2016 FINANCIAL RESULTS

Integrated Management Discussion & Analysis, And Financials

For the three and twelve months ended December 31, 2016 and 2015

(Expressed in Thousands of United States Dollars)

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SECTION 1:
MANAGEMENT DISCUSSION AND ANALYSIS

For the three and twelve months ended
December 31, 2016 and 2015

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This Management's Discussion and Analysis ("MD&A") should be read in conjunction with Endeavour Mining Corporation's ("Endeavour Mining" or the "Corporation") audited consolidated financial statements for the year ended December 31, 2016 and notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This Management's Discussion and Analysis contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. The reader is cautioned not to place undue reliance on forward-looking statements. All figures are in United States Dollars, unless otherwise indicated. Tabular amounts are in thousands of United States Dollars, except per share amounts and where otherwise indicated. This Management's Discussion and Analysis is prepared as of March 7, 2017. 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

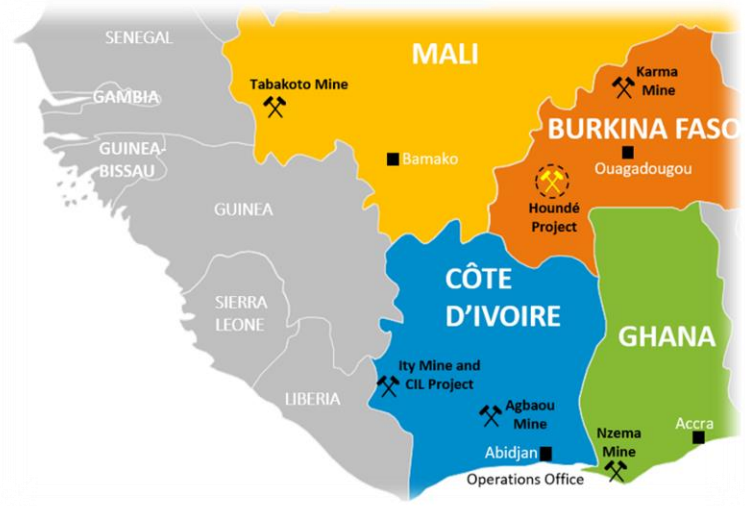
Endeavour Mining is a TSX-listed intermediate gold producer, focused on developing a portfolio of high quality mines in the prolific West-African region where it has established a solid operational and construction track record.

Endeavour is ideally positioned as the major pure West-African multi-operation gold mining company, operating 5 mines in Côte d'Ivoire (Agbaou and Ity), Burkina Faso (Karma), Mali (Tabakoto), and Ghana (Nzema). In 2017, it expects to produce between 600,000 and 640,000 ounces of gold at an all-in sustaining[1] cost ("AISC") of $860 to $905 per ounce.

The development of the Houndé project and the Ity Carbon-In-Leach Project ("CIL Project") is expected to lift Endeavour's group production to over 900,000 ounces per annum and decrease its average AISC to circa $800 per ounce by 2019, while exploration aims to extend all mine lives to over 10 years.

1 - Throughout this MD&A, cash costs, all-in sustaining costs, operating EBITDA, adjusted earnings attributable to shareholders, all-in sustaining margin, non-sustaining capex, growth projects, free cash flow, net debt and net debt/OEBITDA 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, 2016



1.2. STRATEGY SUMMARY

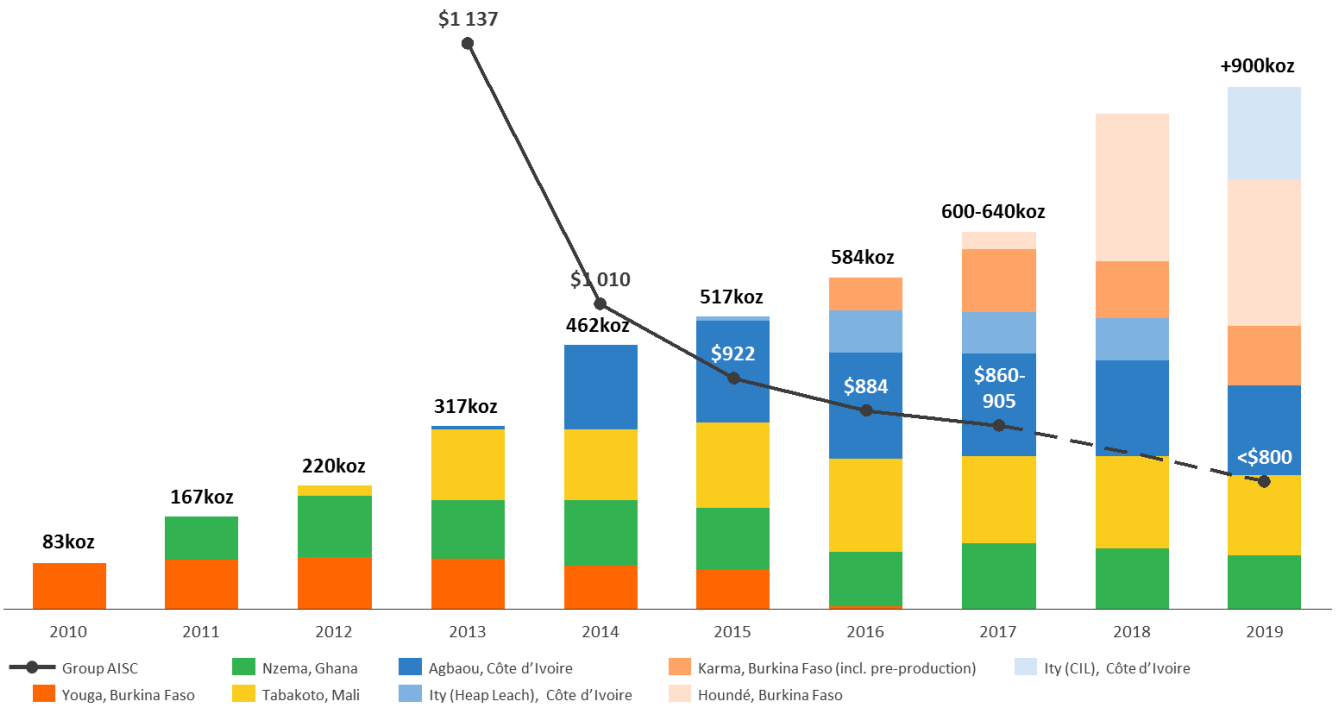
Endeavour's strategy is focused on increasing the quality of its portfolio to create a leading African gold producer with low all-in sustaining Cost ("AISC") and long-life mines.

This will be achieved with 1) an unrelenting focus on operational excellence, 2) developing projects on-time and on-budget, 3) unlocking value through exploration, and 4) maintaining a healthy balance sheet and actively managing the portfolio.

As shown in Figure 2 below, Endeavour is well-positioned to reach by 2019 its medium-term milestones of producing in excess of 900,000 ounces of gold annually at an AISC of less than $800/oz, while increasing mine lives to more than 10 years.

CLEAR PATH TO BUILD A +900 KOZ PRODUCER AT ≤ $800/OZ AISC

Figure 2: Production and AISC Profile



4 Strategic Levers to Meet our Objective

Operational Excellence

Endeavour's proven track record of successful operations in West Africa is based on the deep experience and the commitment of our people. The Company maintains strong teams at every operation and in every country where we operate. They combine their decades of mining experience with an unyielding commitment to safety and a strong focus on community to ensure each mine is operated efficiently.

Project Development

Endeavour has a highly attractive project pipeline consisting of two near-term projects which together will add more than 400koz of production per year at below $700/oz AISC. Once in production, Houndé in Burkina Faso will become Endeavour's flagship operation. First gold is expected to be poured in Q4-2017. Endeavour issued a positive feasibility study for the Ity CIL project, which would add at least 14 years of low-cost production to the Ity mine. A construction decision on the Ity CIL project is expected to be made in Q2-2017.

Unlocking Exploration Value

Endeavour holds one of largest and most promising exploration portfolios in West Africa. Exploration is a key pillar of the Company's growth strategy, with a target of identifying 10-15 million ounces in new gold discoveries over the next five years, which represents twice the amount of gold mined over the same period.

Portfolio & Balance Sheet Management

Endeavour dynamically manages its portfolio of assets by increasing the overall quality of our assets. The Company actively reducing AISC while increasing mine life of its key operating assets, and divesting its lower quality assets. The quality of the portfolio is further strengthened through the development of high quality, long-life and low-cost development projects and opportunistic acquisitions. Endeavour maintains a healthy financial structure with low debt, and strong liquidity and financing sources to fund both project development and exploration.

2. CORPORATE HIGHLIGHTS FOR THE YEAR 2016

2.1. CORPORATE HIGHLIGHTS

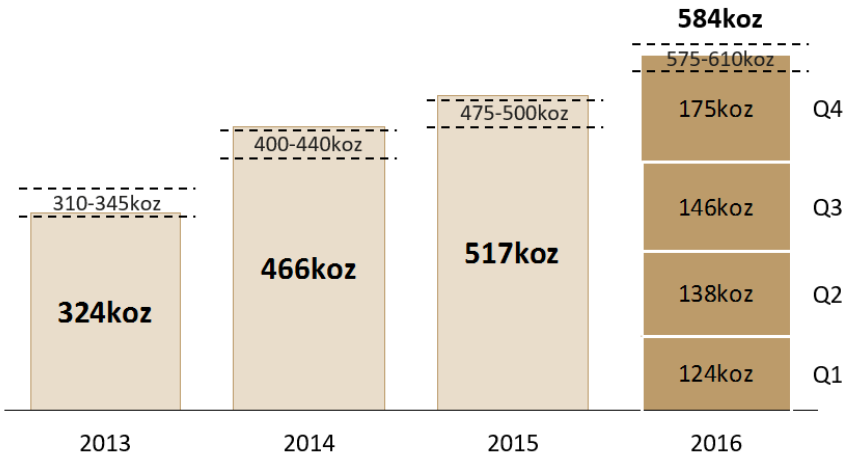
- On February 29, 2016, the Corporation announced that it had completed the sale of the Youga Gold Mine in Burkina Faso for $22 million of net cash proceeds.
- On March 4, 2016, Endeavour announced that it had entered into a transaction to acquire all of the issued and outstanding common shares of True Gold Mining Inc. ("True Gold") (TSX-V:TGM). In conjunction with the acquisition, Endeavour Mining announced that La Mancha Holding S.àr.l., its largest shareholder, intended to exercise its anti-dilution right that would result in a new equity placement in Endeavour Mining to preserve its 30% ownership. On April 21, the shareholders of both Endeavour Mining and True Gold Mining supported the transaction in separate shareholder votes concluding the transaction as of April 26. The La Mancha group anti-dilution private placement was also completed, contributing approximately $65 million to Endeavour's cash balance.
- On April 11, 2016, Endeavour announced the start of the construction of its 90%-owned Houndé Project in Burkina Faso. Based on current reserves, the Houndé Project is expected to deliver average production of 190,000 ounces per year over a 10-year mine life at an AISC of $709/oz. The project is an open pit mine with a 3.0 million tonne per annum ("Mtpa") gravity circuit and CIL plant. The initial capital cost is estimated at $328 million, inclusive of $47 million for the owner-mining fleet.
- On July 11, 2016, the Corporation issued a total of 7,187,500 ordinary shares at a price of C$20.00 per share, which included the exercise of the underwriters' over-allotment option for aggregate gross proceeds of C$143.8 million ($109.7 million). The net proceeds of the offering are intended to fund Endeavour's increased exploration strategy, the potential development of the Ity CIL project and general corporate purposes. La Mancha participated in this transaction with 1 million of the issued shares taken up by the La Mancha group.
- On May 9, 2016, Mr. Sébastien de Montessus was appointed as CEO following the Corporation's AGM held June 28th, 2016. The Corporation followed with several board and executive changes. On August 2, 2016, the Corporation announced that Frank Giustra was stepping down from the board, and on October 3, 2016, the Corporation announced that Livia Mahler and Olivier Colom joined the Corporation as non-executive directors. On October 4, 2016, the Corporation announced further streamlining of its organisational structure with the appointment of Vincent Benoit as Executive Vice President, Chief Financial Officer and Corporate Development. Additionally, the Group's Corporate offices in Monaco, Vancouver and Paris are being consolidated into one new office in London and the Corporation has migrated its tax residency to Monaco.
- On September 6, 2016, the Corporation announced that excellent progress was being made at its Houndé Gold Project in Burkina Faso. The Corporation provided an update on the signing of the mining fleet equipment financing, completion of water harvest dam construction, signing of the power offtake agreement with the state power authority, the construction of the 300-person permanent accommodation village and detailed engineering of the processing facility.
- On September 14, 2016, Endeavour Mining announced a significant discovery at its Ity mine in Cote d'Ivoire. The high-grade Bakatouo discovery is located in proximity to the current Ity mining complex, and is considered to be the extension of the Zia Northeast and Walter deposits. It is envisaged that this deposit has the potential to supply ore to the existing heap leach operation and the potential CIL expansion project. On the same day Endeavour announced that it had consolidated an 80 km underexplored corridor on-trend with the Ity mine, significantly increasing its holdings in the Ity Birimian district from 178 km² to 664 km². The new Floleu (104 km²) and Toulepleu (382 km²) exploration tenements were obtained on a 100% ownership basis, while the previously 55%-held Tiepleu tenement (153 km²) was re-obtained on a 100% basis. Additionally, on November 7, 2016, Endeavour announced a maiden Mineral Resource estimate for its recent Bakatouo and Colline Sud discoveries also at Ity. It also announced the identification of several new high-priority near-mill exploration targets following the completion of its auger drilling program.

- On November 10, 2016, Endeavour announced positive results for its independent Feasibility Study for the Ity CIL Project. The Ity CIL Project is expected to deliver average production of 114,000 ounces per year over a 14-year mine life at an AISC of $603 per ounce, based on current reserves. The project will comprise of multiple open pit mines and existing decommissioned heap leach stockpiles, and will include the construction of a new 3.0 Mtpa gravity circuit and CIL plant. The initial capital cost is estimated at $307 million with a 20-month construction period.

2.2. HIGHLIGHTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2016

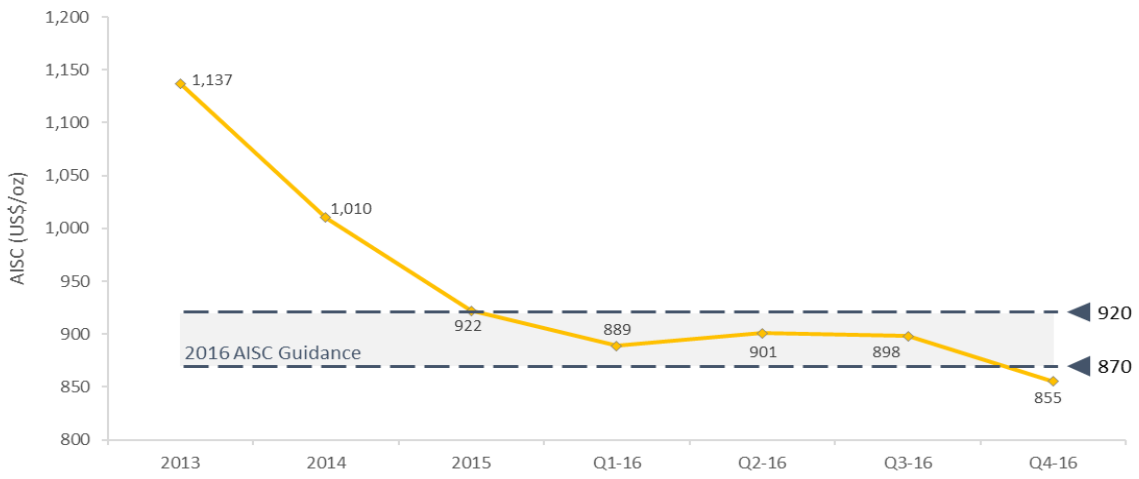
- Record annual 2016 production of 591,891 ounces (including Youga), up 15% compared to the prior year, in addition to a record production of 175,411 ounces achieved in the fourth quarter, up 20% over the previous quarter ended September 30, 2016.
- These records were achieved at a record low AISC of $884 for 2016, down 4% from the prior year, and $855 for the fourth quarter, down 5% from the prior quarter. Guidance for production and costs were both achieved for the full year. The decrease in AISC reflects management's continued commitment and focus on reducing AISC through operational excellence.
- Record gold sales of 545,689 ounces for the year, an increase of 5% from prior year (excluding 2016 Youga and pre-commercial production sales at Karma) and 169,803 in the fourth quarter, up 33% over the prior quarter, generated revenue of $673 million for the year and $200 million for the quarter ended December 31, 2016, up 29% and 18% respectively over the comparative prior year periods.
- The 2016 record annual gold sales contributed to an additional $151 million year over year which can be attributable to the acquisition of the Ity mine in November 2015, improved throughput and production at the Agbaou mine (resulting in record annual gold sales of 196,316 ounces), a full quarter of gold sales at the Karma mine of 28,743 ounces, and a 7% annual increase in the realized gold price of $1,234.
- Earnings from mine operations for the twelve months ending December 31, 2016 increased to $168.1 million, an increase of 70% from the prior year, and was $45.4 million in the quarter ending December 31, 2016, a 13% decrease from prior quarter.
- Free cash flow for the year (before working capital, growth projects, tax and financing costs) increased by 55% to $142 million which exceeded the 2016 guidance. In combination with the healthy internal cash flow generation, Endeavour is well positioned to finance growth projects in 2017 with $334 million of available sources of financing and liquidity (consisting of $125 million year-end cash balance and $210 million of undrawn revolving credit facility).
- Operational improvements, robust operational cash flow, decreased AISC and the utilisation of funding from equity markets has allowed Endeavour to reduce its net debt to $26 million at December 31, 2016 down from $144 million at the prior year end.
- During the fourth quarter, the Corporation settled a tax assessment for the fiscal years 2011 to 2013 with the Malian tax authority, which resulted in a reversal of the previously booked provision and a $15.0 million positive effect on income.
- Basic loss per share for the year ended 31 December, 2016, was $0.83 compared to earnings per share of $0.42 in the comparative year. The reason for the move in the net loss attributable to shareholders of $66.7 million versus net income attributable to shareholders of $18.2 million in the prior year was the recording of a non-cash impairment charge of $71m ($nil tax effect) at the Nzema mine in 2016 ($nil impairment charge in 2015).

Figure 3: Production history



Figures are as presented in prior reporting. All production figures are shown against selected guidance for the given year.

Figure 4: AISC quarterly history



Figures are as presented in prior reporting. The Youga Gold Mine is excluded in 2016, following reclassification to discontinued operation.

The following table summarises data for the operating entities for the quarter and year-to-date. The gold ounces produced figures includes the Youga and Karma mines (disposed in the first quarter and acquired in the second quarter of 2016, respectively). The Youga mine is excluded from all other financial data and treated as a discontinued operation under accounting rules and as such the results are not included in the consolidated statement of comprehensive loss (earnings).

Table 1: Quarterly & YTD key figures for operating entities

		THREE MONTHS ENDED			YEAR ENDED	
	Units	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31 ,2015
Operating Data [1]						
Gold ounces produced	oz	175,411	146,425	136,844	591,891	516,646
Gold ounces sold	oz	169,803	127,507	124,859	545,689	519,812
Realized gold price ($/ounce)[2]	$/oz	1,177	1,328	1,102	1,234	1,157
Cash cost per gold ounce sold ($/ounce)[2]	$/oz	660	682	740	685	720
All-in sustaining costs per gold ounce sold	**$/oz**	**855**	**898**	**934**	**884**	**922**
Profit and Loss ($'000')						
Revenues	$	199,825	169,313	137,579	673,469	522,652
Operating EBITDA[2]	$	67,875	61,861	25,972	230,761	145,594
Earnings from mine operations	$	45,393	51,644	12,531	168,063	98,706
Net earnings (loss)	$	(69,116)	24,253	(21,643)	(52,423)	35,601
Basic earnings (loss) per share attributable to shareholders	$/share	(0.57)	0.16	0.08	(0.83)	0.42
Net adjusted earnings (loss) attributable to shareholders[2]	$	41,561	22,909	(8,739)	92,596	20,169
Net adjusted earnings (loss) attributable to shareholders ($/share) [2]	$/share	0.44	0.25	(0.18)	1.15	0.47
Cash Flow Data ($'000)						
All-in sustaining margin[2]	$	54,603	54,792	20,874	191,293	103,665
Non-sustaining capex (includes exploration)[2]	$	(12,246)	(13,713)	(9,734)	(49,139)	(31,524)
Growth projects	$	(55,154)	(29,190)	(2,415)	(135,219)	(7,047)
Free cash flow before working capital, growth projects, taxes and financing costs[2]	$	42,358	41,078	13,161	142,154	91,742
Net debt[2]	$	(25,715)	(13,799)	(143,901)	(25,715)	(143,901)
Net Debt / OEBITDA (LTM) ratio[2]		0.11	0.08	0.99	0.11	0.99

1. For the 2016 periods, the only Key Performance Indicator ("KPI") containing the results of the Youga gold mine is gold production for the year ended December 31, 2016 as the mine was sold on February 28, 2016 and therefore classified as a discontinued operation and in all relevant financial comparative figures as required under IFRS. Gold production subsequent to the acquisition of the Karma mine on April 26, 2016 has been included for the three months and year ended December 31, 2016, however as the mine commenced commercial production on October 1, 2016, revenue and operating cost results have been included only for the three months ended December 31, 2016. Costs were capitalised up until September 30, 2016 in conformance with IFRS reporting, and gold sales excluded from the income statement and instead off-set against mineral property up until that date.

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

3. GUIDANCE

3.1. 2017 OUTLOOK: FURTHER PRODUCTION GROWTH AND AISC REDUCTION

- Production is expected to increase to 600,000 – 640,000 ounces (excluding Houndé) in 2017 as improvements at Karma and Nzema are expected to more than compensate for Agbaou returning to a normalised production level after a record-breaking year. As was the case in 2016, production is expected to fluctuate throughout the year due to mine plan sequences and the rainy season, with a peak towards the middle of the year.

Table 2: Production Guidance, koz

(on a 100% basis)	2016 Actual	2017 Guidance		
Agbaou	195,505	175,000	-	180,000
Tabakoto	162,817	150,000	-	160,000
Nzema	87,710	100,000	-	110,000
Ity	75,867	75,000	-	80,000
Karma	61,813	100,000	-	110,000
Group-wide Production	**583,712**	**600,000**	**-**	**640,000**

**Group-wide production excludes 8,179 oz produced by the Youga mine in 2016, which was sold on February 29, 2016.*

- Group AISC is expected to continue to decrease to $860-$905/oz due to the full year benefit of Karma, optimisations at Nzema and Tabakoto, and cost reduction programs. In line with production, AISC are expected to fluctuate throughout the year with lower costs expected in the second half of the year.

Table 3: AISC Guidance, $/oz

(In $/oz)	2016 Actual	2017 Guidance		
Agbaou	534	660	-	700
Tabakoto	1,027	950	-	990
Nzema	1,167	895	-	940
Ity	756	740	-	780
Karma	738	750	-	800
Mine-level AISC	**820**	**800**	**-**	**850**
Corporate G&A	46	37	-	34
Sustaining exploration	18	23	-	22
Group AISC	**884**	**860**	**-**	**905**

- Exploration will continue with an increased focus in 2017 on a company-wide exploration program of approximately $40 million (up 21% over 2016 and more than double that of 2015), totaling 285,000 meters of drilling. $35 million of near-mine exploration spend is expected in addition to approximately $5 million which has been allocated for grassroots exploration programs.

Table 4: Exploration Guidance, $m

(In $m)	2017 Guidance
Agbaou	7
Tabakoto	9
Ity	10
Karma	4
Houndé	5
Exploration Expenditures for Mines	**35**
Grassroots exploration expense	5
Total Exploration Expenditures	**40**

- Sustaining and non-sustaining capital allocations for 2017 amount to $65 million and $35 million respectively, an increase of $23 million over 2016 due to the addition of Karma. Growth project spend amounted to $225 million for the Houndé construction, Karma optimization and Ity CIL project.

Table 5: Capital Expenditure Guidance, $m

(in $m)	Sustaining Capital	Non-Sustaining Capital	Growth Projects
Agbaou	20	-	-
Tabakoto	20	-	-
Nzema	5	12	-
Ity	10	4	10
Karma	10	19	35
Houndé	-	-	180
Total	**65**	**35**	**225**

- Due to the expected increased production and lower AISC, the Free Cash Flow (before working capital, growth projects, tax and financing costs) is projected to increase by approximately $8 million to approximately $150 million, based on the 2016 realised gold price $1,234/oz, and using the mid-point of 2017 production and AISC/oz guidance ranges.
- Based on a more conservative gold price of $1,200/oz, the Free Cash Flow (before working capital, growth projects, tax and financing costs) is projected to be $125 million, with the gold price sensitivity as shown in Table 6 below.

Table 6: 2017 Free Cash Flow Guidance based on Production and AISC Guidance Mid-points, in $m

(in $m)	$1,100/oz	$1,200/oz	$1,300/oz
Net Revenue *(based on production guidance mid-point)*	**685**	**725**	**785**
Mine level AISC costs (based on AISC guidance mid-point)	(510)	(510)	(510)
Corporate G&A	(21)	(21)	(21)
Sustaining exploration	(14)	(14)	(14)
Group AIS Margin	**140**	**180**	**240**
Non-sustaining mine exploration	(20)	(20)	(20)
Non-sustaining capital	(35)	(35)	(35)
Free cash flow before growth projects (Mine cash flow less corporate costs before WC, tax and financing cost)	**85**	**125**	**185**

- The short-term Gold Revenue Protection Strategy put in place when the Houndé construction was launched in April 2016 will end in June 2017. The remaining gold collar program covers a total of approximately 187,000 ounces, representing approximately 60% of Endeavour's total estimated gold production for the period, with a price floor of $1,200/oz and ceiling of $1,400/oz.
- As shown in Table 6, within our collar gold price boundaries of $1,200/oz to $1,400/oz, the Free Cash Flow variation to each $100/oz fluctuation is roughly $60 million. If the gold price were to drop below $1,200/oz in 2017, this fluctuation is reduced to roughly $40 million per $100/oz change.

4. OPERATIONS REVIEW

4.1. HEATH, SAFETY, ENVIRONMENT AND CORPORATE RESPONSIBILITY

The Corporation 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 continually to improve our performance. The following table shows the safety statistics for the year ended December 31, 2016 and December 31, 2015.

Table 7: 2016 LTIFR Statistics for year ended December 31, 2016 and 2015

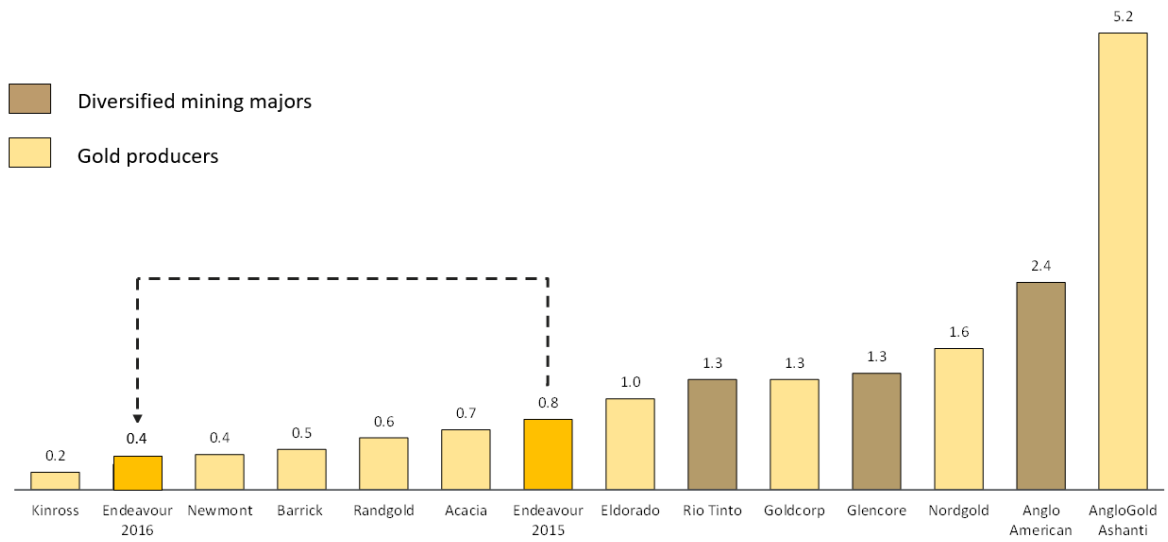
2016

Incident Category	Tabakoto	Agbaou	Nzema	Karma	Ity	Total
Fatality	2	-	-	-	-	2
Lost Time Injury (LTI)	2	-	1	1	2	6
Total Man Hours	**4,143,644**	**2,479,394**	**2,925,659**	**3,096,997**	**2,277,942**	**14,923,636**
LTIFR	0.48	0.00	0.34	0.32	0.88	0.40

2015

Incident Category	Tabakoto	Agbaou	Nzema	Karma	Ity	Total
Fatality	-	-	-	-	-	-
Lost Time Injury (LTI)	4	-	1	1	4	10
Total Man Hours	**3,823,809**	**2,290,734**	**3,265,481**	**1,693,992**	**2,131,453**	**13,205,469**
LTIFR	1.05	-	0.31	0.59	1.88	0.76

Figure 5: Lost time injury frequency rate benchmark



[1] *Lost Time Injury Frequency Rate= (Number of LTIs in the Period X 1,000,000)/ (Total man hours worked for the period). Source: Company annual reports.*

On July 10, 2016, an operator at the Tabakoto underground mine suffered a fall and subsequently passed away. Additionally, on August 25, a Tabakoto employee died after stepping from a slow-moving bus. Management has undertaken detailed analysis of the root cause of these incidents, as well as co-operating with the local authorities, to ensure that such events are prevented from recurring. In addition,

Endeavour is re-emphasizing to all staff and management that the Corporation puts the highest priority on safe, healthy and environmentally sound work practices and systems, under the guiding principle that no job is so important that it cannot be done safely, and everyone is accountable for their own safety and for that of those around them.

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 and educational scholarships, healthcare, water and sanitation, public infrastructure maintenance, institutional capacity building and livelihood programs.

4.2. CONSOLIDATED RESERVES AND RESOURCES

- Detailed information regarding reserves and resources is contained in the Corporations Annual Information Form for the year ended December 31, 2016. A summary of this information is provided in appendix A with total reserves shown in table 8 below.
- Proven and Probable Reserves at year-end 2016 were 7.1Moz on a 100% basis, which increased by 1.2Moz (+19%) compared to 5.9Moz at the end of 2015 mainly due the purchase of Karma and the reserve conversion at its North Kao deposit, the additional reserves at the Ity following the publication of the CIL Feasibility Study and extension of its heap leach operation.
- On a Pro-Forma basis, taking into account for sale of Youga mine and purchase of Karma in 2016, reserves increased by approximately 6% from 6.7Moz to 7.1Moz. Total additions of approximately 0.9Moz offset depletion from mining of approximately 0.6Moz.
- While new discoveries made in 2016 added 1.2Moz of Measured and Indicated Resources ("M&I"), year-end M&I Resources slightly decreased on a Pro-Forma basis from 12.8Moz to 12.6Moz, mainly due to mine depletion and the post-acquisition re-estimation and reclassification of Ity resources (done to have a more conservative basis for the CIL Feasibility Study – infill drilling is currently in progress to reconvert a portion of the resources declassified to inferred status).

Table 8: Reserves and Resources Summary

In Moz on a 100% basis	December 31, 2016	December 31, 2015 Pro-Forma[1]	December 31, 2015	Δ Dec 31, 2016 vs. Dec 31, 2015	
P&P Reserves	7.1 Moz	6.7 Moz	5.9 Moz	+1.2 Moz	+19%
M&I Resources (inclusive of Reserves)	12.6 Moz	12.8 Moz	11.0 Moz	+1.6 Moz	+15%
Inferred Resources	3.7 Moz	4.7 Moz	2.4 moz	+1.3 Moz	+51%

[1]Pro-Forma for sale of Youga mine and purchase of Karma. 2015 Reserves and Resource notes, please consult Company's press release dated March 4, 2016, entitled "Endeavour Mining to acquire True Gold to grow its low-cost gold production" available on the Company's website.

4.3. Continuing operations

Agbaou Gold Mine, Côte d'Ivoire

The following table summarizes the operating results of the Agbaou Gold Mine for the three months ended December 31, 2016, September 30, 2016 and December 31, 2015, and years ended December 31, 2016, and December 31, 2015.

Table 9: Agbaou key performance indicators

		THREE MONTHS ENDED			YEAR ENDED	
	Unit	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Operating Data						
Tonnes mined	Kt	6,518	6,877	5,116	25,382	20,447
Tonnes of waste mined	Kt	5,844	6,226	4,363	22,585	17,629
Open pit strip ratio	w:o	8.67	9.56	5.79	8.07	6.26
Tonnes milled	Kt	721	709	748	2,827	2,665
Average gold grade milled (grams/tonne)	g/t	2.46	2.21	2.05	2.27	2.15
Recovery (%)	%	97%	96%	97%	97%	97%
Gold ounces produced :	oz	57,061	49,384	51,732	195,505	181,365
Gold ounces sold (A) :	oz	56,936	51,308	53,298	196,316	182,219
Financial Data ($'000')						
Revenues	$	68,070	68,068	58,904	244,553	211,204
Mining costs-open pit	$	15,537	15,550	13,962	56,420	54,060
Processing cost	$	4,513	5,043	4,071	18,656	17,069
G&A cost	$	3,362	3,382	2,940	13,175	14,806
Waste capital	$	(951)	(2,413)	(512)	(5,476)	(5,138)
Inventory adjustments and other	$	2,050	587	3,626	1,702	3,375
Total Cash Cost (B)	$	**24,511**	**22,149**	**24,087**	**84,477**	**84,172**
Royalties	$	2,340	2,761	2,143	8,871	7,574
Sustaining capital [1]	$	3,434	3,324	2,390	11,407	13,191
Total All-In Sustaining Costs [1] (C)	**$**	**30,285**	**28,234**	**28,620**	**104,755**	**104,937**
All-in sustaining Margin [1]	**$**	**37,785**	**39,834**	**30,284**	**139,798**	**106,267**
Earnings (loss) from mine operations	**$**	**33,078**	**35,236**	**24,731**	**121,939**	**90,320**
Unit Cost analysis						
Realized gold price	$/oz	1,196	1,327	1,105	1,246	1,159
Open pit mining cost per tonne mined	$/t	2.38	2.26	2.73	2.22	2.64
Processing cost per tonne milled	$/t	6.26	7.11	5.44	6.60	6.40
G&A cost per tonne milled	$/t	4.66	4.77	3.93	4.66	5.56
Cash cost per ounce sold [1] D=B/A	**$/oz**	**431**	**432**	**452**	**430**	**462**
Mine All-In Sustaining Costs [1] E=C/A	**$/oz**	**532**	**550**	**537**	**534**	**576**

1. Sustaining capital, cash cost per ounce sold, sustaining capital, all-in sustaining costs, all-in sustaining margin and "all-in" sustaining costs per ounce are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.

Q4-2016 highlights:

- Agbaou achieved record gold production of 57,061 ounces at a record low AISC of $532 per ounce which represented an increase of 16% in production and a reduction of 3% in AISC over the previous quarter. The mine benefitted from the continued high ratio of oxide ore, high recovery and the introduction of higher grade transitional ore, which represented 8% of total ore processed during the quarter. The higher tons processed, recovery, higher gold grades and gold-in-circuit balance optimization were the primary drivers for increased production and lower costs.
- Agbaou generated $37.8 million in all-in sustaining margin in the fourth quarter after incurring sustaining capital expenditure of $3.4 million spent on the ongoing Tailing Storage Facility ("TSF") lift ($1.2 million), waste capital ($1.0 million) and other minimal capital requirements.
- Negligible non-sustaining capital of $0.1 million was incurred.

Full year 2016 highlights:

- Agbaou completed a record year of operations producing 195,505 ounces at an AISC of $534 per ounce which comfortably exceeded the top end of production guidance and finished well below AISC guidance for the year. 2016 annual gold production improved by 8% as a result of the 6% improvement in grade and mill throughput, which contributed to an additional 14,140 ounces year over year. Mining contractor renegotiations concluded earlier in the year were a key driver in reducing the AISC by 7% year over year, as is evident in the 16% reduction in the open pit unit cost for the year in comparison with the prior year.
- Through operational excellence and continuous low cost production the mine maintained its total cash cost and all-in sustaining costs flat while increasing the production.
- Non-sustaining capital of $9.7 million was spent on the secondary crusher which was successfully commissioned as the mine enters a period of increased processing of harder transitional ore.

2017 Outlook

- After achieving an exceptional year Agbaou is expected to return to a more normalized and sustainable annual production rate of 175,000-180,000 ounces in 2017, with fresh ore representing up to 50% of tonnes processed.
- AISC for 2017 are expected to remain competitive at $660-700 per ounce as higher grade transitional ore is expected to compensate for increased unit costs and lower throughput.
- Nearly $20 million of sustaining capital expenditures are planned for 2017, mainly occurring in the first and last quarter, including $13 million on capitalised waste. No significant non-sustaining expenditures are planned.

Exploration Activities

- The ongoing exploration campaign, which commenced in April 2016 based on previous geophysics and soil geochemistry results, is focused on the North and South pit extensions, the Agbaou South target, Niafouta target, and on generating new targets beyond the current resource boundaries. Initial drill results suggest the extension of mineralized zones.
- An exploration budget of $7 million has been planned for 2017, totaling approximately 45,000 meters of drilling.

Nzema Gold Mine, Ghana

The following table summarizes the operating results of the Nzema Gold Mine for the three months ended December 31, 2016 September 30, 2016 and December 31, 2015, and years ended December 31, 2016, and December 31, 2015.

Table 9: Nzema key performance indicators

		THREE MONTHS ENDED			YEAR ENDED	
	Unit	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31 ,2015
Operating Data						
Tonnes mined	Kt	2,885	2,848	1,437	9,295	8,144
Tonnes of waste mined	Kt	2,597	2,626	1,158	8,295	6,834
Open pit strip ratio	w:o	9.02	11.83	4.15	8.30	5.22
Purchased Ore processed	Kt	92	141	84	424	454
Purchased Ore grade (grams/tonne)	g/t	3.11	3.23	2.85	3.11	3.82
Tonnes milled	Kt	428	424	446	1,761	1,783
Average gold grade milled (grams/tonne)	g/t	2.20	2.40	1.80	1.87	2.21
Recovery (%)	%	82%	82%	87%	83%	87%
Gold ounces produced :	oz	23,874	24,279	23,076	87,710	110,302
Gold ounces sold (A) :	oz	22,033	23,526	22,526	85,495	110,404
Financial Data ($'000')						
Revenues	$	26,996	31,391	24,934	106,983	128,342
Mining costs-open pit	$	12,151	11,857	8,245	43,109	38,947
Processing cost	$	6,026	6,032	5,633	23,177	25,423
G&A cost	$	2,831	2,620	3,159	11,577	12,151
Purchased Ore	$	4,093	7,817	3,197	21,255	29,447
Waste capital	$	(5,671)	(5,055)	(841)	(16,202)	(7,653)
Inventory adjustments and other	$	1,638	1,144	3,887	7,885	1,059
Total Cash Cost (B)	$	**21,068**	**24,415**	**23,280**	**90,801**	**99,374**
Royalties	$	1,464	1,651	1,344	5,662	7,234
Sustaining capital [1]	$	2,106	670	897	3,318	10,839
Total All-In Sustaining Costs [1] (C)	**$**	**24,638**	**26,736**	**25,521**	**99,781**	**117,447**
All-in sustaining Margin [1]	**$**	**2,358**	**4,655**	**(587)**	**7,202**	**10,895**
Earnings (loss) from mine operations	**$**	**(80)**	**2,555**	**(4,797)**	**(2,548)**	**(46)**
Unit Cost analysis						
Realized gold price	$/oz	1,225	1,334	1,107	1,251	1,162
Open pit mining cost per tonne mined	$/t	4.21	4.16	5.74	4.64	4.78
Processing cost per tonne milled	$/t	14.08	14.23	12.63	13.16	14.26
G&A cost per tonne milled	$/t	6.61	6.18	7.08	6.57	6.81
Cash cost per ounce sold [1] D=B/A	**$/oz**	**956**	**1,038**	**1,033**	**1,062**	**900**
Mine All-In Sustaining Costs [1] E=C/A	**$/oz**	**1,118**	**1,136**	**1,133**	**1,167**	**1,064**

1. Sustaining capital, cash cost per ounce sold, sustaining capital, all-in sustaining costs, all-in sustaining margin and "all-in" sustaining costs per ounce are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.

Q4-2016 Insights:

- Production of 23,874 ounces slightly decreased by 2% whilst AISC of $1,118 improved by 2% over the previous quarter as the higher volumes and grades mined from Adamus pit (21,066 ounces at 1.95 g/t in Q4 vs 15,000 oz at 1.65 g/t) were offset by lower purchased ore volumes at lower grades (9,242 oz at 3.1 g/t in Q4 vs 14,672 oz at 3.23 g/t).
- Nzema generated $2.4 million all-in sustaining margin in the fourth quarter after incurring sustaining capital expenditure of $2.1 million, of which $1.6 million was spent on the TSF lift.
- Non-sustaining capital of $6.1 million consisted of $5.7 million spent on the Adamus push-back project which progressed well over the quarter and is expected to be completed in the first quarter of 2017.

Full year 2016 highlights:

- Nzema produced 87,710 ounces at an AISC of $1,167, falling just short of the annual production guidance of 90,000 ounces, and 4% above annual AISC guidance. In light of the ongoing Adamus push-back activity, 2016 was a transitional year for Nzema as ore feed was constrained to low grade ore mined and stockpiles, supplemented by purchased ore feed. The 19% decrease in purchased ore grade and 7% decrease in purchased ore throughput was the key driver in the 20% reduction in gold production year over year demonstrating the increasing difficulty to source high grade oxide material. Stringent cost management throughout the year limited the increase in AISC to only 10%, whilst all the unit cost metrics confirmed realized improvements year over year.
- An annual all-in sustaining margin of $7.2 million after incurring sustaining capital expenditure of $3.3 million consisting of $2.6 million on the TSF lift was generated.
- Non-sustaining capital of $16.7 million for the year was incurred with $16.2 million spent on the Adamus push-back project.

2017 Outlook

- Following the completion of the push-back project, Nzema is expected to generate healthy cash flows for the coming years.
- As a result of the higher expected grades from the Adamus pit following the push-back, production is expected to increase to 100,000 - 110,000 ounces in 2017 while AISC are expected to decrease to $895-940/oz.
- To complement production from the Adamus pit, pre-stripping at the Bokrobo deposit is expected to start in the second half of the year.
- $5 million of sustaining expenditures are planned for 2017, mainly to be incurred in the first half of the year on the TSF lift. In addition, approximately $12 million of non-sustaining expenditures are planned for the Adamus push-back completion, and Bokrobo pre-strip and resettlement.

Exploration Activities

- No significant exploration activities are planned for 2017.

Tabakoto Gold Mine, Mali

The following table summarizes the operating results of the Tabakoto Gold Mine for the three months ended December 31, 2016, September 30, 2016 and December 31, 2015, and years ended December 31, 2016, and December 31, 2015.

Table 10: Tabakoto key performance indicators

		THREE MONTHS ENDED			YEAR ENDED	
	Unit	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31 ,2015
Operating Data						
Tonnes mined	Kt	1,593	1,569	2,424	7,098	9,298
Tonnes of waste mined	Kt	1,398	1,409	2,287	6,449	8,787
Open pit strip ratio	w:o	7.17	8.81	16.69	9.94	17.20
Tonnes mined - Underground	Kt	324	302	358	1,301	1,360
Ore tonnes mined - Underground	Kt	253	238	215	944	860
Tonnes milled	Kt	402	381	393	1,588	1,588
Average gold grade milled (grams/tonne)	g/t	3.93	3.11	3.53	3.36	3.17
Recovery (%)	%	95%	95%	95%	95%	93%
Gold ounces produced :	oz	47,884	37,019	41,546	162,817	151,067
Gold ounces sold (A) :	oz	47,053	37,324	41,118	161,803	151,345
Financial Data ($'000')						
Revenues	$	56,575	49,482	45,319	200,390	174,685
Mining costs-open pit	$	6,479	5,892	7,633	25,586	25,960
Mining costs -Underground	$	19,050	15,880	18,921	66,406	68,328
Processing cost	$	9,448	8,600	9,003	34,825	36,347
G&A costs	$	5,757	4,680	8,500	20,325	28,659
Waste capital	$	(4,586)	(2,700)	(8,752)	(17,593)	(36,214)
Inventory adjustments and other	$	22	1,034	1,991	3,357	4,961
Total Cash Cost (B)	$	**36,170**	**33,386**	**37,296**	**132,906**	**128,041**
Royalties	$	3,384	2,962	2,702	11,997	10,438
Sustaining capital [1]	$	4,041	3,610	6,024	21,193	23,048
Total All-In Sustaining Costs [1] (C)	**$**	**43,595**	**39,958**	**46,022**	**166,096**	**161,527**
All-in sustaining Margin [1]	**$**	**12,980**	**9,524**	**(704)**	**34,294**	**13,158**
Earnings (loss) from mine operations	**$**	**13,167**	**5,692**	**(3,560)**	**27,276**	**9,842**
Unit Cost analysis						
Realized gold price	$/oz	1,202	1,326	1,102	1,238	1,201
Open pit mining cost per tonne mined	$/t	4.07	3.76	3.15	3.60	2.79
Underground mining cost per tonne mined	$/t	58.80	52.58	52.85	51.04	50.24
Processing cost per tonne milled	$/t	23.50	22.57	22.91	21.93	22.89
G&A cost per tonne milled	$/t	14.32	12.28	15.68	12.80	15.66
Cash cost per ounce sold [1] D=B/A	**$/oz**	**769**	**894**	**907**	**821**	**846**
Mine All-In Sustaining Costs [1] E=C/A	**$/oz**	**927**	**1,071**	**1,119**	**1,027**	**1,067**

1.Sustaining capital, cash cost per ounce sold, sustaining capital, all-in sustaining costs, all-in sustaining margin and "all-in" sustaining costs per ounce are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.

Q4-2016 Insights:

- Tabakoto achieved a record quarter producing 47,884 ounces representing a 29% improvement over the previous quarter at an AISC of $927, which was a 13% cost improvement over the same period. Anticipated higher grades from Kofi C and Segala, as well as increased mill throughput following the end of the rainy season were the main contributing factors.
- Tabakoto generated $12.9 million all-in sustaining margin in the fourth quarter after incurring sustaining capital expenditure of $4.1 million, of which $3.1 million was spent on underground development at Segala and Tabakoto.

Full year 2016 highlights:

- Tabakoto produced 162,817 ounces at an AISC of $1,027 meeting the updated guidance in both production and costs.
- An overall improvement of open pit ore tonnes mined were achieved compared to 2015 with an increase of 24% from surface mainly due to opening up and accessing the deeper benches of ore. In addition, reaching and delivering higher grade ore mined from Kofi pit at 4.12 g/t (3.92 g/t – 2015) as well as the increased volume of surface ore tonnes delivered resulted in an increase of approximately 18% to 78,920 ounces sold compared to the 66,947 surface ounces sold in 2015.
- The underground operations both delivered more ore tonnes in 2016 with Tabakoto ore tonnes up 9% and Segala up 10% mostly due to an improvment on the reef development and fleet availability with various interventions by management during 2016. However, mixed results were achieved in grade mine as Tabakoto declined 14% from 3.25 g/t to 2.79 g/t mainly due to the mine plan sequence. Segala grade mined increased 11% from 2.79 g/t to 3.10 g/t in 2016. With the decline in grade at Tabakoto, however partially offset by increase in ore tonnes mined, Tabakoto underground contributed approximately 20% or 32,119 ounces of total gold sold, down 5% from its contribution in 2015. Segala with both positive increase in grade and volumes mined contributed 31% or 50,763 ounces of the total gold in 2016.
- Open pit mining costs increased by approximately 29% from US$2.8/tonne mined to US$3.6/tonne mined mainly due to deeper elevations and increased drill and blasting due to harder ore.
- Processing costs per tonne treated improved by 4% from US$22.89/tonne milled to US$21.93/tonne milled mostly due to improved labour (localisation) and reagent costs improvements.
- G&A costs improved from US$15.66/tonne milled to US$12.80/tonne treated also as a result of focused localisation and management cost savings interventions.

2017 Outlook

- Cost reduction will continue to be the focus in 2017 with AISC expected to decrease to $950 - 990/oz. Ongoing cost saving and optimization programs include overhead reduction, centralizing procurement, fleet replacement, and improvement of equipment availability and mining efficiency.
- Production is expected to decrease slightly to 150,000 - 160,000 ounces in 2017 due to the underground mining sequence, as well as the transition from the Kofi C to Kofi B open pit, resulting in a slight decrease in grade.
- Nearly $20 million of sustaining expenditures are planned for 2017, inclusive of $7 million for equipment replacement (expected to be incurred in the first half of the year) and the remainder for underground development and Kofi B waste capitalization. No significant non-sustaining expenditures are planned.

Exploration Activities

- As set out in Endeavour's 5-year exploration strategy, published in November 2016, Tabakoto is a top exploration priority in 2017 given its relatively short proven mine life but significant potential. As such, a $9 million exploration program totaling approximately 72,000 meters of drilling has been planned

for 2017.

- The 2017 program will focus on both underground drilling and surface exploration.
- Surface exploration will focus on delineating resources within economical trucking distance at discoveries made in 2016, as well as new identifying targets.
- New underground discoveries of new northeast trending veins are being further evaluated, as well as ongoing investigation of promising deeper Kofi C mineralization.

Ity Gold Mine, Côte d'Ivoire

Endeavour Mining acquired the Ity Gold Mine in Côte d'Ivoire in November 2015 as part of the strategic partnership with La Mancha and the Sawiris family. The following table summarizes the operating results of the Ity Gold Mine for the three months December 31, 2016, September 30, 2016, the period ended December 31, 2015, and years ended December 31, 2016.

Table 11: Ity key performance indicators

		THREE MONTHS ENDED		YEAR ENDED	PERIOD ENDED
	Unit	December 31, 2016	September 30, 2016	December 31, 2016	December 31, 2015[2]
Operating Data					
Tonnes mined	Kt	1,472	948	6,102	375
Tonnes of waste mined	Kt	1,156	748	4,916	311
Open pit strip ratio	w:o	3.66	3.74	4.15	4.86
Tonnes of ore stacked	Kt	295	271	1,173	71
Average gold grade milled (grams/tonne)	g/t	2.00	1.90	2.20	2.39
Recovery (%)	%	90%	91%	93%	81%
Gold ounces produced :	oz	17,480	15,334	75,867	5,689
Gold ounces sold (A) :	oz	15,038	15,349	73,332	7,917
Financial Data ($'000')					
Revenues	$	18,294	20,372	91,653	8,421
Mining costs-open pit	$	3,585	3,878	17,583	892
Processing cost	$	3,874	3,588	17,256	1,653
G&A cost	$	4,458	3,538	13,413	1,205
Waste capital	$	(600)	(3,149)	(3,749)	0
Inventory adjustments and other	$	115	(854)	(53)	605
Total Cash Cost (B)	$	11,432	**7,001**	**44,450**	**4,355**
Royalties	$	**633**	832	3,316	536
Sustaining capital [1]	$	378	3,276	7,648	519
Total All-In Sustaining Costs [1] (C)	**$**	**12,443**	**11,109**	**55,414**	**5,410**
All-in sustaining Margin [1]	**$**	**5,851**	**9,263**	**36,239**	**3,011**
Earnings (loss) from mine operations	**$**	**(16)**	**8,324**	**22,588**	**(994)**
Unit Cost analysis					
Realized gold price	$/oz	1,217	1,327	1,250	1,064
Open pit mining cost per tonne mined	$/t	2.44	4.09	2.88	2.38
Processing cost per tonne milled	$/t	13.13	13.24	14.71	23.28
G&A cost per tonne milled	$/t	15.11	13.06	11.43	16.97
Cash cost per ounce sold [1] D=B/A	**$/oz**	**760**	**456**	**606**	**550**
Mine All-In Sustaining Costs [1] E=C/A	**$/oz**	**827**	**724**	**756**	**683**

1. Sustaining capital, cash cost per ounce sold, sustaining capital, all-in sustaining costs, all-in sustaining margin and "all-in" sustaining costs per ounce are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.
2. Financial and operational data is presented for only one month post-acquisition date of 27th November 2015.

Q4-2016 Insights:

- Production of 17,480 ounces in the fourth quarter resulted in a 14% increase in gold production in comparison with the previous quarter following the end of the rainy season which allowed for increased throughput. Pre-strip at the Zia pit which was completed during the quarter due to an increase of the trucks availability rate, positively contributing to Ity's quarter over quarter production increase.
- AISC of $827 per ounce exceeded the previous quarter's costs mainly due to G&A seasonal higher spend of more than $1m ($70 per ounce).
- Ity generated $5.8 million all-in sustaining margin in the fourth quarter after incurring sustaining capital expenditure of $0.4 million.
- Growth capital spend of $3.3 million was spent on the Ity CIL project.

Full year 2016 highlights:

- Ity produced 75,867 ounces at an AISC of $756 meeting production guidance and beating the lower end of cost guidance after completing the first full year of operations since acquisition in the fourth quarter of 2015.
- Adverse effects of vehicle availability rates during the part of the year, rainy season and lower grade, was positively offset by more tonnes stacked due to new pit made available, a better recovery rate as well as a better usage of cyanide.
- An annual all-in sustaining margin of $36.2 million after incurring sustaining capital expenditure of $7.7 million consisting predominantly of waste capital ($3.0m) and mobile equipment ($3.6m) was generated
- Growth capital spend of $8.3 million on the Ity CIL projects.

2017 Outlook

- Production and AISC are expected to remain stable in 2017 at 75,000 - 80,000 ounces produced with an AISC between $740-780 per ounce.
- Nearly $10 million of sustaining expenditures are planned for 2017 for waste capitalization and fleet renewal. Roughly $4 million of non-sustaining expenditures are planned, mainly for infrastructure related to the Bakatouo pit access.
- The CIL Project Mineral Reserves, published in November 2016, are expected to be updated in Q2-2017 to include the recent high-grade Bakatouo and Colline Sud discoveries.
- The possibility of running the CIL and heap leaching operations in parallel for the first few years is also currently under analysis. A budget for growth capital of $10 million has been allocated for studies and metallurgical test work.

Exploration Activities

- The largest portion of Endeavour's exploration budget has been allocated to the Ity area in light of its strong prospectivity and potential to further extend the lives of the CIL project and heap leach operations. A $10 million exploration program totaling approximately 50,000 meters has been planned for 2017.
- In 2017, exploration will be primarily focused on infill drilling at the Daapleu and Mount Ity deposits, as well as infill drilling and extension drilling at the new Bakatouo and Colline Sud discoveries, and on conducting initial drilling campaigns on strong auger anomalies such as the Yacetouo and Vavoua targets. An auger drilling program will also be conducted on the 80km underexplored portion of the Birimian corridor along the Ity trend which was consolidated in September 2016.

Karma Gold Mine, Burkina Faso

On March 4, 2016, Endeavour announced that it had entered into a definitive arrangement agreement to acquire True Gold Mining. This transaction was completed on April 26, 2016. The primary asset acquired as part of this transaction was the Karma mine. On October 1, 2016, commercial production was declared at the Karma mine. The following table summarizes the operating results of the Karma mine for the three months ended December 31, 2016, September 30, 2016, June 30, 2016 and post acquisition period ending December 31, 2016.

Table 12: Karma key performance indicators

		THREE MONTHS ENDED			POST ACQUISITION PERIOD ENDED
	Unit	December 31, 2016	September 30, 2016 [2]	June 30, 2016 [2]	December 31, 2016
Operating Data					
Tonnes mined	Kt	4,023	3,040	1,690	8,753
Tonnes of waste mined	Kt	3,240	2,390	1,244	6,874
Open pit strip ratio	w:o	4.14	3.68	2.79	3.66
Tonnes of ore stacked	Kt	853	880	356	2,089
Average gold grade milled (grams/tonne)	g/t	1.14	1.21	1.18	1.16
Recovery (%)	%	90%	90%	90%	90%
Gold ounces produced :	oz	29,112	20,409	12,292	61,813
Gold ounces sold (A) :	oz	28,743	19,476	14,655	28,743
Financial Data ($'000')			-	-	
Revenues	$	29,840	-	-	29,840
Mining costs-open pit	$	5,306	-	-	5,306
Processing cost	$	6,616	-	-	6,616
G&A cost	$	8,241	-	-	8,241
Waste capital	$	(359)	-	-	(359)
Inventory adjustments and other	$	(906)	-	-	(906)
Total Cash Cost (B)	$	**18,898**	-	-	**18,898**
Royalties	$	1,953	-	-	1,953
Sustaining capital [1]	$	359	-	-	359
Total All-In Sustaining Costs (C)	**$**	**21,210**	**-**	**-**	**21,210**
All-in sustaining Margin [1]	**$**	**8,630**	**-**	**-**	**8,630**
Earnings (loss) from mine operations	**$**	**(764)**	**-**	**-**	**(764)**
Unit Cost analysis			-	-	
Realized gold price	$/oz	1,038	-	-	1,038
Open pit mining cost per tonne mined	$/t	1.32	-	-	1.32
Processing cost per tonne milled	$/t	7.76	-	-	7.76
G&A cost per tonne milled	$/t	9.66	-	-	9.66
Cash cost per ounce sold [1] D=B/A	**$/oz**	**657**	**-**	**-**	**657**
Mine All-In Sustaining Costs [1] E=C/A	**$/oz**	**738**	**-**	**-**	**738**

1. Sustaining capital, cash cost per ounce sold, sustaining capital, all-in sustaining costs, all-in sustaining margin and "all-in" sustaining costs per ounce are non-GAAP
financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.
2. Pre-commercial production revenue and costs have been offset against the mineral interest on the balance sheet.
3. Revenue is net of gold stream sales to Franco/Nevada and Sandstorm.
4. Post acquisition period ending 31 December, 2016, includes post-commercial production data and full-year, post-acquisition, operating data.

Q4-2016 Insights:

- Production of 29,112 ounces in the fourth quarter resulted in a 43% increase in gold production in comparison with the previous quarter. Production continued to ramp up in the fourth quarter to achieve an annualized run-rate of approximately 115,000 ounces as the higher-grade Rambo pit complemented ore feed from the GG2 pit and stacking capacity continued to improve.
- AISC of $738 achieved for the quarter confirms Karma's potential to produce at a low AISC in line with Endeavour's acquisition case.
- Sustaining capital of $0.4 million was spent on waste capitalization in Q4.

2017 Outlook

- Production in 2017 is expected to increase to 100,000 - 110,000 ounces as the higher grade Rambo ore feed will complement that of the GG2 pit with contribution from the Kao pit in the later portion of the year. In addition, stacking capacity is expected to increase in the second half of the year following the completion of the plant optimization project.
- North Kao infill drilling confirmed the continuity of the previous inferred resource and improved the grade profile with 314koz of resources amenable to heap leach processing converted to indicated status.
- AISC are expected to range between $750-800 per ounce with higher grades and volumes offsetting higher mining costs related to the increased drilling and blasting requirements.
- Nearly $10 million of sustaining expenditures are planned for 2017, with a large portion occurring in the latter portion of the year for pre-stripping related to the Kao pit, which is expected to be in operation by year-end 2017.
- $19 million of non-sustaining capital is planned for 2017, inclusive of $6.6 million to increase the mining fleet, $4.8 million for Kao resettlement, $2.8 million for heap leach expansion, as well as $1.8 million in other projects.
- The ore treatment facility capacity and reliability is expected to be optimized through an investment program expected to amount to $35 million in 2017. A detailed engineering cost study has identified areas of improvement to bring the plant to its name plate capacity. As a result, certain parts of the plant will have to be replaced by new facilities using alternate equipment and based on alternate flowsheet design including the feed preparation to the agglomeration circuit and the adsorption, desorption and reactivation (ADR) circuit.

Exploration Activities

- In 2016, the exploration program focused on Kao North, with the goal of extending mine life by over 2.5 years.
- In 2017 a $4 million exploration program totaling approximately 30,000 meters has been planned to drill near-mill targets such as Rambo West and Yabonsgo.

4.4. DISCONTINUED OPERATIONS

Youga Gold Mine, Burkina Faso

On February 29, 2016 the Corporation announced that it had sold the Youga Gold Mine in Burkina Faso for $22.1 million ($25.3 million gross proceeds net of $3.2 million cash disposed of with the mine) whilst retaining a 1.8% Net Smelter Royalty ("NSR") on production realized beyond the mineral reserve as at December 31, 2015 from the property sold and with the inclusion of a buyback provision for the NSR, in favour of the purchaser. The Corporation has classified Youga as discontinued operations in the current and comparable periods. The following table summarizes the abbreviated operating results of the Youga Gold Mine for the two months ended February 29, 2016, the three months ended December 31, 2016, and the twelve months ended December 31, 2015.

Table 13: Youga key performance indicators

	Unit	PERIOD ENDED February 29, 2016	THREE MONTHS ENDED December 31, 2015	YEAR ENDED December 31, 2015
Operating Data				
Tonnes mined	Kt	1,145	1,777	8,026
Tonnes of waste mined	Kt	950	1,502	6,691
Open pit strip ratio	w:o	4.87	5.46	5.01
Tonnes milled	Kt	181	281	1,064
Average gold grade milled (grams/tonne)	g/t	1.50	1.94	2.19
Recovery (%)	%	89%	90%	91%
Gold ounces produced :	oz	8,179	14,801	68,223
Gold ounces sold (A) :	oz	6,578	17,484	67,927
Financial Data ($'000')				
Revenues	$	7,457	19,244	78,724
Mining costs-open pit	$	3,717	6,888	31,013
Processing cost	$	3,398	5,441	21,388
G&A cost	$	1,487	2,605	9,519
Waste capital	$	-	-	-
Inventory adjustments and other	$	(1,691)	1,415	(3,790)
Total Cash Cost (B)	$	6,911	**16,349**	**58,130**
Royalties	$	**327**	780	3,038
Sustaining capital [1]	$	5	94	854
Total All-In Sustaining Costs [1] (C)	**$**	**7,243**	**17,223**	**62,022**
All-in sustaining Margin [1]	**$**	**214**	**2,021**	**16,702**
Earnings (loss) from mine operations	**$**	**-**	**-**	**-**
Unit Cost analysis				
Realized gold price	$/oz	1,134	1,101	1,519
Open pit mining cost per tonne mined	$/t	3.25	3.88	3.86
Processing cost per tonne milled	$/t	18.77	19.36	20.10
G&A cost per tonne milled	$/t	8.22	9.27	8.95
Cash cost per ounce sold [1] D=B/A	**$/oz**	**1,051**	**935**	**856**
Mine All-In Sustaining Costs [1] E=C/A	**$/oz**	**1,101**	**985**	**913**

1.Sustaining capital, cash cost per ounce sold, sustaining capital, all-in sustaining costs, all-in sustaining margin and "all-in" sustaining costs per ounce are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.

4.5. DEVELOPMENT PROJECTS REVIEW

Houndé Project, Burkina Faso

Endeavour's 90%-owned Houndé project is an open pit mine with a 3.0 Mta gravity circuit and CIL plant. During 2015 and early 2016 a thorough review and optimization of the Houndé Project was completed and an implementation plan was established, leading to the construction decision. The mining and ore processing schedules remained unchanged since February 2015, while the operating and capital costs were fully scoped and optimized. Construction began in April 2016 and is progressing on-time and on-budget with the first gold pour expected during the fourth quarter of 2017. The initial capital cost is estimated at $328 million, inclusive of $47 million for the owner-mining fleet.

During the year ended December 31, 2016, $102 million ($97 million on project development and $5 million incurred through capital project working capital) was incurred on the project and work was focused on the following areas, with over 50% progress achieved YTD

Table 14: Remaining capital spend, in $m

Upfront project capital	**328**
Capital spent in 2016	(102)
Mining fleet equipment financing	(47)
Remaining capital spend	**~180**

Achievements To-Date

- Over 2.7 million man-hours have been worked without a lost time injury.
- The 38 km long, 91 kilovolt ("kv") overhead power line construction is 60% complete. Power from the national grid is scheduled for August 2017.
- Open pit pre-strip mining at the Main Vindaloo open pit, adjacent to the processing facility, commenced in late 2016.
- Detailed engineering of the processing facility along with the design hazard and operability study has been completed, also ahead of schedule in November 2016.
- CIL ring beam concrete pour was achieved in early August 2016, and the SAG and ball mill first lift on both plinths was completed by year-end.
- The construction of the water harvest dam decant tower is complete, with water already being pumped to the water storage dam two months ahead of schedule.
- Construction of the 300-person permanent accommodation village is approaching completion.
- Over 2,000 personnel including contractors are currently employed on-site, more than 94% of which are Burkinabe.
- Full back-up 26 mega-watt backup power station has been contracted. This is on schedule to be operational in Q3-2017.
- The land compensation process has been successfully completed with resettlement commencing in early 2017.

Exploration Activities

- Following a two year period of no exploration drilling, activities will resume in 2017 with a $5 million program totaling approximately 45,000 meters.
- 2017 exploration efforts will leverage off the 2016 data analysis, structural geology and ground geophysical analytical work. The focus will be on delineating high-grade targets such as Bouere and Kari Pump, in addition to preforming reconnaissance drilling.

Ity CIL Project, Côte d'Ivoire

Endeavour Mining acquired the Ity CIL Project in Côte d'Ivoire in 2015, as part of the strategic partnership with La Mancha and the Sawiris family.

In 2014, a pre-feasibility study ("PFS") to replace the current heap leach plant with a greenfields CIL plant was completed using a processing rate of 1.5 Mtpa based on indicated mineral resources at the time. Following the positive PFS results, in late 2014 and early 2015, the La Mancha Group conducted drilling programs at the Daapleu, Zia NE and Mont Ity deposits that were designed to upgrade all inferred material from the latest resource estimate to Indicated, as well as to delineate each deposit further along strike. The resulting resource estimate update yielded a significant increase in indicated mineral resources for all three areas, increasing measured and indicated mineral resources to 3.1 million ounces. An updated PFS was completed in July 2015 for the CIL Project using a processing rate of 2.0 Mt per annum.

During 2016, Endeavour's Projects Group, together with Lycopodium Minerals and alongside Endeavour's other trusted consultants, such as Knight Piesold, Kalsta, Peter O'Brien & Associates and ECG Engineering, focused on undertaking a definitive feasibility study.

On November 10, 2016 Endeavour announced positive results for its independent feasibility study. The Ity CIL Project is expected to deliver average production of 114,000 ounces per year over a 14-year mine life at an AISC of $603/oz, based on current reserves. The project will be comprised of multiple open pit mines and existing decommissioned heap leach stockpiles, and will include the construction of a new 3.0 Mtpa gravity circuit and CIL plant. The initial capital cost is estimated at $307 million with a 20-month construction period.

The robust CIL Project Feasibility Study results demonstrate potential for the Ity mine to become another Endeavour long-life low-cost flagship asset

- Long 14-year mine life based on current reserves which increased to 1.9 Moz, up 31% compared to the pre-feasibility study.
- AISC of $507/oz on average over the first 5 years and $603/oz over life of mine ("LOM").
- Solid average annual production of 165 koz over the first 5 years and 114 koz over the LOM.
- Robust economics with after-tax NPV 5% of $411m, IRR of 36% and quick payback period of 25 months based on a gold price of $1,250/oz.
- Upside potential remains with further conversion of known resources, inclusion of new discoveries, and on-going exploration on several near-mine targets.
- Feasibility study expected to significantly improve in H1-2017, following an update to include the new high-grade discoveries and resource conversion potential.

The Ity CIL Project feasibility study has been prepared and compiled in accordance with National Instrument 43-101 ("NI 43-101") by Lycopodium Minerals Pty Ltd ("Lycopodium") with the support of six globally recognized engineering firms as described in the section entitled "Qualified Persons" of the associated press release. The FS has been conducted on a stand-alone basis to analyze the economic viability of constructing a 3.0 Mtpa gravity circuit/CIL plant as an alternate processing route to the current heap leach process, for notably the new discoveries made in recent years.

The feasibility study production profile and economics have significantly improved compared to the September 2015 Pre-Feasibility Study mainly as a result of:

- A 31% increase in reserves due to the inclusion of additional deposits and further resource conversion
- Increased mill size from 2.0 Mtpa to 3.0 Mtpa, lifting annual production while maintaining a 14-year mine life

- Optimized Tailings Storage Facility and associated earthworks
- Optimized mine sequencing, processing scheduling, and river diversions/hydrogeology
- Optimized mining equipment to reduce load and haul, overhaul and re-handle costs
- Simplified and optimized process plant design, by Endeavour Project services along with Lycopodium, to follow the same path as the Houndé project, and Agbaou and Nzema mines, in addition to removing the refractory processing route, which will be investigated further
- Optimized upfront capital cost and re-sequenced overall build time

The Ity CIL Project Feasibility Study results are summarized in Tables below:

Table 15: Ity CIL Project Feasibility Study Highlights

Life of Mine Production	
Strip ratio, w:o	2.1
Tonnes of ore processed, Mt	41.0 Mt
Grade processed, Au g/t	1.42 g/t
Gold content processed, Moz	1.88Moz
LOM Average Gold recovery, %	83%
Gold production, Moz	1.56Moz
Mine life, years	14 years
Average annual gold production, koz	114Koz
Cash costs, $/oz	$528
AISC, $/oz	$603
Average for years 1 to 5:	
Gold production, kozpa	165koz
Cash costs, $/oz	$446
AISC, $/oz	$507
Average for years 1 to 9:	
Gold production, kozpa	144koz
Cash costs, $/oz	$475
AISC, $/oz	$542
Capital Cost	
Upfront capital cost, $m	$282m
Equipment lease	$25m

Table 16: Ity CIL Project Feasibility Study Highlights

Gold Price ($/oz)	$1,150	$1,200	$1,250	$1,300	$1,350
After-tax Project $NPV_{5\%}$, $m	315	363	411	452	500
After-tax Project IRR, %	30%	33%	36%	39%	42%
Payback, years	2.7	2.4	2.1	1.9	1.7

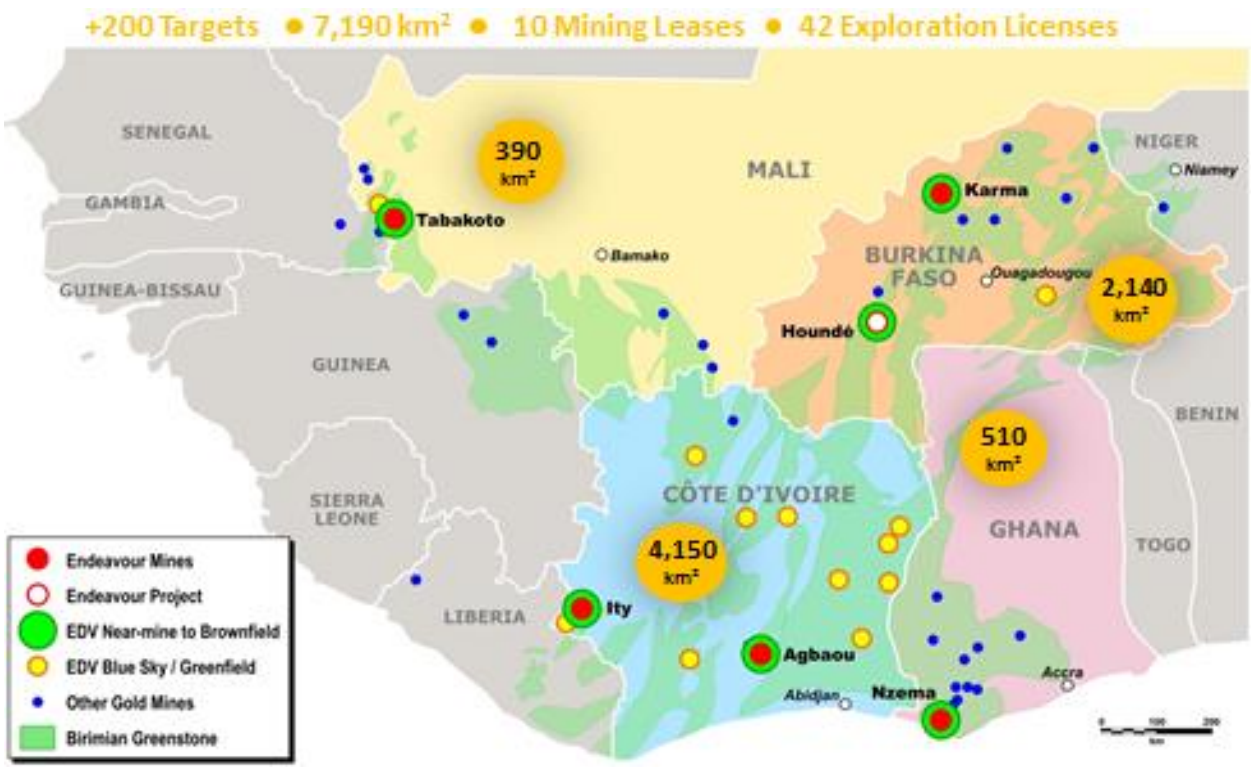
Notes: Economics have been centered on a Base Case using a gold Price of $1,250/oz. Economics based on 100% equity funding with equipment lease financing. Payback period calculated starting from production tart.

4.6. EXPLORATION REVIEW

Exploration Strategy

A global strategic exploration review was performed during the first half of 2016, and all producing and exploration properties have been analyzed and ranked, and a strategic exploration plan has been finalized and approved by the Board of Directors. Following this strategic review, additional funding was allocated to boost and accelerate the resources definition for Tabakoto, the greater Ity Area and regional Cote d'Ivoire exploration in the second half of 2016. As a result, the 2016 exploration expenditures reached $30 million versus an initial budget of $20 million, for a total of 164,593 meters of reverse circulation ("RC") drilling, 64 593 meters of diamond core drilling ("DD"), 15,604 meters of air core ("AC") drilling and 46,554 meters of auger drilling.

Figure 6: Amongst the largest and most promising portfolios in West Africa



- **Methodical process followed in ranking potential targets and establishing the long-term exploration strategy**

Endeavour's portfolio includes 42 exploration licenses covering 7,190 km^2 with over 200 identified targets. A filtering process has reduced this down to the 40 most promising targets based on a review of all the relevant available data while ascribing a mean potential size and grade. A mean risked resource objective is then established for each of the 40 most promising targets by applying a probability of occurrence (ranging from 0.4 to 1), based on geological confidence and available data. The Corporation then establishes an exploration budget required per target in order to convert to the indicated resource category. Finally strategic prioritization is assessed in establishing a five year exploration program.

- **Experienced Exploration Team**

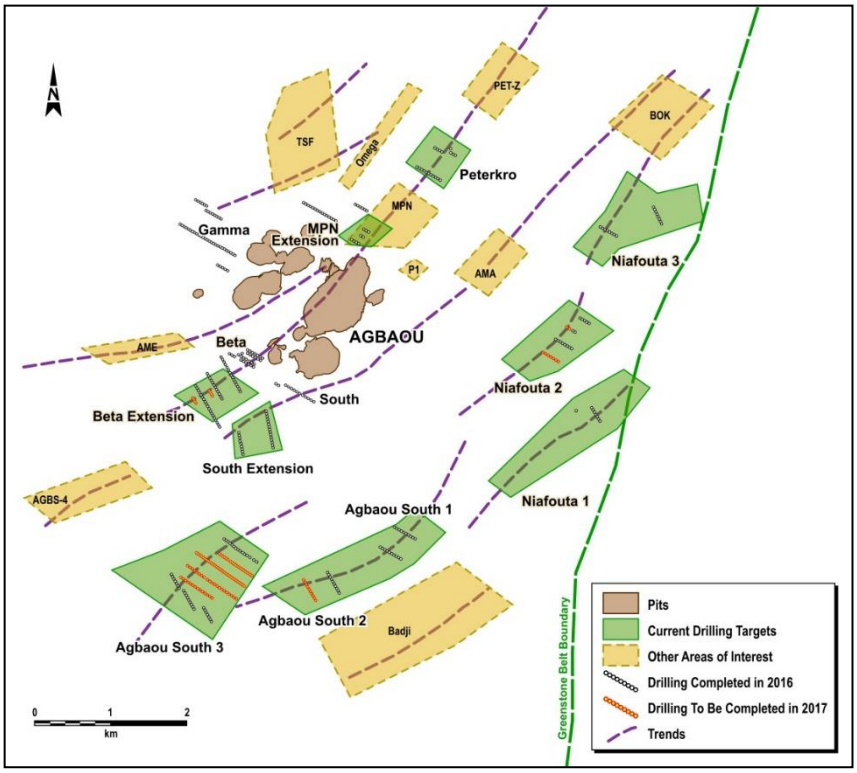
Endeavour boasts an experienced exploration team extensively familiar with West African geology and gold deposits which allows the Corporation to execute on an ambitious yet focused exploration strategy. Senior management previously served in various high-levels positions at BRGM, Randgold, IAMGOLD, Areva and La Mancha. The team currently consists of 20 senior geologists, seven exploration managers, 40 junior geologists and 130 technicians and support staff.

Exploration activity for 2016 focused on the following activities:

Agbaou, Côte d'Ivoire

- The 2016 exploration campaign was focused on the North pit and South pit extensions, the Agbaou South target delineation, and on generating targets beyond the current resource boundaries.
- The drill program was based on previous geophysics and soil geochemistry results and commenced in April, following delays related to land compensation. The program is expected to be completed by mid-2017. More than 12,900 meters had been drilled by year-end 2016, representing approximately 25% of the exploration program.
- Result from the current drill program have confirmed mineralization at the Agbaou South and along the Agabou pit extensions.
- An update to the reserves and resources will be made following the completion of the program in H2-2017.

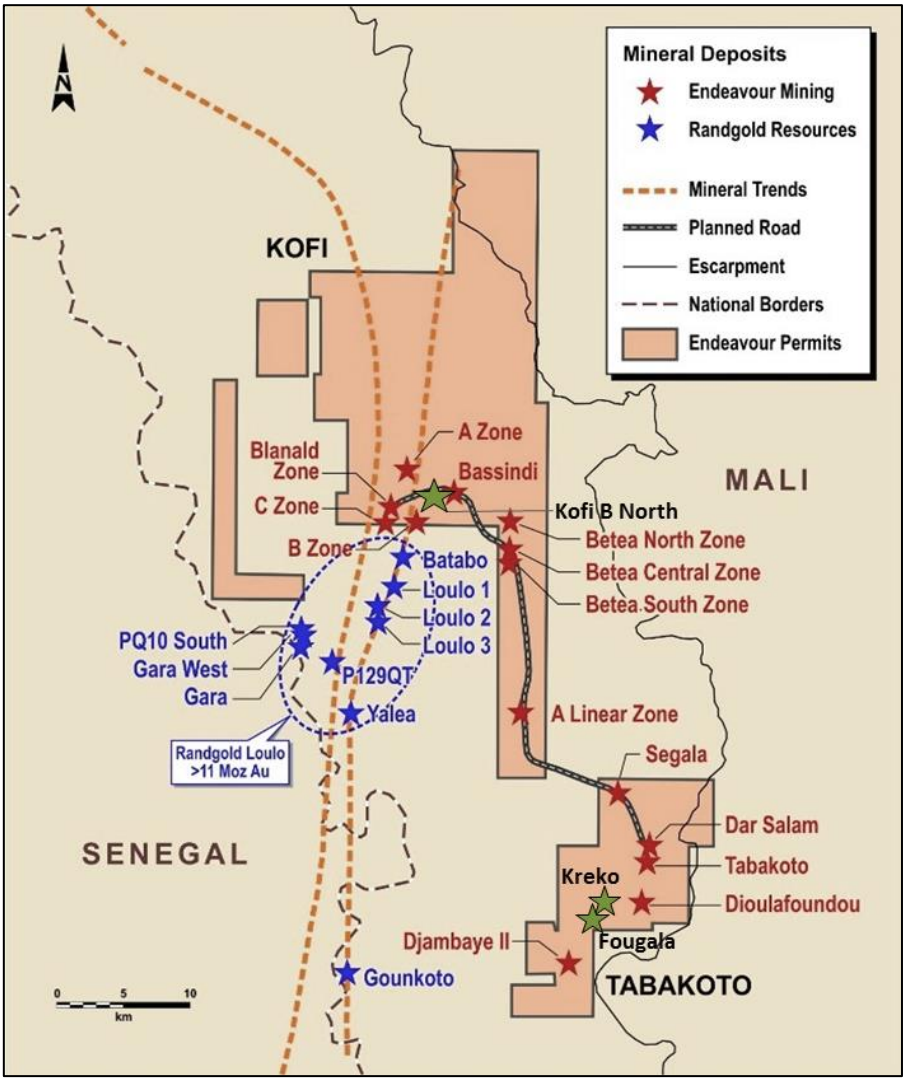
Figure 7: Agbaou Drilling Program



Tabakoto Gold Mine, Mali

- The initial exploration program focused open-pit target consisted of 72,900 meters of RC and DD, and 1,311 auger holes, and was completed in 2016.
- At the Kofi North open-pit target, a drilling program consisting of 244 RC and 1,311 Auger holes was completed. Additional drill targets have been identified and will be drilled beginning in Q4 2017 in the area near the Kofi C zone.
- At the Tabakoto, Fougala and Kreko open-pit targets, an initial shallow RC program totaling 344 holes was completed in Q3 2016 which confirmed two mineralized trends. Both Kreko and Fougala West are new discoveries located less than 7 km away from existing Tabakoto facilities. These discoveries will be delineated early in Q1 2017 with the objective of announcing new maiden resources in mid 2017.
- Underground exploration drilling confirmed the discovery of new veins sets that will be delineated in 2017.

Figure 8: Agbaou Drilling Program



Ity Gold Mine, Côte d'Ivoire

- In 2016 the exploration program was focused on drilling previously identified oxide targets to prolong the life of the heap leach operation, and the drilling of new targets with the aim of delineating additional resources for the CIL project.
- Since the start of 2016, a total of 44,000 meters have been drilled and the maiden resource estimates for the Bakatouo and Colline Sud discoveries were announced in Q4 2016. Both of these deposits have the potential to extend mine life at the existing heap leach operations and to improve the economics of the Ity CIL project.
- An additional program was initiated in November 2016 on the Le Plaque target (100% EDV owned) located less than 10km away from Ity facilities. Le Plaque is now considered as a discovery that will be delineated in 2017, with a maiden resource expected in H2-2017.
- Additional infill and extension drilling was initiated in Q4-2016 on Bakatouo and Colline Sud discoveries with the goal of increasing the additional indicated resources available for heap leaching and future CIL operations

Figure 9: Ity Mine Area Target

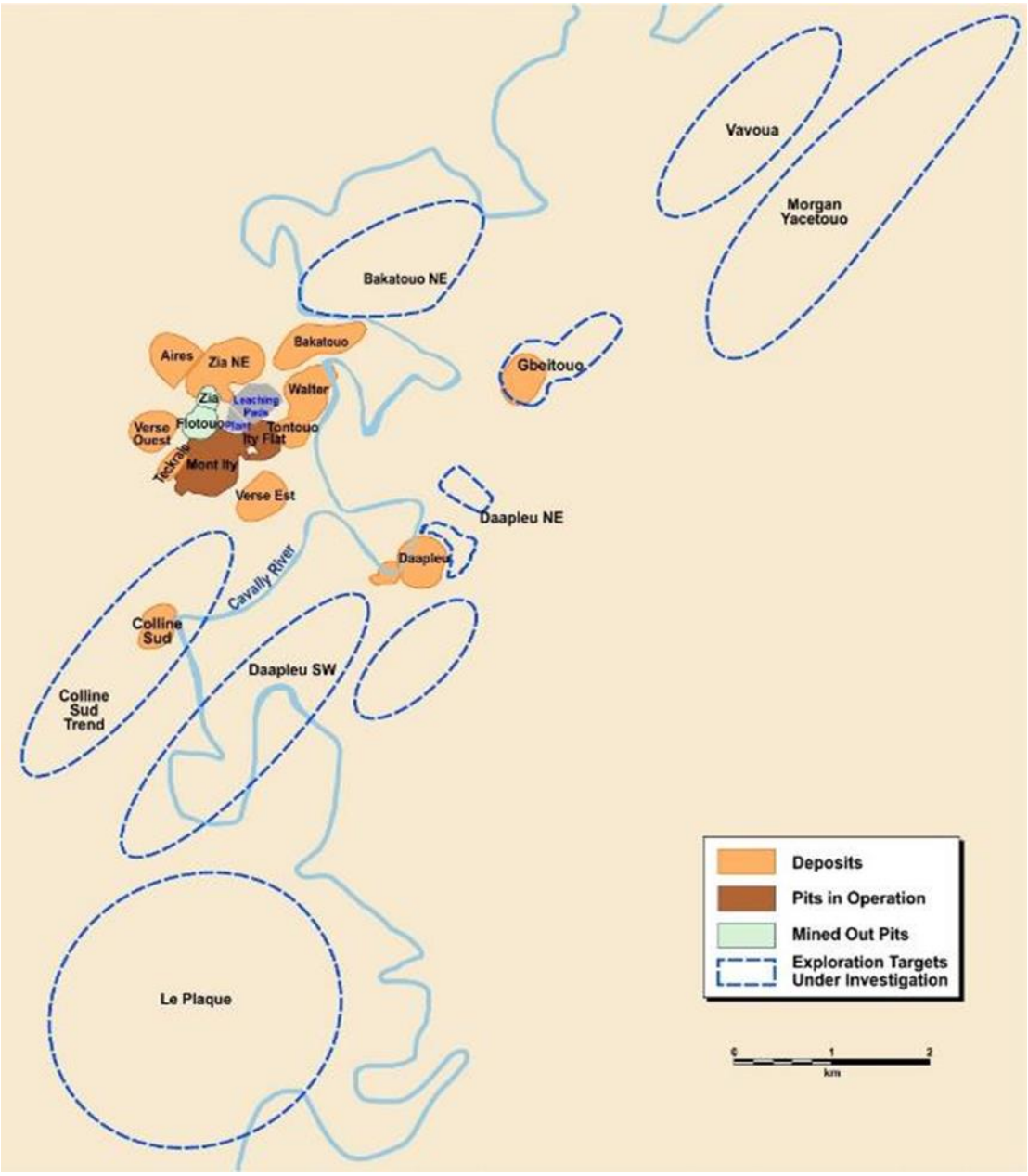
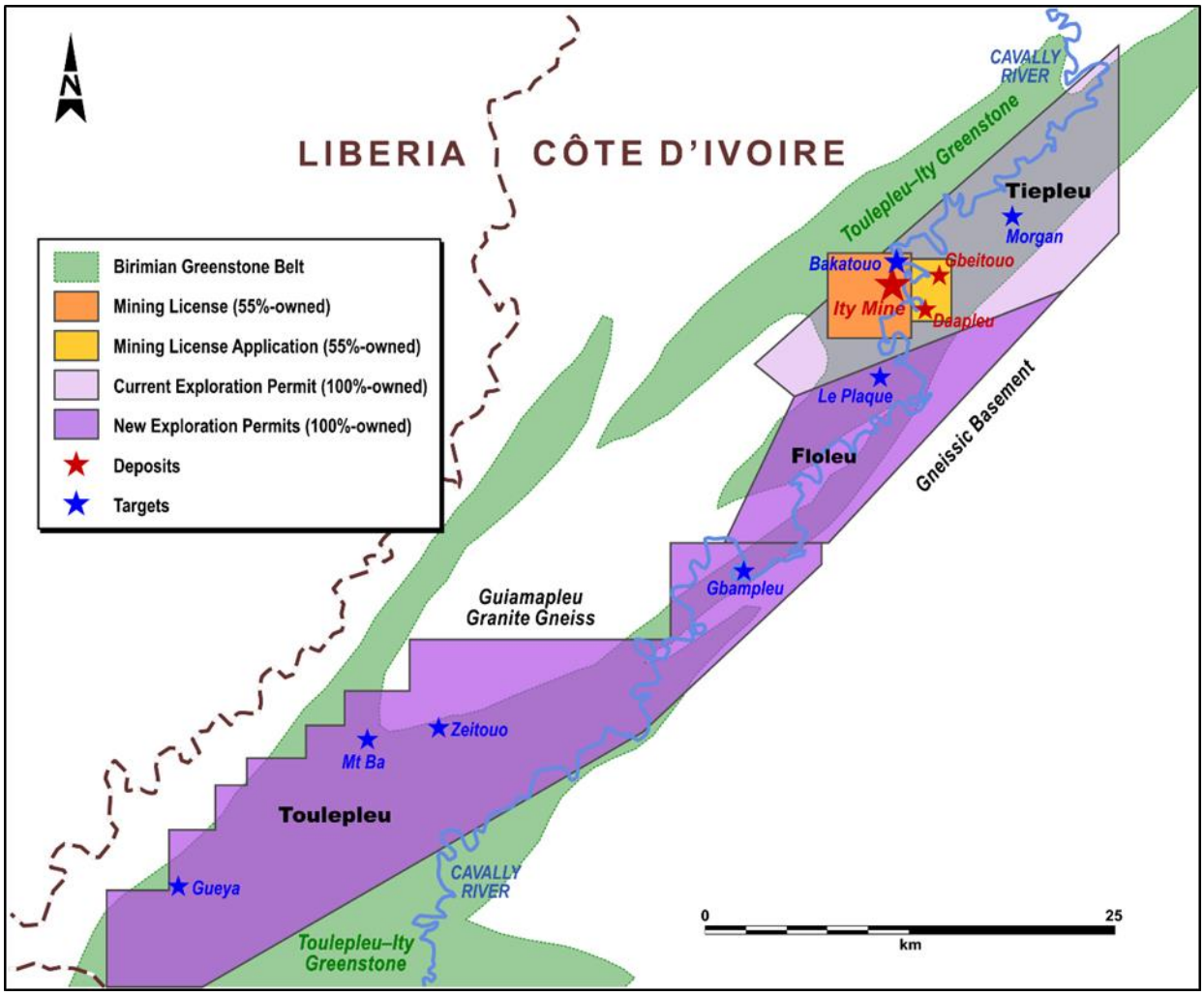


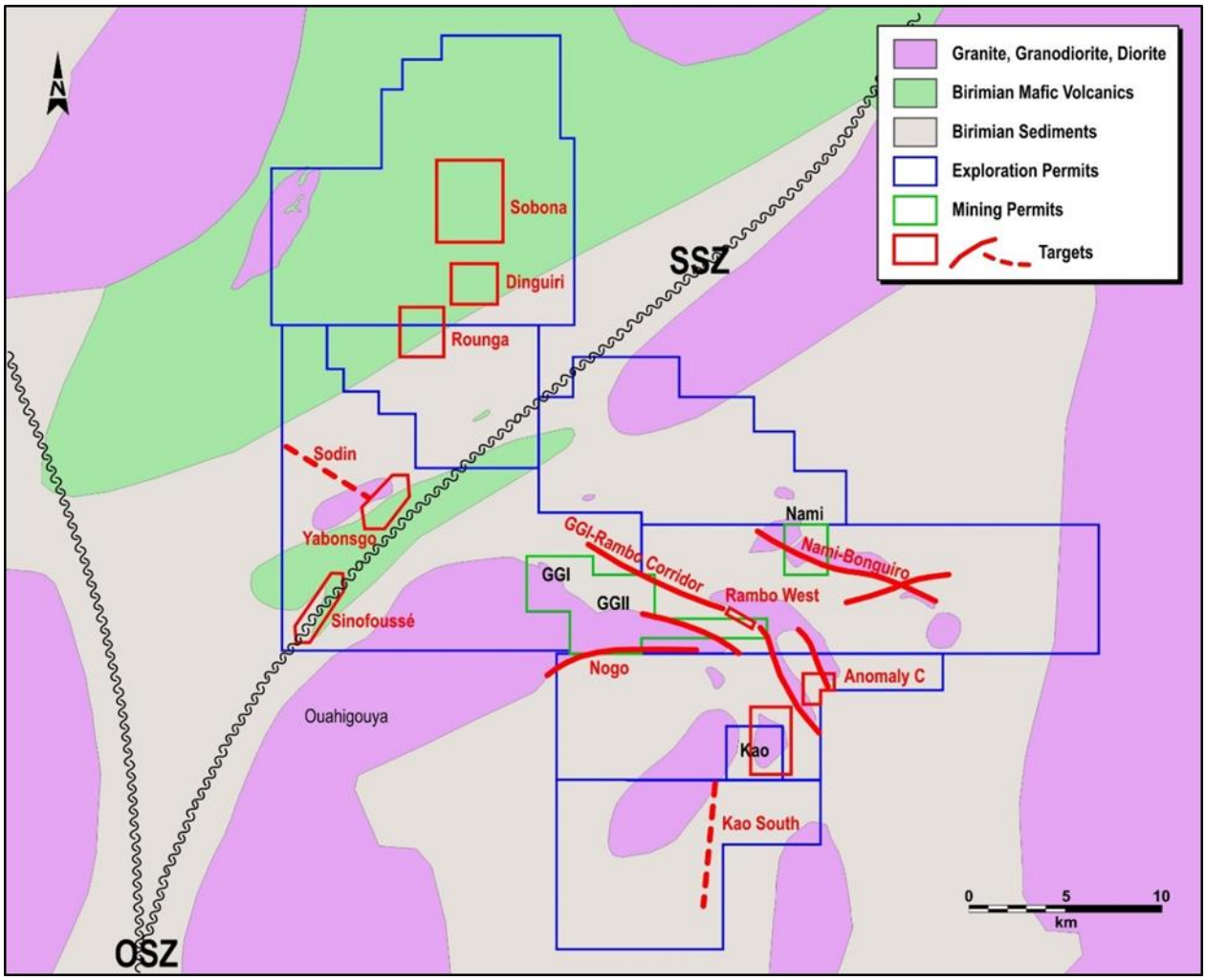
Figure 10: Ity Mine Birimian corridor



Karma Gold Mine, Burkina Faso

- An infill drilling program was completed in 2016 with the objective of upgrading the existing inferred resources to the indicated category. The program consisted of 68 core holes and 488 RC holes.
- The infill drill program at the North Koa deposit confirmed the continuity of the previous inferred resource, resulting in a maiden indicated resource being release in early 2017.
- The North Koa deposit is located within 10km of the current processing plant at the Karma Mine and its main mineralized zone stretches over 1.4 km along strike and remains open to the north.

Figure 11: Karma Site Map



Houndé Project, Burkina Faso

- Exploration expects to resume in 2017.

Nzema Gold Mine, Ghana

- No significant exploration activity is underway.

5. RESULTS FOR THE PERIOD

5.1. STATEMENT OF COMPREHENSIVE INCOME

Table 17: Statement of comprehensive income

	THREE MONTHS ENDED			YEAR ENDED	
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Gold Revenue	**199,825**	**169,313**	**137,579**	**673,469**	**522,652**
Operating expenses	(111,248)	(87,856)	(94,695)	(370,585)	(320,618)
Depreciation and depletion	(33,410)	(21,607)	(23,623)	(103,022)	(77,546)
Royalties	(9,774)	(8,206)	(6,730)	(31,799)	(25,782)
Earnings from mine operations	**45,393**	**51,644**	**12,531**	**168,063**	**98,706**
Corporate costs	(8,769)	(5,984)	(8,908)	(25,174)	(22,085)
Impairment charge of mineral interests	(71,035)	-	-	(71,035)	-
Transaction and restructuring costs	356	(6,558)	(13,099)	(24,224)	(13,099)
Share based expenses	61	(2,886)	(1,340)	(8,542)	(4,240)
Exploration	(2,220)	(2,520)	66	(6,608)	(4,333)
Earnings from operations	**(36,214)**	**33,969**	**(10,750)**	**32,480**	**54,949**
(Losses)/gain on financial instruments	8,371	**3,608**	**9,732**	**(12,032)**	**12,720**
Finance costs	(5,623)	(6,049)	(6,638)	(24,820)	(30,342)
Other income (expenses)	(2,317)	-	155	(2,047)	(224)
Earnings (loss) from continuing operations before taxes	**(35,783)**	**31,255**	**(7,501)**	**(6,419)**	**37,103**
Current income tax recovery (expense)	11,682	(3,835)	(1,563)	2,530	(3,989)
Deferred taxes recovery (expense)	(45,015)	(3,167)	(8,157)	(45,261)	(2,535)
Net (loss)/earnings from discontinued operations[1]	**-**	**-**	**(4,422)**	**(3,273)**	**5,022**
Total net and comprehensive earnings (loss)	**(69,116)**	**24,253**	**(21,643)**	**(52,423)**	**35,601**

1. The financial results of the Youga gold mine have been classified as a discontinued operation as the mine was sold on February 28, 2016.

The explanations for the key variances are as follows:

- Revenues of $199.8 million in the fourth quarter of 2016 and $673.5 million for the year to date resulted in record sales in both the quarter and year. The primary driver of these increases is the acquisition of the Ity mine in November 2015, improving throughput at Agbaou, a full quarter of gold sales at the Karma mine which achieved commercial production October 1, 2016, and a period of improving commodity prices.
- Operating expenses for the fourth quarter of 2016 were $111.2 million and $370.6 million for the year. The upward trend since 2015 is due to the inclusion of the Ity mine site for the entire 2016 year and a full quarter of operating expenses for the Karma mine which entered commercial production at the start of the fourth quarter on October 1, 2016.
- Depreciation and depletion for the fourth quarter of 2016 were $33.4 million and $103.0 million for the year. The upward trend since 2015 is due to the increased mining with the inclusion of the

additional ounces produced at Ity during 2016 and Karma for the fourth quarter of 2016 which directly contributes to the depreciation expense which is calculated using the units of production method.

- Corporate costs for the fourth quarter of 2016 were $8.8 million and $25.1 million for the year. The increase in corporate costs from 2015 are primarily due to increased activity levels following the two recent acquisitions but are expected to decrease in the coming years with the changes implemented by management in transitioning to a more streamlined management structure.
- Transaction and restructuring costs for the fourth quarter of 2016 were minimal at $0.3 million and $24.2 million for the year. These full year 2016 costs are associated with the purchase of True Gold ($6.5 million), combined with Board and executive level restructuring costs, as well office consolidations ($17.7 million) which were incurred predominantly during the second and third quarter of 2016.
- Share based payments expense were $0.1 million for the fourth quarter of 2016 and $8.5 million for the year to date. The decrease in the charge year-on-year is due to the change in fair value of options following share price movements.
- Exploration costs were $2.2 million for the fourth quarter of 2016 and $6.6 million for the year to date reflecting the portion of this activity which was not allocated to capital expenditure. The increase from 2015 is due to increased levels of early stage greenfield exploration programs.
- Gains on financial instruments for the fourth quarter of 2016 were $8.7 million and a loss of $12.0 million for the year. The $12 million loss on financial instruments relates primarily to the realized and unrealized losses in 2016 on FCFA denominated currency due to the Euro devaluation against the US dollar, while in 2015 the Company realized a gain due to the Euro appreciation and realized hedge losses relating to the legacy Nzema hedge.

- Finance costs were $5.6 million for the fourth quarter of 2016 and $24.8 million for the year. The primary elements of this charge for the year relate to $10.0 million in interest on the revolving credit facility ("RCF") $13.0 million in various other financing fees incurred throughout the year. The decrease from 2015 is due to lower drawn credit line balances as the Corporation continues to decrease its net debt position.
- $45 million of non-cash deferred tax expense, mainly comprised of the de-recognition of historical carry-forward losses at Nzema (shorter life due to removal of sulfide material), the Tabakoto new tax structure decided between Segala and Kofi subsidiaries with the Government, and accelerated depreciation at Karma utilized in 2016 resulting in a reduced tax base.

Impairment charge of mineral interest

At December 31, 2016, the Corporation, in accordance with IAS 36, assessed whether indicators of impairment where present at any of its cash generating units. In assessing its strategic objectives and long term assumptions, the Corporation noted that because of limited historical exploration spend, the Nzema mine did not align with the long-term objective of the organisation and indicators of impairment were identified. In assessing the Corporation's capital allocation objectives, the impairment assessment determined that no additional exploration spend associated to the extension of the life of mine would yield the most optimum return compared to the potential of the Corporation's other cash generating units within its portfolio for the Corporation's underlying shareholders.

Thus, the Corporation recorded an impairment charge of $71 million (with $nil tax effect) at the Nzema Mine for the financial year ended December 31,2016. The assumption used in determine the fair value of the cash generating unit have been outlined in the Corporation's consolidated financials statements for the year ended December 31,2016.

5.2. CASH FLOW

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

Table 18: Free cash flow[1,2]

	THREE MONTHS ENDED			YEAR ENDED	
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31 ,2015
Revenue	199,825	169,313	137,579	673,469	522,652
Total cash costs	(112,079)	(86,951)	(89,012)	(371,532)	(315,938)
Royalties	(9,774)	(8,206)	(6,730)	(31,799)	(25,782)
Corporate costs	(8,769)	(5,984)	(8,908)	(25,174)	(22,085)
Sustaining capex	(10,358)	(10,880)	(9,924)	(43,930)	(48,451)
Sustaining exploration	(4,241)	(2,500)	(2,131)	(9,741)	(6,731)
AISC	**(145,221)**	**(114,521)**	**(116,705)**	**(482,176)**	**(418,987)**
AISC Margin	**54,604**	**54,792**	**20,874**	**191,293**	**103,665**
Less : Non-sustaining capital	(6,226)	(4,994)	(6,686)	(25,807)	(24,094)
Less : Non-sustaining exploration	(6,020)	(8,720)	(3,048)	(23,332)	(7,430)
Operating cash flow from Youga discontinued operation	-	-	2,021	-	19,601
Free cash flow (before working capital, growth projects, tax, and financing costs) [3]	**42,358**	**41,078**	**13,161**	**142,154**	**91,742**
Operating working capital changes as per statement of cash flows [4]	(16,651)	(16,908)	26,170	(27,385)	5,565
Taxes paid	1,410	(3,254)	(1,197)	(10,625)	(7,248)
Interest paid and financing fees	(9,928)	(2,924)	(16,182)	(19,626)	(25,134)
Cash settlements on hedge programs, gold collar premiums and share appreciation rights	606	(9,550)	-	(14,569)	(3,296)
Net free cash flow from operations	**17,795**	**8,442**	**21,952**	**69,949**	**61,629**
Growth projects[3]	(55,154)	(30,610)	(2,415)	(110,317)	(7,047)
Karma pre-commercial production spend	-	1,420	-	(24,902)	-
Change in growth project working capital	18,470	(7,555)	-	(5,814)	-
Dividends paid to minority interests	-	-	-	(2,612)	(485)
Other (foreign exchange gains/losses and other)	2,192	6,986	5,392	(1,858)	(16,952)
Cash received for Youga mineral property interests (net)	-	-	-	22,086	-
Cash received for Ity mineral property interests (net)	-	-	86,121	-	86,121
Bridge loan advanced to True Gold	-	-	-	(15,000)	-
Cash paid on settlement of share appreciation rights, DSUs and PSUs	-	-	-	(5,811)	-
True Gold cash acquired, less acquisition COC payments	-	(5,659)	-	10,031	-
True Gold change of control payments[4]	-	-	-	(6,558)	-
Restructuring costs	(203)	(11,468)	-	(18,537)	-
Acquisition costs	-	-	(13,099)	(5,688)	(13,099)
Proceeds from pre-production gold sales	-	-	-	34,146	-
Net equity proceeds [5]	4,985	107,504	-	185,285	-
Settlement of debt obligations	(883)	(65,951)	(20,458)	(109,624)	(62,828)
Cash Inflow (outflow) for the period	**(12,798)**	**3,109**	**77,493**	**14,776**	**47,339**

1. Free cash flow is a non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.
2. The Karma mine commenced commercial production at October 1, 2016, and as such the financial results have been included for the three months ended December 31, 2016 only as costs were capitalised up until September 30, 2016 in conformance with IFRS.
3. Growth projects is a 2016 Non- GAAP term and therefore the growth project spend for the year ended December 31, 2015 of $7.0 million, and $2.4 million for the three months ended December 31, 2015 both relate to Houndé spend. Both amounts were disclosed as part of non-sustaining capital for the year and three months ended December 31, 2015. These figures have been presented under growth projects in the table above as 2015 comparative for consistency and should be included as non-sustaining capital in reconciling back to the prior year published Free cash flow (before working capital, tax and financing costs).
4. Change of control payments are included in operating working capital changes per statement of cash flow.
5. La Mancha anti-dilution proceeds with True Gold, Bought Deal proceeds, share option exercise, net of equity linked payments (SARs and PSUs)

- Free cash flow (before working capital, growth projects, tax & financing costs) for the fourth quarter of 2016 was $42.4 million, and $142.2 million for the year to date. The upward trend in this variable reflects increasing production, associated with the acquisition of the Ity mine and optimization of throughput at Agbaou. Sustaining capital expenditure of $43.9 million for the year to date relates to ongoing capital projects at the operating mines, as described in more detail for each mine in the Operating Review section of this MDA. Non-sustaining capital ($25.8 million) and exploration expenditure ($23.3 million) for the year to date, relates to construction of the secondary crusher at Agbaou ($9.8 million), waste capitalization of the pit push back project at Nzema ($16.7 million), and non-sustaining exploration activity as described for each mine in the Operating Review section of this MDA.
- Net free cash flow from current operations for the fourth quarter and year to date was $17.8 million and $69.9 million, respectively, reflecting net Karma related cash flows, taxes paid (primarily associated with the Ity mine), working capital movements (explained in the working capital section below), most notably related to the ramp up of activity at Houndé and Karma, and other items, and interest payments on the revolving credit facility.
- Working Capital movements in 2016 was negative $27.4 million mainly due to inventory, gold-in-circuit and VAT build-up at Karma related to its commissioning phase. Additionally, Agbaou payables decreased due to a large payment surrounding its mining contractor.
- Net cash outflow over the fourth quarter was $12.8 million whilst the Corporation generated net cash inflow for the year of $14.8 million, positively affected by the issue of shares in the bought deal and La Mancha's participation in the True Gold acquisition, along with share options exercised, and proceeds from the Youga sale. Outflows included the net impact of the True Gold acquisition (cash acquired less acquisition day change of control payments to True Gold management and all acquisition related costs), the True Gold bridge loan prior to the acquisition, transaction and restructuring costs, and voluntary RCF debt repayments.

5.3. BALANCE SHEET

Table 19: Balance sheet

	December 31, 2016	September 30, 2016	December 31, 2015
ASSETS			
Cash	124,294	137,094	109,519
Cash-restricted	5,270	5,222	4,824
Trade and other receivables	12,274	13,844	11,029
Income taxes receivables	373	148	2,945
Inventories	110,404	85,776	93,939
Current portion of derivative financial assets	6,623	-	-
Prepaid expenses and other	24,298	36,885	12,640
CURRENT ASSETS	**283,536**	**278,969**	**234,896**
Mining interests	1,039,529	1,066,539	743,392
Deferred income taxes	29,978	69,077	69,720
Other long term assets	4,055	6,109	6,310
LONG TERM ASSETS	**1,073,562**	**1,141,725**	**819,423**
TOTAL ASSETS	**1,357,098**	**1,420,694**	**1,054,318**
LIABILITIES			
Trade and other payables	128,860	145,667	126,797
Current portion of finance lease obligations	4,315	4,315	4,394
Current portion of derivative financial liabilities	-	8,671	5,463
Income taxes payable	16,451	10,689	16,061
CURRENT LIABILITIES	**149,626**	**169,342**	**152,714**
Finance lease obligations	5,694	6,578	9,025
Long-term debt	140,957	128,402	225,582
Other long term liabilities	47,854	42,231	38,862
Deferred income taxes	52,306	45,994	30,014
LONG TERM LIABILITIES	**246,811**	**223,205**	**303,483**
TOTAL LIABILITIES	**396,437**	**392,547**	**456,198**
Share capital	1,484,735	1,481,745	1,071,088
Equity reserve	39,727	41,001	41,966
Deficit	(615,673)	(554,276)	(548,951)
Non-controlling interest	51,872	59,677	34,018
TOTAL EQUITY	**960,661**	**1,028,147**	**598,121**
TOTAL EQUITY AND LIABILITIES	**1,357,098**	**1,420,694**	**1,054,318**

Working Capital

The explanations for the key variances in working capital are as follows:

- Trade and other receivables were $12.3 million on December 31, 2016 compared to $13.8 million on September 30, 2016 and $11.0 million as at December 31, 2015. The slight increase during the fourth quarter is due to primarily to the increase in timing induced VAT receivables expected to be recovered in the short term.
- Inventories were $110.4 million at December 31, 2016 compared to $85.8 million at September 30, 2016 and $93.9 million as at December 31, 2015. The $16.5 million increase from December 31, 2015 is predominantly due to the inclusion of $3.6 million of unsold doré bars at Nzema, and $12.7 million of gold inventory ($5 million in stockpile and $7.7 million in GIC) at Karma at year end.

- Prepaid expenses and other were $24.3 million at December 31, 2016 compared to $36.9 million at September 30, 2016 and $12.6 million as at December 31, 2015. The decrease in the fourth quarter was largely due to $10.1 million of goods received at the Houndé Gold Operation in the fourth quarter. The annual increase is due to the inclusion of the Karma Mine at year end as well as $6.8 million in construction capital at Houndé at year end.
- Trade and other payables were $128.9 million at December 31, 2016 compared to $145.7 million at September 30, 2016 and $126.8 million as at December 31, 2015. The decrease over the quarter is due to the reversal of the Segala tax provision which was settled with the Malian government in the fourth quarter.

Net Debt Position

The Corporation has a $350 million senior secured revolving corporate loan facility (the "Facility") with a syndicate of leading international banks, which is scheduled to be repaid between September 2018 and March 2020. The interest rate is LIBOR plus a margin of between 3.75% and 5.75% per annum, based on the actual Net Debt to EBITDA ratio. The Facility is secured by shares in the Corporation's material gold mining subsidiaries and certain material assets and includes standard Interest Cover, Net Debt to EBITDA and Minimum Tangible Net Worth covenants. The following table summarizes the Corporation's net debt position as at December 31, 2016, September 30, 2016 and at December 31, 2015.

Table 20: Net debt/(Cash)position

	December 31, 2016	September 30, 2016	December 31, 2015
Cash	124,294	137,094	109,519
Less : Equipment finance lease	(10,009)	(10,893)	(13,420)
Less : Drawn portion of $350 million RCF	(140,000)	(140,000)	(240,000)
Net (Debt)/Cash position	**(25,715)**	**(13,799)**	**(143,901)**

Equity and Capital

Endeavour Mining's authorized capital is 200,000,000 shares divided into 100,000,000 ordinary shares with a par value of $0.10 each and 100,000,000 undesignated shares; no undesignated shares have been issued. The table below summarizes Endeavour Mining's share structure at December 31, 2016.

Table 21: Outstanding shares

	December 31, 2016	September 30, 2016	December 31, 2015
Shares issued and outstanding	80,629,491	92,063,075	59,019,942
Stock options	1,102,588	1,790,677	2,734,404

As at March 6, 2017, the Corporation had 93,803,427 shares issued and outstanding, as well as 755,471 stock options outstanding.

Project financing

Endeavour Mining announced in April that its 90%-owned Houndé Project in Burkina Faso has entered the construction phase of its development. This project is expected to require initial capital investment

of $328 million, of which $102.5 million was incurred in the twelve months ended December 31, 2016. The Corporation intends to finance the Houndé Project using a combination of existing cash balances, free cash flow generated from Endeavour's existing operating mines and equipment financing arrangements. On June 9, 2016, the Corporation entered into a financing arrangement with the Komatsu Group to purchase mining fleet equipment for the Houndé project. The Corporation made an initial down-payment of $7.1 million on July 1, 2016. Delivery of the mining fleet commenced in the fourth quarter of 2016 with seventeen quarterly payments to be made between the first quarter of 2018 and the first quarter of 2022, totaling $46.9 million.

In addition**,** Endeavour Mining closed a bought deal financing arrangement for aggregate net proceeds of $104.0 million on July 11, 2016. The net proceeds of this financing are primarily intended to be used to accelerate Endeavour's organic growth potential by significantly expanding the current exploration programs by leveraging Endeavour's high-quality West-African exploration portfolio and for the potential development of the Ity carbon-in-leach gold process plant.

Financial instruments

Prior to its acquisition by Endeavour Mining, Adamus Resources implemented a gold price protection program as part of the initial project financing of the Nzema Gold Mine. This program completed in 2016.

In April 2016, the Corporation implemented a deferred premium collar strategy ("collar") using written call options and bought put options for the 15-months period from April 2016 to June 2017. The program covers a total of 400,000 ounces, representing approximately 50% of Endeavour's total estimated gold production for the period, with a floor price of $1,200 per ounce and ceiling price of $1,400 per ounce.

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

As at December 31, 2016, 186,667 ounces remain outstanding with a fair value of $8.7 million (December 31, 2015 - $nil). An unrealized gain of $6.6 million were recorded in the comprehensive statement of earnings (loss) in the year ended December 31, 2016.

The total premium payable for entering into this program is $9.2 million, included as part of the collar fair value, and cash-settled on a net basis as monthly contracts mature. In the year ended December 31, 2016, the Corporation incurred $4.9 million in premium costs (2015 - $nil), included in losses on derivative financial instruments in the consolidated statements of comprehensive earnings (loss).

Provisions

In early 2009, Endeavour launched a gold investment strategy ("Gold Strategy"), which at the time was the basis of the Corporation's gold mining business. In order to retain, attract, and motivate a group of specialist professional employees with the skills and experience necessary to significantly enhance the profitability and growth of Endeavour's gold business, a long term bonus policy (the "Gold LTI Policy") was established concurrently with the implementation of the Gold Strategy. To ensure that the interests of Endeavour's management team were aligned with shareholders over the long term, the Gold LTI Policy was designed to compensate management when shareholders receive a direct benefit or realization. An award under the Gold LTI Policy (a "Gold LTI Award") is calculated as 10% of the increase in value of Gold Strategy assets and is crystalized and becomes payable upon the sale of a material gold asset, the realization of increased value on completion of a corporate transaction, and certain other events necessary to protect the integrity of the Gold LTI Policy. Since the start of the Gold LTI Policy, one crystallization event has occurred which resulted in the disbursal of a Gold LTI Award of $8.0 million in aggregate under the Gold LTI Policy. No other crystallization events have occurred in the implementation of the Gold LTI Policy and therefore no other Gold LTI Awards have been paid or accrued to date.

The calculation of a Gold LTI Award is dependent on the nature of the crystallization event that gives rise

to the obligation to make a Gold LTI Award. In the event an offer is made for the Corporation that is accepted by its shareholders, a Gold LTI Award would be determined as 10% of the acquisition value in excess of the equity cost base of the Corporation on an issued share basis. The equity cost base is the accumulation of the historic market values (or strike prices of exercised stock options) for all of the shares issued by Endeavour, which as of December 31, 2016 was equivalent to approximately C$1,581 million (or C$16.90 per issued share), (December 31, 2015, C$1,061 million or C$17.97 per issued share).

5.4. ACCOUNTING POLICIES

Accounting policies overview

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

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

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

The newly acquired Karma mine was determined to enter commercial production on October 1, 2016. Pre-commercial production gold sales of $34.1 million were offset against the costs capitalized over the period.

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

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

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

(e) Capitalization of waste stripping

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

Key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation's management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Corporation's assets and liabilities are as follows:

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

(b) Impairment of mining interests
The Corporation considers both external and internal sources of information in assessing whether there are any indications that mining interests and goodwill are impaired. External sources of information the Corporation considers include changes in the market, economic and legal environment in which the Corporation operates that are not within its control and affect the recoverable amount of mining interests and goodwill. Internal sources of information the Corporation considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets. In determining the recoverable amounts of the Corporation's mining interests and goodwill, the Corporation's management makes estimates of the discounted future cash flows expected to be derived from the Corporation's mining properties, costs to sell the mining properties and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions about gold's selling price, future capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Reductions in gold price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Corporation's mining interests and/or goodwill. These factors moving in the opposite direction could result in full or partial reversals of previous write-downs to mining interests.

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

(d) Mineral reserves
Mineral reserves and mineral resources are determined in accordance with Canadian Securities Administrator's national Instrument *43-101 Standards of Disclosure for Mineral Projects.* Mineral reserve and resource are calculated based on numerous estimates. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is a dependent on the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such

as gold prices and market conditions could have a material effect in the future on the Corporation's financial position and results of operation.

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

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

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

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

6. NON-GAAP MEASURES

6.1. ALL-IN SUSTAINING MARGIN AND OPERATING EBITDA

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use the all-in sustaining margin and operating earnings before interest, tax, depreciation and amortization ("operating EBITDA") to evaluate the Corporation's performance and ability to generate cash flows and service debt. These do not have a standard meaning and are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The following tables provide the illustration of the calculation of this margin and operating EBITDA, for the three months ended December 31, 2016, September 30, 2016, and December 31, 2015 and the years ended December 31, 2016 and December 31, 2015.

Table 22: All-In Sustaining Margin[1]

($'000)	THREE MONTHS ENDED December 31, 2016	September 30, 2016	December 31, 2015	YEAR ENDED December 31, 2016	December 31, 2015
Revenues [1]	199,825	169,313	137,579	673,469	522,652
Less : royalties [1]	(9,774)	(8,206)	(6,730)	(31,799)	(25,782)
Less : total cash costs [1]	(112,079)	(86,951)	(89,012)	(371,532)	(315,938)
Less : corporate G&A [1]	(8,769)	(5,984)	(8,908)	(25,174)	(22,085)
Less : sustaining capital (table 20)	(10,358)	(10,880)	(9,924)	(43,930)	(48,451)
Less : sustaining exploration	(4,241)	(2,500)	(2,131)	(9,741)	(6,731)
All-in sustaining margin	**54,604**	**54,792**	**20,874**	**191,293**	**103,665**

[1]Data does not include Youga.

Table 23: Operating EBITDA calculation

($'000)	THREE MONTHS ENDED December 31, 2016	September 30, 2016	December 31, 2015	YEAR ENDED December 31, 2016	December 31, 2015
Earnings (loss) from continuing operations before taxes [1]	(35,783)	31,255	(7,501)	(6,419)	37,103
Add back : Depreciation and depletion [1]	33,410	21,607	23,623	103,022	77,546
Add back : Impairments charge of mineral interests [1]	71,035	-	-	71,035	-
Add back : Acquisition and restructuring costs [1]	(356)	6,558	13,099	24,224	13,099
Deduct : Other expenses [1]	2,317	-	(155)	2,047	224
Add back : Finance costs	5,623	6,049	6,638	24,820	30,342
Add back : (Gains) losses on financial instruments [1]	(8,371)	(3,608)	(9,732)	12,032	(12,720)
OPERATING EBITDA	**67,875**	**61,861**	**25,972**	**230,761**	**145,594**

[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 on the basis of ounces sold. Therefore, the Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors may find this information useful. However, there is no standardized 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 three months ended December 31, 2016, September 30, 2016, and December 31, 2015 and the years ended December 31, 2016 and December 31, 2015.

Table 24: Cash Costs

	THREE MONTHS ENDED			YEAR ENDED	
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015
$'000's except ounces sold					
Operating expenses from mine operations	111,977	87,127	92,188	370,585	320,618
Non-cash and other adjustments	102	(176)	(3,176)	947	(4,681)
Cash-costs from continuing operations	112,079	86,951	89,012	371,532	315,937
Total cash costs for the Youga Mine	-	-	16,349	6,910	58,130
Total Cash costs	112,079	86,951	105,361	378,442	374,067
Gold sold	169,803	127,507	142,344	552,267	519,812
Total cash cost	**660**	**682**	**740**	**685**	**720**
Cash costs from continuing operations	112,079	86,951	89,012	371,532	315,938
Divided by ounces of gold sold (continuing operations)	169,803	127,507	124,859	545,689	451,885
Total cash cost from continuing operations	**660**	**682**	**713**	**681**	**699**

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 a given period. Readers should be aware that this measure does not have a standardized 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 25: All-In Sustaining Costs

	THREE MONTHS ENDED			YEAR ENDED	
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015
$'000's except ounces sold					
Total cash cost for ounces sold [1]	112,079	86,951	105,361	378,442	374,067
Royalties [1]	9,774	8,206	7,505	32,126	28,820
Corporate G&A	8,769	5,984	7,968	25,174	21,145
Sustaining capital	10,358	10,880	9,924	43,930	48,451
Sustaining exploration	4,241	2,500	2,131	9,741	6,731
All-in sustaining costs	145,222	114,521	132,889	489,413	479,214
Divided by gold ounces sold [1]	169,803	127,507	142,343	552,267	519,812
All-in sustaining cost per ounce sold	**855**	**898**	**934**	**886**	**922**
Excluding discontinued operations					
All-in sustaining costs from Youga Mine	-	-	17,223	7,237	62,022
All-in sustaining costs excluding discontinued operations	145,222	114,521	115,666	482,176	417,193
Divided by gold ounces sold [1]	169,803	127,507	124,859	545,689	451,885
All-in sustaining costs per ounce sold from continuing operations	**855**	**898**	**926**	**884**	**923**

[1] *Figures include Youga mine.*

Table 26: Sustaining and non-sustaining capital

	THREE MONTHS ENDED			YEAR ENDED	
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015
$'000's					
Expenditures and prepayments on mining interests	79,780	71,009	24,269	231,421	92,648
Non-sustaining capital spend	(6,226)	(4,994)	(6,686)	(25,807)	(24,094)
Non-sustaining exploration	(3,800)	(6,200)	(3,114)	(16,724)	(6,325)
Sustaining exploration	(4,241)	(2,500)	(2,131)	(9,741)	(6,731)
Karma pre commercial production spend	-	(15,825)	-	(24,902)	-
Growth projects	(55,154)	(30,610)	(2,415)	(110,317)	(7,047)
Sustaining Capital	**10,358**	**10,880**	**9,924**	**43,930**	**48,451**

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 27: Adjusted net earnings

	THREE MONTHS ENDED			YEAR ENDED	
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015
($'000's)					
Total net earnings	(69,116)	24,253	(21,643)	(52,423)	35,601
Youga discontinued operations (Gain) loss	-	-	4,422	3,273	(5,022)
(Gain) loss on financial instruments	(8,371)	(3,608)	(9,732)	12,032	(12,720)
Other expenses (income)	2,317	-	(155)	2,047	224
Stock-based payments	(61)	2,886	1,340	8,542	4,240
Acquisition and restructuring costs	(356)	6,558	13,099	24,224	13,099
Deferred income tax expense	45,015	3,167	8,157	45,261	2,535
Impairment charge of mineral interest	71,035	-	-	71,035	-
Adjusted net earnings after tax	40,463	33,256	(4,512)	113,991	37,957
Attributable to non-controlling interests	1,098	10,347	4,227	21,395	17,788
Attributable to shareholders of the Corporation	41,561	22,909	(8,739)	92,596	20,169
Weighted average number of outstanding shares	93,405,381	92,063,075	48,050,323	80,629,491	42,963,287
Adjusted net earnings (loss) per share (basic) from continuing operations	**0.44**	**0.25**	**(0.18)**	**1.15**	**0.47**

6.4. FREE CASH FLOW

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use free cash 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 for measures of performance prepared in accordance with GAAP. The calculation of these items is detailed in table 18.

6.5. NET DEBT AND NET DEBT/OEBITDA RATIO

The Corporation is reporting net debt and net debt/Operating EBITDA ratio. This non-GAAP measure provides investors with transparency to 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 14, calculated as nominal undiscounted debt including leases, less cash. The following table explains the calculation of net debt/Operating EBITDA ratio using the last twelve months of Operating EBITDA.

Table 28: Net Debt/ OEBITDA ratio

($'000's)	December 31, 2016	September 30, 2016	December 31, 2015
Net (Debt)/Cash position (Table 17)	(25,715)	(13,799)	(143,901)
Operating EBITDA	230,761	166,159	145,594
Net Debt/OEBITDA ratio	**0.11**	**0.08**	**0.99**

7. QUARTERLY AND ANNUAL FINANCIAL AND OPERATING RESULTS

The following tables summarize the Corporation's financial and operational information for the last eight quarters and three fiscal years. The significant factors affecting results in the quarters presented below are volatility of realized gold prices, commencement of production of the Karma mine on October 1, 2016, and non-cash impairment of the Nzema mineral interest. The Ity Mine was added during the fourth quarter of 2015 as well as the sale of the Youga mine with its results excluded from the financial results below.

Table 29: 2015 Quarterly Key Performance Indicators

($'000's)	FOR THE THREE MONTHS ENDED : December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Gold ounces sold	169,803	127,507	127,602	120,777
Gold revenues	199,825	169,313	160,373	143,958
Cash Flows from continuing operations	71,898	23,466	30,187	20,147
Earnings from mine operations	45,393	51,644	43,867	27,158
Net earnings (loss) and total comprehensive earnings (loss)	(69,116)	24,253	(15,416)	7,858
Net earnings (loss) attributable to shareholders of Endeavour Mining Corporation	(49,727)	13,361	(28,039)	956
Basic earnings (loss) per share	(0.62)	0.16	(0.36)	0.02
Diluted earnings (loss) per share	(0.62)	0.16	(0.36)	0.02

Table 30: 2015 Quarterly Key Performance Indicators

($'000's)	FOR THE THREE MONTHS ENDED : December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Gold ounces sold	142,342	123,002	129,614	124,850
Gold revenues	137,579	121,826	132,797	130,449
Cash Flows from continuing operations	43,519	31,846	40,511	31,425
Earnings from mine operations	13,119	20,495	40,875	26,379
Net earnings (loss) and total comprehensive earnings (loss)	(21,643)	6,706	32,997	12,951
Net earnings (loss) attributable to shareholders of Endeavour Mining Corporation	(24,670)	3,504	26,678	9,045
Basic earnings (loss) per share	(0.51)	0.08	0.60	0.22
Diluted earnings (loss) per share	(0.51)	0.08	0.60	0.22

Table 31: Annual Key Performance Indicators[1]

($'000's per share amounts)	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Gold ounces sold	545,689	519,812	467,887
Gold revenues	673,469	601,376	583,576
Cash Flows from operations	153,899	147,301	127,438
Earnings from mine operations	168,063	106,947	75,897
Net earnings (loss) and total comprehensive earnings (loss)	(52,423)	35,601	(328,200)
Net earnings (loss) attributable to shareholders	(66,722)	18,227	(273,650)
Basic earnings (loss) per share	(0.83)	0.42	(6.62)
Diluted earnings (loss) per share	(0.82)	0.42	(6.62)
Total assets	1,357,098	1,054,094	963,875
Total long term financial liabilities	246,811	273,469	343,468
Total attributable shareholders' equity	908,789	564,103	464,352
Adjusted earnings per share	1.15	0.42	0.34

[1] *The results of the Youga mine have been included in all figures above as presented in the 2015 and prior year Annual Financial Statements.*

8. RISK FACTORS

Readers of this Management's Discussion and Analysis should give careful consideration to the information included or incorporated by reference in this document and the Corporation's audited consolidated financial statements and related notes for the year ended December 31, 2016. Significant risk factors for the Corporation are metal prices, government regulations, foreign operations, environmental compliance, dependence on management, title to the Corporation's mineral properties and litigation. For further details of risk factors, please refer to the most recent Annual Information Form filed on SEDAR at http://www.sedar.com/, the 2016 year-end audited consolidated financial statements, and the below discussions.

8.1. OPERATIONAL RISKS

Political and Security Risks

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

The Corporation's operating assets are well diversified across four West African jurisdictions. Following regional instability in recent years in several sub-Saharan countries, the prevailing security environment in the region deteriorated due to the influence of secessionist and Islamist groups; the Corporation has responded by enhancing its operating procedures for the security of its assets, personnel and contractors. The Corporation cooperates with regional governments, their security forces and third parties to manage the risks relating to the heightened security challenges. Despite its proactive approach to security and cooperation, and its enhanced operating procedures, there can be no certainty that these measures will be sufficient in all circumstances to guarantee the security of all assets, personnel and contractors from these types of risks.

Mineral Reserves and Resources

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

Outside contractor risks

It is common for certain aspects of mining operations, such as drilling, blasting and hauling to be conducted by an outside contractor. The mining operations at the Nzema Gold Mine and the Agbaou Gold Mine are undertaken by contactors and as a result, the Corporation is subject to a number of

risks, including reduced control over the aspects of the operations that are the responsibility of the contractor, failure of a contractor to perform under its agreement with the companies, inability to replace the contractor if either party terminates the contract, interruption of operations in the event the contractor ceases operations due to insolvency or other unforeseen events, failure of the contractor to comply with applicable legal and regulatory requirements and failure of the contractor to properly manage its workforce resulting in labour unrest or other employment issues.

8.2. FINANCIAL RISKS

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

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 year ended December 31, 2016.
The Corporation's maximum exposure to credit risk is as follows:

Table 32: Exposure to credit risk

($'000's)	December 31, 2016	September 30, 2016	December 31, 2015
Cash and cash equivalents	124,294	137,094	109,519
Cash - restricted	5,270	5,222	4,824
Marketable securities	506	691	375
Trade and other receivables	12,274	13,844	13,045
Working capital loan	1,012	1,050	1,017
Long-term receivable	278	294	246
	143,634	**158,195**	**129,026**

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, Ghana Cedi, and US dollars. The Corporation also holds cash and cash equivalents, marketable securities, and other receivables that are denominated in non-US dollar currencies which are subject to currency risk. The Corporation has not hedged its exposure to foreign currency exchange risk. The Corporation has not hedged its exposure to foreign currency exchange risk.

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

Table 33: Net assets in foreign currencies

($'000's)	December 31, 2016	September 30, 2016	December 31, 2015
Canadian dollar	(6,082)	(1,887)	(2,961)
CFA Francs	16,591	39,330	60,530
Other currencies	(668)	(989)	(687)
	9,841	**36,454**	**56,882**

The effect on earnings and other comprehensive earnings before tax as at December 31, 2016, of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above mentioned financial and non-financial assets and liabilities of the Corporation is estimated to be $1.0 million (December 31, 2015, $5.7 million), assuming that all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at December 31, 2016.

Interest rate risk

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

The effect on earnings and other comprehensive earnings before tax as December 31, 2016, of a 10% change in the LIBOR rate on the Facility is estimated to be $0.1 million (December 31, 2015 - $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 year ended December 31, 2016.

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, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management including the CEO and CFO as appropriate to allow timely decisions regarding required disclosure.

As at the end of and for the year ended December 31, 2016, 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, 2016, the disclosure controls and procedures were effective.

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, 2016, 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, 2016, 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.

9.3. LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and Chief Financial Officer 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 unauthorized 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.

The Corporation was unable to conduct an assessment of the Karma Gold Mine's internal control over financial reporting in the period between the acquisition date and the date of management's internal control assessment due to the timing of the acquisition. Accordingly, management excluded from its assessment the internal control over financial reporting of the Karma Gold Mine, which was acquired on April 26, 2016 as permitted under National Instrument 52-109 Certification of Disclosure. The Company will include its assessment of the Karma Gold Mine's internal control over financial reporting in its 2017 annual management report on internal control.

10. APPENDIX A : DETAILED RESERVES AND RESOURCES

The following table shows the consolidated reserves and resources as at December 31, 2016.

Table 34: Mineral Reserves and Mineral Resources as at December 31, 2016

	ON A 100% BASIS			ON A ATTRIBUTABLE BASIS		
Resources shown inclusive of Reserves	Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)	Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)
Agbaou Mine (85% owned) [1]						
Proven Reserves	1.0	2.20	69	0.8	2.20	59
Probable Reserves	10.0	2.44	784	8.5	2.44	666
P&P Reserves	**11.0**	**2.41**	**853**	**9.3**	**2.41**	**725**
Measured Resource	1.9	1.41	85	1.6	1.41	72
Indicated Resources	11.2	2.56	919	9.5	2.56	781
M&I Resources	**13.0**	**2.39**	**1,004**	**11.1**	**2.39**	**853**
Inferred Resources	1.1	1.73	60	0.9	1.73	51
Nzema Mine (90% owned) [2]						
Proven Reserves	2.1	2.73	181	1.9	2.73	163
Probable Reserves	1.3	2.70	110	1.1	2.70	99
P&P Reserves	**3.3**	**2.72**	**291**	**3.0**	**2.72**	**262**
Measured Resource	21.1	1.37	929	19.0	1.37	836
Indicated Resources	12.0	1.31	502,0	10.8	1.31	452
M&I Resources	**33.1**	**1.35**	**1,431**	**29.8**	**1.35**	**1,288**
Inferred Resources	5.9	1.290	243,4	5.3	1.29	219
Tabakoto Mine (80-90% owned) [3]						
Proven Reserves	2.9	2.98	274	2.3	2.98	221
Probable Reserves	3.4	3.12	341	2.8	3.12	283
P&P Reserves	**6.3**	**3.06**	**615**	**5.1**	**3.06**	**504**
Measured Resource	6.9	2.88	638	5.5	2.88	513
Indicated Resources	12.1	3.09	1,206	10.3	3.09	1,005
M&I Resources	**19.0**	**3.01**	**1,844**	**15.8**	**3.01**	**1,517**
Inferred Resources	8.2	3.45	908	6.7	3.45	734
Houndé Project (90% owned) [4]						
Proven Reserves	3.7	2.48	296	3.3	2.48	266
Probable Reserves	26.9	2.06	1,779	24.2	2.06	1,602
P&P Reserves	**30.6**	**2.11**	**2,075**	**27.5**	**2.11**	**1,868**
Measured Resource	3.7	2.57	305	3.3	2.57	275
Indicated Resources	34.2	2.04	2,247	30.8	2.04	2,022
M&I Resources	**37.9**	**2.09**	**2,551**	**34.1**	**2.09**	**2,297**
Inferred Resources	3.2	2.62	274	2.9	2.62	246
Ity Mine & CIL Project (55% owned) [5]						
Proven Reserves	0.1	2.90	6	0.00	2.90	3
Probable Reserves	43.8	1.50	2,117	24.1	1.50	1,164
P&P Reserves	**43.9**	**1.50**	**2,123**	**24.1**	**1.50**	**1,168**
Measured Resource	0.0	1.84	2	0.00	1.84	1
Indicated Resources	52.8	1.64	2,777	29.0	1.64	1,527
M&I Resources	**52.8**	**1.64**	**2,779**	**29.0**	**1.64**	**1,528**
Inferred Resources	30.2	1.45	1,406	16.6	1.45	773
Karma Mine (90% owned) [6]						
Proven Reserves	0.4	0.59	8	0.4	0.59	7
Probable Reserves	37.4	0.92	1,109	33.7	0.92	997
P&P Reserves	**37.9**	**0.92**	1,117	**34.1**	**0.92**	**1,004**
Measured Resource	0.4	0.59	8	0.4	0.59	7
Indicated Resources	83.8	1.10	2,973	75.4	1.10	2,676
M&I Resources	**84.3**	**1.10**	**2,981**	**75.8**	**1.10**	**2,683**
Inferred Resources	19.3	1.27	791	17.4	1.27	712
Total Endeavour Mining						
Proven Reserves	10	2.57	834	9	2.56	720
Probable Reserves	123	1.58	6,240	94	1.58	4,812
P&P Reserves	**133**	**1.66**	**7,074**	**103**	**1.67**	**5,532**
Measured Resource	34	1.80	1,967	30	1.77	1,704
Indicated Resources	206	1.60	10,623	166	1.59	8,463
M&I Resources	**240**	**1.63**	**12,59**	**196**	**1.62**	**10,167**
Inferred Resources	68	1.69	3,682	50	1.71	2,736

The mineral reserves and resources were estimated as at December 31, 2016 in accordance with the provisions adopted by the Canadian Institute of Mining Metallurgy and Petroleum (CIM) and incoporated into the NI 43-101. Mr. Adriaan "Attie" Roux, Pr.Sci.Nat., Endeavour Mining's Chief Operating Officer, has reviewed and approved the scientific and technical information contained in this presentation. Adriaan Roux is a "Qualified Person" as defined in NI 43-101.

The Qualified Persons (QP's) responsible for the NI 43-101 compliant mineral reserve and resource estimates are detailed in the following table. All QP's are independent of Endeavour Mining, except Kevin Harris, Michael Alyoshin and John Barry.

MINERAL RESOURCES

QUALIFIED PERSON	POSITION	PROPERTY/DEPOSIT
Kevin Harris, CPG	Group Resource Manager, Endeavour Mining Corp	Agbaou, Tabakoto (except Kofi A, Kofi C, Blanaid deposits), Bakatouo and Colline Sud deposits (Ity mine), North Kao deposit (Karma mine), Bouere and Dohoum deposits (Hounde project)
Mark Zammit, MAIG	Principal, Cube Consulting Pty Ltd	Ity (except Bakatouo and Colline Sud deposits), Vindaloo deposits (Hounde project)
Eugene Puritch, P.Eng.	President, P&E Mining Consultants Inc	Karma (except North Kao deposit), Kofi A, Kofi C and Blanaid deposits (Tabakoto)
Nic Johnson, MAIG	Principal, MPR Geological Consultants Pty Ltd	Nzema

MINERAL RESERVES

QUALIFIED PERSON	POSITION	PROPERTY/DEPOSIT
Michael Alyoshin, MAusIMM CP (Min)	Chief Mining Engineer - Strategic Projects, Endeavour Mining Corp	Agbaou, Nzema, Tabakoto open pits, Bouere and Dohoun deposits (Hounde), North Kao deposit (Karma), Heap Leach (Ity)
John Barry, P.Eng.	Technical Services Manager - Tabakoto mine, Endeavour Mining Corp	Tabakoto underground
Ross Malcolm Cheyne, BE FAusIMM	Director, Orelogy Group Pty Ltd	Vindaloo deposits (Hounde)
Eugene Puritch, P.Eng.	President, P&E Mining Consultants Inc	Karma (except North Kao deposit)
Tamer Dincer, FAusIMM	Principal, Mining Solutions	CIL (Ity)

1. The following notes apply to all the Resource and Reserve Tables in this AIF the mineral resources and reserves have been estimated and reported in accordance with Canadian National Instrument 43-101, 'Standards of Disclosure for Mineral Projects' and the Definition Standards adopted by CIM Council in May 2014.
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 1,000 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	Nzema	Tabakoto		Ity	Karma[2]	Hounde
			UG	Open Pit			
Reserves Au price	1,350	1,250	1,250	1,250	1,250	1,300	1,300
Resources Au price	1,500	1,500	1,500	1,500	1,500	1,557	1,500

[1] Cut off grades for all resources open pits are 0,5g/tAu, except at Karma where the cutoff grade is defined by material type: Oxide=0.2, Transition=0.22 and Sulfide=0,5

[2] North Kao resources has a gold price of $1,500/oz

7. At Tabakoto, the breakdown for underground and open pit reserves is as follows:

	Underground Reserves			Open Pit Reserves		
On a 100% basis	Tonnage (kt)	Grade (Au g/t)	Content (Au koz)	Tonnage (kt)	Grade (Au g/t)	Content (Au koz)
Proven Reserves	2,589	3.03	252	263	2.60	22

Probable Reserves	1,975	3.13	199	1,432	3.08	142
P&P Reserves	**4,564**	**3.07**	**451**	**1,695**	**3.01**	**164**

8. At Ity, the breakdown for Heap Leach and CIL pit reserves is as follows:

	Heap Leach Reserves			CIL Reserves		
On a 100% basis	Tonnage (kt)	Grade (Au g/t)	Content (Au koz)	Tonnage (kt)	Grade (Au g/t)	Content (Au koz)
Proven Reserves	70	2.67	6	-	-	-
Probable Reserves	3,209	2.48	256	40,620	1.43	1,861
P&P Reserves	**3,279**	**2.49**	**262**	**40,620**	**1.43**	**1,861**

The scientific and technical information relating to the Agbaou mine, Nzema mine, Ity mine, Tabakoto mine, Karma mine and Hounde project contained in this website 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.

- 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
- Tabakoto mine: "Technical Report and Mineral Resource and Reserve Update for the Tabakoto Gold Mine, Mali, West Africa" dated effective December 31, 2015
- Karma mine: “Technical Report on an updated Feasibility Study and a Preliminary Economic Assessment for the Karma Gold Project, Burkina Faso, West Africa”
- Nzema mine: “Technical Report and Mineral Resource and Reserve Update for the Nzema Gold Mine, Ghana, West Africa”, effective date December 31, 2012
- Hounde project: "Houndé Gold Project, Burkina Faso, Feasibility Study NI 43-101 Technical Report", dated effective October 31, 2013.

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Forward-looking statements, while based on management’s best estimates and assumptions, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level

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

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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

SECTION 2:
FINANCIAL STATEMENTS

For the twelve months ended
December 31, 2016 and 2015

Expressed in Thousands of United States Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Endeavour Mining Corporation

We have audited the accompanying consolidated financial statements of Endeavour Mining Corporation, which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, and the consolidated statements of comprehensive (loss) earnings, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Endeavour Mining Corporation as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ Deloitte LLP

Chartered Professional Accountants
March 7, 2017
Vancouver, Canada

ENDEAVOUR MINING CORPORATION

Consolidated Statement of Financial Position

(Expressed in Thousands of United States Dollars)

	Note	As at December 31, 2016	As at December 31, 2015
ASSETS			
Current			
Cash		$ 124,294	109,519
Cash - restricted		5,270	4,824
Trade and other receivables		12,274	11,029
Income taxes receivable	20 (b)	373	2,945
Inventories	7	110,404	93,939
Current portion of derivative financial assets	13	6,623	-
Prepaid expenses and other		24,298	12,640
		283,536	234,896
Mining interests	8	1,039,529	743,392
Deferred income taxes	20 (c)	29,978	69,720
Other long term assets	10	4,055	6,310
		$ 1,357,098	$ 1,054,318
LIABILITIES			
Current			
Trade and other payables	11	128,860	126,796
Current portion of finance lease obligations	12	4,315	4,394
Current portion of derivative financial liabilities	13	-	5,463
Income taxes payable	20 (b)	16,451	16,061
		149,626	152,714
Finance lease obligations	12	5,694	9,025
Long-term debt	14	140,957	225,582
Other long term liabilities	15	47,854	38,862
Deferred income taxes	20 (c)	52,306	30,014
		396,437	456,197
EQUITY			
Share capital	16 (a)	1,484,735	1,071,088
Equity reserve	16 (c)	39,727	41,966
Deficit		(615,673)	(548,951)
Equity attributable to shareholders of the Corporation		908,789	564,103
Non-controlling interests	17	51,872	34,018
Total equity		960,661	598,121
		$ 1,357,098	$ 1,054,318

COMMITMENTS AND CONTINGENCIES (NOTE 26)

Approved by the Board: March 7, 2017

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

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

ENDEAVOUR MINING CORPORATION

Consolidated Statement of Comprehensive (Loss) Earnings
(Expressed in Thousands of United States Dollars)

	Note	Year ended December 31, 2016	Year ended December 31, 2015
Revenues			
Gold revenue		$ 673,469	$ 522,652
Cost of sales			
Operating expenses		370,585	320,618
Depreciation and depletion		103,022	77,546
Royalties		31,799	25,782
Earnings from mine operations		168,063	98,706
Corporate costs		25,174	22,085
Impairment charge of mineral interests	9	71,035	-
Acquisition and restructuring costs	5 (c)	24,224	13,099
Share-based expenses	16 (b)	8,542	4,240
Exploration costs		6,608	4,333
Earnings from operations		32,480	54,949
(Losses) gains on financial instruments	18	(12,032)	12,720
Finance costs	14	(24,820)	(30,342)
Other expenses	19	(2,047)	(224)
Other expenses		(38,899)	(17,846)
(Loss) earnings from continuing operations before taxes		(6,419)	37,103
Current income tax recovery (expense)		2,530	(3,989)
Deferred income tax expense	20	(45,261)	(2,535)
Net and comprehensive (loss) earnings from continuing operations		(49,150)	30,579
Net (loss) earnings from discontinued operations and loss on disposal	6	(3,273)	5,022
Total net and comprehensive (loss) earnings		(52,423)	35,601
Net (loss) earnings from continuing operations attributable to:			
Shareholders of Endeavour Mining Corporation		(63,449)	13,562
Non-controlling interests	17	14,299	17,017
Net (loss) earnings from continuing operations		$ (49,150)	$ 30,579
Total net (loss) earnings attributable to:			
Shareholders of Endeavour Mining Corporation		(66,722)	18,227
Non-controlling interests	17	14,299	17,374
Total net (loss) earnings		$ (52,423)	$ 35,601
Net (loss) earnings per share from continuing operations	16 (c)		
Basic (loss) earnings per share		$ (0.79)	$ 0.32
Diluted (loss) earnings per share		$ (0.78)	$ 0.32
Net (loss) earnings per share	16 (c)		
Basic (loss) earnings per share		$ (0.83)	$ 0.42
Diluted (loss) earnings per share		$ (0.82)	$ 0.42

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

ENDEAVOUR MINING CORPORATION

Consolidated Statement of Cash Flows

(Expressed in Thousands of United States Dollars)

	Note	Year ended December 31, 2016	Year ended December 31, 2015
Operating Activities			
Earnings before taxes	21(a)	$ (8,821)	$ 42,555
Adjustments for:			
Depreciation and depletion	8	104,281	83,655
Impairment	9	71,035	-
Financing costs	14	24,820	30,452
Share based expense	16(b)	8,542	4,240
Financial instruments	18	12,032	(6,224)
Loss on disposition of Youga Mine and other subsidiaries		1,025	-
Cash paid on settlement of share appreciation rights, DSUs and PSUs		(5,811)	-
Income taxes paid		(10,625)	(7,248)
Payment of gold collar premia	13 (a)	(4,930)	-
Foreign exchange (gain) loss		(1,088)	(5,973)
Other		3,196	279
Operating cash flows before non-cash working capital		193,656	141,736
Changes in non-cash working capital:			
Trade and other receivables		(2,727)	11,900
Inventories		(21,649)	4,925
Prepaid expenses and other		(4,547)	2,419
Trade and other payables		(5,020)	(13,679)
Change in working capital related to assets under construction		(5,814)	-
Cash generated from operating activities		$ 153,899	$ 147,301
Investing Activities			
Expenditures and prepayments on mining interests		(231,421)	(92,648)
Cash acquired on acquisitions	5	10,031	86,121
Bridge loan advanced to True Gold	5 (b)	(15,000)	-
Cash received on sale of Youga Mine (net)	6	22,086	-
Proceeds from Karma mine pre-production gold sales		34,146	-
Other		(19)	(779)
Cash used in investing activities		$ (180,177)	$ (7,306)
Financing Activities			
Proceeds received from the issue of common shares	21(b)	185,285	-
Cash settlement of hedge programs	13	(9,639)	(3,296)
Payment of financing and other fees	14(a)	(8,194)	(8,743)
Dividends paid to Non-controlling interests	17	(2,612)	(485)
Interest paid	14(a)	(11,432)	(16,391)
Repayment of long-term debt	14	(100,000)	(60,000)
Repayment of the Auramet Loan	5(b)	(6,213)	-
Repayment of finance lease obligation	8	(3,411)	(2,828)
Deposit paid on reclamation liability bond		(1,785)	-
Cash generated from (used in) financing activities		$ 41,999	$ (91,743)
Effect of exchange rate changes on cash		(944)	(912)
Increase in cash		14,776	47,340
Cash, beginning of year		109,519	62,179
Cash, end of year		$ 124,294	$ 109,519

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

ENDEAVOUR MINING CORPORATION

Consolidated Statement of Change in Equity
(Expressed in Thousands of United States Dollars)

		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, 2015		41,248,472	$ 4,119	$ 985,745	65,680	$ 7	$ 1,697	41,314,152	$ 991,569	$ 39,961	$ (567,178)	$ 464,352	$ (20,982)	443,370
Shares issued on acquisition of the Ity Mine		17,705,157	1,771	77,749	-	-	-	17,706,157	79,519	-	-	79,519	-	79,519
Assumed on acquisition of the Ity Mine	5(a)	-	-	-	-	-	-	-	-	-	-	-	38,111	38,111
Exchangeable shares exchanged into common shares		15,000	2	382	(15,000)	(2)	(382)	-	-	-	-	-	-	-
Share based payments		-	-	-	-	-	-	-	-	2,005	-	2,005	-	2,005
Dividends	17	-	-	-	-	-	-	-	-	-	-	-	(485)	(485)
Net earnings and total comprehensive earnings		-	-	-	-	-	-	-	-	-	18,227	18,227	17,374	35,601
At December 31, 2015		**58,968,629**	**$ 5,892**	**$ 1,063,876**	**50,680**	**$ 5**	**$ 1,315**	**59,020,309**	**$ 1,071,088**	**$ 41,966**	**$ (548,951)**	**$ 564,103**	**$ 34,018**	**$ 598,121**
At January 1, 2016		58,969,264	$ 5,892	$ 1,063,876	50,678	$ 5	$ 1,315	59,019,942	$ 1,071,088	$ 41,966	$ (548,951)	$ 564,103	$ 34,018	$ 598,121
Consideration on acquisition of the Karma Mine	5(b)	17,600,982	1,760	214,679	-	-	-	17,600,982	216,439	8,771	-	225,210	11,530	236,740
Shares issued to La Mancha associated with the Karma mine acquisition		7,546,775	755	64,353	-	-	-	7,546,775	65,108	-	-	65,108	-	65,108
Shares issued in private placements		7,187,500	719	103,295	-	-	-	7,187,500	104,014	-	-	104,014	-	104,014
Exchangeable shares exchanged into common shares		25,546	3	653	(25,546)	(3)	(653)	-	-	-	-	-	-	-
Share options exercised		2,191,150	219	27,867	-	-	-	2,191,150	28,086	(11,912)	-	16,174	-	16,174
Amortization of option grants	16 (b)	-	-	-	-	-	-	-	-	902	-	902	-	902
Dividends	17	-	-	-	-	-	-	-	-	-	-	-	(3,692)	(3,692)
Shares issued to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	22	22
Disposal of the Youga Mine	6	-	-	-	-	-	-	-	-	-	-	-	(4,305)	(4,305)
Net (loss) earnings and total comprehensive (loss) earnings		-	-	-	-	-	-	-	-	-	(66,722)	(66,722)	14,299	(52,423)
At December 31, 2016		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

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 five 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.

Australian Securities Exchange Delisting

Effective January 11, 2016, the Corporation delisted from the Australian Securities Exchange, on which it previously traded under the symbol EVR.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) 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 7, 2017.

(b) 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 annual financial statements.

(c) 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 or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

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, 2016	December 31, 2015
Adamus Resources Limited	Gold Operations	Ghana	90%	90%
Agbaou Gold Operations S.A.	Gold Operations	Côte d' Ivoire	85%	85%
Société des Mines d'Ity S.A.	Gold Operations	Côte d' Ivoire	55%	55%
Avion Gold (Burkina Faso) S.à r.l.	Exploration	Burkina Faso	100%	100%
Burkina Mining Company S.A.	Gold Operations	Burkina Faso	90%	90%
Hounde Gold Operations S.A.	Project	Burkina Faso	90%	90%
Kofi Mining S.à r.l.	Gold Operations	Mali	90%	90%
Segala Mining Co S.A.	Gold Operations	Mali	80%	80%
Riverstone Karma S.A.	Gold Operations	Burkina Faso	90%	-

(d) 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.

(e) 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 of the above factors need to be present for a particular 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.

(f) 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, 2016 and 2015.

(g) 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.

(h) 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 average cost and net realizable value.

(i) Mining interests

Mineral 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.

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 is capable of operating in the manner intended by management.

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.

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.

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.

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 is capable of operating 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.

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.

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.

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
Computer equipment	3 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.

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.

Commencement of commercial production:

Commercial production is deemed to have commenced when a mining interest is capable of operating 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 taken into account before making the decision.

(j) *Impairment of mining interests and goodwill*

At each reporting date, the Corporation gives consideration whether any indicators of impairment exist. If any such indicators exists, 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 recognised 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.

(k) 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.

(l) 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.

(m) Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the

acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

Financial assets and liabilities are classified as at FVTPL when: (i) they are acquired or incurred principally for short-term profit taking and/or meet the definition of a derivative (held-for-trading); or (ii) they meet the criteria for being designated as at FVTPL and have been designated as such on initial recognition. These instruments are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned or paid on the financial instrument. Fair value is determined in the manner described in Notes 14 and 18.
The Corporation classifies its cash and cash equivalents and investments in marketable securities as FVTPL. The purchase and sale of investments are recognized on the trade date, which is the date that the Corporation commits to purchase or sell the asset.

Available-for-sale financial assets ("AFS financial assets")

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables, held-to-maturity investments and other financial liabilities

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Corporation has the positive intent and ability to hold to maturity.

Subsequent to initial recognition, loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method, less any impairment. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets other than those at FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Classification as debt or equity

Debt and equity instruments issued by the Corporation 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.

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.

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.

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.

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.

(n) 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.

(o) Share capital

Common and exchangeable shares are classified as share capital. Incremental costs directly attributable to the issue of new share or options are shown in equity as a deduction, net of tax from the proceeds. If the Corporation reacquires its own equity the cost is deducted from equity and the associated share are cancelled or held in treasury.

(p) 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 are 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.

(q) Revenue recognition

Revenue from the sale of gold in doré bar form is recognized when the Corporation has transferred to the buyer the significant risks and rewards of ownership; the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the sale can be measured reliably. 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.

(r) 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 15 (b).

Performance share units ("PSUs") can be settled in cash or, upon shareholder approval, 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 a liability. Until the liability is settled, the fair value of the PSUs is re-measured at the end of each reporting period and at the date of settlement, with changes in fair value recognized as share-based compensation expense or recovery over the vesting period. The fair value of the PSUs is estimated using the market value of the underlying shares at the date of grant and at the end of each reporting period.

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.

(s) 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.

(t) Accounting standards recently adopted

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

- *IFRS 1, Presentation of Financial Statements:* the amendments clarify guidance on materiality and aggregation, use of subtotals, aggregation and disaggregation of financial statement line items, the order of the notes to the financial statements and disclosure of significant accounting policies. The adoption of this amended standard did not have a material impact on the Corporation's consolidated financial statements.
- *IFRS 7, Financial Instruments:* Disclosures: the amendments require increased disclosure regarding derecognition of financial assets and the continuing involvement accounting in connection with servicing contracts for annual periods beginning on or after January 1, 2016. The adoption of this amended standard had no material impact on the Corporation's consolidated financial statements.

(u) Accounting standards that are issued but not yet effective

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

- *IFRS 9, Financial Instrument*s: IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities measured at fair value through profit or loss. In July 2015, the IASB issued the final version of *IFRS 9 Financial Instruments* bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace *IAS 39 Financial Instruments: Recognition and Measurement.* The mandatory effective date of IFRS 9 is annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation is currently assessing the impact of adopting IFRS 9 on its consolidated financial statements.
- *IFRS 15, Revenue from Contracts with Customers:* IFRS 15 introduces a new framework for determining the nature, amount, timing and uncertainty of revenues and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation is currently evaluating the potential impact of the new standard on its consolidated financial statements.

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

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The critical judgments that the Corporation's management has made in the process of applying the Corporation's accounting policies, apart from those involving estimations (Note 4), that have the most significant effect on the amounts recognized in the Corporation's consolidated financial statements are as follows:

(a) Commencement of commercial production

Prior to a mine being capable of operating at levels intended by management, costs incurred are capitalized as part of the costs of related mining properties and proceeds from mineral sales are offset against costs capitalized. The Corporation defines the commencement of commercial production as the date that a mine operates at the levels intended by management. Management considers several factors (Note 2 (j)) 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 newly acquired Karma mine entered commercial production on October 1, 2016. Pre-commercial production gold sales of $34.1 million were offset against the costs capitalized over the period from acquisition to October 1, 2016.

(b) Determination of economic viability

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

(c) Functional currency

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

(d) Business combinations

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

(e) Exchangeable shares

As part of the acquisition of Avion Gold Corporation on October 18, 2012, certain eligible Avion shareholders could elect to receive their consideration in the form of exchangeable shares in lieu of Endeavour common shares. These exchangeable shares participate equally in voting and dividends with the shareholders of Endeavour and the exchangeable shares are considered the economic equivalent of the common shares. The Corporation has presented these exchangeable shares as a part of shareholders' equity within these consolidated financial statements due to (i) the fact that they are economically equivalent to the common shares and (ii) the holders of the exchangeable shares can only dispose of the exchangeable shares by exchanging them for common shares of the Corporation. Changes in these assumptions would affect the presentation of the exchangeable shares from shareholders' equity to non- controlling interests; however there would be no impact on earnings per share.

(f) 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:

(a) Value Added Tax ("VAT")

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

(b) 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.

(c) Estimated recoverable ounces

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

(d) Mineral reserves

Mineral reserves and mineral resources are determined in accordance with Canadian Securities Administrator's National Instrument *43-101 Standards of Disclosure for Mineral Projects.* Mineral reserve and resource estimates 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.

(e) 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.

(f) 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.

(g) Share-based payments

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

(h) Contingencies

Due to the nature and complexity of the Corporation's operations, various legal and tax matters are ongoing at any given time 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.

5. ACQUISITIONS AND RESTRUCTURING

(a) Acquisition of the Ity Mine

On September 21, 2015, the Corporation announced that it had entered into a long-term strategic partnership with La Mancha Holding S.à r.l. ("La Mancha"), a privately-held gold investment company controlled by the Sawiris Family. The transaction was completed on November 27, 2015, with Endeavour acquiring La Mancha's indirect 55% interest in Société des Mines d'Ity S.A. ("Ity Mine"), which operates the Ity Gold Mine in Côte d'Ivoire, various regional exploration properties and the feasibility study stage Ity CIL project, and $63 million cash in exchange for 17,706,157 million common shares of Endeavour. La Mancha has also expressed an in-principle commitment to invest up to $75 million in additional funds to support Endeavour's growth.

For the year ended December 31, 2016, the Corporation incurred $0.2 million (2015 - $13.1 million) in transaction and acquisition-related costs, including advisory, legal, valuation and other professional fees. These costs are presented as acquisition costs within the consolidated statements of comprehensive (loss) earnings.

As of the date of these consolidated financial statements, the Corporation has completed its determination of the fair value of the assets and liabilities, set out in the table below. Non-controlling interest is measured at its proportionate share of net assets.

The consideration and the allocation to of the fair value of assets acquired and liabilities assumed are as follows:

		Final fair value at acquistion date
Purchase price:		
Fair value of 17,706,157 Endeavour common shares issued as consideration	$	79,519
	$	**79,519**
Net assets/(liabilities) acquired		
Cash		86,121
Mining interests		34,167
Deferred income and mining taxes		4,552
Defined benefit asset		1,760
Non-current receivables		182
Provision for reclamation		(1,827)
Pension obligation		(1,903)
Net working capital acquired (excluding cash)		(5,422)
Non-controlling interest		(38,111)
Net Assets	**$**	**79,519**

Upon finalization of the purchase price allocation, the fair value adjustments attributed to mineral interests, deferred income and mining taxes increased by $2.6 million and $0.4 million, respectively. The fair values attributed to net working capital acquired and non-controlling interest decreased by $1.2 million and $1.0 million, respectively.

(b) Acquisition of the Karma Mine

On April 26, 2016, the Corporation completed the acquisition of True Gold Mining Inc. (“True Gold”) with an issuance of 17,600,982 common shares.

In connection with the acquisition, on April 26, 2016, La Mancha Holding S.à.r.l, exercised an anti-dilution right to maintain its 30% stake and invested $65.1 million (C$82.6 million) via an equity placement for 7,546,775 common shares.

In the year ended December 31, 2016, the Corporation incurred $5.7 million in acquisition-related costs, including advisory, legal, valuation and other professional fees. These costs are presented as acquisition costs within the consolidated statements of comprehensive (loss) earnings.

On March 22, 2016, as part of the arrangement agreement with True Gold, the Corporation provided a $15.0 million convertible bridge loan (“Bridge Loan”) to True Gold to ensure True Gold remained well-funded to continue construction of the Karma Mine through to the acquisition date.

The Corporation acquired the Karma Mine in the pre-commercial production stage, shortly after the first gold pour done as part of the mine commissioning. As October 1, 2016, the mine has commenced commercial production.

The consideration and the allocation to of the fair value of assets acquired and liabilities assumed are as follows:

		Final fair value at acquistion date
Purchase price:		
Fair value of 17,600,982 Endeavour common shares issued as consideration	$	216,439
Valuation of stock options (Note 12 (b)(i))		8,771
Valuation of stock appreciation rights (Note 16 (b)(iv))		1,529
Bridge loan		15,000
	$	**241,739**
Net assets/(liabilities) acquired		
Mining interests		152,015
Property, plant and equiptment		129,214
Cash		10,031
Long term receivable		329
Provision for reclamation		(1,823)
Long term loan[1]		(6,213)
Non-controlling interest		(11,530)
Net working capital acquired (excluding cash)		(12,072)
Deferred income and mining taxes		(18,212)
Net Assets	**$**	**241,739**

[1] Long-term loan with Auramet was repaid in full during the 2016 year

Upon finalization of the purchase price allocation, the fair value adjustments relate to the reclassification of net assets/(liabilities) acquired, with no adjustments to the total net assets. Mining interests decreased by $129.7 million while Property, plant and equipment and Provision for reclamation increased by $129.2 million and $0.5 million, respectively. Long term receivable increase by $0.3 million, with net working capital acquired decreasing by $0.3 million.

Karma Gold Stream

On August 11, 2014, True Gold, then the owner of the Karma Mine, entered into a $100 million definitive agreement with Franco-Nevada Corporation and Sandstorm Gold Inc. (the “Syndicate”) to complete funding for the construction of the Karma Project. In exchange for $100 million in funding (the “Deposit”), True Gold was obligated to deliver 100,000 ounces of gold over five years (the “Delivery Period”). During the Delivery Period, which started on March 31, 2016, True Gold was committed to deliver an aggregate of 20,000 ounces of gold each year in return for 20% of the spot price of gold (“Ongoing Payment”) from the Syndicate for each ounce delivered. The Deposit is reduced on each delivery by the excess of the spot price of the gold delivered over the Ongoing Payment. Following the Delivery Period, True Gold 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 assumed the gold stream when it acquired the Karma Mine on April 26, 2016.

Upon initial recognition, the expected cash flows associated with the sale of gold to the Syndicate at a price lower than spot gold price have been reflected in the fair value of the mining interest recorded upon acquisition of the Karma Mine.

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.

c) Acquisition and restructuring costs

During the year ended December 31, 2016, the Corporation recognized $5.9 million in acquisition costs (December 31, 2015 - $13.1 million) and $18.3 million in restructuring costs (December 31, 2015 - $nil). These costs related to change in the board of directors of $4.5 million, severance of $11.0 million, relocation of $2.8 million, legal and other fees associated with the changes in senior and executive management and transfer of administrative offices to London, England. At December 31, 2016, $nil of the restructuring costs was included in accounts payable (December 31, 2015 - $nil).

6. DISPOSITION OF MINING INTERESTS

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

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

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

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

The components of net loss from discontinued operations for the year ended December 31, 2016 and 2015, were as follows:

		2016		2015
Revenue				
Gold revenue	$	7,457	$	78,724
Cost of sales				
Operating expenses		6,911		57,168
Depreciation and depletion		1,259		6,109
Royalties		327		3,038
Earnings (loss) from mine operations		(1,040)		12,409
Exploration		278		393
Earnings (loss) from operations		(1,318)		12,016
Other income (expenses)				
Gains on financial instruments		-		(3,248)
Finance costs		(59)		(110)
Loss on disposition		(1,025)		-
Other expenses		-		(3,206)
		(1,084)		(6,564)
Earnings (loss) before taxes		(2,402)		5,452
Income taxes expense		(871)		(430)
Net earnings (loss) from discontinued operations		(3,273)		5,022
Shareholders of Endeavour Mining Corporation		(3,098)		4,665
Non-controlling interest		(175)		357
Total earnings (loss) from discontinued operations	$	(3,273)	$	5,022
Net earnings (loss) per share from discontinued operations				
Basic	$	(0.03)	$	0.06
Diluted	$	(0.03)	$	0.06

The net cash flows from discontinued operation for the year ended December 31, 2016 and 2015, were as follows:

		2016		2015
Net cash (used in) generated from operating activities	$	(3,871)	$	7,297
Cash generated from (used) in investing activities		22,086		(691)
Total	$	18,215	$	6,606

7. INVENTORIES

	December 31, 2016	December 31, 2015
Doré bars[1]	$ 8,291	$ 1,950
Gold in circuit[2]	27,623	13,675
Ore stockpiles[3]	22,480	33,547
Spare parts and supplies	52,010	44,767
Total inventory	$ 110,404	$ 93,939

(1) Includes a charge of $nil million to adjust the costs of inventory to net realizable value ("NRV") at the Tabakoto mine (December 31, 2015, recovery of $0.7 million) and a recovery of $3.7 million at the Nzema mine (December 31, 2015: $0.4 million).

(2) Includes a charge of $nil million to reduce the costs of inventory to NRV at the Tabakoto mine (December 31, 2015: recovery of $0.6 million) and a recovery of $0.7 million at the Nzema mine (December 31, 2015, recovery of $0.7 million).

(3) Includes a charge of $nil million to reduce the costs of inventory to NRV at the Tabakoto mine (December 31, 2015: recovery of $1.6 million) and charge of $0.3 million to NRV at the Nzema mine (December 31, 2015: $ 3.6 million).

The cost of inventories recognized as expense in the year ended December 31, 2016, was $470.0 million, and were included in operating expenses (December 31, 2015: $465.2 million).

8. MINING INTERESTS

	Note	Mining Properties					
		Depletable	Non depletable	Plant and equipment	Assets under construction	Corporate assets	Total
Cost							
Balance as at December 31, 2014		$ 833,155	$ 436,205	$ 542,924	$ -	$ 1,862	$ 1,814,146
Acquisition of the Ity Mine	5(a)	18,460	-	15,361	-	346	34,167
Additions/expenditures		65,950	10,065	19,578	-	477	96,070
Transfers		(6,944)	-	6,944	-	-	-
Reclamation liability change in estimate		(1,671)	-	-	-	-	(1,671)
Disposals		-	-	(142)	-	-	(142)
Balance as at December 31, 2015		908,950	446,270	584,665	-	2,685	1,942,570
Acquisition of Karma Mine	5(b)	-	-	-	280,695	534	281,229
Additions/expenditures		65,826	9,547	31,962	86,775	246	194,356
Transfers related to Hounde construction to/(from)		-	(109,000)	-	109,000	-	-
Transfers on declaration of commercial production to/(from)		106,576	-	157,750	(264,326)	-	-
Reclamation liability change in estimate		4,791	-	-	-	-	4,791
Disposals		-	-	-	-	(887)	(887)
Disposal of the Youga Mine	6	(84,837)	(19,538)	(75,268)	-	-	(179,643)
Balance as at December 31, 2016		$ 1,001,306	$ 327,279	$ 699,109	$ 212,144	$ 2,578	$ 2,242,416
Accumulated depreciation and impairment							
Balance as at December 31, 2014		$ 573,811	$ 212,075	$ 328,648	$ -	$ 1,581	$ 1,116,116
Depreciation/depletion		44,096	-	39,143	-	415	83,654
Depreciation charge included in inventory		1,298	-	(1,875)	-	-	(577)
Disposals		-	-	(15)	-	-	(15)
Balance as at December 31, 2015		619,205	212,075	365,901	-	1,996	1,199,178
Depreciation/depletion		58,478	-	44,038	-	506	103,022
Depreciation charge included in inventory		(1,663)	-	114	-	-	(1,549)
Impairment	9	34,230	26,761	10,043	-	-	71,035
Disposals		-	-	-	-	(841)	(841)
Disposal of the Youga Mine	6	(79,404)	(16,772)	(71,781)	-	-	(167,957)
Balance as at December 31, 2016		$ 630,846	$ 222,064	$ 348,315	$ -	$ 1,661	$ 1,202,888
Carrying amounts							
At December 31, 2015		$ 289,745	$ 234,195	$ 218,764	$ -	$ 689	$ 743,393
At December 31, 2016		$ 370,460	$ 105,215	$ 350,794	$ 212,144	$ 918	$ 1,039,529

At December 31, 2016, the carrying amount of plant and equipment included $9.1 million of assets under finance leases (December 31, 2015 - $14.3 million).

At December 31, 2016, mineral property additions included $3.7 million in accounts payable (December 31, 2015 - $3.4 million).

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

	Note	Tabakoto Mine	Nzema Mine	Youga Mine	Agbaou Mine	Ity Mine	Karma Mine	Development Projects: Houndé Project	Development Projects: Ouaré Project	Exploration Properties	Corporate assets	Total
Cost												
Balance as at December 31, 2014		$ 683,315	$ 622,375	$ 167,511	$ 192,415	$ -	$ -	$ 131,870	$ 11,629	$ 3,169	$ 1,862	$ 1,814,146
Acquisition of the Ity Mine	5 (a)	-	-	-	-	33,820	-	-	-	-	347	34,167
Additions/expenditures		53,675	11,367	934	19,067	3,980	-	6,570	-	-	477	96,070
Reclamation liability change in estimate		2,055	(4,546)	(289)	1,127	(18)	-	-	-	-	-	(1,671)
Disposals		-	-	(142)	-	-	-	-	-	-	-	(142)
Balance as at December 31, 2015		739,045	629,196	168,014	212,609	37,782	-	138,441	11,629	3,169	2,685	1,942,570
Acquisition of the Karma Mine	5 (b)	-	-	-	-	-	280,695	-	-	-	534	281,229
Additions/expenditures		31,248	19,986	-	27,139	20,846	4,860	102,192	-	-	246	206,517
Transfers (to) from inventory		-	-	-	-	-	(12,161)	-	-	-	-	(12,161)
Reclamation liability change in estimate		495	88	-	1,850	-	2,358	-	-	-	-	4,791
Disposals		-	-	-	-	-	-	-	-	-	(887)	(887)
Disposal of the Youga Mine	6	-	-	(168,014)	-	-	-	-	(11,629)	-	-	(179,643)
Balance as at December 31, 2016		$ 770,788	$ 649,270	$ -	$ 241,598	$ 58,628	$ 275,752	$ 240,633	$ -	$ 3,169	$ 2,578	$ 2,242,416
Accumulated depreciation and impairment												
Balance as at December 31, 2014		$ 475,408	$ 445,162	$ 149,439	$ 29,727	$ -	$ -	$ -	$ 11,629	$ 3,169	$ 1,581	$ 1,116,115
Depreciation/depletion		29,211	18,032	6,109	29,143	744	-	-	-	-	415	83,654
Depreciation captured in inventory		(1,159)	(340)	795	(1,035)	1,162	-	-	-	-	-	(577)
Disposals		-	-	(15)	-	-	-	-	-	-	-	(15)
Balance as at December 31, 2015		503,461	462,854	156,329	57,835	1,905	-	-	11,629	3,169	1,997	1,199,177
Depreciation/depletion		31,057	17,087	-	28,622	20,069	5,754	-	-	-	432	103,022
Depreciation captured in inventory		427	(752)	-	(178)	(1,046)	-	-	-	-	-	(1,549)
Impairment	9	-	71,035	-	-	-	-	-	-	-	-	71,035
Disposals		-	-	-	-	-	-	-	-	-	(841)	(841)
Disposal of the Youga Mine	6	-	-	(156,329)	-	-	-	-	(11,629)	-	1	(167,957)
Balance as at December 31, 2016		$ 534,944	$ 550,225	$ -	$ 86,278	$ 20,929	$ 5,754	$ -	$ -	$ 3,169	$ 1,588	$ 1,202,887
Carrying amounts												
At December 31, 2015		$ 235,584	$ 166,342	$ 11,685	$ 154,774	$ 35,877	$ -	$ 138,441	$ -	$ -	$ 688	$ 743,393
At December 31, 2016		$ 235,844	$ 99,045	$ -	$ 155,320	$ 37,699	$ 269,998	$ 240,633	$ -	$ -	$ 990	$ 1,039,529

9. IMPAIRMENT CHARGE

An impairment charge of $71.0 million, was recognized at the Nzema Mine in the year ended December 31, 2016. Following revisions to the mine plan, an update to reserves and resources, and a review of appropriate discount rates applicable to each of the Corporation's cash generating units ("CGU").

The following table summarizes the allocation of the impairment charges related to mining properties, plant and equipment recovered for the Nzema mine for the year ended December 31, 2016.

	Depletable mineral property	Non-Depletable mineral property	Property, plant & equiptment	Total carrying value
Carrying value at December 31, 2016	81,959	64,076	24,045	170,080
Impairment allocation	(34,230)	(26,761)	(10,044)	(71,035)
Closing balance at Dec 31, 2016	47,729	37,315	14,001	99,045

Key assumptions in the year ended December 31, 2016

The key assumptions used in determining the recoverable amount for each cash-generating unit are long-term commodity prices, discount rates, cash costs of production, capital expenditures, and an assessment of the measured and indicated resources, inferred resources, and other geological information beyond the mineral reserves. The CGU's are valued at their fair value less cost of disposal ("FVLCD").

In determining the recoverable amount of the Nzema cash-generating unit, management used a long-term gold price assumption of $1,321 per ounce (2015 - $1,250), with a gold price of $1,250 per ounce for 2017. Further, the calculation used a discount rate of 7.5%.

There was no impairment in 2015 and the Corporation did not identify any indication of prior impairments needing to be reversed in whole or part in the year ended December 31, 2016.

10. OTHER LONG TERM ASSETS

Other long term assets are comprised of:

	December 31, 2016	December 31, 2015
Working capital loan	$ 1,012	$ 1,017
Investment in associate	-	2,000
Long term stockpiles	2,765	3,047
Long term receivable	278	246
Total	$ 4,055	$ 6,310

Investment in associate and working capital loan

During the year ended December 31, 2016, the Corporation disposed of its 15% investment in associate, for net consideration of $nil. As a result a loss on investments was recognized as loss on financial instruments in the Statement of Comprehensive (Loss) Earnings. The Corporation continues to maintain a working capital loan receivable from the former associate, which is still considered collectible.

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. As at December 31, 2016, an adjustment of $0.2 million was recognized to adjust the cost to a net realizable value of $2.8 million (December 31, 2015, 3.0 million).

11. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	December 31, 2016	December 31, 2015
Trade accounts payable - operations	102,295	95,020
Trade acccounts payable - construction	4,230	-
Royalties	3,560	4,750
Taxes direct and indirect	11,633	20,285
Payroll and social charges	5,778	6,406
Other	1,364	335
Total	$ 128,859	$ 126,796

12. FINANCE LEASE OBLIGATIONS

The finance leases were composed of the following obligations:

	December 31, 2016	December 31, 2015
Equipment lease obligations	$ 10,009	$ 13,419
Less: current portion	(4,315)	(4,394)
Long-term equipment lease obligations	$ 5,694	$ 9,025

	Minimum lease payments	
	December 31, 2016	December 31, 2015
Not later than one year	$ 4,540	$ 4,540
Later than one year and not later than five years	6,738	11,278
	11,278	15,818
Less future finance charges	(1,269)	(2,399)
Present value of minimum lease payments	$ 10,009	$ 13,419

On March 7, 2014, the Corporation's Malian subsidiary entered into a five year, $18 million equipment lease financing facility. The equipment lease was used to purchase a portion of the owner-operated mining equipment for the Tabakoto and Segala underground developments. The lease terms have a fixed rate of 9.5% per annum to amortize the principal and there exists a purchase option to buy the equipment outright at the end of the lease life for 0.5% of cost. The equipment lease is treated as a finance lease.

13. DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the derivative financial assets (liabilities):

	December 31, 2016	December 31, 2015
Gold revenue protection strategy (a)	$ 6,623	$ -
Gold price protection programs (b)	-	(4,005)
Fuel price protection program (c)	-	(1,458)
Derivative financial liabilities, current portion	6,623	(5,463)
Derivative financial liabilities, long term	$ -	$ -

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

	2016	2015
Realized loss on gold revenue protection strategy premia (a)	$ (4,930)	$ -
Realized loss on gold and fuel price protection programs (b)(c)	(10,177)	(3,604)
Realized gain on foreign exchange option	538	-
Unrealized gain on gold price, gold revenue, and fuel price protection programs	12,086	5,579
(Loss) gain on derivative financial instruments	$ (2,483)	$ 1,975

(a) Gold revenue protection strategy

In the year ended December 31, 2016, the Corporation implemented a deferred premium collar strategy ("Collar") using written call options and bought put options for the 15-months period from April 2016 to June 2017. The program covers a total of 400,000 ounces, representing approximately 50% of Endeavour's total estimated gold production for the period, with a floor price of $1,200 per ounce and ceiling price of $1,400 per ounce.

The Collar was not designated as a hedge by the Corporation and is 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) earnings.

As at December 31, 2016, 186,667 ounces remain outstanding under the Collar derivative asset which has a fair value of $6.6 million (December 31, 2015 - $nil). An unrealized gain of $6.6 million was recorded in the consolidated statement of comprehensive (loss) earnings in the year ended December 31, 2016.

The total premium payable for entering into the Collar is $9.2 million, and is included as part of the Collar fair value, and is cash-settled on a net basis as monthly contracts mature. In the year ended December 31, 2016, the Corporation incurred $4.9 million in premium costs (2015 - $nil), included in losses on derivative financial instruments in the consolidated statements of comprehensive (loss) earnings.

(b) Gold forward contracts

The Corporation had legacy gold forward contracts from its Nzema acquisition initially covering 290,000 ounces at a forward price of $1,075 per ounce and subsequently amended to $1,332 per ounce. The settlements of the forward contracts were in cash as there was no exchange of physical gold between the Corporation and the buyer. During the year ended December 31, 2016, the Corporation settled the remaining 20,101 ounces of gold resulting in a realized loss of $8.7 million (December 31, 2015 - $0.7 million).

(c) Fuel Swap Contracts

On June 1, 2015, the Corporation initiated a 12-month fuel price protection program approximately equal to 50% of the diesel fuel requirement at the Tabakoto Mine in the form of a cash-settled commodity swap transaction. The strike price of the swap was $572 per metric tonne (Mtonne) of Gas Oil, with monthly settlements of 1,268 Mtonnes. During the year ended December 31, 2016, the Corporation settled the remaining 6,341 Mtonnes of Gas Oil resulting in a realized loss of $1.5 million (December 31, 2015 - $1.1 million).

14. LONG-TERM DEBT

	December 31, 2016	December 31, 2015
Corporate loan facility (a)	$ 140,000	$ 240,000
Deferred financing costs	(10,461)	(14,983)
Corporate loan facility	129,539	225,017
Other (b)	11,418	565
Total debt	$ 140,957	$ 225,582

(a) Corporate loan facility

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

On March 9, 2015, the Corporation renewed its Facility with the key terms including:

- The maturity date is five years from signing, March 9, 2020, and the available Facility amount declines with four equal semi-annual reductions of $87.5 million commencing September 2018;
- The Facility includes standard corporate financial covenants, including:
  - Interest Cover shall not be less than 3 to 1, calculated on a rolling 12 month basis;
  - Net Debt to EBITDA shall not exceed 3.5 times, calculated on a rolling 12 month basis;
  - Minimum Tangible Net Worth shall not be less than US$350 million;
  - As at December 31, 2016, the Corporation was in compliance with these covenants.

- The interest is based on LIBOR plus a margin ranging between 3.75% and 5.75% per annum (sliding scale based on the actual Net Debt to EBITDA ratio). At December 31, 2016, the interest rate was 5% (December 31, 2015 – 5.21%).
- The Facility is secured by shares of Endeavour's material gold mining subsidiaries and certain material assets of those subsidiaries.

On April 28 and August 4, 2016, the Corporation made principal payments of $40 million and $60 million, respectively, to reduce the drawn amount on the Facility to $140 million.

As per the consolidation statement of comprehensive (loss) earnings, the Corporation incurred finance costs of $24.8 million (December 31, 2015 - $30.5 million). These costs are recognized as interest expenses $11.3 million (December 31, 2015 - $16.0 million), amortization of deferred fees $4.5 million (December 31, 2015 - $4.3 million) and other related financing fees of $9.0 million (December 31, 2015 - $10.2 million).

(b) Houndé financing arrangement

On June 9, 2016, the Corporation entered into a financing arrangement with the Komatsu Group to purchase mining fleet equipment for the Houndé project. The Corporation made an initial down-payment of $7.1 million on July 1, 2016. Delivery of the mining fleet commenced from the fourth quarter of 2016 and seventeen quarterly payments are to be made between the first quarter of 2018 and the first quarter of 2022, totaling $46.9 million.

15. OTHER LONG TERM LIABILITIES

Provisions are comprised of:

	Note	December 31, 2016	December 31, 2015
Environmental rehabilitation provision[1]		$ 38,864	$ 35,893
Deferred, performance and restricted share units	16(b)	8,679	2,608
Net pension obligation		311	361
Total		$ 47,854	$ 38,862

(a) Environmental rehabilitation provision

	Note	December 31, 2016	December 31, 2015
Balance beginning of year		$ 35,893	$ 35,432
Assumed on acquisition of the Ity Mine	5	-	1,827
Assumed on acquisition of the Karma Mine	5	1,886	-
Derecognized on disposal of the Youga Mine	6	(4,786)	
Revisions in estimates and obligations incurred		5,434	(1,671)
Accretion		698	784
Rehabilitation work performed		(261)	(479)
Balance end of year		$ 38,864	$ 35,893

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

The Corporation measures the provision at the expected value of future cash flows including U.S. based nominal inflation of 1.70%, discounted to the present value of the inflated values using a current U.S. dollar risk free discount rate of 2.48%. The undiscounted value of the provision as of December 31, 2016 was $40.2 million (2015 - $39.9 million).

(b) Deferred, performance and restricted share unit liability

As discussed further in Note 16 (b) (ii, iii and v), the Corporation had a deferred share unit ("DSU"), performance share unit ("PSU") and restricted share unit ("RSU") liability of $8.7 million at December 31, 2016 (December 31, 2015, $2.6 million).

(c) Pension Obligation

The Corporation has a funded defined benefit plan ("plan") at its Ity mine. Pursuant to the plan, the Corporation is committed to pay retirement bonuses or one-time post-service benefits to retiring or departing employees, based on their compensation and seniority. The plan commitments are determined at each year-end.

The pension obligation is presented on a net basis of $1.9 million pension asset and $2.2 million pension obligation.

(d) Long-term compensation award – Gold Strategy

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

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

The calculation of a Gold LTI Award is dependent on the nature of the crystallization event that gives rise to the obligation to make a Gold LTI Award. In the event an offer is made for the Corporation that is accepted by its shareholders, a Gold LTI Award would be determined as 10% of the acquisition value in excess of the equity cost base of the Corporation on an issued share basis. The equity cost base is the accumulation of the historic market values (or strike prices of exercised stock options) for all of the shares issued by Endeavour, which as of December 31, 2016 was equivalent to approximately C$1,581 million (or C$16.90 per issued share), (December 31, 2015, C$1,061 million or C$17.97 per issued share).

16. SHARE CAPITAL

(a) Voting shares

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

(b) Share-based compensation

The following table summarizes the share-based compensation expense:

		2016		2015
Share-based expense	$	902	$	2,005
Grant and change in fair value of DSUs		1,615		625
Grant and change in fair value of PSUs		4,331		1,610
Grant and change in fair value of RSUs		993		-
Settlement of PSUs and DSUs		701		-
Total share-based expenses	$	8,542	$	4,240

(i) Options

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

	Options outstanding	Weighted average exercise price (C$)
At December 31, 2014	2,514,127	$ 20.61
Granted	699,374	6.02
Expired	(479,097)	17.33
At December 31, 2015	2,734,404	17.45
Granted	1,700,213	9.23
Exercised	(2,191,150)	9.84
Cancelled/Forfeited	(29,966)	8.12
Expired	(1,140,879)	23.24
At December 31, 2016	1,072,622	$ 14.08

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

On April 26, 2016, the Corporation issued 1,353,423 replacement options to former employees of True Gold, with an average strike price of C$8.79 and a fair value of $8.8 million (C$11.1 million), included as part of purchase consideration (Note 5). Assumptions used were a dividend yield of nil, an expected volatility of 66.30 – 68.63%, a risk free rate of 0.5% and an expected life of 0.75 years. The following table summarizes information about the exercisable share options outstanding as at December 31, 2016:

Exercise Prices (C$)	Outstanding	Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
$5.20 - $7.99	298,577	112,969	$5.23	0.61 years
$8.00 - $14.99	386,720	145,310	$10.65	1.73 years
$15.00 - $19.99	188,561	188,561	$15.26	0.52 years
$20.00 - $24.99	133,958	133,958	$23.14	0.85 years
$25.00 - $29.99	9,692	9,692	$27.60	0.31 years
$30.00 - $84.99	53,157	53,157	$43.06	0.00 years
$85.00 - $449.57	1,957	1,957	$344.11	0.31 years
	1,072,622	645,604	$ 17.57	0.83 years

The Corporation has established a share option plan whereby the Corporation's directors may from time to time grant options to directors, employees or consultants. The maximum term of any option is ten years. The exercise price of an option is 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 December 31, 2016, there were 9,354,635 (December 31, 2015 – 5,902,031) options available for grant under the plan, of which 8,252,047 (December 31, 2015 – 3,167,627) are still available to be granted.

(ii) Deferred share units

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

The DSU allows each non-executive director to choose to receive, in the form of DSUs, all or a percentage of 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 fully vests upon award, but is distributed only when the director has ceased to be a member of the Board. Vested units are settled in cash based on the common share price at that time.

A summary of the changes in DSUs is presented below:

	DSUs outstanding	Weighted average grant price (C$)
At December 31, 2014	96,763	$ 4.54
Granted	81,321	6.36
At December 31, 2015	178,084	5.37
Granted	34,516	16.76
Exercised/Forfeited	(39,199)	7.05
At December 31, 2016	173,401	$ 6.82

The total fair value of DSUs at December 31, 2016, was $2.6 million (December 31, 2015 – $1.0 million). The fair value of the DSUs was recognized as share-based payments totaling $1.6 million expense for the year ended December 31, 2016 (December 31, 2015, $0.6 million), with a corresponding amount recorded as a deferred share unit liability in the consolidated statement of financial position (Note 15 (b)).

Following the resignation of two of the Corporation's directors in the year ended December 31, 2016, the Corporation settled $0.7 million in outstanding DSU's (2015: $nil)

(iii) Performance share units

In March 2015, following a comprehensive review of its executive compensation programs and pay practices, the Corporation introduced a change in its long term incentive plan ("LTI Plan") to include a portion of performance-linked share unit awards ("PSUs"). The PSU program is intended to increase the pay mix in favour of long-term equity-based compensation with three year cliff-vesting to serve as an employee retention mechanism.
A summary of the changes in PSUs is presented below:

	PSUs outstanding	Weighted average exercise price (C$)
At December 31, 2014	262,700	$ 9.50
Granted	298,000	6.10
Exercised/Forfeited	(1,888)	9.50
Expired	(41,012)	8.02
At December 31, 2015	517,800	7.61
Granted	1,122,226	18.99
Exercised/Forfeited	(113,423)	7.83
Expired	(216,547)	8.45
At December 31, 2016	1,310,056	$ 12.58

The total fair value of outstanding PSUs at December 31, 2016, was $5.6 million (December 31, 2015 - $1.6 million). The fair value of the PSUs was recognized as share-based payment expense totaling $4.3 million for the year ended December 31, 2016, (December 31, 2015, $1.6 million), with a corresponding amount recorded as a performance share unit liability in the consolidated statement of financial position (Note 15 (b)).

(iv) Stock appreciation rights

As part of the Karma Mine acquisition, the Corporation acquired 5,295,000 stock appreciation rights ("SARs") from True Gold. Each SAR is exercised in cash, based on the closing price of Endeavour on the day prior to exercise multiplied by the ratio of 0.044, less C$0.19, until February 27, 2017.

In the year ended December 31, 2016, 3,505,000 SARs were exercised for total proceeds of $1.7 million (2015 - $nil) and 200,000 SARs expired.

As at December 31, 2016, 510,000 SARs remained outstanding with a fair value of $0.5 million included in accounts payable (December 31, 2015 - $nil).

Subsequent to December 31, 2016, all the remaining SARs were exercised or expired.

(v) Restricted share units

In July 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 favour of long-term equity-based compensation to serve as an employee retention mechanism.

As at December 31, 2016, 503,735 RSU's have been granted under the program (December 31, 2015 – Nil). The RSU's are have been granted in three separate tranches, 157,934, 254,918 and 90,883 vesting in November 2017, July 2018 and November 2018, respectively. The grant price to determine the RSU award was valued at CAD$19.10.

As at December 31, 2016, 157,934 RSUs were outstanding with a fair value of $1.0 million (December 31, 2015, $nil). Share-based payment expense of $1.0 million was recognized in the year ended December 31, 2016, with a corresponding amount recorded as a restricted share unit liability in the consolidated statement of financial position.

(c) Diluted earnings/loss per share

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

	2016	2015
Basic weighted average number of shares outstanding	80,629,491	41,314,367
Effect of dilutive securities		
Stock options	552,270	1,360
Diluted weighted average number of shares outstanding	81,181,761	41,315,727

(d) Bought deal

On July 11, 2016, the Corporation closed the bought deal financing announced on June 13, 2016. The Company issued a total of 7,187,500 ordinary shares at a price of C$20.00 per Share, which includes the exercise of the underwriters' over-allotment option in full, for aggregate gross proceeds of $109.7 million (C$143.8 million) and net proceeds of $104.0 million (C$136.4 million).

As part of the bought deal, La Mancha Holding S.à r.l. purchased 1 million shares of the total shares issued, on the same terms and conditions, for $14.0 million (C$20 million).

17. NON-CONTROLLING INTERESTS

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

	Agbaou Gold Operations SA (Agbaou Mine) 15%	Adamus Resources Limited (Nzema Mine) 10%	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) 45%	Riverstone Karma SA (Karma Mine) 10%	Total
At December 31, 2014	$ 8,958	$ (4,772)	$ (29,601)	$ 4,433	$ -	$ -	$ (20,982)
Arising on acquisition	-	-	-	-	38,111	-	38,111
Net earnings (loss)	13,705	227	2,550	357	535	-	17,374
Dividend distribution	-	-	-	(485)	-	-	(485)
At December 31, 2015	**22,663**	**(4,545)**	**(27,051)**	**4,305**	**38,646**	**-**	**34,018**
Arising on acquisition	-	-	-	-	-	11,530	11,530
Net earnings (loss)	16,964	(11,132)	6,101	-	3,255	(889)	14,299
Dividend distribution	(1,310)	-	(1,095)	-	(1,287)	-	(3,692)
New share issuance	22	-	-	-	-	-	22
Disposal of the Youga Mine (Note 6)	-	-	-	(4,305)	-	-	(4,305)
At December 31, 2016	**$ 38,339**	**$ (15,677)**	**$ (22,045)**	**$ -**	**$ 40,614**	**$ 10,641**	**$ 51,872**

For summarized information related to these subsidiaries, refer to Note 23, Segmented Information.

18. GAINS (LOSSES) ON FINANCIAL INSTRUMENTS, NET

	Note	2016	2015
(Loss) on marketable securities and investments		$ (1,844)	$ (600)
Imputed interest on promissory note and other assets		50	671
Interest income (loss)		1,194	(227)
Loss on derivative financial assets		-	(35)
(Loss)/gain on derivative financial instruments	13	(2,483)	1,975
(Loss)/gain on foreign currency		(8,949)	10,936
Total		$ (12,032)	$ 12,720

19. OTHER EXPENSES

	2016	2015
Loss on sale of assets	$ -	$ (252)
Loss on derecognition of promissory note	-	(3,049)
Other	(2,047)	(129)
Total	$ (2,047)	$ (3,430)

20. INCOME TAXES

(a) Income tax recognized in net income (loss) and total comprehensive income (loss)

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

	2016	2015
Current income and other tax recovery	$ (2,530)	$ 3,989
Deferred income taxes expense	45,261	2,535
Total income tax expense recognized in operations	$ 42,731	$ 6,524

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, Ghana, 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, except in Barbados and the Cayman Islands, to reconcile earnings to the income tax expense.

	December 31, 2016	December 31, 2015
Profit (loss) from continuing operations	$ (6,419)	$ 37,103
Weighted average domestic tax rate	25.2%	22.7%
Income tax (recovery) expense based on weighted average domestic tax rates	(1,618)	8,422
Reconciling items:		
Rate differential	5,683	14,986
Effect of foreign exchange rate changes on deferred taxes	2,766	347
Non-deductible (non-taxable) expenses	5,763	3,634
Mining convention benefits	(31,476)	(21,602)
Effect of alternative minimum taxes and withholding taxes paid	4,718	2,726
Accruals for tax and statutory audits	(11,862)	-
Effect of changes in deferred tax assets not recognized	67,332	695
Other	1,424	(2,684)
Income tax expense recognized in net loss and total comprehensive loss	$ 42,730	$ 6,524

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

	2016	2015
Australia	30.0%	30.0%
Barbados	2.5%	2.5%
Burkina Faso	17.5%	17.5%
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	21.0%	21.0%
United Kingdom	20.0%	20.0%

(b) Income taxes payable and receivables

	December 31, 2016	December 31, 2015
Current income taxes receivable	373	2,945
Income tax receivable	$ 373	$ 2,945

Income taxes payable related to current year taxable profits	$ 16,301	$ 16,061
Tax audit assessment accrual	150	-
Income taxes payable	$ 16,451	$ 16,061

(c) Deferred tax balances

	December 31, 2016	December 31, 2015
Deferred income tax assets		
Tax losses not utilized	$ 14,723	$ 65,231
Unrealized foreign exchange and other timing differences	28,918	27,981
Mining interests, and property, plant and equipment	6,533	10,431
Inventory	1,275	2,968
Trade receivables	3,322	2,944
Reclamation and closure cost obligations	2,092	1,724
	$ 56,863	$ 111,279
Deferred income tax liabilities		
Inventory	(2,206)	(2,490)
Current liabilities	(1,919)	-
Long term liabilities	(2,004)	-
Mining interests	(73,062)	(69,082)
Deferred income tax liability, net	$ (22,328)	$ 39,707

	December 31, 2016	December 31, 2015
Net deferred income tax asset (liability) at beginning of year	$ 39,707	$ 37,846
Acquisitions and disposals of subsidiaries and operations	(16,772)	4,553
Income tax expense charge to earnings during the year	(45,263)	(2,692)
Net deferred income tax liability at end of year	$ (22,328)	$ 39,707

	December 31, 2016	December 31, 2015
Net deferred income tax asset, as reported in the consolidated statements of financial position	$ 29,978	$ 69,720
Net deferred income tax liability, as reported in the consolidated statements of financial position	(52,306)	(30,014)
Total	$ (22,328)	$ 39,706

(d) Unrecognized deductible temporary differences

At December 31, 2016, 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. These were comprised as follows: (i) in Barbados, Ghana and Mali arising from losses of $nil million, $16.1 million and $80.1 million, respectively (December 31, 2015 - $13.8 million, $nil and $nil, respectively), (ii) in Cote d'Ivoire arising from undepreciated capital expenditures for tax purposes of $nil (December 31, 2015 - $11.0 million), and (iii) in Burkina Faso, Mali, Ghana and Cote d'Ivoire arising from mine closure liabilities of $30.5 million (December 31, 2015 - $27.2 million).

(e) 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.

In the fourth quarter of 2016, the Corporation's Malian subsidiary, Segala Mining Corporation S.A., settled a tax assessment for the fiscal years 2011 to 2013 from the Malian tax authority, which resulted in a reversal of the previously booked provision and a $15.0 million positive effect on income.

21. SUPPLEMENTAL CASH FLOW INFORMATION

(a) The earnings before income taxes were determined as:

	Note	Year ended 31 December 2016	2015
Earnings before taxes from continuing operations		(6,419)	37,103
Net earnings from discontinued operations and loss on disposal	6	(3,273)	5,022
Deferred and current income taxes on discontinued operations	6	871	430
Earnings before income taxes		(8,821)	42,555

(b) Proceeds from issue of common shares are composed of:

	Note	Year ended 31 December 2016	2015
Share proceeds from bought deal	16 (d)	104,014	-
Share proceeds from private placement to La Mancha Holding S.à.r.l		65,108	-
Share proceeds from exercise of share options	16 (b)(i)	16,163	-
Total proceeds received from the issue of common shares		185,285	-

22. RELATED PARTY TRANSACTIONS

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:

		2016		2015
Short-term benefits	$	27,927	$	19,014
Share-based payments		4,279		3,146
Total	$	32,206	$	22,160

Related parties and transactions

The Corporation's related parties include its subsidiaries and key management personnel. During the normal course of operations, the Corporation enters into transactions with related parties for goods and services which are measured at the exchange amount, which is the amount of consideration established and agreed by the parties.

23. SEGMENTED INFORMATION

The Corporation operates in four principal geographical areas, Burkina Faso (Karma mine), Côte d'Ivoire (Agbaou and Ity mines), Ghana (Nzema mine) and Mali (Tabakoto mine). The following table provides the Corporation's revenue and results by reportable segment.

	Year ended December 31, 2016							
	Agbaou Mine Côte d'Ivoire	Nzema Mine Ghana	Tabakoto Mine Mali	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Exploration	Non-Mining	Total
Revenue								
Gold revenue	$ 244,553	$ 106,983	$ 200,390	$ 91,653	$ 29,890	$ -	$ -	$ 673,469
Cost of sales								
Operating expenses	85,121	86,781	130,060	45,680	22,943	-	-	370,585
Depreciation and depletion	28,622	17,087	31,057	20,069	5,758	-	429	103,022
Royalties	8,871	5,662	11,997	3,316	1,953	-	-	31,799
Earnings (loss) from mine operations	121,939	(2,547)	27,276	22,588	(764)	-	(429)	168,063
Corporate costs	-	-	-	-	-	-	25,174	25,174
Acquisition and restructuring costs (Note 5)	-	-	-	-	-	-	24,224	24,224
Impairment charge of mineral interests	-	71,035	-	-	-	-	-	71,035
Share-based payments	-	-	-	-	-	-	8,542	8,542
Exploration	-	-	-	-	42	6,566	-	6,608
Earnings (loss) from operations	121,939	(73,582)	27,276	22,588	(806)	(6,566)	(58,369)	32,480
Other (expenses) income								
(Losses) gains on financial instruments	(2,964)	16	(3,751)	3,733	(1,368)	31	(7,729)	(12,032)
Finance costs	(348)	(227)	(1,538)	(41)	-	-	(22,666)	(24,820)
Other expense	-	-	-	-	-	-	(2,047)	(2,047)
	(3,312)	(211)	(5,289)	3,692	(1,368)	31	(32,442)	(38,899)
Earnings (loss) before taxes	118,627	(73,793)	21,987	26,280	(2,174)	(6,535)	(90,811)	(6,419)
Income taxes recovery (expense)	742	(15,146)	(15,208)	(5,578)	(7,613)	611	(539)	(42,731)
Net earnings (loss) from continuing operations	119,369	(88,939)	6,779	20,702	(9,787)	(5,924)	(91,350)	(49,150)

	Year Ended December 31, 2015						
	Agbaou Mine Côte d'Ivoire	Nzema Mine Ghana	Tabakoto Mine Mali	Ity Mine Côte d'Ivoire	Exploration	Non-Mining	Total
Revenue							
Gold revenue	$ 211,204	$ 128,342	$ 174,685	$ 8,421	$ -	$ -	$ 522,652
Cost of sales							
Operating expenses	84,167	103,122	125,194	8,135	-	-	320,618
Depreciation and depletion	29,143	18,032	29,211	744	-	416	77,546
Royalties	7,574	7,234	10,438	536	-	-	25,782
Earnings (loss) from mine operations	90,320	(46)	9,842	(994)	-	(416)	98,706
Corporate costs	-	-	-	-	-	22,085	22,085
Acquisition costs		-	-		-	13,099	13,099
Share-based payments	-	-	-	-	-	4,240	4,240
Exploration	-	-	-	-	4,333	-	4,333
Earnings (loss) from operations	90,320	(46)	9,842	(994)	(4,333)	(39,840)	54,949
Other income (expenses)							
Gains (losses) on financial instruments	549	(656)	5,623	2,983	1,879	2,342	12,720
Finance costs	(291)	(278)	(1,705)	50	-	(28,118)	(30,342)
Other income (expense)	-	-	-	-	2,827	(3,051)	(224)
	258	(934)	3,918	3,033	4,706	(28,827)	(17,846)
Earnings (loss) before taxes	90,578	(980)	13,760	2,039	373	(68,667)	37,103
Income taxes (expense) recovery	417	6,017	(10,476)	(1,079)	(53)	(1,350)	(6,524)
Net earnings (loss) and total comprehensive earnings (loss)	$ 90,995	$ 5,037	$ 3,284	$ 960	$ 321	$ (70,017)	$ 30,579

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the years ended December 31, 2016 or December 31, 2015.

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.

The Corporation's non-current assets by geographic location of assets are detailed below:

	December 31, 2016	December 31, 2015
Côte d'Ivoire	$ 199,322	$ 194,770
Ghana	99,045	180,338
Mali	262,562	290,055
Burkina Faso	510,631	150,127
Other	2,002	4,132
Total non-current assets	$ 1,073,562	$ 819,422

Total assets and liabilities

	Note	December 31, 2016		December 31, 2015	
		Assets	Liabilities	Assets	Liabilities
Agbaou Mine		$ 211,444	$ 37,067	$ 197,977	$ 37,063
Nzema Mine		118,286	33,053	204,185	31,831
Tabakoto Mine		319,910	70,635	342,597	75,465
Youga Mine	6	-	-	51,646	20,760
Ity Mine	5	88,191	24,688	104,964	20,489
Karma Mine	5	314,410	43,000	-	-
Houndé Project		249,931	32,622	138,440	-
Exploration		1,256	2,564	857	19,887
Non-Mining		53,670	152,808	13,652	250,701
Total		$ 1,357,098	$ 396,437	$ 1,054,318	$ 456,196

24. CAPITAL MANAGEMENT

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

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

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

	December 31, 2016	December 31, 2015
Equity	$ 960,661	$ 597,112
Current and long-term debt	140,957	225,582
	1,101,618	822,694
Less:		
Cash	(124,294)	(109,519)
Cash - restricted	(5,270)	(4,824)
Marketable securities	(506)	(375)
Total	$ 971,548	$ 707,976

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

25. FINANCIAL INSTRUMENTS

Financial assets and liabilities

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

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).

Derivative financial assets and liabilities (level 2) are valued using either present value techniques or option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs.

At each of December 31, 2016 and December 31, 2015, 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:

		December 31, 2016			
	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		$ 124,294	$ -	$ -	$ 124,294
Cash - restricted		5,270	-	-	5,270
Marketable securities		506	-	-	506
Derivative financial asset		-	6,623	-	6,623
Total		$ 130,070	$ 6,623	$ -	$ 136,693
Liabilities:					
Derivative financial liabilities	13	-	-	-	-
Total		$ -	$ -	$ -	$ -

		December 31, 2015			
	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		$ 109,519	$ -	$ -	$ 109,519
Cash - restricted		4,824	-	-	$ 4,824
Marketable securities		375	-	-	$ 375
Total		$ 114,718	$ -	$ -	$ 114,718
Liabilities:					
Derivative financial liabilities	13	-	5,463	-	5,463
Total		$ -	$ 5,463	$ -	$ 5,463

There were no transfers between level 1 and 2 in the period.

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, restricted-cash, marketable securities held with investment dealers, 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. The Corporation sells its gold to large international organizations with strong credit ratings but the historical level of customer defaults is minimal and, as a result, the credit risk associated with gold trade receivables at December 31, 2016 is considered to be negligible. The Corporation does not rely on ratings issued by credit rating agencies in evaluating counterparties' related credit risk.

Trade and other receivables include amounts that are past due at the end of the reporting period but against which the Corporation has not recognized an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Corporation does not have any collateral or other credit enhancements over these balances nor does it have a legal right to offset any of the amounts owed by the Corporation to the counterparty.

In determining the recoverability of a receivable, the Corporation considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

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

	December 31, 2016	December 31, 2015
Cash	$ 124,294	$ 109,519
Cash - restricted	5,270	4,824
Marketable securities	506	375
Trade and other receivables	12,274	13,045
Working capital loan	1,012	1,017
Long-term receivable	278	246
Total	$ 143,634	$ 129,026

(ii) Liquidity risk

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

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

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 128,860	$ -	$ -	$ -	$ 128,860
Long-term debt	-	130,000	10,000	-	140,000
Finance lease obligations	4,540	27,623	21,441	4,840	58,444
Minimum operating lease payments	2,299	4,075	2,626	-	9,000
Total	$ 135,699	$ 161,698	$ 34,067	$ 4,840	$ 336,304

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 year ended December 31, 2016.

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

The table below highlights the net assets held in foreign currencies, presented in US Dollars:

		December 31, 2016		December 31, 2015
Canadian dollar	$	(6,082)	$	(2,961)
CFA Francs		16,591		60,530
Other currencies		(668)		(687)
Total	$	9,841	$	56,882

The effect on earnings and other comprehensive earnings before tax as at December 31, 2016, of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above mentioned financial and non-financial assets and liabilities of the Corporation is estimated to be $1.0 million (December 31, 2015, $5.7 million), assuming that all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at December 31, 2016.

(ii) Interest rate risk

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

The effect on earnings and other comprehensive earnings before tax as at December 31, 2016, of a 10% change in the LIBOR rate on the Facility is estimated to be $0.1 million (December 31, 2015 - $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 year ended December 31, 2016.

26. COMMITMENTS AND CONTINGENCIES

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

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

(iii) The Corporation is subject to operating and finance lease commitments in connection with the purchase of mining equipment, light duty vehicles and workshop and rented office premises.

(iv) The Corporation is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Corporation cannot reasonably predict the likelihood or outcome of these actions. The Corporation does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations.

(v) The Corporation's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Corporation believes its operations are materially in compliance with all applicable laws and regulations. The Corporation has made, and expects to make in the future, expenditures to comply with such laws and regulations.