



CREATING A PREMIER AFRICAN GOLD PRODUCER

# Q2-2016 Results

July 28<sup>th</sup>, 2016



# Disclaimer & Forward Looking Statements

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Cash cost per ounce and all-in sustaining cash cost per ounce are non-GAAP performance measures with no standard meaning under IFRS. This presentation contains “forward-looking statements” including but not limited to, statements with respect to Endeavour’s plans and operating performance, the estimation of mineral reserves and resources, the timing and amount of estimated future production, costs of future production, future capital expenditures, and the success of exploration activities. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “expects”, “expected”, “budgeted”, “forecasts” and “anticipates”. Forward-looking statements, while based on management’s best estimates and assumptions, are subject to risks and uncertainties that may cause actual results 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 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

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Adriaan “Attie” Roux, Pr.Sci.Nat, Endeavour’s Chief Operating Officer, is a Qualified Person under NI 43-101, and has reviewed and approved the technical information in this presentation.

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Note : All amounts are in US\$

## Speakers:

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**Sébastien de Montessus**  
*Chief Executive Officer,  
President & Director*



**Adriaan "Attie" Roux**  
*Chief Operating Officer*



**Ota Hally**  
*Chief Financial Officer*



**Vincent Benoit**  
*EVP – Strategy and Business Development*



**Jeremy Langford**  
*EVP – Construction Services*



**Patrick Bouisset**  
*EVP – Exploration*

# Section 1: Strategy Overview



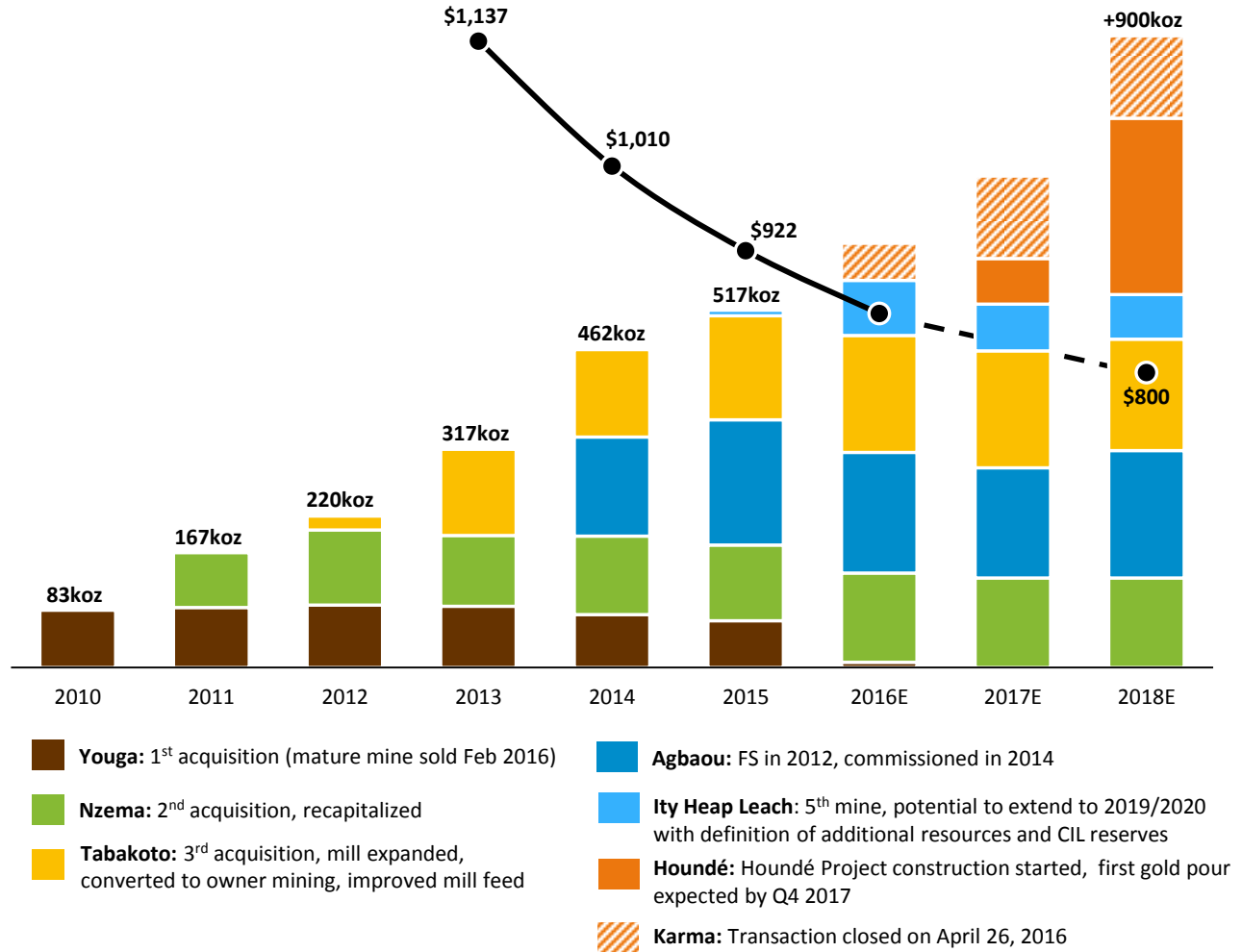
Current Gold Production Profile (100%) and AISC (Mine-Level, US\$/oz)

**Strategic Objective  
for 2018-2020**

**+ 900 koz**  
YEARLY PRODUCTION

**< 800\$/oz**  
ALL IN CASH COST

**10+ year**  
MINE LIFE IN OUR CORE ASSETS



## 6 transformational levers to execute the plan

1

OPERATIONAL  
EXCELLENCE

4

IMPROVE MANAGEMENT  
& GOVERNANCE MODEL

2

PROJECT  
DEVELOPMENT

5

PRO-ACTIVE PORTFOLIO  
MANAGEMENT

3

UNLOCK  
EXPLORATION VALUE

6

HEALTHY FINANCIAL  
STRUCTURE

# Management Style



## Key Value Drivers

## H1-2016 Achievements

### Deleverage Balance Sheet



- US\$230m additional equity
- Net Cash position of US\$21m after July bought deal close



### Extend Mine Lives



- Exploration now an integral part of the strategy
- Long-term exploration program nearing approval



### Fund Houndé Project



- Houndé fully financed due to improved balance sheet and cash from operations
- Construction launched in April



### Improve Governance



- New CEO appointed in June 2016
- Rationalization of offices (Corporate in London and Operations in Abidjan)
- Board streamlined to 7 from 9
- Additional governance improvements under consideration



### Portfolio Management



- Dynamic portfolio management to improve quality of portfolio
- Youga sold in March (end of life, high cost operation)
- Karma acquired in April (Long mine life, low-cost operation)



### Enhance Investor Relations



- Clarify equity story
- Increased management presence and marketing
- Improved transparency








# Market Re-rating has started



## **Section 2: Operational and Financial Summary**



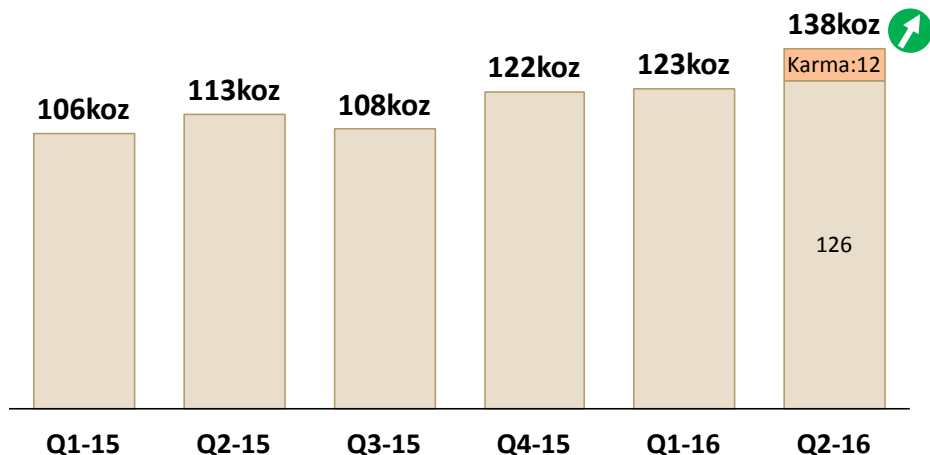
# H1-2016 group level performance in line with full year guidance

	H1-2016 Actual	Initial 2016 Guidance	Revised 2016 Guidance	Comment
<b>1</b> Production	270koz (incl. 12 koz for Karma)	535-560koz	 575 - 610koz	<ul style="list-style-type: none"> <li>✓ <b>Initial guidance confirmed</b> thanks to Agbaou's strong performance</li> <li>✓ <b>Increasing guidance</b> with the addition of Karma: 50-60 koz for FY 2016</li> </ul>
<b>2</b> All-In Sustaining Costs	\$896	\$870-920/oz	 \$870-920/oz	<ul style="list-style-type: none"> <li>✓ <b>On-track</b> to meet initial guidance: Q1 (\$889/oz) and Q2 (\$901/oz)</li> <li>✓ <b>Karma to have positive impact on average Group AISC from 2016</b></li> </ul>
<b>3</b> Free Cash Flow (before tax, WC, financing costs, Houndé and Karma)	\$59m (@ 1,225\$/oz realized price)	\$90m (@ 1,150 \$/oz)	 \$135m (@ 1,250 \$/oz in H2)	<ul style="list-style-type: none"> <li>✓ <b>Increasing guidance</b> with revised H2 gold price of US\$1,250/oz and Karma</li> </ul>
<b>4</b> Net Debt	\$83m	n/a	n/a	<ul style="list-style-type: none"> <li>✓ <b>Turned cash positive</b> following successful bought deal which closed July 11 with <b>\$21m of Net Cash</b></li> </ul>

2016 Revised production guidance includes Karma pre and post commercial production, AISC guidance includes only Karma's post-commercial production (ie. Q4-2016)

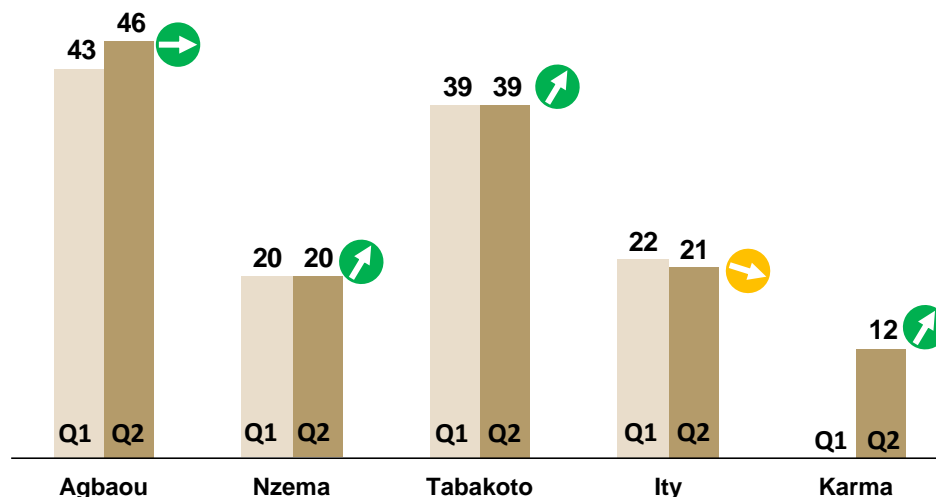
# 1 Initial production guidance remains on-track with improvements expected in H2-2016

Group Production from continuing operations, koz



Production by mine, koz

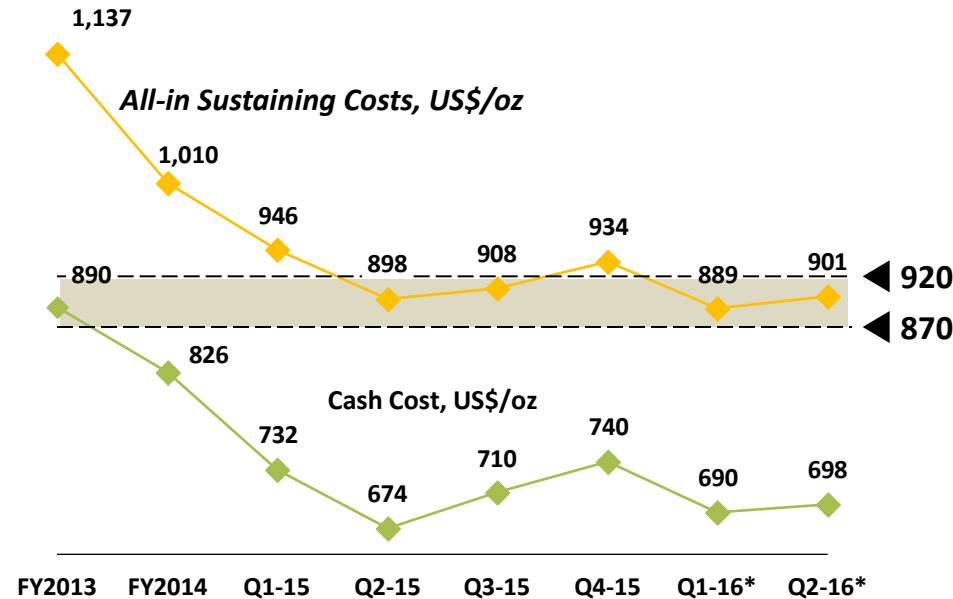
→ H2 Trend



- Q2 production from continuing operations (excluding Youga) slightly increased over the previous quarter, with continued strong performance from Agbaou
- Production is expected to increase in H2-2016 with Tabakoto and Nzema improving
- On-track to meet initial 2016 guidance of 535-560koz, with Agbaou and Ity compensating for Nzema's low purchased ore volumes and grade

# 2 Continued AISC reduction

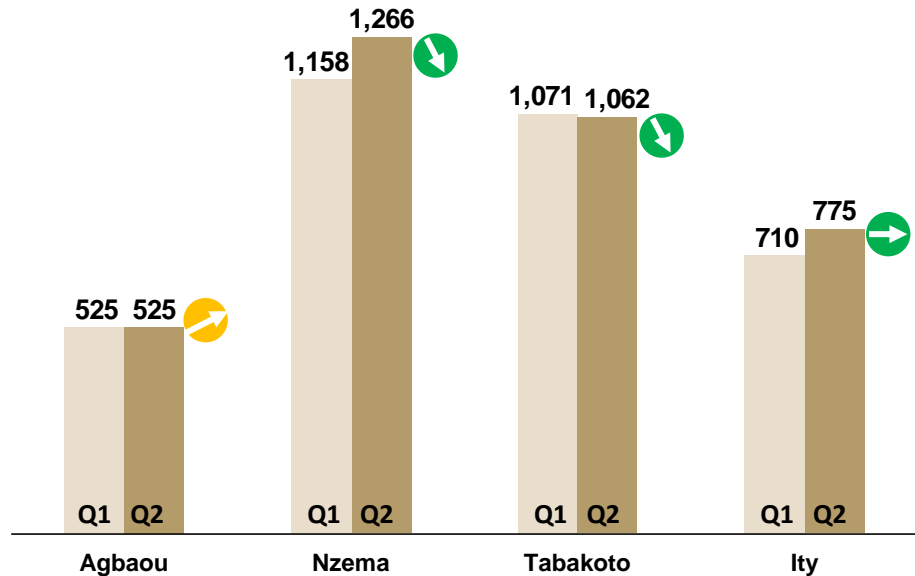
Continued AISC reduction, US\$/oz



\*Excluding discontinued Youga operations Youga, according to according standards

AISC by mine, US\$/oz

→ H2 Trend

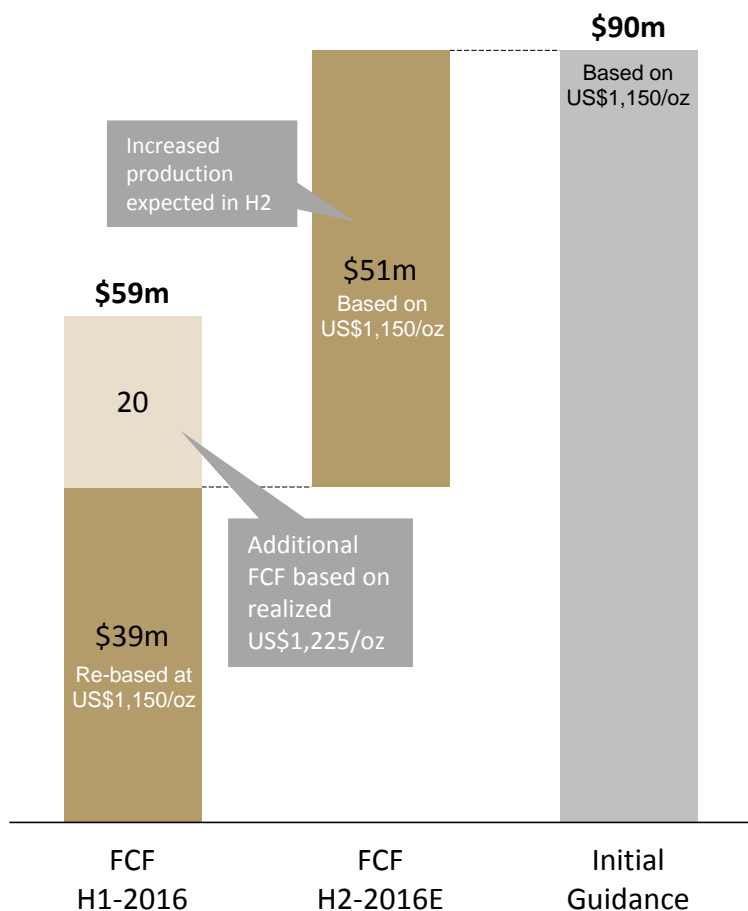


- AISC continues to decrease, remaining on-track to achieve our \$870-920/oz guidance
- Agbaou continues to out-perform, well below its \$650-700/oz guidance
- AISC expected to decrease in H2-2016 with improvements at Nzema and Tabakoto

### 3 Cash Flow generation is on track to meet initial guidance with increased production expected in H2 and AISC in-line

#### On track to meet initial guidance

**Free cash flow** (before WC, taxes and financing costs, excluding Houndé capex and Karma)



#### Cash Flow generation improved

	H1-2016		H1-2015	
	US\$m	US\$/oz	US\$m	US\$/oz
<b>Gold Sold, oz</b>	<b>248</b>		<b>218</b>	
<b>Gold revenue</b>	<b>304</b>	<b>1,225</b>	<b>263</b>	<b>1,206</b>
Royalties	(14)	(56)	(13)	(60)
Cash cost for ounces sold	(172)	(694)	(152)	(697)
G&A Costs	(10)	(40)	(8)	(37)
Sustaining Capital	(23)	(93)	(27)	(124)
Sustaining Exploration	(3)	(12)	(3)	(14)
<b>AISC Costs</b>	<b>(222)</b>	<b>(896)</b>	<b>(204)</b>	<b>(931)</b>
<b>AISC Margin</b>	<b>82</b>	<b>331</b>	<b>59</b>	<b>271</b>
Non-sustaining exploration	(9)	(36)	(3)	(14)
Non-sustaining capital	(15)	(60)	(9)	(41)
<b>Free cash flow</b> (before WC, taxes and financing costs, excluding Houndé capex and Karma)	<b>59</b>	<b>238</b>	<b>47</b>	<b>216</b>

# 3 Net Free Cash Flow Breakdown

\$(000's)	H1-2016	H1-2015
<b>Free cash flow (before WC, taxes and financing costs, Houndé capex and Karma)</b>	<b>59</b>	<b>47</b>
Houndé project cash-out	(15)	(2)
Karma cashflow	1 (2)	-
<b>Free cash flow (before working capital, tax &amp; financing costs)</b>	<b>42</b>	<b>45</b>
Working capital changes as per statement of cash flows	2 (19)	(17)
Taxes paid	3 (9)	(5)
Interest paid	(7)	(9)
Other (hedge, financing fees, foreign exchange gains/losses and other*)	4 (15)	(3)
<b>Free Cash Flow before other items</b>	<b>(7)</b>	<b>12</b>
Cash received for Youga mineral property interests	20	-
Bridge loan advanced to True Gold	(15)	-
True Gold acquisition	5 4	-
Transaction and restructuring costs	6 (7)	-
Shares issue relating to La Mancha anti-dilution and share options	7 73	-
RCF, debt and lease repayments	(43)	(22)
<b>Cash movement for the period</b>	<b>24</b>	<b>(9)</b>

## Insights:

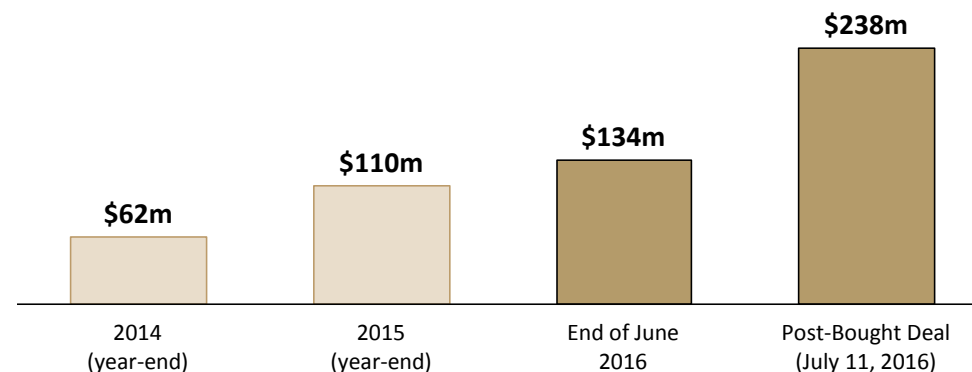
- + net proceeds from sales +\$17m  
- mining costs capitalized (\$9m)  
- capital expenditure (\$10m)
- WC turned positive in Q2-2016: (\$20m) in Q1 vs. +\$2m in Q2
- Increased due to lty inclusion in 2016
- Includes: \$5m hedge settlements, \$4m realized FX, \$2m restricted cash movements
- + Karma cash +\$10m  
- TGM change of control (\$6m)
- \$7m paid out of \$18m expensed, remainder to be paid in Q3
- Includes \$65m from La Mancha and \$7m from options

\*Includes financial fees, lease repayments, hedge settlements, realized loss on derivative financial instruments, unrealized foreign exchange loss on cash, and other non-operating cash adjustments.

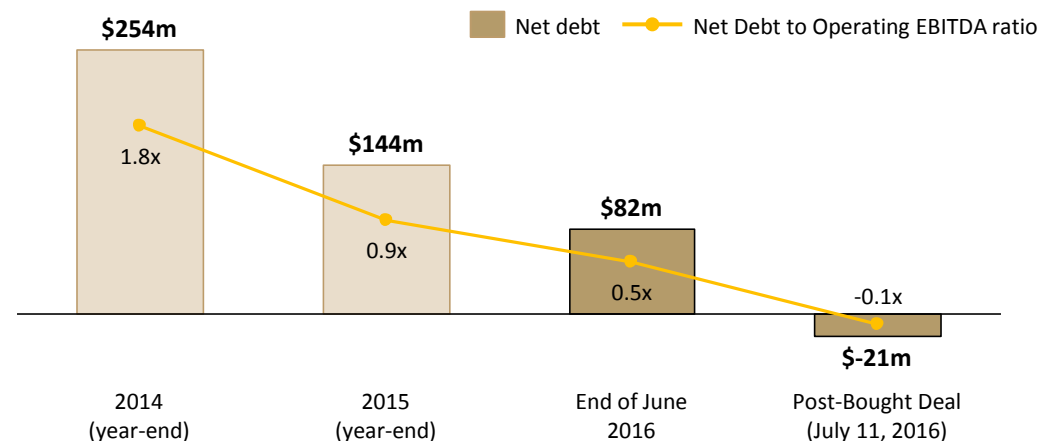
## 4 Continued Reduction in Net Debt... Now Cash Positive

- ✓ Reducing debt was a key priority over the last 6 months
- ✓ Endeavour became cash positive:
  - US\$65m cash injection received from La Mancha in May following the True Gold transaction close
  - \$40m voluntary repayment made under the \$350m revolving corporate facility, resulting in a net drawn amount of \$200m
  - US\$104m of net proceeds from bought deal financing to accelerate organic growth and exploration
- ✓ \$438m in liquidity and financing sources (based on cash + undrawn RCF + Houndé equipment financing)

### Significantly increased cash position (US\$m)



### Net Debt Reduction



**Notes:**

Debt includes \$5m Auramet loan, \$12m Tabakoto equipment lease, and \$200m RCF.

RCF of US\$350 million, maturity date March 2020, semi-annual reductions commencing September 2018, annual interest based on LIBOR + a 3.75% to 5.75% margin

Operating EBITDA based on trailing 12m basis



**Section 3:  
Details by Mine and  
Project**



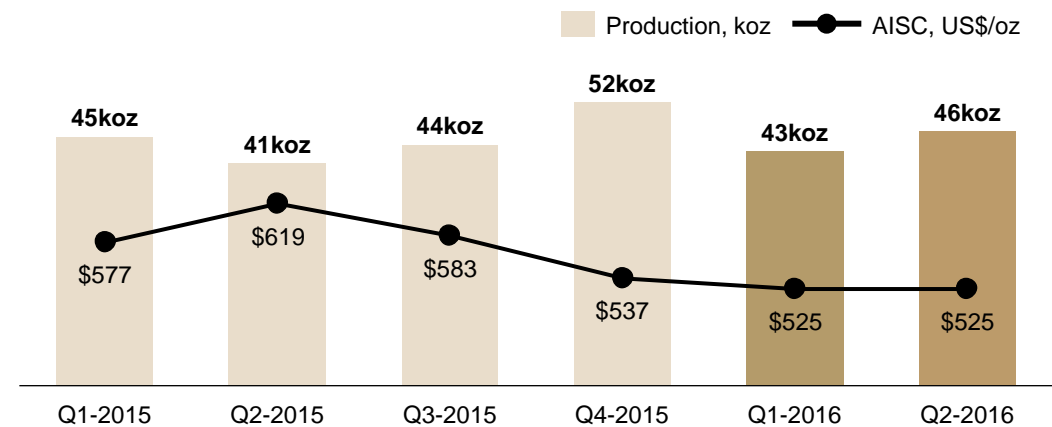
## H1-2016 Insights

- Optimized mill throughput, running significantly above nameplate capacity, benefiting production in Q2 vs Q1
- Ongoing low AISC, well below its \$650-700/oz guidance, benefiting from enhanced mill throughput and mining contract rates revision in mid-Q1
- Continued benefit from processing only oxide ore
- Secondary crusher commissioned in July on time and under budget (\$10m), providing increased processing flexibility

## H2-2016 Outlook

- Production expected to increase due to mixing higher grade transitional ore in Q4 2016
- FY2016 guidance increased from 165-175koz to 180-195koz while AISC guidance lowered from \$650-700/oz to \$550-600/oz

## Production and AISC



## Secondary & Pebble Crushing Circuits commissioned





# Agbaou Exploration

- In 2016, exploration is focused on the North pit and South pit extensions, the Agbaou South target, and on generating targets beyond the current resource boundaries
- Following resolution of ground reclamation and compensation issues with local communities, drilling based on previous geophysics surveys and soil geochemistry results commenced in April 2016
- At the end of June 2016, over 8,000 meters of RC and DD had already been drilled (representing approximately 20% of the initial program)
- Initial results suggest the extension of mineralized zones, which will be further investigated
- Additional studies include an infill geochemical program, a resistivity survey and a magnetic survey

Agbaou Site Map





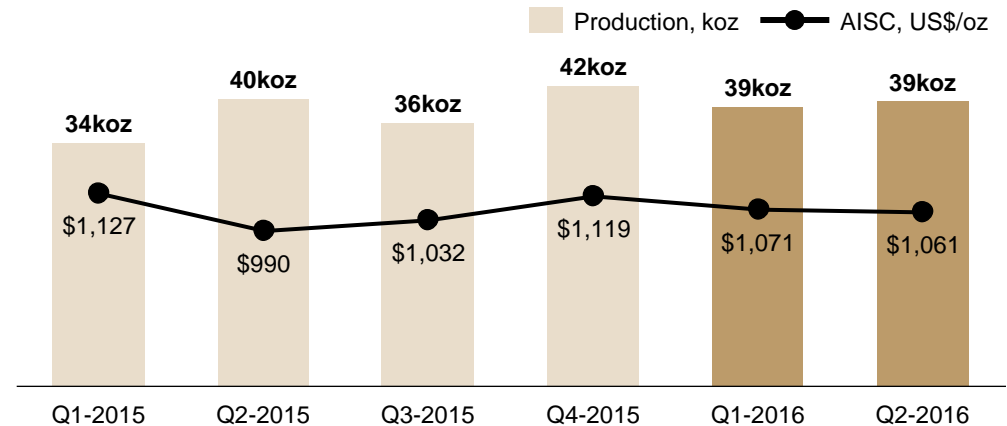
## H1-2016 Insights

- Steady production in Q2 compared to Q1 despite 8 days general strike against the State
- Good performance of Segala and Kofi positively impacting grade milled
- Q2 AISC in line with Q1 but still high as mining at Tabakoto underground was restricted to low grade areas due to slow development

## H2-2016 Outlook

- Improvement in AISC expected due to higher level of production in Tabakoto UG and Kofi
- Focus on improving operations:
  - Equipment availability
  - UG mining efficiency
  - Optimization of organization
- FY2016 guidance maintained at 165-175koz while AISC guidance increased from \$920-970/oz to \$970-1,050/oz

## Production and AISC



## Tabakoto underground mining





# Tabakoto Mine – Exploration

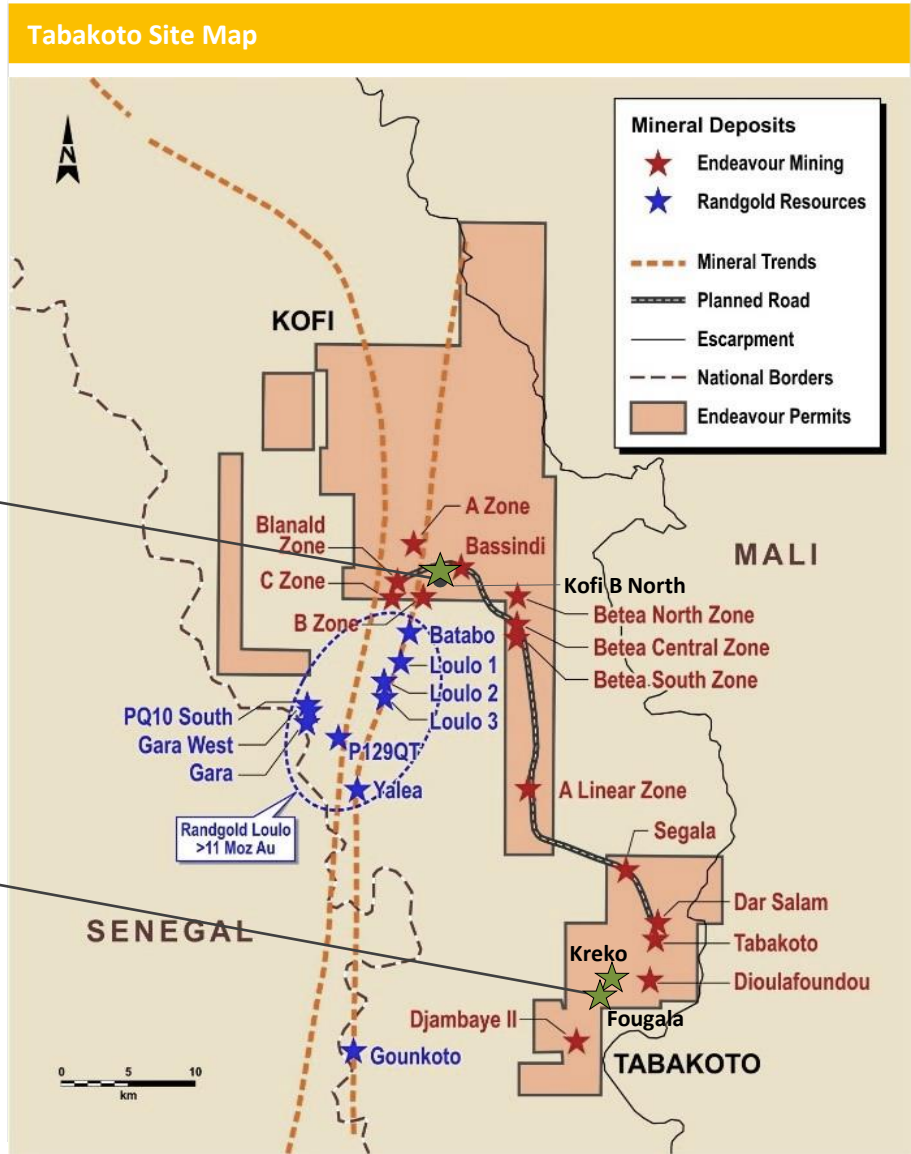


- An exploration program has been launched in early 2016 to extend the mine lives of the current underground mines and test new open pit potential

- At Kofi B North a 244 hole RC drilling program and a 1,311 hole auger drilling program have been completed since the beginning of the year
- Analytic drill currently being received

A shallow RC program of 334 holes was completed on the Tabakoto, Fougala and Kreko targets:

- The Fougala program confirmed two mineralized trends that will be evaluated in the second half of 2016.
- The Kreko program successfully targeted structural intercept model below laterite
- Fougala and Kreko drill results currently being received and analyzed



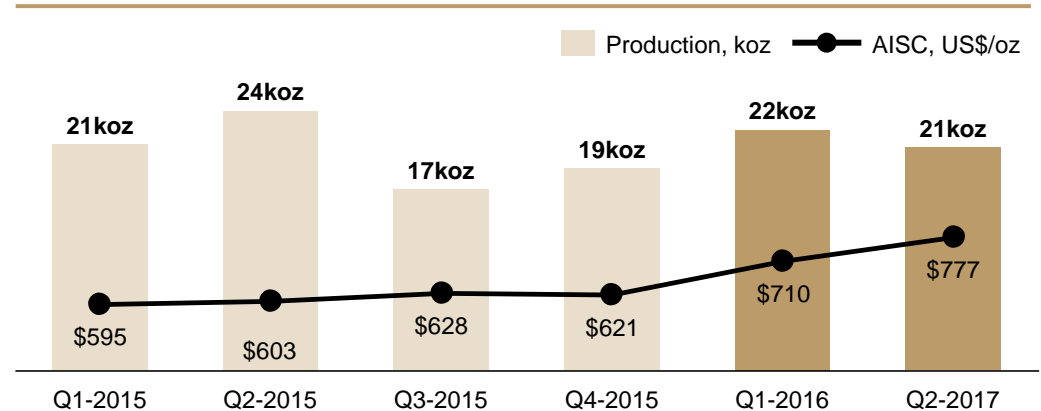
### H1-2016 Insights

- Similar level of production in Q2 compared to Q1 as production benefited from the cyclical nature of heap leach processing recovery rates
- Cash Cost remained stable while AISC was slightly higher in Q2 due to planned delivery of mobile equipment

### H2-2016 Outlook

- FY-2016 production guidance increased from 65-75koz to 70-80koz to take into account its strong H1 performance, and the anticipated slight decrease in H2-2016 due to expected grade decline and cyclical nature of heap leach processing recovery rates
- The AISC guidance remains unchanged at \$800-850/oz
- Ity CIL DFS on track for end of Oct 2016

### *Production and AISC*



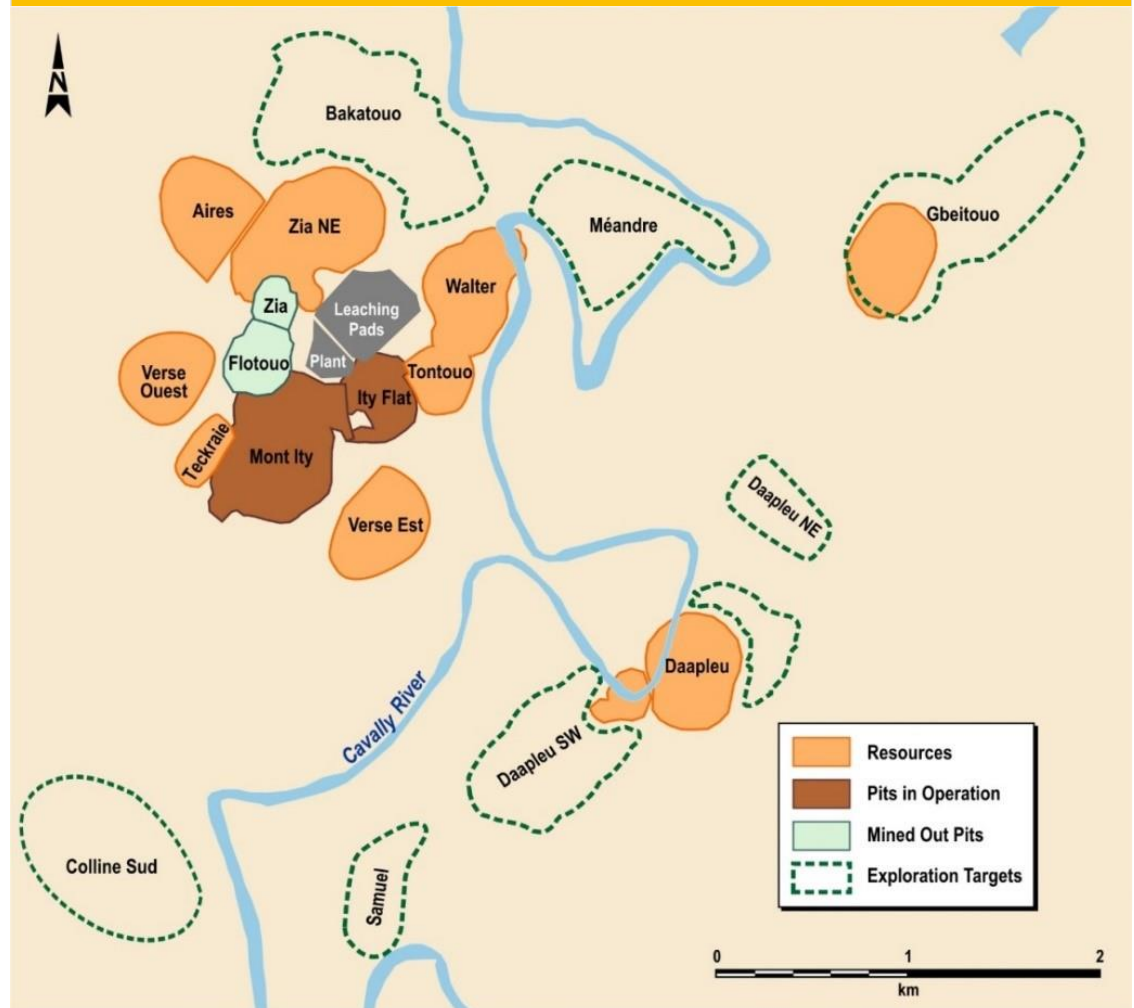
### *Ity mine extraction*





- In 2016, exploration is focused on drilling previously identified oxide targets to prolong the life of the heap leach operation and drill new targets with the aim of delineating additional resources for the CIL project
- Furthermore, Endeavour has strategically applied for adjacent exploration tenements in light of the exploration success achieved at Ity over the recent years
- In the Greater Ity area, an 18,000 meter RC and DD program has been completed and the drill results are currently being received
- A large auger drilling program was completed and successfully identified several new targets, which will be drilled in the second half of 2016 and in 2017

Ity Site Map





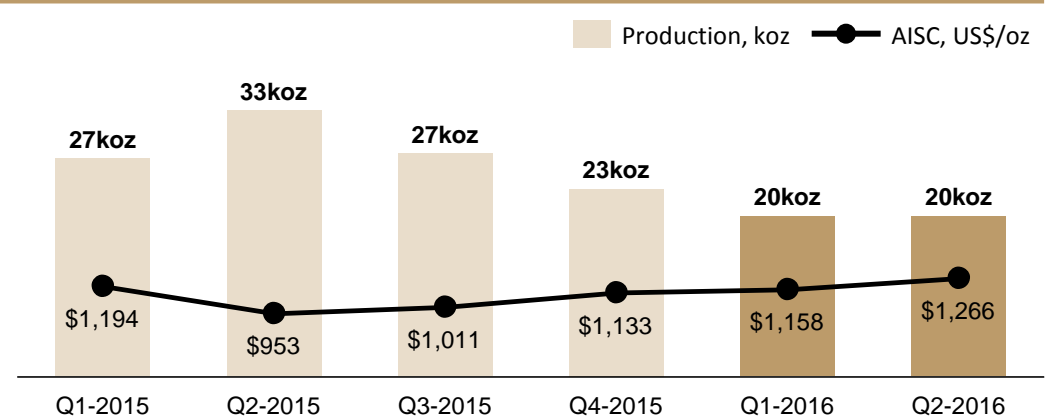
## H1-2016 Insights

- Q2 production was similar to Q1, due to lower volumes and grade from purchased ore suppliers
- Owner mining is performing slightly above expectations
- AISC impacted by processing lower grade stockpiles and increased purchased ore cost
- Adamus pit push-back progressing on schedule

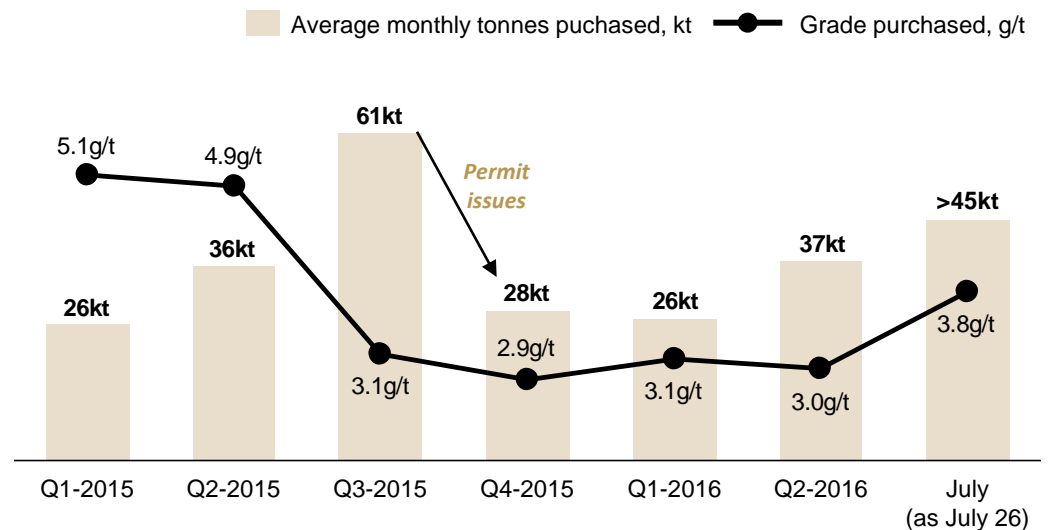
## H2-2016 Outlook

- Production should improve due to
  - Greater quantities of purchased ore at better grades from more suppliers
  - Start accessing higher grade ore from Adamus pit push-back in Q4
- FY-2016 production guidance decrease from 110-130koz to 90-100koz and its AISC guidance increased from \$970-1,020/oz to \$1,050-1,125/oz to take into account the lower purchased ore volumes encountered during the first half of the year

## Production and AISC



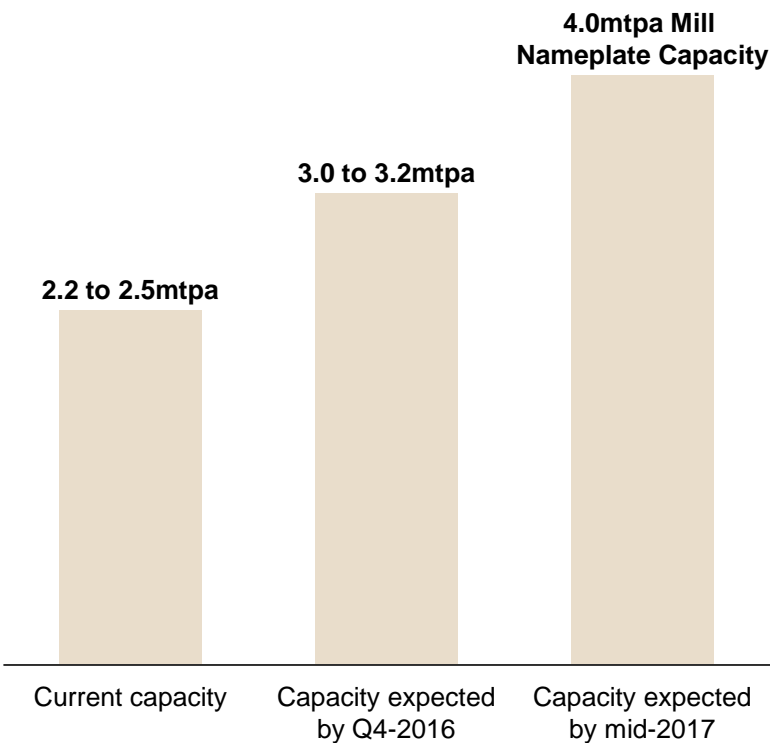
## Purchased ore trend, Monthly Average





Endeavour’s construction, operations, and exploration teams further reviewed and re-validated the acquisition case assumptions following the close of the transaction and have concluded the following:

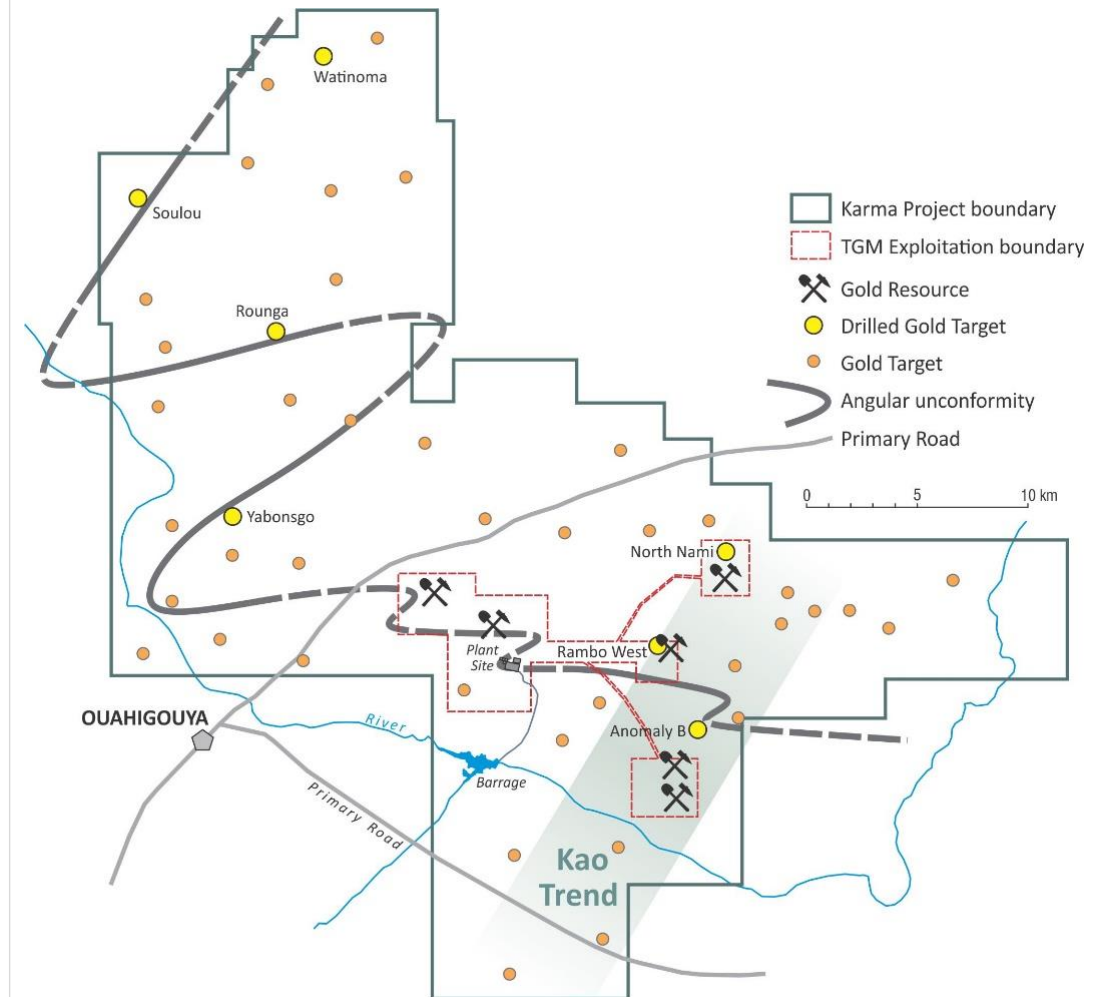
- Production capacity of >100-120kozpa
- AISC potential in the low \$700/oz range
- Mine life potential of +10 years



<b>Mining</b>	<ul style="list-style-type: none"> <li>✓ +14% positive reconciliation on ounces</li> <li>✓ Current mining costs of \$1.4/t, roughly 15% below DFS</li> </ul> <p><b>Outlook:</b></p> <ul style="list-style-type: none"> <li>✓ Shift mine plan to focus on highest grade Rambo pit in priority</li> </ul>
<b>Processing</b>	<p><b>Current:</b></p> <ul style="list-style-type: none"> <li>✓ First gold pour on April 11th with 14koz produced to date during ramp-up phase</li> <li>✗ Front-end commissioning shows constraints in the feeder-breaker, limiting the current throughput at 75-80% of nameplate</li> <li>✓ Above 85% recovery achieved to date, with cells 1 &amp; 2 still delivering pregnant solution</li> </ul> <p><b>Outlook:</b></p> <ul style="list-style-type: none"> <li>✓ Implementing new front-end design ongoing to increase throughput to nameplate capacity</li> <li>✓ Construction of a new front-end expected to be completed in mid-2017, associated capex is currently being assessed</li> <li>✓ Recovery rate expected to be in-line with 87% estimated in DFS</li> <li>✓ Processing costs of \$7.90/t, expected to reach DFS rate of \$6.60/t once plant is optimized</li> </ul>
<b>Production</b>	<ul style="list-style-type: none"> <li>✓ Produced 14koz to date</li> <li>✓ Current run-rate of 80kozpa, <b>expecting to reach &gt;110kozpa in mid-2017</b></li> <li>✓ 2016E production of 50-60koz at AISC of US\$750-850/oz</li> <li>✓ Expecting to declare commercial production in Q4-2016, maintaining tax exoneration benefits associated with pre-production status</li> </ul>
<b>Security</b>	<ul style="list-style-type: none"> <li>✓ Relocating personnel to on-site camp</li> </ul>

- **Target: +10 year mine life by year end**
- Undertaking a 60,000m program at Kao North, with the aim of extending sterilization and mine life by +2.5 years
- Highly prolific region:
  - One of the largest gold-in-soil anomalies in the country
  - In situ anomaly sits above large, underlying gold system
  - Situated in Markoye regional structure that hosts multiple +5 million ounce deposits

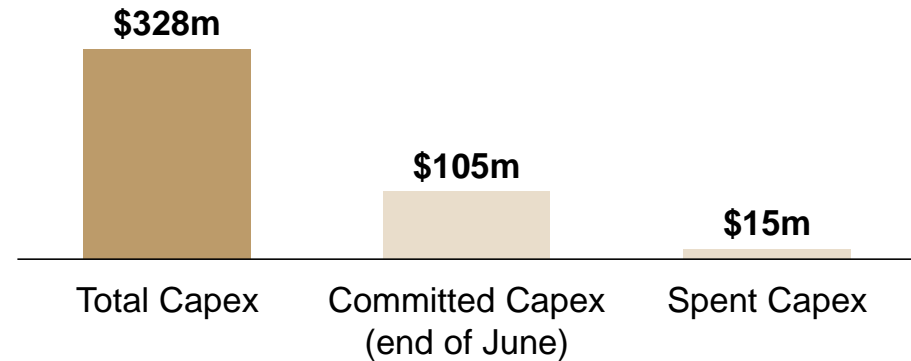
Karma Site Map



## Significant achievements to date:

- Construction is progressing on-time and on-budget
- Procurement is approximately 30% complete
- Mining fleet equipment financing, amounting to approximately \$38 million (for equipment valued at \$46 million), has been signed with Komatsu Ltd.; with deliveries commencing in Q3-2016
- All long lead-time capital items have been ordered. Delivery of the mills expected in April 2017
- The grid power offtake agreement with Sonabel, the national electricity provider, has been signed, with a 38km 91kv overhead power line and a dedicated 91/11kv substation. The compensation and clearing of the 91Kv OHPL is expected to commence in Q4-2016
- Front End Engineering Design (“FEED”) of the processing facility completed. Commencing detailed design of processing facilities ahead of first concrete pour in the CIL area of the process plant
- Land compensation process was successfully completed and resettlement is underway, with all approvals in place
- +300 personnel including contractors are currently employed on-site, of which >90% are Burkinabe in line with Endeavour’s objective

## Procurement is approximately 30% complete



## Ground Breaking Ceremony held in June



**Section 4:  
2016 Outlook and  
Updated Guidance**



# 1 Production guidance increased with addition of Karma

(in koz on a 100% basis)	H1-2016	Initial 2016			Revised 2016		
	Actual	Guidance			Guidance		
Agbaou	89	165	-	175	180	-	195
Tabakoto	78	155	-	175	155	-	175
Nzema	40	110	-	130	90	-	100
Ity	43	65	-	75	70	-	80
Youga	8	7	-	8	7	-	8
<b>Sub-total</b>	<b>258</b>	<b>502</b>	-	<b>563</b>	<b>502</b>	-	<b>558</b>
Karma (including pre-commercial production)	12	-	-	-	50	-	60
Removal of Youga (discontinued operation)	-	-	-	-	(7)	-	(8)
<b>Total</b>	<b>270</b>	<b>502</b>	-	<b>563</b>	<b>545</b>		<b>610</b>
<b>Group selected guidance range</b>		<b>535</b>	-	<b>560</b>	<b>575</b>	-	<b>610</b>

## Insights:

- Production expected to increase in H2-2016 with Tabakoto and Nzema improving on H1-2016
- Initial Guidance (excluding Karma) is maintained, as out-performance of Agbaou and Ity is expected to compensate for Nzema
- Karma increases group 2016 Guidance to 575-610koz

## 2 AISC group objective remains unchanged

	H1-2016	Initial 2016 Guidance			Revised 2016 Guidance		
<i>(in \$/oz)</i>							
Agbaou	525	650	-	700	550	-	600
Tabakoto	1,066	920	-	970	970	-	1,050
Nzema	1,212	970	-	1,020	1,050	-	1,125
Ity	742	800	-	850	800	-	850
Youga	1,101	980	-	1,030	980	-	1,030
<b>Subtotal Mine-level AISC</b>	<b>849</b>	<b>820</b>	-	<b>870</b>	<b>820</b>	-	<b>870</b>
Karma (excluding pre-commercial production*)	n.a.	-	-	-	750	-	850
Remove Youga (discontinued operation)	(1,101)	-	-	-	(980)	-	(1,030)
<b>Mine-level AISC</b>	<b>841</b>	<b>820</b>	-	<b>870</b>	<b>810</b>	-	<b>860</b>
Corporate G&A	42		38		40		
Sustaining exploration	13		11		20		
<b>Group AISC</b>	<b>896</b>	<b>870</b>	-	<b>920</b>	<b>870</b>	-	<b>920</b>

\*Assuming 3 months of commercial production

### Insights:

- Group AISC remains in-line with initial guidance due to Agbaou out-performance counter-balancing increased costs at Tabakoto and Nzema
- AISC expected to improve in H2-2016 for both Tabakoto and Nzema
- Karma is included only for its post-commercial production period (Q4-2016)

### 3 Revised Guidance for FCF @ 1,250 for H2-2016

<i>(in US\$ millions)</i>	Initial Guidance	Revised Guidance
<b>Revenue</b> (based on production guidance range mid-point)	<b>630</b>	<b>665</b>
AISC costs (based on AISC guidance range mid-point)	(492)	(481)
<b>All-in sustaining margin</b>	<b>138</b>	<b>185</b>
Agbaou secondary crusher (\$12m)		
Nzema pit wall push-back (\$12m)		
Non-sustaining exploration (\$16m, increased from \$14m)	(48)	(50)
Houndé and the Ity CIL projects (\$10m)		
<b>Free cash flow before Houndé and Karma</b> (and before WC, tax and financing costs)	<b>90</b>	<b>135</b>
Houndé capex	n/a	(80)
Karma net pre-production	n/a	(15)
<b>Free cash flow</b> (before WC, tax and financing costs)	<b>n/a</b>	<b>40</b>

#### Insights:

- Free cash flow before Houndé and Karma has been revised upward from \$90 million to \$135 million
- Revised Guidance assumptions:
  - Gold price forecast increased from \$1,150/oz to \$1,250/oz for the second half of the year
  - 3 months Karma commercial production included

## Upcoming Events and Catalysts

- ✓ Exploration strategic review on-track to be completed during Q3-2016
- ✓ Houndé construction advancement
- ✓ On-going exploration campaigns
- ✓ Ity DFS underway with target completion for Q3-2016
- ✓ Upcoming IR events:
  - September 12-13: Credit Suisse conference
  - September 18-20: Denver Gold Forum
  - November 9-10: Goldman Sachs conference
  - **Week of November 14<sup>th</sup>: Endeavour Investor Day in Abidjan**
  - November 28 - December 1: Mines & Money London conference





# Appendix



# Adjusted Net Earnings Breakdown

In US\$m	H1-2016	H1-2015
<b>Total net and comprehensive earnings</b>	<b>(8)</b>	<b>51</b>
(Gain) loss on financial instruments	1 24	(4)
Stock-based payments	2 6	2
Acquisition and restructuring costs	3 18	-
Deferred income tax expense (recovery), and other	(3)	(7)
<b>Adjusted net earnings (loss) after tax</b>	<b>37</b>	<b>42</b>
<b>Attributable to shareholders of the Corporation</b>	<b>17</b>	<b>37</b>
Weighted average number of outstanding shares, million	4 68	41
<b>Adjusted net earnings (loss) per share (basic) from continuing operations (in US\$)</b>	<b>0.25</b>	<b>0.90</b>

## Insights:

1. Includes hedge settlements, realized FX, restricted cash movements, other adjustments
2. Increased due to mark-to-market of EDV share price
3. Non-recurring costs, associated with True Gold transaction, closure of Vancouver and Accra offices, and severance packages
4. Shares outstanding increased due to True Gold acquisition

# Production and Cost Details by Mine



(on a 100% basis)	Unit	Agbaou			Nzema			Tabakoto			Ity <sup>3</sup>	
		Q2-2016	Q1 2016	Q2 2015	Q2-2016	Q1 2016	Q2 2015	Q2-2016	Q1 2016	Q2 2015	Q2-2016	Q1 2016
<b>Physicals</b>												
Total tonnes mined – OP <sup>1</sup>	000t	5,918	6,071	5,075	1,852	1,710	2,450	1,704	2,232	2,480	1,584	2,098
Total ore tonnes – OP	000t	654	820	764	213	277	408	148	147	146	383	287
Total ore tonnes - UG	000t	-	-	-	-	-	-	221	233	261	-	-
Open pit strip ratio <sup>1</sup>	W:t	8.0	6.4	5.6	7.7	5.2	5.0	10.5	15.2	17.1	3.1	6.3
Total tonnes milled	000t	743	654	590	450	459	461	399	406	399	304	303
Average gold grade milled	g/t	2.2	2.1	2.2	1.6	1.5	2.5	3.3	3.1	3.3	2.1	2.5
Recovery rate	%	97%	98%	97%	86%	86%	89%	95%	94%	94%	101%	90%
Gold ounces produced	oz	46,295	42,765	40,508	19,800	19,757	32,842	39,372	38,542	39,574	20,729	22,324
<b>Gold sold</b>	<b>oz</b>	<b>47,638</b>	<b>40,434</b>	<b>40,078</b>	<b>19,827</b>	<b>20,109</b>	<b>32,728</b>	<b>39,156</b>	<b>38,270</b>	<b>38,487</b>	<b>20,981</b>	<b>21,964</b>
<b>Unit cost analysis</b>												
Mining costs - Open pit	\$/t mined	1.9	2.4	2.8	5.4	5.3	4.6	3.8	3.0	2.2	2.8	2.7
Mining costs – Underground	\$/t ore	-	-	-	-	-	-	71.2	67.8	55.6	-	-
Processing and maintenance	\$/t milled	7.1	5.8	6.6	12.3	12.2	12.6	21.2	20.5	22.1	15.9	16.3
Site G&A	\$/t milled	4.6	4.6	9.2	6.3	7.2	7.1	11.3	13.2	15.7	7.1	10.8
<b>Cash cost details</b>												
Mining costs - Open pit <sup>1</sup>	\$000s	11,008	14,325	14,025	9,992	9,109	11,273	6,527	6,688	5,568	4,450	5,670
Mining costs -Underground	\$000s	-	-	-	-	-	-	15,740	15,736	14,520	-	-
Processing and maintenance	\$000s	5,312	3,788	3,922	5,541	5,578	5,801	8,470	8,307	8,823	4,841	4,953
Site G&A	\$000s	3,396	3,035	5,443	2,837	3,289	3,265	4,519	5,369	6,256	2,154	3,263
Purchased ore at Nzema	\$000s	-	-	-	5574	3771	10,092	-	-	-	-	-
Inventory adjustments <sup>2</sup>	\$000s	1,038	(4,087)	(4,072)	(670)	278	(5,582)	(2,815)	(5191)	(4344)	1,187	(501)
Cash costs for ounces sold	\$000s	20,754	17,061	19,318	23,274	22,025	24,849	32,441	30,909	30,823	12,632	13,385
Royalties	\$000s	2,037	1,733	1,732	1,322	1,225	2,215	2,951	2,700	2,743	919	932
Sustaining capital	\$000s	2,206	2443	3763	506	36	4,140	6,134	7,368	4,546	2,709	1,285
Cash cost per ounce sold	\$/oz	436	422	482	1,174	1,095	759	829	808	801	602	609
<b>Mine-level AISC per ounce sold</b>	<b>\$/oz</b>	<b>525</b>	<b>525</b>	<b>619</b>	<b>1,266</b>	<b>1,158</b>	<b>953</b>	<b>1,061</b>	<b>1,071</b>	<b>990</b>	<b>775</b>	<b>710</b>

1) Includes waste capitalized 2) Includes waste capitalized adjustment 3) Ity's production and AISC is included for the post-acquisition beginning November 28, 2015

# Balance Sheet



	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
Current		
Cash	\$ 133,985	109,519
Cash - restricted	5,205	4,824
Trade and other receivables	7,319	13,045
Income taxes receivable	169	2,945
Inventories (Note 5)	82,005	93,939
Prepaid expenses and other	18,626	12,640
	247,309	236,912
Mining interests (Note 6)	1,032,739	740,756
Deferred income taxes	72,976	70,116
Other long term assets (Note 7)	5,803	6,310
	\$ 1,358,827	\$ 1,054,094
<b>LIABILITIES</b>		
Current		
Trade and other payables	143,656	127,581
Current portion of finance lease obligations (Note 8)	4,315	4,394
Current portion of derivative financial liabilities (Note 9)	16,265	5,463
Income taxes payable	14,177	16,061
	178,413	153,499
Finance lease obligations (Note 8)	7,440	9,025
Long-term debt (Note 10)	192,294	225,582
Other long term liabilities (Note 11)	40,990	38,862
Deferred income taxes	46,725	30,014
	465,862	456,982
<b>EQUITY</b>		
Share capital (Note 12 (a))	1,367,919	1,071,088
Equity reserve (Note 12)	43,720	41,966
Deficit	(569,134)	(548,951)
<b>Equity attributable to shareholders of the Corporation</b>	<b>842,505</b>	<b>564,103</b>
Non-controlling interests (Note 13)	50,460	33,009
<b>Total equity</b>	<b>892,965</b>	<b>597,112</b>
	\$ 1,358,827	\$ 1,054,094
COMMITMENTS AND CONTINGENCIES (NOTE 19)		
SUBSEQUENT EVENTS (NOTES 8,10,20)		

Approved by the Board: July 28, 2016

"*Sebastien de Montessus*" Director    "*Wayne McManus*" Director

For more information, see notes to the financial statements,  
available on [www.Endeavourmining.com](http://www.Endeavourmining.com)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
<b>Revenues</b>				
Gold revenue	\$ 160,373	\$ 132,798	\$ 304,331	\$ 263,246
<b>Cost of sales</b>				
Operating expenses	87,496	73,127	171,481	152,886
Depreciation and depletion	21,781	16,908	48,005	34,866
Royalties	7,229	6,690	13,819	13,043
<b>Earnings from mine operations</b>	<b>43,867</b>	<b>36,073</b>	<b>71,026</b>	<b>62,451</b>
Corporate costs	5,595	4,450	10,421	8,433
Acquisition and restructuring costs (Note 3)	16,773	-	18,022	-
Share-based expenses (Note 12 (b))	3,162	1,110	5,717	2,240
Exploration costs	953	416	1,868	1,066
<b>Earnings from operations</b>	<b>17,384</b>	<b>30,097</b>	<b>34,998</b>	<b>50,712</b>
(Losses) gains on financial instruments (Note 14)	(21,135)	(35)	(24,010)	3,857
Finance costs	(6,304)	(8,819)	(13,148)	(16,627)
Other expenses	180	(34)	270	136
Other (expenses) income	(27,259)	(8,888)	(36,888)	(12,634)
<b>(Loss) earnings from continuing operations before taxes</b>	<b>(9,875)</b>	<b>21,209</b>	<b>(1,890)</b>	<b>38,078</b>
Current income taxes expense	(2,975)	(849)	(5,317)	(1,727)
Deferred income taxes (expense) recovery	(2,566)	6,980	2,922	6,501
<b>Net and comprehensive (loss) earnings from continuing operations</b>	<b>(15,416)</b>	<b>27,340</b>	<b>(4,285)</b>	<b>42,852</b>
<b>Net (loss) earnings from discontinued operations and loss on disposal (Note 4)</b>	<b>-</b>	<b>5,658</b>	<b>(3,273)</b>	<b>7,685</b>
<b>Total net and comprehensive (loss) earnings</b>	<b>(15,416)</b>	<b>32,998</b>	<b>(7,558)</b>	<b>50,537</b>
<b>Net (loss) earnings from continuing operations attributable to:</b>				
Shareholders of Endeavour Mining Corporation	(21,139)	21,241	(17,085)	32,180
Non-controlling interests (Note 13)	5,723	6,099	12,800	10,672
<b>Net (loss) earnings from continuing operations</b>	<b>\$ (15,416)</b>	<b>\$ 27,340</b>	<b>\$ (4,285)</b>	<b>\$ 42,852</b>
<b>Total net (loss) earnings attributable to:</b>				
Shareholders of Endeavour Mining Corporation	(21,138)	26,678	(20,183)	39,391
Non-controlling interests (Note 13)	5,722	6,320	12,625	11,146
<b>Total net (loss) earnings</b>	<b>\$ (15,416)</b>	<b>\$ 32,998</b>	<b>\$ (7,558)</b>	<b>\$ 50,537</b>
<b>Net (loss) earnings per share from continuing operations</b> (Note 12 (c))				
Basic (loss) earnings per share	\$ (0.27)	\$ 0.51	\$ (0.25)	\$ 0.78
Diluted (loss) earnings per share	\$ (0.27)	\$ 0.51	\$ (0.25)	\$ 0.78
<b>Net (loss) earnings per share</b> (Note 12 (c))				
Basic (loss) earnings per share	\$ (0.27)	\$ 0.65	\$ (0.29)	\$ 0.95
Diluted (loss) earnings per share	\$ (0.27)	\$ 0.65	\$ (0.29)	\$ 0.95

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# Cash Flow Statement



	Three months ended June 30,		Six months ended June 30,	
	2016 <sup>(1)</sup>	2015 <sup>(1)</sup>	2016 <sup>(1)</sup>	2015 <sup>(1)</sup>
<b>Operating Activities</b>				
Earnings before taxes	\$ (9,875)	\$ 26,877	\$ (4,292)	\$ 47,165
Adjustments for:				
Depreciation and depletion	21,781	18,207	49,264	37,658
Unwinding of reclamation obligation	175	195	367	389
Amortization of financing costs	1,124	1,054	2,249	2,070
Unrealized gain on marketable securities and interest on working capital loan	(201)	(26)	(316)	(105)
Share-based payments, net of cash paid on settlement of performance share units	3,653	1,099	5,604	2,229
Unrealized loss (gain) on derivative financial instruments	10,711	(1,880)	10,803	(3,905)
Realized loss on derivative financial instruments	4,721	1,840	8,223	4,124
Pension adjustment	(354)	-	(282)	-
Loss on disposition of Youga Mine (Note 4)	-	-	1,025	-
Interest expense	2,785	4,436	6,333	8,373
Unrealized foreign exchange loss	3,310	2,334	2,060	742
Cash paid on settlement of share appreciation rights	(968)	-	(968)	-
Payment of gold collar premiums	(1,883)	-	(1,883)	-
Income taxes paid	(6,157)	(1,991)	(8,781)	(4,825)
<b>Operating cash flows before non-cash working capital</b>	<b>28,822</b>	<b>52,145</b>	<b>69,406</b>	<b>93,915</b>
Changes in non-cash working capital:				
Trade and other receivables	2,740	7,700	2,840	5,539
Inventories	(2,462)	(10,780)	(7,099)	(11,074)
Prepaid expenses and other	(4,929)	(1,395)	(7,257)	(97)
Trade and other payables	6,016	(1,484)	(7,554)	(11,194)
Other	-	-	-	522
<b>Cash generated from operating activities</b>	<b>\$ 30,187</b>	<b>\$ 46,186</b>	<b>\$ 50,336</b>	<b>\$ 77,611</b>
<b>Investing Activities</b>				
Expenditures and prepayments on mining interests	(59,600)	(18,303)	(80,632)	(43,236)
Cash acquired on acquisition of the Karma Mine (Note 3)	10,031	-	10,031	-
Bridge loan advanced to True Gold (Note 3(b))	-	-	(15,000)	-
Cash received on sale of Youga Mine (net) (Note 4)	-	-	22,086	-
Proceeds from pre-production gold sales	19,498	-	19,498	-
Other	(844)	(164)	(305)	(625)
<b>Cash used in investing activities</b>	<b>\$ (30,915)</b>	<b>\$ (18,467)</b>	<b>\$ (44,322)</b>	<b>\$ (43,861)</b>
<b>Financing Activities</b>				
Proceeds received from the issue of common shares	72,257	-	72,796	-
Cash settlement of hedge programs (Note 9)	437	(1,828)	(2,774)	(4,111)
Payment of financing and other fees	-	(1,315)	-	(6,702)
Dividends paid to minority shareholders (Note 13)	-	(485)	-	(485)
Interest paid	(6,343)	(4,397)	(6,774)	(8,569)
Repayment of long-term debt (Note 10)	(40,000)	(20,000)	(40,000)	(20,000)
Repayment of the Auramet Loan (Note 10 (b))	(1,125)	-	(1,125)	-
Repayment of finance lease obligation (Note 8)	(842)	(766)	(1,665)	(1,584)
Deposit paid on reclamation liability bond	(1,436)	-	(1,436)	-
<b>Cash used in financing activities</b>	<b>\$ 22,948</b>	<b>\$ (28,791)</b>	<b>\$ 19,022</b>	<b>\$ (41,451)</b>
Effect of exchange rate changes on cash	(5,239)	(2,624)	(570)	(1,770)
Increase (decrease) in cash	16,981	(3,696)	24,466	(9,471)
Cash, beginning of year	117,004	56,404	109,519	62,179
<b>Cash, end of year</b>	<b>\$ 133,985</b>	<b>\$ 52,708</b>	<b>\$ 133,985</b>	<b>\$ 52,708</b>

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