Management Discussion & Analysis

For the three and twelve months ended December 31, 2018 and 2017

(Expressed in Thousands of United States Dollars)

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This Management Discussion and Analysis ("MD&A") should be read in conjunction with Endeavour Mining Corporation's ("Endeavour Mining" or the "Corporation") audited consolidated financial statements for the three and twelve months ended December 31, 2018 and notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS") or ("GAAP"). This Management Discussion and Analysis contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. The reader is cautioned not to place undue reliance on forward-looking statements. All figures are in United States Dollars, unless otherwise indicated. Tabular amounts are in thousands of United States Dollars, except per share amounts and where otherwise indicated. This MD&A is prepared as of March 5, 2019. Additional information relating to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com.

1. BUSINESS OVERVIEW

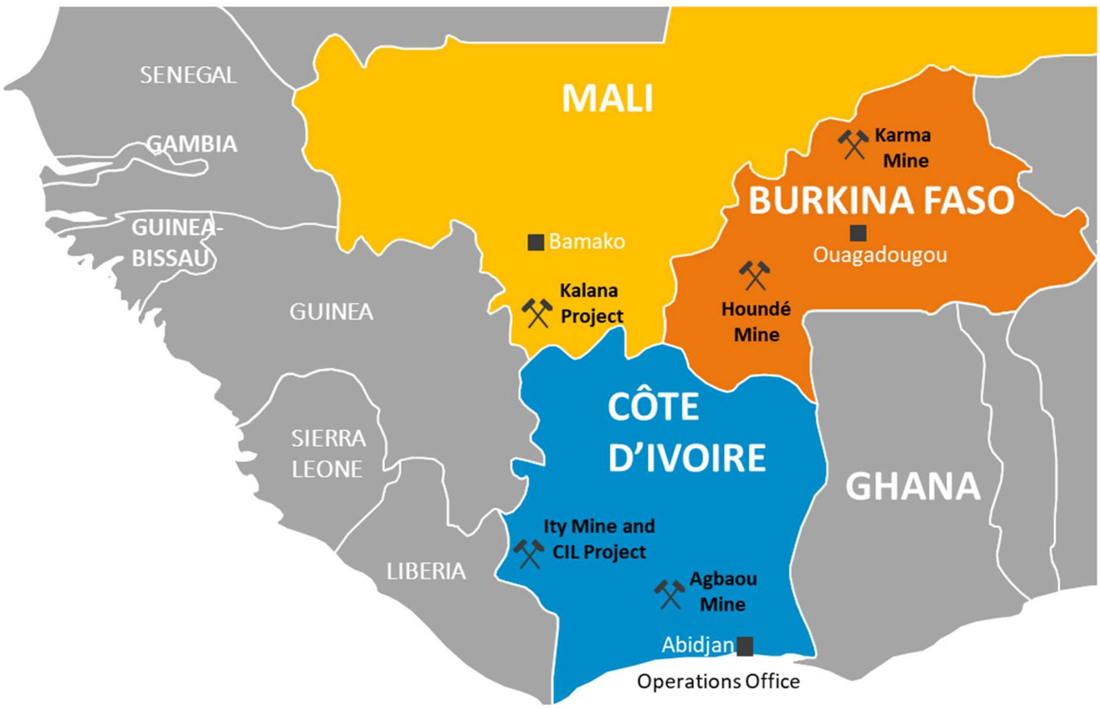
1.1. OPERATIONS DESCRIPTION

Endeavour Mining is a TSX-listed intermediate gold producer, focused on developing and operating a portfolio of high quality, low-cost, long-life mines in West Africa. The Corporation adopts an active portfolio management approach to focus on high quality assets with an investment criteria based on capital allocation efficiency and return on capital employed. Endeavour Mining has built a solid track record of exploration, development and operation in the highly prospective Birimian greenstone belt.

Endeavour Mining operates four mines across Côte d'Ivoire (Agbaou and Ity) and Burkina Faso (Houndé and Karma), which are expected to produce 615,000 - 695,000 ounces at an all-in sustaining Cost[1] ("AISC") of $760-810 per ounce in 2019. The Corporation's ongoing five-year exploration program aims to discover 10-15 million ounces of gold by 2021 which represents more than twice the expected reserve depletion over the period.

[1] Throughout this MD&A, cash costs, all-in sustaining costs, adjusted EBITDA, adjusted earnings attributable to shareholders, all-in sustaining margin, all-in margin, sustaining and non-sustaining capital expenditures, growth projects, free cash flow, net debt and net debt/adjusted EBITDA are non-GAAP financial performance measures with no standard meaning under IFRS, further discussed in the section Non-GAAP Measures.

Figure 1: Endeavour Mining's principal properties in West Africa as of December 31, 2018



2018 KEY ACHIEVEMENTS AND 2019 CATALYSTS

In 2018 Endeavour Mining continued to deliver against its strategy, with good progress achieved across its 4 strategic levers:

1. **Operational Excellence** – reinforced track record as Group Lost Time Injury Frequency Rate ("LTIFR") decreased from 0.29 to 0.16 year on year, remaining below industry benchmarks. Production and AISC guidance was met or beaten for the 6th consecutive year.
2. **Project Development** – remained a key focus area with the successful progress at the Ity CIL project.
3. **Unlocking Exploration Value** – continued to deliver against our 5-year discovery target, with 1.9 million ounces of Measured and Indicated ("M&I") resources discovered in 2018 totalling 4.2 million ounces at a discovery cost of circa $13 per ounce since the strategy was set in late 2016. In 2018 notable successes included the maiden indicated resource discovery of 1.0 million ounces at the Kari Pump deposit at Houndé and 0.5 million ounces at the greenfield Fetekro property. In addition, promising results at the Le Plaque area at Ity were achieved which are soon expected to yield an increased resource. Lastly, drilling at Kalana defined greater confidence in the Kalana Main deposit resource.
4. **Active Portfolio & Balance Sheet Management** – in line with Endeavour's aim to focus on long-life and low-cost high-quality assets, following the sale of its non-core Youga mine and Nzema mines in 2016 and 2017 respectively, the Corporation sold its Tabakoto mine in 2018. Endeavour finished the year with good liquidity boasting a strong balance sheet despite the accelerated construction of its Ity CIL project.

2019 is expected to be another pivotal year for Endeavour with the following notable catalysts:

- Ity CIL project first gold pour is expected in early Q2-2019, following which the Group is expected to be net cash flow positive.
- Maiden reserve for the Kari Pump discovery at Houndé expected by mid-year.
- Maiden resource for the Kari West and Kari center discoveries, and further resource delineation for the Kari Pump deposit at Houndé expected in Q4-2019.
- Increased resource at the Le Plaque discovery at Ity in Q2-2019.
- Resource increase at the Fetekro greenfield exploration project expected in Q2-2019 with further results on Kalana in H2-2019.

2. HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2018

2.1. CORPORATE HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2018

- On January 30, 2018, Endeavour Mining announced that it had launched a private placement of convertible senior notes due in 2023 for an aggregate principal amount of $300.0 million. Holders may opt to convert the notes into, at Endeavour Mining's election, cash; ordinary shares of the Corporation; or a combination of cash and shares. The private placement closed on February 6, 2018 with the initial purchasers exercising the over-allotment option for an aggregate principal amount of $30.0 million.
- On May 24, 2018, Endeavour Mining announced that the ongoing exploration program at its Houndé mine in Burkina Faso had successfully extended the Kari Pump high-grade mineralisation and had discovered two new large mineralised zones named Kari Centre and Kari West. More than 1,000 holes comprising 76,000 meters have already been drilled in the Kari area since late December 2017, extending the mineralised zone, now measuring 4km long and 3km wide with approximately 25% of the gold-in-soil anomaly remaining to be drilled.
- On October 17, 2018, Endeavour Mining announced Ity's CIL construction project was tracking ahead of schedule and on-budget.
- On October 29, 2018, Endeavour Mining announced a maiden resource estimate on the Lafigué target, located within the Ivorian Fetekro greenfield exploration property, and the identification of 14 additional nearby targets.
- On November 15, 2018, Endeavour Mining announced a 1-million-ounce high-grade indicated resource at Kari Pump at the Houndé mine in Burkina Faso.
- On December 24, 2018, Endeavour Mining announced that it completed the sale of its interest in the non-core Tabakoto mine to Algom Resources Limited, a subsidiary of BCM International Ltd ("BCM").

2.2. OPERATIONAL HIGHLIGHTS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2018

- The Tabakoto sale closed on December 24, 2018 and was deconsolidated in the financial statements.
- Gold production from continuing operations was 174,221 ounces for Q4-2018 and 612,118 for the 2018 full year (increase of 52% year over year), which beat the full-year guidance from continuing operations of 555,000 – 590,000 ounces.

Table 1: Group Production, koz

(All amounts in koz, on a 100% basis)	THREE MONTHS ENDED Dec. 31, 2018	Sep. 30, 2018	Dec. 31, 2017	YEAR ENDED Dec. 31, 2018	Dec. 31, 2017	2018 FULL-YEAR GUIDANCE		
Agbaou	44	31	43	141	177	140	-	150
Ity	21	21	17	85	59	60	-	65
Karma	33	26	21	109	98	105	-	115
Houndé	76	61	69	277	69	250	-	260
PRODUCTION FROM CONTINUING OPERATIONS	**174**	**139**	**151**	**612**	**403**	**555**	**-**	**590**
Tabakoto *(divested in December 2018)*	30	26	28	115	144	115	-	130
Nzema *(divested in December 2017)*	-	-	24	-	116	n.a.	-	n.a.
TOTAL PRODUCTION	**204**	**165**	**203**	**727**	**547**	**670**	**-**	**720**

- AISC from continuing operations ended at $707 per ounce for Q4-18 and $744 per ounce for the full year 2018, which was well below the guidance range of $760-810 per ounce. 2018 benefited from a full-year of production at Houndé and better production and AISC performances at Ity and Karma, which more than compensated for the expected lower performance at Agbaou.

Table 2: Group All-In Sustaining Costs, US$/oz

(All amounts in US$/oz)	THREE MONTHS ENDED Dec. 31, 2018	Sep. 30, 2018	Dec. 31, 2017	YEAR ENDED Dec. 31, 2018	Dec. 31, 2017	2018 FULL-YEAR GUIDANCE		
Agbaou	776	954	690	819	647	860	-	900
Ity	622	730	869	719	906	790	-	850
Karma	697	841	918	813	834	780	-	830
Houndé	588	638	335	564	335	580	-	630
Corporate G&A	46	44	46	43	43	30	-	30
Sustaining Exploration	0	14	4	12	19	10	-	10
GROUP AISC FROM CONTINUING OPERATIONS	**707**	**820**	**649**	**744**	**769**	**760**	**-**	**810**
Tabakoto *(divested in December 2018)*	1,470	1,420	1,411	1,369	1,148	1,200	-	1,250
Nzema *(divested in December 2017)*	-	-	855	-	859	n.a.	-	n.a
GROUP AISC	**818**	**917**	**785**	**843**	**869**	**840**	**-**	**890**

- Revenues were $207.8 million in Q4-2018 and $752.0 million FY-2018 which generated $22.5 million and $154.9 million in earnings from mine operations.
- Operating cash flow before non-cash working capital per share amounted to $52.9 million in Q4-2018 and $261.3 million FY-2018, an increase of $7.8 million compared to Q3-2018 and $102.5 million compared to FY-2017.
- Net and comprehensive loss attributable to shareholders was $31.5 million for Q4-2018 and a lossry of $0.1 million for FY-2018, compared to a net gain of $14.6 million in Q3-2018 and a gain of $26.8 million for FY-2017.
- Basic loss per share from continuing operations was $0.29 in Q4-2018 and $0.00 for FY-2018 compared to an earnings per share of $0.14 for Q3-2018 and a gain per share of $0.27 for FY-2017.

- Adjusted net earnings attributable to shareholders was a gain of $0.15 per share in Q4-2018 and adjusted net earnings of $0.49 per share for the FY-2018 compared to a loss of $0.01 per share in Q3-2018 and $0.51 earnings per share for FY-2017.
- Net Debt was $536.4 million at December 31, 2018, an increase of $1.0 million compared to September 30, 2018. The increase was the net impact of the inflow of cash associated to the Tabakoto sale and the drawdown of the revolving credit facility for an additional $60.0 million to fund growth projects.

Table 3: Quarterly and Full Year Highlights

($000s)	THREE MONTHS ENDED December 31, 2018	THREE MONTHS ENDED September 30, 2018	THREE MONTHS ENDED December 31, 2017	TWELVE MONTHS ENDED December 31, 2018	TWELVE MONTHS ENDED December 31, 2017
Operating data from continuing operations					
Gold produced	174,221	139,041	150,582	612,118	402,953
Gold sold	173,424	134,159	139,405	612,103	392,515
Realised gold price[2]	1,198	1,161	1,228	1,228	1,199
All-in sustaining costs[3]	707	820	649	744	769
All-in sustaining margin[3]	491	341	581	484	436
Cash flow data from continuing operations					
All-in sustaining margin[3]	85,097	45,781	80,976	296,356	171,311
All-in Margin[3]	40,025	23,390	56,869	184,374	102,473
Operating cash flow before non-cash working capital[3]	52,896	45,127	38,825	261,322	158,869
Operating cash flow before non-cash working capital per share[3]	0.49	0.42	0.36	2.43	1.49
Profit and loss data from continuing operations					
Revenues[2]	207,784	155,764	171,185	751,957	470,643
Earnings from mine operations	22,498	25,322	62,570	154,894	134,351
Net and comprehensive earnings/(loss) attributable to shareholders	(31,515)	14,628	(14,913)	(65)	26,520
Basic (loss) / earnings per share attributable to shareholders	(0.29)	0.14	(0.15)	(0.00)	0.27
Adjusted EBITDA[3]	56,466	48,755	84,071	264,838	171,556
Adjusted EBITDA margin[3]	27%	31%	49%	35%	36%
Adjusted net earnings attributable to shareholders[3]	16,271	(1,408)	52,607	53,132	54,102
Adjusted net earnings/(loss) per share attributable to shareholders[3]	0.15	(0.01)	0.49	0.49	0.51
Balance Sheet Data [1]					
Cash	124,022	37,243	122,702	124,022	122,702
Net Debt[3]	536,359	535,377	231,700	536,359	231,700
Net Debt / Adjusted EBITDA (LTM) ratio[3]	1.97	1.79	0.98	1.97	0.98

1. Tabakoto and Nzema are excluded from all current year data as presented in the audited consolidated financial statements.

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

3. Throughout this MD&A, cash costs, all-in sustaining costs, adjusted EBITDA, adjusted earnings attributable to shareholders, all-in sustaining margin, all-in margin, sustaining and non-sustaining capital expenditures, growth projects, free cash flow, net debt, net debt/adjusted EBITDA, adjusted cash flow, and operating cash flow before working capital per share are non-GAAP financial performance measures with no standard meaning under IFRS, further discussed in the Non-GAAP measures section of this MD&A.

3. GUIDANCE

3.1. 2019 OUTLOOK

Group production from continuing operations is expected to increase to 615,000 – 695,000 in 2019 and AISC is expected to be between $760 – 810 per ounce due to the benefit of the Ity CIL project coming online in early Q2-2019. More details on individual mine guidance have been provided in the below sections.

Table 4: Production and Guidance, koz

(All amounts in koz, on a 100% basis)	2018 ACTUALS	2019 FULL-YEAR GUIDANCE		
Agbaou	141	120	-	130
Ity	85	160	-	200
Karma	109	105	-	115
Houndé	277	230	-	250
GROUP PRODUCTION	**612**	**615**	**-**	**695**

Table 5: AISC and Guidance, $/oz

(All amounts in US$/oz)	2018 ACTUALS	2019 FULL-YEAR GUIDANCE		
Agbaou	819	850	-	900
Ity	719	525	-	590
Karma	814	860	-	910
Houndé	564	720	-	790
Corporate G&A	43	35	-	35
Sustaining exploration	12	5	-	5
GROUP AISC	**744**	**760**	**-**	**810**

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

Table 6: Capital Expenditure Guidance, $m

(All amounts in US$m)	SUSTAINING CAPITAL	NON-SUSTAINING CAPITAL	GROWTH PROJECTS
Agbaou	24	8	-
Ity	1	2	55
Karma	5	24	-
Houndé	35	7	-
Kalana	0	0	9
Exploration	3	36	-
Corporate (mainly comprised IT systems across the Group)	0	6	-
TOTAL	**68**	**83**	**64**

- Exploration will continue to be a strong focus in 2019 with a group-wide exploration program of $45.0 – 50.0 million, with approximately 20% expensed, 5% sustaining, and 75% non-sustaining.
- A short-term Gold Revenue Protection Strategy was entered in early 2018 to protect the Corporation's cash generation during the Ity CIL construction period, beginning on February 1, 2018 and ending on April 30, 2019. The program consists of a deferred premium collar strategy using written call options and bought put options with a floor price of $1,300 per ounce and a ceiling price of $1,500 per ounce. The program initially covered a total of 400,000 ounces and as at December 31, 2018, a total of 107,000 ounces remained. Once these contracts expire, Endeavour will return to a position where its gold production is fully exposed to spot gold prices.

4. OPERATIONS REVIEW

4.1. HEALTH, SAFETY, ENVIRONMENT AND CORPORATE RESPONSIBILITY

Endeavour Mining puts the highest priority on safe and healthy work practices and systems. Our business principles and policies are based on targeting the achievement of a "zero harm" performance, reducing the lost time injury frequency rate ("LTIFR") at all the operations and striving to continually improve our performance. The following table shows the safety statistics for the trailing twelve months ended December 31, 2018.

Table 7: LTIFR Statistics for the trailing twelve months ended December 31, 2018

Incident Category	Tabakoto	Agbaou	Karma	Ity	Houndé	Total
Fatality	-	-	-	-	-	-
Lost Time Injury	3	-	-	-	-	3
Total Man Hours	3,883,999	3,730,390	3,038,575	3,690,417	4,385,195	18,728,576
LTIFR[1]	**0.77**	**-**	**-**	**-**	**-**	**0.16**

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

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

4.2. CONSOLIDATED RESERVES AND RESOURCES

- Measured and Indicated ("M&I") resources amounted to 13.9Moz at year-end 2018, up 0.9Moz or 7% over the previous year, as mine depletion was more than offset by the maiden resources delineated.
- Proven and Probable ("P&P") reserves for continuing operations amounted to 8.0Moz at year-end 2018, down 0.6Moz or 7% over the previous year, mainly due to the time lag between resource delineation and reserve conversion. An updated reserve is expected to be published for the Houndé mine in mid-2019 following on the back of the 987koz maiden Indicated resource outlined at the Kari Pump discovery.
- Detailed year-over-year reserve and resource variances are available in Appendix A with details for each asset provided in the below mine sections.

Table 8: Reserve and Resource Evolution

In million ounces, on a 100% basis	AS AT DEC. 31, 2017		AS AT DEC. 31, 2018	Δ	
	Including discontinued Tabakoto mine	From continuing operations	From continuing operations	(from continuing operations)	
P&P Reserves	9.1	8.6	8.0	(0.6)	(7%)
M&I Resources (inclusive of Reserves)	14.9	12.9	13.9	0.9	+7%
Inferred Resources	3.1	2.3	2.4	0.1	+6%

Notes available in Appendix A for the 2018 Mineral Reserves and Resources. For 2017 Reserves and Resource notes, please consult Corporation's press releases dated March 13, 2018 available on the Corporation's website.

- For Houndé, as shown in Appendix A, the variance in P&P reserves compared to the previous year is due primarily to mining depletion at the Vindaloo deposit while M&I resource increased due to the 987koz maiden resource outlined at the Kari Pump discovery. Reserves are expected to increase in mid-year as the Kari Pump resource is expected to be converted to reserves following the completion of the on-going metallurgical tests. Metallurgical tests are underway with Als Chemex Australia. Preliminary results are indicating good gold recovery rates, similar to the Vindaloo deposit currently being mined.
- At Agbaou, the variance in P&P reserves and M&I resources compared to the previous year mainly corresponds to mining depletion and an update in unit cost assumptions for the reserve calculation.
- At Karma, the variance in P&P reserves and M&I resources compared to the previous year mainly corresponds to mining depletion. In addition, P&P reserves and M&I resources decreased for the GG2 and Kao Main deposits, following changes in estimation parameters, which was partially offset by the addition of M&I resources and P&P reserves at the Yabongso deposit.
- At Ity, the increase in P&P reserves was a result of additional reserve conversion at the Bakatouo deposit, while the M&I resource decreased, albeit less than depletion, due to additional resource delineation.

4.3. OPERATIONS REVIEW

The following tables summarise operating results for the three months ended December 31, 2018, September 30, 2018, and December 31, 2017 and the twelve months ended December 31, 2018, and December 31, 2017.

Houndé Gold Mine, Burkina Faso

Table 9: Houndé key performance indicators

		THREE MONTHS ENDED[3]			YEAR ENDED	
	Unit	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Operating Data:						
Tonnes ore mined	Kt	1,736	1,413	663	5,822	1,222
Tonnes of waste mined	Kt	10,189	8,481	9,135	35,667	16,049
Open pit strip ratio[2]	w:o	5.87	6.00	13.78	6.13	13.13
Tonnes milled	Kt	1,062	1,006	813	3,948	813
Average gold grade milled	g/t	2.38	2.02	2.75	2.29	2.75
Recovery	%	93%	94%	95%	94%	95%
Gold produced:	oz	75,828	60,736	68,754	277,218	68,754
Gold sold (A):	oz	75,567	57,913	61,024	276,046	61,024
Financial Data ($'000)						
Revenues	$	92,959	70,314	77,188	351,129	77,188
Mining costs-open pit	$	(22,849)	(21,180)	(9,296)	(79,049)	(9,296)
Processing cost[4]	$	(12,581)	(12,789)	(5,534)	(46,371)	(5,534)
G&A cost	$	(7,126)	(6,062)	(2,745)	(26,736)	(2,745)
Capitalised waste	$	412	2,617	3,995	10,603	3,995
Inventory adjustments and other	$	3,738	7,377	1,754	14,821	1,754
Total Cash Cost (B)	$	(38,407)	(30,037)	(11,826)	(126,732)	(11,826)
Royalties	$	(4,922)	(4,222)	(4,595)	(21,811)	(4,595)
Sustaining capital[1]	$	(1,120)	(2,712)	(3,995)	(7,152)	(3,995)
Total All-In Sustaining Costs[1] (C)	$	(44,449)	(36,971)	(20,416)	(155,695)	(20,416)
Non-sustaining capital[1]	$	(751)	-	-	(5,005)	-
All-In Margin[1]	**$**	**47,759**	**33,343**	**56,772**	**190,429**	**56,772**
add back: Sustaining and non-sustaining capital[1]	$	1,871	2,712	3,995	12,157	3,995
Depreciation/depletion	$	(17,876)	(14,147)	(12,517)	(65,541)	(12,517)
Non-cash operating income/(expense)	$	(2,208)	115	-	(1,241)	-
Earnings from mine operations	**$**	**29,546**	**22,022**	**48,250**	**135,803**	**48,250**
Unit cost analysis						
Realised gold price	$/oz	1,230	1,214	1,265	1,272	1,265
Open pit mining cost per tonne mined[4]	$/t	1.92	2.14	1.33	1.91	1.33
Processing cost per tonne milled	$/t	11.84	12.71	6.81	11.74	6.81
G&A cost per tonne milled	$/t	6.71	6.03	3.38	6.77	3.38
Cash cost per ounce sold[1] D=B/A	**$/oz**	**508**	**519**	**194**	**459**	**194**
Mine All-In Sustaining Costs[1] E=C/A	**$/oz**	**588**	**638**	**335**	**564**	**335**

1. Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.
2. Strip ratio includes capital waste.
3. Financial data is not presented for the pre-commercial production period before November 1, 2017.
4. Mining costs are presented for the commercial production period after November 1, 2017.

Q4 2018 vs Q3 2018 Insights

- A record quarter was achieved as production increased, mainly due to significantly higher grades being processed following the end of the rainy season.
  - Tonnes of ore mined increased as mining activities ramped up following the end of the rainy season. Mining continued to focus on the Vindaloo Main and Vindaloo Central pits. The strip ratio was lower than initially planned due to a shift in the mine plan which delayed stripping to 2019.
  - Tonnes milled increased slightly, continuing to perform nearly 30% above nameplate capacity. The ore blend continued to be mainly transitional/fresh ore. Oxide ore represented 34% of the mill feed, up from 32% in Q3-2018.
  - Processed grades markedly improved as higher-grade areas of both the Vindaloo Main and Vindaloo Central pits became accessible following the end of the rainy season. In addition, the higher-grade ore mined was selectively processed while the lower-grade ore was stockpiled.
  - Recovery rates decreased slightly due to the increase in fresh ore processed.
- AISC decreased due to higher production, lower unit mining costs associated with reduced water pumping requirements following the end of the rainy season, as well as the reduction in sustaining capital expenditures.
  - Mining unit costs decreased from $2.14 to $1.92 per tonne due to increased volumes mined following the rainy season.
  - Processing unit costs decreased from $12.71 to $11.84 per tonne due to the reduction in fresh ore processed in the period when compared to Q3-2018 along with increased throughput volumes.
  - Sustaining capital decreased from $2.7 million to $1.1 million following a reduction in waste capitalisation in the period.
- The $0.8 million of non-sustaining capex incurred during the quarter relates to project spend at Bouéré Dohoun on the road development.
- Depreciation and depletion increased for the quarter due to an increase in production in the period.

FY-2018 vs FY-2017 Insights

- Production increased significantly as 2018 benefited from a full year of production as the mine entered into commercial production in Q4-2017.
- As guided, AISC increased as last year's production benefited from processing primarily high-grade oxide material.

2019 Outlook

- Houndé is expected to produce between 230,000-250,000 ounces in 2019, continuing to out-perform its feasibility study estimates, at an AISC of $720-790 per ounce.
- Mining is expected to continue in the Vindaloo deposit, while ore extraction at the Bouere deposit is expected to start in H1-2019. The strip ratio is expected to increase in 2019 due to both the mine plan sequence and the carry-over of stripping delayed from 2018.
- Throughput is expected to remain above nameplate capacity while the ore blend is expected to shift from the current mix of approximately 30% oxide ore and 70% transitional/fresh ore feed to mainly fresh ore by year-end, resulting in higher operating costs.
- Despite the expected higher grades mined, the average process grade is expected to decline due to the use of lower-grade stockpiles. This marks a change compared to the previous mine plan due to the Corporation's strategic focus on maximising free cash flow generation and reducing working capital.
- Sustaining costs are expected to increase from $7.0 million to approximately $35.0 million mainly due to the increased strip ratio, a tailings storage facility ("TSF") raise, and components required to maintain the mining fleet.
- Approximately $7.0 million of non-sustaining expenditure is planned for 2019 mainly for Bouéré pre-stripping, the haul road and resettlement.

2018 Exploration Program

- Houndé's 2018 exploration program amounted to $14.0 million, totaling approximately 165,700 meters of drilling, focused mainly on the Kari gold in soil anomaly which covers a 6km-long by 2.5km-wide area, resulting in:
  - The identification of a maiden Indicated resource at the Kari Pump target totalling 11.3Mt at 2.71 g/t Au containing 987,000 ounces, as published on November 15, 2018. The maiden resource covers an area 1.3km long by 0.8km wide and remains open in various directions. The mineralization is amenable to open pit mining and 45% of the Indicated resource is located within the oxide and transition zones, compared to most of the Houndé Indicated resource located in fresh zones.
  - The Kari Center discovery, which extends 1.2km along strike and across a width of over 200m remains open in various directions.
  - The Kari West discovery which extends at least 1.0km along strike and across a width of 500m remains open in various directions.

2019 Exploration Program

- In 2019 Houndé will continue to be the biggest exploration focus for Endeavour with a budget of up to $17.0 million totaling approximately 195,000 meters of drilling with the aim of:
  - Delineating additional resources at Kari Pump.
  - Delineating a maiden resource at the Kari Centre and Kari West targets.
  - Testing other targets such as Sia/Sianikoui, Grand Espoir and high-grade plunges at the Vindaloo deposit.

Agbaou Gold Mine, Côte d'Ivoire

Table 10: Agbaou key performance indicators

		THREE MONTHS ENDED			YEAR ENDED	
	Unit	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Operating Data						
Tonnes ore mined	Kt	481	625	826	2,399	2,983
Tonnes of waste mined	Kt	6,560	6,317	6,390	27,337	25,117
Open pit strip ratio[2]	w:o	13.65	10.11	7.74	11.40	8.42
Tonnes milled	Kt	708	669	760	2,830	2,906
Average gold grade milled	g/t	2.21	1.54	1.85	1.70	2.02
Recovery	%	95%	94%	93%	94%	94%
Gold produced:	oz	44,360	31,248	43,439	141,335	177,191
Gold sold (A):	oz	43,880	30,649	41,490	142,559	174,868
Financial Data ($'000)						
Revenues	$	54,138	36,853	52,844	180,256	219,748
Mining costs-open pit	$	(16,731)	(17,826)	(19,312)	(78,128)	(71,375)
Processing cost	$	(5,421)	(5,201)	(6,130)	(21,764)	(21,556)
G&A cost	$	(2,955)	(3,220)	(3,281)	(12,451)	(12,050)
Capitalised waste	$	5,055	3,239	3,288	20,016	5,248
Inventory adjustments and other	$	(6,336)	(1,242)	247	(4,232)	2,333
Total Cash Cost[1] (B)	$	(26,387)	(24,250)	(25,189)	(96,558)	(97,400)
Royalties	$	(1,931)	(1,358)	(2,292)	(6,761)	(8,186)
Sustaining capital[1]	$	(5,750)	(3,636)	(1,154)	(13,438)	(7,555)
Total All-in Sustaining Costs[1] (C)	$	(34,069)	(29,244)	(28,634)	(116,758)	(113,141)
Non-sustaining capital[1]	$	(3,339)	(131)		(14,297)	
All-In Margin[1]	**$**	**16,730**	**7,478**	**24,210**	**49,201**	**106,607**
add back: Sustaining and non-sustaining capital[1]	$	9,090	3,767	1,154	27,736	7,555
Depreciation/depletion	$	(9,875)	(7,123)	(7,956)	(33,419)	(32,536)
Non-cash operating income/(expense)	$	(1)	-		(1,317)	
Earnings from mine operations	**$**	**15,944**	**4,122**	**17,408**	**42,201**	**81,626**
Unit cost analysis						
Realised gold price	$/oz	1,234	1,202	1,274	1,264	1,257
Open pit mining cost per tonne mined	$/t	2.38	2.57	2.68	2.63	2.54
Processing cost per tonne milled	$/t	7.66	7.77	8.07	7.69	7.42
G&A cost per tonne milled	$/t	4.17	4.81	4.32	4.40	4.15
Cash cost per ounce sold[1] D=B/A	**$/oz**	**601**	**791**	**607**	**677**	**557**
Mine All-In Sustaining Costs[1] E=C/A	**$/oz**	**776**	**954**	**690**	**819**	**647**

1. *Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.*
2. *Strip ratio includes capital waste*

Q4 2018 vs Q3 2018 Insights

- Production increased as expected mainly due to a significant increase in milled grade following the waste mining over the course of the year which gave access to higher grade areas.
  - Ore processed increased due to greater mining at the South Pit as less stripping was necessary. Waste mining continued in the West pit, resulting in an increase in the overall strip ratio.
  - Mill throughput increased as the proportion of fresh ore processed decreased from 15% to 12%.
  - Processed grades increased due to the change in mining sequence giving access to higher grade ore.
  - Recovery rates improved slightly due to a lower proportion of fresh ore processed.
- All-in sustaining costs decreased mainly due to increased gold sales, which were offset slightly by higher sustaining capital driven by increased waste capitalisation activity.
  - Mining unit costs decreased from $2.57 to $2.38 per tonne because of the increased volumes mined in the South Pit.
  - Processing unit costs decreased from $7.77 to $7.66 per tonne due to the reduction in fresh ore processed.
  - Sustaining capital increased from $3.6 million to $5.8 million following the increased waste capitalisation in the West Pit.
- Non-sustaining capital increased from $0.1 million to $3.3 million due to the pre-stripping of the west pit.
- Depreciation and depletion increased for the quarter due to the increase in production.

FY-2018 vs FY-2017 Insights

- Production decreased as guided, as low-grade stockpile feed supplemented the mine feed to allow waste capitalisation activity to progress more quickly in 2018. In addition, mining was constrained to lower grade areas due to a change in mining sequence regarding the North pit.
- AISC increased, as guided, due to the higher sustaining costs associated with the waste capitalisation activity, the impact of lower production, and higher operating costs related to mining and processing a greater volume of fresh and transitional ore.

2019 Outlook

- Agbaou is expected to produce between 120,000 - 130,000 ounces in 2019 at an AISC of $850-900 per ounce.
- Mining is expected to focus mainly in the West pit, with some contribution from the North and South pits. The strip ratio is expected to remain at a high-level as a portion of the planned 2018 waste capitalisation was shifted to 2019.
- The plant throughput is expected to decline as the oxide ore blend is expected to reduce from approximately 80% in 2018 to 60%, with the remainder of the feed comprised of fresh and transitional ore.
- Despite expecting to mine higher grade ore, the average processed grade is expected to remain fairly flat over 2018 due to the use of lower-grade stockpiles. This marks a change compared to the previous mine plan due to the Corporation's strategic focus on maximizing free cash flow generation and reducing working capital.
- Sustaining costs are expected to increase from $13.4 million to circa $24.0 million mainly due to increased waste capitalization.
- Approximately $8.0 million of non-sustaining expenditure is planned for 2019, mainly for a tailing's storage facility raise.

2018 Exploration Program

- Agbaou's 2018 exploration program amounted to $4.0 million, totaling approximately 27,800 meters of drilling, focused mainly on open pit targets, located along extensions of known deposits and on parallel trends, and on the at-depth potential of the North pit.
  - Mineralization was confirmed at the extensions of several deposits including the MPN, North Pit Satellite 3, West Pit 5 and Beta. However, the mineralisation intercepted was low-grade and lacked continuity, and therefore little follow-up drilling was done, with a focus instead on testing other higher potential targets.
  - Mineralization was confirmed at-depth in the North pit. However, in the short-term no follow-up drilling is planned for this target as the potential resource in this area may not be suitable for open pit operations. As such, the focus remains on testing other open pit targets.

2019 Exploration Program

- An exploration program of up to $2.0 million is being considered for 2019 with the aim of continuing to test targets located along extensions of known deposits and on parallel trends.

Ity Gold Mine, Côte d'Ivoire

Table 11: Ity key performance indicators

		THREE MONTHS ENDED			YEAR ENDED	
	Unit	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Operating Data:						
Tonnes ore mined	Kt	200	253	402	1,127	1,410
Tonnes of waste mined	Kt	294	614	1,277	2,901	5,237
Open pit strip ratio[2]	w:o	1.47	2.43	3.18	2.58	3.71
Tonnes of ore stacked	Kt	316	326	372	1,307	1,194
Average gold grade stacked	g/t	2.37	2.64	1.86	2.49	1.85
Recovery	%	87%	78%	78%	81%	83%
Gold produced:	oz	20,574	20,993	17,287	84,832	59,026
Gold sold (A):	oz	20,462	20,929	16,316	85,191	59,688
Financial Data ($'000)						
Revenues	$	25,180	24,647	20,885	107,511	75,137
Mining costs-open pit	$	(3,286)	(6,087)	(5,491)	(25,665)	(21,306)
Processing cost	$	(4,358)	(4,793)	(5,152)	(19,566)	(17,771)
G&A cost	$	(1,097)	(2,877)	(3,522)	(10,402)	(11,219)
Capitalised waste	$	-	-	829	-	3,205
Inventory adjustments and other	$	(2,786)	(196)	2,612	597	3,335
Total Cash Cost (B)	$	(11,526)	(13,953)	(10,725)	(55,035)	(43,757)
Royalties	$	(1,125)	(952)	(786)	(4,161)	(2,896)
Sustaining capital[1]	$	(70)	(382)	(2,665)	(2,076)	(7,428)
Total All-In Sustaining Costs[1] (C)	$	(12,721)	(15,287)	(14,177)	(61,272)	(54,082)
Non-sustaining capital[1]	$	-	-	(214)	-	(3,699)
All-In Margin[1]	**$**	**12,459**	**9,360**	**6,494**	**46,239**	**17,356**
add back: Sustaining and non-sustaining capital[1]	$	70	382	2,879	2,076	11,127
Depreciation/depletion	$	(8,372)	(5,769)	(4,027)	(29,028)	(19,107)
Non-cash operating income/(expense)	$	(741)	(142)	(214)	(3,016)	(504)
Earnings from mine operations	**$**	**3,416**	**3,832**	**5,132**	**16,271**	**8,873**
Unit cost analysis						
Realised gold price	$/oz	1,231	1,178	1,280	1,262	1,259
Open pit mining cost per tonne mined	$/t	6.65	7.02	3.27	6.37	3.21
Processing cost per tonnes stacked	$/t	13.80	14.70	13.85	14.97	14.88
G&A cost per tonnes stacked	$/t	3.47	8.83	9.47	7.96	9.40
Cash cost per ounce sold[1] D=B/A	**$/oz**	**563**	**667**	**657**	**646**	**733**
Mine All-In Sustaining Costs[1] E=C/A	**$/oz**	**622**	**730**	**869**	**719**	**906**

1. *Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.*
2. *Strip ratio includes capital waste*

Q4 2018 vs Q3 2018 Insights

- 2018 was guided to be a transition year for the heap leach operation with greater priority given to the CIL construction activities, particularly in the second half of the year for which the main goal was to stack ore from lower grade stockpiles. However, Ity's heap leach operation performed above expectations, particularly in Q4-2018 as mining was opportunistically conducted based on equipment availability and the good progress made on Ity CIL construction.
- Production remained flat as a decrease in stacked grade was offset by a higher recovery rate.
  - Tonnes of ore mined decreased, in line with the plan, as mining activity for the heap leach decreased to prioritize the construction of the CIL plant. Mining for the heap leach operation ceased mid-December.
  - Ore stacked decreased as the quantity of ore mined decreased with lower-grade stockpiles supplementing the stack feed. Stacking at the heap leach operation ceased mid-December.
  - The stacked grade decreased as mining activity at the high-grade Bakatouo pit ceased for heap leach operations and low-grade ore stockpiles were used.
  - Recovery rates increased due to improved leach characteristics associated with the ore stacked from the Bakatouo pit.
- AISC decreased due to lower unit mining costs associated with reduced water pumping requirements, as well as a lower strip ratio, processing and G&A costs, and increased ounces of gold sold in the period.
  - Mining unit costs decreased from $7.02 to $6.65 per tonne due to shorter haul distances as mining for the heap leach operations winds down.
  - Processing unit costs decreased from $14.70 to $13.80 per tonne due to lower reagent usage.
  - Sustaining capital decreased from $0.4 million to $0.1 million as the heap leach operation winds down.
- There was no non-sustaining capital spent in the quarter.
- Depreciation and depletion increased for the period due to accelerated depreciation taken on the heap leach assets as it nears the end of mine life.

FY-2018 vs FY-2017 Insights

- Record production was achieved due to significantly higher grades stacked from the Bakatouo deposit and increased stacking.
- AISC decreased significantly due to record production being achieved, as well as lower sustaining capital spend as the mine nears the end of its life.

2019 Outlook

- Mining and stacking activities for the heap leach operation ceased mid-December. Residual gold from the heaps, of approximately 5,000 ounces, is expected to be recovered in Q1-2019.
- Construction is on-budget and two months ahead of schedule with first gold pour expected in early Q2-2019.
- Ity is expected to produce 160,000 - 200,000 ounces in 2019 at an AISC of $525 – 590 per ounce, with the bottom-end of production guidance corresponding to the nameplate capacity.

2018 Exploration Program

- Ity's 2018 exploration program amounted to $9.0 million, totaling 49,600 meters of drilling, focused mainly on the Le Plaque area and Daapleu deposit, resulting in:
  - The identification of mineralization in the Le Plaque area where drilling is ongoing, and a resource is expected to be delineated in Q2-2019.
  - The validation of a high-grade at depth plunge at the Daapleu deposit.
  - The identification of mineralization below the leach pad suggesting an extension of the Bakatouo deposit.

2019 Exploration Program

- An exploration program of up to $11.0 million totalling approximately 71,000 meters has been planned for 2019, with the aim of delineating additional resources at the Le Plaque target, and testing other targets such as Floleu, Daapleu SW and Samuel.

Karma Gold Mine, Burkina Faso

Table 12: Karma key performance indicators

	Unit	THREE MONTHS ENDED December 31, 2018	THREE MONTHS ENDED September 30, 2018	THREE MONTHS ENDED December 31, 2017	YEAR ENDED December 31, 2018	YEAR ENDED December 31, 2017
Operating Data:						
Tonnes ore mined	Kt	788	755	1,184	4,715	3,862
Tonnes of waste mined	Kt	4,367	2,272	2,532	12,217	11,450
Open pit strip ratio[2]	w:o	5.54	3.01	2.14	2.59	2.96
Tonnes of ore stacked	Kt	1,037	981	1,026	4,097	3,552
Average gold grade stacked	g/t	0.98	1.02	1.06	0.95	1.07
Recovery	%	88%	89%	77%	82%	83%
Gold produced:	oz	33,459	26,064	21,102	108,733	97,982
Gold sold (A) :	oz	33,516	24,668	20,574	108,308	96,935
Financial Data ($'000)						
Revenues[3]	$	35,506	23,951	20,268	113,061	98,570
Mining costs-open pit	$	(9,052)	(9,626)	(6,512)	(38,508)	(27,903)
Processing cost	$	(7,684)	(8,295)	(8,365)	(34,499)	(31,161)
G&A cost	$	(3,171)	(3,526)	(4,250)	(13,797)	(15,252)
Capitalised waste	$	2,881	3,502	754	10,172	2,724
Inventory adjustments and other	$	(2,807)	(27)	1,948	344	2,207
Total Cash Cost (B)	$	(19,832)	(17,972)	(16,425)	(76,287)	(69,385)
Royalties	$	(2,360)	(1,761)	(1,360)	(8,335)	(7,593)
Sustaining capital[1]	$	(1,183)	(1,022)	(1,095)	(3,385)	(3,834)
Total All-In Sustaining Costs[1] (C)	$	(23,375)	(20,755)	(18,880)	(88,007)	(80,812)
Non-sustaining capital[1]	$	(8,252)	(8,332)	(8,048)	(25,281)	(25,062)
All-In Margin[1]	**$**	**3,879**	**(5,136)**	**(6,660)**	**(227)**	**(7,304)**
add back: Sustaining and non-sustaining capital[1]	$	9,435	9,354	9,143	28,666	28,896
Depreciation/depletion	$	(13,215)	(8,723)	(8,760)	(39,852)	(24,236)
Non-cash operating income/(expense)	$	(25,660)	3	(1,474)	(26,669)	(1,081)
Earnings (loss) from mine operations	**$**	**(25,561)**	**(4,502)**	**(7,751)**	**(38,082)**	**(3,725)**
Unit cost analysis						
Realised gold price[3]	$/oz	1,059	971	985	1,044	1,017
Open pit mining cost per tonne mined	$/t	1.76	3.18	1.75	2.27	1.82
Processing cost per tonnes stacked	$/t	7.41	8.46	8.15	8.42	8.77
G&A cost per tonne stacked	$/t	3.06	3.59	4.14	3.37	4.29
Cash cost per ounce sold[1] D=B/A	**$/oz**	**592**	**729**	**798**	**704**	**716**
Mine All-In Sustaining Costs[1] E=C/A	**$/oz**	**697**	**841**	**918**	**813**	**834**

1. Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.
2. Strip ratio includes capital waste.
3. Revenue and realised gold price are net of gold stream sales to Franco/Nevada and Sandstorm.

Q4 2018 vs Q3 2018 Insights

- Production increased due to a significant increase in ore stacked following the end of the rainy season.
  - Tonnes of ore mined increased as mining activities ramped up following the end of the rainy season. Activities focused exclusively on mining oxide ore from the Kao pit.
  - Mill throughput increased as operating conditions improved, with increased stacker utilisation.
  - Recovery rates remained high due to the improved leach characteristics of the oxide ore stacked.
- AISC improved as the overall operating costs decreased, following the end of the rainy season, and due to an increase in ounces sold.
  - Mining unit costs decreased from $3.18 to $1.76 per tonne because of increased tonnages being mined following the wet season.
  - Processing unit costs decreased from $8.46 to $7.41 per tonne due to higher stacked tonnes and lower reagent consumption for oxide material processed.
  - Sustaining capital increased marginally from $1.0 million to $1.2 million due to spending on mining components.
- Non-sustaining capital spend was consistent with Q3-2018 with $8.3 million spent. The Q4-2018 costs mainly related to due to pre-stripping at the Kao deposit, as well as the resettlement costs associated to its development.
- Depreciation and depletion increased due to increased production in the final quarter of the year.

FY-2018 vs FY-2017 Insights

- Production increased as guided, despite a lower processed grade, as the plant optimisation work done in 2017 increased stacking capacity.
- AISC slightly decreased, specifically in the second half of the year, with the majority of ore stacked being oxide while transitional ore from the GG2 pit impacted costs in the first half of the year.

2019 Outlook

- Karma is expected to produce between 105,000 -115,000 ounces in 2019 at an AISC of $860-910 per ounce.
  - Mining is expected to focus mainly on oxide and transitional ore from the Kao pit, which is expected to be mined out by mid-year, and on oxide ore from the North Kao pit where pre-stripping will begin in Q1-2019 and ore extraction in Q2-2019. The strip ratio is expected to increase in 2019 due to North Kao.
  - Stacking capacity and recovery rates are expected to remain flat over 2018.
  - Sustaining capital is expected to increase from $3.4 million to circa $5.0 million with the main change in spending related to the waste capitalization at North Kao pit.
- Non-sustaining expenditures are expected to be relatively flat at approximately $24.0 million, comprised mainly of a leach pad extension and lining, as well as pre-stripping for the North Kao deposit.

2018 Exploration Program

- Karma's 2018 exploration program amounted to $3.0 million, totalling approximately 23,600 meters of drilling, focused mainly on Yabonsgo and North Kao, resulting in:
  - The identification of a maiden Indicated resource at the Yabonsgo target totalling 2.9Mt at 1.28 g/t Au containing 119koz.
  - The continuity of mineralisation at the North Kao deposit was confirmed along an 800m strike length, with additional lenses identified to the south.
- Other targets such as Rambo West, Mogombouli, Zanna, and Rounga were also studied to prepare for the 2019 drilling campaign.

2019 Exploration Program

- As shown in Appendix A, the variance in P&P reserves and M&I resources compared to the previous year corresponds to mining depletion and decreased for the GG2 and Kao Main deposits, following changes in estimation parameters, which was partially offset by the addition of M&I resources and P&P reserves at the Yabongso deposit.

4.4. DISCONTINUED OPERATIONS

Tabakoto Gold Mine, Mali

Table 13: Tabakoto key performance indicators

		THREE MONTHS ENDED			YEAR ENDED	
	Unit	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Operating Data						
Tonnes ore mined- Open pit	Kt	108	146	165	572	647
Tonnes of waste mined - Open pit	Kt	412	766	1,699	3,996	5,753
Open pit strip ratio[2]	w:o	3.81	5.25	10.33	6.98	8.89
Tonnes mined- Underground	Kt	211	182	207	784	997
Ore tonnes mined - Underground	Kt	164	143	157	601	756
Tonnes milled	Kt	417	433	436	1,714	1,640
Average gold grade milled	g/t	2.41	2.08	2.20	2.28	2.90
Recovery	%	92%	92%	92%	92%	94%
Gold produced:	oz	29,598	26,456	28,117	115,240	143,995
Gold sold (A):	oz	29,398	25,851	27,741	115,207	144,636
Financial Data ($'000)						
Revenues	$	32,688	31,337	35,365	142,765	181,436
Mining costs- Open pit	$	(2,682)	(4,884)	(5,564)	(16,904)	(22,140)
Mining costs- Underground	$	(15,215)	(15,638)	(15,504)	(58,184)	(66,045)
Processing cost	$	(8,486)	(9,720)	(8,818)	(33,839)	(33,848)
G&A cost	$	(4,396)	(4,224)	(4,965)	(17,348)	(18,115)
Capitalised waste	$	3,643	4,260	3,665	14,744	16,260
Inventory adjustments and other	$	(7,800)	2,859	(1,268)	(10,060)	(10,492)
Total Cash Cost[1] (B)	$	(34,937)	(27,349)	(32,454)	(121,591)	(134,380)
Royalties	$	(2,172)	(1,865)	(2,118)	(8,748)	(10,847)
Sustaining capital[1]	$	(6,112)	(7,496)	(4,583)	(27,415)	(20,768)
Total All-In Sustaining Costs[1] (C)	$	(43,221)	(36,710)	(39,155)	(157,754)	(165,995)
Non-sustaining capital[1]	$	(1,145)	(8,096)	-	(10,132)	-
All-In Margin[1]	**$**	**(11,678)**	**(13,469)**	**(3,789)**	**(25,121)**	**15,441**
add back: Sustaining and non-sustaining capital[1]	$	7,257	15,592	4,583	37,547	20,768
Depreciation/depletion	$	-	-	(7,201)	(13,161)	(42,035)
Non-cash operating income/(expense)	$	(258)	(2,961)	(819)	(23,567)	(6,915)
Earnings (loss) from mine operations	**$**	**(4,679)**	**(838)**	**(7,226)**	**(24,302)**	**(12,741)**
Unit cost analysis						
Realised gold price	$/oz	1,112	1,212	1,275	1,239	1,254
Open pit mining cost per tonne mined	$/t	5.15	5.36	2.99	3.70	3.46
Underground mining cost per tonne mined	$/t	72.10	85.92	74.90	74.21	66.24
Processing cost per tonne milled	$/t	20.34	22.45	20.22	19.74	20.64
G&A cost per tonne milled	$/t	10.54	9.76	11.39	10.12	11.05
Cash cost per ounce sold[1] D=B/A	**$/oz**	**1,188**	**1,058**	**1,170**	**1,055**	**929**
Mine All-In Sustaining Costs[1] E=C/A	**$/oz**	**1,470**	**1,420**	**1,411**	**1,369**	**1,148**

1. Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.
2. Strip ratio includes capital waste

Tabakoto Sale Insights

- On December 24, 2018, Endeavour Mining completed the sale of its interest in the non-core Tabakoto mine to Algom Resources Limited, a subsidiary of BCM International Ltd ("BCM"), as previously announced on September 4, 2018.
- Endeavour received an upfront cash consideration of $35.0 million on December 24, 2018, with a deferred cash consideration of $10.0 million expected in 2019, subject to certain conditions, and a 10% net smelter royalty on the Dar Salaam deposit, capped at a maximum of 200,000 ounces of gold.

Financial Statement Classification

- As a result of the reclassification, earnings/(losses) have been restated for the current and comparative periods to reclassify the losses relating to the Tabakoto mine as loss from discontinued operations.
- The Corporation recognized an impairment at September 30, $32.0 million and a further loss on sale of $68.7 million based on the expected fair value less costs of disposal of the Tabakoto mine cash generating unit.

Q4 2018 vs Q3 2018 Insights

- Production increased mainly due to higher average head grades, despite a decrease in milled tonnage.
  - Open pit production significantly decreased as the Tabakoto North pit neared its end of life.
  - Underground tonnes mined increased due to the end of the rainy season, allowing for improved stope access and productivity.
  - Despite a decrease in total milled tonnage, processing activities continued to perform well with throughput rates remaining flat.
  - The overall average grade processed increased as per the mine sequence.
  - The recovery rate remained flat.
- AISC increased due to increased cash costs net against lower mining, process, and G&A unit costs, as well as an increase in gold sold.
  - Open pit mining unit costs decreased from $5.36 to $5.15 per tonne because of a decrease in the open pit mining activity.
  - Underground mining unit costs decreased from $85.92 to $72.10 per tonne because reduced fleet maintenance costs.
  - Processing unit costs decreased from $22.45 to $20.34 per tonne due to decreased reagent consumption.
  - Sustaining capital decreased from $7.5 million to $6.1 million following the increased underground development at the site in Q3-2018.
- Non-sustaining capital spend of $1.1 million, down from $8.1 million.
- There was zero depreciation and depletion this quarter as the asset is classified as discontinued operations under IFRS during the period.

FY-2018 vs FY-2017 Insights

- Production decreased and AISC increased mainly due to a decrease in processed grades following the completion of the high-grade Kofi C pit in 2017 and Kofi B pit in H1-2018.

4.5. DEVELOPMENT PROJECTS REVIEW

Ity CIL Project, Côte d'Ivoire

- Construction is progressing on-budget and two months ahead of schedule with the first gold pour expected in early Q2-2019.
- Ity is expected to produce 160,000 - 200,000 ounces in 2019 at an AISC of $525 – 590 per ounce, with the bottom-end production guidance corresponding to the nameplate capacity while the top-end factors possible upsides such as an earlier start date, a quicker than expected ramp-up and the plant producing above its nameplate.
- The major milestones achieved to date include:
  - Over 8 million man-hours have been worked without a lost time injury.
  - Overall project completion stands at more than 98%, tracking approximately two months ahead of schedule.
  - The project remains on-budget with the remaining cash outflow for 2019 amounting to $50.0 – 60.0 million. As at December 31, 2018, the total project spend to date for capital expenditure stands at $374.0 million, which includes approximately $308.4 million of cash outflow, $50.0 million of leased equipment and $15.6 million of non-cash working capital.
  - The Ball and SAG mill ore commissioning has been completed and, in preparation for production, ore was introduced into the process plant milling circuit with all the CIL tanks filled and agitators commissioned.
  - The dry plant has been successfully commissioned.
  - The oxygen plant mechanical and piping installation is nearing completion and commissioning is expected to soon commence.
  - The tailings storage facility construction is complete.
  - The 11kV switch room and 11kV overhead power line have been commissioned, the 90kV transmission line construction is nearly complete, and the back-up power station has been commissioned.
  - The Daapleu haul bridge construction and river diversion have been completed.
  - The resettlement of Daapleu is complete and the official ceremony of handing over the houses took place on December 10, 2018.
  - Construction of the 312-room permanent employee camp, messing, and staff recreation facilities is complete.
  - Pre-stripping commenced at the Bakatouo and Ity Flat deposits in late 2018.
  - Demobilization of construction personnel has begun following the completion of key construction milestones, and operating teams are in place with training programs well underway.

Kalana Project, Mali

- The Kalana exploration program in 2018 amounted to $7.0 million comprised of approximately 48,000 metres of drilling, focused primarily on the Kalana Main deposit and to a lesser extent on the Kalanako deposit.
- At the Kalana Main deposit, the in-fill drilling programme improved the geological model and converted a portion of the previously classified Inferred Resource in the northeastern part of the deposit to the Indicated category.
- The 2016 Kalana Main Mineral Resource Estimate (MRE) as prepared by Avnel (the previous owner) was updated following a rebuild of the geological model using a more conservative approach to incorporate tighter geological controls for the high-grade nugget effect, stacked vein sets, and dilution.
- Endeavour considers the updated 2019 Kalana Main geological model to be a more robust and accurate model as:
  - The geological model was updated with over 30,000 metres of in-fill drilling completed since the project was acquired in late 2017. In total, more than 2,200 holes and more than 221,000 assays (including over 103,000 LeachWELL assays) were used to refine the geological model.
  - A total of 135 veins within 61 vein packages were individually modelled as opposed to the previous approach of applying geostatistics to 56 grouped vein packages, and thereby provided an upgraded confidence in the vein packages/domain boundaries.
  - Mineralised intersections outside of the defined wireframes where continuity was not proven were excluded.
  - The cut-off grade was lowered from 0.9 g/t Au to 0.5 g/t Au.
- As illustrated in the below table, the M&I resource grade has been decreased from 4.14 g/t Au to 2.69 g/t Au based on the above-mentioned changes. For reference, the 2016 P&P reserve grade stood at 2.80 g/t Au.

Table 14: Kalana Main Deposit M&I Resource Evolution (2016 Avnel vs. 2019 Snowden Estimates)

(on a 100% basis)	PREVIOUS 2016 M&I RESOURCE[1]	UPDATED 2019 M&I RESOURCE[2]	
Cut-off grade (g/t Au)	0.9	0.9 (For comparative purpose)	0.5 (as reported)
Tonnage (Mt)	23	18	27
Grade (g/t Au)	4.14	3.70	2.69
Content (Au Koz)	3,060	2,092	2,287

Mineral Reserve estimates follow the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions standards for Mineral Resources and Reserves and have been completed in accordance with the Standards of Disclosure for Mineral Projects as defined by National Instrument 43-101. Reported tonnage and grade figures have been rounded from raw estimates to reflect the relative accuracy of the estimate. Minor variations may occur during the addition of rounded numbers. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. 1As per Avnel calculated resources as at March 2016, based on $1,400/oz. For the notes related to the 2016 Resource Estimate, please consult the Kalana Technical Report dated March 30, 2016 available on the Endeavour website. 2 The Updated 2019 Mineral Resource has an effective date of February 8, 2019 and is constrained by a $1,500/oz conceptual Pit Shell. For the notes relating to the 2019 Resource Estimate, please consult the section below entitled "Kalana Resource Modelling". The Qualified Persons for the 2019 Updated Resource is Geoff Booth, FAusIMM Mining Consulting Manager, Snowden Mining Consultants.

- An exploration program of up to $4.0 million totaling approximately 23,000 metres has been planned for 2019, with the aim of testing nearby targets and initiating work on the Fougadian licence.
- The Updated 2019 Mineral Resource will be used as a basis for an updated feasibility study which is expected to be prepared for Q4-2019.
- In parallel to working on the Kalana Feasibility Study and further testing of its exploration potential, Endeavour intends to review its other available internal growth opportunities. Based on Endeavour's capital allocation strategy, the Kalana project investment case will be reviewed against its other internal growth opportunities and uses of capital.

5. RESULTS FOR THE PERIOD

5.1. STATEMENT OF COMPREHENSIVE INCOME

Table 15: Statement of comprehensive income

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
($000s)	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Revenue	207,784	155,764	171,185	751,957	470,643
Operating expenses	(124,832)	(86,238)	(66,171)	(386,926)	(224,270)
Depreciation and depletion	(50,116)	(35,911)	(33,410)	(169,069)	(88,752)
Royalties	(10,338)	(8,293)	(9,034)	(41,068)	(23,270)
Earnings from mine operations	**22,498**	**25,322**	**62,570**	**154,894**	**134,351**
Corporate costs	(8,001)	(5,888)	(7,727)	(26,573)	(23,126)
Acquisition and restructuring costs	-	-	(4,018)	-	(14,132)
Share-based compensation	(8,147)	(4,007)	(4,562)	(24,931)	(23,137)
Exploration costs	-	(2,583)	381	(7,621)	(5,284)
Earnings/(loss) from operations	**6,350**	**12,844**	**46,643**	**95,769**	**68,672**
(Losses)/gains on financial instruments	(16,239)	24,755	2,944	8,035	(3,327)
Finance costs	(4,947)	(6,679)	1,536	(23,671)	(17,623)
Other (expenses)	(402)	(173)	(4,687)	(1,558)	(2,242)
Earnings/(loss) from continuing operations before taxes	**(15,238)**	**30,747**	**46,436**	**78,575**	**45,480**
Current income tax expense	(21,212)	(17,443)	(2,982)	(66,522)	(10,086)
Deferred tax (expense)/recovery	2,551	2,007	(4,491)	5,007	4,775
Net loss from discontinued operations[1]	(95,658)	(35,705)	(172,787)	(154,795)	(217,553)
Total net and comprehensive loss	**(129,557)**	**(20,394)**	**(133,824)**	**(137,735)**	**(177,384)**

[1]The financial results of Tabakoto and Nzema have been classified as a discontinued operation in accordance with IFRS reporting standards.

Review of results for the three and twelve months ended December 31, 2018:

- Revenues for Q4-2018 were $207.8 million and $752.0 million FY-2018 compared to $155.8 million and $470.6 million in Q3-2018 and FY-2017 respectively. The year on year increase in revenues was due to the addition of the Houndé operations. Q4-2018 revenue increased by $52.0 million from Q3-2018 due to an increase in gold sold as well as an increase in the gold price.
- Operating expenses for Q4-2018 were $124.8 million and $386.9 million FY-2018 compared to $86.2 million and $224.3 million in Q3-2018 and FY-2017 respectively. The upward trend compared to 2017 is due to the inclusion of the Houndé mine, as well as an increase in operating expenses at Ity against the comparative periods due to higher gold production at Ity in 2018. Operating expenses increased by $38.6 million in Q4-2018 compared to Q3-2018 primarily due to increased mining activity occurring following the rainy season. The $162.7 million increase in the FY-2018 figures when compared to the FY-2017 figures is due to the inclusion of the first full year of commercial production from Houndé.
- Depreciation and depletion in Q4-2018 was $50.1 million and $169.1 million FY-2018 compared to $35.9 million and $88.8 million in Q3-2018 and FY-2017 respectively. The $80.3 million increase in the FY-2018 figures when compared to the FY-2017 figures is driven by the inclusion of the first full year of commercial production from Houndé, Ity higher production and accelerated depreciation as well as Karma higher production. Depreciation and depletion increased in Q4-2018 by $14.2 million compared to Q3-2018 due to an increase in production overall as well as the Ity mine site experiencing accelerated depreciation totaling $6.6 million as the heap leach operation reaches its end of useful life.
- Corporate costs for Q4-2018 were $8.0 million and $26.6 million FY-2018 compared to $5.9 million and $23.1 million in Q3-2018 and FY-2017 respectively. The annual increase of $3.4 million for 2018 is due to the increased requirements of managing the Houndé operations and the Ity CIL construction project. Corporate costs in Q4-2018 increased by $2.1 million due to the timing of expenditures in the normal course of business when compared to Q3-2018.

- Share based compensation was $8.1 million in Q4-2018 and $24.9 million FY-2018, compared to $4.0 million and $23.1 million in Q3-2018 and FY-2017 respectively. Share based compensation increased in Q4-2018 by $4.1 million compared to Q3-2018 and also increased on an annual basis when compared to FY-2017. The changes in the expense are due to an increase in the amount of PSUs expensed into earnings over the terms of the previously granted PSUs.
- Exploration expense was nil in Q4-2018 and $7.6 million FY-2018 compared to $2.6 million and $5.3 million in Q3-2018 and FY-2017 respectively. The yearly increase is due to more greenfield work, as management continues to focus on unlocking exploration value within the portfolio.
  - In Burkina Faso $4.1 million was spent on the brownfield Karma near mine projects
  - In Cote D'Ivoire $2.0 million was spent on brown and greenfield exploration projects.
  - In Guinea and Niger $1.3 million was spent on greenfield projects

  Q4-2018 was nil due to the timing of exploration work done throughout the year.
- Losses on financial instruments was $16.2 million in Q4-2018 and a gain of $8.0 million for FY-2018 compared to a gain of $24.8 million and a loss $3.3 million for Q3-2018 and FY-2017 respectively. The full year gain in 2018 is driven by a $6.0 million unrealized gain on the gold revenue protection program and a $16.9 million unrealised gain on the convertible senior bond which was offset by a $19.4 million foreign exchange loss. The loss for Q4-2018 is due to a loss on the gold collars for the period as well as a loss on unrealized foreign exchange.
- Finance costs were $4.9 million for Q4-2018 and $23.7 million FY-2018 compared to $6.7 million cost in Q3-2018 and a $17.6 million loss for the FY-2017. The increase in finance cost in the annual comparable relates to an increase in the interest rate on the revolving credit facility due to a change in the margin pricing. Q4-2018 finance costs of $4.9 million are due to the accrued interest on the additional $60.0 million drawn from the RCF in Q4-2018. Finance costs decreased in Q4-2018 compared to Q3-2018 was due to increased capitalised interest as additional funding from the RCF was drawn down.
- The loss from discontinued operations was $95.7 million in Q4-2018 and $154.8 million FY-2018 compared to $35.7 million and $217.6 million in Q3-2018 and FY-2017 respectively. The 2018 balance relates to Tabakoto and is inclusive of a $32.0 million impairment recognised in Q3-2018 and a $68.7 million loss on sale recognised in Q4-2018 associated the sale to BCM. The 2017 balance is inclusive of the impairments at Nzema and Tabakoto of $53.6 million and $130.0 million respectively.

Current income tax expense

- At Houndé the current tax expense was $10.4 million in Q4-2018 and $39.9 million FY-2018 compared to $12.3 million in Q3-2018 and nil FY-2017.
  - As this is the first full year of commercial production the year to date 2018 income tax expense is mainly comprised of tax associated to the income from its operating results during the year. In addition, $7.0 million of tax expense was recognised in 2018 associated to a change in estimate of the 2017 taxable income surrounding the deductibility of pre-production costs at Houndé. This $7.0 million tax expense relating to 2017 was paid during the course of 2018. The impact of the adjustment on the effective rate calculation for the full year 2018 was approximately 5.4%.
  - In determining the effective rate for FY-2018, the computation was adjusted by $2.2 million or 1.7% due to permeant and temporary differences associated to reporting under IFRS and the local GAAP requirements. In addition, $8.8 million or 6.7% associated to expenses that are not deductible in determining the taxable income under the Burkina Faso tax code.
- At Agbaou the current tax expense was nil in Q4-2018 and $2.9 million FY-2018 compared to $2.9 million in Q3-2018 and $7.0 million FY-2017.
  - The expense recognised in the year, similar to 2017 is primarily driven by withholding tax associated to dividend declaration for the year.
  - This was the final year of Agbaou benefiting from its five year corporate income tax holiday.
- At Karma the current tax expense was a tax recovery of $2.6 million in Q4-2018 and nil YTD-2018.
- At Ity the current tax expense was $6.8 million in Q4-2018 and $10.6 million FY-2018 compared to $0.5 million in Q3-2018 and $2.5 million FY-2017.
  - The annual increase of $8.1 million compared to YTD-2017 is driven by the inclusion of a $4.9 million provision for a tax assessment that occurred in Q4-2018 as well as a tax benefits not being recognised on a $2.2 million change in the asset retirement obligation following a change in estimate to account for the CIL project. Effectively the tax assessment and asset derecognition increased the effective tax rate by 27.0% for the 2018 financial year.
  - Current tax increased in Q4-2018 by $6.2 million compared to Q3-2018 due to the inclusion of the $4.8 million provision for the tax assessment noted above as well as the tax impacts associated to the ARO change also noted above.

5.2. CASH FLOW

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

Table 16: Free cash flow[1]

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
$(000's)	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Gold ounces sold	173,424	134,159	139,405	612,103	392,515
Realised gold price	1,198	1,161	1,228	1,228	1,199
Revenue	207,784	155,764	171,185	751,957	470,643
Total cash costs	(96,225)	(86,211)	(64,165)	(354,685)	(222,368)
Royalties	(10,338)	(8,293)	(9,034)	(41,068)	(23,270)
Corporate costs	(8,001)	(5,888)	(7,727)	(26,573)	(23,126)
Sustaining capital[1]	(8,123)	(7,752)	(8,909)	(26,051)	(22,812)
Sustaining exploration[1]	-	(1,839)	(373)	(7,223)	(7,756)
All-in Sustaining Margin from continuing operations[1]	**85,097**	**45,781**	**80,976**	**296,356**	**171,311**
Less: Non-sustaining capital[1]	(39,026)	(16,559)	(21,347)	(70,122)	(43,900)
Less: Non-sustaining exploration[1]	(6,045)	(5,832)	(2,760)	(41,860)	(24,938)
All-In Margin from continuing operations[1]	**40,025**	**23,390**	**56,869**	**184,374**	**102,473**
Operating working capital changes as per statement of cash flows	78,901	(33,558)	(8,866)	(10,087)	(1,600)
Changes in long-term inventories	(11,145)	(8,835)	-	(30,248)	-
Changes in long-term receivables	(13,322)	-	-	(13,322)	-
Taxes paid	(6,012)	(10,090)	(5,414)	(24,018)	(14,192)
Interest paid, financing fees and lease repayment	(11,405)	(14,258)	2,979	(47,937)	(14,422)
Cash settlements on hedge programs, gold collar premiums	5,101	3,019	-	5,795	(3,658)
Net free cash flow from continuing operations[1]	**82,143**	**(40,332)**	**45,568**	**64,557**	**68,601**
Growth projects[1]	(36,199)	(68,020)	(91,548)	(266,932)	(317,313)
Exploration expense[2]	-	(2,583)	381	(7,621)	(5,284)
M&A Activities[3]	33,179	-	7,501	33,179	(54,277)
Cash paid on settlement of share appreciation rights, DSUs and PSUs	(3,908)	-	-	(8,355)	(3,509)
Net equity proceeds/(dividends)	41	(1,956)	30,258	(1,356)	107,755
Restructuring costs	-	-	(4,988)	-	(6,976)
Proceeds (repayment) of long-term debt	60,000	80,000	-	(70,000)	160,000
Convertible senior bond	-	-	-	330,000	-
Other (foreign exchange gains/losses and other)	(4,717)	(6,591)	3,974	(25,029)	(8,905)
Cashflows used by discontinued operations	(43,761)	(5,373)	6,210	(47,123)	58,316
Cash inflow/(outflow) for the period	**86,779**	**(44,855)**	**(2,644)**	**1,320**	**(1,592)**

1. Non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.
2. Exploration expense per the statement of comprehensive earnings (loss). This cash outflow relates to expenditure on greenfield exploration activity.
3. M&A activities include acquisition and disposal costs, as well as any cash received from disposed operations.

- All-in margin from continuing operations for Q4-2018 was a gain of $40.0 million with an annual gain of $184.4 million. The year to date increase is driven by the first full year of operations from Houndé. The increase in the quarterly margin compared to Q3-2018 is due to increased production and subsequent sales across the group following the wet season.
- Long-term receivables of $13.3 million for Q4-2018 and FY-2018 consist primarily of the net smelter royalty surrounding the sale of the Tabakoto mine. This royalty is not expected to be received in the current period and has been classified as long-term as at December 31, 2018.
- Interest paid, financing fees and lease repayments were $11.4 million Q4-2018 and $47.9 million for the FY-2018. The annual increase when compared to FY-2017 is due to increased levels of group debt and leasing. The decrease in the quarterly balance when compared to Q3-2018 relates to the Corporation having to pay financing and other fees in the prior quarter associated to the RCF draw down.
- Net free cash flow from continuing operations for Q4-2018 was an inflow of $82.1 million with an inflow of $64.6 million for FY-2018. The FY-2018 figure is in line with prior year due to the net impact of increase income from Houndé operations being offset against working capital outflows. Q4-2018 is significant improved on the Q3-2018 period due to the $78.9 million working capital inflow which is described in the section below.

- Growth projects cash outflow was $36.2 million for Q4-2018 and $266.9 million in FY-2018. The full year outflow was driven by $235.0 million spent on the Ity CIL project, $13.4 million on the tailings storage facility construction and Bouéré development at Houndé, $11.3 million on Kalana and $7.2 million of capital expenditure on IT systems. The decrease in spending Q4-2018 when compared to Q3-2018 relates to the reduction in spending at the CIL project as it nears completion.
- Cash outflows from discontinued operations were $43.8 million for Q4-2018 and $47.1 million for the FY-2018. The annual outflow is associated to the equipment expenditure on site during the year to replace the machinery.
  The FY-2018 cash outflows from discontinued operations consisted of:
  - Operating cash flows generated from discontinued operations were an outflow of $0.3 million.
  - Investing cashflows used by discontinued operations were an outflow for $40.7 million. The key driver for this outflow is associated to the cash spent on capital expenditure during the year to purchase the new machinery required to operate.
  - Financing cashflows used by discontinued operations were an outflow of $6.1 million.

Working Capital and Long-term inventory

As expected, there was a working capital cash inflow in Q4-2018, amounting to $78.9 million, reducing the total outflow to $10.1 million for the year. The main components for the full year outflow were:

- Receivables were a FY-2018 outflow of $4.7 million. The 2018 outflow primarily related to an increase in VAT receivables at the Burkina Faso mine sites (Karma and Houndé) of $5.4 million and the recognition of $8.8 million for the current portion of the Tabakoto sale receivable. This was offset partly by a reduction in other receivable balances during the year across the Corporation.
- Inventories were a FY-2018 outflow of $17.2 million relating primarily to a build up of stockpiles at Houndé which totalled $28.8 million at year end. This was offset by a decrease at Ity where mining operations is winding down, as well as Karma where inventory levels are being reduced to optimised levels. When looking at the movement on the balance sheet we note that the cash and non-cash increase in stockpiles for the period has been net against non-cash write downs on stockpiles at Karma as documented in Note 7 of the financial statements.
- Prepayments are a FY-2018 $5.3 million inflow due to a prepayment for strategic spares at Houndé that was in place at year end 2017. These have since been received and are accounted for as part of long-term inventory.
- Trade and other payables are a $6.5 million inflow FY-2018. At year end there was a $12.4 million outflow at Karma due to a change in supplier terms from last year and $12.5 million outflow in payables at Agbaou which was the result of the site having a logistical issue in paying a key supplier in the prior period. This was offset against an inflow in trade payables of $21.9 million across Ity and Houndé.

The changes in long-term inventories relate to a new policy that was adopted by the group and is consistent with IAS 1, whereby strategic spare parts and stockpiled material that will not be processed within 12 months is treated as a non-current asset. The outflow in the year represents the build-up of this newly classified item. The largest stockpile increase was at Karma which had a closing balance of $16.4 million while Ity had a stockpile at year end of $7.5 million and Houndé had a closing stockpile of $6.4 million.

5.3. BALANCE SHEET

Table 17: Balance sheet

($000s)	As at December 31, 2018	As at September 30, 2018	As at December 31, 2017
ASSETS			
Cash	124,022	37,243	122,702
Cash-restricted	1,073	802	1,327
Trade and other recievables	57,782	61,186	50,698
Income taxes receivable	-	-	627
Inventories	126,353	162,257	134,766
Current portion of derivative financial assets	1,636	16,814	-
Prepaid expenses and other	16,975	35,672	44,514
CURRENT ASSETS	***327,841***	***313,973***	***354,634***
Mining interests	1,543,842	1,529,967	1,310,638
Deferred income taxes	4,186	5,926	6,267
Other long term assets	46,174	41,916	14,658
TOTAL ASSETS	**1,922,043**	**1,891,782**	**1,686,197**
LIABILITIES			
Trade and other payables	177,322	110,685	215,661
Current portion of equipment finance obligations	24,034	5,923	17,658
Income taxes payable	47,064	37,378	2,746
CURRENT LIABILITIES	***248,420***	***153,986***	***236,065***
Equipment finance obligations	76,347	52,182	36,744
Long-term debt	542,248	456,679	286,440
Other long term liabilities	41,877	38,861	52,615
Deferred income taxes	68,818	70,915	73,712
LONG TERM LIABILITIES	***729,290***	***618,637***	***449,511***
TOTAL LIABILITIES	**977,710**	**772,623**	**685,576**
Share capital	1,743,661	1,738,410	1,735,074
Equity reserve	65,452	63,435	56,041
Deficit	(951,107)	(771,395)	(806,251)
Non-controlling interest	86,327	88,709	15,757
TOTAL EQUITY	**944,333**	**1,119,159**	**1,000,621**
TOTAL EQUITY AND LIABILITIES	**1,922,043**	**1,891,782**	**1,686,197**

Net Debt Position

The following table summarises the Corporation's net debt position as at December 31, 2018, September 30, 2018, and December 31, 2017.

Table 18: Net debt position

$'(000's)	December 31, 2018	September 30, 2018	December 31, 2017
Cash	124,022	33,302	122,702
Less: Equipment finance obligation	(100,381)	(68,679)	(54,402)
Less: Convertible senior bond	(330,000)	(330,000)	-
Less: Drawn portion of $350 million RCF	(230,000)	(170,000)	(300,000)
Net Debt	**(536,359)**	**(535,377)**	**(231,700)**
Net Debt / Adjusted EBITDA LTM ratio	**1.97**	**1.79**	**1.05**

Adjusted EBITDA ratio is per Table 22 and is calculated using the trailing twelve months Adjusted EBIDTA as presented in prior reporting

Equipment Finance Obligations

The equipment finance obligation relates to leased Komatsu mining equipment at the Houndé mine and for the Ity CIL Project where mining equipment has been delivered and will be used in mining operations when they commence. Second batches of Komatsu equipment were commissioned in Q4-2018 at Ity and Houndé.

Table 19: Equipment Finance Obligations

	December 31, 2018	September 30, 2018	December 31, 2017
Houndè Mine	50,378	38,748	48,142
Ity Mine	50,003	29,931	-
Tabakoto	-	-	6,360
Present value of minimum finance payments	**100,381**	**68,679**	**54,402**

Convertible Senior Notes (Long-term Debt)

On February 6, 2018, the Corporation completed a private placement of convertible senior notes with a total principal amount of $330.0 million due in 2023 (the "Notes"). The initial conversion rate is 41.84 of the Corporation's common shares ("Shares") per $1,000 Note, or an initial conversion price of approximately $23.90 (CAD$29.47) per share.

The Notes bear interest at a coupon rate of 3% payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2018. The Notes mature on February 15, 2023, unless earlier redeemed, repurchased or converted in accordance with the terms of the Notes. The Corporation may, subject to certain conditions, elect to satisfy the principal amount due at maturity or upon redemption through the payment or delivery of any combination of Shares and cash.

The key terms of the Notes include:

- Principal amount of $330.0 million.
- Coupon rate of 3% payable on a semi-annual basis.
- The term of the notes is 5 years, maturing in February 2023.
- The notes are reimbursable through the payment or delivery of shares or, and cash.
- The initial conversion price is $23.90 (CAD $29.47) per share.
- The reference share price of the notes is $18.04 (CAD $22.24) per share.

For accounting purposes, the Corporation measures the Notes at amortised cost, accreted to maturity over the term of the Notes. The conversion option is an embedded derivative and is accounted for as a financial liability measured at fair value through the profit or loss, as the Corporation has the ability to settle the option at fair value in cash, common shares, or a combination of cash and common shares in certain circumstances.

Revolving Credit Facility (Long-term Debt)

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

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

On March 9, 2018, the Corporation repaid $280.0 million on the new RCF. To align with the reduction in the amount available under the new RCF, $3.6 million of deferred financing charges were expensed in the quarter ended March 31, 2018. No further reductions have been made.

The key terms of the RCF include:

- Principal amount of $350.0 million.
- Interest accrues on a sliding scale of between LIBOR plus 2.95% to 3.95% based on the Corporation's leverage ratio
- Commitment fees for the undrawn portion of the new RCF of 1.03%.
- The term of the new RCF is four years, maturing in September 2021.
- The principal outstanding on the new RCF is repayable as a single bullet payment on the maturity date.
- Banking syndicate includes Société Générale, ING, Citibank N.A., Investec Bank Plc, Macquarie Bank Ltd, Barclays Bank PLC, HSBC and BMO.
- The RCF can be repaid at any time without penalty.

Other long-term liabilities

The main component of the Group's other long-term liabilities is the environmental rehabilitation provision which was $38.6 million at December 31, 2018. The Corporation's mining and exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing. The Corporation has made, and intends to make in the future, provisions to comply with such laws and regulations or constructive obligations. The Corporation records a liability for the estimated future rehabilitation costs and decommissioning of its operating mines and development projects at the time the environmental disturbance occurs, or a constructive obligation is determined.

Equity and Capital

Endeavour Mining's authorised capital is 300,000,000 shares divided into 200,000,000 ordinary shares with a par value of $0.10 each and 100,000,000 undesignated shares; no undesignated shares have been issued. The table below summarises Endeavour Mining's share structure at December 31, 2018.

Table 20: Outstanding shares

	December 31, 2018	September 30, 2018	December 31, 2017
Shares issued and outstanding	108,081,596	107,751,755	107,533,007
Stock options	50,535	50,535	144,877

As at March 5, 2018, the Corporation had 109,770,805 shares issued and outstanding, as well as 22,011 stock options outstanding.

Financial instruments

In the twelve months ended December 31, 2018, the Corporation implemented a deferred premium collar strategy ("Collar") using written call options and bought put options for the 15-month period from February 2018 to April 2019. The program covers a total of 400,000 ounces, representing approximately 50% of Endeavour's total estimated gold production for the period, with a floor price of $1,300 per ounce and ceiling price of $1,500 per ounce.

The Collar was not designated as a hedge by the Corporation and was recorded at its fair value at the end of each reporting period with changes in fair value recorded in the consolidated statement of comprehensive loss.

As at December 31, 2018, 133,238 ounces remain outstanding under the Collar derivative liability. An unrealized gain of $1.6 million was recognized for the year ended December 31, 2018.

The total premium payable for entering into the Collar of $8.7 million is included as part of the Collar fair value and will be cash-settled on a net basis as monthly contracts mature. In the year ended December 31, 2018, the Corporation received $6.0 million for settlements of the Collar, included in realized gains on derivative financial instruments.

5.4. ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS

New accounting policies

The Corporation has reviewed the impact of revised or new IFRS standards that have been issued effective 1 January 2018. The following evaluates the expected impact of the standards on the Corporation's accounting policies and financial statements:

- IFRS 9, Financial Instruments: (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities. In July 2014, IFRS 9 Financial Instruments was issued as a complete standard, including the requirements previously issued related to classification and measurement of financial assets and liabilities, and additional amendments to introduce a new expected loss impairment model for financial assets including credit losses. The Corporation has adopted this standard on the effective date of January 1, 2018. IFRS 9 replaced the multiple classification and measurement models for financial assets that currently exist under IAS 39 Financial Instruments, and the basis on which financial assets are measured will determine their classification as either, at amortized cost, fair value through profit and loss, or fair value through other comprehensive income.
- IFRS 15 Revenue, The Corporation has adopted the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018. The principle of IFRS 15 Revenue principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. Specifically, IFRS 15 introduces a five-step approach to revenue recognition with an entity recognizing revenues when a performance obligation is satisfied, which is when "control" of the goods have transferred to the customer. Upon evaluating the transfer of control, the Corporation concluded there is no material change in the timing of revenue recognized under the new standard. The point of transfer of risks and rewards for goods and services under IAS 18 compared to the transfer of control under IFRS 15 occur at the same time based on contractual terms, the delivery of gold doré. For the purposes of evaluating variable consideration, the Corporation reviewed historical assay results and adjustments, as well as variable consideration with regards to timing of residual precious metal pricing. All these factors were considered insignificant and therefore no changes to revenue were recorded upon the adoption of IFRS 15.
- The Corporation has determined that there is no impact of the change in the accounting policy in the accounting for revenue at the transition date.

The Corporation has not applied the following standards that has been issued but was not yet effective at December 31, 2018.

- IFRS 16 Leases (effective January 1, 2019), was issued in January 2016, which replaces IAS 17 "Leases" and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases, with exemptions for lease terms 12 months or less, or the underlying asset has a low value.
- The Corporation will adopt IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach. Under the modified retrospective approach, the Corporation will not restate the financial statements on a retrospective basis, but in retained earnings as of the date of adoption.
- Upon adoption, the Corporation will elect not to recognize assets and lease liabilities for short-term leases which have a lease term of 12 months or less, and leases of low value assets. Lease payments for these leases will be recognized as an expense over the lease term
- The Corporation expects to recognize upon adoption right of use assets and lease liabilities related to the Corporation's contracts with equipment, building rentals, and mining service contracts. Based on the current assessment of the expected impact of IFRS 16, the Corporation expects that the new standard will result in the recognition of right of use assets and liabilities at the transition date. The nature of the expenses related to these leases will change resulting in a depreciation charge for assets and interest expense on the lease liabilities. The Corporation is currently finalizing the impact of this standard on its consolidated statements of comprehensive earnings/(loss) or the consolidated statements of cash flows.

Critical judgements and key sources of estimation uncertainty

The Corporation's management has made critical judgments and estimates in the process of applying the Corporation's accounting policies to the consolidated financial statements that have significant effects on the amounts recognised in the Corporation's consolidated financial statements. These estimates include commencement of commercial production, determination of economic viability, functional currency, business combinations, exchangeable shares, and capitalisation of waste stripping. There have been no significant changes compared to December 31, 2017.

6. NON-GAAP MEASURES

6.1. ALL-IN SUSTAINING MARGIN AND ADJUSTED EBITDA

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use the all-in sustaining margin and adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") to evaluate the Corporation's performance and ability to generate cash flows and service debt. These do not have a standard meaning and are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The following tables provide the illustration of the calculation of this margin and Adjusted EBITDA, for the three months ended December 31, 2018, September 30, 2018, and September 30, 2017 and twelve months ended December 31, 2018 and December 31, 2017.

Table 21: All-In Sustaining Margin[1]

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
($'000)	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Revenues	207,784	155,764	171,185	751,957	470,643
Less: Royalties	(10,338)	(8,293)	(9,034)	(41,068)	(23,270)
Less: Total cash costs	(96,225)	(86,211)	(64,165)	(354,685)	(222,368)
Less: Corporate G&A	(8,001)	(5,888)	(7,727)	(26,573)	(23,126)
Less: Sustaining capital	(8,123)	(7,752)	(8,909)	(26,051)	(22,812)
Less: Sustaining exploration	-	(1,839)	(373)	(7,223)	(7,756)
All-in sustaining margin from continuing operations	**85,097**	**45,781**	**80,976**	**296,356**	**171,311**

[1]*Data does not include Tabakoto or Nzema.*

Table 22: Adjusted EBITDA

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
($'000)	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Earnings/(loss) from continuing operations before taxes[1]	(15,238)	30,747	46,436	78,575	45,480
Add back: Depreciation and depletion[1]	50,116	35,911	33,410	169,069	88,752
Add back: Acquisiton and restructuring costs[1]	-	-	4,018	-	14,132
Add back: Other income (expenses)[1]	402	173	4,687	1,558	2,242
Add back: Finance costs[1]	4,947	6,679	(1,536)	23,671	17,623
Add back: (Gains)/losses on financial instruments[1]	16,239	(24,755)	(2,944)	(8,035)	3,327
Adjusted EBITDA from continuing operations	**56,466**	**48,755**	**84,071**	**264,838**	**171,556**

[1.] *Found on the consolidated statement of comprehensive earnings.*

6.2. CASH AND ALL-IN SUSTAINING COST PER OUNCE OF GOLD SOLD

The Corporation reports cash costs based on ounces sold. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors may find this information useful. However, there are no standardised meanings, and therefore this additional information and should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with GAAP. The following table provides a reconciliation of cash costs per ounce of gold sold (including the ounces sold from ore purchased), for the for the three months ended December 31, 2018, September 30, 2018, and September 30, 2017 and twelve months ended December 31, 2018 and December 31, 2017.

Table 23: Cash Costs

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
$'000's except ounces sold	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Operating expenses from mine operations	(124,832)	(86,238)	(66,171)	(386,926)	(224,270)
Non-cash and other adjustments	28,607	27	2,006	32,241	1,903
Cash costs from continuing operations	**(96,225)**	**(86,211)**	**(64,165)**	**(354,685)**	**(222,368)**
Operating expenses from discontinued operations[1]	(35,144)	(30,310)	(51,900)	(145,108)	(228,605)
Non-cash and other adjustments from discontinued operations[1]	209	2,960	1,547	23,518	6,958
Total cash costs[1]	(131,160)	(113,560)	(114,518)	(476,275)	(444,015)
Gold ounces sold[1]	202,823	160,010	190,511	727,311	654,393
Total cash cost per ounce of gold sold[1]	**647**	**710**	**601**	**655**	**679**
Excluding discontinued operations					
Cash costs from continuing operations	(96,225)	(86,211)	(64,165)	(354,685)	(222,368)
Gold ounces sold	173,424	134,159	139,405	612,103	392,515
Total cash cost per ounce from continuing operations	**555**	**643**	**460**	**579**	**567**

1. *Figures include Tabakoto and Nzema.*

The Corporation is reporting all-in sustaining costs per ounce sold. The methodology for calculating all-in sustaining costs per ounce was developed internally and is calculated below. This non-GAAP measure provides investors with transparency regarding the total cash cost of producing an ounce of gold in each period. Readers should be aware that this measure does not have a standardised meaning. It is intended to provide additional information and should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with GAAP.

Table 24: All-In Sustaining Costs

$'000's except ounces sold	THREE MONTHS ENDED December 31, 2018	September 30, 2018	December 31, 2017	TWELVE MONTHS ENDED December 31, 2018	December 31, 2017
Total cash cost for ounces sold[1]	(131,160)	(113,560)	(114,518)	(476,275)	(444,015)
Royalties[1]	(12,510)	(10,158)	(12,937)	(49,816)	(42,632)
Corporate G&A[1]	(8,001)	(5,888)	(7,727)	(26,573)	(23,126)
Sustaining capital[1]	(14,236)	(15,256)	(13,748)	(53,467)	(48,414)
Sustaining exploration	-	(1,839)	(661)	(7,223)	(10,157)
All-in sustaining costs from all operations	(165,907)	(146,702)	(149,592)	(613,354)	(568,344)
Gold ounces sold[1]	202,823	160,010	190,511	727,311	654,393
All-in sustaining cost per ounce sold	**818**	**917**	**785**	**843**	**869**
Excluding discontinued operations					
add back: all-in sustaining costs from Nzema and Tabakoto	43,221	36,710	59,135	157,754	266,652
All-in sustaining costs from continuing operations	(122,686)	(109,992)	(90,457)	(455,600)	(301,692)
Gold ounces sold	173,424	134,159	139,405	612,103	392,515
All-in sustaining costs per ounce sold from continuing operations	**707**	**820**	**649**	**744**	**769**

1. Figures include Tabakoto and Nzema.

Table 25: Sustaining and non-sustaining capital

($'000)	THREE MONTHS ENDED December 31, 2018	September 30, 2018	December 31, 2017	TWELVE MONTHS ENDED December 31, 2018	December 31, 2017
Expenditures and prepayments on mining interests[1]	**155,467**	**133,961**	**154,261**	**549,379**	**483,418**
Non-sustaining capital expenditures	(28,894)	(16,559)	(21,347)	(70,122)	(43,900)
Non-sustaining exploration	(6,045)	(5,832)	(2,760)	(37,296)	(24,938)
Sustaining exploration	-	(1,839)	(661)	(7,223)	(10,157)
Growth projects[2]	(106,292)	(94,483)	(115,745)	(381,271)	(356,009)
Sustaining Capital	**14,236**	**15,248**	**13,748**	**53,467**	**48,414**

1. Per note 10 of the audited consolidated financial statements which include all additions from Tabakoto.
2. Total expenditure for growth projects in the period. The amounts do not agree to the free cash flow as those figures reflect the amounts physically paid.

6.3. ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER SHARE

Net earnings have been adjusted for items considered exceptional in nature and not related to Endeavour Mining's core operation of mining assets. The presentation of adjusted net earnings may assist investors and analysts to understand the underlying operating performance of our core mining business. However, adjusted net earnings and adjusted net earnings per share do not have a standard meaning under IFRS. They should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with IFRS and are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS.

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

Table 26: Adjusted net earnings

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
($'000)	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Total net (loss)	(129,557)	(20,394)	(133,824)	(137,735)	(177,384)
Net loss from discontinued operations	95,658	35,705	172,787	154,795	217,553
Deferred income tax (recovery)/expense	(2,551)	(2,007)	4,491	(5,007)	(4,775)
Loss/(gain) on financial instruments	16,239	(24,755)	(2,944)	(8,035)	3,327
Other income/(expenses)	402	173	4,687	1,558	2,242
Share-based compensation	8,147	4,007	4,562	24,931	23,137
Acquisition and restructuring costs	-	-	4,018	-	14,132
Tax impact of adjusting items[1]	4,886	6,942	-	11,828	(11,828)
Non-cash and other adjustments	28,607	27	2,006	32,241	1,903
Adjusted net earnings	**21,831**	**(302)**	**55,784**	**74,575**	**68,307**
Attributable to non-controlling interests	**5,560**	**1,106**	**3,177**	**21,444**	**14,205**
Attributable to shareholders of the Corporation	**16,271**	**(1,408)**	**52,607**	**53,132**	**54,102**
Weighted average number of shares issued and outstanding	107,853,421	107,747,004	107,727,522	107,741,182	106,820,155
Adjusted net earnings per share (basic) from continuing operations	**0.15**	**(0.01)**	**0.49**	**0.49**	**0.51**

1. Tax impact of adjusting items relates to tax true-ups from prior periods recognised in the current period.
2. The non-cash and other adjustments figure of $32.2 million FY-2018 is driven by the non-cash inventory adjustment made at Karma during the year to write down inventory.

6.4. FREE CASH FLOW AND ADJUSTED CASH FLOW

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use free cash flow to assess the Corporation's ability generate and manage liquid resources. These terms do not have a standard meaning and are intended to provide additional information. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Table 27: Adjusted Operating Cash Flow (AOCF) and AOCF per share

	THREE MONTHS ENDED			YEAR ENDED	
(in US$ million unless stated otherwise)	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
CASH GENERATED FROM OPERATING ACTIVITIES	**131**	**12**	**84**	**251**	**223**
Add back changes in non-cash working capital	79	(34)	4	(10)	(2)
OPERATING CASH FLOWS BEFORE NON-CASH WORKING CAPITAL	**53**	**45**	**14**	**261**	**159**
Divided by weighted average number of O/S shares, in millions	108	108	9	108	107
OPERATING CASH FLOW PER SHARE	**0.49**	**0.42**	**1.47**	**2.43**	**1.49**

6.5. NET DEBT AND NET DEBT/ADJUSTED EBITDA RATIO

The Corporation is reporting Net Debt and Net Debt/Adjusted EBITDA ratio. This non-GAAP measure provides investors with transparency regarding the liquidity position of the Corporation. It is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The calculation of net debt is shown in table 18, calculated as nominal undiscounted debt including leases, less cash. The following table explains the calculation of net debt/Adjusted EBITDA ratio using the last twelve months of Adjusted EBITDA.

Table28: Net Debt/ Adjusted EBITDA ratio

$'(000's)	December 31, 2018	September 30, 2018	December 31, 2017
Net Debt	536,359	535,377	231,700
Trailing twelve month Adjusted EBITDA[1]	271,610	299,507	219,912
Net Debt / Adjusted EBITDA LTM ratio	**1.97**	**1.79**	**1.05**

[1] Trailing twelve month Adjusted EBITDA is as reported in previous filings. Prior quarter results include Tabktoto and Nzema which were discontinued as at Q2-2018 and Q4-2017 respectively.

7. QUARTERLY AND ANNUAL FINANCIAL AND OPERATING RESULTS

The following tables summarise the Corporation's financial and operational information for the last eight quarters and three fiscal years. The significant factors affecting results in the quarters presented below are volatility of realised gold prices, the addition of the Houndé mine in Q4-2017, non-cash inventory write downs at Tabakoto, and non-cash impairment of the Nzema mineral interest.

Table 29: 2018 - 2017 Quarterly Key Performance Indicators

		FOR THE THREE MONTHS ENDED			
($000's)	Unit	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Gold ounces sold	oz	173,424	134,159	150,732	185,151
Gold revenues	$	207,784	155,764	189,515	240,281
Cash flows from continuing operations	$	11,569	11,569	59,566	48,303
Earnings from mine operations	$	22,498	25,322	43,077	66,140
Net earnings (loss) and total comprehensive earnings (loss)	$	(129,557)	(20,394)	(15,443)	27,659
Net earnings (loss) attributable to shareholders	$	(31,515)	(16,775)	(15,311)	13,092
Basic earnings (loss) per share from continuing operations	$	(0.29)	0.14	0.04	0.12
Diluted earnings (loss) per share from continuing operations	$	(0.29)	0.14	0.04	0.12

Table 30: 2017 - 2016 Quarterly Key Performance Indicators

		FOR THE THREE MONTHS ENDED			
($'000' except ounces sold)	Column 2	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Gold ounces sold	oz	190,511	110,789	127,355	162,308
Gold revenues	$	206,550	135,110	185,497	193,140
Cash flows from operations	$	82,497	55,164	27,302	53,291
Earnings from mine operations	$	55,660	7,442	37,945	27,115
Net earnings (loss) and total comprehensive earnings (loss)	$	(133,824)	(64,522)	17,268	(2,190)
Net earnings (loss) attributable to shareholders	$	(101,832)	(64,104)	13,444	(7,714)
Basic earnings (loss) per share from continuing operations	$	(1.24)	(0.26)	0.14	(0.08)
Diluted earnings (loss) per share from continuing operations	$	(1.24)	(0.26)	0.14	(0.08)

Table 31: Annual Key Performance Indicators[1]

($000'except per share amounts)	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Gold ounces sold	612,103	667,569	545,689	519,812
Gold revenues	751,957	470,643	566,486	522,652
Cash flows from operations	1,320	221,791	153,897	147,301
Earnings from mine operations	78,575	121,926	170,610	59,949
Net earnings (loss) and total comprehensive earnings (loss)	17,060	(177,068)	(52,423)	35,601
Net earnings (loss) attributable to shareholders	(65)	(156,337)	(66,722)	18,227
Basic earnings (loss) per share	(0.00)	(1.59)	(0.83)	0.42
Diluted earnings (loss) per share	(0.00)	(1.59)	(0.83)	0.42
Total assets	1,922,043	1,693,511	1,357,098	1,054,318
Total long term financial liabilities	118,224	451,705	246,811	303,483
Total attributable shareholders' equity	858,006	984,864	908,789	564,103
Adjusted earnings per share[2]	0.49	0.60	0.51	0.91

1. 2016 comparative period is presented as per the year-end 2017 consolidated financial statements, and the 2015 data is presented as in the 2016 consolidated financial statements.

2. The adjusted net earnings per share is inclusive of the prior period tax adjustment included in the September 2018 adjusted earnings per share.

8. RISK FACTORS

Readers of this MD&A should consider the information included or incorporated by reference in this document and the Corporation's audited consolidated financial statements and related notes for the period ending December 31, 2018. The nature of the Corporation's activities and the locations in which it works mean that the Corporation's business generally is exposed to significant risk factors, many of which are beyond its control. The Corporation examines the various risks to which it is exposed and assesses any impact and likelihood of those risks. For discussion on all the risk factors that affect the Corporation's business generally, which are incorporated into this MD&A by reference, please refer to the most recent Annual Information Form filed on SEDAR at http://www.sedar.com/, and the 2018 year-end audited consolidated financial statements. Certain (though not all) risks that affect the financial statements specifically (or that are reasonably likely to affect them in future) are discussed below.

8.1. FINANCIAL RISKS

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Corporation by failing to discharge its obligations. There has been no change in the Corporation's objectives and policies for managing this risk in the quarter ended December 31, 2018. The Corporation's maximum exposure to credit risk is as follows:

Table 32: Exposure to credit risk

($'000)	December 31,2018	September 30, 2018	December 31, 2017
Cash	124,022	33,302	122,702
Cash - restricted	1,073	658	1,327
Trade and other receivables	57,782	60,629	50,698
Working capital loan	491	1,050	1,062
Derivative financial assets	1,636	16,814	-
Marketable securities	497	497	981
Long-term receivable	13,446	141	208
	198,947	**113,091**	**176,978**

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements.

Currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations including its capital expenditures. Gold is sold in US dollars and the Corporation's costs are incurred principally in CFA Franc, Canadian dollars, Euros, Australian dollars, UK pounds, and US dollars. The Corporation also holds cash and cash equivalents, marketable securities, and other receivables that are denominated in non-US dollar currencies which are subject to currency risk. The Corporation has not hedged its exposure to foreign currency exchange risk. Therefore, changes in currency exchange rates as well as associated transaction costs could adversely affect the Corporation's 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 several factors that are beyond the Corporation's control. 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.

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

Table 33: Net assets in foreign currencies

($'000)	December 31, 2018	September 30, 2018	December 31, 2017
Canadian dollar	309	309	107
CFA Francs	26,615	43,275	(696)
Euro	919	919	-
Other currencies	2,707	2,707	2,843
	30,550	**47,210**	**2,254**

The effect on earnings before taxes as at December 31, 2018, of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above mentioned financial and non-financial assets and liabilities of the Corporation is estimated to be $7.2 million (December 31, 2017, $0.2 million), assuming that all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at December 31, 2018.

Interest rate risk

Interest rate risk is the risk that future cash flows from, or the fair values of, the Corporation's financial instruments will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk primarily on its long-term debt. Since marketable securities and government treasury securities held as loans are short term in nature and are usually held to maturity, there is minimal fair value sensitivity to changes in interest rates. The Corporation continually monitors its exposure to interest rates and is comfortable with its exposure given the relatively low short-term US interest rates and LIBOR.

The effect on earnings and other comprehensive loss before tax as at December 31, 2018, of a 10% change in the LIBOR rate on the RCF is estimated to be $0.6 million (December 31, 2017 - $0.1 million).

Price risk

Price risk is the risk that the fair value or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market prices. There has been no change in the Corporation's objectives and policies for managing this risk and no significant changes to the Corporation's exposure to price risk during the quarter ended December 31, 2018.

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

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

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

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

The Corporation's business could be adversely affected by global financial conditions

Global financial conditions have been characterized by ongoing volatility. Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Such events are illustrative of the effect that events beyond the Corporation's control may have on commodity prices, demand for metals, including gold, availability of credit, investor confidence and general financial market liquidity, all of which affect the Corporation's business.

9. CONTROLS AND PROCEDURES

9.1. DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). Additionally, these controls and procedures provide reasonable assurance that information required to be disclosed in the Corporation's annual and interim filings (as such terms are defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) and other reports filed or submitted under Canadian securities law is recorded, processed, summarised and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management including the CEO and CFO as appropriate to allow timely decisions regarding required disclosure.

As at December 31, 2018, management evaluated the design and operating effectiveness of the Corporation's disclosure controls and procedures as required by Canadian Securities Law. Based on that evaluation, the CEO and CFO concluded that as of December 31, 2018, the disclosure controls and procedures were effective.

There have been no material changes in the Corporation's disclosure controls and procedures since the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Corporation's public disclosures.

9.2. INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation's management, with the participation of its CEO and CFO, is responsible for establishing and maintaining adequate internal controls over financial reporting. Under the supervision of the CFO, the Corporation's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

As at December 31, 2018, management evaluated the effectiveness of the Corporation's internal control over financial reporting as required by Canadian securities laws.

Based on that evaluation of internal control over financial reporting, the CEO and CFO have concluded that, as at December 31, 2018, the internal controls over financial reporting were effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no material changes in the Corporation's internal controls over financial reporting since the year ended December 31, 2018 that have materially affected or are reasonably likely to materially affect the Corporation's internal controls over financial reporting.

9.3. LIMITATIONS OF CONTROLS AND PROCEDURES

The Corporation's management, including the CEO and CFO believe that any disclosure controls and procedures or internal control over financial reporting, can provide only reasonable, but not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the actions of one individual, by collusion of two or more people, or by unauthorised override of the control. Accordingly, because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

9.4. COMMITMENTS AND CONTINGENCIES

- The Corporation has commitments in place at all four of its mines and other key projects for drill and blasting services, load and haul services, supply of explosives and supply of hydrocarbon services.
- The Corporation is subject to operating and finance lease commitments in connection with the purchase of mining equipment, light duty vehicles and workshop and rented office premises.
- The Corporation is, from time to time, involved in various claims, legal proceedings, tax assessments and complaints arising in the ordinary course of business from third parties. The Corporation cannot reasonably predict the likelihood or outcome of these actions. The Corporation does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations.
- The Corporation was recently served in the Cayman Islands with notice of a claim by a former service provider. The Corporation is taking legal advice on the merits of the claim and the probable outcome but intends to vigorously defend against the claims. The Corporation does not believe that the outcome of the claim will have a material impact.
- The Corporation's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Corporation believes its operations are materially in compliance with all applicable laws and regulations. The Corporation has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- The Corporation is obligated to deliver 100,000 ounces of gold (20,000 ounces per year) to Franco-Nevada Corporation and Sandstorm Gold Inc. (the "Syndicate") over a five period in exchange for 20% of the spot price of gold for each ounce of gold delivered (the "ongoing payment"). The amount that was previously advanced for this agreement of $100 million is reduced on each delivery by the excess of the spot price of the gold delivered over the ongoing payment. Following the five-year period, which commenced on March 31, 2016, the Corporation is committed to deliver refined gold equal to 6.5% of the gold production at the Karma Mine for the life of the mine in exchange for ongoing payments. The Corporation must deliver an additional 7,500 ounces between July 2017 and April 2019 in exchange for the additional deposit of $5.0 million received in 2017. The Corporation assumed the gold stream when it acquired the Karma Mine on April 26, 2016. Gold ounces sold to the Syndicate under the stream agreement are recognized as revenue only on the actual proceeds received, which per the agreement is 20% of the spot gold price.

9.5. SUBSEQUENT EVENTS

Increase in Ity ownership

On January 11, 2019, the Corporation increased its ownership stake in the Ity Mine from 80% to 85%. In exchange for the additional 5% interest in the Ity mine (relating to the Société des Mines d'Ity and Société des Mines de Daapleu entities), the Corporation granted the minority shareholder 1,072,305 common shares amounting to a total consideration of approximately $15 million.

Following this transaction, the Corporation owns 85% of the Ity mine, with the Government of Cote d'Ivoire owning 10% and SODEMI (a government owned mining company) owing the remaining 5%.

10. APPENDIX A: DETAILED RESERVES AND RESOURCES

Resources shown inclusive of Reserves	ON A 100% BASIS Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)	ON AN ATTRIBUTABLE BASIS Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)
Agbaou Mine (85% owned)						
Proven Reserves	0.3	1.63	16	0.3	1.63	13
Probable Reserves	8.3	1.67	445	7.1	1.67	379
P&P Reserves	**8.6**	**1.66**	**461**	**7.3**	**1.66**	**392**
Measured Resource (incl. reserves)	1.9	0.87	54	1.6	0.87	46
Indicated Resources (incl. reserves)	7.6	2.51	610	6.4	2.51	518
M&I Resources (incl. reserves)	**9.5**	**2.18**	**664**	**8.1**	**2.18**	**564**
Inferred Resources	0.8	1.72	46	0.7	1.72	39
Houndé Mine (90% owned)						
Proven Reserves	3.5	1.53	174	3.2	1.53	156
Probable Reserves	24.0	2.03	1,566	21.6	2.03	1,409
P&P Reserves	**27.5**	**1.97**	**1,740**	**24.8**	**1.97**	**1,566**
Measured Resource (incl. reserves)	3.6	1.56	180	3.2	1.56	162
Indicated Resources (incl. reserves)	41.2	2.23	2,954	37.0	2.23	2,658
M&I Resources (incl. reserves)	**44.7**	**2.18**	**3,134**	**40.3**	**2.18**	**2,821**
Inferred Resources	3.2	2.64	268	2.8	2.64	241
Ity Mine (85% owned except 100% owned Le Plaque area)						
Proven Reserves	0.0	1.45	2	0.0	1.45	2
Probable Reserves	60.7	1.55	3,036	51.6	1.55	2,581
P&P Reserves	**60.8**	**1.55**	**3,039**	**51.7**	**1.55**	**2,583**
Measured Resource (incl. reserves)	1.4	0.97	44	1.2	0.97	37
Indicated Resources (incl. reserves)	72.2	1.55	3,602	61.5	1.55	3,074
M&I Resources (incl. reserves)	**73.6**	**1.54**	**3,646**	**62.7**	**1.54**	**3,111**
Inferred Resources	19.1	1.34	823	16.3	1.34	706
Karma Mine (90% owned)						
Proven Reserves	1.3	0.56	24	1.2	0.56	22
Probable Reserves	26.2	0.88	740	23.6	0.88	666
P&P Reserves	**27.5**	**0.86**	**764**	**24.8**	**0.86**	**688**
Measured Resource (incl. reserves)	1.3	0.66	28	1.2	0.66	25
Indicated Resources (incl. reserves)	74.0	1.10	2,627	66.6	1.10	2,364
M&I Resources (incl. reserves)	**75.3**	**1.10**	**2,655**	**67.8**	**1.10**	**2,389**
Inferred Resources	17.9	1.34	772	16.1	1.34	695
Kalana Project (80% owned)						
Proven Reserves	5.1	3.00	492	4.1	3.00	394
Probable Reserves	16.6	2.76	1,472	13.3	2.76	1,177
P&P Reserves	**21.7**	**2.81**	**1,964**	**17.4**	**2.81**	**1,571**
Measured Resource (incl. reserves)	9.5	4.19	1,280	7.6	4.19	1,024
Indicated Resources (incl. reserves)	16.3	3.74	1,964	13.1	3.74	1,571
M&I Resources (incl. reserves)	**25.8**	**3.92**	**3,254**	**20.7**	**3.92**	**2,603**
Inferred Resources	1.9	4.41	265	1.5	4.41	212
Fetekro (65% owned)						
Proven Reserves	-	-	-	-	-	-
Probable Reserves	-	-	-	-	-	-
P&P Reserves	**-**	**-**	**-**	**-**	**-**	**-**
Measured Resource (incl. reserves)	-	-	-	-	-	-
Indicated Resources (incl. reserves)	6.9	2.25	499	4.5	2.25	324
M&I Resources (incl. reserves)	**6.9**	**2.25**	**499**	**4.5**	**2.25**	**324**
Inferred Resources	3.0	2.31	221	1.9	2.31	144
Total - Endeavour Mining						
Proven Reserves	10.3	2.13	707	8.8	2.08	587
Probable Reserves	135.8	1.66	7,259	117.1	1.65	6,212
P&P Reserves	**146.2**	**1.70**	**7,967**	**125.9**	**1.68**	**6,799**
Measured Resource (incl. reserves)	17.8	2.78	1,586	14.9	2.71	1,295
Indicated Resources (incl. reserves)	218.1	1.75	12,255	189.1	1.73	10,510
M&I Resources (incl. reserves)	**235.9**	**1.83**	**13,851**	**204.0**	**1.80**	**11,813**
Inferred Resources	45.9	1.62	2,394	39.4	1.61	2,036

The mineral reserves and resources were estimated as at December 31, 2018 in accordance with the provisions adopted by the Canadian Institute of Mining Metallurgy and Petroleum (CIM) and incorporated into the NI 43-101. The Qualified Persons responsible for the mineral reserve and resource estimates are detailed in the following tables.

MINERAL RESOURCES

QUALIFIED PERSON	POSITION	PROPERTY/DEPOSIT
Kevin Harris, CPG	V.P. Resources, Endeavour Mining	Agbaou, Tabakoto (except Kofi A, Kofi C, Blanaid deposits), Colline Sud deposit (Ity), North Kao deposit (Karma), Bouere and Dohoun deposits (Houndé)
Mark Zammit, MAIG	Principal, Cube Consulting Pty Ltd	Ity (except Colline Sud deposit), Vindaloo deposits (Houndé)
Eugene Puritch, P.Eng.	President, P&E Mining Consultants Inc	Karma (except North Kao deposit), Kofi A, Kofi C and Blanaid deposits (Tabakoto)
Ivor Jones, FAusIMM	Principal Consultant, Denny Jones (Pty) Ltd	Kalana Project

MINERAL RESERVES

QUALIFIED PERSON	POSITION	PROPERTY/DEPOSIT
Michael Alyoshin, MAusIMM CP (Min)	An independent consultant	Bouere and Dohoun deposits of Houndé, and North Kao deposit of Karma.
Jan Dharmabandu, FIMMM	Group Manager – Long Term Planning, Endeavour Mining	Ity, Agbaou, Houndé – except Bouere and Dohoun deposits, and Karma – except North Kao.
Allan Earl, FAusIMM	Executive Consultant, Snowden Mining Industry Consultants (Pty) Ltd	Kalana Project, Ity (CIL)

1. 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.
2. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
3. All Mineral Resources are reported inclusive of Mineral Reserves.
4. Tonnages are rounded to the nearest 100,000 tonnes; gold grades are rounded to two decimal place; ounces are rounded to the nearest 1,000oz. Rounding may result in apparent summation differences between tonnes, grade and contained metal.
5. Tonnes and grade measurements are in metric units; contained gold is in troy ounces.
6. The reporting of Mineral Reserves and Resources are based on a gold price as detailed below:

Project[1]	Agbaou	Kalana	Ity	Karma[2]	Houndé	Fetekro
Reserves Au price	1,250	1,200	1,250	1,300	1,250	n.a.
Resources Au price	1,500	1,400	1,500	1,557	1,500	1,500

[1] Cut off grades for all resources open pits are 0.5g/tAu, except at Kalana where the cutoff grade is at 0.9g/tAu and at Karma where the cut-off grade is defined by material type: Oxide=0.2, Transition=0.22 and Sulfide=0.5.
Cut off grades for reserves except for Karma and Kalana vary between 0.4-0.6g/t for Oxide ore, 0.4-0.8g/t for Transition ore & 0.6-0.8g/t for Sulfide ore. For Karma Cut-off grade vary between 0.3-0.4g/t.
[2] North Kao resources has a gold price of $1,500/oz. Gold price for Kao Main and Rambo West reserves is $1350/oz.

The scientific and technical information relating to the Agbaou mine, Ity mine, Karma mine, Houndé mine and Kalana Project contained in this document has been derived from or based on the following technical reports. Copies of the reports are available electronically on SEDAR at www.sedar.com under the Corporation's profile. The Kalana report is available under the Avnel Gold Mining profile on SEDAR.

- Agbaou mine: "Technical Report, Mineral Resource and Reserve Update for the Agbaou Gold Mine, Côte d'Ivoire, West Africa" dated effective December 31, 2014.
- Ity mine: "Ity CIL Project National Instrument 43-101 Technical Report", dated December 9, 2016.
- Ity mine: Reserves and Resources were updated in 2017 after the completion of a Project Optimisation Study. The results were published in the September 20, 2017 press release available on the Corporation's website.
- Karma mine: “Technical Report on an updated Feasibility Study and a Preliminary Economic Assessment for the Karma Gold Project, Burkina Faso, West Africa” dated effective August 10, 2014.
- Houndé mine: "Houndé Gold Project, Burkina Faso, Feasibility Study NI 43-101 Technical Report", dated effective October 31, 2013.
- Houndé mine: Reserves were updated in 2015 by Orelogy "Cost review and Reserve update study", dated February, 2015. Endeavour News Release February 19, 2015
- Kalana Project: "NI 43-101 Technical Report on Kalana Main Project", dated effective March 30, 2016.

Resources shown *inclusive of Reserves, on a 100% basis*	AS AT DECEMBER 31, 2017 Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)	AS AT DECEMBER 31, 2018 Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)
Agbaou Mine						
Proven Reserves	1.0	1.41	44	0.3	1.63	16
Probable Reserves	7.9	2.45	624	8.3	1.67	445
P&P Reserves	**8.9**	**2.34**	**668**	**8.6**	**1.66**	**461**
Measured Resource (incl. reserves)	1.0	1.43	47	1.9	0.87	54
Indicated Resources (incl. reserves)	9.3	2.54	757	7.6	2.51	610
M&I Resources (incl. reserves)	**10.3**	**2.43**	**804**	**9.5**	**2.18**	**664**
Inferred Resources	1.0	1.74	54	0.8	1.72	46
Houndé Mine						
Proven Reserves	3.6	2.25	263	3.5	1.53	174
Probable Reserves	26.5	1.98	1,693	24.0	2.03	1,566
P&P Reserves	**30.2**	**2.02**	**1,957**	**27.5**	**1.97**	**1,740**
Measured Resource (incl. reserves)	3.6	2.40	281	3.6	1.56	180
Indicated Resources (incl. reserves)	33.7	2.01	2,178	41.2	2.23	2,954
M&I Resources (incl. reserves)	**37.3**	**2.05**	**2,459**	**44.7**	**2.18**	**3,134**
Inferred Resources	3.2	2.64	275	3.2	2.64	268
Ity Mine						
Proven Reserves	0.3	1.41	14	0.0	1.45	2
Probable Reserves	58.6	1.59	3,001	60.7	1.55	3,036
P&P Reserves	**58.9**	**1.59**	**3,016**	**60.8**	**1.55**	**3,039**
Measured Resource (incl. reserves)	0.7	0.63	15	1.4	0.97	44
Indicated Resources (incl. reserves)	73.1	1.57	3,680	72.2	1.55	3,602
M&I Resources (incl. reserves)	**73.9**	**1.56**	**3,695**	**73.6**	**1.54**	**3,646**
Inferred Resources	18.7	1.31	785	19.1	1.34	823
Karma Mine						
Proven Reserves	0.7	0.63	15	1.3	0.56	24
Probable Reserves	33.8	0.89	971	26.2	0.88	740
P&P Reserves	**34.6**	**0.89**	**986**	**27.5**	**0.86**	**764**
Measured Resource (incl. reserves)	0.7	0.63	15	1.3	0.66	28
Indicated Resources (incl. reserves)	81.0	1.10	2,856	74.0	1.10	2,627
M&I Resources (incl. reserves)	**81.8**	**1.09**	**2,871**	**75.3**	**1.10**	**2,655**
Inferred Resources	21.4	1.32	909	17.9	1.34	772
Kalana Project						
Proven Reserves	5.1	3.00	492	5.1	3.00	492
Probable Reserves	16.6	2.76	1,472	16.6	2.76	1,472
P&P Reserves	**21.7**	**2.81**	**1,964**	**21.7**	**2.81**	**1,964**
Measured Resource (incl. reserves)	9.5	4.19	1,280	9.5	4.19	1,280
Indicated Resources (incl. reserves)	14.2	3.96	1,810	16.3	3.74	1,964
M&I Resources (incl. reserves)	**23.7**	**4.06**	**3,100**	**25.8**	**3.92**	**3,254**
Inferred Resources	1.7	4.39	240	1.9	4.41	265
Fetekro						
Proven Reserves	-	-	-	-	-	-
Probable Reserves	-	-	-	-	-	-
P&P Reserves	**-**	**-**	**-**	**-**	**-**	**-**
Measured Resource (incl. reserves)	-	-	-	-	-	-
Indicated Resources (incl. reserves)	-	-	-	6.9	2.25	499
M&I Resources (incl. reserves)	**-**	**-**	**-**	**6.9**	**2.25**	**499**
Inferred Resources	-	-	-	3.0	2.31	221
Total from Continuing Operations						
Proven Reserves	10.8	2.39	829	10.3	2.13	707
Probable Reserves	143.5	1.68	7,761	135.8	1.66	7,259
P&P Reserves	**154.3**	**1.73**	**8,590**	**146.2**	**1.70**	**7,967**
Measured Resource (incl. reserves)	15.7	3.25	1,638	17.8	2.78	1,586
Indicated Resources (incl. reserves)	211.3	1.66	11,282	218.1	1.75	12,255
M&I Resources (incl. reserves)	**226.9**	**1.77**	**12,929**	**235.9**	**1.83**	**13,851**
Inferred Resources	46.0	1.53	2,264	45.9	1.62	2,394

Resources shown inclusive of Reserves, on a 100% basis	AS AT DECEMBER 31, 2017 Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)	AS AT DECEMBER 31, 2018 Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)
Tabakoto Mine						
Proven Reserves	2.4	3.32	251	-	-	-
Probable Reserves	2.4	3.40	266	-	-	-
P&P Reserves	**4.8**	**3.36**	**517**	**-**	**-**	**-**
Measured Resource (incl. reserves)	7.4	2.99	715	-	-	-
Indicated Resources (incl. reserves)	12.4	3.03	1,211	-	-	-
M&I Resources (incl. reserves)	**19.9**	**3.01**	**1,925**	**-**	**-**	**-**
Inferred Resources	7.4	3.40	810	-	-	-
Group Total						
Proven Reserves	13.1	2.56	1,080	10.3	2.13	707
Probable Reserves	145.9	1.71	8,027	135.8	1.66	7,259
P&P Reserves	**159.0**	**1.78**	**9,106**	**146.2**	**1.70**	**7,967**
Measured Resource (incl. reserves)	23.1	3.17	2,353	17.8	2.78	1,586
Indicated Resources (incl. reserves)	223.7	1.74	12,492	218.1	1.75	12,255
M&I Resources (incl. reserves)	**246.8**	**1.87**	**14,855**	**235.9**	**1.83**	**13,851**
Inferred Resources	53.5	1.79	3,074	45.9	1.62	2,394

Notes for the period ended December 31, 2018 are available in the section above. Notes for the period ended December 31, 2017 are available in the press release dated March 13, 2018 available on the Corporation's website and on SEDAR.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

CAUTIONARY NOTE REGARDING RESERVES AND RESOURCES

Readers should refer to the most recent Annual Information Form of Endeavour Mining and other continuous disclosure documents filed by Endeavour Mining available at www.sedar.com, for further information on mineral reserves and resources, which is subject to the qualifications and notes set forth therein.

Additional information relating to the Corporation is available on the Corporation's web site at www.endeavourmining.com and in the Corporation's most recently filed Annual Information Form filed on SEDAR at www.sedar.com.

CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended December 31, 2018 and 2017

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Independent Auditor’s Report

To the Shareholders of Endeavour Mining Corporation

Opinion

We have audited the consolidated financial statements of Endeavour Mining Corporation (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management’s Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Joanna Pearson.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, Canada
March 5, 2019

ENDEAVOUR MINING CORPORATION
Consolidated Statements of Financial Position
(Expressed in Thousands of United States Dollars)

In thousands of US$	Note	As at December 31, 2018	As at December 31, 2017
ASSETS			
Current			
Cash		124,022	122,702
Cash - restricted		1,073	1,327
Trade and other receivables	9	57,782	50,698
Income taxes receivable	20	-	627
Inventories	7	126,353	134,766
Current portion of derivative financial assets	19	1,636	-
Prepaid expenses and other	8	16,975	44,514
		327,841	**354,634**
Non-current			
Mining interests	10	1,543,842	1,310,638
Deferred income taxes	20	4,186	6,267
Other long term assets	11	46,174	14,658
Total assets		**$ 1,922,043**	**$ 1,686,197**
LIABILITIES			
Current			
Trade and other payables	12	177,322	213,467
Current portion of finance obligations	13	24,034	17,658
Income taxes payable	20	47,064	2,746
		248,420	**233,871**
Non-current			
Finance obligations	13	76,347	36,744
Long-term debt	14	542,248	286,440
Other long-term liabilities	15	41,877	52,615
Deferred income taxes	20	68,818	75,906
Total liabilities		**$ 977,710**	**$ 685,576**
EQUITY			
Share capital		1,743,661	1,735,074
Equity reserve	16	65,452	56,041
Deficit		(951,107)	(806,251)
Equity attributable to shareholders of the Corporation		**858,006**	**984,864**
Non-controlling interests	17	86,327	15,757
Total equity		**944,333**	**1,000,621**
Total equity and liabilities		**$ 1,922,043**	**$ 1,686,197**

COMMITMENTS AND CONTINGENCIES (NOTE 25)

SUBSEQUENT EVENTS (NOTE 26)

Approved by the Board: March 5, 2019

"Sebastien de Montessus" Director "Wayne McManus" Director

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

ENDEAVOUR MINING CORPORATION
Consolidated Statements of Comprehensive Loss
(Expressed in Thousands of United States Dollars)

In thousands of US$	Note	TWELVE MONTHS ENDED DECEMBER 31, 2018	2017
Revenues			
Gold revenue		751,957	470,643
Cost of sales			
Operating expenses		(386,926)	(224,270)
Depreciation and depletion	10	(169,069)	(88,752)
Royalties		(41,068)	(23,270)
Earnings from mine operations		**154,894**	**134,351**
Corporate costs		(26,573)	(23,126)
Acquisition and restructuring costs	5	-	(14,132)
Share-based compensation	16	(24,931)	(23,137)
Exploration costs		(7,621)	(5,284)
Earnings from operations		**95,769**	**68,672**
Other income/(expenses)			
Gain/(loss) on financial instruments	18	8,035	(3,327)
Finance costs	14	(23,671)	(17,623)
Other expenses		(1,558)	(2,242)
Earnings from continuing operations before taxes		**78,575**	**45,480**
Current income tax recovery/(expense)	20	(66,522)	(10,086)
Deferred income tax recovery/(expense)	20	5,007	4,775
Net and comprehensive earnings from continuing operations		**17,060**	**40,169**
Net loss from discontinued operations	6	(154,795)	(217,553)
Total net and comprehensive loss		**(137,735)**	**(177,384)**
Net earnings/(loss) from continuing operations attributable to:			
Shareholders of Endeavour Mining Corporation		(65)	26,520
Non-controlling interests	17	17,125	13,649
Net earnings/(loss) from continuing operations		**17,060**	**40,169**
Total net earnings/(loss) attributable to:			
Shareholders of Endeavour Mining Corporation		(144,856)	(191,033)
Non-controlling interests	17	7,121	13,649
Total net loss		**$ (137,735)**	**$ (177,384)**
Net earnings/(loss) per share from continuing operations			
Basic earnings/(loss) per share	16	$ (0.00)	$ 0.27
Diluted earnings/(loss) per share	16	$ (0.00)	$ 0.27
Net loss per share			
Basic loss per share	16	$ (1.34)	$ (1.94)
Diluted loss per share	16	$ (1.34)	$ (1.94)

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

ENDEAVOUR MINING CORPORATION
Consolidated Statements of Cash Flows
(Expressed in Thousands of United States Dollars)

In thousands of US$	Note	TWELVE MONTHS ENDED DECEMBER 31, 2018	2017
Operating Activities			
Earnings from continuing operations before taxes [1]		78,575	45,480
Adjustments for:			
Depreciation and depletion	10	169,069	88,584
Financing costs	14	23,671	17,623
Share based compensation	16	24,931	23,137
(Gain)/loss on financial instruments	18	(8,035)	3,327
Cash paid on settlement of share appreciation rights, DSUs and PSUs	16	(8,355)	(3,509)
Income taxes paid		(24,018)	(14,192)
Net cash movement from gold collar settlements	19	5,795	(3,658)
Net non-cash inventory adjustments		18,413	4,335
Foreign exchange loss		(18,724)	(2,258)
Operating cash flows before non-cash working capital		261,322	158,869
Trade and other receivables		(4,730)	(23,817)
Inventories		(17,199)	(49,564)
Prepaid expenses and other		5,318	(17,156)
Trade and other payables		6,524	88,937
Changes in non-cash working capital		(10,087)	(1,600)
Operating cash flows generated from continuing operations [1]		251,235	157,269
Operating cash flows(used by)/generated from discontinued operations	6	(315)	66,146
Cash generated from operating activities		**$ 250,920**	**$ 223,415**
Investing Activities			
Expenditures and prepayments on mining interests - Mining interests		(135,271)	(94,704)
Expenditures and prepayments on mining interests - Assets under construction		(266,932)	(317,313)
Cash paid for additional interest of Ity mine	17	-	(53,915)
Cash acquired on acquisitions	5	-	7,982
Changes in long-term inventories	11	(30,248)	-
Changes in long-term assets	11	(13,322)	-
Net proceeds from sale of mining interests	6	33,179	8,601
Investing cash flows used by continuing operations [1]		(412,594)	(449,349)
Investing cashflows used by discontinued operations	6	(40,725)	(29,379)
Cash used in investing activities		**$ (453,319)**	**$ (478,728)**
Financing Activities			
Proceeds received from the issue of common shares	16	600	112,932
Dividends paid	17	(1,956)	(5,177)
Payment of financing and other fees		(2,300)	(3,276)
Interest paid		(24,434)	(11,146)
Proceeds of long-term debt	14	210,000	420,000
Repayment of long-term debt	14	(280,000)	(260,000)
Proceeds from convertible senior bond	14	330,000	-
Repayment of finance lease obligation		(21,203)	-
Deposit/(refund) paid on reclamation liability bond		(157)	(530)
Financing cash flows used by continuing operations [1]		210,550	252,803
Financing cashflows used by discontinued operations	6	(6,083)	(1,062)
Cash generated from financing activities		**$ 204,467**	**$ 251,741**
Effect of exchange rate changes on cash		(748)	3,604
Increase/(decrease) in cash		1,320	(1,592)
Cash, beginning of year		122,702	124,294
Cash, end of year		**$ 124,022**	**$ 122,702**

1. *For the year ended December 31, 2018 and comparative periods, Tabakoto Mines has been classified as a discontinued operation and adjusted accordingly in the statement of comprehensive loss and cash flows. The Corporation has changed its presentation to present the discontinued operations as a seperate line item in these consolidated financial statements for the years ended December 31, 2018 and 2017*

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

In thousands of US$		SHARE CAPITAL												
	Note	Number of Common Shares	Par Value	Additional Paid in Capital	Number of Exchangeable Shares	Par Value	Additional Paid in Capital	Total Number of Shares	Total Share Capital	Equity Reserve	Deficit	Total Attributable to Shareholders	Non-Controlling Interests	Total
At January 1, 2017		**93,521,217**	**9,348**	**1,474,723**	**25,132**	**2**	**662**	**93,546,349**	**1,484,735**	**39,727**	**(615,673)**	**908,789**	**51,872**	**960,661**
Acquistion of non-controlling interest of the Ity mine		-	-	-	-	-	-	-	-	-	(34,241)	(34,241)	(22,974)	(57,215)
Consideration on the acquisition of Avnel	5	7,218,964	722	133,294	-	-	-	7,218,964	134,016	-	-	134,016	522	134,538
Exchangeable shares exchanged into common shares		25,132	2	662	(25,132)	(2)	(662)	-	-	-	-	-	-	-
Shares issued on exercise of options, RSU's & PSU's		860,527	86	8,545	-	-	-	860,527	8,631	(4,475)	-	4,156	-	4,156
PSU/RSUs reclassified into equity		-	-	-	-	-	-	-	-	15,570	-	15,570	-	15,570
Share based compensation	16	-	-	-	-	-	-	-	-	5,219	-	5,219	-	5,219
Dividends to non-controlling interests	17	-	-	-	-	-	-	-	-	-	-	-	(5,647)	(5,647)
Shares issued in private placements	16	5,907,167	591	107,101	-	-	-	5,907,167	107,692	-	-	107,692	-	107,692
Disposal of the Nzema mine		-	-	-	-	-	-	-	-	-	-	-	12,716	12,716
Total and net comprehensive earnings/(loss)		-	-	-	-	-	-	-	-	-	(156,337)	(156,337)	(20,731)	(177,068)
At December 31, 2017		**107,533,007**	**$ 10,749**	**$ 1,724,325**	**-**	**$ -**	**$ 0**	**107,533,007**	**$ 1,735,074**	**$ 56,041**	**$ (806,251)**	**$ 984,864**	**$ 15,758**	**$ 1,000,622**
At January 1, 2018		**107,533,007**	**10,749**	**1,724,325**	**-**	**-**	**-**	**107,533,007**	**1,735,074**	**56,041**	**(806,251)**	**984,864**	**15,757**	**1,000,621**
Shares issued on exercise of options and PSU's		548,589	55	8,532	-	-	-	548,589	8,587	(8,801)	-	(214)	-	(214)
Reclassification of RSU's to liability		-	-	-	-	-	-	-	-	(3,909)	-	(3,909)	-	(3,909)
Share based compensation	16	-	-	-	-	-	-	-	-	22,121	-	22,121	-	22,121
Dividends to non-controlling interests	17	-	-	-	-	-	-	-	-	-	-	-	(3,636)	(3,636)
Disposal of the Tabakoto mine	6	-	-	-	-	-	-	-	-	-	-	-	67,085	67,085
Total and net comprehensive earnings/(loss)		-	-	-	-	-	-	-	-	-	(144,856)	(144,856)	7,121	(137,735)
At December 31, 2018		**108,081,596**	**$ 10,804**	**$ 1,732,857**	**-**	**$ -**	**$ -**	**108,081,596**	**$ 1,743,661**	**$ 65,452**	**$ (951,107)**	**$ 858,006**	**$ 86,327**	**$ 944,333**

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

1 DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

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

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

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS').

These consolidated financial statements were approved by the Board of Directors of the Corporation on March 5, 2019.

2.2 BASIS OF PREPARATION

These consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at fair value at the end of each reporting period as explained in the accounting policies below. The Corporation's accounting policies have been applied consistently to all periods in the preparation of these consolidated financial statements, except for the adoption of new accounting standards described below.

2.3 BASIS OF CONSOLIDATION

These consolidated financial statements incorporate the financial statements of the Corporation and entities controlled by the Corporation ("Subsidiaries").

Control is achieved when the Corporation has (i) power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee and (iii) has the ability to use its power to affect its returns. Subsidiaries are included in the consolidated financial results of the Corporation from the effective date of acquisition up to the effective date of disposition or loss of control. The Corporation reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

(Expressed in Thousands of United States Dollars, except per share amounts)

Details of the Corporation's material subsidiaries at the end of the reporting period are as follows:

Entities	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			December 31, 2018	December 31, 2017
Agbaou Gold Operations S.A.	Gold Operations	Côte d' Ivoire	85%	85%
Avion Gold Corporation	Holding	Canada	100%	100%
Société des Mines d'Ity S.A.	Gold Operations	Côte d' Ivoire	80%	80%
Avion Gold (Burkina Faso) S.à r.l.	Exploration	Burkina Faso	100%	100%
Hounde Gold Operations S.A.	Gold Operations	Burkina Faso	90%	90%
Bouere Dohoun Gold Operations S/	Gold Operations	Burkina Faso	90%	90%
Riverstone Karma S.A.	Gold Operations	Burkina Faso	90%	90%
Société des Mines d'Or de Kalana	Project	Mali	80%	80%

i. Foreign currency translation

- The presentation and functional currency of the Corporation is the US dollar. The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the entity operates (its functional currency). In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates at the date of the transaction.

ii. Business combinations

- A business combination is defined as an acquisition of assets and liabilities that constitute a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to the Corporation and its shareholders in the form of dividends, lower costs or other economic benefits. A business consists of inputs, including non-current assets, and processes, including operational processes, that when applied to those inputs, have the ability to create outputs that provide a return to the Corporation and its shareholders. A business also includes those assets and liabilities that do not necessarily have all the inputs and processes required to produce outputs but can be integrated with the inputs and processes of the Corporation to create outputs. When acquiring a set of activities or assets in the exploration and development stage, which may not have outputs, the Corporation considers other factors to determine whether the set of activities or assets is a business. Those factors include, but are not limited to, whether the set of activities or assets:
  (i) has commenced planned principal activities;
  (ii) has employees, intellectual property and other inputs and processes that could be applied to those inputs;
  (iii) is pursuing a plan to produce outputs; and
  (iv) will be able to obtain access to customers that will purchase the outputs.

- Not all the above factors need to be present for an integrated set of activities or assets in the exploration and development stage to qualify as a business.

- The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Corporation, the liabilities, including contingent consideration, incurred and payable by the Corporation to former owners of the acquiree and the equity interests issued by the Corporation. The measurement date for equity interests issued by the Corporation is the acquisition date. The acquisition date is the date the Corporation obtains control over the acquiree, which is generally the date that consideration is transferred, and the Corporation acquires the assets and assumes the liabilities of the acquiree. The Corporation considers all relevant facts and circumstances in determining the acquisition date.

- Acquisition-related costs, other than costs to issue equity securities, of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees, severance costs and change of control payments and other professional or consulting fees are expensed as incurred. The costs to issue equity securities of the Corporation as consideration for the acquisition are reduced from share capital as share issue costs.

- It generally requires time to obtain the information necessary to complete the purchase price accounting following an acquisition. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation reports in its financial statements provisional amounts for the items for which the accounting is incomplete.

- During the measurement period, the Corporation will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Corporation will also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Corporation receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable and shall not exceed one year from the acquisition date.

- Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Corporation's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. All other components of non-controlling interests are measured at acquisition date fair values or, when applicable on the basis specified in another IFRS.

- The excess of (i) total consideration transferred by the Corporation, measured at fair value, including contingent consideration, and (ii) the non-controlling interests in the acquiree, over the acquisition-date fair value of net assets acquired, is recorded as goodwill.

- Goodwill is not amortized; rather it is tested annually for impairment or at any time during the year that an indicator of impairment is identified.

iii. Cash and cash equivalents

- Cash and cash equivalents consist of cash on hand, cash balances held with banks and brokers and highly liquid short-term investments with terms of three months or less. There were no cash equivalents at December 31, 2018 and 2017.

iv. Restricted cash

- Cash and cash equivalents unavailable for use by the Corporation or its subsidiaries due to certain restrictions that may be in place are classified as restricted cash.

v. Inventories

- Finished goods, work-in-process, and stockpiled ore are valued at the lower of average production cost and net realizable value. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and depreciation and depletion of mining interests. Net realizable value is calculated as the estimated price at the time of sale based on prevailing metal prices less estimated future production costs to convert the inventories into saleable form.

- Ore extracted from the mines is stockpiled and subsequently processed into finished goods in the form of doré bars. Production costs are capitalized and included in work-in-process inventory based on the current mining costs incurred up to the point prior to the refining process, including applicable overhead, depreciation and depletion relating to mining interests, and removed at the average production cost per recoverable ounce of gold. The average production costs of finished goods represent the average costs of work-in-process inventories incurred prior to the refining process, plus applicable refining costs and associated royalties. Stockpiles are segregated between current and non-current inventories in the consolidated statement of financial position based on the period of planned usage.

- Supplies are valued at the lower of weighted average cost and net realizable value.

vi. Mining interests

- Mining interests include interests in mining properties and related plant and equipment.

- Mineral deposits in the reserve category are classified as depletable mining properties when operating levels intended by management have been reached and a plan to mine those reserves is in place. Prior to this, they are classified as non-depletable mining properties.

- Resources not categorized as reserves and exploration potential are classified as non-depletable mining properties. The value associated with resources and exploration potential is often referred to as value beyond proven and probable reserves, which includes amounts assigned from costs of property acquisitions. At least annually or when otherwise appropriate and subsequent to a review and evaluation for impairment, carrying amounts of non-depletable mining properties are reclassified to depletable mining properties as a result of the conversion into reserves that have reached operating levels intended by management.

vii. Recognition

- Capitalized costs associated with mining properties include the following:
  (i) Costs of direct acquisitions of production, development and exploration stage properties;
  (ii) Costs attributed to mining properties acquired in connection with business combinations;
  (iii) Expenditures related to the development of mining properties;
  (iv) Expenditures related to economically recoverable exploration;
  (v) Borrowing costs incurred directly attributable to qualifying assets;
  (vi) Certain costs incurred during production, net of proceeds from sales prior to reaching operating levels intended by management; and
  (vii) Estimates of reclamation and closure costs.

- Capitalization ceases when an asset can operate in the manner intended by management.

viii. Acquisitions

- The cost of a property acquired as an individual asset purchase or as part of a business combination represents the property's fair value at the date of acquisition. This cost is capitalized until the viability of the mining property is determined. When it is determined that a property is not economically viable, the amount capitalized is written off, which includes expenditures which were capitalized to the carrying amount of the property subsequent to its acquisition.

ix. Borrowing costs

› Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale. Borrowing costs are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, or if construction is interrupted for an extended period. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of the rates applicable to the relevant borrowings during the period. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

x. Development expenditures

› Drilling and related costs incurred to define and delineate a mineral deposit that has not been classified as proven and probable reserves at a development stage or production stage mine are capitalized as part of the carrying amount of the related property in the period incurred, when management determines that there is sufficient evidence that the expenditure will result in a future economic benefit to the Corporation.

› Drilling and related costs incurred on sites without an existing mine and on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are exploration expenditures and are expensed as incurred to the date of establishing that costs incurred are economically recoverable. Further exploration expenditures, subsequent to the establishment of economic recoverability, are capitalized and included in the carrying amount of the related property.

› Management uses the following criteria in its assessments of economic recoverability and probability of future economic benefit:

- Geology: there is sufficient geologic and economic certainty of converting a residual mineral deposit into a proven and probable reserve at a development stage or production stage mine, based on the known geology and metallurgy. There is history of conversion of resources to reserves at operating mines to support the likelihood of conversion.
- Scoping: there is a scoping study or preliminary feasibility study that demonstrates the additional resources will generate a positive commercial outcome. Known metallurgy provides a basis for concluding there is a significant likelihood of being able to recoup the incremental costs of extraction and production.
- Accessible facilities: the mining property can be processed economically at accessible mining and processing facilities where applicable.
- Life of mine plans: an overall life of mine plan and economic model to support the mine and the economic extraction of resources/reserves exists. A long-term life of mine plan, and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body.
- Authorizations: operating permits and feasible environmental programs exist or are obtainable.

xi. Costs incurred during production

› Mine development costs incurred to maintain current production are included in profit or loss. The distinction between mining expenditures incurred to develop new ore bodies and to develop mine areas in advance of current production is mainly the production timeframe of the mining area. For those areas being developed, which will be mined in future periods, the costs incurred are capitalized and depleted when the related mining area is mined as compared to current production areas where development costs are considered as costs of sales and included in operating expenses given that the short-term nature of these expenditures matches the economic benefit of the ore being mined.

- Capitalization of costs incurred ceases when an asset can operate in the manner intended by management. Production costs incurred, and revenue earned subsequent to this point are recognized in profit or loss.
- Mining properties are recorded at cost less accumulated depletion and impairment losses.

xii. Capitalization of waste in open pit operations

- Capitalization of waste stripping requires the Corporation to make judgments and estimates in determining the amounts to be capitalized. In open pit mining operations, it is necessary to incur costs to remove overburden and other mine waste materials in order to access the ore body ("stripping costs"). During the development of a mine, stripping costs are capitalized and included in the carrying amount of the related mining property and depleted over the productive life of the mine using the unit-of-production method. During the production phase of a mine, stripping costs incurred to provide access to sources of reserves that will be produced in future periods that would not have otherwise been accessible are capitalized and included in the carrying amount of the related mining property. Stripping costs incurred and capitalized during the production phase are depleted using the unit-of-production method over the reserves and a portion of resources that directly benefit from the specific stripping activity. Costs incurred for regular waste removal that do not give rise to future economic benefits are considered as costs of sales and included in operating expenses.

xiii. Depletion

- The carrying amounts of mining properties are depleted using the unit-of-production method over the estimated recoverable ounces, when operating levels intended by management for the mining properties have been reached. Under this method, depletable costs are multiplied by the number of ounces extracted divided by the estimated total ounces to be extracted in current and future periods based on proven and probable reserves and a portion of resources.
- Management reviews the estimated total recoverable ounces contained in depletable reserves and resources each financial year and when events and circumstances indicate that such a review should be made. Changes to estimated total recoverable ounces contained in depletable reserves and resources are accounted for prospectively.

xiv. Plant and equipment

- Plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Plant and equipment are depreciated using the unit- of production method based on ounces produced, or the straight-line method over the estimated useful lives of the related assets using the following rates:

– Plant	Shorter of useful life or life of mine
– Mobile equipment	3 - 5 years
– Office and computer equipment	3 - 5 years

- Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

- Where parts (components) of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment. Each asset or parts estimated useful life is determined considering its physical life limitations. This physical life of each asset cannot exceed the life of the mine at which the asset is utilized. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

- Amounts expended on assets under construction are capitalized until the asset becomes available for its intended use, at which time depreciation commences on the assets over its useful life. Repairs and maintenance of plant and equipment are expensed as incurred. Costs incurred to enhance the service potential of plant and equipment are capitalized and depreciated over the remaining useful life of the improved asset.

xv. Derecognition

- Upon disposal or abandonment, the carrying amounts of mining properties and plant and equipment and accumulated depreciation and depletion are removed from the accounts and any associated gains or losses are recorded in profit or loss.

xvi. Commencement of commercial production

- Commercial production is deemed to have commenced when a mining interest can operate at levels intended by management. This is achieved when management determines that the operational commissioning of major mine and plant components is complete, operating results are being achieved consistently for a period of time and that there are indications that these operating results will continue.
- The Corporation determines commencement of commercial production based on the following factors:

  - All major capital expenditures to bring the mine to the condition necessary for it to be capable for operating in the manner intended by management have been completed;
  - The completion of a reasonable period of testing of the mine plant and equipment;
  - The mine or mill has reached a pre-determined percentage of design capacity; and
  - The ability to sustain ongoing production of ore.

- The list is not exhaustive, and each specific circumstance is considered before making the decision.

xvii. Impairment of mining interests and goodwill

- At each reporting date, the Corporation gives consideration whether any indicators of impairment exist. If any such indicators exist, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

- Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

- If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or a cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

- Impairment losses reverse in some circumstances. When an impairment loss subsequently reverses, it is recognized immediately in profit or loss. The carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

- The Corporation performs goodwill impairment tests annually or when events and circumstances indicate that the carrying amounts may no longer be recoverable. In performing the impairment tests, the Corporation estimates the recoverable amount of its cash-generating units that include goodwill and compares recoverable amounts to the cash-generating unit's carrying amount. If a cash-generating unit's carrying amount exceeds its recoverable amount, the Corporation reduces the carrying value of the cash-generating unit or group of cash-generating units by first reducing the carrying amount of the goodwill and then reducing the carrying amount of the remaining assets on a pro-rata basis. Impairment of goodwill cannot be reversed.

xviii. Leases

- Leases in which the Corporation assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized at the lower of the fair value and the present value of minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

- All other leases are classified as operating leases. Operating lease payments are recognized as an operating cost in profit or loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which benefits from the leased asset are consumed.

xix. Income and deferred taxes

- The Corporation uses the liability method of accounting for income and mining taxes. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for unused tax losses and other income tax deductions. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply if the related assets are realized or the liabilities are settled. To the extent that it is probable that taxable profit will not be available against which deductible temporary differences can be utilized a deferred tax asset may not be recognized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period in which the change is substantively enacted. Deferred tax assets and liabilities are considered monetary assets. Deferred tax balances denominated in other than US dollars are translated into US dollars using current exchange rates at the reporting date.

- Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

xx. Financial instruments

- Financial assets and financial liabilities are recognized in the Corporation's statement of financial position when the Corporation becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

- Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

xxi. Financial assets at amortised cost

- Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are classified and measured subsequently at amortized cost.
- The Corporation's financial assets at amortized cost primarily include trade and other receivables included in current financial assets in the consolidated statement of financial position.

xxii. Financial instruments at fair value through other comprehensive income (FVTOCI)

- Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are classified and measured at FVTOCI. The Corporation's financial assets at FVTOCI include its equity securities designated as FVTOCI.
- On initial recognition, the Corporation may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings.

xxiii. Financial instruments at fair value through profit or loss ("FVTPL")

- By default, all other financial assets are measured subsequently at FVTPL. Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The Corporation's financial assets at FVTPL include cash, restricted cash, and certain receivables arising from sales of metal and the sale of its Tabakoto and Nzema mines (Note 6).

xxiv. Financial liabilities and equity

- Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.
- An equity instrument is any contract that evidences a residual interest in the assets of the Corporation after deducting all its liabilities. Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs. Repurchase of the Corporation's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.
- Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using effective interest method.

xxv. ***Derivatives***

- Derivative instruments are recorded at fair value with changes in fair value recognized in net earnings.

xxvi. ***Impairment***

- The Corporation recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

xxvii. ***Derecognition of financial assets and liabilities***

- The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Corporation neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

- The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire. The difference between carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

xxviii. ***Derivative financial instruments***

- Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

xxix. ***Embedded derivatives***

- Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and a separate instrument with the same terms as the embedded derivative would also meet the definition of a derivative.

xxx. ***Environmental rehabilitation provisions***

- The Corporation's mining and exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing. The Corporation has made, and intends to make in the future, expenditures to comply with such laws and regulations or constructive obligations. The Corporation records a liability for the estimated future rehabilitation costs and decommissioning of its operating mines and development projects at the time the environmental disturbance occurs, or a constructive obligation is determined.

- Environmental rehabilitation provisions are measured at the expected value of future cash flows including expected inflation and discounted to their present value using the current market assessment of the time value of money. The unwinding of the discount, referred to as accretion expense, is included in finance costs and results in an increase in the amount of the provision.

- When provisions for closure and environmental rehabilitation are initially recognized, the corresponding cost is capitalized as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalized cost of closure and environmental rehabilitation activities is recognized in mining interests and depreciated over the expected useful life of the operation to which it relates.

- Environmental rehabilitation provisions are updated annually for changes to expected cash flows and for the effect of changes in the discount rate, and the change in estimate is added or deducted from the related asset and depreciated over the expected useful life of the operation to which it relates.

- Increases or decreases to the provision also arise due to changes in legal or regulatory requirements, the extent of environmental remediation required and cost estimates. The net present value of the estimated costs of these changes is recorded in the period which the change is identified and quantifiable.

xxxi. Share capital

- Common and exchangeable shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

xxxii. Earnings per share

- Earnings per share calculations are based on the weighted average number of common and exchangeable shares issued and outstanding during the period. The rights of the common and exchangeable shares are the same and therefore economically equivalent. As such, common and exchangeable shares are treated as one class of shares for the earnings per share calculation. Diluted earnings per share is calculated using the treasury stock method, whereby the proceeds from the exercise of potentially dilutive common shares with exercise prices that are below the average market price of the underlying shares are assumed to be used in purchasing the Corporation's common shares at their average market price for the period.

xxxiii. Revenue recognition

- Revenue from the sale of gold in doré bar form is recognized when the Corporation has transferred control of the gold in doré bar form to the customer at an amount reflecting the consideration the Corporation expects to receive in exchange for those products. In determining whether the Corporation has satisfied a performance obligation, it considers the indicators of the transfer of control, which include, but are not limited to, whether: the Corporation has a present right to payment; the customer has legal title to the asset; the Corporation has transferred physical possession of the asset to the customer; and the customer has the significant risks and rewards of ownership of the asset. The Corporation receives sales proceeds from its refiners, net of refining and treatment charges. Revenue is gross of royalties but net of refining and treatment charges.

xxxiv. Share-based payment arrangements

- Equity settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 16.

- Performance share units ("PSUs") are settled in shares of the Corporation. The fair value of the estimated number of PSUs that will eventually vest, determined at the date of grant, is recognized as share-based compensation expense over the vesting period, with a corresponding amount recorded as equity. The fair value of the PSUs is estimated using the market value of the underlying shares as well as assumptions related to the market and non-market conditions at the grant date.

- Equity settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Corporation obtains the goods or the counterparty renders the service.

- The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded basis over the vesting period, based on the Corporation's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Corporation revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity reserve.

- Cash settled share-based payments to employees and other providing similar services are measured at the fair value of the instrument at the grant date and every reporting period, with changes in fair value recognized through profit or loss and a corresponding amount recorded as a liability.

- Exchanges of share options or other share-based payment awards in conjunction with a business combination are accounted for as modifications of the share-based payments awards. Where the Corporation is obliged to replace the acquiree awards, either all or a portion of the market-based measure of the Corporation’s replacement awards is included in measuring the consideration transferred in the business combination. In determining the portion of the replacement award that is part of the consideration transferred for the acquiree, both the replacement awards and the acquiree awards are measured at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognized as remuneration cost for post transaction service.

xxxv. Provisions

- Provisions are recorded when a present legal or constructive obligation arises as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

- Provisions are reviewed at the end of each reporting period and adjusted to reflect management’s current best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

- Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance expense and included in finance costs in the statement of comprehensive earnings.

xxxvi. Application of new accounting standards

The Corporation has adopted the following new IFRS standards for the annual period beginning on January 1, 2018.

- *IFRS 9, Financial Instruments:* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities replacing IAS39 – Financial Instruments: Recognition and measurement (“IAS39”). The Corporation elected to apply this standard retrospectively without retroactively restating comparative periods. In July 2014, IFRS 9 Financial Instruments was issued as a complete standard, including the requirements previously issued related to classification and measurement of financial assets and liabilities, and additional amendments to introduce a new expected loss impairment model for financial assets including credit losses. IFRS 9 replaced the multiple classification and measurement models for financial assets that currently exist under IAS 39, and the basis on which financial assets are measured will determine their classification as either, at amortized cost, fair value through profit and loss, or fair value through other comprehensive income. The impact of this change in accounting policy:

- None of the Corporation's classification of financial instruments have changed significantly as a result of the adoption of the new standards. Financial assets previously classified as loans and receivables were classified as financial assets at amortised cost;
- The Corporation assessed the impact of its receivables using the expected credit loss model, however, there is no material difference as a result, and no additional impairment has been recognized upon transition; and
- There are no transitional impacts regarding currently classified financial liabilities in regard to classification and measurement. Trade and other payables, finance obligations and the revolving credit facility are classified as financial liabilities at amortised cost on the consolidated statement of financial position at amortised cost.

› *IFRS 15 Revenue:* The Corporation has adopted the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018 on a modified retrospective basis. The principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. Specifically, IFRS 15 introduces a five-step approach to revenue recognition with an entity recognizing revenues when a performance obligation is satisfied, which is when "control" of the goods has transferred to the customer. Upon evaluating the transfer of control, the Corporation concluded there is no material change in the timing of revenue recognized under the new standard. The point of transfer of risks and rewards for goods and services under IAS 18 compared to the transfer of control under IFRS 15 occur at the same time based on contractual terms, the delivery of gold doré. For the purposes of evaluating variable consideration, the Corporation reviewed historical assay results and adjustments. All these factors were considered insignificant and therefore no changes to revenue were recorded upon the adoption of IFRS 15.

The Corporation has determined that there is no significant impact of the change in the accounting policy in the accounting for revenue at January 1, 2018.

The Corporation has not applied the following revised or new IFRS that have been issued but were not yet effective at December 31, 2018.

› *IFRS 16 Leases* (effective January 1, 2019), was issued in January 2016, which replaces IAS 17 "Leases" and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases, with exemptions for lease terms 12 months or less, or the underlying asset has a low value.
› The Corporation will adopt IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach. Under the modified retrospective approach, the Corporation will not restate the financial statements on a retrospective basis, but in retained earnings as of the date of adoption.
› Upon adoption, the Corporation will elect not to recognize assets and lease liabilities for short-term leases which have a lease term of 12 months or less, and leases of low value assets. Lease payments for these leases will be recognized as an expense over the lease term
› The Corporation expects to recognize upon adoption right of use assets and lease liabilities related to the Corporation's contracts with equipment, building rentals, and mining service contracts. Based on the current assessment of the expected impact of IFRS 16, the Corporation expects that the new standard will result in the recognition of right of use assets and liabilities at the transition date. The nature of the expenses related to these leases will change resulting in a depreciation charge for assets and interest expense on the lease liabilities. The Corporation is currently finalizing the impact of this standard on its consolidated statements of comprehensive earnings/(loss) or the consolidated statements of cash flows.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The critical judgements that the Corporation's management has made in the process of applying the Corporation's accounting polices, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Corporation's consolidated financial statements are as follows:

3.1 COMMENCEMENT OF COMMERCIAL PRODUCTION

Prior to a mine being capable of operating at levels intended by management, costs incurred are capitalized as part of the costs of related mining properties and proceeds from mineral sales are offset against costs capitalized. The Corporation defines the commencement of commercial production as the date that a mine operates at the levels intended by management. Management considers several factors (Note 2 (xvi)) in determining when commercial production has been reached. Depletion of capitalized costs for mining properties begins when the mine is capable of operating at levels intended by management.

The Corporation determined that the Houndé gold project entered commercial production on November 1, 2017.

3.2 DETERMINATION OF ECONOMIC VIABILITY

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

3.3 FUNCTIONAL CURRENCY

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

3.4 BUSINESS COMBINATIONS

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

3.5 CAPITALIZATION OF WASTE STRIPPING

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

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

4.1 VALUE ADDED TAX ("VAT")

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

4.2 IMPAIRMENT OF MINING INTERESTS

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

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

4.3 ESTIMATED RECOVERABLE OUNCES

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

4.4 MINERAL RESERVES

Mineral reserves and mineral resources are determined in accordance with Canadian Securities Administrator's National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mineral reserve and resource estimates include numerous estimates. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is dependent on the quantity and quality of available data and on the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as gold prices and market conditions could have a material effect in the future on the Corporation's financial position and results of operation.

4.5 ENVIRONMENTAL REHABILITATION COSTS

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

4.6 DEFERRED INCOME TAX ASSETS

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

4.7 SHARE-BASED PAYMENTS

Numerous assumptions are made when accounting for share-based payments including the expected life of the contract, the volatility, the number of awards that are expected to vest, and the likelihood of the market and non-market conditions being met. Changes to these assumptions may alter the value of the share-based payment and ultimately the amount charged to profit or loss.

4.8 CONTINGENCIES

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

(Expressed in Thousands of United States Dollars, except per share amounts)

5 ACQUISITION AND RESTRUCTURING

5.1 ACQUISITION OF AVNEL GOLD MINING LIMITED

On September 18, 2017, the Corporation completed the acquisition of Avnel Gold Mining Ltd ("Avnel"). The Corporation acquired 100% of the share capital of Avnel in exchange for an issuance of 7,218,964 common shares. Avnel owns 80% of the Kalana gold project in Mali and the Corporation has initiated pre-development activities to optimize the Kalana gold project.

Upon finalization of the purchase price allocation, there was an adjustment to increase net working capital by $5.0 million, and a corresponding decrease to mineral interests of $7.0 million and an offsetting decrease to deferred tax liabilities of $2.0 million. Non-controlling interest is measured at the proportionate share of the fair value of net assets.

	Fair value at acquistion date
Purchase price:	
Fair value of 7,218,964 Endeavour common shares issued	134,016
	$ 134,016
Net assets/(liabilities) acquired	
Mining interests	164,682
Cash	7,982
Provision for reclamation	(2,104)
Non-controlling interest	(522)
Net working capital acquired (excluding cash)	(10,081)
Deferred income and mining taxes	(25,941)
Net Assets	**$ 134,016**

5.2 ACQUISITION, DISPOSAL AND RESTRUCTURING COSTS

The Corporation incurred a $3.3 million and $12.9 million of acquisitions and restructuring expenses respectively in the year ended December 31, 2017, relating to the relocation of offices, including termination of office leases, change in management costs and the costs associated with the abandoned corporate transactions.

(Expressed in Thousands of United States Dollars, except per share amounts)

6 DISPOSALS OF MINING INTERESTS AND ASSETS HELD FOR SALE

6.1 DISPOSAL OF THE TABAKOTO MINE

On December 24, 2018, the Corporation completed the sale for interest in the Tabakoto mine to Algom Resources Limited, a subsidiary of BCM Investments Ltd, for a total consideration of up to $70.0 million. The total consideration is composed of an upfront cash consideration of $35.0 million, a deferred cash consideration of $10.0 million in 2019, and a 10% net smelter royalty (NSR) of up to a maximum of 200,000 ounces of gold from the Dar Salaam deposit.

The Corporation recognized a loss on disposal of $68.7 million, net of tax, calculated as follows:

		December 24, 2018
Cash proceeds		35,000
Cash consideration receivable		8,804
Net smelter royalty		13,322
Transaction Costs		(2,478)
Total proceeds	**$**	**54,648**
Cash and short-term deposits		1,821
Restricted cash		142
Trade and other receivables		245
Prepaid expenses and other		7,135
Inventory[1]		19,528
Mining interests		92,661
Taxes Receivable		4,059
Total Assets		**125,591**
Accounts payable and accrued liabilities		(41,940)
Environmental rehabilitation provision		(17,181)
Total liabilities		**(59,121)**
Net Assets		**66,470**
Non-controlling interest		(56,896)
Net assets attributable to Endeavour	**$**	**123,366**
Loss on disposition	**$**	**(68,718)**

[1] Includes an increase to the inventory provision of $18.9 million to adjust spare parts and supplies inventory to net realizable value following an assessment of inventory balances due to new equipment acquired in the 2018 year.

(Expressed in Thousands of United States Dollars, except per share amounts)

The components of net loss from discontinued operations for the year ended December 31, 2018 and 2017, were as follows:

		YEAR ENDED DECEMBER 31,	
	Note	2018	2017
Gold revenue		142,764	181,436
Operating costs		(141,798)	(141,295)
Impairment of mining interests	(a)	(31,957)	(130,413)
Depreciation and depletion		(13,131)	(42,035)
Royalties		(8,747)	(10,847)
Other gains/(losses)		(26,039)	(3,236)
Loss on disposal	(a)	(68,718)	-
Loss before taxes		**$ (147,626)**	**$ (146,390)**
Current income tax expense		(7,169)	(3,682)
Deferred income tax recovery (expense)		-	(23,952)
Net loss from discontinued operations		**$ (154,795)**	**$ (174,024)**
Shareholders of Endeavour Mining Corporation		(144,790)	(139,644)
Non-controlling interest		(10,004)	(34,380)
Total loss from discontinued operations		**$ (154,795)**	**$ (174,024)**
Net loss per share from discontinued operations			
Basic		$ (1.44)	$ (1.77)
Diluted		$ (1.44)	$ (1.77)

(a) The Corporation recognized an impairment of the mining interest at September 30, 2018 based on the fair value less costs to sell at that date. Upon finalization of the disposal, and amendment to the agreement, a loss on disposal of $68.7 million was recognized.

The cash flows from discontinued operations for the year ended December 31, 2018 and 2017, were as follows:

	YEAR ENDED DECEMBER 31,	
	2018	2017
Cash generated (used in)/generated from operating activities	(315)	66,146
Cash generated (used in)/generated from investing activities	(40,725)	(29,379)
Cash generated (used in)/generated from financing activities	(6,083)	(1,062)
Total	**$ (47,122)**	**$ 35,705**

(Expressed in Thousands of United States Dollars, except per share amounts)

6.2 DISPOSAL OF THE NZEMA MINE

On December 29, 2017, the Corporation completed the sale of its 90% interest in the Nzema Mine to BCM International Ltd ("BCM") for total cash consideration of $63.5 million. The cash consideration consists of a $38.5 million payment upon completion of the transaction with additional deferred payments of up to $25.0 million contingent on the future cash flows of the Nzema Mine between January 30, 2018 and December 31, 2019. The contingent consideration was recognised at a fair value of $19.6 million at disposition. The change in fair value in the year ended December 31, 2018 was a gain of $2.7 million. The Corporation recognized a loss on disposal of $26.4 million in the year ended December 31, 2017.

The results from Nzema in the prior year are included in the consolidated statements of comprehensive earnings/(loss) within discontinued operations.

		TWELVE MONTHS ENDED DECEMBER 31, 2017
Gold revenue		147,496
Operating costs		(87,268)
Depreciation and depletion		(17,663)
Impairment of mineral properties		(53,599)
Royalties		(8,515)
Other income		2,685
Loss on disposal		(26,445)
Loss before taxes	**$**	**(43,309)**
Current income tax expense		(220)
Net loss from discontinued operations	**$**	**(43,529)**
Shareholders of Endeavour Mining Corporation		(46,490)
Non-controlling interest		2,961
Total loss from discontinued operations	**$**	**(43,529)**
Net loss per share from discontinued operations		
Basic	$	(0.44)
Diluted	$	(0.44)

The net cash flows from discontinued operations for the year end December 31, 2017 were:

		TWELVE MONTHS ENDED DECEMBER 31, 2017
Cash generated from operating activities		33,441
Cash received (used) in investing activities		(3,111)
Cash generated from financing activities		-
Total	**$**	**30,330**

(Expressed in Thousands of United States Dollars, except per share amounts)

7 INVENTORIES

	December 31, 2018	December 31, 2017
Doré bars	10,878	9,526
Gold in circuit	24,488	30,554
Ore stockpiles	39,508	31,212
Spare parts and supplies	51,479	63,474
Total inventory [1]	**$ 126,353**	**$ 134,766**

As of December 31, 2018, the amount includes a provision of $7.3 million to adjust spare parts and supplies inventory to net realizable value (December 31, 2017 – $14.8 million) and a provision of $2.8 million to adjust stockpiles, gold in circuit, and finished goods at Karma to net realizable value (December 31, 2017 - $nil). In 2018, the Corporation reclassified $5.6 million spare parts and supplies and $10.8 million of stockpiles to long-term inventories following an assessment on the timing of consumption (Note 11).

The cost of inventories recognized as expense in the year ended December 31, 2018 was $556.0 million and was included in operating expenses (year ended December 31, 2017- $313.0).

8 PREPAID EXPENSES AND OTHER

	December 31, 2018	December 31, 2017
Deposits	1,784	1,967
Insurance	222	965
Supplier prepayments	13,627	39,961
Other	1,342	1,621
Total	**$ 16,975**	**$ 44,514**

9 TRADE AND OTHER RECEIVABLES

		December 31, 2018	December 31, 2017
Receivable for sale of Nzema mine	6	22,577	19,600
Receivable for sale of Tabakoto mine	6	8,804	-
VAT Receivable		20,377	15,034
Trade and other receivables		6,024	16,063
Total		**$ 57,782**	**$ 50,698**

10 MINING INTERESTS

		MINING PROPERTIES					
In thousands of US$	Note	Depletable	Non depletable	Plant and equipment	Assets under construction	Non mining	Total
Cost							
Balance as at January 1, 2016		1,001,306	327,279	699,109	212,144	2,578	2,242,416
Acquisition of mining interest	5	-	169,888	-	-	-	169,888
Additions/expenditures		52,391	37,753	87,312	299,421	6,541	483,418
Transfers related to Houndé upon commercial production		223,256	-	201,682	(424,938)	-	-
Transfers (to) from inventory		-	-	-	(16,923)	-	(16,923)
Reclamation liability change in estimate		4,231	-	-	-	-	4,231
Disposal of the Nzema mine	6	(368,335)	(176,237)	(109,928)	-	-	(654,500)
Balance as at December 31, 2017		912,849	358,683	878,175	69,704	9,119	2,228,530
Additions/expenditures		65,631	30,899	80,614	371,508	727	549,379
Transfers		-	-	43,982	(43,982)	-	-
Change in estimate of environmental rehabilitation provision		3,776	-	-	-	-	3,776
Disposals		-	-	(10,334)	-	-	(10,334)
Disposal of the Tabakoto mine	6	(433,199)	(128,474)	(281,245)	-	-	(842,918)
Balance as at December 31, 2018		**$ 549,057**	**$ 261,108**	**$ 711,192**	**$ 397,230**	**$ 9,846**	**$ 1,928,433**
Accumulated depreciation and impairment							
Balance as at January 1, 2016		630,846	222,064	348,315	-	1,661	1,202,886
Depreciation/depletion		84,529	-	63,367	-	1,285	149,181
Depreciation captured in inventory		3,660	-	1,272	-	-	4,932
Impairment		82,814	51,848	49,350	-	-	184,012
Disposal of the Nzema mine	6	(360,943)	(161,001)	(101,175)	-	-	(623,119)
Balance as at December 31, 2017		440,906	112,911	361,129	-	2,946	917,892
Depreciation/depletion		83,829	-	95,795	-	1,407	181,031
Depreciation captured in inventory		6,829	-	7,300	-	-	14,129
Impairment	6	16,478	3,775	11,704	-	-	31,957
Disposals		-	-	(10,161)	-	-	(10,161)
Disposal of the Tabakoto mine	6	(377,155)	(116,264)	(256,838)	-	-	(750,257)
Balance as at December 31, 2018		**$ 170,887**	**$ 422**	**$ 208,929**	**$ -**	**$ 4,353**	**$ 384,591**
Carrying amounts							
At December 31, 2017		**$ 471,943**	**$ 245,772**	**$ 517,046**	**$ 69,704**	**$ 6,173**	**$ 1,310,638**
At December 31, 2018		**$ 378,170**	**$ 260,686**	**$ 502,263**	**$ 397,230**	**$ 5,493**	**$ 1,543,842**

At December 31, 2018, the additions to assets under construction included $71.3 million of long-term financing equipment obligations (December 31, 2017 - $23.2 million) and $15.3 million of capitalized borrowing costs (December 31, 2017 – $10.7 million). The average capitalization rate was 1.8% (December 31, 2017 – 1.42%) for the year.

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

In thousands of US$	Note	Agbaou Mine	Ity Mine	Karma Mine	Houndé Mine	Kalana Project	Exploration Properties	Non mining	Total (Excluding Assets held for sale)	Tabakoto Mine	Nzema Mine	Total
Cost												
Balance as at January 1, 2016		241,598	58,628	275,752	240,633	-	3,169	2,578	822,358	770,788	649,270	2,242,416
Acquisition of mining interest		-	-	-	-	164,682	-	-	164,682	5,206	-	169,888
Additions/expenditures		15,167	94,328	72,699	253,206	4,203	-	6,537	446,140	32,048	5,230	483,418
Transfers (to) from inventory		-	-	-	(16,923)	-	-	-	(16,923)	-	-	(16,923)
Reclamation liability change in estimate		315	-	-	3,916	-	-	-	4,231	-	-	4,231
Disposal of the Nzema Mine	6	-	-	-	-	-	-	-	-	-	(654,500)	(654,500)
Balance as at December 31, 2017		257,080	152,956	348,451	480,832	168,885	3,169	9,115	1,420,488	808,042	-	2,228,530
Additions/expenditures [1]		30,320	333,539	25,015	63,150	24,214	3,481	27,642	507,361	42,018	-	549,379
Transfers (to) from inventory		-	-	-	-	-	-	-	-	-	-	-
Transfers [2]		-	-	-	-	-	7,142	-	7,142	(7,142)	-	-
Reclamation liability change in estimate		3,776	-	-	-	-	-	-	3,776	-	-	3,776
Disposals		-	(10,334)	-	-	-	-	-	(10,334)	-	-	(10,334)
Disposal of the Tabakoto Mine	6	-	-	-	-	-	-	-	-	(842,918)	-	(842,918)
Balance as at December 31, 2018		**$291,176**	**$ 476,161**	**$ 373,466**	**$ 543,982**	**$ 193,099**	**$ 13,792**	**$ 36,757**	**$ 1,928,433**	**$ -**	**$ -**	**$ 1,928,433**
Accumulated depreciation and impairment												
Balance as at January 1, 2016		86,279	20,928	5,754	-	-	3,169	1,587	117,717	534,945	550,225	1,202,887
Depreciation/depletion		32,536	19,107	24,236	12,516	-	-	356	88,751	42,035	18,394	149,181
Depreciation captured in inventory		807	3,933	253	-	-	-	-	4,993	(962)	901	4,932
Impairment		-	-	-	-	-	-	-	-	130,413	53,599	184,012
Disposal of the Nzema Mine	6	-	-	-	-	-	-	-	-	-	(623,119)	(623,119)
Balance as at December 31, 2017		119,622	43,968	30,243	12,516	-	3,169	1,943	211,461	706,431	-	917,892
Depreciation/depletion		33,419	29,315	39,869	65,330	-	-	1,229	169,162	11,869	-	181,031
Depreciation captured in inventory		2,021	(195)	6,861	5,442	-	-	-	14,129	-	-	14,129
Impairment	6	-	-	-	-	-	-	-	-	31,957	-	31,957
Disposals		-	(10,161)	-	-	-	-	-	(10,161)	-	-	(10,161)
Disposal of the Tabakoto Mine	6	-	-	-	-	-	-	-	-	(750,257)	-	(750,257)
Balance as at December 31, 2018		**155,062**	**62,927**	**76,973**	**83,288**	**-**	**3,169**	**3,172**	**384,591**	**-**	**-**	**384,591**
Carrying amounts												
At December 31, 2017		**137,458**	**108,988**	**318,208**	**468,316**	**168,885**	**-**	**7,172**	**1,209,027**	**101,611**	**-**	**1,310,638**
At December 31, 2018		**136,114**	**413,234**	**296,493**	**460,694**	**193,099**	**10,623**	**33,585**	**1,543,842**	**-**	**-**	**1,543,842**

[1] Additions to mining interests of $549.4 million, net of leased additions and working capital changes, result in $402.2 million of cash outflows, as found on the consolidated statement of cash flows.

[2] As part of the disposal of the Tabakoto Mine (Note 6), certain mining interests were transferred to Exploration Properties as they were not included as part of the sale agreement.

(Expressed in Thousands of United States Dollars, except per share amounts)

11 OTHER LONG-TERM ASSETS

Other long-term assets are comprised of:

	Note	December 31, 2018	December 31, 2017
Working capital loan receivable		491	1,062
Long-term stockpiles[i]		23,951	6,256
Long-term critical spare parts and supplies[ii]		8,286	7,132
Long-term receivable[iii]	6	13,446	208
Total		**$ 46,174**	**$ 14,658**

i. *Long-term stockpiles*

Certain low-grade stockpiles that are not expected to be processed until the end of mine life are classified as long-term assets.

ii. *Long-term critical spare parts and supplies*

Certain items of inventory that are considered critical for the continuation of production but are not deemed to be consumed in the current period are classified as long-term assets. In 2018, the Corporation reclassified $7.1 million of inventories as at December 31, 2017 from current assets to long-term critical spare parts and supplies following an assessment on the timing of consumption.

iii. *Long-term receivable*

Long-term receivables consist primarily of the NSR surrounding the sale of the Tabakoto mine. This royalty is not expected to be received in the current period and has been classified as long-term as at December 31, 2018.

12 TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	December 31, 2018	December 31, 2017
Trade accounts payable	152,164	197,817
Royalties payable	2,187	1,934
Taxes - direct and indirect	12,388	4,039
Payroll and social charges	4,240	1,225
Other payables	6,343	8,452
Total	**$ 177,322**	**$ 213,467**

(Expressed in Thousands of United States Dollars, except per share amounts)

13 FINANCE OBLIGATIONS

The Corporation has entered into the following finance obligations:

	December 31, 2018	December 31, 2017
Finance obligations	100,381	54,402
Less: current portion	(24,034)	(17,658)
Long-term finance obligations	**$ 76,347**	**$ 36,744**

The present value of the Corporation's long-term equipment financial obligations is split below. The present value of the minimum lease payments are the lease payments over the life of lease discounted to present value. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

	MINIMUM LEASE PAYMENTS	
	December 31, 2018	December 31, 2017
Not later than one year	30,482	18,513
Later than one year and not later than five years	86,108	44,741
	116,590	63,254
Less future finance charges	(16,209)	(8,852)
Present value of minimum finance payments	**$ 100,381**	**$ 54,402**

	MINIMUM LEASE PAYMENTS	
	December 31, 2018	December 31, 2017
Houndé Mine (i)	50,378	48,142
Ity Mine (ii)	50,003	-
Tabakoto Mine (iii)	-	6,260
Present value of minimum finance payments	**$ 100,381**	**$ 54,402**

i. Houndé Financing Arrangements

On June 9, 2016, the Corporation entered into a financing arrangement with the Komatsu Group to acquire mining fleet equipment for the Houndé project. The Corporation made an initial down-payment of $7.7 million on July 1, 2016 with the remaining $46.8 million of payments to be made between the first quarter of 2018 and 2022.

On March 13, 2017, Houndé Gold Operation SA, Endeavour's main operating subsidiary for the Houndé project, entered into an equipment financing facility with Caterpillar Financial Services Corporation. The $12.3 million facility will finance the purchase of backup power gensets for the Houndé project. The facility will mature five years from the date of first drawdown, which occurred October 10, 2017. Availability of the facility is subject to the satisfaction of customary conditions precedent, including the provision of an equipment pledge.

(Expressed in Thousands of United States Dollars, except per share amounts)

ii. Ity CIL Financing Arrangements

On May 9, 2017, the Corporation entered into a financing arrangement with the Komatsu Group to acquire mining fleet equipment for the Ity CIL project within the Ity mine. The Corporation made an initial down-payment of $4.9 million on May 25, 2017 and the remaining $28.2 million of payments are to be made between the first quarter of 2019 and 2022.

On February 27, 2018, the Corporation entered into batch two of the financing arrangement with the Komatsu Group to acquire mining fleet equipment for the Ity CIL project within the Ity mine. The Corporation made an initial down-payment of $2.9 million on April 10, 2018 and the remaining $19.6 million of payments are to be made between the first quarter of 2019 and 2023.

On December 13, 2018, the Corporation, through its subsidiary Societe des Mines d'Ity, entered a financing arrangement with the Caterpillar Financial Services Corporation to acquire power generating equipment for the Ity CIL project. The total amount payable under the Facility is $11.2 million, repayments are scheduled to begin on July 1 2019 and continue on a quarterly basis until the fourth quarter of 2023.

14 LONG-TERM DEBT

	Note	December 31, 2018	December 31, 2017
Corporate loan facility	14.1	230,000	300,000
Deferred financing costs		(6,721)	(13,560)
Revolving credit facility		**$ 223,279**	**$ 286,440**
Convertible senior bond	14.2	293,893	-
Conversion option	14.2	25,076	-
Convertible senior bond		**$ 318,969**	**$ -**
Total long term debt		**$ 542,248**	**$ 286,440**

The Corporation incurred the following finance costs in the period:

		TWELVE MONTHS ENDED DECEMBER 31,	
	Note	2018	2017
Interest expense		26,078	9,598
Amortisation of deferred facility fees		7,101	10,261
Commitment, structuring and other fees		5,746	8,438
Less: Capitalised borrowing costs	10	(15,254)	(10,674)
Total finance costs		**$ 23,671**	**$ 17,623**

i. Corporate Loan Facility

On September 19, 2017, the Corporation signed a $500.0 million revolving credit facility ("the new RCF") with a syndicate of leading international banks.

(Expressed in Thousands of United States Dollars, except per share amounts)

The Corporation completed a private placement of $330.0 million convertible senior notes (Note 14 ii), on March 9, 2018. As a result, the Corporation reduced the principal available of the RCF to $350.0 million and made a repayment of $280.0 million on the new RCF. To align with the reduction in the amount available under the new RCF, $3.6 million of deferred financing charges were expensed in the year ended December 31, 2018.

The key terms of the new RCF include:

- Principal amount of $350.0 million.
- Interest accrues on a sliding scale of between LIBOR plus 2.95% to 3.95% based on the Corporation's leverage ratio.
- Commitment fees for the undrawn portion of the new RCF of 1.03%.
- The term of the new RCF is four years, maturing in September 2021.
- The principal outstanding on the new RCF is repayable as a single bullet payment on the maturity date.
- Banking syndicate includes Société Générale, ING, Citibank N.A., Investec Bank Plc, Macquarie Bank Ltd, Barclays Bank Ltd, HSBC and BMO.
- The new RCF can be repaid at any time without penalty.

ii. Convertible Senior Notes

On February 8, 2018, the Corporation completed a private placement of convertible senior notes with a total principal amount of $330.0 million due in 2023 (the "Notes"). The initial conversion rate is 41.84 of the Corporation's common shares ("Shares") per $1,000 Note, or an initial conversion price of approximately $23.90 (CAD$29.47) per share.

The Notes bear interest at a coupon rate of 3% payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2018. The Notes mature on February 15, 2023, unless earlier redeemed, repurchased or converted in accordance with the terms of the Notes. The Corporation may, subject to certain conditions, elect to satisfy the principal amount due at maturity or upon redemption through the payment or delivery of any combination of Shares and cash.

The key terms of the Convertible Senior Notes include:

- Principal amount of $330.0 million.
- Coupon rate of 3% payable on a semi-annual basis.
- The term of the notes is 5 years, maturing in February 2023.
- The notes are reimbursable through the payment or delivery of shares or, and cash.
- The initial conversion price is $23.90 (CAD $29.47) per share.
- The reference share price of the notes is $18.04 (CAD $22.24) per share.

For accounting purposes, the Corporation measures the Notes at amortized cost, accreted to maturity over the term of the Notes. The conversion option is an embedded derivative and is accounted for as a financial liability measured at fair value through the profit or loss, as the Corporation has the ability to settle the option at fair value in cash, common shares, or a combination of cash and common shares in certain circumstances.

At the date of issue, the Notes were measured at fair value:

	December 31, 2018
Proceeds from issue	330,000
Liability component at date of issue	(287,975)
Conversion option	**$ 42,025**

(Expressed in Thousands of United States Dollars, except per share amounts)

The liability component for the Notes at December 31, 2018 has an effective interest rate of 6.2% and was as follows:

	December 31, 2018
Liability component at issue date	287,975
Less: Deferred finance costs	(5,159)
Interest expense in the period	16,302
Less: Interest payments in the period	(5,225)
Balance at December 31, 2018	**$ 293,893**

The conversion option related to the Notes is recorded at fair value, and the value at December 31, 2018 is determined using a valuation model, with the following assumptions; volatility of 26%, risk free rate of 2.6%, term of the conversion option 4.4 years, and a share price of $15.57.

	December 31, 2018
Conversion option at issue date	42,025
Fair value adjustment	(16,949)
Balance at December 31, 2018	**$ 25,076**

15 OTHER LONG-TERM LIABILITIES

	December 31, 2018	December 31, 2017
Environmental rehabilitation provision	38,572	49,179
Share based liabilities	3,110	3,153
Net pension obligation	195	283
Total	**$ 41,877**	**$ 52,615**

i. Environmental Rehabilitation Provision

	Note	December 31, 2018	December 31, 2017
Balance beginning of year		49,179	38,864
Initial recognition of provision		2,588	11,429
Assumed on acquisition of mining interests	5	-	2,104
Derecognized on disposal of mining interests	6	(17,181)	(7,841)
Revisions in estimates and obligations incurred		3,116	4,091
Accretion		1,027	863
Rehabilitation work performed		(157)	(331)
Balance end of year		**$ 38,572**	**$ 49,179**

The provisions of each mine will be accreted over the projected life of each mine.

(Expressed in Thousands of United States Dollars, except per share amounts)

The Corporation measures the provision at the expected value of future cash flows including US based nominal inflation of 1.90%, discounted to the present value of the inflated values using a current US dollar risk free discount rate of 2.90%. The undiscounted cash flows related to the environmental rehabilitation obligation as of December 31, 2018 was $35.4 million (2017 - $48.0 million).

16 SHARE CAPITAL

16.1 VOTING SHARES

Authorized

- 200,000,000 voting shares of $0.10 par value
- 100,000,000 undesignated shares

16.2 SHARE CAPITAL

On April 17, 2017, the Corporation announced that its largest shareholder, La Mancha Holding S.A R.L ("La Mancha") exercised its anti-dilution right to increase its stake from the current 28.1% interest to the initial 29.9% ownership position, by means of a $47.5 million (CAD $63.4 million) private placement for 2,573,372 shares on April 25, 2017.

Following the acquisition of Avnel in September 2017, La Mancha exercised its anti-dilution right to maintain its 30% interest in the Corporation. This resulted in an initial $30.1 million placement (CAD $37.7 million) for 1,666,897 shares, paid on September 29, 2017, and an additional $29.5 million (CAD $37.7 million) for 1,666,898 shares received on November 8, 2017, resulting in La Mancha maintaining its 30% interest in the Corporation.

16.3 SHARE-BASED COMPENSATION

The following table summarizes the share-based compensation expense:

	TWELVE MONTHS ENDED DECEMBER 31,	
	2018	2017
Amortization of option grants	19	263
Amortization and change in fair value of DSUs	(43)	2,096
Amortization and change in fair value of PSUs	23,295	14,742
Amortization and change in fair value of RSUs	1,660	6,036
Total share-based expenses	**$ 24,931**	**$ 23,137**

(Expressed in Thousands of United States Dollars, except per share amounts)

i. Options

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

	Options outstanding	Weighted average exercise price (C$)
At December 31, 2016	1,072,622	14.08
Exercised	(630,005)	11.71
Forfeited	(83,994)	9.47
Expired	(213,746)	26.07
At December 31, 2017	144,877	12.47
Exercised	(89,158)	8.66
Forfeited	(4,485)	10.94
Expired	(699)	233.91
At December 31, 2018	**50,535**	**16.26**

The following table summarizes information about the exercisable share options outstanding as at December 31, 2018:

Exercise Prices (C$)	Outstanding	Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
$5.20 - $14.99	50,069	50,069	$10.97	2.11 years
$15.00 - $24.68	466	466	$24.68	0.84 years
	50,535	**50,535**	**$16.26**	**2.10 years**

The Corporation has a share option plan whereby the Corporation's directors may from time to time grant options to directors, employees or consultants. The maximum term of any option is ten years. The exercise price of an option is set at the higher of (i) the volume weighted average trading price of the shares traded on the exchange for the five trading days immediately preceding the grant date and (ii) the closing trading price on the grant date. At the annual general meeting on June 26, 2018, the Corporation elected not to renew the shareholder approval for the stock option plan; as such no new stock options may be granted unless further shareholder approval is sought and obtained.

(Expressed in Thousands of United States Dollars, except per share amounts)

16.4 SHARE UNIT PLANS

A summary of the changes in share unit plans is presented below:

	DSUs outstanding	Weighted average grant price (C$)	PSUs outstanding	Weighted average grant price (C$)	RSUs outstanding	Weighted average grant price (C$)
At December 31, 2016	173,401	6.82	1,310,056	12.58	398,446	21.12
Granted	31,120	24.75	1,289,094	18.47	52,645	20.06
Exercised	(50,444)	9.15	(511,166)	10.56	(254,918)	21.00
Forfeited	-	-	(45,839)	18.91	-	-
At December 31, 2017	154,077	9.68	2,042,145	16.66	196,173	20.99
Granted	37,629	22.50	1,441,198	21.71	52,644	20.06
Exercised	-	0.00	(511,426)	15.86	(248,817)	20.80
Forfeited	-	0.00	(126,037)	19.20	-	-
At December 31, 2018	**191,706**	**12.20**	**2,845,880**	**19.25**	**-**	**-**

16.5 DEFERRED SHARE UNITS

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

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

The total fair value of DSUs at December 31, 2018 was $3.1 million (December 31, 2017 – $3.2 million). The total DSU share-based compensation expense recognized in the consolidated statement of comprehensive loss was $0.04 million for the year ended December 31, 2018 (December 31, 2017, $2.1 million).

16.6 PERFORMANCE SHARE UNITS

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

The fair value of the PSUs is determined based on Total Shareholder Return ("TSR") relative to peer companies and achieving certain operational performance measures (key future operational indicators – All in Sustaining Cost "AISC", resource and project targets). The fair value related to the TSR portion is determined using a multi-asset Monte Carlo simulation model while the fair value related to the achievement of operational performance measures is determined based the probability of reaching the operational targets.

The total PSU share-based expense recognized in the consolidated statements of comprehensive loss was $23.3 million for the year ended December 31, 2018 (December 31, 2017, $14.7 million).

(Expressed in Thousands of United States Dollars, except per share amounts)

16.7 RESTRICTED SHARE UNITS

In November 2016, the Corporation introduced a change in its long-term incentive plan ("LTI Plan") to include a portion of restricted share unit awards ("RSUs") for certain executives. The RSU program is intended to increase the pay mix in favor of long-term equity-based compensation to serve as an employee retention mechanism.

The total RSU share-based expense recognized in the consolidated statement of comprehensive loss was $1.6 million for the year ended December 31, 2018 (December 31, 2017 - $6.0 million). At December 31, 2018, the Corporation has settled all the outstanding RSUs. The fair value of the RSU at December 31, 2017 was $2.2 million.

16.8 BASIC AND DILUTED EARNINGS PER SHARE

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

	TWELVE MONTHS ENDED DECEMBER 31,	
	2018	2017
Basic weighted average number of shares outstanding	107,741,182	98,520,420
Effect of dilutive securities[1]		
Stock options and RSU's	179,710	597,154
Diluted weighted average number of shares outstanding	107,920,892	99,117,574
Total common shares outstanding	**108,081,596**	**107,533,007**
Total potential diluted common shares	**112,316,713**	**109,916,202**

[1] Diluted income per share was determined using the basic weighted average shares outstanding rather than the diluted weighted average shares outstanding as the effects of dilutive securities would have been anti-dilutive in periods where the Corporation has a net loss. The securities noted above would have been dilutive had the Corporation had earnings in the period.

17 NON-CONTROLLING INTERESTS

The composition of the non-controlling interests ("NCI") is as follows:

	Note	Agbaou Gold Operations SA (Agbaou Mine) 15%	Segala Mining Co SA/Kofi Mining S.à r.l. (Tabakoto Mine) 20%/10%	Burkina Mining Company SA (Youga Mine) 10%	Societe des Mines d'Ity (Ity Mine) 20%	Riverstone Karma SA (Karma Mine) 10%	Houndé Gold Operations 10%	Societe des Mines d'Or de Kalana (Kalana Project) 20%	Total (before discontinued operations)	Segala Mining Co SA/Kofi Mining S.à r.l. (Tabakoto Mine) 20%/10%	Adamus Resources Limited (Nzema Mine) 10%	Total
At December 31, 2016		38,339		-	40,614	10,641	-	-	89,594	(22,045)	(15,677)	51,872
Acquistion of NCI		-		-	(22,975)	-	-	522	(22,453)	-	-	(22,453)
Net earnings (loss)		14,125		-	(208)	213	(3,441)	-	10,689	(34,381)	2,961	(20,731)
Dividend distribution		(5,177)		-	-	-	-	-	(5,177)	(470)	-	(5,647)
Disposal of the Nzema Mine		-		-	-	-	-	-	-	-	12,716	12,716
At December 31, 2017		**47,287**		**-**	**17,431**	**10,854**	**(3,441)**	**522**	**72,653**	**(56,896)**	**-**	**15,757**
Net earnings attributable		6,637	-	-	(1,026)	1,129	10,385	-	17,125	(10,004)	-	7,121
Dividend distribution		(3,451)	-	-	-	-	-	-	(3,451)	(185)	-	(3,636)
Disposal of the Tabakoto Mine		-		-	-	-	-	-	-	67,085	-	67,085
At December 31, 2018		**$ 50,473**			**$ 16,405**	**$ 11,983**	**$ 6,944**	**$ 522**	**$ 86,327**	**$ -**	**$ -**	**$ 86,327**

For summarized information related to these subsidiaries, refer to Note 22, Segmented Information.

(Expressed in Thousands of United States Dollars, except per share amounts)

18 GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

		TWELVE MONTHS ENDED DECEMBER 31,	
	Note	2018	2017
Gain (loss) on marketable securities and investments		(346)	
Imputed interest on promissory note and other assets		38	
Interest income		150	
Other (losses)/gains on other financial instruments		(158)	375
Change in value of receivable at FVTPL	6	2,977	-
Gain/(loss) on gold revenue protection program	19	7,658	(10,281)
Unrealized gain on convertible senior bond derivative	14	16,949	-
(Loss)/gain on foreign exchange		(19,391)	6,579
Total gain/(loss) on financial instruments		**$ 8,035**	**$ (3,327)**

19 DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the derivative financial assets:

	December 31, 2018	December 31, 2017
Gold revenue protection strategy	1,636	-
Derivative financial assets, current portion	**$ 1,636**	**$ -**

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

	TWELVE MONTHS ENDED DECEMBER 31,	
	2018	2017
Realized gain/(loss) on gold revenue protection strategy premium	6,022	(3,658)
Unrealized gain/(loss) on gold and fuel price protection strategy	1,636	(6,623)
Gain/(loss) on derivative financial instruments	**$ 7,658**	**$ (10,281)**

19.1 GOLD REVENUE PROTECTION STRATEGY

In year ended December 31, 2018, the Corporation implemented a deferred premium collar strategy ("Collar") using written call options and bought put options for the 15-month period from February 2018 to April 2019. The program covers a total of 400,000 ounces, representing approximately 50% of Endeavour's total estimated gold production for the period, with a floor price of $1,300 per ounce and ceiling price of $1,500 per ounce.

The Collar was not designated as a hedge by the Corporation and was recorded at its fair value at the end of each reporting period with changes in fair value recorded in the consolidated statement of comprehensive earnings/(loss).

As at December 31, 2018, 133,238 ounces remain outstanding under the Collar derivative liability.

(Expressed in Thousands of United States Dollars, except per share amounts)

The total premium payable for entering into the Collar of $8.7 million is included as part of the Collar fair value and will be cash-settled on a net basis as monthly contracts mature. In the year ended December 31, 2018, the Corporation received $6.0 million for settlements of the Collar, included in realized gains on derivative financial instruments.

20 INCOME TAXES

20.1 INCOME TAX RECOGNIZED IN NET INCOME (LOSS) AND TOTAL COMPREHENSIVE INCOME (LOSS)

Details of the income tax expense (recovery) are as follows:

	2018	2017
Current income and other tax (expense) recovery	(66,522)	(10,086)
Deferred income tax expense	5,007	4,775
Total income tax expense recognized in operations	**$ (61,515)**	**$ (5,311)**

The Corporation is not subject to corporate taxation in the Cayman Islands. However, the taxable earnings of the corporate entities in Australia, Barbados, Burkina Faso, Canada, Côte d'Ivoire, Mali, Monaco, France, Luxembourg and the United Kingdom are subject to tax under the tax law of the respective jurisdiction. The Corporation is using a weighted average of the domestic tax rate applicable to its West African Mining operations to reconcile earnings to the income tax expense.

	December 31, 2018	December 31, 2017
Profit (loss) from continuing operations	78,575	45,480
Weighted average domestic tax rate	18.3%	25.0%
Income tax (recovery) expense based on weighted average domestic tax rates	14,379	11,370
Reconciling items:		
Rate differential	15,311	13,219
Effect of foreign exchange rate changes on deferred taxes	6,326	(6,479)
Non-deductible (non-taxable) expenses	9,130	(896)
Mining convention benefits	(13,850)	(27,871)
Effect of alternative minimum taxes and withholding taxes	21,173	12,920
Accruals for tax and statutory audits	4,886	(727)
Effect of changes in deferred tax assets not recognized	3,654	2,622
Other	506	1,153
Income tax expense	**$ 61,515**	**$ 5,311**

(Expressed in Thousands of United States Dollars, except per share amounts)

The following is a summary of the tax rates in the various taxable jurisdictions:

	2018	2017
Australia	30.0%	30.0%
Barbados	2.5%	2.5%
Burkina Faso	17.5/27.5%	17.5/27.5%
Canada	26.0%	26.0%
Cayman Islands	0.0%	0.0%
Côte d'Ivoire	25.0%	25.0%
Ghana	35.0%	35.0%
Mali	30.0%	30.0%
Monaco	33.3%	33.3%
France	33.3%	33.3%
Luxembourg	19.0%	19.0%
United Kingdom	19.3%	19.3%

20.2 INCOME TAXES PAYABLE AND RECEIVABLES

	December 31, 2018	December 31, 2017
Current income taxes receivable		627
Income tax receivable	**$ -**	**$ 627**
Income taxes payable related to current year taxable profits	42,178	2,746
Provision for income taxes	4,886	-
Income taxes payable	**$ 47,064**	**$ 2,746**

(Expressed in Thousands of United States Dollars, except per share amounts)

20.3 DEFERRED TAX BALANCES

	December 31, 2018	December 31, 2017
Deferred income tax assets		
Tax losses not utilized	$ 5,443	$ 7,585
Unrealized foreign exchange and other timing differences	-	445
Mining interests, and property, plant and equipment	2,725	12,325
Inventory	3,158	602
Trade receivables and other assets	8,143	31
Reclamation and closure cost obligations	5,919	5,214
	$ 25,388	**$ 26,202**
Deferred income tax liabilities		
Inventory	(1,987)	(1,079)
Current liabilities	(1,665)	(10,867)
Long term liabilities	(1,661)	(3,691)
Mining interests	(84,708)	(80,204)
Deferred income tax liability, net	**$ (64,632)**	**$ (69,639)**

	December 31, 2018	December 31, 2017
Net deferred income tax asset (liability) at beginning of	$ (69,639)	$ (22,326)
Acquisitions and disposals of subsidiaries and operations	-	(28,134)
Income tax expense charge to earnings during the year	5,007	(19,179)
Net deferred income tax liability at end of year	**$ (64,632)**	**$ (69,639)**

	December 31, 2018	December 31, 2017
Net deferred income tax asset, as reported in the consolidated statements of financial position	$ 4,186	$ 6,267
Net deferred income tax liability, as reported in the consolidated statements of financial position	(68,818)	(75,906)
Total	**$ (64,632)**	**$ (69,639)**

20.4 UNRECOGNIZED DEDUCTIBLE TEMPORARY DIFFERENCES

At December 31, 2018, the Corporation had deductible temporary differences for which deferred tax assets have not been recognized because it is not probable that future profits will be available against which the Corporation can utilize the benefit. The major components of the deductible temporary differences were comprised as follows:

(i) in Burkina Faso, Mali and Cote d'Ivoire arising from mine closure liabilities of $24.7 million (December 31, 2016 - $24.7 million), and other deductible temporary differences of $1.9 million.

20.5 TAX RULES, REGULATIONS, AND ASSESSMENTS

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

21 RELATED PARTY TRANSACTIONS

21.1 COMPENSATION OF KEY MANAGEMENT PERSONNEL AND DIRECTORS

The remuneration of directors and a number of other members of key management personnel responsible for planning, directing and controlling the activities of the Corporation during the year were as follows:

	TWELVE MONTHS ENDED DECEMBER 31,	
	2018	2017
Short-term benefits	10,105	22,379
Share-based payments	13,261	18,759
Total	**$ 23,366**	**$ 41,138**

22 SEGMENTED INFORMATION

The Corporation operates in three principal countries, Burkina Faso (Karma and Houndé mines), Côte d'Ivoire (Agbaou and Ity mines), and Mali (Kalana Project). The Tabakoto mine had previously been in its own segment and has been classified a discontinued operation at December 31, 2018 with a restatement of 2017. The following table provides the Corporation's revenue and results by reportable segment.

TWELVE MONTHS ENDED DECEMBER 31 2018

In thousands of US$	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
Revenue						
Gold revenue	180,256	107,511	113,061	351,129	-	751,957
Cost of sales						
Operating expenses	(97,875)	(58,051)	(102,956)	(127,974)	(70)	(386,926)
Depreciation and depletion	(33,419)	(29,028)	(39,852)	(65,541)	(1,229)	(169,069)
Royalties	(6,761)	(4,161)	(8,335)	(21,811)	-	(41,068)
Earnings/(loss) from mine operations	**42,201**	**16,271**	**(38,082)**	**135,803**	**(1,299)**	**154,894**
Corporate costs	-	-	-	-	(26,573)	(26,573)
Share-based payments	-	-	-	-	(24,931)	(24,931)
Exploration	-	-	-	-	(7,621)	(7,621)
Earnings/(loss) from operations	**42,201**	**16,271**	**(38,082)**	**135,803**	**(60,424)**	**95,769**
Other income/(expenses)						
Gain/(loss) on financial instruments	(2,620)	1,044	(3,001)	(11,006)	23,618	8,035
Finance costs	(379)	298	(275)	(3,166)	(20,149)	(23,671)
Other expense	-	-	-	-	(1,558)	(1,558)
Earnings/(loss) before taxes	**39,202**	**17,613**	**(41,358)**	**121,631**	**(58,513)**	**78,575**
Current income tax recovery/(expense)	(2,934)	(15,863)	-	(39,864)	(7,861)	(66,522)
Deferred income tax recovery/(expense)	5,177	(4,158)	288	(397)	4,097	5,007
Net earnings/(loss) from continuing operations	**$ 41,445**	**$ (2,408)**	**$ (41,070)**	**$ 81,370**	**$ (62,277)**	**$ 17,060**

TWELVE MONTHS ENDED DECEMBER 31, 2017

In thousands of US$	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Project Burkina Faso	Other	Total
Revenue						
Gold revenue	219,748	75,137	98,570	77,188	-	470,643
Cost of sales						
Operating expenses	(97,400)	(44,262)	(70,466)	(12,142)	-	(224,270)
Depreciation and depletion	(32,536)	(19,107)	(24,236)	(12,517)	(356)	(88,752)
Royalties	(8,186)	(2,896)	(7,593)	(4,595)	-	(23,270)
Earnings (loss) from mine operations	**81,626**	**8,872**	**(3,725)**	**47,934**	**(356)**	**134,351**
Corporate costs	-	-	-	-	(23,126)	(23,126)
Acquisition costs	-	-	-	-	(14,132)	(14,132)
Share-based payments	-	-	-	-	(23,137)	(23,137)
Exploration	-	-	-	-	(5,284)	(5,284)
Earnings/(loss) from operations	**81,626**	**8,872**	**(3,725)**	**47,934**	**(66,035)**	**68,672**
Other income/(expenses)						
Gain/(loss) on financial instruments	-	-	-	-	(3,327)	(3,327)
Finance costs	(428)	139	(254)	7,603	(24,683)	(17,623)
Other income	-	-	-	-	(2,242)	(2,242)
Earnings/(loss) before taxes	**81,198**	**9,011**	**(3,979)**	**55,537**	**(96,287)**	**45,480**
Income tax recovery/(expense)	(7,017)	(2,504)	-	-	(565)	(10,086)
Deferred income tax recovery/(expense)	6,440	241	1,037	(1,260)	(1,683)	4,775
Net earnings/(loss) from continuing operations	**80,621**	**6,748**	**(2,942)**	**54,277**	**(98,535)**	**40,169**

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the years ended December 31, 2018 or December 31, 2017.

The Corporation is not economically dependent on a limited number of customers for the sale of gold because gold can be sold through numerous commodity market traders worldwide.

(Expressed in Thousands of United States Dollars, except per share amounts)

The Corporation's assets and liabilities, including geographic location of those assets and liabilities, are detailed below:

AS AT DECEMBER 31, 2018

	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
Mining interests	136,114	413,234	296,493	460,694	237,307	1,543,842
Current assets	55,163	37,505	51,683	107,186	76,304	327,841
Long-term assets	1,584	12,934	6,069	8,494	17,093	46,174
Deferred income taxes	2,382	(786)	-	-	2,590	4,186
Total assets	**$ 195,243**	**$ 462,887**	**$ 354,245**	**$ 576,374**	**$ 333,294**	**$ 1,922,043**
Current liabilities	21,909	73,986	30,069	93,515	28,941	248,420
Long-term liabilities	9,420	44,349	5,668	53,573	547,462	660,472
Deferred tax liabilities	-	-	24,501	18,598	25,719	68,818
Total liabilities	**$ 31,329**	**$ 118,335**	**$ 60,238**	**$ 165,686**	**$ 602,122**	**$ 977,710**

AS AT DECEMBER 31, 2017

	Agbaou Mine Côte d'Ivoire	Tabakoto Mine Mali	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Project Burkina Faso	Other	Total
Mining interests	137,457	101,611	108,988	318,208	468,315	176,059	1,310,638
Current assets	57,200	40,576	62,900	64,279	59,235	70,444	354,634
Long-term assets	-	4,402	4,829	4,304	1,123	-	14,658
Deferred income taxes	-	-	6,267	-	-	-	6,267
Total assets	**$ 194,657**	**$ 146,589**	**$ 182,984**	**$ 386,791**	**$ 528,673**	**$ 246,503**	**$ 1,686,197**
Current liabilities	36,623	35,509	48,375	37,918	35,327	40,119	233,871
Long-term liabilities	8,841	18,875	9,108	4,319	48,163	286,493	375,799
Deferred income taxes	3,100	-	-	24,789	18,200	29,817	75,906
Total liabilities	**$ 48,564**	**$ 54,384**	**$ 57,483**	**$ 67,026**	**$ 101,690**	**$ 356,429**	**$ 685,576**

23 CAPITAL MANAGEMENT

The Corporation's objectives of capital management are to safeguard the entity's ability to support the Corporation's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

In the management of capital, the Corporation includes the components of equity, short-term borrowings and long-term debt, net of cash and cash equivalents, restricted cash and marketable securities.

(Expressed in Thousands of United States Dollars, except per share amounts)

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

	December 31, 2018	December 31, 2017
Equity	944,333	1,000,621
Long-term debt	542,248	286,440
	1,486,581	1,287,061
Less:		
Cash	(124,022)	(122,702)
Cash - restricted	(1,073)	(1,327)
Derivative financial assets	(1,636)	-
Marketable securities	(497)	(981)
Total	**$ 1,359,353**	**$ 1,162,051**

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

24 FINANCIAL INSTRUMENTS

24.1 FINANCIAL ASSETS AND LIABILITIES

The Corporation's financial instruments consist of cash, restricted cash, marketable securities, trade and other receivables, working capital loan, long term receivable, trade and other payables, derivative financial assets/liabilities, finance obligations and current and long-term debt. The fair value of these financial instruments approximates their carrying value, unless otherwise noted below, except for the convertible note, which has a fair value of approximately $319.1 million.

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

Classification of financial assets and liabilities

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

As at each of December 31, 2018 and December 31, 2017, the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities measured and recognized in the statement of financial position at fair value are categorized are as follows:

(Expressed in Thousands of United States Dollars, except per share amounts)

DECEMBER 31, 2018

	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		124,022	-	-	124,022
Cash - restricted		1,073	-	-	1,073
Gold revenue protection	19	-	1,636	-	1,636
Receivable for sale of Nzema mine	9	-	-	22,577	22,577
Receivable for sale of Tabakoto mine	9	-	8,804	13,322	22,126
Marketable securities		497	-	-	497
Total		**$ 125,592**	**$ 10,440**	**$ 35,899**	**$ 171,931**
Liabilities:					
Conversion option on Notes	14	-	(25,076)	-	(25,076)
Total		**$ -**	**$ (25,076)**	**$ -**	**$ (25,076)**

DECEMBER 31, 2017

	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		122,702	-	-	122,702
Cash - restricted		1,327	-	-	1,327
Marketable securities		981	-	-	981
Total		**$ 125,010**	**$ -**	**$ -**	**$ 125,010**

There were no transfers between level 1 and 2 during the year. The fair value of level 3 financial assets was determined using a Monte Carlo valuation method, taking into account assumptions with respect to gold prices and discount rates as well as estimates with respect to production and operating results at each of the disposed mines.

24.2 FINANCIAL INSTRUMENT RISK EXPOSURE

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

i. Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Corporation by failing to discharge its obligations. Credit risk arises from cash, cash-restricted, marketable securities, trade and other receivables, long-term receivable and other assets.

The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk other than receivable balances owed from the governments in the countries the Corporation operates in. Other receivables include $22.6 million related to the disposal of Nzema (Note 5) on December 29, 2017 which remains outstanding at December 31, 2018, and a $8.8 million deferred cash consideration related to the disposal of Tabakoto (Note 6). These receivables are held with a private company and at this time there have been no significant events or financial difficulty which would raise the level of credit risk. The Corporation sells its gold to large international organizations with strong credit ratings, and the historical level of customer defaults is minimal. As a result, the credit risk associated with gold trade receivables at December 31, 2018 is considered to be negligible. The Corporation does not rely on ratings issued by credit rating agencies in evaluating counterparties' related credit risk.

(Expressed in Thousands of United States Dollars, except per share amounts)

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

	December 31, 2018	December 31, 2017
Cash	124,022	122,702
Cash - restricted	1,073	1,327
Trade and other receivables	57,782	50,698
Working capital loan	491	1,062
Derivative financial assets	1,636	-
Marketable securities	497	981
Long-term receivable	13,446	208
Total	**$ 198,947**	**$ 176,978**

ii. Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash, physical gold or another financial asset. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements.

The following table summarizes the Corporation's liabilities that have contractual maturities as at December 31, 2018:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	177,322	-	-	-	177,322
Corporate loan facility	-	-	230,000	-	230,000
Convertible senior bond	9,900	19,800	344,850	-	374,550
Finance obligations	30,638	59,065	24,032	2,855	116,590
Total	**$ 217,860**	**$ 78,865**	**$ 598,882**	**$ 2,855**	**$ 898,462**

24.3 MARKET RISKS

i. Currency Risk

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. There has been no change in the Corporation's objectives and policies for managing this risk during the period ended December 31, 2018.

The Corporation has not hedged its exposure to foreign currency exchange risk.

The table below highlights the net assets (liabilities) held in foreign currencies, presented in US dollars:

	December 31, 2018	December 31, 2017
Canadian dollar	309	107
CFA Francs	26,615	(696)
Euro	919	-
Other currencies	2,707	2,843
Total	**$ 30,550**	**$ 2,254**

The effect on earnings before taxes as at December 31, 2018, of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above mentioned financial and non-financial assets and liabilities of the Corporation is estimated to be \$3.1 million (December 31, 2017, \$0.2 million), if all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at December 31, 2018.

ii. Interest Rate Risk

Interest rate risk is the risk that future cash flows from, or the fair values of, the Corporation's financial instruments will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk primarily on its long-term debt. Since marketable securities and government treasury securities held as loans are short term in nature and are usually held to maturity, there is minimal fair value sensitivity to changes in interest rates. The Corporation continually monitors its exposure to interest rates and is comfortable with its exposure given the relatively low short-term US interest rates and LIBOR.

The effect on earnings and other comprehensive loss before tax as at December 31, 2018, of a 10% change in the LIBOR rate on the RCF is estimated to be \$0.1 million (December 31, 2017 - \$0.1 million).

iii. Price Risk

Price risk is the risk that the fair value or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market prices. There has been no change in the Corporation's objectives and policies for managing this risk and no significant changes to the Corporation's exposure to price risk during the period ended December 31, 2018.

25 COMMITMENTS AND CONTINGENCIES

- The Corporation has commitments in place at all four of its mines and other key projects for drill and blasting services, load and haul services, supply of explosives and supply of hydrocarbon services.
- The Corporation is subject to operating and finance lease commitments in connection with the purchase of mining equipment, light duty vehicles and workshop and rented office premises.
- The Corporation is, from time to time, involved in various claims, legal proceedings, tax assessments and complaints arising in the ordinary course of business from third parties. The Corporation cannot reasonably predict the likelihood or outcome of these actions. The Corporation does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations.
- The Corporation was recently served in the Cayman Islands with notice of a claim by a former service provider. The Corporation is taking legal advice on the merits of the claim and the probable outcome but intends to vigorously defend against the claims. The Corporation does not believe that the outcome of the claim will have a material impact.
- The Corporation's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Corporation believes its operations are materially in compliance with all applicable laws and regulations. The Corporation has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- The Corporation is obligated to deliver 100,000 ounces of gold (20,000 ounces per year) to Franco-Nevada Corporation and Sandstorm Gold Inc. (the "Syndicate") over a five period in exchange for 20% of the spot price of gold for each ounce of gold delivered (the "ongoing payment"). The amount that was previously advanced for this agreement of \$100 million is reduced on each delivery by the excess of the spot price of the gold delivered over the ongoing payment. Following the five-year period, which commenced on March 31, 2016, the Corporation is committed to deliver refined gold equal to 6.5% of the gold production at the Karma Mine for the life of the mine in exchange for ongoing payments. The Corporation must deliver an additional 7,500 ounces between July 2017 and April 2019 in exchange for the additional deposit of \$5 million received in 2017. The Corporation assumed the gold stream when it acquired the Karma Mine on April 26, 2016. Gold ounces sold to the Syndicate under the

stream agreement are recognized as revenue only on the actual proceeds received, which per the agreement is 20% of the spot gold price.

26 SUBSEQUENT EVENTS

26.1 INCREASE IN ITY MINE OWNERSHIP

On January 11, 2019, the Corporation increased its ownership stake in the Ity Mine from 80% to 85%. In exchange for the additional 5% interest in the Ity mine (relating to the Société des Mines d'Ity and Société des Mines de Daapleu entities), the Corporation granted the minority shareholder 1,072,305 common shares amounting to a total consideration of approximately $15 million (CAD$20 million).

Following this transaction, the Corporation owns 85% of the Ity mine, with the Government of Cote d'Ivoire owning 10% and SODEMI (a government owned mining company) owing the remaining 5%.