ENDEAVOUR MINING CORPORATION

Management's Discussion and Analysis of
Results of Operations and Financial Condition
For the Three and Nine Months ended September 30, 2014

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with Endeavour Mining Corporation's ("Endeavour" or the "Corporation") unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2014 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board. 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 November 3, 2014. Additional information relating to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com.

OVERVIEW

We are a mid-tier Canadian listed gold mining company with four operating mines in West Africa, currently producing at a combined rate of over 450,000 ounces per year. Our assets are comprised of the Agbaou Gold Mine in Côte d'Ivoire (the "Agbaou Mine"), the Nzema Gold Mine in Ghana (the "Nzema Mine"), the Tabakoto Gold Mine in Mali (the "Tabakoto Mine") and the Youga Gold Mine in Burkina Faso (the "Youga Mine"). For the nine months ended September 30, 2014, we achieved total gold production of 346,041 ounces at an all-in sustaining cost ("AISC")[1] of $1,023 per ounce sold and an adjusted EBITDA of $112.9 million. As of December 31, 2013, we had proven and probable Mineral Resources and Mineral Reserves totaling approximately 4.1 million ounces.

The Agbaou Mine is our newest mine (commercial production was achieved on January 27, 2014) and also the lowest cost, highest margin mine in our operating group. The Nzema Mine and Tabakoto Mine have been our two largest operating mines until 2014 with 103,464 ounces and 125,231 ounces of production, respectively, for the year ended December 31, 2013 and have each benefited from recent capital investments in the construction and optimization of these mines. In particular, we are coming to the end of a significant optimization and investment phase at the Tabakoto Mine with $58.2 million invested in capital since the acquisition in October, 2012 through December 31, 2013, and $62.3 million invested in the nine months ended September 30, 2014. The Youga Mine is our most mature mine and has produced over 85,000 ounces for each of the past three years.

We have advanced the Houndé gold project in Burkina Faso (the "Houndé Project"), which is now in the mine permitting and optimization stage. The 2013 Houndé Project Feasibility Study demonstrated average annual gold production of 180,000 ounces per year for an initial eight year mine life. The Houndé Project is located in a well mineralized Birimian greenstone belt similar to our other mines and provides significant further exploration potential.

With the arrival of the fourth quarter of 2014, we expect to shift from two years of executing a capital intensive strategy optimizing our existing assets and building new and higher margin operations, to managing our existing assets to maximize cash flow and de-leverage our balance sheet. Minimal non-sustaining capital related to our existing operations is expected going forward as we focus on our loan repayment objectives. Pursuing organic and strategic growth opportunities that benefit from our management and operational expertise will still continue, but only if it can be shown to be accretive. Endeavour's shares are listed on the Toronto Stock Exchange (symbol EDV), the Australian Securities Exchange (symbol EVR), and quoted in the United States on the OTCQX International (symbol EDVMF).

[1] AISC, all-in sustaining costs at the mine level, cash costs, adjusted EBITDA, all-in sustaining margin and adjusted earnings are non-GAAP financial performance measures with no standard meaning under IFRS, further discussed in the section Non-GAAP Measures. Throughout this MD&A, the Corporation excludes royalties in its calculation of cash costs.

The following figure shows the locations of our principal properties and operations in West Africa:

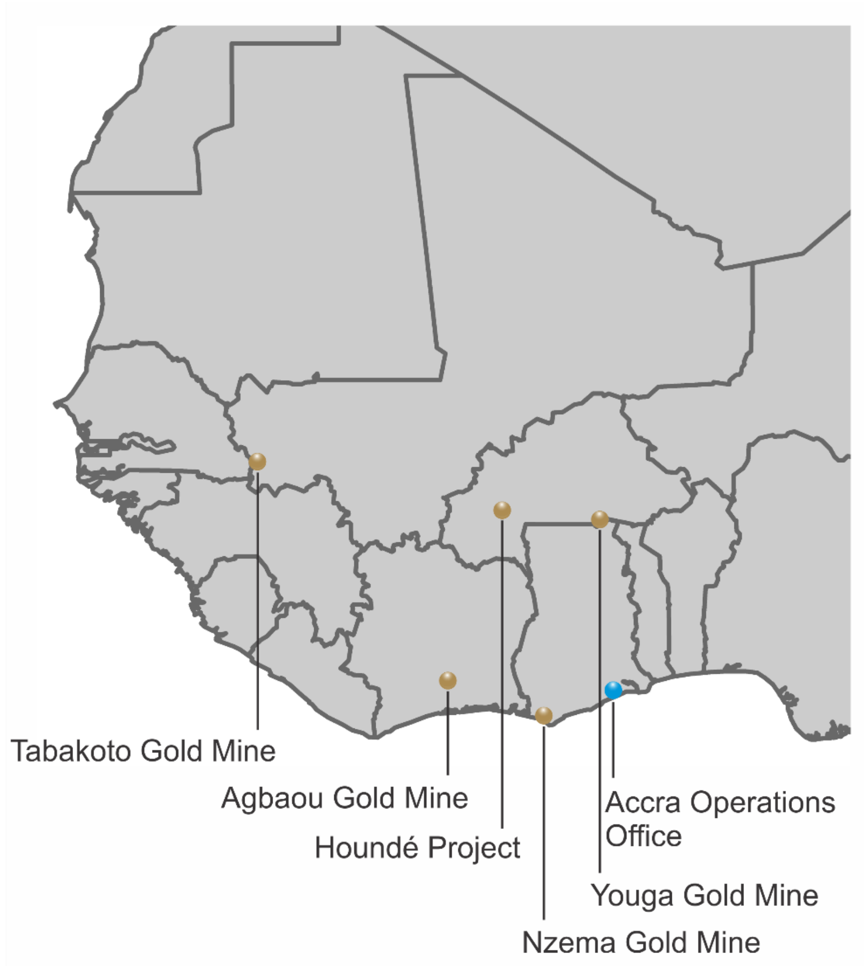


Figure 1: Endeavour's West African mines and the Houndé project.

OPERATIONAL HIGHLIGHTS FOR THE THIRD QUARTER 2014

- Gold production of 117,612 ounces and sales of 114,082 ounces, compared to production of 88,445 ounces and 90,997 ounces sold for the same period in 2013.

- The recently constructed Agbaou mine continued to perform well and has already exceeded its full year production guidance producing 99,392 ounces year to date at a mine level all-in sustaining cost of $590 per ounce.

- A focused drill program at the Agbaou mine shows encouraging early results, giving confidence of being able to replace and expand the reserve base and extend the mine life at Agbaou. The year-end 2014 reserve and resource updates will include the results of this program and the on-going drilling at the Houndé project.

- Adjusted EBITDA of $37.6 million was achieved in the quarter compared to $23.2 million achieved for the same period in the prior year.

- Endeavour's $1,000 per ounce AISC target has been achieved, with AISC of $991 per ounce in the third quarter, which has decreased significantly compared to $1,118 in the third quarter of 2013 and improved compared to $1,021 in the second quarter of 2014.

- All-in sustaining margin of $32.1 million was achieved in the quarter compared to $19.3 million in the comparable prior year period and compares favorably with the full year mid-guidance margin of $95 million.

- At Tabakoto, the underground mining team continued the ramp up and development of the new Segala underground mine with stoping production ore achieving the 1,494 tonnes per day level in September. The ramp up of production from the Segala deposit will continue in the fourth quarter and positions Tabakoto to have a solid finish to 2014 with improved operating margins. As well, good progress was made on the road construction towards the Kofi C deposit, and as of the date of this MD&A, the road alignment survey is complete, the pioneer bush clearing is over 31km complete, and over 12km of road has been advanced. Site preparation for pre-stripping to start in December is underway.

The following table summarizes the consolidated operating results for the three and nine months ended September 30, 2014 and 2013:

	Three months ended September 30,		Nine months ended September 30,	
Operating Data:	2014	2013	2014	2013
Gold ounces produced[1]:	117,612	88,445	346,041	237,520
Gold ounces sold[1]:	114,082	90,997	344,533	235,927
Realized gold price ($/ounce)[2]	1,273	1,330	1,288	1,437
Cash cost per gold ounce sold ($/ounce)[3]	814	869	848	885
Sustaining capital (US dollars in thousands)[3]	7,768	9,199	19,999	25,068
All-in sustaining costs per gold ounce sold ($/ounce)[3]	991	1,118	1,023	1,146
Financial Data (US dollars in thousands)				
Revenues	145,223	121,054	435,832	339,082
Royalties	6,817	6,600	21,650	18,315
Earnings from mine operations	15,256	7,235	61,630	30,902

[1] Gold ounces produced and sold includes pre-commercial production ounces from the Agbaou mine which achieved commercial production on January 27, 2014.
[2] Throughout this MD&A, the realized price is the realized average gold price received for all ounces sold.
[3]Cash cost, AISC, and sustaining capital are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the section Non-GAAP Measures.

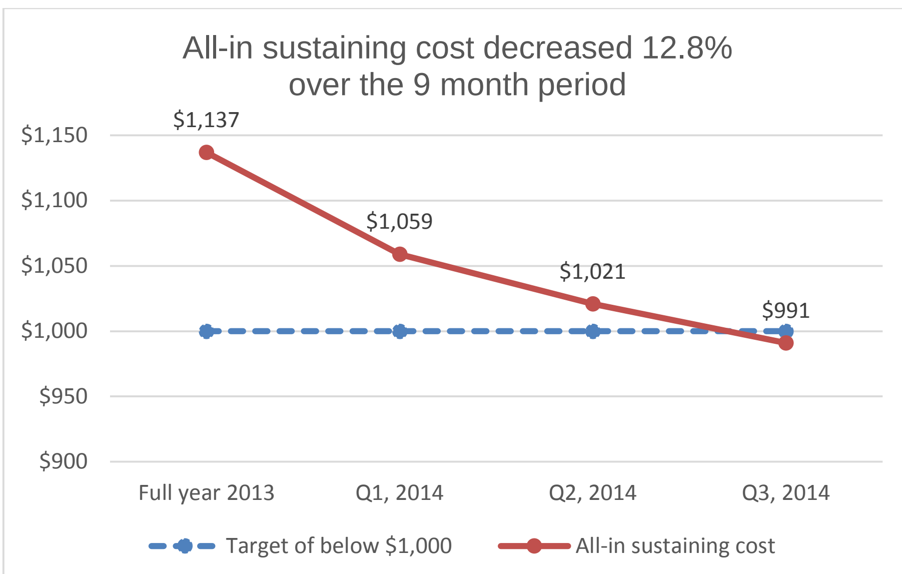
FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

- A cash balance of $55.4 million at September 30, 2014 compared to $57.1 million at June 30, 2014 and the total working capital of $113.6 million remained in line with $106.4 million at the end of the prior quarter. The Corporation's remaining undrawn $50 million credit facility remains fully available for general corporate purposes.

- Revenue increased by $24.1 million to $145.2 million from $121.1 million for the same period in 2013, largely driven by the addition of the Agbaou Mine, Endeavour's fourth operating mine.

- Earnings attributable to shareholders of Endeavour were $1.9 million, or $0.00 per share, compared to a net loss of $15.3 million, or $(0.04) per share, for the same period in 2013, while adjusted net earnings attributable to shareholders of the Corporation were $1.5 million or $0.00 per share compared to an adjusted net loss of $2.0 million or $(0.00) per share for the same period in 2013.

- AISC continued to improve, reaching the Corporation's stated goal of achieving group level AISC below $1,000 per gold ounce sold.



OUTLOOK

2014 Corporate Objectives

Endeavour has focused on optimizing current operations, as well as lowering overall costs and improving cash flows at its producing gold mines. During 2014, the optimization focused on the conversion to owner mining at Tabakoto, the ramp-up of commercial ore production at the Segala underground operation to enhance the Tabakoto mill feed, and readying the Kofi C deposit for mining. The investments and focus on optimizing the operations are well on track and Endeavour plans to become net cash flow positive during the fourth quarter of 2014. Endeavour is also advancing its Houndé project, which is currently in permitting. The potential development of Houndé would benefit from Endeavour's operating experience in Burkina Faso and recent construction experience in West Africa at Agbaou and Nzema.

The Corporation is on track to achieve its 2014 objectives which include the following:

- Achievement of 2014 gold production and cost guidance;
- Successful first year of operations at the Agbaou Mine;
- Completion of the access and ramp development for the Segala underground mine at the Tabakoto complex;
- Transition to full owner-mining activities at Tabakoto underground mine, completed in the second quarter;
- Continuing improvement of the purchasing, warehousing and logistics functions at each mine to realize working capital and purchasing cycle improvements;
- Receipt of the mining permit for Kofi Nord, achieved in June 2014, which includes Kofi C reserves expected to contribute to the 2015 Tabakoto mill processing schedule;
- Receipt of the mining permit for Houndé, which is expected in 2014, although recent political unrest may extend this timeframe; and
- Extension of mine lives through exploration and conversion of resources to reserves.

Production, Cost and Investment Guidance for 2014

Guidance as compared to that published in the December 31, 2013 MD&A is being revised upwards due to the strong performance of the Agbaou Mine, steady performance at Nzema and Youga year to date, and an improving trend at Tabakoto beginning late in the third quarter and expected to continue into the fourth quarter and beyond. Endeavour's 2014 gold production was forecast between 400,000 to 440,000 ounces at an AISC of between $985 and $1,070 per ounce. The Corporation is now expected to exceed this production range and remain around the mid-point of the AISC guidance range for the full year 2014, with Agbaou, Youga, and Nzema expected to exceed or meet production guidance. Details of each mine's costs are discussed in the section Operations Review, on a mine by mine basis.

Endeavour's all-in sustaining margin for the nine months ended September 30, 2014 was $89.7 million, which compares favourably to the original full year mid-point guidance of $95.0 million at a gold price of $1,250 per ounce. Endeavour now expects to exceed the $95.0 million margin due to production exceeding the upper end of guidance.

Sustaining and non-sustaining capital expenditure forecasts for the year as compared to those published in the year-end 2013 MD&A are expected to finish the year below the guidance range despite non-guided investments being made following the achievement of key milestones in the first half of the year, including the successful start-up of the Agbaou Mine and the transition to owner mining at the two Tabakoto underground mines. These further investments include proceeding with the development of the Kofi deposit (approximately $13.0 million) and drill programs at Houndé and Agbaou (total approximately $6.0 million). Due to the early production of ounces during the ramp up of Segala, some expenditures originally expected to be classified as non-sustaining capital have been included in operating costs, reducing capital and increasing cash costs and AISC. Further decreases in capital are a result of lower than planned capital developments in the Tabakoto underground mines and lower waste capitalization at Nzema, offset by additional capitalization of waste at Agbaou.

Our extensive investment phase is coming to an end in the fourth quarter of 2014 and expectations are for minimal on-going sustaining capital capex to occur after 2014.

Original Production Guidance at mine level

	Gold Production (ozs)[1]			
Mine	2011 Actual	2012 Actual	2013 Actual	**2014 Guidance Range**
Agbaou, Côte d'Ivoire[2]	-	-	6,132	**85,000 - 95,000**
Nzema, Ghana[3]	90,026	109,447	103,464	**110,000 - 120,000**
Tabakoto, Mali	91,200	110,301	125,231	**140,000 - 155,000**
Youga, Burkina Faso	87,264	91,030	89,448	**65,000 - 70,000**
Total	268,490	310,778	324,275	**400,000 - 440,000**

[1] On a 100% of production basis.
[2] Agbaou commercial production was declared on January 27, 2014.
[3] Includes purchased ore.

OPERATIONS REVIEW

Agbaou Gold Mine, Côte *d'Ivoire*

The following table summarizes the operating results of the newly commissioned Agbaou Gold Mine for the three and nine months ended September 30, 2014:

Operating Data:	Three months ended September 30, 2014	Nine months ended September 30, 2014
Tonnes of ore mined (000's)	669	1,945
Average gold grade mined (grams/tonne)	2.28	1.99
Tonnes of ore milled (000's)	603	1,612
Average gold grade milled (grams/tonne)	2.23	1.94
Gold ounces produced:	43,428	99,392
Gold ounces sold:	41,919	99,438
Realized gold price ($/ounce)	1,268	1,287
Cash cost per gold ounce sold ($/ounce)[1]	467	561
Sustaining capital (US dollars in thousands)[1]	3,330	3,694
Financial Data (US dollars in thousands)		
Revenues	53,174	120,080
Royalties	1,855	4,338
Earnings from mine operations	23,335	46,674

[1]Cash cost and sustaining capital are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the section Non-GAAP Measures.

The highlights for the quarter ended September 30, 2014 at Agbaou are as follows:

- Gold production of 43,428 ounces was achieved during the third quarter of 2014;
- The process plant treated 603,000 tonnes of ore at an average grade of 2.23 g/t;
- Gold ounces sold were 41,919 at a realized gold price of $1,268;
- Cash costs per ounce sold for the third quarter were $467 and remained attractive and continued to trend lower from the prior quarter due to robust grades milled, good throughput, and strong recoveries in the mill leading to record gold production. As well, the effect of capitalizing $3.1 million of waste in line with IFRIC 20 accounting requirements and the Corporation's accounting policy further lowered cash costs.
- All-in sustaining costs at the mine level of $590 per gold ounce sold (includes capitalized waste);
- Agbaou generated $33.6 million of operating cash flow from mine operations in the current quarter; and
- Agbaou generated $23.3 million of earnings from mine operations indicative of another outstanding quarterly performance.

Agbaou continued to perform well since commercial production was declared in January 2014 after a short ramp up that started in November 2013. The average annual gold production of approximately 100,000 ounces over an eight year mine life will position Agbaou as a strong cash flow generator for Endeavour.

The soft nature of the oxide ore continued in the current quarter and allowed above plan ore processing and recoveries. Cash costs are well below the range of guidance of $730 to $780 per ounce for the year as a result of improved grade, high mill throughput, strong recoveries, and some waste being capitalized. The forecast is for cash costs to come in below the lower end of guidance for the full year.

Agbaou is situated approximately 200 kilometres northwest of the port city of Abidjan. The property covers 334 square kilometres, giving Endeavour access to the 40 kilometre strike length of the Agbaou gold belt. The concession is reached by paved highway and gravel roads. Electrical power is supplied from the national grid with a diesel power plant installed at site for emergency standby purposes. Currently Agbaou has over 500 people working on site including contractors.

A reverse circulation ("RC") drilling program commenced at Agbaou in August 2014 and was completed in October. During the third quarter 172 holes were drilled for a total of 15,386m with the intention of confirming extensions to the principal mineralized zones in the North, South and West pit areas and to test targets identified during previous exploration drilling. A total of $1.2 million has been spent at Agbaou on exploration during the current quarter.

The results received to date have demonstrated a continuity of grades and widths and are currently being incorporated into the drilling database. This additional data will be used to update resource estimates to improve classification of portions of the mineral resource from inferred resources to indicated and to incorporate these in a revised reserve estimate. Some of the ore zones remain open on strike and at depth, and are being planned for testing in the next drill program. The Corporation released highlights of the results in a press release on October 9, 2014.

In the third quarter, $3.1 million of waste was capitalized as per the Corporation's accounting policies and application of IFRIC 20. These expenditures are included in sustaining capital and a part of the AISC metric.

Nzema Gold Mine, Ghana

The following table summarizes the operating results of the Nzema Gold Mine for the three and nine months ended September 30, 2014 and 2013:

	Three months ended September 30,		Nine months ended September 30,	
Operating Data:	2014	2013	2014	2013
Tonnes of ore mined (000's)	343	462	1,024	1,723
Average gold grade mined (grams/tonne)	1.53	1.31	1.90	1.30
Tonnes of ore milled (000's)	401	496	1,187	1,533
Average gold grade milled (grams/tonne)	1.88	2.00	2.58	1.75
Gold ounces produced[1]:	24,886	27,894	89,319	74,403
Gold ounces sold:	24,231	27,640	88,642	72,382
Realized gold price ($/ounce)	1,281	1,332	1,290	1,440
Cash cost per gold ounce sold ($/ounce)[2]	917	879	844	984
Sustaining capital (US dollars in thousands)[2]	1,368	5,100	6,846	8,085
Financial Data (US dollars in thousands)				
Revenues	31,050	36,805	114,331	104,245
Royalties	1,706	1,842	6,351	5,220
Earnings(loss) from mine operations	8	3,837	18,465	(636)

[1] Includes purchased ore of 8,840 and 28,097 ounces for the three and nine months ended September 30, 2014 and 8,343 and 17,020 ounces in the comparable periods in 2013.
[2] Cash cost and sustaining capital are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the section Non-GAAP Measures.

The highlights for the third quarter ended September 30, 2014 for Nzema are as follows:

- Gold production of 24,886 ounces in the third quarter of 2014 compared to gold production of 27,894 ounces in the same period in 2013, due to less tonnes mined and milled in the current quarter;

- The process plant treated 401,000 tonnes of ore at 1.88 g/t in the third quarter of 2014 compared to 496,000 tonnes in the same period in 2013 at 2.00 g/t;
- Gold ounces sold were 24,231 at a realized average gold price of $1,281 per ounce compared to 27,640 at a realized gold price of $1,332 per ounce for the same period in 2013;
- Cash costs per ounce sold for the third quarter of $917 compared to $879 for the same period in 2013;
- All-in sustaining costs at the mine level of $1,043 per gold ounce sold;
- Nzema used $1.8 million of operating cash flow from mine operations compared to $16.0 million generated for the same period in 2013; and
- Nzema generated $0.0 million earnings from mine operations compared to $3.8 million for the same period in 2013 primarily due to less gold sold at a higher cash cost per ounce sold.

The Nzema Mine experienced a challenging quarter that saw a decrease in gold production as compared to the prior quarter and in the comparable period in 2013. The issues during the quarter included throughput challenges due to the hardness of some of the ore feed from the Adamus pit and grade variances within the planned mine blocks. Analysis of grade variances indicate higher grades in the mine blocks planned for the fourth quarter. Furthermore, periodic and heavy rainfall and a higher than anticipated water table impacted mining from the Aliva pit. Mining during the three month period ended September 30, 2014 was from the Adamus and Aliva pits with a total of 343,000 tonnes of material mined in the three months ended September 30, 2014.

Installation of a pebble crusher is underway (85% complete at the end of the third quarter) and is a part of the optimization of the mine which will assist in processing harder ores in the future. Purchased ore contributed 8,840 ounces to production in the current quarter and management continues to work to ensure the continuity of this important source of higher grade feed and contribution to margin.

Tabakoto Gold Mine, Mali

The following table summarizes the operating results of the Tabakoto Gold Mine for the three and nine months ended September 30, 2014 and 2013:

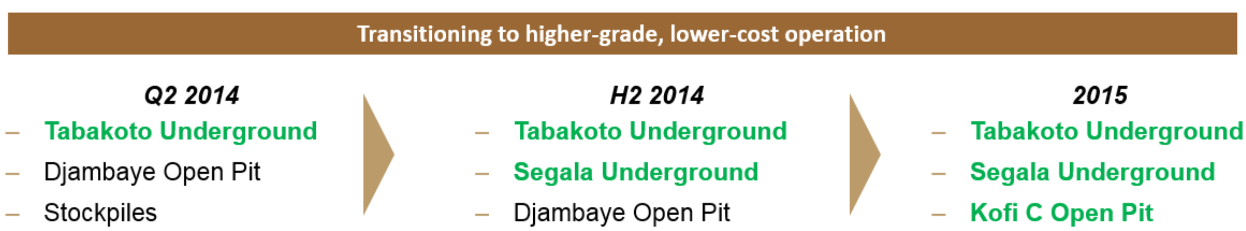
	Three months ended September 30,		Nine months ended September 30,	
Operating Data:	2014	2013	2014	2013
Tonnes of ore mined - Open pit (000's)	164	113	427	409
Average gold grade mined - Open pit (grams/tonne)	2.94	3.11	2.70	3.15
Tonnes of ore mined - Underground (000's)	230	142	527	354
Average gold grade mined - Underground (grams/tonne)	2.76	4.74	3.58	4.71
Tonnes of ore milled (000's)	391	406	1,114	872
Average gold grade milled (grams/tonne)	2.55	3.35	3.00	3.75
Gold ounces produced:	30,866	40,522	100,746	96,086
Gold ounces sold:	29,434	41,027	99,757	96,061
Realized gold price ($/ounce)	1,278	1,326	1,288	1,428
Cash cost per gold ounce sold ($/ounce)[1]	1,277	863	1,184	921
Sustaining capital (US dollars in thousands)[1]	2,871	3,651	8,434	14,532
Financial Data (US dollars in thousands)				
Revenues	37,614	54,399	128,452	137,148
Royalties	2,254	3,265	7,686	8,219
Loss from mine operations	(13,722)	(2,099)	(20,910)	(191)

[1]Cash cost and sustaining capital are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the section Non-GAAP Measures.

The highlights for the third quarter ended September 30, 2014 for Tabakoto are as follows:

- Gold production of 30,866 ounces was achieved compared to 40,522 ounces for the same period in 2013, primarily affected by gold grades milled;
- The process plant treated 391,000 tonnes of ore at an average grade of 2.55 g/t, compared to 406,000 tonnes at an average grade of 3.35 g/t;
- Gold ounces sold were 29,434 at a realized average gold price of $1,278 compared to 41,027 ounces at a realized gold price of $1,326 in the same period in 2013;
- Cash costs per ounce sold for the third quarter of 2014 were $1,277 compared to $863 for the same period in the prior year;
- All-in sustaining costs at the mine level of $1,451 per gold ounce sold. Tabakoto's cash costs and all-in sustaining costs have been above the annual guidance range for the first nine months of 2014 primarily due to the lower grades mined from Segala during the initial ramp up and the use of low grade stockpile feed during this period of limited operational flexibility. As well, the overlap of certain owner mining and contractor costs was incurred, some Segala capital costs anticipated to be classified as non-sustaining in nature were included in operating costs due to early ore production, and final mining in the Djambaye open pit has been of relatively high cost ounces. Mill feed grade has started to improve in the latter part of the third quarter and into the fourth quarter.
- Tabakoto used $7.4 million in operating cash outflows from mine operations, compared to a $4.2 million outflow for the same period in 2013; and
- Tabakoto incurred a $13.7 million loss from mine operations compared to a $2.1 million loss in the comparable period of 2013 due to a lower gold price and lower production margins due to decreased grades.

Tabakoto Mine Optimization
The diagram below illustrates the shift in mill feed to higher grade ore in 2014 and to early 2015 that has been an important part of the Tabakoto Mine optimization and investment.



The Tabakoto complex currently includes the Tabakoto underground mine, the Djambaye open pit, and the Segala underground mine, located approximately five kilometres from the Tabakoto mill. These three deposits contributed to production in the third quarter. The Tabakoto complex also includes the permitted Kofi C deposit which is now being developed for production, as well as other prospective areas of interest.

Tabakoto cash costs guidance is from $790 to $840 per ounce for the year, however, cash costs are expected to improve only in the fourth quarter of 2014 with the ramp up of Segala ore production rates and the tapering of low grade stockpiles and Djambaye open pit feed.

Tabakoto Underground Mine
After conversion to owner mining in the second quarter of 2014, the operations team has continued to improve as all the equipment needed for mining has arrived at site. A total of 163,042 tonnes of material

was mined from the Tabakoto underground mine, of which 111,541 tonnes was ore. Underground mining of this deposit is by long-hole open stoping with access to several mining areas from two portals at the bottom of the Tabakoto pit.

Segala Underground Mine

The underground operations team continued to ramp up ore production from the new Segala underground mine and improve both production tonnages and development rates. Segala production has ramped up to 1,400 ore tonnes per day and is producing reliably from two stopes with ongoing development ensuring sustainable stoping production in coming months. Since the conversion to owner mining in April, the development has increased from 386 metres per month to 508 metres achieved in September. An increase in ore tonnes from this underground deposit with full production at improved grades is expected for the fourth quarter. The continuing Segala ramp-up has resulted in higher costs in the third quarter but will see the impact of improved gold production, productivity, and margins in the fourth quarter with final mining equipment scheduled for the fourth quarter.

In the current quarter, a total of 200,213 tonnes of material was mined from Segala, of which 118,411 tonnes was ore. The Segala deposit forms just over one third of the total reserves at the Tabakoto complex. The new underground cement rock fill plant for this deposit is to be commissioned in the first quarter of 2015.

Djambaye Open Pit

In the current quarter a total of 1,826,025 tonnes of material was mined from the Djambaye open pit, including 164,098 tonnes of ore. Mining of this deposit is scheduled to end in late 2014.

Kofi Deposits

The Kofi Nord permit was received in the previous quarter and work to access the Kofi C deposit has commenced. The total known resource of the eight deposits identified to date on the Kofi property is 0.6 million ounces of indicated plus 0.6 million ounces of inferred resources. The Kofi C deposit is the first deposit that has been added to reserves with 1.55 million tonnes at 4.3 g/t containing 213,000 ounces. Work continues on the conversion of resources to reserves for the other Kofi deposits and infill drilling on the Kofi B ore body has been completed with the updated resource and reserve statement expected by early 2015. Geotechnical and metallurgical drill holes have been part of the drill program. In early 2015, ore from the Kofi C open pit mine is scheduled to contribute to production.

Tabakoto Mill and Processing Facilities

A pebble crusher was commissioned in the Tabakoto mill at the end of the quarter and will help with throughput when processing harder ore. A new tailings storage dam raise was also completed and deposition commenced during the quarter.

Tabakoto Exploration

For 2014, resource conversion drilling of 24,000 meters and exploration drilling of 28,000 meters was planned for the year. At the end of the third quarter of 2014 approximately 77% of the planned resource and exploration drilling has been completed. Initial indications confirm that the areas drilled have demonstrated continuity and potential for increased resources. Additionally much of the inferred resource drilled to date is being successfully converted to indicated resources and shows potential to add to reserves after modeling. Shallow reverse circulation ("RC") exploration drilling at the nearby Moralia target has been conducted during this quarter. High grade intersections have been encountered and three mineralized trends have been investigated. Whilst many assay results are outstanding, indications confirm that mineralization is continuous along several defined North-South trends with increased grade tenor at the junction with cross cutting structures. The deposit is being evaluated to justify a comprehensive RC drilling campaign in the future.

Youga Gold Mine, Burkina Faso

The following table summarizes the operating results of the Youga Gold Mine for the three and nine months ended September 30, 2014 and 2013:

	Three months ended September 30,		Nine months ended September 30,	
Operating Data:	2014	2013	2014	2013
Tonnes of ore mined (000's)	239	256	910	763
Average gold grade mined (grams/tonne)	2.51	3.08	2.45	3.10
Tonnes of ore milled (000's)	237	239	730	748
Average gold grade milled (grams/tonne)	2.65	2.64	2.66	2.99
Gold ounces produced:	18,432	20,029	56,584	67,031
Gold ounces sold:	18,498	22,330	56,696	67,484
Realized gold price ($/ounce)	1,264	1,337	1,287	1,448
Cash cost per gold ounce sold ($/ounce)[1]	729	865	736	727
Sustaining capital (US dollars in thousands)[1]	199	448	1,025	2,451
Financial Data (US dollars in thousands)				
Revenues	23,385	29,850	72,969	97,689
Royalties	1,002	1,493	3,275	4,876
Earnings from mine operations	5,661	5,558	17,478	31,907

[1]Cash cost and sustaining capital are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the section Non-GAAP Measures.

The highlights for the third quarter ended September 30, 2014 for Youga are as follows:

- Youga mine delivered gold production of 18,432 ounces compared to 20,029 ounces for the same period in 2013 primarily due to the decrease in gold recovered;
- The process plant treated 237,000 tonnes of ore at an average grade of 2.65 g/t compared to 239,000 tonnes of ore at an average grade of 2.64 g/t for the same period in 2013;
- Gold ounces sold were 18,498 at a realized average gold price of $1,264 compared to 22,330 ounces at a realized gold price of $1,337 in the same period in 2013;
- Cash costs per ounce sold for the third quarter of 2014 were $729 compared to $865 for the same period in the prior year;
- All-in sustaining costs at the mine level of $794 per gold ounce sold;
- Youga generated $5.6 million of operating cash flow from mine operations compared to $11.1 million for the same period in 2013; and
- Youga generated $5.7 million of earnings from mine operations in line with the $5.6 million for the same period in 2013.

Youga delivered another solid quarter despite a mill relining being necessary and six days of power outages during the quarter. Preparations continue for the commencement of mining from the A2NE and Zergore pits in the first quarter of 2015.

Cash costs in the current quarter continued below the guidance range of $790 to $840 per ounce for the year. A total of 239,000 tonnes of material was mined during the three month period ended September 30, 2014 compared to 256,000 in the third quarter of the prior year, with the decrease due to mining in deeper portions of the pits. During the third quarter of 2014, mined volumes were in line with plan and were primarily from the Main, East, West 3 and West 2 pits. The East and West 3 pits are expected to be fully depleted in the last quarter of 2014.

DEVELOPMENT PROJECT REVIEW

Houndé Project, Burkina Faso, Permitting Stage

The Houndé Project is situated in the southwestern region of Burkina Faso just south of Semafo's Mana mine and the property totals approximately 1,000 square kilometres. Ownership is currently 100%, however, at production Endeavour's ownership would decrease to 90% with the remaining 10% ownership held as a free carried interest by the Government of Burkina Faso.

On November 6, 2013 Endeavour announced the results of a positive Feasibility Study ("FS") focused on the Vindaloo group of deposits. The deposits are approximately 2.7 kilometres from a paved highway and as close as 100 metres to a 225 kV power line that extends from Côte d'Ivoire through to Ouagadougou, the capital of Burkina Faso. The nearby town of Houndé has a population of approximately 22,000 people. A rail line that extends to the port of Abidjan, Côte d'Ivoire, lies approximately 25 kilometres west of the deposit area. The project will benefit from Endeavour's experience operating the Youga Mine, also located in Burkina Faso, and the recent construction experience at the Agbaou Mine.

The highlights of the Houndé FS, on a 100% basis, include:

- Estimated average annual production of 178,000 ounces of gold per year over an 8 year mine life, with a total proven and probable mineral reserve of 1.55 million ounces and life of mine production of 1.44 million ounces;
- An average 93.3% process recovery at a milling rate of 9,000 tpd (nameplate) through a SAG/ball mill, gravity, CIL circuit;
- Owner operated open pit mining with reserves of 25 million tonnes grading 1.95 g/t Au;
- Initial start-up capital is estimated at $315 million (including full mining fleet, working capital, import duties and contingency) with life of mine sustaining capital estimated at $62 million and $26 million of rehabilitation and closure costs;
- Forecast life of mine direct cash cost of $636 per ounce (excluding royalties) and all-in sustaining cost of $775 per ounce (including royalties, rehabilitation and closure costs);
- Based on a gold price of $1,300 per ounce the project yields after-tax:
    - Internal rate of return 22.4%
    - Net present value of $364 million @ 0%
    - Net present value of $230 million @ 5%

Copies of the FS and environmental and social impact assessments ("ESIA") were presented to the Government of Burkina Faso in the fourth quarter of 2013 followed by public meetings and technical review meetings held in the first quarter of 2014. The permitting process continued with a focus to get the ESIA report reflecting specific requests arising from the meetings held and was submitted on July 14, 2014. The ESIA report is now accepted and Endeavour will next apply for an Industrial Operating Permit. Granting of a mine permit would follow with timing dependent on the Mines Ministry. As of the date of this MD&A, political unrest in the country was present which the Corporation continues to monitor and plans to be in touch with local governmental authorities to enable the Corporation to manage the development of the project.

The Houndé project holds good exploration potential that could further improve the project's economics. A total of $2.5 million has been spent on a drilling program at the Houndé Project and a total of 25,870 meters have been drilled during this quarter. The program was designed to confirm extensions to the principal mineralized zones at Vindaloo and also further test targets identified during earlier exploration drilling.

QUARTERLY FINANCIAL AND OPERATING RESULTS

The following tables summarize the Corporation's financial and operational information for the last eight quarters. The significant factors affecting results in the quarters presented below are; volatility of realized gold prices, the timing of gold sales, and commencing with the fourth quarter of 2012, quarterly results include those of the Tabakoto mine acquired with the completion of the Avion Gold Corporation acquisition on October 18, 2012. Additionally, the Agbaou mine achieved commercial production on January 27, 2014.

(US dollars in thousands except per share amounts)	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Gold revenues	$ 145,223	$ 153,398	$ 137,211	$ 104,232
Gold ounces sold	114,082	118,653	111,798	82,578
Cash flows from mine operations	22,678	27,647	35,147	3,800
Net earning (loss) attributable to shareholders of Endeavour Mining Corporation	1,859	40	5,027	(74,719)
Basic earnings (loss) per share	0.00	0.00	0.01	(0.18)
Diluted earnings (loss) per share	0.00	0.00	0.01	(0.18)
Cash and cash equivalents	55,358	57,091	67,703	73,324
Total assets	1,294,135	1,292,545	1,296,265	1,273,993

(US dollars in thousands except per share amounts)	September 30, 2013	June 30,[2] 2013	March 31, 2013	December 31,[1] 2012
Gold revenues	$ 121,054	$ 101,104	$ 116,924	$ 117,162
Gold ounces sold	90,997	73,004	71,926	68,721
Cash flows from mine operations	31,300	13,900	38,100	53,100
Net earning (loss) attributable to shareholders of Endeavour Mining Corporation	(15,266)	(257,609)	15,138	(23,065)
Basic earnings (loss) per share	(0.04)	(0.62)	0.04	(0.01)
Diluted earnings (loss) per share	(0.04)	(0.62)	0.03	(0.01)
Cash and cash equivalents	119,351	62,188	84,880	105,900
Total assets	1,396,041	1,290,235	1,765,996	1,726,124

[1] Results include the operations of the Tabakoto Gold Mine for the period October 18, 2012 to December 31, 2012.
[2] The cash flow includes approximately $8.5 million of gold proceeds (related to three lots from March production) received in the first few days of April 2013.

Three months ended September 30, 2014 compared to the three months ended September 30, 2013

Net earnings attributable to shareholders were $1.9 million, or $0.00 per share, compared to a net loss of $15.3 million, or $(0.04) per share, in the same period in 2013, attributable to the following components:

- Revenue for the third quarter of 2014 increased by $24.1 million to $145.2 million from $121.1 million in the same period in 2013. The increase was a result of higher gold sales compared to the prior year. Gold ounces sold increased from 90,997 ounces in 2013 to 114,082 ounces for the third quarter of 2014. The realized price of gold per ounce for the third quarter of 2014 was $1,273 compared to $1,330 per ounce in the same period in 2013.

- Operating expenses for the third quarter of 2014 increased by $10.4 million to $95.9 million predominantly due to the inclusion of Endeavour's fourth mine, Agbaou, since commercial production was achieved on January 27, 2014.

- Depreciation and depletion for the third quarter of 2014 was $27.3 million compared to $21.8 million for the same prior year period in 2013. This is driven as a result of additional ounces being produced and sold subsequent to commercial production being declared by the Agbaou operations offset by reduced depreciation resulting from lower carrying values of certain mining assets following impairment charges that occurred in 2013.

- Earnings from mine operations for the third quarter of 2014 were $15.3 million compared to $7.2 million for the same period in 2013. This variance was predominantly driven by the Agbaou operations and the additional ounces contributed at a lower operational cost in the current reporting period.

- Corporate costs for the third quarter of 2014 were $4.1 million compared to $3.9 million for the same period in 2013.

- Gains on financial instruments for the third quarter of 2014 were $4.7 million compared to losses of $14.8 million for the same period in 2013, primarily attributable to the change in the gold price trend.

- Finance costs for the third quarter of 2014 were $7.6 million compared to $3.9 million for the same period in 2013. The finance costs relate primarily to the commitment fees on the undrawn portion and interest on the drawn portion of the $350 million corporate facility, which was increased from $200 million to $350 million in the third quarter of 2013.

- The current income and other tax expense for the third quarter of 2014 was $1.7 million compared to $3.1 million for the same period in 2013.

- Deferred income tax expense for the third quarter of 2014 was $1.7 million compared to a $12.5 million deferred tax recovery for the same period in 2013.

Net change in cash position from June 30, 2014 was a reduction of $1.7 million, attributable to the following components of the consolidated cash flow statement and discussed in more detail in the section Liquidity and Capital Resources:

- Operating activities generated $22.6 million in comparison to $25.1 million generated in the same period of the previous year primarily due to changes in non-cash working capital. In the current quarter, normal course timing induced changes in working capital balances consumed $8.8 million of cash versus $5.8 million generated in the third quarter of 2013.

- Investing activities used $20.0 million in comparison with $46.3 used in the same period of the previous year as Endeavour's capital expansion program drew to a close. The current period outflow consisted primarily of $7.8 million of sustaining capital and $15.1 million of non-sustaining capital primarily invested at the Tabakoto mine as discussed earlier offset by proceeds of miscellaneous asset sales. In the comparable period, the primary investment was in the construction of the Agbaou mine of $31.4 million.

- Financing activities used cash of $3.9 million in comparison to $78.3 million cash inflow in the prior period due to the receipt of $100.0 million of proceeds from the corporate loan facility.

Nine months ended September 30, 2014 compared to the nine months ended September 30, 2013

Net earnings attributable to shareholders were $6.9 million, or $0.02 per share, compared to a net loss of $257.7 million, or $(0.62) per share, in the same period in 2013, attributable to the following components:

- Revenue for the first nine months of 2014 increased by $96.7 million to $435.8 million from $339.1 million in the same period in 2013. The increase was a result of higher gold sales compared to the prior year. Gold ounces sold increased from 235,927 ounces in 2013 to 344,533 ounces for the first nine months of 2014. The realized price of gold per ounce for the first nine months of 2014 was $1,288 compared to $1,437 per ounce in the same period in 2013.

- Operating expenses for the first nine months of 2014 increased by $65.1 million to $284.9 million predominantly due to the inclusion of Agbaou since commercial production was achieved on January 27, 2014.

- Depreciation and depletion for the first nine months of 2014 was $67.6 million compared to $70.0 million for the same prior year period in 2013. Despite additional ounces being produced and sold subsequent to commercial production being declared by the Agbaou operations, lower depreciation resulted from lower carrying values of certain mining assets following impairment charges that occurred in 2013.

- Earnings from mine operations for the first nine months of 2014 were $61.6 million compared to $30.9 million for the same period in 2013, this variance was predominantly driven by the Agbaou operations and the additional ounces contributed at a lower operational cost in the current reporting period.

- Corporate costs for the first nine months of 2014 were $14.2 million compared to $13.8 million for the same period in 2013.

- Losses on financial instruments for the first nine months of 2014 were $10.3 million compared to a gain of $34.5 million for the same period in 2013. The prior year's quarter gain was mainly driven by a substantial decrease in the gold price used to fair value the Corporation's derivative financial liabilities.

- Finance costs for the first nine months of 2014 were $21.3 million compared to $8.6 million for the same period in 2013. The 2014 finance costs relate primarily to the commitment fees on the undrawn portion and interest on the drawn portion of the $350 million corporate facility, with a greater balance drawn in 2014.

- The current income and other tax expense for the first nine months of 2014 was $6.4 million compared to $8.2 million for the same period in 2013.

- Deferred income tax recovery for the first nine months of 2014 was $5.7 million compared to a recovery of $113.3 million for the same period in 2013. The significant variance was purely driven by the non-cash $432.3 million impairment charge incurred during the same period in 2013.

Net change in cash position from December 31, 2013 was a reduction of $18.0 million, attributable to the following components of the consolidated cash flow statement and discussed in more detail in the section Liquidity and Capital Resources:

- Operating activities generated $69.4 million in the nine month period ended September 30, 2014 in comparison to $55.6 for the same period of the previous year primarily due to the increased operating margin.

- Investing activities used $69.9 million in comparison with $117.9 million used in the same period of the previous year, as previously discussed capital expansion programs reduced significantly in the current year. The current period outflow consisted primarily of $19.9 million of sustaining capital and $50.9 million of non-sustaining capital primarily invested at the Tabakoto mine in the conversion to owner-mining and development in preparation for increased underground extraction. In the comparable period, the primary investment was in the construction of the Agbaou mine of $100.4.

- Financing activities used cash of $17.4 million in comparison to $76.1 million cash inflow in the prior year comparable period due to the receipt of $100.0 million of proceeds from the corporate loan facility.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2014, Endeavour had cash of $55.4 million (December 31, 2013 – $73.3 million). In addition, at September 30, 2014, Endeavour held $1.2 million of marketable securities (December 31, 2013 – $1.7 million) and $4.6 million in restricted cash, unchanged from the prior year end. Total working capital as at September 30, 2014 was $113.6 million (December 31, 2013 - $90.3 million).

The reconciliation for the cash movement during the first nine months of 2014, highlighting the significant movements, is as follows:

		Nine months ended September 30, 2014
(US dollars in millions)		
Opening balance at January 1, 2014	**$**	**73.3**
All-in sustaining margin		89.7
Non-sustaining investments in new mines and developments		(50.9)
Settlement of gold hedge program		(10.2)
Change in working capital and other		(25.6)
Taxes and finance costs		(20.9)
Closing balance at September 30, 2014	**$**	**55.4**

The $50.9 million of non-sustaining investments primarily relates to owner mining equipment at Tabakoto and the pre-commercial production underground development at Segala. Additionally, a significant investment in working capital has also been made with operating supplies taken on to support the owner mining transition and the increase in working capital due to Agbaou coming online.

On July 24, 2013 the Corporation signed a $350 million amended senior secured revolving corporate loan facility (the "Facility") with UniCredit Bank AG, BNP Paribas, ING Bank NV, Société Générale and Deutsche Bank AG. With the completion of the Agbaou construction and commercial start up, the full $350 million is available for general corporate purposes (previously up to $300 million of the Facility could be used for general corporate purposes), and thus provides $50 million of additional liquidity with $300 million of the Facility drawn to date. The Facility is secured by shares of Endeavour's material gold mining subsidiaries and certain material assets of those subsidiaries.

The key terms of the Facility include:

- Maturity date is five years from signing or July 24, 2018, and the available Facility amount declines with six equal semi-annual reductions of $58.3 million commencing January 1, 2016;
- The Facility incorporates 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 3.25 times, calculated on a rolling 12 month basis
  - Minimum tangible net worth of $600 million; and
- Interest is based on LIBOR plus a margin ranging between 3.75% and 5.5% per annum (sliding scale based on the actual Net Debt to EBITDA ratio).

In the opinion of management, Endeavour's cash position and working capital at September 30, 2014, together with anticipated cash flows from operations, are sufficient to support the Corporation's on-going operational requirements, planned sustaining investments, and commitments.

FINANCIAL INSTRUMENTS

Endeavour believes the best long term risk management is achieved through lower, sustainable, cost management activities. The Corporation has two legacy gold price protection programs that were acquired in past acquisitions.
On July 29, 2013 Endeavour re-distributed a portion of the then remaining 96,163 ounces of forward contracts to several new lenders. The amended strike price increased from $1,061 per ounce to a weighted average strike price of $1,332 per ounce. On the close out of the former hedge, a $300 per ounce increase in the strike price gave rise to a crystallized loss; this crystallized loss is being allocated and paid over the remaining hedge deliveries, resulting in the net proceeds to be received of $1,032 per ounce ($1,332 per ounce less the loss of $300 per ounce). As at September 30, 2014, 69,512 ounces (5,349 ounces in 2014, 32,000 in 2015 and 32,163 in 2016) of these gold forward contracts remain outstanding with a fair value of $11.9 million (December 31, 2013, $15.6 million) as illustrated in the following table.

Period	Forward contracts (ounces)		Price per Ounce		Fair Value
2014	5,349	$	1,332	$	946
2015	32,000	$	1,332		5,504
2016	32,163	$	1,332		5,442
	69,512	$	1,332	$	11,893

Additionally, under a second legacy program, 9,099 ounces (to be settled by 3,033 ounces in 2014 and 6,066 ounces in 2015) of $900 strike price gold call options remain outstanding with a fair value of $2.8 million (December 31, 2013, $5.3 million).

At September 30, 2014, these derivative financial liabilities had an aggregate fair value of $14.7 million (December 31, 2013 - $ 20.9 million).

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes the contractual maturities of the Corporation's financial liabilities at September 30, 2014:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 98,492	$ -	$ -	$ -	$ 98,492
Long-term debt	-	116,600	183,400	-	300,000
Finance lease obligations	4,246	14,621	-	-	18,867
Minimum operating lease payments	338	45	-	-	383
Derivative financial liabilities	7,729	6,929			14,658
	$ 110,805	$ 138,195	$ 183,400	$ -	$ 432,400

The Corporation has commitments in place at its operations for drill and blasting services, load and haul services, and the supply of explosives and hydrocarbon services with varying terms, and is subject to operating and finance lease commitments in connection with the purchase of mining equipment, light duty vehicles, operational building facilities and rented office premises. Additionally, the Corporation has at times contracts in place at the Nzema mine to purchase higher grade ore from third parties. The above table does not include the Corporation's environmental rehabilitation provision which is in place at each of the operating mines, the majority of which is expected to be incurred concurrent with the end of mining operations at each of the mines.

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.

CONTINGENCIES

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.

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.

OUTSTANDING SHARE DATA

Endeavour's authorized capital is US$20,000,000 divided into 1,000,000,000 ordinary shares with a par value of US $0.01 each and 1,000,000,000 undesignated shares; no undesignated shares have been issued. The table below summarizes Endeavour's share structure at September 30, 2014.

Shares issued and outstanding	413,143,668
Stock options	30,801,435

As at November 3, 2014, the date of this MD&A, the Corporation has 413,143,668 shares issued and outstanding, as well as 25,970,935 stock options outstanding.

The following table summarizes share option details outstanding as at September 30, 2014:

Exercise Prices (C$)	Outstanding	Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
$0.80 - $1.50	7,622,920	767,921	$ 1.15	3.55 years
$1.51 - $2.00	10,411,350	10,411,350	1.76	1.01 years
$2.01 - $2.50	4,645,716	4,037,383	2.29	3.17 years
$2.51 - $3.00	5,814,312	5,814,312	2.67	2.10 years
$3.01 - $4.00	80,300	80,300	3.70	1.62 years
$4.01 - $44.96	2,226,837	2,226,837	5.05	1.72 years
	30,801,435	23,338,103	$ 2.38	1.81 years

NON-GAAP MEASURES

All-in sustaining margin and adjusted EBITDA

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use the all-in sustaining margin and adjusted earnings before interest, tax, depreciation and amortization ("EBITDA") to evaluate the Corporation's performance and ability to generate cash flows and service debt. Accordingly, these do not have a standard meaning and 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 following tables provide the illustration of the calculation of this margin and EBITDA, as adjusted and calculated by the Corporation, for the three and nine months ended September 30, 2014 and 2013:

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
(US dollars in thousands)				
Revenues	$ 145,223	$ 121,054	$ 435,832	$ 339,082
Less: royalties	(6,817)	(6,600)	(21,650)	(18,315)
Less: cash costs of ounces sold (see table that follows)	(92,871)	(79,039)	(287,001)	(208,777)
Less: corporate G&A	(4,120)	(3,917)	(14,220)	(13,778)
Subtotal	41,415	31,498	112,961	98,212
Less: sustaining capital (see table that follows)	(7,768)	(9,199)	(19,999)	(25,068)
Less: sustaining exploration	(1,514)	(2,960)	(3,264)	(4,360)
All-in sustaining margin	$ 32,133	$ 19,339	$ 89,698	$ 68,784

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
(US dollars in thousands)				
Earnings(loss) before tax[1]	$ 5,400	$ (1,735)	$ 12,596	$ (390,601)
Add back: Depreciation and depletion[1,2]	27,278	21,779	67,628	70,038
Add back: Impairment and write-downs[1,2]	-	-	-	429,361
Deduct: Non-recurring mineral property and other asset sales	2,093	(15,504)	1,107	(10,041)
Add back: Finance costs[1]	7,557	3,932	21,261	8,609
Add back: Losses (gains) on financial instruments[1]	(4,724)	14,763	10,302	(34,522)
Adjusted EBITDA	$ 37,604	$ 23,235	$ 112,894	$ 72,844

[1]As found on the unaudited interim consolidated statement of comprehensive income.
[2]Sum of depreciation, depletion and impairment of mining interests and goodwill as found on the unaudited interim consolidated statement of comprehensive income.

Cash cost per ounce of gold sold

The Corporation reports cash costs on the basis of ounces sold. In the gold mining industry these are common performance measures but do not have any standardized meanings. The Corporation follows the recommendation of the Gold Institute Production Cost Standard. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Corporation's performance and ability to generate cash flows. Accordingly, 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 following table provides a reconciliation of cash costs per ounce of gold sold (including the ounces sold from ore purchased), for the three and nine months ended September 30, 2014 and 2013:

	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
(US dollars in thousands except ounces sold)				
Operating expenses from mine operations	$ 95,872	$ 85,440	$ 284,924	$ 219,827
Non-cash adjustments included in operating expenses	(3,001)	(6,401)	2,076	(11,050)
Cash cost	92,871	79,039	287,001	208,777
Divided by ounces of gold sold	114,082	90,997	338,401	235,927
Total cash cost per ounce of gold sold	$ 814	$ 869	$ 848	$ 885

All-in sustaining costs

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, and readers should be aware that this measure does not have a standardized meaning. This non-GAAP measure provides investors with transparency to the total period-attributable cash cost of producing an ounce of gold, and may aid in the comparison with other gold mining peers. Accordingly, 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.

	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013	Year ended December 31, 2013
(US dollars in thousands except ounces)					
Cash cost for ounces sold	$ 92,871	$ 79,039	$ 287,001	$ 208,777	$ 283,542
Royalties	6,817	6,600	21,650	18,315	24,001
Corporate G&A	4,120	3,917	14,220	13,778	21,451
Sustaining capital[1]	7,768	9,199	19,999	25,068	27,363
Sustaining exploration	1,514	2,960	3,264	4,360	5,737
All-in sustaining costs	113,090	101,715	346,134	270,298	362,094
Divided by gold ounces sold	114,082	90,997	338,401	235,927	318,505
All-in sustaining cost per ounce sold	$ 991	$ 1,118	$ 1,023	$ 1,146	$ 1,137

[1] 2013 sustaining capital is restated from $5.4 million to $9.2 million as compared to that presented in the prior year which did not include sustaining capital at Tabakoto due to the Corporation acquiring the mine in the fourth quarter of 2012 and concurrently the Corporation has also adopted a revised sustaining capital definition to include underground sustaining capital in 2014. Additionally, in 2013, 25% of Corporate Costs were allocated to construction activity associated with the Agbaou Mine whereas in 2014 the Corporation is calculating AISC with 100% of the Corporate Cost for all periods.
Additionally, the year-ended December 31, 2013 is presented for comparative purposes and is presented as per the definition of calculating AISC in 2014 which is different from that used in 2013.

	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013	Year ended December 31, 2013
(US dollars in thousands)					
Investments in capital projects and capitalized exploration[1]	$ 24,350	$ 50,346	$ 74,162	$ 165,774	$ 213,560
Non-sustaining capital at Tabakoto	(8,523)	(3,202)	(38,198)	(18,204)	(28,084)
Sustaining exploration	(1,514)	(2,960)	(3,264)	(4,360)	(5,737)
Project capital spend predominantly at Agbaou and Houndé	(3,503)	(33,781)	(5,052)	(108,124)	(143,562)
Other non-sustaining capital at Nzema	(3,042)	(1,204)	(7,649)	(10,018)	(8,814)
Sustaining Capital	**7,768**	**9,199**	**19,999**	**25,068**	**27,363**

1 As found on the unaudited interim consolidated statement of cash flows.

Cash costs and all-in sustaining costs on mine by mine basis

The following table provides additional detail as to how cash costs and all-in sustaining costs at the mine site level are calculated on a mine by mine basis for the current quarter.

		Agbaou	Nzema	Tabakoto	Youga	Total
Mining Physicals						
Total tonnes mined - Open pit	000t	5,481	2,243	1,826	1,349	
Total ore tonnes - Open pit	000t	669	342	164	239	
Total ore tonnes - Underground	000t	-	-	230	-	
Total tonnes milled	000t	603	401	390	236	
Gold sold	ozs	41,919	24,231	29,434	18,498	114,082
Unit cost analysis						
Mining costs - Open pit[1]	$/t mined	2.96	4.30	4.56	4.06	
Mining costs - Underground[1]	$/t ore	-	-	57.36	-	
Processing and maintenance	$/t milled	7.74	18.89	28.84	25.58	
Site G&A	$/t milled	3.70	7.63	15.41	9.87	
Cash cost details						
Mining costs - Open pit	$000s	$13,182	$9,199	$8,323	$5,478	36,181
Mining costs - Underground	$000s	-	-	11,526	-	11,526
Processing and maintenance	$000s	4,666	7,571	11,251	6,047	29,536
Site G&A	$000s	2,227	3,059	6,013	2,333	13,633
Purchased ore at Nzema	$000s	-	3,457	-	-	3,457
Inventory adjustments	$000s	(507)	(1,077)	470	(369)	(1,483)
Cash costs for ounces sold	$000s	**$19,567**	**$22,209**	**$37,583**	**$13,490**	**$92,849**
Royalties	$000s	$1,856	$1,706	$2,254	$1,002	$6,817
Sustaining capital	$000s	$3,330	$1,368	$2,871	$199	$7,768
Cash cost per ounce sold	$/oz	$467	$917	$1,277	$729	$814
Mine-level AISC per ounce sold	$/oz	$590	$1,043	$1,451	$794	$942
Other costs used to derive unit mining cost						
Capitalized mining costs	$000s	$3,055	$439	$1,665		

[1] Includes capitalized mining costs

Adjusted net earnings and adjusted net earnings per share

Adjusted net earnings and adjusted net earnings per share are financial measures with no standard meaning under IFRS. Net earnings have been adjusted for items considered exceptional in nature and not related to Endeavour's core operating of mining assets and Endeavour uses this measure for its own internal purposes. The presentation of adjusted net earnings may enable investors and analysts to better understand the underlying operating performance of our core mining business through the eyes of management. Management periodically evaluates the components of adjusted net earnings based on an internal assessment of performance measures that are useful for evaluating the operating performance of our business and a review of the non-GAAP measures used by mining industry analysts and other mining companies. The following items are excluded from net earnings:

- Realized and unrealized gain / loss – gold price protection programs
- Change in unrealized gain – C$ share purchase warrants
- Non-cash impairment charges
- Gain / loss on financial instruments
- Imputed interest on promissory note
- Gains / losses on foreign currency
- Losses associated with gold bullion
- Losses associated with Namibia Rare Earths Inc.("NREI")
- Gains / losses on sale of subsidiaries and joint ventures
- Loss on change of ownership
- Stock-based payments
- Finance costs (incurred for the amended Facility)
- Deferred income taxes
- Other non-operating and exceptional items

Adjusted net earnings are intended to provide additional information only and do not have any standardized definition under IFRS; they should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently.

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

Adjusted Net Earnings

(US dollars in millions except per share and share amounts)	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Net earnings (loss) and total comprehensive earnings (loss)	**$ 2.1**	**$ (17.4)**	**$ 12.0**	**$ (285.5)**
Net non-cash impairment charges	-	-	-	432.3
Loss (gain) on derivative instruments and marketable securities	(7.3)	15.1	6.7	(35.5)
Imputed interest on promissory note	(0.5)	(0.6)	(1.4)	(1.8)
Loss on foreign currency	3.1	0.3	5.0	2.7
Losses associated with gold bullion	-	-	-	7.6
Losses associated with NREI	-	-	-	1.3
Loss (gain) on sale of subsidiaries and joint ventures	2.1	(15.5)	1.1	(15.5)
Loss on change of ownership	-	-	-	0.6
Stock-based payments	0.5	0.8	0.9	4.2
Amortized financing costs	-	0.7	-	0.7
Deferred income taxes (recovery)	1.7	12.5	(5.7)	(113.3)
Adjusted net earnings(loss) after tax	**$ 1.7**	**$ (4.1)**	**$ 18.6**	**$ (2.1)**
Attributable to non-controlling interests	**$ (0.2)**	**$ 2.1**	**$ (5.0)**	**$ 27.8**
Attributable to shareholders of the Corporation	**$ 1.5**	**$ (2.0)**	**$ 13.5**	**$ 25.6**
Weighted average number of outstanding shares	413,143,668	412,493,944	413,110,978	412,406,360
Adjusted net earnings(loss) per share (basic)	**0.00**	**(0.00)**	**0.03**	**0.06**

HEALTH, SAFETY AND CORPORATE SOCIAL RESPONSIBILITY

Endeavour emphasises employee and affected stakeholders' health and safety and puts the highest priority on safe, healthy and environmentally sound work practices and systems. The Corporation's values and business principles on safety and health underpin its safety and health policy and represent the minimum guidelines for the Corporation and its employees in this respect. The Corporation has a Zero Harm policy which is applied at all sites, and continuous efforts are made to reduce the lost time injury frequency rate ("LTIFR") at all the operations. The following table shows the safety statistics for the most recent full year period, 2013.

Incident Category	Tabakoto	Agbaou[1]	Nzema	Youga	Total	Ontario Mining Industry
Fatality	0	0	0	0	0	
Lost Time Injury (LTI)	3	1	2	1	7	
Total Man Hours	**3,452,248**	**2,084,408**	**3,422,338**	**2,604,154**	**11,563,148**	
LTIFR[2]	**0.87**	**0.48**	**0.58**	**0.38**	**0.61**	**2.00**

[1] For the period March to December 2013

[2] Lost Time Injury Frequency Rate= (Number of LTIs in the Period X 1,000,000)/ (Total man hours worked for the period)

The Corporation notes that the LTIFR at Tabakoto is higher than the Corporation's other mines, reflecting the higher risk associated with underground mining operations. The aggregate LTIFR for the mining industry in the province of Ontario, Canada in 2012 was 2.0, for which data was available. This is provided as a benchmark, which suggests that the Corporation is applying an effective Health and Safety program.

Endeavour sees itself as an integral part of the communities in which it operates, as well as a responsible development partner. Endeavour works in collaboration with and engages government, local communities and outside organizations to ensure it supports economic sustainability and social development, with projects including skills training and educational scholarships, healthcare, water and sanitation, public infrastructure maintenance, institutional capacity building and livelihood programs.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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. Commercial production at the Agbaou Mine was declared on January 27, 2014 (accounting for commercial production commenced on February 1, 2014).

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.

(b) Share-based payment arrangements

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.

(c) 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.

(d) 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. 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 determine the primary economic environment.

(e) 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) Exchangeable shares

As part of the acquisition of Avion Gold Corporation 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 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.

NEWLY ADOPTED AND ISSUED BUT NOT YET EFFECTIVE ACCOUNTING STANDARDS

The following standards became effective for annual periods beginning on or after January 1, 2014, with earlier application permitted. The Corporation adopted these standards and they did not have a material impact on its consolidated financial statements.

- *IAS 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)*: On December 16, 2011, the IASB published amendments to IAS 32, *Financial Instruments: Presentation* to clarify the application of the offsetting requirements. The Corporation adopted this standard as of January 1, 2014, and determined its impact not to be significant.
- IFRIC 21 *Levies*: In May 2013, the IASB issued IFRIC 21 on the accounting for levies imposed by governments. The Corporation adopted this standard as of January 1, 2014, and determined its impact not to be significant.

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 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 period beginning on or after January 1, 2017, with early adoption permitted. The Corporation is currently evaluating the potential impact of the new standard on its consolidated financial statements.

- *IFRS 9, Financial Instruments*: 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 and loss. In July 2014, 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 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 9 on its consolidated financial statements.

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, Cote 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 and goodwill

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 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) Fair values of assets and liabilities acquired in business combinations

In a business combination, it generally takes time to obtain the information necessary to measure the fair values of assets acquired and liabilities assumed and the resulting goodwill, if any. Changes to the provisional measurements of assets and liabilities acquired including the associated deferred income taxes and resulting goodwill may be retrospectively adjusted when new information is obtained until the final measurements are determined (within one year of acquisition date). The determination of fair value as of the acquisition date requires management to make certain judgments and estimates about future events, including, but not restricted to, estimates of mineral reserves and resources acquired, exploration potential, future operating costs and capital expenditures, future metal prices, long-term foreign exchange rates, and discount rates.

In determining the amount for goodwill, the Corporation's management makes estimates of the discounted future after-tax cash flows expected to be derived from the acquired business based on estimates of future revenues, expected conversions of resources to reserves, future production costs and capital expenditures, based on a life of mine plan. To estimate the fair value of the exploration potential, a market approach is used which evaluates recent comparable gold property transactions. The excess of acquisition cost over the net identifiable assets acquired represents goodwill.

(e) *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 included 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.

(f) *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.

(g) *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.

(h) *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.

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, 2013. 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 details of risk factors, please refer to the 2013 year-end audited consolidated financial statements, Management's Discussion and Analysis and Annual Information Form filed on SEDAR at www.sedar.com.

FINANCIAL AND RELATED 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.

(i) *Credit risk*

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Corporation by failing to discharge its obligations. There has been no change in the Corporation's objectives and policies for managing this risk in the three and six months ended September 30, 2014.

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

(US dollars in thousands)	September 30, 2014	December 31, 2013
Cash and cash equivalents	$ 55,358	$ 73,324
Cash - restricted	4,517	4,517
Marketable securities	1,195	1,731
Trade and other receivables	53,437	38,662
Long-term receivable	4,274	4,274
Promissory note and other assets	9,123	10,197
Derivative Financial Asset	56	1,888
	$ 127,960	$ 134,593

(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 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.

(iii) *Currency risk*

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. There has been no change in the Corporation's objectives and policies for managing this risk during the three and nine months ended September 30, 2014.

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

The table below highlights the net assets denominated in foreign currencies:

	September 30, 2014	December 31, 2013
Canadian dollar	$ 816	$ 3,153
CFA Francs	25,109	15,460
Other currencies	(3,035)	4,433
	$ 22,890	$ 23,046

(iv) *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.

(v) *Price risk*

Price risk is the risk that future cash flows primarily from gold sales, or the fair value of the Corporation's financial instruments, will fluctuate because of changes in market prices. Profitability of the Corporation depends on metal prices, primarily gold. Metal prices are affected by numerous factors such as the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the US dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major producing countries throughout the world.

The Corporation is exposed to other price risk including equity price risk in trading its marketable securities and unfavorable market conditions could result in dispositions of marketable securities at less than favorable prices. Additionally, the Corporation marks its investments to market at each reporting period. This process could result in write-downs of the Corporation's investments over one or more reporting periods, particularly during periods of declining resource equity markets.

CONTROLS AND PROCEDURES

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), so that appropriate decisions can be made regarding public disclosure. As at the end of and for the year ended December 31, 2013, management evaluated the 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, 2013, the disclosure controls and procedures were effective in providing 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.

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.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. As at December 31, 2013, management evaluated the effectiveness of the Corporation's internal control over financial reporting as required by Canadian securities laws.

Based on that evaluation, the CEO and CFO have concluded that, as at December 31, 2013, the internal controls over financial reporting were effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no material changes in the Corporation's internal controls over financial reporting since the year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

Additional information relating to the Corporation is available on the Corporation's web site at www.endeavourmining.com and in the Corporation's Annual Information Form for the year ended December 31, 2013 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 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's annual information form for the year ended December 31, 2013, available on SEDAR at www.sedar.com. Although Endeavour has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation's management reviews periodically information reflected in forward-looking statements. The Corporation has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

CAUTIONARY NOTE REGARDING RESERVES AND RESOURCES

Readers should refer to the annual information form of Endeavour for the year ended December 31, 2013 and other continuous disclosure documents filed by Endeavour available at www.sedar.com, for further information on mineral reserves and resources, which is subject to the qualifications and notes set forth therein.