rates

All currency references in this AIF are in United States dollars, unless otherwise indicated. Reference to "Canadian dollars" or the use of the symbol "C\$" refers to Canadian dollars. The noon rate of exchange reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars on March 1, 2016 was \$1.00 = C\$1.3407 (C\$1.00 = \$0.7459).

### Conversion Table and Technical Abbreviations

Amounts in this AIF are generally in metric units. Conversion rates from Imperial measure to metric and from metric to Imperial are provided below.

Imperial Measure	=	Metric Unit	Metric Measure	=	Imperial Unit
2.47 acres		1 hectare	0.4047 hectares		1 acre
3.28 feet		1 metre	0.3048 metres		1 foot
0.62 miles		1 kilometre	1.609 kilometres		1 mile
35.315 cubic feet		1 cubic metre	0.0283 cubic metres		1 cubic foot
0.032 ounces (troy)		1 gram	31.103 grams		1 ounce (troy)
1.102 tons (short)		1 tonne	0.907 tonnes		1 ton
0.029 ounces		1 gram/tonne	34.28 grams/tonne		1 ounce

All ounces are troy ounces. 14.58 troy ounces equal one pound (containing 16 imperial ounces).

Unless otherwise defined, abbreviations used in this AIF have the following meanings:

Au	Gold	Cedi	Ghanaian currency
CFA	French West African currency (CFA franc)	oz	troy ounce
g	Gram	RAB	rotary air blast
ha	Hectare	RC	reverse circulation
kg	Kilogram	ROM	run of mine
km	Kilometre	t	metric tonne
m	Metre	mtpa	million metric tonnes per annum
MW	Megawatt	tpd	metric tonne per day
MWh	Megawatt-hour	M	million

## Caution on Forward-Looking Statements

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

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

## CORPORATE STRUCTURE

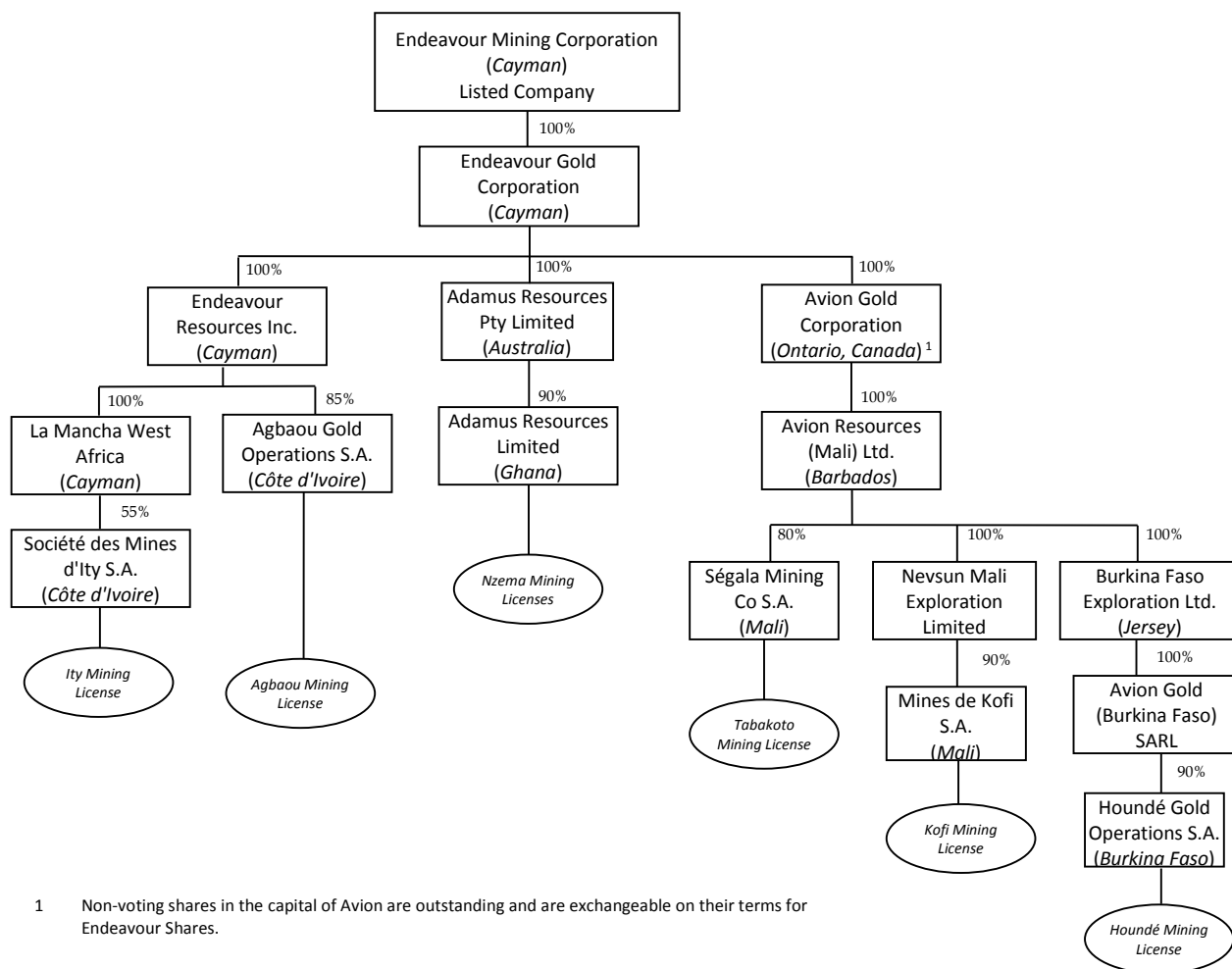
### Name, Address and Incorporation of the Corporation

Endeavour Mining Corporation was incorporated on July 25, 2002 under the laws of the Cayman Islands. The Corporation's registered office is located at Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands and its executive office is located at Bureau 76, 7 Boulevard des Moulins, Monaco 98000.

Endeavour's ordinary shares ("**Endeavour Shares**") are listed on the Toronto Stock Exchange ("**TSX**") under the symbol "EDV" and quoted in the United States on OTCQX International under the symbol "EDVMF". On January 11, 2016 Endeavor Shares were voluntarily delisted by the Corporation from the Australian Securities Exchange.

### Intercorporate Relationships

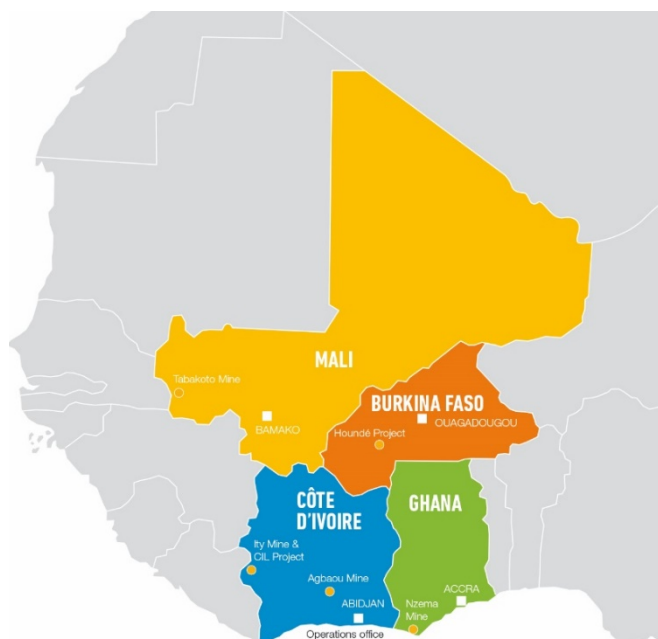
As at March 1, 2016, the intercorporate relationships between the Corporation and its material subsidiaries, the Corporation's percentage ownership of the voting securities of each material subsidiary and their respective jurisdictions of incorporation were as follows:



1 Non-voting shares in the capital of Avion are outstanding and are exchangeable on their terms for Endeavour Shares.

## GENERAL DEVELOPMENT OF THE BUSINESS OF THE CORPORATION

### Background



Endeavour is an intermediate gold mining company, which produced 517,948oz from five mines in West Africa for the year ended December 31, 2015. As of March 1, 2016, Endeavour's producing gold mining properties were comprised of the Agbaou mine in Côte d'Ivoire ("**Agbaou**"), the Nzema mine in Ghana ("**Nzema**"), the Tabakoto mine in Mali ("**Tabakoto**") and the Ity mine in Côte d'Ivoire ("**Ity**"). On February 29, 2016, Endeavour sold the Youga mine in Burkina Faso ("**Youga**"). See Corporate History section below for additional details. The Corporation has the potential to add an additional 190,000oz per year by constructing the Houndé project in Burkina Faso ("**Houndé**"), which obtained a mining permit on February 5, 2015. Endeavour also has an extensive exploration portfolio in highly

prospective regions of Burkina Faso, Côte d'Ivoire, Mali and Ghana with a land package totalling approximately 5,077km<sup>2</sup>.

In 2009, Endeavour launched a gold acquisition strategy, targeting complementary producing or near-term producing gold assets and/or companies. The objective of creating an intermediate-sized gold company has been achieved and the growth of Endeavour's gold operations has continued through the recent acquisition of the Ity mine in 2015 and the investment by La Mancha Holding S.à.r.l. ("**La Mancha**"), which became a 30% shareholder of Endeavour.

### Corporate History

#### *Youga Mine Disposition*

On February 29, 2016, the Corporation completed the sale of its non-core Youga mine to MNG Gold through the transfer of all of the shares of Cayman Burkina Mines Ltd. The Corporation also disposed of certain non-material exploration companies. The total cash consideration was comprised of US\$25.3 million – US\$20 million in respect of the business and US\$5.3 million for the attributable cash-on-hand. In connection with the disposition, Endeavour has retained a 1.8% Net Smelter Royalty on production realized beyond the current reserve from the property sold.

#### *Ity Mine Acquisition*

On November 27, 2015, the Corporation acquired a 55% interest in Ity through the purchase of all of the shares of La Mancha West Africa. The remaining interest in Ity is held as follows: the State of Côte d'Ivoire holds a free carried 10% interest (an ownership interest which has no capital contribution requirements), the Société pour le Développement Minier de la Côte d'Ivoire ("**SODEMI**"), the State owned mining company, holds 30% and the Didier Drogba Group holds 5%. The Corporation also acquired a 100%

interest in La Mancha Côte d'Ivoire, an exploration entity, which currently holds and/or manages seven exploration permits. As a result of this transaction, La Mancha became a 30% shareholder of Endeavour.

In July 2015, Ity completed a technical report in accordance with NI 43-101. As of July 31, 2015, the Proven and Probable Mineral Reserves amenable to heap leaching totalled 2.3 million tonnes at 2.4 g/t containing 173koz, the CIL Proven and Probable Mineral Reserves totalled 28 million tonnes at 1.6g/t containing 1,429koz and the Measured and Indicated Mineral Resources totalled 2.9 million ounces. In 2015, Ity produced 80,807oz of gold, of which 5,689oz was in the post-acquisition period of November 28 to December 31, 2015. Ity is targeted to produce 65,000oz to 75,000oz of gold in 2016.

Further information about Ity is provided under "Mineral Properties of the Corporation" below.

#### *Agbaou Mine Construction*

Endeavour successfully completed the construction of the Agbaou mine in Côte d'Ivoire, ahead of schedule and under budget, during the fourth quarter of 2013. The first gold pour was on November 29, 2013 and commercial production was declared on January 27, 2014. Endeavour holds an 85% interest in Agbaou while the State of Côte d'Ivoire and SODEMI hold a 10% and a 5% free carried interest, respectively. Agbaou produced 181,365oz of gold in 2015 and is targeted to produce 165,000 to 175,000oz of gold in 2016.

Further information about Agbaou is provided under "Mineral Properties of the Corporation" below.

#### *Avion Acquisition*

As a result of the Corporation's acquisition of all of the shares of Avion Gold Corporation ("**Avion**") on October 18, 2012, Endeavour acquired Tabakoto, the advanced stage Kofi gold project and Houndé, which was undergoing a Preliminary Economic Assessment. Tabakoto produced 152,185oz of gold in 2015 and is targeted to produce 155,000 to 175,000oz of gold in 2016. Underground ore production commenced at Ségala during the second quarter of 2014. The third party mining contractor was terminated effective March 31, 2014 and Endeavour began self-performing the underground mining from April 1, 2014.

The Corporation received a mining permit for the nearby Kofi Nord permit ("**Kofi Nord**") on June 13, 2014. Starting January 2015, ore was trucked from the Kofi C deposit (part of Kofi Nord) to Tabakoto. In 2015, the Kofi C deposit produced 71,578oz of gold (this amount is included in the Tabakoto total above). On December 19, 2014 Endeavour purchased from La Société Financière et d'Exploration de l'Or au Mali SARL ("**SOFOM**") its 6.25% interest in a joint venture with Endeavour in respect of Kofi Nord. As a result, Endeavour currently holds a 90% interest in Kofi Nord subject to the State of Mali's right to a possible additional 10% negotiated interest.

Further information about each of Tabakoto, Kofi Nord and Houndé is provided under "Mineral Properties of the Corporation" below.

#### *Adamus Acquisition*

On December 5, 2011, Endeavour announced completion of the acquisition of all of the shares of Adamus Resources Pty Limited which holds 90% of Adamus Resources Limited ("**Adamus**"). Through Adamus, Endeavour acquired Nzema. The government of Ghana owns the remaining 10% of Adamus. Nzema, which was commissioned with a one million ounce Proven and Probable mineral reserve, commenced commercial production on April 1, 2011 and produced 110,302oz of gold in 2015 (including 47,383oz from

purchased ore) and is targeted to produce 110,000 to 130,000oz of gold in 2016. During 2015, the main plant feed came from Adamus, supplemented by ore from the Aliva deposit and third party sources. The third party-ore is blended with the ore from Adamus and Aliva to achieve the production targets for throughput and recoveries.

Further information about Nzema is provided under "Mineral Properties of the Corporation" below.

## **Financings**

### *Revolving Credit Facility*

On March 9, 2015, Endeavour renewed its \$350 million senior secured revolving corporate loan facility (the "**Facility**"). The lenders currently under the Facility are UniCredit Bank AG, ING Bank, Société Générale, Citibank and Investec Bank. Endeavour used drawn proceeds of \$300 million to fund construction of the Agbaou mine during 2013 as well as other investments in its mines to lower long-term operating costs.

The Facility is secured by shares of Endeavour's material subsidiaries, pledge of material bank accounts, assignment of refining/offtake contracts and corporate guarantees. The maturity date of the Facility is March 2020 and the available Facility amount declines with four equal semi-annual reductions commencing September 2018. The Facility incorporates standard corporate and financial covenants and interest on drawn amounts is based on LIBOR plus a variable margin of between 3.75% and 5.75% per annum based on a sliding scale related to the actual net debt to EBITDA ratio.

During 2015, the Facility was reduced by \$60 million, including \$20 million principal payments in each of Q2, Q3 and Q4.

## **Divestiture of Non-Core Assets**

### *Finkolo Joint Venture*

On September 26, 2013, Endeavour completed part of the sale and transfer of the its 40% interest in the licenses and associated property comprising the Finkolo gold project joint venture in Mali to Resolute Mining Limited for net proceeds of approximately \$16 million in cash (after payment of applicable capital gains taxes).

## **Other Aspects of the Business**

### *Gold Market*

The gold market is relatively deep and liquid, with the price of gold generally quoted in US dollars. The demand for gold is primarily for jewellery fabrication purposes and bullion investment. Gold is traded on a world-wide basis.

The use of gold as a store of value (the tendency of gold to retain its value in relative terms against basic goods and in times of inflation and monetary crisis) and the large quantities of gold held for this purpose in relation to annual mine production, has meant that historically the potential total supply of gold has been far greater than demand. Thus, while current supply and demand plays some part in determining the price of gold, this does not occur to the same extent as for other commodities. Gold prices are significantly affected by macro-economic factors such as expectations of inflation, interest rates,



exchange rates, changes in reserve policy by central banks and global or regional political and economic crises. Due to these factors, the gold price fluctuates continually and such fluctuations are beyond the Corporation's control.

The Corporation's revenue is generated exclusively from the sale of gold.

### *Specialized Skills and Knowledge*

All aspects of Endeavour's business require specialized skills and knowledge. Such skills and knowledge include, but are not limited to, the areas of strategic development and planning, geology, drilling, mine planning, engineering, construction, regulatory compliance, legal and finance and accounting. Endeavour relies on skilled and experienced personnel to fulfill these requirements. As at December 31, 2015, the Corporation employed approximately 2,400 employees and 1,830 contractors and consultants.

### *Competitive Conditions*

The mining industry is competitive, particularly in the acquisition of mineral reserves and mineral resources. The continued growth of Endeavour relies on the organic growth and development of gold projects, as well as strategic acquisitions. Although Endeavour has acquired and developed such assets in the past, there can be no assurance that its acquisition or development efforts will succeed in the future. Endeavour believes that the experience of its executives in financing and implementing growth plans and in developing and building mines provide it with a significant competitive advantage over other mining companies.

### *Environmental Protection*

Endeavour's mining, exploration and development activities are subject to various local laws and regulations relating to the protection of the environment, including requirements for closure and reclamation of mining properties.

In all jurisdictions where Endeavour operates, specific statutory and regulatory requirements and standards must be met throughout the exploration, development and operations stages of a mining property with regard to, among other things, air quality, water quality, solid and hazardous waste management and disposal, land use and reclamation.

The financial and operational effects of environmental protection requirements on the capital expenditures and earnings for each of the Corporation's mines is not significantly different than that of similar sized mines, and therefore are not expected to significantly impact Endeavour's competitive position in the future.

### *Community Relations*

Endeavour sees itself as an integral part of the communities in which it operates, as well as a responsible development partner. Endeavour 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 scholarship, healthcare, water and sanitation, public infrastructure maintenance, institutional capacity building and livelihood programs.

In September 2014, Endeavour and the Monaco Red Cross entered into project agreements to implement water, sanitation and community-based health programs in communities surrounding the Corporation's

mine sites in Burkina Faso and Côte d'Ivoire. These projects are now more than 50% completed and Endeavour anticipates that the projects will reach their objectives in 2017. Further details of the Corporation's activities and commitments in the local communities in which it operates are described under the heading "Corporate Social Responsibility" in its Management Discussion and Analysis for the year ended December 31, 2015, which is available under the Corporation's profile on [www.sedar.com](http://www.sedar.com).

## MINERAL PROPERTIES OF THE CORPORATION

### Mineral Reserves and Resources

As at December 31, 2015 and taking into account the disposition of the Youga mine (which occurred on February 29, 2016), Endeavour had combined attributable Measured and Indicated mineral resources (inclusive of reserves) of approximately 7.9 million ounces of gold and attributable Proven and Probable mineral reserves of approximately 4.6 million ounces of gold, as set out in detail in the below tables.

**Table 1: Mineral Resources (including Reserves) as of December 31, 2015**

Project	Resources (including reserves)													Lower Cutoff g/t	Gold Price US\$/oz
	Measured			Indicated			Measured & Indicated			Inferred					
	Tonnes Mt	Grade Au g/t	Ounces K Ozs	Tonnes Mt	Grade Au g/t	Ounces K Ozs	Tonnes Mt	Grade Au g/t	Ounces K Ozs	Tonnes Mt	Grade Au g/t	Ounces K Ozs			
Agbaou <sup>1</sup> - Total	1.9	2.7	166	12.5	2.5	1,014	14.4	2.5	1,180	1.2	1.7	65	0.50	1,500	
Attributable - 85%			141			862			1,003			56			
Nzema <sup>2</sup> - Total	22.4	1.4	976	12.2	1.3	514	34.6	1.3	1,490	5.9	1.3	244	0.50	1,500	
Attributable - 90%			878			463			1,341			219			
Tabakoto <sup>3</sup> - Total	6.3	2.9	575	12.3	3.2	1,270	18.5	3.1	1,844	9.0	3.5	1,023	0.5 to 1.5	1350 to 1600	
Attributable - 80% - 90%			463			1,068			1,531			826			
Ity <sup>4</sup> - Total	27.3	1.4	1,190	34.1	1.7	1,916	61.4	1.6	3,106	14.1	1.5	687	0 to 0.5	1,500	
Attributable - 55%			655			1,054			1,708			378			
Houndé <sup>5</sup> - Total	3.7	2.6	305	34.2	2.0	2,247	37.9	2.1	2,551	3.2	2.6	274	0.50	1,500	
Attributable - 90%			274			2,022			2,296			246			
Total	61.6	1.6	3,211	105.3	2.1	6,960	166.9	1.9	10,172	33.4	2.1	2,293			
Total Attributable			2,411			5,468			7,879			1,725			

**Table 2: Mineral Reserves as of December 31, 2015**

Project	Reserves									Gold Price US\$/oz
	Proven			Probable			Proven & Probable			
	Tonnes Mt	Grade g/t	Ounces K Ozs	Tonnes Mt	Grade g/t	Ounces K Ozs	Tonnes Mt	Grade g/t	Ounces K Ozs	
Agbaou <sup>1</sup> - Total	1.9	2.5	156	11.3	2.4	871	13.2	2.4	1,027	1,350
Attributable - 85%			132			741			873	
Nzema <sup>2</sup> - Total	3.2	2.2	230	1.5	2.6	125	4.7	2.4	356	1,250
Attributable - 90%			207			113			320	
Tabakoto <sup>3</sup> - Total	2.3	3.2	235	4.2	3.7	491	6.4	3.5	725	1,250
Attributable - 80%			190			415			603	
Ity <sup>4</sup> - Total				30.4	1.7	1,613	30.4	1.7	1,613	1,150 to 1,250
Attributable - 55%						887			887	
Houndé <sup>5</sup> - Total	3.7	2.5	296	26.9	2.1	1,779	30.6	2.1	2,075	1,300
Attributable - 90%			266			1,601			1,867	
Total	11.1	2.6	917	74.2	2.0	4,879	85.3	2.1	5,796	
Total Attributable			796			3,757			4,550	

<sup>1</sup>**Agbaou** - Mineral resource updated from NI 43-101 technical report titled "Technical Report Mineral Resource and Reserve Update for the Agbaou Gold Mine Côte d'Ivoire West Africa" effective December 31, 2014. Update mineral resources estimates effective December 31, 2015 prepared by Kevin Harris (CPG), Qualified Person not independent of Endeavour. Reserve Update for the Agbaou Gold Mine, Côte d'Ivoire, West Africa, prepared by Michael Alyoshin MAusIMM CP (Mining), Qualified Person not independent of Endeavour.

<sup>2</sup>**Nzema** - Mineral resource update prepared by Eric Acheampong (Endeavour) as depletion, effective date December 31, 2015, of mineral resource prepared by N.J. Johnson MAIG (MPR Geological Consultants Pty Ltd.), Qualified Person for the mineral resources; M. Alyoshin MAusIMM CP Min (Endeavour) is Qualified Person for Nzema mineral reserves. Most recent filed report is "Technical Report and Mineral Resource and Reserve Update for the Nzema Gold Mine, Ghana, West Africa", effective date

December 31, 2012, prepared by N.J. Johnson MAIG (MPR Geological Consultants Pty Ltd.), Q. De Klerk FAUSIMM (Cube Consulting Pty Ltd.) and W.J.A. Yeo MAIG (Endeavour), A.A. Roux Pr.Sci.Nat. (Endeavour).

<sup>3</sup>**Tabakoto** - The breakdown for underground and open pit reserves is as follows:

(on a 100% basis)	Underground Reserves			Open Pit Reserves		
	Tonnage (kt)	Grade (Au g/t)	Content (Au koz)	Tonnage (kt)	Grade (Au g/t)	Content (Au koz)
Proven Reserves	1,753	3.46	195	538	2.29	40
Probable Reserves	1,958	3.86	243	2,195	3.51	248
P&P Reserves	3,711	3.67	438	2,733	3.27	287

K. Harris CPG (Endeavour) is the Qualified Person for Tabakoto and Kofi B, ALinear and Betea mineral resources; E. Puritch P.Eng. (P&E Mining Consultants Inc.) is the Qualified Person for Kofi A, Kofi C and Blanaid mineral resources; M. Alyoshin MAUSIMM CP Min (Endeavour) is the Qualified Person for open pit mineral reserves; V. Duke ECSA (Sound Mining) is the Qualified Person for underground mineral reserves. Most recent filed report is "Technical Report, Mineral Resource and Mineral Reserve Update for the Tabakoto Gold Mine, Mali, West Africa" effective date December 31, 2015, prepared by G. de Hert EurGeol (Endeavour); K. Harris CPG (Endeavour); M. Alyoshin MAUSIMM CP Min (Endeavour), V. Duke ECSA (Sound Mining), A.A. Roux Pr.Sci.Nat.(Endeavour), E. Puritch, P.Eng (P&E Mining Consultants Inc.) and Antoine Yassa, P.Geo (P&E Mining Consultants Inc.).

<sup>4</sup>**Ity** - The breakdown for the heap leach operation and CIL project reserves is as follows:

(on a 100% basis)	Heap Leach Reserves			CIL Reserves		
	Tonnage (kt)	Grade (Au g/t)	Content (Au koz)	Tonnage (kt)	Grade (Au g/t)	Content (Au koz)
Proven Reserves	-	-	-	-	-	-
Probable Reserves	2,392	2.39	184	27,967	1.59	1,429
P&P Reserves	2,392	2.39	184	27,967	1.59	1,429

K. Body Pr.Sci.Nat. (Coffey) is the independent Qualified Persons for the Aires, Teckraie, VersK. Body Pr.Sci.Nat. (Coffey) is the independent Qualified Person for the Aires, Teckraie, Verse Ouest, Daapleu, ZiaNE and Mont Ity mineral resources and R. Bosc Eur.Geol. (Arethuse) is the independent Qualified Person for the Walter and Gbeitou mineral resources. M. Alyoshin MAUSIMM CP Min (Endeavour) is a Qualified Person for the Ity Heap Leach mineral reserves and J. Baker P.Eng. (SNC-Lavalin) is a Qualified Person for the CIL mineral reserves. Most recent filed report is "Technical Report for the Ity Gold Mine, Côte d'Ivoire, West Africa" effective date July 31, 2015, prepared by K. Body Pr.Sci.Nat. (Coffey), M. Mudau Pr.Sci.Nat. (Coffey), C. Cunningham Pr.Eng. (Turnberry), R. Bosc Eur.Geol. (Arethuse), P. Perez P.Eng. (SGS), J. Baker P.Eng. (SNC-Lavalin), D. Gautier P.Eng. (SNC-Lavalin), P. Larochelle P.Eng. (SNC-Lavalin) and H. Sangam P.Eng. (SNC-Lavalin).

<sup>5</sup>**Hounde** - Mineral resource update prepared by M. Zammit MAIG (Cube Consulting) is an independent Qualified Person for the Vindaloo mineral resources. Kevin Harris CPG (Endeavour) is a Qualified Person for the Bouéré and Dohoun mineral resources. R.M. Cheyne FAUSIMM (Oreology) is an independent Qualified Person for the Vindaloo mineral reserves and the overall mining schedule. Michael Alyoshin MAUSIMM CP Min (Endeavour) is a Qualified Person for the Bouéré and Dohoun mineral reserves. Most recent filed report is "Houndé Gold Project - Burkina Faso, Feasibility Study NI 43-101 Technical Report" effective date October 31, 2013, prepared by M. Zammit MAIG (Cube Consulting), M. Warren MIEAust CPEng (Lycopodium), R.M. Cheyne FAUSIMM (ORELOGY), D. Morgan CPEng (Knight Piésold), P. O'Bryan MAUSIMM (CP) (Peter O'Bryan and Associates).

The following notes apply to all the Resource and Reserve Tables in this AIF:

- The mineral resources and reserves have been estimated and reported in accordance with Canadian National Instrument 43-101, 'Standards of Disclosure for Mineral Projects' and the Definition Standards adopted by CIM Council in May 2014.
- Mineral resources that are not mineral reserves do not have demonstrated economic viability.
- Tonnages are rounded to the nearest 100,000 tonnes; gold grades are rounded to one decimal place; ounces are rounded to the nearest 1,000oz. Rounding may result in apparent summation differences between tonnes, grade and contained metal.
- Cut-off grades and gold price vary by distance from deposit to the mill, ore-type and mining method (OP/UG).
- Tonnes and grade measurements are in metric units; contained gold is in troy ounces.

## Agbaou Gold Mine, Côte d'Ivoire, West Africa

The following technical disclosure relating to Agbaou is derived principally from the summary from the "Technical Report, Mineral Resource and Reserve Update for the Agbaou Gold Mine, Côte d'Ivoire, West Africa" dated effective December 31, 2014 ("**Agbaou Report**") prepared by A. Roux, K. K. Woodman, K. Harris and M. Alyoshin of Endeavour. Readers should consult the Agbaou Report to obtain further particulars regarding Agbaou. The Agbaou Report is incorporated by reference in its entirety herein and is available for review electronically on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile. The disclosure below has been supplemented with more recent information which has been prepared by Kevin Harris and Michael Alyoshin, both of Endeavour and authors of the Agbaou Report, each of whom is a qualified person under NI 43 101.

### Location

Agbaou is located in southern Côte d'Ivoire approximately 200km north of Abidjan, the economic capital of the country. The permit, which comprises the mining area, is centred on 06° 08' north latitude and 05° 11' west longitude, is reached by tarred and secondary gravel roads and within 10km of the national electrical power grid.

### Ownership

Endeavour operates the producing Agbaou gold mine and mill which was commissioned in the fourth quarter of 2013 and entered commercial production in January 2014. The Agbaou exploitation permit, which covers an area of 334km<sup>2</sup>, was granted to Etruscan Resources Côte d'Ivoire SARL ("**ERCI**") by Decree no. 2012-766 on August 1, 2012. A transfer was then granted to the newly formed Agbaou Gold Operations SA ("**AGO**"), which is held 85% by Endeavour Resources Inc. and 15% by the government of Côte d'Ivoire (10% directly and 5% through SODEMI, the national mining agency).

### History

Alluvial gold has been known for some time in the Agbaou area. Gold mineralization in bedrock was first reported during the late 1980's followed by extensive exploration conducted between 1988 and 1994, while the ground was held by a joint-venture between BHP Minerals and SODEMI. Between 1996 and 2000 the property was held by Goldivoire S.A.R.L. which undertook exploration that confirmed and further defined BHP's previous results. The government of Côte d'Ivoire withdrew the Agbaou permit and on November 27, 2003, the Ministry of Mines and Energy for Côte d'Ivoire subsequently granted the Agbaou exploration permit to ERCI after Goldivoire ran into financial difficulties.

After obtaining the project in 2003, ERCI drilled an additional 179 drill-holes and conducted various studies. The combination of this information with the historic information formed the basis for a Feasibility Study in 2009. Following this, ERCI continued with an infill and exploration drilling program from 2010 to 2011 by drilling an additional 85 holes (7,063m), which required the re-estimation of the mineral resources.

Subsequent to the formation of AGO, between 2013 and 2015, three drill campaigns have been completed which included drilling an additional 784 holes (76,002m) which further defined additional mineral resources at Agbaou.

## **Geology**

The Agbaou area is underlain by rocks of the Archean-Proterozoic Man Shield which forms the southern half of the larger West African Craton. The shear-zone hosted gold mineralization of the Agbaou deposit occurs within a sheared volcano-sedimentary succession that was subjected to lower green-schist facies metamorphism, forming the Birimian age Oumé-Fetekro Greenstone Belt, surrounded by granodioritic intrusions.

Gold occurs in a mesothermal auriferous sulphide (pyrite + pyrrhotite) assemblage associated with quartz veins. The quartz veins are characterized by a wide range of quartz-vein types, brecciation, boudinage, sericitic and carbonate alteration, however, the mineralized quartz veins have a very distinctive texture that has been described as "mottled". These veins are easily identifiable in the drill intersections and pit mapping.

## **Exploration**

ERCI's evaluation of the Agbaou area began in 2003 following the acquisition of the Agbaou permit. Exploration has been carried out under the supervision of technically qualified personnel applying standard industry approaches. Geochemical data quality has routinely been assessed as part of on-going exploration procedures. All data acquired meets or exceeds industry standards and all exploration work has been carried out by, or supervised by technical personnel of the operator. Consultants and contractors have been engaged by ERCI for various activities including; sample collection, drilling and assaying.

ERCI conducted detailed and regional soil geochemical surveys which identified the gold mineralization at areas known as Agbaou, Agbaou South, Zehiri and Niafouta. A total of 876 pits and four trenches were dug to explore the laterite resource but these results were not used in the resource estimation. A total of 1,208 holes (diamond and RC) were drilled at Agbaou, by AGO and previous operators totalling 110,198m.

Geochemical data, used in conjunction with the available geophysical surveys and geological mapping, has been effective in the delineation of significant gold mineralization targets within the project areas. This methodology continues to provide drill targets.

## **Data**

Only limited sample preparation was done on site and this pertains mainly to the cutting of core samples and the splitting of percussion drilling chips with riffle-splitters. All crushing and sample pulverization was completed by independent commercial laboratories following standard industry practice. The samples of the most recent campaigns were submitted to the Bureau Veritas Mineral Laboratory Côte d'Ivoire, in Abidjan for gold analyses using the fire-assay method with an atomic-absorption finish. An auditable chain of custody was established for the sample handling, data reporting and database capture.

The reliability of the gold assay results was based on a well designed and implemented quality assurance and quality control protocol that includes the analysis of blind blanks, duplicates and certified reference materials. In addition, selected samples were submitted to umpire laboratories. The apparent coarse nature of the gold results in a relatively high variability in the field duplicate set. The laboratory returned very good results for the certified reference materials and blanks.

The variation in results of the duplicate pulp samples submitted to the SGS laboratory in Ghana and to the accredited SGS Laboratory in Canada indicates poor but acceptable replication at the umpire laboratories, mainly the result of the coarse nature of the gold.

The authors believe the current quality systems in place at Agbaou to monitor the precision and accuracy of the sampling and assaying is adequate and that the laboratory returned acceptable results for use in resource estimation.

### **Mineral Resources**

Agbaou is an operating mine. The mineral resource models supporting the current mineral reserves estimates for Agbaou were updated in 2015 by Endeavour personnel. Since 2012 eight new resource areas, North Satellite, MPN, WP, P2-7, P4-5-6, Beta, Gama and SW were the focus of drill programs and internal resource estimates.

Gold grade interpolation has been completed using a combination of Ordinary Kriging ("OK") and Inverse Distance ("ID") methods for the satellite areas. The North and South Pit deposits were estimated by Multiple Indicator Kriging by SRK in 2013 and the only change for this update was for mining depletion.

Endeavour prepared the mineral resource estimate by conventional block modeling techniques, using 140,102m of assayed intervals from 1,493 drill-holes that were within the modeled area. Grade shells were defined using a threshold assay of 0.50g/t Au as the lower limit for inclusion within the grade shell. Individual blocks within the block model were sized to approximate the size of the selective mining unit.

Samples were composited to standard two-metre lengths, starting from the top of the mineralized zone wireframe for each hole. Statistical analysis was employed to define high-grade outlier gold assays, and all composites inside the grade shells were capped at between 8g/t and 40g/t Au. The capping procedure reduced the average grade of the composites by 7%.

Grades were interpolated into individual blocks using OK, MIK or ID3. The dimensions of the search ellipsoids were based on geostatistical analysis, and grades were interpolated in three passes, with increased search radii for each successive pass.

Endeavour validated the estimation quality of the Agbaou model by using summary statistics, checking for global estimation bias, drift analysis and by visual inspection of composites and estimated grades on vertical and horizontal sections.

In order to determine the quantities of material offering "reasonable prospects for economic extraction" by an open pit, Endeavour used a \$1,500/oz optimized pit and reasonable mining assumptions to evaluate the proportions of the block model (Measured, Indicated and Inferred blocks) that could be "reasonably expected" to be mined from an open pit.

The mineral resources are defined within an optimal pit shell generated using the following parameters:

- overall pit slope of approximately 30 to 50 degrees;
- commodity price of \$1,500/oz Au;
- average process recovery of 93%;

- average process cost of \$27/t; and
- refinery, selling and royalty costs of 4% of sell price.

The resource model was updated for the mineralized zones with new drilling information (P1, P2, P4, P5, P6, WP, MPN, SW, Gama, Beta) in December, 2015. The resource model for all the other zones was not changed from the August 2013 SRK update except for depletion due to mining, as at December 31, 2015.

The most recent resource interpolation for Agbaou was completed by Endeavour effective December 31, 2015. A summary of the interpolated resources at 0.5 g/t cut-off and constrained by a \$1,500 pit is provided in Table 1.

**Table 1: Mineral Resources (including Reserves) as of December 31, 2015**

Deposit	Mineral Resources (including Reserves)								
	Measured			Indicated			Inferred		
	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs
North/South	1,627	2.93	153,224	5,338	2.69	461,672	302	1.50	14,545
Laterite				951	1.03	31,491	425	0.86	11,741
Flat				92	0.66	1,953	29	0.54	497
MPN				143	2.48	11,376	12	2.85	1,106
P1				3	2.58	231	766	0.96	24
P2				207	2.08	13,865	56	1.74	3,113
Omega				1,126	2.85	103,137	68	2.22	4,878
WP				1,359	2.13	93,052	140	2.02	9,114
Beta				917	2.83	83,408	109	0.88	3
Gamma				1,301	3.42	143,010	154	4.09	20,279
Sigma				1,056	2.09	70,926	2	1.70	85
<b>Sub-Total</b>	<b>1,627</b>	<b>2.93</b>	<b>153,224</b>	<b>12,491</b>	<b>2.53</b>	<b>1,014,121</b>	<b>1,188</b>	<b>1.71</b>	<b>65,385</b>
Stockpiles	309	1.30	13,000						
<b>Total</b>	<b>1,936</b>	<b>2.67</b>	<b>166,224</b>	<b>12,491</b>	<b>2.53</b>	<b>1,014,121</b>	<b>1,188</b>	<b>1.71</b>	<b>65,385</b>

The mineral resources have been estimated in accordance with Canadian National Instrument 43-101 'Standards of Disclosure for Mineral Projects' ("**NI 43-101**") and Definition Standards adopted by the CIM Council in May 2014 ("**CIM Definition Standards**").

### Mineral Reserves

The Agbaou mineral reserve estimates as of December 31, 2015 stated in this report are based on the mineral resources reported above and updated by Endeavour personnel under the supervision of Mr. Alyoshin.

The key modifying parameters upon which the end 2015 mineral reserve estimates were made are a lower cut-off grade between 0.6g/t and 0.8g/t, dependant on distance of the deposit to the mill, and a gold price of \$1,350 per ounce.

Based on the updated Measured and Indicated mineral resources for the various mineral deposits at Agbaou, the Proven and Probable mineral reserves for the open pit operations, as of December 31, 2015, are estimated to be 1.3 million tonnes at a grade of 2.4g/t containing 1,027,000oz of

gold. This includes 309,000 tonnes of ROM pad ore stockpile at a grade of 1.3g/t containing 13,000oz of gold (Table 2).

**Table 2: Mineral Reserves as of December 31, 2015**

Deposit	Mineral Reserves								
	Proven			Probable			Proven + Probable		
	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs
North	1,264	2.89	117,251	4,699	2.41	364,448	5,963	2.51	481,699
South	338	2.36	25,643	1,818	2.52	147,151	2,156	2.49	172,794
West				4,797	2.33	359,856	4,797	2.33	359,856
Stockpiles	309	1.30	13,000				309	1.30	13,000
<b>Total</b>	<b>1,911</b>	<b>2.53</b>	<b>155,588</b>	<b>11,314</b>	<b>2.40</b>	<b>871,455</b>	<b>13,225</b>	<b>2.42</b>	<b>1,027,043</b>

This reserve estimate has been determined and reported in accordance with NI 43-101 and CIM Definition Standards.

## Mining

The Agbaou mine commenced operations in the third quarter of 2013 with open pit mining and carbon in leach ("CIL") processing facilities. During 2015 mining operations at Agbaou concentrated on the Main and South Pits from which a total of 20.45 million tonnes of material were mined to deliver 2.67 million tonnes of ore at an average grade of 2.15g/t Au containing 184,582oz to the ROM pad.

Agbaou involves a conventional open pit, selective mining exploitation method, employing a mining contractor – BCM International Ltd. ("BCM").

## Metallurgy and Process Plant

In 2007, comminution and recovery metallurgical testwork was performed by Mintek in South Africa on ore samples from the Agbaou deposits. The results were used in the initial feasibility study to develop the process flowsheet. Additional testwork including; specific gravity, gravity recoverable gold, high shear reactor, oxygenation, composite leach kinetics, preg-robbing variability, variability leach, thickening, rheology and viscosity testwork was undertaken in 2011 by Oreway Mineral Consultants ("OMC") in order to make recommendations for a suitable comminution circuit to treat the Agbaou ore.

The Agbaou processing plant uses the conventional gravity/CIL gold recovery process. The comminution circuit of the process plant is comprised of a primary jaw crusher, followed by SAG and ball mills. A dedicated gravity circuit consisting of a concentrator, intensive cyanidation package and an electrowinning cell recovers free gold from a portion of the milled product.

The rest of the milled product is processed in the CIL circuit where gold contained in the ore is leached and adsorbed onto activated carbon. The CIL tails slurry undergoes cyanide destruction prior to disposal in the tailings dam. Loaded carbon is acid washed and rinsed prior to elution. The electrolyte leaving the Anglo American Research Laboratory elution circuit undergoes electrowinning where gold sludge is produced. The sludge is dewatered using a pot filter and dried



in a drying oven ahead of smelting. Fluxes are added to the dried gold sludge and the mixture placed in the smelting furnace. After smelting the furnace crucible contents are poured into cascading moulds. The gold bars are cleaned, sampled, labelled and prepared for shipping.

### **Infrastructure**

The Agbaou mine currently has three operating open pits (North, South and North Satellite) with a processing plant which uses a conventional CIL gold recovery process. The site is connected to the national electrical grid by a 15km, 91 kV electrical transmission line and substation at site.

Water supply is 71% from recycled process water and 29% from the water storage dam and/or from boreholes.

There are 620 personnel on-site, of whom 380 are contractors and 240 AGO employees. The total work force is 91% Ivorian and almost 25% of work force is from local (impacted) villages. Accommodations for senior and junior staff members are provided by a camp located 2.7km from the plant which is capable of housing 128 persons.

### **Market Studies and Contracts**

Gold output from Agbaou is in the form of doré bars which are shipped to Europe for refining by Metalor, the contract refiner.

A number of operational duties have been contracted out to suppliers, most notably BCM as the mining contractor, SGS operates the onsite laboratory and All Terrain Services caters and manages the senior staff camp.

The various contracts were awarded following a competitive bidding process, prices are within the industry range and comparable to other operations in Côte d'Ivoire or West Africa.

### **Environmental and Social**

An Environmental Impact Assessment ("EIA") was undertaken from December 2007 to July 2008 to investigate the local environmental and social situation existing prior to the development of Agbaou and to determine the likely positive and negative impacts of mine operations at Agbaou. The timing, extent, intensity and cumulative effects of these impacts were investigated. The EIA identifies the necessary management measures required to mitigate the identified impacts. These form the basis of the Environmental Management Plan and the Relocation Action Plan.

The Agbaou mine has a dedicated Safety, Occupational Health and Environment department which operates under the guidance of a set of principles which define the regulatory and corporate governance commitments of the Agbaou mine in respect of the manner in which it conducts its business.

## **Production and All-In Sustaining Costs**

In 2015, Agbaou mine produced 181,365oz at a mine level all-in sustaining cost ("**AISC**") of \$576/oz. The 2016 production is estimated to be 165,000 to 175,000oz at an AISC estimated in the range of \$650 to \$700/oz produced and includes all mining, treatment, general and administrative costs, sustaining capital and royalties which are incurred at the mine site. The AISC costs exclude depreciation, amortization and corporate general and administrative costs.

## **Conclusions**

Agbaou is a successfully operating gold mine that started commercial production in January 2014 and is projected to continue until 2022 based on currently available mineral reserves.

The exploration database for Agbaou is reliable for the purpose of resource estimation. The mineral resources and mineral reserves have been updated to December 31, 2015. A total of 13.2 million tonnes of ore will be mined at an overall strip ratio of 11 to 1.

Grade control reconciliation has confirmed the mineral resources and mineral reserves as previously stated for Agbaou. The results of this update to the mineral resource and mineral reserve evaluation confirm the continued economic viability of exploiting Agbaou.

The current life of mine ("LOM") production schedule has 13 million tonnes of ore at an average grade of 2.4g/t Au containing a total of 1,027,000oz of gold.

## **Recommendations**

A follow-up exploration program consisting of several components is recommended on the Agbaou Exploitation Permit. The main objective is to establish additional mineral reserves for Agbaou and thereby extend the mine life. The total exploration budget to complete all of the required work on the mine permit area is estimated to be \$6.1 million for 2016. The proposed work program includes 7,500m of core and 32,500m of RC drilling in approximately 400 holes testing several target areas and generating new targets. This is an annual exploration program and, as an operating mine, there will be a further phase of exploration in the following year based on results from the 2016 program.

## **Nzema Gold Mine, Ghana, West Africa**

The following technical disclosure relating to Nzema is derived principally from the summary from the "Technical Report and Mineral Resource and Reserve Update for the Nzema Gold Mine, Ghana, West Africa", dated effective December 31, 2012 (the "**Nzema Report**"), prepared by Nicolas J. Johnson of MPR Geological Consultants Pty Ltd., Quinton De Klerk of Cube Consulting Pty Ltd. and William J.A. Yeo and Adrian A. Roux of Endeavour. The disclosure below has been supplemented with more recent information which has been prepared by Nicolas J. Johnson, co-author of the Nzema Report, and by Michael Alyoshin of Endeavour, each of whom is a qualified person under NI 43-101. Readers should consult the Nzema Report to obtain further particulars regarding Nzema. The Nzema Report is incorporated by reference herein and is available for review electronically on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile.

## **Location**

Nzema is located in the Western Region of Ghana, approximately 280km west of the capital, Accra, and less than 20km from the coast at Essiama. The mine property is centred on latitude 5°00'N and longitude 2°14'W and is accessed from Accra by driving 225km on the main coast highway to Takoradi and from there on 79km of paved road to the village of Teleku Bokazo and then a further 8km on the mine access road which is a well maintained all-weather dirt road to the mine offices.

## **Ownership**

Adamus, a Ghanaian entity, holds four mining licenses (140km<sup>2</sup>) and 11 prospecting licenses (533km<sup>2</sup>) covering a total area of 673km<sup>2</sup> that constitutes the Nzema property. Endeavour has a 90% interest in Adamus and the government of Ghana holds a 10% free carried interest. The mining licenses are subject to a 5% royalty on gold production payable to the government of Ghana.

## **Geology**

The mineralization at Nzema is within the Birimian Supergroup rocks (c. 2.1-2.2 Ga) with minor granitic intrusions, bounded by large granitoid bodies to the west and east. The Birimian Supergroup is divided into a series of narrow northeast striking, laterally extensive volcanic "belts" separated by broader sedimentary "basins". Regional northeast striking shear zones that parallel the belt appear to be fundamentally important in the development of the Birimian gold deposits for which Ghana is well known such as Ashanti, Prestea-Bogosu, Konongo and Bibiani. The mineral deposits on the property include Salman Trend and Adamus<sup>1</sup> deposits and also several smaller deposits (Bokrobo, Akropon, Nfutu, Aliva and Avrebo). Salman Trend gold deposits are believed to be associated with the same belt-margin shear zones that host the other Ashanti Belt gold deposits and has many characteristics typical of these deposits.

The Salman Shear Zone has placed Birimian greywacke and phyllite packages in contact. The Salman Trend gold deposits occur along a 9km segment of the shear zone. While the Salman Shear Zone appears to be the main locus of gold mineralization, pockets of gold mineralization have been identified on or adjacent to other faults and structural features within the area.

The Adamus deposit is hosted by a northwest striking, northeast dipping package of greywacke (footwall) and interbedded greywacke-phyllite (hangingwall). In the western (footwall) part of the deposit, gold mineralization is also hosted by a steeply northeast dipping granite dyke that gradually converges on the hangingwall to the northwest. The few facing directions observed suggest the meta-sedimentary package is overturned.

Other satellite deposits near to Adamus and hosted in the same meta-sedimentary package include Bokrobo, Akropon, Nfutu, and Aliva. The Avrebo deposit is on the southeast portion of the property and is hosted by metabasalt.

<sup>1</sup> Previously referred to variously as the Anwia deposits or Ebi Teleku-Bokazo deposits.

## Mineralization

Most of the gold lodes on the Salman Trend are within the immediate footwall of the shear zone within quartz-veined silica-sericite-carbonate altered greywacke and/or granite with disseminated arsenopyrite. Some narrow, shear zone parallel zones of gold mineralization are present in the hangingwall graphitic phyllite. Gold mineralization is associated with a complex array of deformed quartz veins and arsenopyrite disseminations in the silica-sericite-carbonate altered metasediments and granitoid. The fresh or "sulphide" mineralization is refractory but it is not included in mineral reserves or production schedules.

At the Adamus deposit the gold mineralization is intimately associated with pyrite disseminated within and around a complex array of deformed pale grey to dark smokey grey quartz-carbonate-sericite±albite veins. A broad silica-sericite alteration zone about 200m thick and 450m long is developed in the footwall greywacke sequence and in some areas obliterates primary sedimentary structure. The silica-sericite alteration zone is more extensive than the gold-pyrite mineralization. There is no significant component of refractory gold mineralization in the sulphide zone at Adamus. The surface projection of identified mineralization trends northwest for approximately 900m and is up to 400m wide. Within this zone there are seven distinct domains of varying orientation and style that were used for the resource estimation.

The Bokrobo deposit comprises generally north-south trending, steeply west dipping auriferous quartz veins hosted by strongly silica and iron carbonate altered, medium to coarse grained, carbonaceous greywacke. A north-south trending dolerite dyke, dipping sub-vertically to the west cuts the depth extension of the main vein. In the southern portion of the deposit, a west-northwest to east-southeast trending, steeply south-southeast plunging 'dyke-like' granitic intrusion is cut by numerous auriferous quartz veins forming a sheeted vein system. In the north of the deposit, mineralization generally occurs in a single lode, but in the south, the mineralization occurs as two main lodes and a series of narrow stacked lodes around or in the outer margins of the granite intrusion.

Akropon mineralization occurs within a wide zone of silicification associated with pyrite and quartz veining with sericite as an accessory alteration mineral. The difference between the apparent dip of the mineralization and bedding suggests an en echelon vein array or possibly complex veining across a fold closure. Very little arsenopyrite has been identified at Akropon and the mineralization in other deposits in this area are non-refractory, but metallurgical testing is required.

At Nfutu mineralization occurs within quartz-pyrite veins and pyrite disseminations, typically around veins, in the host rocks with silica, iron carbonate and sericite as the major alteration minerals. Multiple flat-lying to shallowly east dipping and southeast plunging lodes occur as stacked lenses that appear to thicken with depth. Mineralization is more prominent at the graphitic phyllite-greywacke contact than in the competent greywacke. Only traces of arsenopyrite were identified in drill-core, and preliminary metallurgy shows that mineralization is non-refractory.

At Aliva mineralization occurs as a series of stacked, shallowly east-dipping lenses subparallel to the east dipping contact between carbonaceous phyllite footwall and greywacke hangingwall. Mineralization appears to wrap around gentle to open folds and is associated with quartz veins with sericite alteration and pyrite disseminations in the veins and surrounding host rocks. No

arsenopyrite has been identified at Aliva and the mineralization in other deposits in this area are non-refractory. Metallurgical testwork on 76 samples of all material types returned over 90% recovery.

At Avrebo the gold mineralization occurs in north-south to northeast-southwest trending, subvertical to steeply east-dipping, strongly sericite-iron carbonate altered lodes within metabasalt. Pyrite has been the only sulphide identified to date suggesting that the sulphide gold component may be non-refractory. Metallurgical tests have not yet been completed.

## **Exploration**

Exploration activities completed by Endeavour (and predecessor owners) and by other companies include:

- Soil sampling – 85% of the property is covered by 50m x 400m soil sampling with areas of infill;
- Ground geophysics - Induced polarization ("IP") over areas of interest for a total of 59 line km;
- Airborne geophysics – 2,555km of heliborne electromagnetics ("DIGHEM") in several surveys plus radiometrics over some areas;
- Trenching – 16,676m in 253 trenches by various companies over key areas;
- Pitting – 2,157m of sampling in 583 pits by various companies in key areas;
- RC drilling and core drilling – 305,400m on mineral deposits plus 76,270m on targets and prospects on the property; and
- Completion of a regional geological targeting study by SRK Consultants.

The Nzema mine is relatively mature, reserves are coming to an end and, for operations to continue, additional reserves would need to be developed from the current outlined resources.

## **Mineral Resources**

The mineral resources have been determined and reported in accordance with NI 43-101 and CIM Definition Standards.

Table 1 presents the Nzema mineral resource estimate by deposit. The estimates are reported at a 0.5g/t Au cut-off grade and constrained by a \$1,500/oz pit shell (effective date December 31, 2015).

**Table 1: Mineral Resources (including Reserves) as of December 31, 2015**

Deposit	Mineral Resources (including Reserves)								
	Measured			Indicated			Inferred		
	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs
Adamus	2,917	1.85	173,190	2,384	1.66	126,870	261	1.49	12,522
Salman	17,410	1.25	699,603	7,903	1.20	304,137	3,927	1.36	171,153
Bokrobo	801	2.50	63,600	357	3.10	36,000	110	1.50	5,200
Aliva	578	0.99	18,313	116	0.95	3,543	31	1.12	1,118
Nfutu	308	1.17	11,600	313	1.04	10,433	14	1.10	487
Avrebo				1,118	0.92	33,136	140	0.99	4,446
Akropon							1,428	1.06	48,824
Stockpile	379	0.78	9,551						
<b>Total</b>	<b>22,393</b>	<b>1.36</b>	<b>975,857</b>	<b>12,191</b>	<b>1.31</b>	<b>514,118</b>	<b>5,910</b>	<b>1.28</b>	<b>243,749</b>

**Mineral Reserves**

Mineral reserves are constrained within specific pit designs that are based on Measured and Indicated mineral resources only and take into consideration all appropriate modifying factors including mining and process costs, recoveries and other metallurgical parameters, geotechnical parameters, infrastructure and permitting requirements. The modifying factors used to determine the mineral reserves for the mine are detailed in Section 15 of the NI 43-101 Technical Report published in April 2013.

The mineral reserves have been determined and reported in accordance with NI 43-101 and CIM Definition Standards.

The mineral reserves were based on the various cut-off grades derived from various gold recovery/process costs for the different material types and haulage distances from each specific deposit to the process plant.

Table 2 provides a summary of the mineral reserves by deposit determined as of December 31, 2015.

**Table 2: Mineral Reserves as of December 31, 2015**

Deposit	Mineral Reserves								
	Proven			Probable			Proven + Probable		
	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs
Adamus	1,807	2.52	146,244	1,294	2.35	97,797	3,101	2.45	244,041
Salman	251	1.74	14,026	21	1.31	892	273	1.70	14,918
Bokrobo	510	3.11	51,100	181	4.41	25,600	691	3.45	76,700
Aliva	240	1.24	9,565	19	1.34	834	259	1.25	10,400
Stockpile	379	0.78	9,551				379	0.78	9,551
<b>Total</b>	<b>3,188</b>	<b>2.25</b>	<b>230,486</b>	<b>1,515</b>	<b>2.57</b>	<b>125,123</b>	<b>4,703</b>	<b>2.35</b>	<b>355,610</b>

The Adamus deposit accounts for 69% of the total reserves.

## Mining and Mine Plan

The mining method is conventional open pit mining including drilling, blasting, loading and hauling operations carried out by African Mining Services Ghana Ltd. ("**AMS**") a mining contractor. Ore was mined from the Adamus and Aliva ore bodies during 2015.

The mining capacity of the fleet provided by AMS meets the earthmoving requirements of the mining schedule as generated by Nzema technical management and properly supports mining operations. The in-pit material excavation is largely conducted by two Liebherr 984C back-hoe excavators equipped with 7m<sup>3</sup> buckets as the main production units and material haulage done by CAT 777 rear dump trucks. Ore mined is sent to a near-pit-satellite stockpile and rehandled by another contractor using 20m<sup>3</sup> road trucks to the main plant ROM pad. Waste mined from the pit is sent to the waste dump.

The ore control strategy targeting delineation of ore and waste uses RC holes piercing multiple benches. The geological and assay information, obtained from 18m deep holes, assayed every 1m, supports the grade control block model used by geologists and surveyors for final ore/waste discrimination and in-pit mark-up.

Production drilling and blasting is performed on 6m to 9m bench height, depending on geological and geotechnical settings of a given deposit, with blasted material excavated in discrete 3m high flitches.

The explosives magazine on site consists of the ammonium nitrate mixing shed for the manufacturing of bulk explosives, four 20 foot containers for storing detonators, high explosives and other explosive accessories. The supply of detonators, boosters, bulk explosives, initiating systems and other explosives material into the magazines for storage is the responsibility of the blasting contractor, MAXAM International. The usage of the explosives and accessories on the mine on the day-to-day blasting operations is the responsibility of the mining contractor (AMS) in consultation with Adamus.

The waste rock dumps associated with mining operations are constructed to meet the requirements of the Ghana Mining and Explosive Regulations and Environmental Protection Agency ("**EPA**") stipulated guidelines. All areas earmarked for waste dumps are sterilized before dumping commences.

The current reserves support a mine life of five years. The primary objective of the project production schedule has been to maximize the early cash flow from the operation by delaying the increased mining costs and bringing revenue forward as much as possible. This objective has been achieved within the following constraints:

- Ensuring continuous ore supply to the processing plant for the selected 1.6-2.0mtpa throughput rate;
- Land access constraints;
- Keeping the vertical mining advance rates generally below 9m (3 flitches) per month (except at the start and end of the pit stages depending on the bench quantities);
- Maintaining a supply of approximately four weeks of mill feed in the ROM stockpile at a reasonable grade; and
- Maintaining constant working strip ratios and consequently smooth mining rates for extended periods of time as much as possible.

## **Metallurgy and Process Plant**

The Nzema process plant is a conventional gravity/CIL plant that produces gold doré bullion. The plant has been operating since February 2011 and achieved commercial production in April 2011. The design throughput treatment rate depends on the hardness of the ore with 2.1mtpa of softer oxide ore and 1.6mtpa of the harder transition ore. The average throughput rate is currently 1.6Mtpa given the mix of ore feed.

The process plant facilities include a primary jaw crusher, a 3.5MW SAG mill, a gravity concentrator in circuit with an Inline Leach Reactor ("ILR"), CIL circuit, cyanide destruction circuit, refinery to produce doré bullion; tailings discharge system and the necessary reagent, water and air supply systems.

Nzema has several types of mineralization: oxide, upper transition, lower transition and fresh ore with different recovery characteristics. All of the mineralization has good gold recoveries (i.e. 88% to 95%) with the exception of the Salman lower transition (55%) and fresh (or "primary"; 35%) mineralization. The Salman Trend lower transition and fresh mineralization is refractory due to the some of the gold being within fine grained arsenopyrite.

During 2015 the main plant feed came from Adamus, supplemented by ore from Aliva and third party sources. The third party material is blended with the ore from Adamus and Aliva to achieve the production targets for throughput and recoveries. A total of 47,383oz was produced for the year from third party sources.

Oxide material from Adamus is mainly goethite, with free particulate gold derived from weathering of the fresh mineralization. Gold is free milling and amenable to high recoveries by a combination of gravity concentration and cyanide leaching - CIL.

Gold in Adamus sulphide zones is associated with pyrite whereas in the Salman Trend it is associated with pyrite and arsenopyrite.

Deleterious elements are generally low in concentration in the mineralization that is included in the production schedule. Arsenic grades are low in the oxides and Adamus sulphides, but high in the Salman transition ore.

Dore alloy (87% Au average) produced by Nzema process plant is shipped to Rand Refinery (Johannesburg, South Africa).

## **Mine Infrastructure**

The Nzema mine infrastructure includes:

- Access roads which meet public roads near Essiama and also near the administrative offices;
- Mine haul roads connecting the Salman, Adamus and satellite deposits to the plant;
- Administrative offices located next to the plant;
- Warehouse and a spares yard located next to the plant;
- Mine contractor maintenance shops;
- Tailings storage facility;
- Water storage impoundment;



- Water supply - from the Ankobra River via an existing 9,000m raw water line fed from river water pumps (available but not in use); and
- Accommodations and cafeteria near the mine gate, close to Essiama.

### Environmental and Social Issues, Closure Plan

Nzema has a corporate commitment towards sustainable development that focuses on achieving a high standard of environmental, economic and social performance in its operations.

Nzema maintains compliance with environmental and social regulatory requirements, as stated in the company social and environmental policy and follows through with the requirements of the AKOBEN program as mandated by the EPA. The environmental management of Nzema is defined under the schedules attached to the Environmental Permit EPA/EIA/278 and Environmental Certificate EPA/EMP/127. The Environmental Permit, issued on December 18, 2008, was replaced by the Environmental Certificate issued on November 15, 2013. Table 3 gives a summary of the environmental permits issued to Nzema.

**Table 3: Environmental Permits Issued to Nzema**

Type of Permit	Agency	Date
Environmental Permit	Environmental Protection Agency	December 18, 2008
Water Abstraction Permit	Environmental Protection Agency	October 8, 2010
Modified TSF and By-pass Road	Environmental Protection Agency	December 20, 2010
Water use permit	Water resources Commission	October 22, 2010
Mining Area Declaration	Minerals Commission	October 9, 2010
Water Discharge Permit	Environmental Protection Agency	October 10, 2012
Water Use Permit -Bangara Stream	Water Resource Commission	April 1, 2013
Water Use Permit -Pit Dewatering	Water Resource Commission	July 1, 2013
Environmental Certificate	Environmental Protection Agency	November 15, 2013
Water Use Permit- Bokrobo Pit	Water Resource Commission	November 30, 2013

The environmental certificate conditions refer to the following documents and plans to provide comprehensive information on the pre-mining environment and guidelines for the post-mining rehabilitation of the site:

- Reclamation Plan (April 2010);
- Environmental Management Plan (August 2011); and
- Environmental Impact Statement ("EIS") (November 2008).

Other commitments under the Schedule to the Nzema environmental permit and in the project EIS include:

- Posting of a Reclamation Bond;
- Compliance with Minerals and Mining Act, Act 703 (2006);
- Compliance with Mining Regulations LI2182 (2012); and
- Setting up of a Sustainable Investment Fund.

At the end of the LOM, the mining project and infrastructure will be demobilized subject to the mine closure plan in compliance with the existing legal and statutory regulations. The closure plan will be subjected to the approval by the Chief Inspector of Mines and EPA recommendations.

Construction works during 2014 consisted of residential structures, earthworks, roads and drainage systems for the partial resettlement of the Teleku-Bokazo community due to the mining

area of influence at the Adamus pit. About 1,400 residents, or approximately 360 households, were relocated by March 2014.

### **Production and All-In Sustaining Costs**

In 2015 Nzema mine produced 110,302oz at a mine level AISC of \$1,063/oz. The 2016 production is estimated to be 110,000 to 130,000oz at an AISC cost estimated in the range of \$970 to 1,020/oz produced and includes all mining, treatment, general and administrative costs, sustaining capital and royalties, which are incurred at the mine site. The AISC costs exclude depreciation, amortization and corporate general and administrative costs.

In September-October of 2013, Nzema successfully conducted a tendering process for the provision of mining services. AMS, the incumbent contractor, submitted the best offer supported by sufficient parent company guarantees and has been awarded another five years' contract. The haul & load, drill & blast, access road construction, the day work and rehabilitation rates, same as a rise & fall adjustment formula were fixed in pricing schedules (by pit, by bench and by material type) of the contract agreement.

### **Conclusions**

Nzema is a successfully operating gold mine that started commercial production in April 2011 and is projected to continue until 2019 based on currently available mineral reserves.

The exploration database for the Nzema project is reliable for the purpose of resource estimation. The mineral resources and mineral reserves have been updated as of December 31, 2015. Adamus (Anwia) provides the majority of the reserves (69%).

In 2015, the Nzema gravity/CIL processing facilities processed 1.78 million tonnes of ore at an average grade of 2.21g/t Au to produce 110,302oz.

### **Recommendations**

Nzema is an operating mine and requires ongoing monitoring of the impact of changes in the gold price and the inflation on prices of power, fuels, labour and spare components.

## **Tabakoto Gold Mine, Mali, West Africa**

The following technical disclosure relating to Tabakoto is derived principally from the summary from the "Technical Report and Mineral Resource and Reserve Update for the Tabakoto Gold Mine, Mali, West Africa" dated effective December 31, 2015 (the "**Tabakoto Report**") prepared by Gerard de Hert, Kevin Harris, Michael Alyoshin and Adriaan Roux of Endeavour, Vaughn Duke of Sound Mining Solution (Pty) Ltd., and Eugene Puritch of P&E Mining Consultants Inc. Readers should consult the Tabakoto Report to obtain further particulars regarding Tabakoto. The Tabakoto Report is incorporated by reference herein and is available for review electronically on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile.

### **Location**

Tabakoto is located in western Mali, approximately 360km west of the capital, Bamako, and less than 20km from the border with Senegal. The mine property is centered on latitude 12°56'N and

longitude 11°12'W and is accessed from Bamako by driving 360km on the National highway (RN13) to Kéniéba and from there on 15km of all-weather graded dirt road to the mine.

### **Ownership**

Endeavour owns an 80% interest in Tabakoto through a Malian entity, Ségala Mining Corporation S.A. ("**Semico**"). The government of Mali owns the remaining 20% of Semico. Tabakoto is within the Kéniéba Administrative District and is approximately 15km north of the government administrative center of Kéniéba.

Tabakoto totals approximately 113km<sup>2</sup> and is comprised of the Ségala Exploitation Permit (permis d'exploitation), the Dougala Exploration Permit and two other Exploration Permits (permis de recherche). The mining permit contains the Tabakoto NE, Tabakoto NW, Tabakoto South, Dioulafoundou, Ségala Main, Ségala NW, Dar Salam and Djambaye II deposits as well as the Moralia prospect. In 2012, the Ségala and Tabakoto Exploitation Permits were consolidated along with the Sansanto and Yéréounde mineral titles into the current Ségala Exploitation Permit which is held in the name of Semico.

On December 19, 2014, Endeavour purchased from SOFOM its 6.25% interest in a joint venture with Endeavour in respect of nearby Kofi Nord and as a result, Endeavour holds a 100% interest in Kofi Nord, which totals approximately 400km<sup>2</sup> and is comprised of the Kofi Nord Exploitation Permit (52km<sup>2</sup>) and seven Exploration Permits. The Kofi C deposit (part of Kofi Nord) has been incorporated into the Tabakoto production schedule and therefore is included in this summary. The State of Mali has the right to obtain a 10% free carried interest in Kofi Nord, and may obtain a further 10% negotiated interest.

### **Geology**

The Tabakoto and Kofi properties are located in the eastern part of the Paleoproterozoic Kédougou-Kéniéba Inlier. The Inlier represents the westernmost exposure of the Birimian Supergroup (2050–2200 Ma) of the West African Craton (Lawrence, et. al., 2013). The Kédougou-Kéniéba Inlier is bounded on its western margin by the Hercynian Mauritanide Orogenic Belt (Villeneuve, 2008) and is unconformably overlain by flat-lying sandstones of the Upper Paleozoic Taoudeni Basin (Wright et. al., 1985).

The Birimian rocks of the Kédougou-Kéniéba Inlier have been subdivided into the western Mako Series (granite-greenstone belt), the Dialé-Daléma Series (metasedimentary rocks), the Falémé Series (carbonate rich sedimentary rocks) and the eastern Kofi Series (detrital sedimentary rocks) (Lawrence, 2013).

The Tabakoto and Kofi deposits occur west of the Senegal-Mali shear zone, which is a major regional-scale, north-south shear zone associated with transcurrent movement within the Kofi Series. The Kofi Series is dominated by sedimentary rocks with bedding that generally trends NNE and dips 60° to 90° to the east and is interpreted to represent a fore-arc environment (Lawrence, et. al., 2013). The sedimentary sequence consists of shelf carbonates and calcareous clastic rocks to the west, and deeper water, turbiditic rocks to the east.

Mineralization at Tabakoto, Ségala and Kofi is typically associated with disseminated to massive sulphides; pyrite, pyrrhotite, arsenopyrite and in rare instances chalcopyrite and sphalerite. The gold is either associated with quartz veining or moderate to intense silicification and/or

albitization. In addition to the silicification, there is evidence of potassic (sericite and biotite), propylitic (chlorite) and carbonate (dolomite to ankerite).

The deposits can be further divided into three broad types as follows:

- Shear Zone hosted (Ségala and Ségala NW);
- Fracture and cross structure hosted (Dar Salam, Tabakoto, Dioulafoundou and Kofi C); and
- Intrusive hosted (Djambaye II).

## **Exploration**

Geochemical data, used in conjunction with the available geophysical survey and geological mapping, has been effective in the delineation of significant gold mineralization targets within the project area. Whilst the high order geochemical anomalies have been trenching and drilled, potential exists to identify additional gold mineralization either proximal to the currently defined deposits, by additional drilling of known mineralized structures both along strike and down dip/plunge, or by follow up exploration of lower order geochemical anomalies.

Endeavour's evaluation of the Tabakoto, Ségala and Kofi Nord project areas began in 2013 following the acquisition of Avion. The projects were mature at that time and subsequent exploration by Endeavour has been heavily focused on in-fill drill programs, which are described in the following section. Surface drilling included 16 diamond drill-holes (8,020m) and 406 RC drill-holes (34,969m) on the Ségala exploitation permit with 41 diamond drill-holes (5,556m) and 860 RC drill-holes (53,412m) on the Kofi Nord exploitation permit.

Exploration has been carried out under the supervision of technically qualified personnel applying standard industry approaches. Geochemical data quality has routinely been assessed as part of ongoing exploration procedures. All data acquired meets or exceeds industry standards. All exploration work has been carried out by, or supervised by, technical personnel of the operator (BHP, PDRM, Oliver Gold, Nevsun, AXMIN and Avion).

## **Data**

Only limited sample preparation was done on site and this pertains mainly to the cutting of core samples and the splitting of percussion drilling chips with riffle-splitters. All crushing and sample pulverization was completed by independent commercial laboratories following standard industry practice. The samples of the most recent surface campaigns were submitted to the SGS Laboratory in Bamako for gold analyses using the fire-assay method with an atomic-absorption finish. Underground exploration samples have been sent to ALS Bamako during 2014 and 2015 with similar assaying procedures as SGS Laboratories. During July, 2015, restricting within the ALS Group of companies has the local samples prepped in the Bamako Laboratories, and then shipped to Ouagadougou, Burkina Faso for assaying. An auditable chain of custody was established for the sample handling, data reporting and database capture.

The reliability of the gold assay results was based on a well designed and implemented quality assurance and quality control protocol that includes the analysis of blind blanks, duplicates and certified reference materials.

The authors believe the current quality systems in place at Tabakoto to monitor the precision and accuracy of the sampling and assaying is adequate and that the laboratory returned acceptable results for use in resource estimation.

### **Mineral Resources**

Tabakoto is an operating gold mine. The mineral resource models supporting the current mineral reserves estimates for the nine deposits from Tabakoto, Ségala and Kofi have been updated based upon additional drill-hole data, re-sampled drill-holes, mine geology interpretations and mine production through December 31, 2015.

All resources are in compliance with NI 43-101 and CIM standards. The mineral resource estimates for Tabakoto, Ségala, Kofi B, A Linear, and Betea were carried out under the supervision of Kevin Harris QP (CPG) Endeavour Group Resource Manager. The mineral resource estimates for Kofi A, Kofi C and Blanaid have not changed since the previous technical report and were carried out under the supervision of Eugene Puritch, P.Eng., of P&E Mining Consultants Inc. ("P&E").

### **Tabakoto, Ségala, Kofi B, A Linear, and Betea Mineral Resources**

The mineral resource estimates carried out under the supervision of Kevin Harris were completed using a similar methodology.

All underground and surface exploration drill-data is maintained in a Datashed database which is maintained on the mine-site server. The underground exploration and development geological logging information is entered directly into Logchief and synchronised with the Datashed database. Other field data (e.g. sampling sheets, downhole surveys, etc.) are entered into excel spreadsheets and formatted for Datashed importation. Laboratory assay reports are directly imported into Datashed along with all QAQC data and validated by Tabakoto database personnel. The data is then validated and merged with the surface drill-hole database into a Surpac drill-hole database. The Surpac drill-hole database for Tabakoto and Ségala were updated to include all available RC and DDH drill-holes up through December, 2015 and verified.

Mineral resources at Tabakoto have been estimated using the method of inverse distance cubed ("ID3") to interpolate grades into the block models. The interpolation parameters used to update the model are based on updated geostatistics from the current interpretations and drilling data. The drill holes were composited to intervals within the mineralized zones defined and statistical analysis completed to determine the optimum modeling parameters. Composites coded as within the mineralized domains were used to estimate gold grade into blocks located within the mineralized domain solids. Grade capping was applied for each deposit, and no grade estimation was made outside of the domain solids.

Geological, structural and gold grade controls are used to interpret mineralized domain outlines. The models estimate resources into blocks with dimensions appropriate to the mining method and average drill-hole spacing for each deposit. Continuity of gold grades was characterized by geology, drill-holes and mine geology data which provided much better correlation of the ore zones and a higher confidence.

The mineral resource estimates within each block have been classified by using solid wireframe, drill-hole spacing, and number of samples to flag blocks as measured, indicated, and inferred. Improved geological knowledge in terms of level of geologic and structural confidence in the

mineralization coupled with the increased data density, the continuity of mineralization and the increased reliability of the database, have allowed resource to be classified with higher confidence.

Three-dimensional data analysis and interpretations, wire-framing, compositing, exploratory data analysis, variogram calculation and modeling, and resource estimation at Tabakoto have been performed using GEOVIA Surpac V6.6 software.

Drill-hole data used in the estimation is first validated before interpretation of the ore body is undertaken in sectional and/or plan view to define strings which form the basis of the three dimensional ore body wire-frame. Interpretation was influenced by the selection of mineralized material above 0.5g/t Au sample cut-off grades in the open pit areas and 2.0g/t Au sample cut-off grades in the underground areas and approximately two metre minimum width that demonstrated a lithological and structural zonal continuity along strike and down dip. Wire-framing is then carried out using a combination of automated stitching algorithms and manual triangulation to create an accurate three-dimensional representation of the mineralized body.

In some cases mineralization below cut-offs was included for the purpose of maintaining zonal continuity. Smoothing was utilized to remove obvious jogs and dips in the domains and incorporated a minor addition of inferred mineralization. This exercise allowed for easier domain creation without triangulation errors from solids validation.

Drill-hole intercepts within the mineralized body are defined, these intercepts are then used to flag the appropriate sections of the drill-hole database tables for compositing purposes. Drill holes assays are subsequently composited to allow for grade estimation.

Once the sample data has been composited, a statistical analysis is undertaken to assist with determining estimation search parameters, top-cuts, etc. Variographic analysis of individual domains is completed to assist with deriving appropriate search parameters. In the case of smaller populations, variography provides only partial guidance as to appropriate estimation parameters. The variography is then incorporated with observed geological and geometrical features to determine the most appropriate search parameters.

An empty block model is then created for the area of interest. This model contains attributes set at background values for the various elements of interest as well as density, and various estimation parameters that are subsequently used to assist in resource categorization. The block sizes used in the model are variable and dependent on ore body geometry, minimum mining units, and levels of informing data available.

Grade estimation is undertaken within the empty block model, utilising the created wireframes as hard boundaries. Search parameters, deemed appropriate from statistical studies and geological interpretations, are utilised when informing the model via interpolation of created down-hole composite files. Generally speaking, the ID3 weighting estimation method is considered standard for all Tabakoto resource work.

#### **Kofi A, Kofi C and Blanaid Mineral Resources**

The mineral resource estimates carried out under the supervision of Eugene Puritch were completed using a similar methodology.

All drilling data were provided electronically as spreadsheets or text files. The information provided included collar coordinates, drill-hole survey data, assay values and lithology intervals. All data are expressed in metric units, and grid coordinates are relative to a UTM system.

Industry standard validation checks were completed on the supplied databases. P&E typically validates a mineral resource database by checking for inconsistencies in naming conventions or analytical units, duplicate entries, interval, length or distance values less than or equal to zero, blank or zero-value assay results, out-of-sequence intervals, intervals or distances greater than the reported drill-hole length, inappropriate collar locations, and missing interval and coordinate fields. P&E noted no significant validation errors.

Individual deposit domain boundaries were determined by interpretation of lithology, structure and assay grades from visual inspection of drill sections. The domain outlines were influenced by the selection of mineralized material above 0.25g/t Au that demonstrated reasonable continuity along strike and down dip. Where necessary, mineralized material below this grade was included to maintain zonal continuity (Puritch et al, 2013).

On each section polyline interpretations were extended from drill-hole to drill-hole but not typically extended more than fifty metres into untested areas. The interpreted polylines were then combined into a true three dimensional representation.

A saprolite surface was generated by Laplace gridding of logged lithological contacts, and extended across the area of interest (Puritch et al, 2013).

Length-weighted composites were calculated within the defined mineralization domains, starting at the first point of intersection between the drill-hole and the domain intersected, and halting upon exit from the domain wireframe. Composites were assigned a domain rock code value based on the domain wireframe that the interval midpoint fell within. A nominal grade of 0.001 g/t was used for un-sampled intervals. Residual composites less than half the compositing length were discarded. P&E generated summary statistics and histograms for the composite samples within the defined domains (Puritch et al, 2013).

Length weighted composites were generated for the drill-hole data that fell within the constraints of the above-mentioned domains. These composites were calculated for gold over lengths starting at the first point of intersection between assay data hole and hanging wall of the 3-D zonal constraint. The compositing process was halted upon exit from the footwall of the aforementioned constraint. Un-assayed intervals were set to ½ assay detection limit values. Any composites that were less than 0.50 metres in length were discarded so as not to introduce any short sample bias in the interpolation process. The constrained composite data were transferred to Gemcom extraction files for the grade interpolation as X, Y, Z, Au, files (Puritch et al, 2012).

The presence of high-grade outliers for the composite data was evaluated by a review of composite summary statistics, histograms and probability plots for RC drill-holes, diamond drill-holes and combined data sets. Outliers were capped at a suitable level.

Domain-coded, composited sample data were used for continuity analysis. Strike orientations for the domains were developed based on the modeled geometry of the mineralization. Dip and dip plane orientations were selected using orientations developed from variogram fans, which were assessed for geological reasonableness. Conventional and normal-scores experimental semi-variograms aligned with the best-fit orientation of the mineralization were then generated. The

nugget effect was derived from the down-hole experimental semi-variogram, and semi-oriented variogram ranges were assessed and iteratively refined for each model. Continuity ranges based on the resulting semi-variogram models were then generated for each variable by domain and used to define an appropriate search and classification strategy.

Continuity ellipses based on the ranges from the resulting semi-variograms were used as the basis for estimation search ranges, distance calculations and mineral resource classification criteria.

An orthogonal block model was established across the property with the block model limits selected so as to cover the extent of the mineralized domains, and with the determined block size reflecting the continuity of the mineralization and the drill-hole spacing. The block model consists of separate models for estimated grades, rock codes, percent, density and classification attributes. A percent block model was used to accurately represent the volume within the constraining domains (Puritch et al, 2013).

A two-pass series of expanding search ellipsoids was used for sample selection, grade estimation and classification. Blocks estimated during the first pass were consolidated into a logical grouping in order to minimize orphan blocks, and then classified as Indicated. All other blocks were classified as Inferred (Puritch et al, 2013).

The mineral resources have been reported inside an optimized pit shell. The results from the optimized pit shell are used solely for the purpose of reporting mineral resources that have reasonable prospects for economic extraction, and the optimization is based on the following economic parameters:

- US\$1,540.00/oz Au price (three year trailing average as of April 2013);
- 80-85% recovery;
- US\$2.25 sulphide mining cost;
- 45 degree pit-slopes; and
- Cut-off: 0.50 g/t Au.

### **Resource Statement**

The most recent resource interpolation for Tabakoto was completed by or for Endeavour, effective December 31, 2015. A summary of the interpolated resources at 0.5 g/t and 1.5 g/t cut-off is provided in Table 1.



**Table 1: Tabakoto Mineral Resources as of December 31, 2015**

Deposit	Mineral Resources (including Reserves)								
	Measured			Indicated			Inferred		
	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs
<b>Underground Resources (1.5g/t Cut-Off)</b>									
Tabakoto NE	223	5.81	41,600	478	3.93	60,500	263	6.12	51,800
Tabakoto NW	723	4.57	106,000	1,113	4.15	148,000	844	4.97	134,900
Tabakoto South	440	4.79	67,800	484	5.26	81,900	108	5.32	18,500
Djambaye II	42	3.69	4,900	482	4.65	72,100	814	4.71	123,200
Ségala Main	1,969	3.85	243,900	1,361	4.08	178,400	2,915	2.96	277,700
Ségala West				67	3.21	6,900	464	3.26	48,600
Ségala NW				115	3.68	13,600	754	3.51	85,000
Dioulafoundou				155	5.26	26,300	514	6.08	100,500
Dar Salam				45	3.32	4,800	418	3.64	48,900
<b>Sub-Total</b>	<b>3,397</b>	<b>4.25</b>	<b>464,200</b>	<b>4,300</b>	<b>4.29</b>	<b>592,500</b>	<b>7,094</b>	<b>3.90</b>	<b>889,100</b>
<b>Open Pit Resources (0.5g/t Cut-Off)</b>									
Tabakoto NW				945	3.45	104,800	133	2.83	12,100
Djambaye II	7	2.32	500	53	3.00	5,200	11	2.53	900
Ségala West				91	2.49	7,300	130	3.73	15,600
Ségala NW				284	2.36	21,500	209	1.99	13,400
Dar Salam				126	3.51	14,300	131	2.60	10,900
<b>Sub-Total</b>	<b>7</b>	<b>2.32</b>	<b>500</b>	<b>1,499</b>	<b>3.18</b>	<b>153,100</b>	<b>613</b>	<b>2.68</b>	<b>52,908</b>
Betea				1,180	2.44	92,400	143	2.09	9,600
Kofi A <sup>1</sup>				10	1.46	500	462	1.77	26,300
Kofi B	457	2.09	30,700	569	2.18	39,900	11	2.06	700
Kofi C <sup>1</sup>				4,141	2.63	350,000	119	1.20	4,600
Blanaid <sup>1</sup>				82	2.06	5,400	499	2.32	37,200
A Linear				498	2.23	35,700	32	2.00	2,000
<b>Sub-Total</b>	<b>457</b>	<b>2.09</b>	<b>30,700</b>	<b>6,481</b>	<b>2.56</b>	<b>523,900</b>	<b>1,273</b>	<b>1.97</b>	<b>80,400</b>
Stockpiles	2,400	1.03	79,400						
<b>Total</b>	<b>6,261</b>	<b>2.86</b>	<b>574,800</b>	<b>12,280</b>	<b>3.22</b>	<b>1,269,535</b>	<b>8,981</b>	<b>3.54</b>	<b>1,022,500</b>

<sup>1</sup>E. Puritch, P.Eng (P&E Mining Consultants Inc.) is the Independent Qualified Person.

The mineral reserves have been estimated in accordance with NI 43-101 and the CIM Definition Standards.

### Mineral Reserves

Tabakoto mineral reserve estimates as of December 31, 2015 stated in this report are based on the mineral resources reported above. The underground mineral reserve estimates were updated by Vaughn Duke, Pr.Eng, PMP, FSAIMM and the open-pit mineral reserve estimates were updated by Endeavour personnel under the supervision of Michael Alyoshin, MAusIMM, CP Min.

The key modifying parameters upon which the end 2015 mineral reserve estimates were made are summarized in Table 2.

**Table 2: 2015 Reserve Key Modifying Parameters**

Applied Modifying Parameters	Tabakoto Underground	Ségala Underground	Open-Pit
Gold Price (US\$/oz Au)	1,250	1,250	1,150-1,250
Royalty	6%	6%	3-6%
Mining cost (US\$/t mined)	23.34	27.3	As per SFTP contract
Mining Dilution	0-25%	0-25%	16-43%
Mining loss	5%	5%	2-5%
Pit slopes	NA	NA	37-50 degrees
Total Process cost (US\$/t milled)	21.65	21.65	18.5-25.5
Process recovery	93%	93%	93%
G&A cost (US\$/t milled)	9.76	9.76	9.76
Mining in-situ Au Cut-off Grade	1.7g/t	1.7g/t	1-1.6g/t

Based on the updated Measured and Indicated mineral resources for the various mineral deposits at Tabakoto, the Proven and Probable mineral reserves for the open pit operations, using a gold price of US\$1,250/oz, as of December 31, 2015 are estimated to be 6.44Mt at a grade of 3.5g/t containing 725,300oz of gold. This includes 275kt of ROM pad ore stockpile at a grade of 2g/t Au containing 17,000oz of gold (Table 3).

**Table 3: Tabakoto Mineral Reserves as of December 31, 2015**

Deposit	Mineral Reserves								
	Proven			Probable			Proven + Probable		
	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs
<b>Underground Reserves<sup>2</sup></b>									
Tabakoto	464	4.0	59,900	925	4.1	122,700	1,389	4.1	182,600
Ségala	1,288	3.3	135,100	1,034	3.6	120,500	2,322	3.4	255,600
<b>Sub-Total</b>	<b>1,753</b>	<b>3.5</b>	<b>195,000</b>	<b>1,958</b>	<b>3.9</b>	<b>243,200</b>	<b>3,711</b>	<b>3.7</b>	<b>438,200</b>
<b>Open Pit Reserves<sup>3</sup></b>									
Kofi C				974	4.4	138,600	974	4.4	138,600
Kofi B	263	2.6	22,200	308	2.6	26,100	571	2.6	48,300
Tabakoto N				271	3.8	32,700	271	3.8	32,700
A Linear				112	2.4	8,500	112	2.4	8,500
Betea				452	2.4	34,200	452	2.4	34,200
Dar Salam				77	3.0	7,300	77	3.0	7,300
<b>Sub-Total</b>	<b>263</b>	<b>2.6</b>	<b>22,200</b>	<b>2,195</b>	<b>3.5</b>	<b>247,500</b>	<b>2,458</b>	<b>3.4</b>	<b>269,700</b>
Stockpile	275	2.0	17,000						
<b>Total</b>	<b>2,290</b>	<b>3.19</b>	<b>234,600</b>	<b>4,153</b>	<b>3.68</b>	<b>490,700</b>	<b>6,443</b>	<b>3.50</b>	<b>725,300</b>

<sup>2</sup>Vaughn Duke Pr.Eng, PMP, FSAIMM (Sound Mining) is Qualified Person for underground mineral reserves.

<sup>3</sup>Michael Alyoshin MAusIMM CP Min (Endeavour) is Qualified Person for open pit mineral reserve.

This reserve estimate has been estimated and reported in accordance with NI 43-101 and the CIM Definition Standards.

## **Mining**

Tabakoto mine operations currently consist of two underground operations (Tabakoto and Ségala) and open pit (Kofi C) with gravity/CIL processing facilities. During 2015, mining operations at Tabakoto concentrated on the Kofi C open-pit, Tabakoto and Ségala underground from which a total of 10.66Mt of material were mined to deliver 1.37Mt of ore at an average grade of 3.34g/t Au containing 147,500oz to the ROM pad.

The Tabakoto underground deposits are accessed from two portals at the bottom of the Tabakoto open pit. The northern portal is used to exploit the northwest-trending zones in the northern half of the mine and the southern portal for both the northeast-trending zones and the South zones in the southern half of the mine.

The Ségala Main Zone is accessed by a portal from the side of the Ségala open pit. This zone consists of several parallel mineralized structures which run along the length of the ore body. The spacing and the thickness of these structures vary. Individual veins, which can be less than a metre thick, are grouped into ore zones which can collectively be up to 35m thick. The Ségala Main deposit contains the bulk of the currently defined mineralization on the property.

The mining of the Kofi C deposit entails conventional open pit mining methods with drilling and blasting of competent material followed by load and haul. Blasting on the ore zone is mainly on 5m benches while for bulk waste the stripping is completed 10m benches. The blasting on the ore is more controlled in order to minimize dilution. Excavation of the blasted material is mainly on 2.5m high flitches.

## **Metallurgy and Process Plant**

The ore deposits of Tabakoto have undergone several metallurgical testwork programs, most recently the program conducted by SGS Lakefield in the third quarter of 2013 on the Kofi C, Kofi B and Betea deposits. Testing has confirmed the suitability of the ore for processing by CIL, with recoveries reported.

In 2010, GENIVAR Limited Partnership of Montreal, was contracted to increase the process plant throughput from 2,000 tonnes per day to 4,000 tonnes per day. This project was interrupted by political instability but construction recommenced in 2013 after Avion was acquired by Endeavour. Final commissioning commenced during March 2013 and the plant was fully commissioned by May 2013.

The plant expansion involved the installation of a new 5,000kW SAG mill in closed circuit with the existing ball mill. The expansion included improvements in capacity for CIL, refining, elution, thickening, gravity circuit, tailings impoundment, fresh water delivery and pumping capacities throughout the plant. The gravity circuit was modified to include an Intense Leach Reactor ("ILR") and dedicated electro-winning cells to process the increased volume of gravity recoverable gold.

The tailings dam facility required expansion due to the additional plant throughput. A new tailings dam was constructed and deposition commenced in 2014. Deposition will continue on the new dam until it has reached the same height as the current dam. The valley created between the two dams will then become available for future slimes deposition.

## **Infrastructure**

Project infrastructure includes a 4,000tpd gold ore processing plant, associated tailing storage facility, power, water, mine services facilities and site offices. A mine camp is also maintained for residential staff with a capacity for 260 employees.

## **Market Studies and Contracts**

Gold output from Tabakoto is in the form of doré bars which are shipped to Europe for refining by Metalor, the contract refiner.

A number of operational duties have been contracted out to suppliers, most notably Mine Kale ("SFTP") as the open pit mining and haulage contractor, ALS operates the onsite laboratory and All Terrain Services ("ATS") caters and manages the senior staff camp.

The various contracts were awarded following a competitive bidding process, prices are within the industry range and comparable to other operations in Mali or West Africa.

## **Environmental and Social**

The mine adheres to all Malian laws pertaining to Environmental Management, however, in the absence of an applicable Malian standard, the standards prescribed by the World Bank Guidelines, and WHO Standards are also adhered to. Additionally the environmental management implementation is ISO 14001 compliant. Management is committed to adhering to the EMS via policy and work commitment and is managed by a committee including top management.

Environmental monitoring includes dust fallout, water quality, climatic and blasting (noise and vibration). Additionally waste management and recycling is performed, fire control, pest control (snakes/bees/mosquitoes), and management of wild animals within the mine perimeter. Top soil is stockpiled from all operations for later use in rehabilitation, and a comprehensive nursery is maintained of indigenous species for re-planting on rehabilitated land.

In order to ensure that adequate funds will be available to complete mine closure in a responsible and environmentally acceptable manner, a mine closure cost estimate has been prepared, and rehabilitation cost are budgeted. The estimate serves as a basis for calculating the necessary provisions to be allocated to the closure fund during the operational phase of the mine, to ensure adequate funds are available for closure activities after mining operations cease.

Endeavour currently has all required environmental permits for exploitation of the current mineral resources and mineral reserves of Tabakoto, Ségala and Kofi Nord.

Tabakoto Operations has a social team who manage the social relationship between the mine and the local population. A strategic communication plan has been formulated and a community grievances management procedure established. Contributions to the community are managed by this team in conjunction with senior mine management.

## **Capital and Operating Costs**

Capital cost estimates are based on a combination of the operational historical data and experience and also on orders that are in place.

Capital expenditures estimated for 2016 are limited to US\$5.31 million for new project sustaining capital and US\$0.64 million sustaining capital carried forward.

The 2015 cash operating costs for Tabakoto are presented in Table 4 and include all mining, treatment and general and administrative costs, which are incurred at the mine site.

**Table 4: 2015 Cash Operating Costs**

Item	Unit Cost (US\$)
Underground Mining Costs	34.43/t mined
Open Pit Mining Costs	2.90/t mined
Open Pit Trucking Costs	7.60/t milled
Processing Costs	23.34/t milled
Maintenance Costs	4.95/t milled
On Site General and Administration Costs	9.76/t milled

## Conclusions

The mineral resources and reserves at the Tabakoto operations are robust based on current economics. There remain sufficient reserves to be economically exploited in the near term and extensions to these reserves are adequately indicated through mineral resources and also via favourable geology and exploration drill-hole intersections. Sufficient funding is available during 2016 and beyond to extend the known underground resources at Tabakoto and Ségala underground mines. Additionally, alternative high grade underground resources, principally at Dioulafoundou, can be converted to reserves in reasonable time frame.

Open pit reserves at Kofi C will be replaced by reserves at the Kofi B deposit where mining will commence in 2017. The other deposits on the Kofi property will continue to be evaluated as potential contributions to the production schedule for the Tabakoto operation. There also exists significant potential to increase open-pit resources on the Tabakoto and Kofi properties through additional systematic exploration.

Operational risks to the LOM plan are quantified and manageable, and political risk has significantly reduced through stability of the government and international assistance.

In 2015, Tabakoto mine produced 152,185oz at a mine level AISC of US\$1067/oz. The 2016 production is estimated to be 155,000 to 175,000oz at an AISC estimated in the range of US\$920 to US\$970/oz produced and includes all mining, treatment, general and administrative costs, sustaining capital and royalties which are incurred at the mine site. The mine level AISC costs exclude depreciation, amortization and corporate general and administrative costs.

## Recommendations

Now that the Tabakoto operation has reached a steady state of production after the mill expansion project, Semco is to continue to manage costs. Ongoing aggressive exploration programs are required to continue to test potential extensions to existing resources, to development of new resources on the property, and to convert known resources to mineral reserves.

Steeper slope angles may be feasible by optimizing the recommended slope designs based on the documented geological conditions and actual performance achieved in the field. For example, there is the potential for steepening the inter-ramp slopes for the walls of the Kofi C and Kofi B pits within the slightly weathered to fresh rock, if the discontinuity sets are not as continuous as assumed at this stage of the design. In addition, excellent field performance may warrant increasing design bench face angles (Hammah, 2015).

To attain the recommended pit-slope angles, particularly in the saprolites, it is important for the pit areas to be depressurized through dewatering ahead of mining. If dewatering in the saprolites proves to be challenging, flatter inter-ramp angles should be considered. It is recommended that piezometers be installed near pit rims (particularly in high saprolite slope areas in order to identify the requirements to further depressurize slopes (Hammah, 2015).

Additional recovery and leach testwork for Kofi B, A Linear and Tabakoto North is recommended to confirm the mineralogy does not differ from what is currently being treated.

Significant exploration potential remains untested within the Tabakoto property both on surface and underground at Tabakoto, Dioulafoundou and Ségala. Significant resource upside potential is likely to be achieved with resultant extensions to the LOM. Additionally, resource conversion and project evaluation of the other Kofi satellites need to be pursued.

A phased follow-up exploration program consisting of several components is recommended on the Ségala and Kofi Nord exploitation permits. This program is designed to maximize the opportunity to discover new zones of gold mineralization and to expand the potential of the known deposits for the minimum exploration expenditures in the shortest time frame. The total exploration budget to complete all of the required work is estimated to be US\$5.1 million in 2016.

With the accumulation of additional data, priorities among the anomalies will change and, in keeping with good exploration practice, the emphasis will be placed on the best of the emerging targets.

The planned exploration program at Tabakoto/Ségala will focus on underground potential for replacing depleted ounces and when possible extending the LOM. Proposed work at Ségala includes 11,000m for converting Inferred mineral resources to Indicated and 5,000m for exploration, which will mainly add, Inferred mineral resources. At Tabakoto, underground drilling will focus on the main zones, which could potentially be mineable, a total of 19,000m will be allocated to resource conversion and 17,700m is allocated to add Inferred mineral resources. Planned exploration at Kofi Nord, which includes 10,000m of RC drilling is intended to develop Inferred mineral resources.

The principle objective is to increase mineral resources and reserves in order to extend the Tabakoto mine life.

#### **Ity Gold Mine, Côte d'Ivoire, West Africa**

The following technical disclosure relating to Ity is derived principally from the summary from the "Technical Report for the Ity Gold Mine, Côte d'Ivoire, West Africa", dated effective July 31, 2015 (the "**Ity Report**"), prepared by Kathleen Body and Mpariseni Mudau of Coffey Mining (South Africa) (Pty) Ltd. ("**Coffey**") , Gordon Cunningham of Turnberry Projects (Pty) Ltd., Rémi Bosc of Arethuse Geology Sarl,

Patrick Perez of SGS Canada, Jason Baker, Daniel Gauthier, Pierre Larochelle and Henri P. Sangam of SNC-Lavalin Inc. The disclosure below has been supplemented with more recent information which has been prepared by Michael Alyoshin of Endeavour, who is a qualified person under NI 43-101. Readers should consult the Ity Report to obtain further particulars regarding Ity. The Ity Report is incorporated by reference herein and is available for review electronically on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile.

### **Location**

The Ity deposits are all part of the mine property of Société des Mines d'Ity ("**SMI**") in Côte d'Ivoire and centered on 06° 52' 16" north latitude and 08° 06' 30" west longitude. Côte d'Ivoire is located in West Africa at the extreme west of the Gulf of Guinea and is bordered by Ghana in the east, Mali and Burkina Faso in the north and Guinea and Liberia in the west. The Ity gold deposits are located in the west of Côte d'Ivoire, 480km (direct) from the economic capital of Abidjan, near the border with Liberia and Guinea.

### **Ownership**

The Ity gold mine and mill is comprised of a single exploitation permit. The exploitation permit (PE26), with an area of 25km<sup>2</sup>, includes the Mont Ity, ZiaNE and Walter deposits, the Aires (decommissioned heap-leach pads), and the Verse Ouest and Teckraie dumps. The exploration permit (PR61) for the Ity gold mine, including the Gbeitouo and Daapleu deposits, was initially granted to SMI, which discovered and developed the deposits. This exploration permit (PR61) was relinquished by SMI in 2015 and a new research permit (PR609) involving similar perimeters was granted in June 2015 to La Mancha Côte d'Ivoire ("**LMCI**"), an entity wholly-owned by Endeavour. Endeavour has applied for the related exploitation permit. Pursuant to an agreement between LMCI and the Ivorian government in 2014, this exploitation permit, once granted, will be transferred to a newly incorporated entity of which Endeavour will own a 55% interest, the same interest Endeavour currently holds in SMI.

Mineral rights are 100% held by SMI, a registered company of Côte d'Ivoire at address 08 BP 872 Abidjan 08 – Cocody corner Boulevard Latrille and rue du Lycée Technique, immeuble Palm Club, 2nd floor. Endeavour holds a 55% stake and management control of SMI, the remainder is held 30% by SODEMI (the State Mining Agency), 10% by the Government of Côte d'Ivoire, and 5% by a private investor.

### **History**

Copper and gold were first discovered near the village of Ity in the 1950's during regional exploration by the Bureau Minière de la France d'Outre-Mer. Initial attempts to recover the gold were unsuccessful due to the fineness of the gold and the rheology of the ore. In 1983 the Société Minière d'Ity was incorporated to develop the Flotouo deposit which poured its first gold in 1991. Substantial exploration was done in the 1990s and many of the deposits were discovered or expanded at the time. Since then ownership has changed several times until the La Mancha Group ("**LMA**") acquired a stake in SMI in 2012. In 2014 a change in shareholders was authorized by the Government of the Côte d'Ivoire leading to the current ownership structure. Late in 2015, Endeavour acquired LMA.

## **Geology**

The Ity deposits are located in the Lower Proterozoic Birimian Formations of the Toulépleu-Ity klippe. The Toulépleu-Ity klippe is a small remnant of Birimian within the older Archean portion of the West African Craton. The Ity area is characterized by a series of granodioritic intrusions into a sedimentary sequence of volcano-sediments and carbonates with a general NE-SW strike. The volcanic rocks are generally tuffaceous with chemistry that ranges from basic to acidic. All formations have been subjected to regional metamorphism.

The deposits of Ity, ZiaNE, and Walter are skarns developed at the contacts of the granodiorite with the carbonates. The remaining in-situ deposits are more typical shear-hosted, greenstone deposits. The Daapleu deposit is characterized by the presence of a "rhyolitic" intrusive surrounded by a package of volcano-sediments. The "rhyolite" is locally called "daaplite" and is leucocratic (grey to white), microgranular, schistose and rich in micas, essentially a fine grained granite. The Gbeitouo deposit is hosted within volcano-sediments.

The Teckraie and Verse Ouest deposits are rock dumps of the now depleted Flotouo (skarn) open pit and sit on top of weathered granodiorite. Aires consists of the decommissioned heap leach pads from the historic operation of the mine.

## **Exploration**

LMA's evaluation of the Ity Mine began in 2012 following the change in ownership and management. Exploration since then has been carried out under the supervision of technically qualified personnel applying standard industry approaches. All data acquired meets or exceeds industry standards and all exploration work has been carried out by, or supervised by technical personnel of the operator. Work prior to 2012 has been validated or replaced with new information.

## **Data**

Drilling and survey procedures observed are to acceptable industry standards, are appropriate to the deposits being drilled and are appropriate for mineral resource estimation.

The Walter and Gbeitouo deposits still have a large proportion of historical boreholes utilized in the mineral resource estimates. Historical drilling was poorly documented between 2002 and 2012. Sufficient additional drilling allowed verification of historic drilling for use in industry standard resource estimates. Drilling practices from 2012 onward were all documented and regularly assessed by independent senior consultants and are to acceptable industry standards, are appropriate to the deposits being drilled and are appropriate for mineral resource estimation.

Control samples used during drill campaigns on the Aires, Teckraie, Verse Ouest, Daapleu, ZiaNe and Mont Ity project areas comprised the insertion of standards, blanks and field duplicates into the sample stream. The intended aim should be approximately 5% coverage for standards, blanks and duplicates. The quality control data was analyzed on an on-going basis and generated some queries with the laboratory that were resolved.

During the different campaigns on the deposit areas the duplicates were comprised of a quarter split of the core, a second coarse-split of the RC sample or a second split of the pulp. A total of 18 different commercial standards (Geostats, Gannet Holdings and Rock Labs of Australia) were



used, of various grades. Two different sources of blank material were used, beach sand and coarse rock chips that were confirmed to not contain any gold.

All assays for the most recent exploration campaigns were done by Bureau Veritas laboratory, Abidjan, Côte d'Ivoire with 50g fire-assay analyses. In addition to the above, six batches of samples were sent to ALS Chemex, Ouagadougou, Burkina Faso as umpire checks. These samples came from the Mont Ity and ZiaNE project areas.

In general the results of the assays were within acceptable limits and deemed suitable for use in the mineral resource database. Any data deemed not to be suitable was removed from the database.

### **Mineral Resources**

Ity is an operating gold mine. The mineral resource models supporting the current mineral reserves estimates for Ity were updated as of July 31, 2015 by independent consultants, Coffey and Arethuse Geology Sarl ("**Arethuse**").

Coffey estimated the mineral resource for the Mont Ity, Daapleu, ZiaNE, Aires, Teckraie, and Verse Ouest deposits using a combination of Nearest Neighbour, Inverse Distance methods. The volume modelling and mineral resource estimation was completed in the 3D software package Micromine™, Datamine™ Studio 3 and Isatis.

Arethuse estimated the mineral resources for the Walter and Gbeitouo deposits using a combination of Ordinary Kriging and Inverse Distance methods. Geological modelling and mineral resource estimation was done using GEOVIA Surpac 6.6, XLStat, Autotats and Isatis software packages.

The mineral resource estimates were prepared by conventional block modeling techniques. Grade shells were generally defined using a threshold assay of 0.50g/t Au as the lower limit for inclusion within the grade shell.

Samples were composited to standard one-metre lengths, starting from the top of the mineralized zone wireframe for each hole. Statistical analysis was employed to define high-grade outlier gold assays, and all composites inside the grade shells were capped. Capping strategies ranged from Daapleu and Verse Ouest deposits where capping was deemed unnecessary to Walter where gold values were capped to 40g/t.

The quality of the estimations was validated using summary statistics, comparison of the estimate mean versus the mean of the composite dataset, visual checks of cross sections, long sections, and plans and comparison of different estimation methods.

The mineral resources are defined within an optimal pit shell generated using the following parameters:

- Overall pit slope of approximately 30 to 40 degrees;
- Commodity price of USD\$1,500/oz Au;
- Process recovery between 73% and 96%;
- Process cost between USD\$12.1/t and USD\$16.5/t; and
- Refinery, selling and royalty costs of 4% of sell price.

The weathered zones are generally feed for the heap-leach plant over the next three years. The rest of the material is planned as feed for the CIL plant and is mostly comprised of material which cannot be as effectively treated in the Heap Leach process. The Verse Ouest dump has not yet been considered for mineral reserve heap-leach processing or for the CIL project.

The most recent resource interpolation for Ity was completed by Endeavour effective December 31, 2015. A summary of the interpolated resources at 0.5 g/t cut-off is provided in Table 1.

**Table 1: Mineral Resources (including Reserves) as of December 31, 2015**

Deposit	Mineral Resources (including Reserves)								
	Measured			Indicated			Inferred		
	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs
Mont Ity <sup>1</sup>				4,885	2.38	371,000	112	2.29	8,000
Daapleu <sup>1</sup>	21,188	1.45	985,000	9,603	1.46	452,000	1,553	1.21	61,000
ZiaNE <sup>1</sup>				6,741	1.56	338,000	4,473	1.78	257,000
Ity Flat <sup>1</sup>				2,813	2.40	215,000	3,901	1.60	200,000
Walter <sup>2</sup>				2,335	2.24	168,200	191	1.43	8,800
Gbeitouo <sup>2</sup>				1,954	2.30	144,700	57	1.29	2,300
Aires Leach Pads <sup>1</sup>	6,133	1.05	205,000						
Verse Ouest-Teckraie <sup>1</sup>				5,594	1.17	211,000	3,801	1.23	150,000
Stockpile <sup>1</sup>				161	3.17	16,000			
<b>Total</b>	<b>27,321</b>	<b>1.35</b>	<b>1,190,000</b>	<b>34,086</b>	<b>1.75</b>	<b>1,915,900</b>	<b>14,088</b>	<b>1.52</b>	<b>687,100</b>

<sup>1</sup>K. Body Pr.Sci.Nat. (Coffey) is the independent Qualified Person.

<sup>2</sup>R. Bosc Eur.Geol. (Arethuse) is the independent Qualified Person.

The mineral resources have been estimated in accordance with NI 43 101 and the CIM Definition Standards.

### Mineral Reserves (Heap-Leach)

The deposits planned to be mined during the current mine plan have been optimized for a "Heap Leach and CIL scenario" that envisioned a 2016 construction decision on the CIL plant with commercial operation at the start of 2018. If the CIL construction decision was deferred, then the "Heap Leach scenario" would have to be revised. The material to be mined is often overlying material that will be mined later and included in the optimization of the "Carbon-In-Leach scenario". The goal was to identify the most profitable shell for a "Heap Leach scenario" for each suitable deposit with the constraint of processing only the oxidized material. The material mined for the "Heap Leach" i.e. the open pit shells, are contained within the locations of the material to be mined as the "CIL" shells. Mineral reserves in the "Heap Leach scenario" pit design shells are inclusive of mining dilution and mine recovery, considering plant recovery and are summarized in Table 2.

**Table 2: Mineral Reserves for Heap-Leach as of December 31, 2015**

Deposit	Mineral Reserves								
	Tonnes kt	Proven Grade Au g/t	Ounces Ozs	Tonnes kt	Probable Grade Au g/t	Ounces Ozs	Tonnes kt	Proven + Probable Grade Au g/t	Ounces Ozs
<b>Heap Leach<sup>3</sup></b>									
Mont lty				855	2.59	71,000	855	2.59	71,000
ZiaNE				213	1.48	10,000	213	1.48	10,000
Walter				172	3.49	19,000	172	3.49	19,000
Verse Ouest-Teckraie				1,152	2.25	83,000	1,152	2.25	83,000
<b>Total, Heap Leach</b>				<b>2,392</b>	<b>2.39</b>	<b>184,000</b>	<b>2,392</b>	<b>2.39</b>	<b>184,000</b>
<b>CIL<sup>4</sup></b>									
Mont lty				183	7.51	44,000	183	7.51	44,000
Daapleu				15,219	1.61	787,000	15,219	1.61	787,000
ZiaNE				3,952	1.60	204,000	3,952	1.60	204,000
Walter				1,053	2.00	68,000	1,053	2.00	68,000
Gbeitouo				1,264	2.56	104,000	1,264	2.56	104,000
Aires Leach Pads				6,135	1.04	206,000	6,135	1.04	206,000
Stockpiles				161	3.17	16,000	161	3.17	16,000
<b>Total, CIL</b>				<b>27,968</b>	<b>1.59</b>	<b>1,429,000</b>	<b>27,968</b>	<b>1.59</b>	<b>1,429,000</b>
<b>Total</b>				<b>30,360</b>	<b>1.65</b>	<b>1,613,000</b>	<b>30,360</b>	<b>1.65</b>	<b>1,613,000</b>

<sup>3</sup>M. Alyoshin MAusIMM CP Min (Endeavour) non-independent Qualified Person for the lty Heap Leach mineral reserves.

<sup>4</sup>J. Baker P.Eng. (SNC-Lavalin) is an independent Qualified Person for the CIL mineral reserves.

Some material that is not suitable for processing using the heap-leach facility (essentially reduced clay material and granodiorite) will be mined before the CIL plant will be operational. SMI aims at stockpiling this material in a dedicated stockpile until the start of the CIL plant. This limited amount of material located inside the Heap Leach pit limit is considered as "mineral reserve material" and will be accounted for in the CIL production plan scenario.

Process costs, inclusive of the general and administrative ("G&A") costs, and recoveries were used to generate the mineral reserves for the Heap Leach operation. The metallurgical recoveries used to calculate the mineral reserves are based on SMI recommendations and are in line with 2015 actual results.

The cut-off grade parameters used for the models are based on costs, royalties, process recoveries and metal prices supplied by SMI.

This reserve estimate has been determined and reported in accordance with NI 43-101 and CIM Definition Standards.

## Mineral Reserves (CIL)

The base case mining production schedule for the CIL operation was completed on a bench-by-bench level for all deposits. Daapleu and Ity were designed with interim pits targeting high-grade material. In order to mine the Daapleu pit a section of the Cavally River requires diversion creating at risk exposure related to hydrogeology.

The mining recovery used is industry standard for similar type operations and material types. The mine operation cost estimation is based on the tonnage of each type of material from the different pits and the specific pit location. Using these parameters, the cycle times were calculated based on SMI production factors and hauling distances for each pit. Finally, an operating cost per type of material was calculated based on the labour cost, fuel consumption, maintenance cost, etc. Table 3 presents the mineral reserves for the CIL operation.

**Table 3: Mineral Reserves for CIL as of December 31, 2015**

Deposit	Mineral Reserves								
	Proven			Probable			Proven + Probable		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
	kt	Au g/t	Ozs	kt	Au g/t	Ozs	kt	Au g/t	Ozs
<b>CIL</b>									
Mont Ity				183	7.5	44,000	183	7.5	44,000
Daapleu				15,219	1.6	787,000	15,219	1.6	787,000
Walter				1,053	2.0	68,000	1,053	2.0	68,000
Zia NE				3,952	1.6	204,000	3,952	1.6	204,000
Gbeitouo				1,264	2.6	104,000	1,264	2.6	104,000
Aires				6,135	1.0	206,000	6,135	1.0	206,000
Stockpiles				161	3.2	16,000	161	3.2	16,000
<b>Total, CIL</b>				<b>27,968</b>	<b>1.6</b>	<b>1,429,000</b>	<b>27,968</b>	<b>1.6</b>	<b>1,429,000</b>

Currently the CIL recovery rate is estimated to be between 93% for the non-sulphide composites and 72% for the sulphide composites. The planned ongoing DFS will investigate processing technologies that may enhance the recovery rate.

## Mining

The Ity Heap Leach mine is an existing conventional open pit mine using articulated trucks (40t class) and hydraulic backhoes or front shovel excavators (80t class). Limited drill and blast activities are required as the material that is currently mined is largely oxidized (clay or laterites). This material is processed at the existing heap leach facility.

Mining for the CIL scenario is envisioned to be a similar operation developing five in-situ open pits, one decommissioned leach pad and two former waste dumps.

## Metallurgy and Process Plant (Heap-Leach)

No heap-leach testwork has been conducted on the project during the last number of years and anything completed historically is no longer available. The heap-leach has been in operation for many years and remains in operation and as such production data can be used to give an indication of the metallurgical performance expected from the plant.

It is reported by mine management that regular bottle-roll tests are completed to determine the recoverable gold from a -2mm pulverized 50 gram sample.

Historically, as reported in 2008, regular column leach tests were completed, but this practice has been discontinued.

The analytical techniques available on the mine do not include total contained gold methods and as such the actual head grade samples cannot be determined. Comparing gold recovered with the above determined leachable gold content results in a historical yield of between 75% and almost 80%.

### **Metallurgy and CIL Process**

Considerable metallurgical testwork has been conducted to confirm the metallurgical response for a CIL plant. The metallurgical testing used for the 2.0Mtpa CIL project was completed during 2014 at ALS Minerals Division (Metallurgy) located in Kamloops, BC, Canada. Additional work was conducted in 2015 but has not been integrated into this report and is part of ongoing feasibility studies.

Mineralogical and metallurgical test work was completed in order to generate sufficient mineralogical and metallurgical information to:

- Establish the processing route (process flow diagrams);
- Determine the plant operating parameters for the ores to be processed;
- Evaluate the variability in metallurgical performance for the different deposits; and
- Define parameters required for the engineering and design of the plant (process design criteria, mass and water balance and equipment sizing).

The mineralogical study and metallurgical test work program were executed on the geological samples from the following deposit and facies:

- Daapleu deposit included three different geological facies called Daaplite, Volcano sediment and a High Grade contact zone between both;
- Gbeitouo deposit included two different geological facies called Oxidized Clay and Meta-volcano sediment;
- Mont Ity Deep Extension test work was on two different geological facies called Oxidized Clay and Reduced Clay;
- ZiaNE deposit test work was on two different geological facies called Oxidized Clay and Laterite;
- Aires – four composite samples representing four geographical areas of the heap leach pads.

The sample material was selected and prepared by SMI geologists and personnel to create what is believed to be the most representative facies samples. The metallurgical test work results allowed the process development steps described in the following paragraphs.

A mineral sizer type crusher has been selected for the soft sticky ore facies, such as oxidized clay, reduced clay and heap leach residues. A jaw crusher has been selected for the more competent (hard) ore facies, such as daaplite and volcano-sediments.

The preliminary results from the test grinds indicate the grinding mill has been sized to process ore at an average rate of 254tph (tonnes per hour) with a finished product 80% passing 75µm.

Gravity concentration did not improve overall gold recoveries and has not been considered in the process development as the mean gold particle diameter is only in the 18 µm range.

A high rate thickener has been selected for the pre-leach thickener. The thickener underflow density of 43% (w/w) is anticipated.

Whole ore cyanidation leach tests were performed and a final grind of 75µm has been selected with air sparging for the process design criteria. The cyanide leach kinetic curves developed during the test work show that gold extraction with 32-hour retention time was selected for the CIL plant process design criteria. The gold extraction for the composite samples averaged about 93% for the non-sulphide composites and 72% for the sulphide composites.

### **Infrastructure**

SMI started its mining operation in the area in 1991 with a 200ktpa processing capacity with all open-pit mining. Since that time the facilities have been upgraded to process approximately 950ktpa of ore using heap leaching as the processing method.

The current mine facilities include:

- Mining administration building;
- Main workshop and repair facilities;
- Mining equipment re-fueling centre;
- Explosive storage, located away from the main facilities;
- Plant administration buildings such as the security office, workshop, administration offices and metallurgical lab;
- Warehouses;
- Camp accommodations for 200 persons;
- Water services inclusive of raw water abstraction, potable water, fire water; and
- Medical facilities.

The electrical power is supplied from the Ivorian national grid as well as back-up diesel generators.

### **Market Studies and Contracts**

Gold output from Ity is in the form of doré bars which are shipped to Europe for refining by Metalor, the contract refiner.

The various contracts were awarded following a competitive bidding process, prices are within the industry range and comparable to other operations in Côte d'Ivoire or West Africa.

### **Environmental and Social**

Several environmental studies have been conducted in the last 15 years. Geostat Systems International Corporation has conducted two internal reports for SMI: an environmental management plan (Plan de Management Environnemental) dated March 2000 and a rehabilitation plan (Réaménagement du site minier d'Ity) dated June 2005. An EIS for the Ity Mine

has been carried out in 2000 by SMI. This study has been used as a reference in the rehabilitation report titled "Réaménagement du Site Minier d'Ity" (SMI, 2005). The Ministry of the Environment also conducted an environmental audit of the Ity Mine at the end of December 2005.

In order to renew the Mining Permit PE26 and in consideration of the plans for the CIL project, two social and environmental impact assessments ("**SEIA**") have also been completed:

- Étude d'impact environnemental et social du projet de construction d'une usine de traitement de minerai de type CIL sur le permis d'exploitation PE26 de la mine d'or ITY (Roche, 2013); and
- Étude d'impact environnemental et social dans le cadre du projet d'exploitation des gisements de Gbeitouo et de Daapleu dans le département de Blolequin (2D Consulting, 2015).

In addition to the exploitation of two new deposits, the CIL project includes the diversion of the Cavally River (four river closure dams), the construction of a bridge and of three perimeter dikes to protect the Walter, Gbeitouo and Daapleu deposits.

Two SEIAs (related to mining exploitation license and infrastructure) have been approved by the technical committees and have been submitted to the Environmental Ministry for approval early in March. These permits are expected to be approved by the ministry in the third quarter of 2016.

The SEIAs were performed according to the Loi Cadre No. 96-766 of 3 October 1996 on the Environmental Code, the Décret No. 96-894 of 8 November 1996 establishing the rules and procedures applicable to studies of the environmental impacts of development projects and the Arrêté No. 00972 of 14 November 2007 on the application of Décret No. 96-894.

The SEIA for the construction for the CIL plant was approved by the Ivorian authorities in December 2013 (Arrêté 008/Mine SUDD/ANDE). A revision will be required for a larger throughput rate of the CIL plant and modifications to the locations of some of the associated infrastructure.

A resettlement action plan is also currently in preparation.

### **Production and All-In Sustaining Costs**

In 2015, Ity mine produced 80,807oz at a mine level AISC of \$683/oz. The 2016 production is estimated to be 65,000 to 75,000oz at an AISC estimated in the range of \$800 to \$850/oz produced and includes all mining, treatment, general and administrative costs, sustaining capital and royalties which are incurred at the mine site. The AISC costs exclude depreciation, amortization and corporate general and administrative costs.

### **Conclusions**

Historical exploration activities have been of variable quality while the work undertaken in the last three years is to international standards. Current exploration practices are appropriate to the deposits being evaluated. All historical data has been assessed for accuracy and incorporated into the database and it was found acceptable for use in geological and mineral resource evaluations.

The mineral resources and mineral reserves at the Ity property are robust. There remain sufficient heap-leach reserves to be economically exploited over the next several years until the CIL project

construction decision is made and construction is completed. Additional opportunities exist to increase the heap-leach reserves with known oxidized mineral resources should an extension of the heap-leach operation life be required.

The quality and quantity of metallurgical testwork performed for the 2Mtpa CIL is considered adequate for the PFS level developed for the project. The ore facies not containing sulphide are substantially free-milling and do not show any preg-robbing characteristics. However, the ore facies containing sulphide are partially refractory and direct cyanidation (CIL process) yields a lower gold recovery.

The PFS demonstrated the economic potential of the CIL project with the possibility of extending the Ity mine LOM by over 10 years by adding substantial mineral reserves. The positive results of the PFS justify proceeding to the Definitive Feasibility Study ("**DFS**") which is now underway.

Several additional targets at different stages of exploration (i.e. Verse Ouest and others) have been identified in the very close vicinity of present Ity facilities, on both the Exploitation Permit and Exploration Permit. Endeavour considers that additional resources could be defined and potentially provide additional feed for the Heap Leach operation to extend its life by 2 to 3 years and also to increase the CIL project mineral resource and mineral reserve base.

## **Recommendations**

A follow-up exploration program aiming at achieving the targets of: (1) providing additional feed for the Heap Leach operation to extend its life by 2 to 3 years; (2) increasing the CIL project mineral resource and mineral reserve base has been proposed for the Ity Project; and (3) generate drill targets through regional auger drilling in the vicinity of the Ity operation. The program consists of approximately 28,000m of drilling (80% diamond/20% RC drilling) and is designed to expand the potential of known deposits and the discovery of new zones of gold mineralization. The total 2016 exploration budget to complete most of the required work is estimated to be USD\$5.1M. This program began in Q4 2015 and is expected to be completed within 9 to 12 months. Approximately 43% of the overall drill program has been completed as of March 1, 2016.

The mining plan shows that, while most of the planned plant feed was tested, some geological facies have not been tested during the PFS stage. These facies should be tested to confirm the adequacy of the currently developed process.

Additional mineralogical and metallurgical test work is also required to firm up the process flowsheet that has been developed. The additional test work will allow determination of optimum operating parameters (final grind, reagent consumption, etc.) in order to minimize CAPEX and OPEX.

Additional rheology and settling testwork is also recommended for equipment selection sizing and design, as there are wide variability characteristics in the various facies.

The increase in mineral resources of the sulphide facies (particularly in the Daapleu deposit) may warrant investigation of alternate processing methods such as pressure oxidation process ("**POX**") for these sulphidic facies. Pressure oxidation followed by POX product cyanidation along with the flotation tailings stream, will likely produce a higher gold recovery than direct cyanidation of the ore. However the additional CAPEX and OPEX associated with the POX processing needs to be investigated and evaluated to demonstrate the economics.



It is recommended, at the next stage of technical reporting, that a more detailed scheduling exercise be undertaken to determine the optimal scenario for feeding ore from the various pits and stockpiles to the mill, particularly with the different types of ore coming from the pits (hard versus soft, and also based on sulphide contents).

A more detailed pit phasing plan for ZiaNE and Daapleu should also be carried out in future studies of the project as these pits have the potential to bring higher grade material to the mill earlier in the production schedule, especially from Daapleu.

During the next phase of the work, an optimization of the TSF in terms of location, dam alignment and footprint will need to be carried out.

During the next phase of the study, significant work will be required to optimize the design diversion of the Cavally River and minimize the environmental and social impacts.

A geotechnical investigation program for all proposed pits to obtain the geotechnical information required for the DFS level open pit slope design is recommended in addition to a geotechnical field investigation for all infrastructure.

#### **Houndé Gold Project, Mali, West Africa**

The following technical disclosure relating to Houndé is derived principally from the summary from the "Houndé Gold Project, Burkina Faso, Feasibility Study NI 43-101 Technical Report", dated effective October 31, 2013 (the "**Houndé Report**") prepared by Michael Warren of Lycopodium Minerals Pty Ltd ("**Lycopodium**"), Mark Zammit of Cube Consulting Pty Ltd, Ross Malcolm Cheyne of ORELOGY Group Pty Ltd ("**Orelogy**"), David Morgan of Knight Piésold Pty Ltd, and Peter O'Bryan of Peter O'Bryan & Associates. Readers should consult the Houndé Report to obtain further particulars regarding Houndé. The disclosure below reflects updated and revised information (as disclosed in a press release dated February 19, 2015), and has been reviewed and approved by Mark Zammit of Cube Consulting Pty Ltd. ("**Cube**"), Kevin Harris of Endeavour, Ross Malcolm Cheyne of Orelogy and Michael Alyoshin of Endeavour. The Houndé Report is incorporated by reference herein and is available for review electronically on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile along with the press release dated February 19, 2015.

#### **Summary**

The Houndé feasibility study ("**FS**") focuses on the Vindaloo group of deposits that are located approximately 250km southwest of Ouagadougou, the capital city of Burkina Faso. The deposits are approximately 2.7km from a paved highway and as close as 200m from a 225 kV power line that extends from Côte d'Ivoire through to Ouagadougou. The nearby town of Houndé has a population of approximately 22,000. A rail line that extends to the port of Abidjan, Côte d'Ivoire lies approximately 25km west of the deposit area.

Lycopodium was the FS lead consultant with a focus on study coordination, metallurgy, infrastructure design and process plant design. Cube Consulting completed an updated mineral resource estimate. Knight Piésold Pty. Ltd. carried out pit and site geotechnical reviews, completed a water balance study and designed the tailings storage facility, water harvest dam and the water storage dam along with mine site drainage control elements. Orelogy completed the mine plan and mineral reserve estimate.

Mine environmental and social studies were completed under the lead of Genivar Inc. with Société de Conseil et de Réalisation pour la Gestion de l'Environnement ("**SOCREGE**") and Institut de Gestion des Risques Miniers et du Développement ("**INGRID**") collecting social and environmental data, respectively. INGRID also completed an additional environmental and social study on the project's water supply. Knight Piésold provided high level oversight over all of these studies.

## **Ownership**

Endeavour Mining Corporation, through its 100% owned subsidiary Avion Gold (Burkina Faso) SARL, has a 100% interest in the approximately 1,000km<sup>2</sup> Houndé project, situated in the south-western region of Burkina Faso. Ownership upon incorporation of a mining company will be held 90% by Endeavour and 10% by the government of Burkina Faso.

## **History**

Mineral exploration in the Houndé area began in 1939 by the Bureau de Recherches Géologiques et Minières and Bureau des Mines et de la Géologie du Burkina Faso and continued by various companies until 1982. Exploration resumed in the 1990's by a number of companies that conducted regional geochemical surveys, which were then followed up by more detailed geochemistry, prospecting, mapping and RAB to RC drilling. Several gold targets were identified during this work.

Endeavour initiated an in-fill drill program, which consisted of 358 holes (40,534m), over the Vindaloo and Madras NW zones in late October 2012, with the goal to upgrade the current mineral resources. Including this most recent drill program, 751 core and RC holes (103,677m) along the trend of the Vindaloo and Madras NW zones have been completed by Endeavour (or predecessor companies). All of this data has been incorporated into section sets, interpreted and used as the basis for the FS and used in the current mineral resource estimate.

## **Geology**

The Vindaloo zones are hosted by Proterozoic-age, Birimian Group, intensely sericite- and silica-altered mafic intrusions, similarly-altered, strongly foliated and altered intermediate to mafic volcanics and occasionally sediments. The mineralization is often quartz stockwork-style and is weakly to moderately pyritic. The Vindaloo trend has been drill tested for a distance of approximately 7.7km along strike and up to 350m depth. The intrusion-hosted zones range up to 70m in true thickness and average close to 20m true thickness along a 1.2km section of the zone called Vindaloo Main. Volcanic and sediment-hosted zones are generally less than 5m wide. The entire mineralized package strikes north-northeast and dips steeply to the west to vertical. The mineralization remains open both along strike and to depth.

## **Exploration**

Sterilization drilling led to the recognition of several parallel zones of gold enrichment, one of which, the Koho East zone, returned a drill intercept of 1.22 g/t Au over 21.0m. Several of these zones have added resources to the project.

During fourth quarter of 2012 and first quarter of 2013, Endeavour completed 40,534m of drilling in 358 holes with a specific goal of upgrading the Inferred in-pit mineral resources to Indicated mineral resources and Indicated mineral resources to Measured mineral resources.

Subsequent to the completion of the FS, an extensive drill program was undertaken between June and November 2014. The program included 57,978m of drilling, comprised of 110 diamond holes (22,780m) and 358 reverse-circulation holes (35,198m). The drill program successfully completed a number of objectives, including:

- testing the extents of the Vindaloo Main mineralization at depth and on strike;
- converting Inferred mineral resources to Indicated category along the Vindaloo trend;
- testing mineralization at Bouéré, located 12km west of the Houndé process plant site; and
- testing mineralization at Dohoun, located approximately 14km northwest of the Houndé process plant site.
- no exploration or additional drilling was completed in 2015.

## **Data**

Endeavour's drilling in conjunction with previous drilling now comprises a drill database of 1,219 core and RC holes totaling 161,655m that supported the creation of an updated, in-pit mineral resources statement.

Overall, the sample control data has performed well and indicates the sample assay data to be of a high standard and appropriate for the reporting of exploration results and use in mineral resource estimation.

## **Mineral Resources**

The updated mineral resource estimate for the Vindaloo deposits was completed by Cube in January 2015. This estimate represents an update of the mineral resources previously reported in the October 2013 FS. Mineral resource estimates for the Bouéré and Dohoun deposits were prepared by Kevin Harris of Endeavour. All estimation work was carried out using SURPAC mining software and Isatis geostatistical software.

The mineral resources are reported inside optimized pit shells. The results from the optimized pit shells are used solely for the purpose of reporting mineral resources that have reasonable prospects for economic extraction.

**Table 1: Mineral Resources (including Reserves) as of December 31, 2015**

Deposit	Mineral Resources (including Reserves)								
	Measured			Indicated			Inferred		
	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs
Vindaloo <sup>1</sup>	3,690	2.57	305	31,830	1.92	1,966	2,980	2.57	247
Bouéré <sup>2</sup>				1,090	5.37	189	180	3.43	20
Dohoun <sup>2</sup>				1,150	2.35	87	70	2.91	6
<b>Total</b>	<b>3,690</b>	<b>2.57</b>	<b>305</b>	<b>34,070</b>	<b>2.05</b>	<b>2,242</b>	<b>3,230</b>	<b>2.63</b>	<b>273</b>

<sup>1</sup> Prepared by M. Zammit, MAIG (Cube Consulting) reported above 0.5 g/t cut-off and inside an optimized pit shell using \$1,500 per ounce gold price; - includes Vindaloo, Madras and Koho mineral resources

<sup>2</sup> Prepared by K. Harris CPG (Endeavour) reported above 0.5 g/t cut-off and inside an optimized pit shell using \$1,500 per ounce gold price

## Mineral Reserves

**Table 2: Mineral Reserves as of December 31, 2015**

Deposit	Mineral Reserves								
	Proven			Probable			Proven + Probable		
	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs	Tonnes kt	Grade Au g/t	Ounces Ozs
Vindaloo <sup>1</sup>	3,700	2.48	295,500	24,600	1.93	1,526,000	28,300	2.00	1,822,000
Bouéré <sup>2</sup>				1,100	5.20	181,000	1,087	5.20	181,000
Dohoun <sup>2</sup>				1,200	1.90	72,000	1,214	1.90	72,000
<b>Total</b>	<b>3,700</b>	<b>2.48</b>	<b>295,500</b>	<b>26,900</b>	<b>2.06</b>	<b>1,779,100</b>	<b>30,601</b>	<b>2.11</b>	<b>2,074,600</b>

<sup>1</sup>Prepared by R.M. Cheyne FAusIMM (ORELOGY)

<sup>2</sup>Prepared by M. Alyoshin MAusIMM CP Min (Endeavour)

## Mining

Endeavour has prepared a production profile based on the updated mineral reserves and rescheduled mine plan prepared by Orelogy (see Table 3). The updated mine plan defines a large-scale open pit mine that delivers 1.9 million ounces of recovered gold and the processing plant consists of a 3.0 million tonne per year primary crusher with SABC milling circuit to feed a gravity / CIL plant. The enhanced production relative to the November 2013 FS is a result of the exploration additions from 2015 and an optimization of the mine plan to access high grade and shallow gold mineralization during the initial years of the mine life.

**Table 3: LOM Production Profile<sup>1</sup>**

Year		1	2	3	4	5	6	7	8	9	10	Total
<b>Mining</b>												
Ore mined	kt	3,537	2,875	2,853	5,133	3,079	3,018	1,501	7,727	0	0	29,723
Waste mined	kt	27,101	29,125	29,147	17,813	38,618	38,893	37,774	32,432	0	0	250,903
Total mined	kt	30,638	32,000	32,000	22,946	41,697	41,911	39,275	40,159	0	0	280,626
Strip ratio	ratio	7.7	10.1	10.2	3.5	12.5	12.9	25.2	4.2	0.0	0.0	8.4
<b>Processing<sup>1</sup></b>												
Ore processed	kt	3,000	2,997	3,000	3,000	3,000	3,000	3,000	2,979	3,000	2,748	29,723
Feed grade	g/t	2.92	2.68	2.59	2.44	1.92	2.46	1.39	2.41	1.36	1.29	2.15
Contained gold	k ozs	281.9	257.9	249.6	235.3	185.2	236.9	133.9	230.7	131.1	114.2	2,057
Recovery	%	93.9%	89.7%	89.2%	92.8%	94.8%	93.9%	91.7%	93.9%	94.7%	94.2%	92.7%
<b>Recovered gold</b>	<b>k ozs</b>	<b>264.7</b>	<b>231.4</b>	<b>222.6</b>	<b>218.5</b>	<b>175.5</b>	<b>222.4</b>	<b>122.7</b>	<b>216.6</b>	<b>124.1</b>	<b>107.5</b>	<b>1,906.1</b>
<b>LOM Production Schedule (November 2013 Feasibility Study)</b>												
Recovered gold	k ozs	191.3	215.3	189.9	168.4	211.1	167.8	136.9	152.9	11.9		1,445.5
Change 2013 FS vs.	k ozs	73.4	16.1	32.7	50.1	-35.6	54.6	-14.2	63.7	112.2	107.5	460.6

<sup>1</sup>LOM processing schedule is based on dynamic cut-off grade optimization generating highest NPV

### Metallurgy and Process Plant

Within the 2013 FS, metallurgical samples from the Vindaloo and Madras NW zones indicated average assumed mill recoveries of 93.37%. Recoveries of 93.5%, for the Vindaloo Main zone fresh mineralization, were achieved by fine grinding of gravity concentrates to 80% passing 10 micron from an initial grind of 80% passing 90 micron. More than 70% of the gold is contained in the gravity concentrates.

A water balance study indicated that a water harvest dam and separate water storage dam having combined storage of just over three million cubic metres would easily fill in one wet season and would contain sufficient water for plant operations demand during a 1:100 year dry season. Camp water would be sourced from nearby wells.

The processing plant consists of a 3.0 million tonne per year CIL plant with SABC milling circuit to produce an 80% passing 90 micron grind size. Ground fresh ore will feed continuous centrifugal gravity concentrators to recover free and occluded gold in heavy particles (pyrite) to a low mass gravity concentrate. This concentrate will be reground to 80% passing 10 micron grind size to feed a concentrate leach circuit. Gravity concentration tails will be thickened and feed a standard CIL circuit, with leach tails passing into a cyanide destruction process before being pumped to storage. Average production of 191,000oz/year over a period of 10 years is anticipated with an average of 210,000oz over the first eight years.

## **Infrastructure**

The tailings storage facility is located 4km west of the plant in a natural valley. Studies indicate that the tailings storage does not need to be lined, however a lined dam now forms part of the project methodology and capital estimate. This was adjusted to comply with a request from the Burkina Faso authorities. Decant fluids, though, are not suitable for release to the environment and will be pumped back to the plant. An impact assessment, including a dam break scenario, indicates a high consequence in the event of a wall failure and the tailings embankments were designed to reduce this risk. Closure will require covering the surface with 0.5m of broken rock.

Power for the processing plant will come from the adjacent 225 kV power line that extends from Côte d'Ivoire to Ouagadougou. Sonabel, the state power entity, have agreed, in principle, to sell power to the project; however, the terms and conditions of this sale have not been finalized.

Project staff will include approximately 470 people, not including catering and cleaning staff and miscellaneous contractors with 41 international and African expats and 430 Burkinabe employees. A camp to house 130 senior staff will be installed with the remaining employees living in the nearby communities.

## **Environmental and Social**

An environmental and social impact and mitigation study, with a goal to be IFC compliant, was completed. The study outlines Endeavour's responsibilities to the well-being of the people and the environment during the development, operation and closure of Houndé. The project will require the acquisition of 2,096 ha of land. Several major land owners own the bulk of the land, however, numerous subsistence farmers rent portions of the land from the land owners. Compensation mechanisms for the land, buildings, trees and crops are part of the ongoing permitting process. Typical concerns, as a result of the project development include changes to quality of life, loss of livelihood, environmental degradation, potential for jobs, potential health issues, increase in traffic etc.

## **Houndé Capital Cost Estimate**

Endeavour engaged Lycopodium to complete a detailed review and assessment of the total estimated cost to bring Houndé into production. The updated capital cost is \$325 million (inclusive of contingency, working capital, and import duties), representing a 3.2% increase over the \$315 million estimate in the November 2013 Feasibility Study. Endeavour's Construction Services team has completed a mine construction plan.

The key parameters of Houndé which are included in the updated economic summary for the FS and the 2015 updates are summarized in Table 4 along with a summary of the key economic indicators.

**Table 4: Key Parameters of Houndé and Updated Economic Summary**

Parameter	Units	Feasibility Study (Nov 2013) – Base Case	Updated with 2015 Exploration Additions	Change
Mill throughput	Mtpa	3.0	3.0	
Total ore processed	Mt	24.6	29.7	
Gold grade	g/t	1.95	2.15	
Contained gold	000oz	1,548.7	2,056.6	
Recovery (average)	%	93.3%	92.7%	
Recovered gold	000oz	1,445.5	1,906.1	+460.6 (+32%)
Upfront capital cost	\$M	\$315	\$325	+10 (+3.2%)
Royalty rates, operating unit costs for mining (\$/t mined) & processing (\$/t milled), site G&A costs, sustaining capital and corporate tax parameters unchanged from the Feasibility Study				
<b>NPV (5%, after tax) - \$1,300</b>	<b>\$M</b>	<b>\$230</b>	<b>\$415</b>	<b>\$185 or 80% increase</b>
<b>IRR (after tax) - \$1,300</b>	<b>%</b>	<b>22.4%</b>	<b>34.7%</b>	
<b>AISC/ounce</b>	<b>\$/oz</b>	<b>\$775</b>	<b>\$717</b>	<b>\$58/oz cost savings due to increase in grade</b>
<b>Gold price sensitivity - at \$1,250/oz</b>				
<b>NPV (5%, after tax) - \$1,250</b>	<b>\$M</b>	<b>n/a</b>	<b>\$359</b>	
<b>IRR (after tax) - \$1,250</b>	<b>%</b>	<b>n/a</b>	<b>31.4%</b>	
<b>AISC/ounce</b>	<b>\$/oz</b>	<b>n/a</b>	<b>\$714</b>	
<b>Gold price sensitivity - at \$1,200/oz</b>				
<b>NPV (5%, after tax) - \$1,200</b>	<b>\$M</b>	<b>n/a</b>	<b>\$302</b>	
<b>IRR (after tax) - \$1,200</b>	<b>%</b>	<b>n/a</b>	<b>27.9%</b>	
<b>AISC/ounce</b>	<b>\$/oz</b>	<b>n/a</b>	<b>\$711</b>	

## Conclusions and Recommendations

Independent studies of the mineral resources, metallurgy, mine plan, processing plant, capital costs, construction costs, environmental and social impact and relocation expenses have been carried out for Houndé.

## Other Properties

The following early-stage exploration properties are not deemed material to Endeavour at this time.

### *Côte d'Ivoire*

In addition to the Agbaou and Ity mining permits, the Corporation has been granted 12 exploration permits covering a total of 3,412km<sup>2</sup>. One permit is in the process of being renewed for a total of 135km<sup>2</sup> and the application process for two new permits is in progress for an additional 712km<sup>2</sup>. The exploration permits are at varying stages of early exploration and preliminary work has confirmed the gold potential of each.

### *Burkina Faso*

Endeavour holds eight exploration permits contiguous to the Houndé mining permit for a total of 1,075km<sup>2</sup>. The Houndé block includes the permits of Kari Nord, Kari Sud, Karba, Bouhaoun, Kopoi, Dossi, Wakui plus two recently granted permits, Bonsan and Dossi.

### *Mali*

The Corporation holds four exploration permits in the western region of Mali. The exploration permits are consolidated around the Kofi Nord mining permit and cover a total of 218km<sup>2</sup>.

### *Ghana*

In addition to the four mining leases that comprise the Nzema operation, Endeavour holds nine exploration permits totaling 370km<sup>2</sup> with exploration targets that surround certain of the Nzema deposits.

## **RISK FACTORS**

Endeavour has identified the following risks relevant to its business and operations. These risks and uncertainties could materially affect Endeavour's future operating results, financial performance and the value of Endeavour Shares, and are generally beyond the control of Endeavour. The following risk factors are not all-inclusive, and it is possible that other factors will affect the Corporation in the future.

### ***Endeavour's future revenues are highly dependent on and sensitive to the price of gold.***

Endeavour's business operations may be significantly affected by changes in the market price of gold. The price of gold has historically fluctuated widely, and is affected by numerous factors beyond the Corporation's control, including without limitation, sales and purchases of gold, forward sales of gold by producers and speculators, expectations with respect to the rate of inflation, world supply of gold, stability of exchange rates (the strength of the U.S. dollar and other currencies), global and regional political and economic conditions or events, industrial and retail demand, sales by central banks and other holders, interest rates, production, and cost levels in major gold-producing regions such as South Africa and China, and speculator and producer responses to any of the foregoing factors.

Gold is sold in U.S. dollars and although the majority of the costs of Endeavour's gold operations are in U.S. dollars, certain costs are incurred in other currencies. Fluctuations in these currencies against the U.S. dollar could have a material effect on the Corporation's financial results, which are denominated and reported in U.S. dollars. Serious price declines in the market value of gold could render the Corporation's projects uneconomic. There is no assurance that, even as commercial quantities of gold and other precious metals are produced, a profitable market will exist for them.

Declining commodity prices can also impact operations by requiring a reassessment of the feasibility of a particular project or the incurring of an impairment charge in the Corporation's accounts. Such a reassessment or impairment may be the result of a management decision, review by auditors or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed. If revenue from gold doré sales decline, Endeavour may have insufficient cash flow from mining operations to meet its operating



needs. Any of these factors could have a material adverse effect on the Corporation's business, results of operations, and financial condition.

There can be no assurance that the market price of gold will remain at current levels or that such price will improve. A decrease in the market price of gold could adversely affect the profitability of the Corporation's existing mines and projects as well as the Corporation's ability to finance the exploration and development of additional properties.

***Endeavour's mining and exploration activities and future mining operations are, and will be, subject to operational risks and hazards inherent in the mining industry.***

Endeavour currently has four operating mines, Agbaou and Ity in Côte d'Ivoire, Nzema in Ghana and Tabakoto in Mali. No assurance can be given that the intended or expected production estimates will be achieved by such mines or in respect of any future mining operations in which Endeavour owns or may acquire interests. Failure to meet such production estimates could have a material effect on the Corporation's future cash flows, financial performance and financial position. Production estimates are dependent on, among other things, the accuracy of mineral reserve estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions and physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics and the accuracy of estimated rates and costs of mining and processing. Actual production may vary from its estimates for a variety of reasons, including:

- actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics;
- short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned;
- mine failures, slope and underground rock failures or equipment failures;
- industrial accidents;
- natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes;
- encountering unusual or unexpected geological conditions;
- changes in power costs and potential power shortages;
- shortages of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment parts and lubricants;
- labour shortages or strikes;
- military action, acts of terrorism, civil disobedience and protests; and
- restrictions or regulations imposed by government agencies or other changes in the regulatory environments.

Such occurrences could result in damage to mineral properties, interruptions in production, injury or death to persons, damage to property, monetary losses and legal liabilities. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable, forcing production to cease. Each of these factors also applies to sites not yet in production and to operations that are to be expanded. It is not unusual in new mining operations to experience unexpected problems during the start-up phases. Depending on the price of gold or other minerals, it may be determined to be impractical to commence or, if commenced, to continue commercial production at a particular site.

***Endeavour may not undertake acquisitions or other corporate transactions successfully, which could adversely affect our financial condition and future performance.***

Endeavour evaluates opportunities to acquire, divest and/or consolidate gold producing assets and similar businesses on an on-going basis and has a history of making and integrating acquisitions. Any resultant transactions may be significant in size, may change the scale of the Corporation's business and may expose the Corporation to new geographic, political, operating, financial and geological risks. Such transactions may be accompanied by risks applicable to the exploration and development of resource properties and conduct of mining operations generally, to the difficulties of assimilating the operations and personnel of any acquired companies, and to the risk of unknown liabilities associated with acquired assets and businesses. Acquisition transactions involve other inherent risks, including:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities, and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of key employees or the key employees of any business acquired;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and
- decline in the value of acquired properties, companies or securities.

Any one or more of these factors or other risks could cause the Corporation not to realize the benefits anticipated to result from the acquisition of properties or companies, and could have a material adverse effect on its business, financial condition and results of operations.

The Corporation may use available cash, incur debt, and issue equity shares or other securities, or a combination of any one or more of these in order to make future acquisitions. This could limit its flexibility to raise capital, to operate, explore and develop properties and to make additional acquisitions and meet current and future obligations. When evaluating an acquisition opportunity, Endeavour cannot be certain that it will have correctly identified and managed risks and costs inherent in the business being acquired.

Endeavour cannot give any assurance that it will successfully identify and complete an acquisition transaction and, if completed, that the business acquired will be successfully integrated into its operations.

The Corporation's success in acquisition, divestment and consolidation activities depends on its ability to identify suitable opportunities, implement such activities on acceptable terms and have the operations of any acquired companies successfully integrated with those of its business. There can be no assurance that the Corporation will be successful in overcoming these risks or any other problems encountered in connection with any future acquisitions, divestments or consolidations.

***Endeavour is subject to risks associated with operating in West Africa.***

The majority of Endeavour's assets are located in West Africa. While Endeavour believes that the governments of the countries that the Corporation holds assets in support the development of their natural resources by foreign companies, it is possible that future political and economic conditions of these countries will 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.

Other risks and uncertainties to which the Corporation is exposed by reason of operating in West Africa include, but are not limited to, terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits, contracts and fiscal stability arrangements; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; loss due to disease and other potential endemic health issues; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Although Endeavour is not currently experiencing any significant or extraordinary problems in foreign countries arising from such risks, there can be no assurance that such problems will not arise in the future.

***Government regulation may have an adverse effect on Endeavour's exploration, development and mining operations.***

The business of mineral exploration, development, mining and processing is subject to various national and local laws and plans relating to permitting and maintenance of title, environmental consents, taxation, employee relations, health and safety, royalties, land acquisitions, land use, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Although Endeavour believes that it currently complies with all material rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. New laws and regulations, amendments to existing laws and regulations, administrative interpretation of existing laws and regulations, or more stringent enforcement of existing laws and regulations, whether in response to changes in the political or social environment in which the companies operate or otherwise, could have a material adverse effect on the Corporation's business.

Any failure to comply with applicable laws and regulations or approvals, licenses or permits, even if inadvertent, may result in interruption or closure of exploration, development or mining operations or enforcement actions or corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Endeavour may also be required to compensate any parties suffering loss or damage by reason of our mining activities and may have civil or criminal fines or penalties imposed against the Corporation for violations of applicable laws or regulations.

Gold exploration and the development of mines and related facilities is contingent upon governmental approvals, licenses and permits which are complex and time consuming to obtain and which, depending on the location of the project, involve multiple governmental agencies. The receipt, duration, amendment or renewal of such approvals, licenses and permits are subject to many variables outside our control, including potential legal challenges from various stakeholders such as environmental groups, nongovernmental organizations, community groups or other claimants. The costs and delays associated with obtaining necessary approvals, licenses and permits and complying with these approvals, licenses and permits and applicable laws and regulations could stop or materially delay or restrict Endeavour from

proceeding with the development of an exploration project or the operation or further development of an existing mine.

***Fluctuations in foreign currency exchange rates could affect Endeavour's operating results and liquidity.***

The price of gold is denominated in United States dollars. Endeavour's results are also reported in US dollars; however, parts of the Corporation's business are conducted by its subsidiaries in Australia, Barbados, Burkina Faso, Canada, Cayman Islands, Côte d'Ivoire, Ghana, Jersey, Mali and Monaco and the associated overhead costs are denominated in Australian dollars, Barbadian dollars, Canadian dollars, Euros, UK pounds sterling, Western Africa CFA franc and Ghanaian Cedi. Therefore, changes in currency exchange rates as well as associated transaction costs could adversely affect results in any given period. Any fluctuations in the value of these foreign currencies relative to the US dollar may result in variations in the Corporation's net income. Foreign currencies are affected by a number of factors that are beyond the control of the Corporation. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. To date the Corporation has not entered into hedging or derivative arrangements to manage its foreign exchange risk.

***Endeavour's ability to sustain or increase its present levels of gold production is dependent in part on development projects, which are subject to numerous known and unknown risks.***

Maintaining or increasing present levels of gold production is dependent on the successful development of new producing mines and/or identification of additional reserves at existing mining operations. Reduced production could have a material and adverse impact on future cash flows, results of operations and financial conditions. Feasibility studies are used to determine the economic viability of a deposit. Many factors and assumptions are involved in the determination of the economic viability of a deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future gold prices. Capital and operating cost estimates are based upon other factors and assumptions, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the gold from the ore and anticipated environmental and regulatory compliance costs.

Any of the following events, among others, could affect the profitability or economic feasibility of a project:

- unanticipated changes in grade and tonnage of ore to be mined and processed;
- unanticipated adverse geotechnical conditions;
- incorrect data on which engineering assumptions are made;
- costs of constructing and operating a mine in a specific environment;
- availability of labour and skilled personnel;
- availability and costs of processing and refining facilities;
- availability of economic sources of power;
- adequacy of water supply;
- availability of surface tenure on which to locate processing and refining facilities;
- adequate access to the site, including competing land uses (such as agriculture and illegal mining);
- unanticipated transportation costs;
- government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, as well as the costs of protection of the environment and agricultural lands);

- fluctuations in gold prices; and
- accidents, labour actions and force majeure events.

It is not unusual in new mining operations to experience unexpected problems during the start-up phase, and delays can often occur at the start of production. Each of these factors involves uncertainties and as a result, Endeavour cannot give any assurance that its development or exploration projects will become operating mines. If a mine is developed, actual operating results may differ materially from those anticipated in a feasibility study.

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

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

***Endeavour's future exploration and development may not result in economically viable mining operations or yield new reserves.***

The exploration and development of gold deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. The economics of exploration and development of gold properties are affected by many factors including the cost of operations, fluctuations in the price of gold, costs of processing equipment and other factors such as government regulations. While the discovery of a mineable deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to identify ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site.

Any successful exploration efforts will additionally require significant time as well as capital expenditure to achieve commercial production. It can take a number of years from the initial phases of drilling and identification of the mineralization until production is possible, during which time the economic feasibility of extraction may change and gold that was economically recoverable at the time of discovery ceases to be economically recoverable. There can be no assurances that gold recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale operations, and material changes in geological resources or recovery rates may affect the economic viability of gold projects. As a result, there can be no assurances that the Corporation's exploration or ongoing or future development will result in profitable commercial mining operations.

***Endeavour's continued operations depend on adequate infrastructure, which is underdeveloped in certain parts of West Africa, and the uninterrupted flow of materials, supplies, and services.***

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important

determinants which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation and/or development of the Corporation's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation and/or development of the Corporation's projects will be commenced or completed on a timely basis, if at all, or that the resulting operations will achieve the anticipated production volume, or that construction costs and ongoing operating costs will not be higher than anticipated. In addition, unusual or infrequent weather phenomena, sabotage or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's business, financial condition and results of operations.

Endeavour's mining interests are located in remote locations and depend on an uninterrupted flow of materials, supplies and services to those locations. Any interruptions to the procurement of equipment or the flow of materials, supplies and services to these properties could have an adverse impact on Endeavour's future cash flows, earnings, results of operations and financial condition.

***No assurance can be given that Endeavour's current or future mineral production estimates will be achieved.***

There are numerous uncertainties inherent in estimating quantities of mineral reserves and mineral resources and in projecting potential future rates of gold production, including many factors beyond the Corporation's control. Mineral reserve and mineral resource estimates are imprecise and depend partially on statistical inference drawn from drilling and other limited data, which may prove to be unreliable. Additionally, estimates, which were valid when made, may change significantly upon new information becoming available. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral reserve and mineral resource estimates. Material changes in mineral reserves and mineral resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. Market price fluctuations for gold, increased production and capital costs, reduced recovery rates, changes in the mine plan or pit design, or other factors may render the Corporation's present mineral reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in the Corporation's estimated mineral reserves could require material write-downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

Endeavour's ability to recover estimated mineral reserves and mineral resources can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ dramatically from that indicated by results of drilling, sampling and other similar examinations. Short term factors relating to mineral reserves and mineral resources, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that those portions of such mineral resources that are not mineral reserves will ultimately be re-classified into mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability

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.

***Endeavour's ability to expand or replace depleted reserves could materially affect its long-term viability.***

Mineral reserves are reported as general indicators of mine life and should not be interpreted as assurances of mine life or of the profitability of current or future production. Mineral reserves depleted by production must be continually replaced to maintain production levels over the long term. In addition, mine life would be shortened if the Corporation expands production. Although Endeavour currently engages in exploration activities and seeks to expand existing ore bodies, such activity requires substantial expenditure and there is no assurance that current or future exploration or expansion programs will result in any new commercial mining operations or yield new reserves to replace or expand current mineral reserves. Failure to expand or replace depleted mineral reserves may make Endeavour unable to sustain production beyond current mine lives, and have a material adverse impact on operations.

***Endeavour depends on key management and skilled personnel and may not be able to attract and retain qualified personnel in the future.***

Endeavour's success depends, to a large degree, upon the continued service and skills of the existing management team. The management team has significant experience and has been intimately involved in the integration of acquisitions and construction of new projects. If the Corporation loses the services of any key member of the senior management team and is unable to find a suitable replacement in a timely manner, Endeavour may be unable to effectively manage its business and execute its strategy.

In addition, Endeavour depends on skilled employees to carry out its operations. The loss of these persons or the Corporation's inability to attract and retain additional highly skilled employees required for the implementation of its business plan and ongoing development and expansion of its operating assets may have a material adverse effect on the business or future operations.

***Endeavour faces risks associated with the use of third-party service providers.***

As is common industry practice certain aspects of mining operations, such as drilling and blasting, are conducted by outside contractors. The mining operations at the Agbaou and Nzema mines are undertaken by third-party contractors and as a result, the Corporation is subject to a number of risks associated with the use of such contractors, including the corporation having reduced control over the aspects of the operations that are the responsibility of a contractor, failure of a contractor to perform under its agreement, inability to replace the contractor if either Endeavour or the contractor terminate the service agreement, interruption of operations in the event the contractor ceases operations as a result of a contractual dispute with Endeavour or as a result of 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 labor unrest, strikes or other employment issues, any of which may have a material adverse effect on the Corporation's business, financial conditions and results of operations.

***Endeavour may require further licenses to develop and exploit certain gold reserves or to process the ore of third parties and title claims to any of its material properties may result in future losses or additional expenditures.***

The Corporation is required to maintain licenses and permits from various governmental authorities in order to conduct its business. Endeavour believes that it holds all necessary licenses and permits under applicable laws and regulation in respect of its properties and that it is presently complying in all material respects with the terms of such licenses and permits. Such licenses and permits, however, are subject to change in various circumstances. There is a risk that the necessary permits, consents, authorizations and

agreements to implement planned exploration, development or mining may not be obtained under conditions or within the time frames that make such plans economic, that applicable laws, regulations or the governing authorities will change or that such changes will result in additional material expenditures or time delays.

To the extent that the Corporation may process third party ore on a tolling basis, the seller of that ore may be required to hold the relevant in-country permits to carry out mining activities or to aggregate ore from other sources. In the absence of those permits the Corporation may be forced to suspend or terminate its arrangements for the supply of that third party ore.

There can be no assurance that Endeavour will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities on properties under exploration or development, or to maintain continued operations that economically justify the cost. The validity of ownership of property holdings can be uncertain and may be contested. Risk always exists that some titles, particularly titles to undeveloped properties, may be defective.

Endeavour's rights to explore and extract minerals from its material properties are, to the best of its knowledge, in good standing in all material respects. Endeavour cannot provide assurance, however, that the Corporation will be able to secure the grant or the renewal of existing mineral rights and tenures on terms satisfactory to it, or that governments in the jurisdictions in which Endeavour operate will not revoke or significantly alter such rights or tenures or that such rights or tenures will not be challenged or impugned by third parties, including local governments, indigenous peoples or other claimants. Further, the Corporation can provide no assurance that some of its titles, particularly its titles to undeveloped properties, are not defective or that title to its properties will not be challenged, encumbered or revoked in the future.

***Endeavour's activities are extensively regulated in respect of environmental, health and safety standards which are likely to become more stringent over time and may be subject to unforeseen to changes.***

All phases of mining operations are typically subject to environmental, health and safety regulation in the various jurisdictions in which the Corporation operates. Environmental, health and safety legislation in many countries is evolving and the trend has been toward stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental, health and safety laws and regulations may require significant capital expenditure and may cause material changes or delays in the Corporation's intended activities. There can be no assurance that future changes in environmental, health and safety regulations will not adversely affect the Corporation's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of the business, causing the Corporation to re-evaluate those affected activities at that time.

Endeavour stakeholders and the communities in which Endeavour operate increasingly expect the Corporation to apply stringent internationally recognized environmental, health and safety benchmarks to its operations, in addition to complying with local laws and regulations. In particular, certain financial institutions from which the Corporation has borrowed funds are signatories to the Equator Principles, a set of voluntary principles that require signatory banks not to advance loans to an entity whose operations do not meet internally recognized social or environmental standards. Endeavour's deviation from the



Equator Principles or similar benchmarks could prevent or adversely affect Endeavour's existing or future financing.

In addition, the Corporation must also continually engage with stakeholders, local communities and other interested parties such as non-governmental organizations regarding the environmental and social impact of its operations and undertake steps to mitigate such impact where feasible. The Corporation's potential failure to meet the environmental, health and safety expectations of these various stakeholders may harm its reputation, as well as its ability to bring projects into production, which could in turn adversely affect its revenues, results of operations and cash flows, potentially in a material manner. In addition, the Corporation's costs and management time required to comply with standards of social responsibility and sustainability are expected to increase over time.

Endeavour uses sodium cyanide and other hazardous chemicals in the gold production at its mines and may in the future use sodium cyanide at other operating mines. If sodium cyanide or other chemicals leak or are otherwise discharged from the containment system, the Corporation may be subject to liability for clean-up work. The Corporation currently carries insurance to protect against certain risks in such amounts as the Corporation considers adequate. Not all risks, however, are insured. Therefore, Endeavour may suffer a material adverse impact on its business if the Corporation incurs losses related to any significant events that are not covered by its insurance policies. In addition, Endeavour is exposed to claims alleging injury or illness from exposure to hazardous materials present, used at or released into the environment from its sites.

Furthermore, environmental hazards, currently unknown to the Corporation, may exist on or adjacent to its projects. Endeavour may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial clean-up action or to pay for governmental remedial clean-up actions, even in cases where such hazards have been caused by previous or existing owners of or operations on project land, by past or present owners of adjacent properties or natural conditions. The costs of such clean-up actions may have a material adverse impact on the Corporation's operations and profitability.

***Endeavour is subject to risks and expenses related to reclamation costs and related liabilities.***

Land reclamation requirements are generally imposed on mining companies in order to minimize long term effects of land disturbance, and Endeavour is subject to such requirements at its mineral properties. Reclamation obligations require Endeavour to allocate financial resources that might otherwise be spent on operations or further exploration and development programs.

Reclamation legislation in the jurisdictions in which Endeavour operates requires Endeavour to maintain certain funding accounts and bonding arrangements including the following:

#### *Agbaou, Côte d'Ivoire*

In connection with the Agbaou Mine, applicable legislation and the Agbaou Mining Convention requires Endeavour to open an environmental rehabilitation bank account and provide a bank guarantee in order to make annual contributions equal to 12.5% of the total forecast rehabilitation budget as stated in the environmental impact assessment (each, an "**Agbaou Instalment**") during the number of years forming the mine life (i.e. 8 years). Consequently, each year, Agbaou should deposit in cash 20% of each Agbaou Instalment in the environmental rehabilitation bank account. The remaining 80% of each annual Agbaou Instalment contribution must be covered by way of a bank guarantee. Endeavour already has in place such guarantee.

#### *Ity, Côte d'Ivoire*

In connection with the Ity Mine, applicable legislation and the SMI Mining Convention requires Endeavour to open an environmental rehabilitation bank account and provide a bank guarantee in order to make annual contributions equal to 10% of the total forecast rehabilitation budget as stated in the environmental impact assessment (each, an "**Ity Instalment**") during the number of years forming the mine life (i.e. 10 years). Consequently, each year, SMI should deposit in cash 20% of each Ity Instalment in the environmental rehabilitation bank account. The remaining 80% of each annual Ity Instalment contribution must be covered by way of a bank guarantee. Endeavour started the process in order to open the environmental rehabilitation bank account and issue the guarantee, and the Corporation continues to coordinate with the relevant state agencies in order to comply with the requirements.

#### *Nzema, Ghana*

In connection with the Nzema Mine, the Ghana Environmental Protection Agency (the "**Ghana EPA**") requires reclamation costs over the mine life to be secured by way of a performance bond (or similar instrument) issued by an approved financial institution. The amount of reclamation security fluctuates in accordance with land disturbance and is calculated by reference to the Nzema Mine's environmental management plan and any updates thereto. The Corporation has obtained a bank bond, secured with cash collateral and other guarantees, to fulfill its reclamation obligations to the Ghana EPA.

#### *Tabakoto, Mali*

The Mining Code of the Republic of Mali requires mining companies to provide a form of financial assurance (bond or letter of credit) issued by an internationally recognized bank and equal to 5% of the mining company's forecasted turnover figure. This legislation has historically not been enforced since its passage in 2012 and Endeavour has not as yet fulfilled such requirements. While the Corporation does not expect any material liability to be incurred as a result of such non-compliance, and while the Corporation in any case expects to meet its reclamation obligations upon mine closure as required by local law, the strict environmental standards Endeavour is held to in its Revolving Credit Facility, as well as on the basis of the international best practices the Corporation holds itself to, Endeavour can provide no assurance that the government of Mali will not impose penalties on Endeavour or otherwise require the Corporation to comply.

Although Endeavour believes it is in material compliance with its reclamation funding obligations, there is no assurance that any such provisions will be sufficient to complete reclamation work actually required or that Endeavour will not be required to fund additional costs related to reclamation that could have a material adverse effect on its financial position.

***Endeavour may be unable to compete successfully with other mining companies.***

The mining industry is intensely competitive. Significant competition exists for the acquisition of properties producing or capable of producing gold or other metals. Endeavour may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than Endeavour. Endeavour may encounter increasing competition from other mining companies in its efforts to hire experienced mining professionals. Increased competition could adversely affect Endeavour's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

***Endeavour's insurance coverage does not cover all of the potential losses, liabilities and damage related to its business, and certain risks are uninsured or uninsurable.***

While Endeavour maintains insurance against certain risks, the nature of the risks inherent in the mining industry, including risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining and monetary losses and possible legal liability, are such that a liability could exceed the Corporation's insurance policy limits or could be excluded from its coverage. The potential costs which could be associated with any liabilities not covered by insurance, or in excess of insurance coverage, may require significant capital outlays, adversely affecting the Corporation's future earnings and competitive position and its financial condition and results of operations. The Corporation cannot provide assurance that its insurance will be available at economically feasible premiums or at all in the future, or that it will provide sufficient coverage for losses related to these or other risks and hazards. Furthermore, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to companies in the mining industry on acceptable terms. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect on its financial performance and results of operation.

***Endeavour may face the risk of litigation in connection with its business and other activities.***

All industries, including the mining industry, are subject to legal claims, with and without merit. Endeavour may become party to new litigation or other proceedings in a number of jurisdictions. The cost of defending such claims may take away from management's time and effort and if adjudged adversely to us, may have a material and adverse effect on the Corporation's cash flows, results of operation and financial condition.

***Endeavour's shareholders may have difficulty enforcing legal rights and judgements.***

The Corporation is incorporated under the laws of the Cayman Islands. The foreign organization, management and offices of the Corporation may make it more difficult for shareholders to enforce their legal rights than if the Corporation was organized, managed and resident in Canada or the United States. The common law and statutory rights of shareholders under the laws of the Cayman Islands may be less extensive than statutory rights available to shareholders under the laws of Canada or the United States. Although the Cayman Islands have enjoyed a stable political climate for many years, there can be no assurance that changing social and political conditions will not adversely affect the operations of the Corporation in the future.

Substantial portions of the assets of Endeavour are located in jurisdictions outside of Canada and the United States. As a result, it may be difficult for shareholders resident in Canada or the United States or

other jurisdictions to enforce judgments obtained against Endeavour in Canada or the United States if the damages awarded exceed the realizable value of Endeavour's Canadian or American assets, respectively.

***Endeavour is dependent on its workforce and the workforce of its third-party service providers to extract and process gold minerals, and is therefore sensitive to any labor disruption at its material properties.***

Endeavour has approximately 2,400 employees and an additional 1,830 individuals who are employed indirectly through the use of third-party service providers. The Corporation is subject to collective bargaining agreements by law in Côte d'Ivoire, Burkina Faso and Mali, and is also subject to legislated collective bargaining laws in Ghana. Endeavour depends on its employees and third-party service providers to explore for mineral reserves and resources, develop its projects and operate its mines. The Corporation has in the past, and may in the future, experience labor disputes with its employees or third-party service providers and any breakdown or deterioration in relations with its employees or third-party service providers may adversely impact its operations. Any strikes and other labor disruptions at any of the Corporation's operations, including those involving the workforce of third-party contractors, or lengthy work interruptions at existing and future development projects could result in a material adverse effect on the timing, completion and cost of any such project, as well as on Endeavour's business, results of operations and financial condition.

***Endeavour faces risks associated with artisanal mining, which may result in accelerated depletion of its ore bodies and create environmental, health and safety liability.***

Endeavour faces risks associated with artisanal mining on its properties. Artisanal miners may compromise the safety at the Corporation's mines, cause contamination of the environment as the result of unauthorized use of chemicals, including cyanide, and in certain cases, accelerate the depletion of the Corporation's ore bodies. Endeavour currently accounts for potential losses to artisanal mining by discounting the mineral resources and mineral reserves of the upper portion of its ore bodies that are impacted by these activities. Although the Corporation, with the assistance of local government authorities, has undertaken measures that have reduced the occurrence of artisanal mining, Endeavour cannot provide assurance that these measures will be successful in reducing or eliminating artisanal mining in the future. The Corporation may be held liable for environmental damage and/or personal injury associated with artisanal mining activity on its properties despite efforts to prevent that activity.

***Endeavour may be adversely affected by the availability and costs of key inputs.***

Endeavour's competitive position depends on its ability to control operating costs. The cost structure of each operation is based on many factors including the location, grade and nature of the ore body, the management skills at each site and the costs of key inputs such as fuel, electricity, tires for mining equipment, reagents, and other supplies. If such supplies become unavailable or their cost increases significantly, operations at the mines could be interrupted or halted, resulting in a material adverse impact on the Corporation's business, financial condition and results of operations.

In recent years, the mining industry has been impacted by increased worldwide demand for critical resources such as input commodities, drilling equipment, tires and skilled labor, and any shortages in these resources may cause unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and production schedules.

Additionally, the Corporation's operations, by their nature, use large amounts of electricity and energy. Energy prices can be affected by numerous factors beyond Endeavour's control, including global and regional supply and demand, political and economic conditions, and applicable regulatory regimes. The

prices of various sources of energy may increase significantly from current levels. An increase in electricity and energy prices could negatively affect Endeavour's business, financial condition, liquidity and results of operations. Increases in these costs would have an adverse impact on Endeavour's business, results of operations, financial condition and cash flows.

Endeavour's management prepares its cost and production guidance and other forecasts based on a review of current and estimated future costs, and management assumes that the materials and supplies required for operations will be available for purchase. Lack of supply or increased costs for any of these inputs would decrease productivity, reduce the profitability of the mines, and potentially result in suspending operations and therefore have a material adverse effect on the Corporation's business, financial condition and results of operations.

***Surrounding communities may affect mining operations through restriction of access of supplies and workforce to the mine site or through legal challenges asserting ownership rights.***

Surrounding communities may affect the mining operations through the restriction of access of supplies and workforce to the mine site. Certain of the Corporation's material properties may be subject to the rights or asserted rights of various community stakeholders, including indigenous people. While community outreach and development programs are maintained to mitigate the risk of blockades or other restrictive measures by the communities, there are no assurances that the Corporation's business, results of operations and financial condition will not be adversely impacted by the actions of the communities surrounding its properties.

***Endeavour's mining properties are subject to various government equity carried interests and royalty payments payable to the government of the countries in which the Corporation operates.***

The Corporation's mining properties in Burkina Faso, Côte d'Ivoire, Ghana and Mali are subject to certain government equity interests. The mining laws of Burkina Faso, Côte d'Ivoire, Ghana and Mali stipulate that when an economic ore body is discovered on a property subject to an exploration permit, a mining permit that allows processing operations on that property to be undertaken must be issued, or transferred, to a new mining company in which the company may hold a majority interest and the government retains a minority "free-carried interest" free of any financial obligation, of at least 10%, in any mining project. Such legislation entitles the respective governments in these countries to maintain the same percentage of equity interest in the event of capital increases. In addition, mining legislation in Mali, and Côte d'Ivoire provides that the respective government may exercise a right to negotiate up to an additional 10% and 15% interest, respectively, in any mining company. Although Endeavour believes that it would be entitled to economic consideration if the governments of Mali and Côte d'Ivoire were to exercise such rights, Endeavour can provide no assurance that it would be compensated fairly or at all.

In addition, Endeavour is party to certain mining conventions in the countries in which the Corporation operates that require Endeavour to make various royalty payments. The laws and practices of the various governments as to foreign ownership, control of mining companies, or required royalties may change in a manner which adversely affects the Corporation's business, results of operations and financial condition. Furthermore, if Endeavour acquires mining interests in new jurisdictions there can be no assurance that the legislation in those jurisdictions will be at least as favorable as the legislation that exists in the jurisdictions in which the Corporation currently operates.

***Endeavour is exposed to tax risks by virtue of the international nature of its activities.***

Endeavour has operations and conducts business in a number of jurisdictions and are subject to the taxation laws of these jurisdictions. These taxation laws are complex, subject to varying interpretations and applications by the relevant tax authorities and subject to changes and revisions in the ordinary course. Endeavour has been challenged by the tax authorities in the countries Endeavour operates in the past regarding tax positions taken, with results that negatively affected its earnings and there is no certainty that this will not occur again. Changes in taxation law or reviews and assessments could result in higher taxes being payable by Endeavour which could adversely affect profitability and cash flows. Although the Corporation has tax stabilization agreements with most of the countries in which it operates, there can be no certainty that such agreements will be upheld or not withdrawn in the future.

***Endeavour may be adversely affected by violations of applicable anti-corruption laws as well as export control regulations and related laws and economic sanctions programs.***

Endeavour conducts business in countries where there is a risk of government corruption. Acts and payments that may be considered illegal under applicable local and/or extraterritorial anti-corruption, anti-bribery, anti-money laundering or export control regulations and related laws may be considered an acceptable part of business culture in those countries. The Corporation is committed to doing business in accordance with all applicable local and/or extraterritorial anti-corruption laws and economic sanctions programs. Endeavour believes that it has a strong culture of compliance and an adequate system of internal controls and continuously seeks to re-evaluate and improve such controls. Endeavour currently has a Business Conduct and Ethics Policy and Anti-Bribery and Anti-Corruption Policy in place. Nevertheless, there is a risk that Endeavour, or its affiliated entities or respective officers, directors, employees or agents may act in violation of its policies and applicable laws, including the UK Bribery Act 2010, the Canadian Corruption of Foreign Public Officials Act (1999), the Criminal Code (Commonwealth), the U.S. Foreign Corrupt Practices Act (1977) and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Endeavour also maintains an independent third party whistleblower service which is available to all employees and contractors. Communication of the whistleblower service is the responsibility of the General Manager and senior site management at each operation. Violations of applicable local and/or extraterritorial anti-corruption, anti-bribery, anti-money laundering and export control regulations and related laws are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, termination of existing contracts, and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any such violations could result in damage to the Corporation's reputation and might materially adversely affect the Corporation's business, financial condition and results of operations.

***Endeavour's business is subject to evolving corporate governance and public disclosure regulations that have increased both its compliance costs and the risk of non-compliance.***

The Corporation is subject to changing rules and regulations promulgated by a number of Canadian and United States governmental and self-regulated organizations, including the Canadian Securities Administrators, the Toronto Stock Exchange, and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity and Endeavour's efforts to comply with such rules and regulations, and other new rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities.

***There are health risks associated with the mining work force in Africa.***

Malaria, Ebola and other diseases represent a serious threat to maintaining a skilled workforce in the mining industry throughout Africa and are a major healthcare challenge to Endeavour's operations in Africa. The epidemic of the Ebola virus disease in 2014 in parts of West Africa resulted in a substantial number of deaths and the World Health Organization had declared it a global health emergency. This outbreak did not affect Endeavour's operations but had it spread further the Corporation's workforce may have been adversely affected. Should there be an epidemic in the countries in which Endeavour operates, which is not satisfactorily contained, its workforce may be adversely impacted and Endeavour may face difficulties securing transportation of supplies and equipment essential to its mining operations. As a result, the Corporation's exploration, development and production plans could be delayed, or interrupted after commencement. Any changes to these operations could significantly increase costs of operations and have material adverse effect on the Corporation's business, results of operations, and future cash flow.

***Endeavour is subject to interest rate risk in respect of borrowings under its Revolving Credit Facility.***

Borrowings under Endeavour's Revolving Credit Facility are at variable rates of interest and any borrowings would expose Endeavour to interest rate cost and interest rate risk. If interest rates increase, the Corporation's debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remains the same. This would in turn result in a decrease in the Corporation's net income and cash flows, limiting its ability to use resources for growth and investment in its operations.

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

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

## **DIVIDENDS AND DISTRIBUTIONS**

The Corporation has not paid any dividends in the past three years. There are no restrictions on the Corporation's ability to pay dividends or make distributions, other than pursuant to the terms of the Facility. The payment of dividends and making of distributions to shareholders in future will depend, among other factors, on earnings, capital requirements, and the Corporation's operating and financial condition.

## **DESCRIPTION OF CAPITAL STRUCTURE OF ISSUER**

### **General Description of Capital Structure**

Endeavour's authorized capital is \$20,000,000 divided into 100,000,000 ordinary shares (the "**Endeavour Shares**") and 100,000,000 undesignated shares with a par value of \$0.10 each, none of which

undesigned shares have been issued. At a special meeting held on November 5, 2015, shareholders of Endeavour approved a consolidation of the Endeavour Shares on the basis of ten (10) pre-consolidation shares for one (1) post-consolidation share. As at March 1, 2016, 59,040,392 Endeavour Shares were issued and outstanding and Endeavour had stock options outstanding under its stock option plans, exercisable into 2,625,035 Endeavour Shares.

### **Endeavour Shares**

The Endeavour Shares confer upon the holders thereof the right to receive notice of, to attend and to vote at, general meetings of the Corporation. The Endeavour Shares are transferable by their holders subject to compliance with the provisions of the articles of association of the Corporation in relation to transfers. The Endeavour Shares confer upon the holders thereof rights in a winding-up or repayment of capital and the right to participate in the profits or assets of the Corporation in accordance with the articles of association.

The Endeavour Shares are not redeemable by the Corporation or the holder of such shares. Subject to applicable law, the Corporation may purchase its own Endeavour Shares on such terms and in such manner as the directors may determine and agree with the shareholder, and make a payment in respect of the purchase of its own Endeavour Shares otherwise than out of profits or the proceeds of a new issue of shares.

### **Undesignated Shares**

Undesignated shares in the capital of the Corporation may be designated and created as shares of any other class or series of shares with their respective rights and restrictions determined upon the creation thereof by resolution of the directors approved pursuant to the articles of association of the Corporation.

## **MARKET FOR SECURITIES**

### **Price Range and Trading Volumes of Endeavour Shares**

Endeavour Shares are listed and posted for trading on the TSX under the trading symbol "EDV" and trade on Canadian alternative trading systems ("ATS"). The following tables set forth, for the periods indicated, the reported high, low and month-end closing trading prices and the aggregate volume of trading of the Endeavour Shares in Canada on the TSX and on ATS:

#### *Trading Data for Endeavour Shares in Canada*

	<b>High (C\$)</b>	<b>Low (C\$)</b>	<b>Close (C\$)</b>	<b>TSX Volume</b>	<b>ATS Volume</b>	<b>Total Volume</b>
January 2015	6.80	4.05	6.00	4,065,341	2,893,221	6,958,562
February 2015	6.40	5.50	6.00	2,043,699	1,381,350	3,425,049
March 2015	6.40	4.80	5.80	4,135,867	2,369,850	6,505,717
April 2015	6.50	5.90	6.30	1,870,642	1,126,332	2,996,974
May 2015	6.70	5.80	6.10	2,446,446	1,338,096	3,784,542
June 2015	6.40	5.75	6.20	1,492,040	1,032,561	2,524,601
July 2015	6.30	4.35	5.10	2,049,251	1,519,019	3,568,270
August 2015	6.60	4.90	5.70	1,398,934	1,061,464	2,460,398



	High (C\$)	Low (C\$)	Close (C\$)	TSX Volume	ATS Volume	Total Volume
September 2015	6.30	5.30	5.50	1,467,039	1,372,672	2,839,711
October 2015	7.60	5.40	6.80	2,487,299	1,856,530	4,343,829
November 2015	6.80	5.70	6.30	1,403,746	834,873	2,238,619
December 2015	8.03	5.70	7.63	4,501,076	2,026,385	6,527,461

### Prior Sales

The Corporation has issued the following unlisted securities during the most recently completed financial year:

Date of Issuance	Price per Security (\$)	Number of Securities Issued
<b>Stock Options:</b>		
January 19 2015	C\$6.10	638,600
August 4, 2015	C\$5.20	60,774
<b>Performance Share Units:</b>		
January 19, 2015	C\$6.10 <sup>(1)</sup>	269,800
August 4, 2015	C\$5.20 <sup>(1)</sup>	28,200
<b>Deferred Share Units:<sup>(2)</sup></b>		
March 31, 2015	C\$6.01	20,821
June 30, 2015	C\$6.20	19,863
September 30, 2015	C\$5.84	22,614
December 31, 2015	C\$7.58	18,023

(1) This is the market price at the time of grant. Performance Share Units ("PSUs") are issued pursuant to the Corporation's PSU Plan and settled in cash when they vest on the basis of the market price of the Endeavour Shares at that time and a performance multiplier.

(2) This is the market price at the time of grant. Deferred Share Units ("DSUs") are issued to non-executive directors of the Corporation pursuant to the Corporation's DSU Plan. DSUs are settled in cash on the basis of the market price of the Endeavour Shares following a director's resignation or retirement from the board of directors.

## DIRECTORS AND OFFICERS

The following table indicates the name, province or state, and country of residence of each director and officer of the Corporation as at its most recent financial year end, their respective positions with the Corporation and principal occupations during the past five years, the dates on which each of them commenced serving as a director of the Corporation, and the number and percentages of Endeavour Shares (being the Corporation's only class of voting securities) owned directly or indirectly or over which control or direction is exercised by each of them as at March 1, 2016.

<b>Name and Residence of Director/Officer and Present Position with the Corporation</b>	<b>Principal Occupation</b>	<b>Date Commenced Being a Director</b>	<b>Number of Endeavour Shares<sup>(1)</sup></b>
<b>MICHAEL E. BECKETT</b> <sup>(2) (3) (4) (5)</sup> London, England <i>Director and Chairman</i>	Various Chairman and Director appointments	July 26, 2002	16,000
<b>NEIL WOODYER</b> Monte Carlo, Monaco <i>Director and Chief Executive Officer</i>	Chief Executive Officer of the Corporation	July 26, 2002	100,712 <sup>(6)</sup>
<b>WAYNE McMANUS</b> <sup>(2) (4) (5)</sup> Grand Cayman, Cayman Islands <i>Director</i>	College Professor and Author	July 26, 2002	8,000
<b>IAN HENDERSON</b> <sup>(3) (4)</sup> London, England <i>Director</i>	Former Managing Director at JP Morgan Asset Management	April 1, 2013	Nil
<b>IAN COCKERILL</b> <sup>(3)</sup> Johannesburg, South Africa <i>Director</i>	Various Chairman and Director appointments	September 17, 2013	9,400
<b>MIGUEL RODRIGUEZ</b> <sup>(2) (5)</sup> Pully, Switzerland <i>Director</i>	Economist	September 17, 2013	Nil
<b>FRANK GIUSTRA</b> Vancouver, Canada <i>Director</i>	Entrepreneur, Investor, Philanthropist	September 17, 2013	780,721 <sup>(7)</sup>
<b>NAGUIB SAWIRIS</b> London, England <i>Director</i>	Entrepreneur, Investor, Philanthropist	November 27, 2015	Nil
<b>SÉBASTIEN DE MONTESSUS</b> Neuilly-sur-Seine, France <i>Director and President</i>	President of the Corporation	November 27, 2015	Nil
<b>ADRIAAN "ATTIE" ROUX</b> Accra, Ghana <i>Chief Operating Officer</i>	Chief Operating Officer of the Corporation	N/A	31,429
<b>OTA HALLY</b> Monte Carlo, Monaco <i>Chief Financial Officer</i>	Chief Financial Officer of the Corporation	N/A	11,000
<b>MORGAN CARROLL</b> Monte Carlo, Monaco <i>Executive Vice President Corporate Finance, General Counsel and Secretary</i>	Executive Vice President Corporate Finance, General Counsel and Secretary of the Corporation	N/A	17,674

(1) Endeavour Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, which information has been furnished by the directors themselves.

(2) Member of the Remuneration Committee.

(3) Member of the Safety, Health and Environmental Committee.

(4) Member of the Corporate Governance and Nominating Committee.

(5) Member of the Audit Committee.

(6) Ashdell Ltd., a company beneficially owned by a Woodyer family trust, holds 280,000 Endeavour Shares as of the date of this AIF. Ashdell is controlled by this trust which operates through an independent trustee. Neil Woodyer has no control or direction over or beneficial interest in Ashdell Ltd. or the trust.

(7) Includes 150,000 Endeavour Shares held by Radcliffe Foundation, a charitable foundation controlled by Mr. Giustra.

Directors are elected at each annual meeting of Endeavour's shareholders and serve until the next annual meeting or until their successors are elected or appointed.

To the best of the Corporation's knowledge based on information furnished by the directors and officers of the Corporation, as a group, the directors and officers of the Corporation exercised control and direction, directly or indirectly, over 978,142 Endeavour Shares or less than 1.65% of the issued Endeavour Shares as at March 1, 2016.

### **Corporate Cease Trade Orders or Bankruptcies**

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

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

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

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

### **Personal Bankruptcies**

No director, executive officer or shareholder holding a sufficient number of the Corporation's securities to affect materially the control of the Corporation has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

### **Penalties or Sanctions**

No director, executive officer or shareholder holding a sufficient number of the Corporation's securities to affect materially the control of the Corporation has been subject to any penalties or sanctions imposed

by a court relating to Canadian securities legislation or has entered into a settlement agreement with a Canadian securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **Conflicts of Interest**

### *Directors and Officers*

The Corporation's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, the directors of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such conflict of interest arises at a meeting of the Corporation's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for the participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of British Columbia, the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation. In determining whether or not the Corporation will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

The directors and officers of the Corporation are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable law, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of the Corporation are not aware of any such conflicts of interests.

## **AUDIT COMMITTEE**

### **Audit Committee Charter**

The Audit Committee's charter is set out in full in Schedule "A".

### **Composition of the Audit Committee**

The Audit Committee is comprised of Wayne McManus (Chair), Miguel Rodriguez and Michael Beckett. All members are independent and financially literate.

## Relevant Education and Experience

Wayne McManus worked for several years as a private banker providing accounting and wealth management services to clients. Mr. McManus also has over 20 years of experience teaching accounting at the college level. He is a Certified Public Accountant, a Chartered Financial Analyst and has a Masters of Business Administration degree.

Miguel Rodriguez holds a Ph.D. in Economics from Yale University and has served on the audit committees of several TSX and TSX.V listed corporations. In his career, Mr. Rodriguez has served as the Economic Minister of the Republic of Venezuela, the President of the Central Bank of Venezuela, a Governor to the International Monetary Fund, the World Bank and the International Development Bank, and a Senior Advisor to the World Bank. He also had a long academic career as a Professor of Economics.

Michael Beckett has extensive experience serving on the boards of directors of public companies in the resource sector and has served on a number of audit committees over the course of his career. Most recently he was a member of the audit committee of Petroamerica Oil Corporation (TSX.V).

## Pre-Approval Policies and Procedures for Non-Audit Services

Engagements for the provision of non-audit services are approved by both the Audit Committee and the Corporation's board of directors at the commencement of each financial year, and if applicable, will be considered on a case-by-case basis during the course of the year.

## External Auditor Service Fees

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years are set out below:

	December 31, 2015 (C\$)	December 31, 2014 (C\$)
Audit Fees <sup>(1)</sup>	1,388,095	1,681,000
Tax Fees <sup>(2)</sup>	496,627	413,765
All Other Fees <sup>(3)</sup>	9,740	229,561
Total Fees	1,894,462	2,324,326

(1) "Audit Fees" are the aggregate fees billed by the auditors for audit services.

(2) "Tax Fees" are fees for tax compliance work, preparing the annual tax returns and tax planning issues.

(3) "All Other Fees" are the aggregate fees paid to the auditors for advisory services related to enhancements to management reporting, which in 2014 included an internal reporting improvement project.

## LEGAL PROCEEDINGS

The Corporation is not a party to, nor is any of its property the subject of, any material legal proceedings, and there are no material legal proceedings known by the Corporation to be contemplated.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Corporation is not aware of any material interest, direct or indirect, of any director or officer of the Corporation, or any person or company that is a direct or indirect beneficial owner of, or who exercises control or direction over, more than ten percent of the Endeavour Shares, or any affiliate of such persons or companies, in any transaction within the three most recently completed financial years or during the

current financial year that has materially affected or will materially affect the Corporation, except that on November 27, 2015 Endeavour acquired a 55% interest in the Ity mine through the purchase of La Mancha West Africa from La Mancha and Mr. Naguib Sawiris, one of the directors of Endeavour, has an indirect material interest in La Mancha. Although prior to the completion of the transaction Mr. Sawiris was not a director of Endeavour, as a result of the transaction he subsequently became a director of Endeavour.

## TRANSFER AGENT AND REGISTRAR

The Corporation's Canadian transfer agent and registrar is Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia, co-agent office in Toronto, Ontario and US co-agent office in Golden, Colorado. The website address of Computershare is [www.computershare.com](http://www.computershare.com).

## MATERIAL CONTRACTS

Except for contracts entered into by the Corporation in the ordinary course of business or otherwise disclosed herein, the Corporation has no contracts which can reasonably be regarded as material.

## INTERESTS OF EXPERTS

### Auditors

The auditors of the Corporation are Deloitte LLP, Chartered Accountants, Vancouver, British Columbia ("**Deloitte**"). Endeavour's consolidated annual financial statements for the year ended December 31, 2015, filed under National Instrument 51-102 contain the report of Deloitte given on their authority as experts in auditing and accounting. Deloitte is independent to the Corporation within the meaning of the Rules of Professional Conduct of the Institutes of Chartered Accountants of British Columbia.

### Other Experts

The following are the technical reports prepared in accordance with NI 43-101 from which certain technical information relating to the Corporation's mineral projects on properties material to the Corporation contained in this AIF has been derived:

- (a) The Agbaou Report entitled "Technical Report, Mineral Resource and Reserve Update for the Agbaou Gold Mine, Côte d'Ivoire, West Africa" dated effective December 31, 2014 ("**Agbaou Report**") prepared by Adriaan Roux, K. Kirk Woodman, Kevin Harris and Michael Alyoshin of Endeavour.
- (b) The Nzema Report entitled "Technical Report and Mineral Resource and Reserve Update for the Nzema Gold Mine, Ghana, West Africa", dated effective December 31, 2012, prepared by Nicolas J. Johnson of MPR Geological Consultants Pty Ltd., Quinton De Klerk of Cube Consulting Pty Ltd., William J.A. Yeo and Adriaan A. Roux of Endeavour. The individuals who are qualified persons for the purposes of NI 43-101 are listed under the section of this AIF entitled "Mineral Properties of the Corporation".
- (c) The Tabakoto report entitled "Technical Report, Mineral Resource and Reserve Update for the Tabakoto Gold Mine, Mali, West Africa" dated effective December 31, 2015, prepared Gerard de Hert, Kevin Harris, Michael Alyoshin and Adriaan Roux of Endeavour, Vaughn Duke of Sound Mining Solution (Pty) Ltd. and Eugene Puritch of P&E Mining Consultants Inc. The individuals who are

qualified persons for the purposes of NI 43-101 are listed under the section of this AIF entitled "Mineral Properties of the Corporation".

- (d) The Houndé Report entitled "Houndé Gold Project, Burkina Faso, Feasibility Study NI 43-101 Technical Report", dated effective October 31, 2013, prepared by Michael Warren of Lycopodium, Mark Zammit of Cube Consulting Pty Ltd, Ross Malcolm Cheyne of ORELOGY Group Pty Ltd, David Morgan of Knight Piésold Pty Ltd, and Peter O'Bryan of Peter O'Bryan & Associates. The individuals who are qualified persons for the purposes of NI 43-101 are listed under the section of this AIF entitled "Mineral Properties of the Corporation".
- (e) The Ity Report entitled "Technical Report for the Ity Gold Mine, Côte d'Ivoire, West Africa" dated effective July 31, 2015, prepared by Kathleen Body and Mpfariseni Mudau of Coffey Mining (South Africa) (Pty) Ltd., Gordon Cunningham of Turnberry Projects (Pty) Ltd., Remi Bosc of Arethuse Geology Sarl, Patrick Perez of SGS Canada, Jason Baker, Daniel Gautier, Pierre Larochelle and Henri Sangam of SNC-Lavalin Inc.

Each of these reports is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile. None of the authors of any report referred to above, other than Adriaan A. Roux, K. Kirk Woodman, Gérard De Hert, Kevin D. Harris, and Michael Alyoshin, who are current employees of the Corporation, had any interest, direct or indirect, in any securities or other properties of the Corporation, or any of its associates or affiliates, at the time the applicable report was prepared. None of the authors of any report referred to above have received or will receive from the Corporation any properties or any securities representing more than one percent of the outstanding securities of the Corporation or of any of the Corporation's associates or affiliates.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans will be contained in the Corporation's management proxy circular for its upcoming annual general meeting.

Additional financial information is provided in the Corporation's audited consolidated financial statements and management discussion and analysis for the year ended December 31, 2015.

## APPENDIX "A"

### AUDIT COMMITTEE CHARTER



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### AUDIT COMMITTEE CHARTER

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#### 1. COMMITTEE STRUCTURE

The Audit Committee (the "**Committee**") of Endeavour Mining Corporation (the "**Corporation**") shall be comprised of at least three members, including the Chairperson, each of whom shall be an independent director in accordance with the applicable policies and guidelines of the Canadian Securities Administrators.

The Chairperson of the Committee shall be nominated by the Corporate Governance & Nominating Committee from time to time. A quorum for any meeting shall be two members.

Nominees for the Committee shall be recommended by the Corporate Governance & Nominating Committee in accordance with the policies and principles set forth in the Corporate Governance & Nominating Committee Charter. The invitation to join the Committee shall be extended by the Board of Directors (the "**Board**") itself, by the Chairman of the Corporate Governance & Nominating Committee or the Chairman of the Board. Members of the Committee may be removed or replaced by the Board. Each member of the Committee shall be financially literate.

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

Minutes of each Committee meeting shall be kept. The Committee shall report its activities to the Board by distributing minutes of its meetings and, as appropriate, by oral or written report to the Board describing the Audit Committee's activities. The Chairperson may invite corporate officers and advisors to attend the meetings.

The Committee shall have unrestricted access to the Corporation's personnel and documents and shall be provided with the resources necessary to carry out its responsibilities.

The Committee has the right to engage experts or advisors, including independent legal counsel at the expense of the Corporation, to set and pay the compensation of such outside experts or advisors, and to communicate directly with the Corporation's internal and external auditors.



## **2. OPERATION OF THE COMMITTEE**

Responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in the officers of the Corporation and is overseen by the Board.

The responsibility of the Committee is to assist the Board in fulfilling its oversight responsibilities. Meeting a minimum of four times annually, the Committee is responsible for:

- the financial reporting process of the Corporation including reviewing the objectivity of the independent audit; and
- overseeing the system of internal control, including the assessment of risk.

In undertaking these responsibilities the Committee shall perform various duties as outlined below:

- Review the financial statements and related notes of the Corporation before their submission to the Board, including the annual and interim financial statements, auditors' opinion, management letters, management's discussion and analysis of operations and financial press releases for the purpose of recommending approval by the Board prior to its release. Meet with the external auditors, with and without management present, to review the financial statements and the results of their audit, including:
  - assessing the risk that the financial statements contain material misstatements;
  - assessing the accounting principles used and their application, as well as being aware of new and developing accounting standards that may affect the Corporation;
  - assessing the significant estimates made by management; and
  - assessing the disclosures in the financial statements.
- Discuss the planning of the audit with the external auditors including:
  - the general approach taken in conducting the audit including any areas of particular concern or interest to the Committee or management and any extensions to the audit scope requested by the Committee or management;
  - areas of the financial statements identified as having a high risk of material misstatement and the auditor's response thereto;
  - the materiality and audit risk level on which the audit is based;
  - the extent of audit work related to internal controls;
  - the planned reliance on the work of other auditors, how the expectations shall be communicated to the other auditors and how their findings shall be communicated to the Committee; and

- the timing and estimated fees of the audit.
- Assess the overall process for identifying principal business, political, financial and control risks and providing its views on the effectiveness of this process to the Board.
- Evaluate the performance of the external auditors and recommend to the Board the appointment or replacement of the external auditors.
- Evaluate and recommend to the Board the compensation of the external auditors.
- Receive periodic reports from the external auditors regarding the auditors' independence, discuss such reports with the auditors, and if so determined by the Committee, recommend that the Board take appropriate action to ensure the independence of the auditors.
- Review with the external auditors any audit problems or difficulties and management's response and resolving disagreements between management and the auditors regarding financial reporting.
- Review the reliability and integrity of financial and operating information.
- Review the systems established to ensure compliance with the Corporation's policies, plans, procedures, laws, regulations and means of safeguarding assets including adequacy of controls surrounding electronic data processing and computer security.
- Review the adequacy of resources assigned to assess control and what steps the officers of the Corporation have taken to eliminate any potentially serious weaknesses in internal control including a review of executive expense procedures and use of Corporation assets, the capital investment control process and financial instruments procedures.
- Provide the opportunity for open communication between the Corporation, the external auditors and the Board.
- Disclose annually in the Corporation's Annual Information Form (and by cross-reference, in the Management Information Circular) information on the carrying out of its responsibilities under this Charter and on other matters as required by applicable securities regulatory authorities.
- Annually review and revise this Charter as necessary with the approval of the Board. This Charter may be amended and restated from time to time without the approval of the Board to ensure that the composition of the Committee and the responsibilities and powers of the Committee comply with the applicable laws and stock exchange rules.
- Approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation.
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the external auditors.
- Establish and periodically review an anonymous reporting procedure for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and (b) the confidential anonymous submission by employees of the

Corporation of concerns regarding potential fraud or questionable accounting or auditing matters, as is currently set out in the Corporation's Whistleblower Policy.

- Review the Corporation's disclosure controls and procedures and internal control over financial reporting (the "**Controls**"), and consider whether the Controls:
  - provide reasonable assurance that material information relating to the Corporation, including its consolidated subsidiaries, if any, is made known to the Corporation's Chief Executive Officer and Chief Financial Officer, particularly during the period in which the Corporation's annual filings are being prepared; and
  - provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Corporation's GAAP.

The Committee shall evaluate the effectiveness of the Controls as of the end of each period covered by the annual filings and provide the Board and management with its conclusions about the effectiveness of the Controls.

### **3. AMENDMENT, MODIFICATION AND WAIVER**

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