ENDEAVOUR MINING CORPORATION

Management's Discussion and Analysis of
Results of Operations and Financial Condition
For the Year ended December 31, 2014

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with Endeavour Mining Corporation's ("Endeavour" or the "Corporation") audited and consolidated financial statements for the twelve months ended December 31, 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 February 26, 2015. Additional information relating to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com.

OVERVIEW

Endeavour is a mid-tier Canadian listed gold mining company with four operating mines in West Africa, currently producing at a combined rate of 500,000 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") and the recently permitted Houndé Gold Project in Burkina Faso (the "Houndé Project"). For the year ended December 31, 2014, we achieved total gold production of 465,770 ounces at an all-in sustaining cost ("AISC")[1] of $1,010 per ounce sold with an adjusted EBITDA of $142.8 million. Endeavour successfully reduced costs throughout the year with AISC finishing below $1,000 for both the third and fourth quarters of 2014. As of December 31, 2014, our mines and projects had Proven and Probable Mineral Reserves totaling approximately 4.5 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. In 2014 it was our largest contributor to production, producing 146,757 ounces. The Nzema Mine and Tabakoto Mine produced 115,129 ounces and 127,323 ounces, respectively, for the year ended December 31, 2014. Each has benefited from recent capital investments in the construction and optimization of these two mines. With the close of 2014, we are coming to the end of a $300 million optimization and investment phase for the group. This included $150 million to construct the Agbaou Mine and $132.0 million at the Tabakoto Mine (including $73.8 million during 2014). The Youga Mine is our most mature mine, operating since 2008, and has produced over 85,000 ounces for each of the three years up until the end of 2013, and 76,561 ounces in 2014.

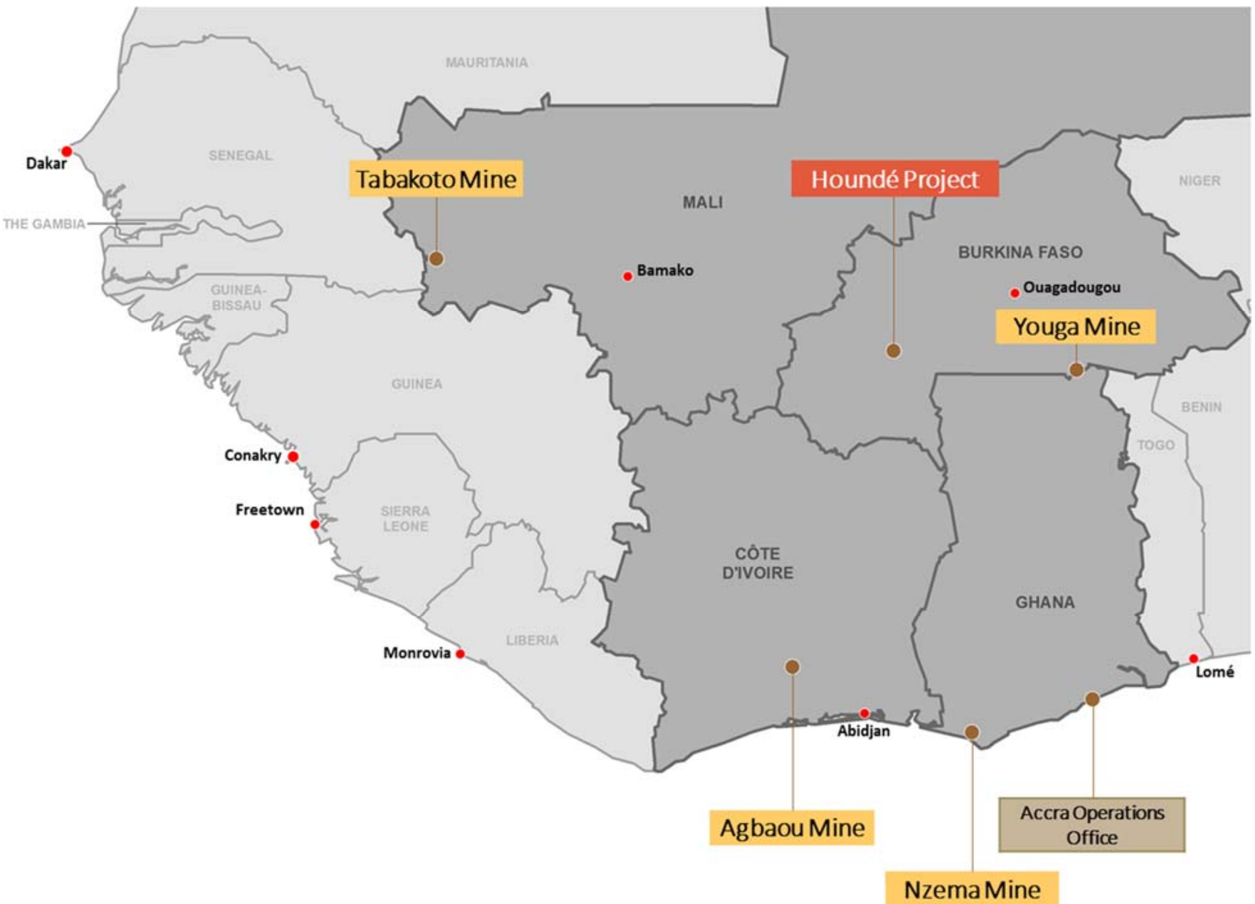
We have also advanced the Houndé Project in Burkina Faso, which is now in the pre-construction stage following the receipt of the mining permit in February 2015. On February 19, 2015 we announced the results of the 2014 exploration program and optimization of many of the project's key metrics. An updated open pit mine plan has demonstrated average annual gold production of just under 200,000 ounces per year over the increased 10 year mine life at an AISC of $714 per ounce. Average annual production of 222,000 ounces is expected over the first six years of the mine's life. The updated Mineral Reserves of 2.1 million ounces, which includes the additions from the 2014 drill program, and the updated mine plan have enhanced the economics of the project to an after-tax IRR of 31.4% at a gold price of $1,250 per ounce.

[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.

With the arrival of 2015 and the next phase of Endeavour's focus on generating shareholder value, we expect to shift from two years of executing a capital intensive strategy optimizing our existing assets and building a new, longer life and higher margin operation, to managing our existing assets to maximize cash flow and reduce net debt on our balance sheet. Minimal non-sustaining capital related to our existing operations is expected going forward as we focus on our loan repayment objectives. Minimal capital is expected to be spent on Houndé in 2015 before a potential construction decision is reached. Pursuing organic and strategic growth opportunities that benefit from our management and operational expertise will continue.

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).

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



OPERATIONAL HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2014

- Gold production of 465,770 ounces and sales of 467,887 ounces, compared to production of 324,275 ounces and 318,505 ounces sold for the year ended December 31, 2013.

- The recently constructed Agbaou Mine performed above expectations and exceeded its full year production guidance producing 146,757 ounces for the year at a mine level all-in sustaining cost of $621 per ounce due to above nameplate mill throughput, 97% recoveries, and higher ore grades than initially expected.

- 2014 reserve replacement exceeded 2014 mining depletion, increasing year over year reserves by 412,000 ounces to 4.5 million ounces. Both the Agbaou and Tabakoto mines experienced a net gain in reserves when compared to the end of 2013 demonstrating the potential for steady replacement of mined ounces. The Houndé Project had a 34% increase in reserves to 2.1 million ounces confirming that Houndé is a core asset in our growth profile.

- Adjusted EBITDA of $142.8 million was achieved in the year compared to $68.9 million achieved for the prior year.

- AISC were $1,010 per ounce in 2014 and decreased significantly compared to $1,137 per ounce in 2013 and below the mid-point guidance of $1,028 per ounce.

- All-in sustaining margin of $117.1 million was achieved in the current year compared to $81.2 million in the prior year, which compares favorably with the full year mid-point guidance of $95 million.

- Cash generated from operating activities of $127.4 million in the year compared to $43.8 million in the prior year due to the addition of Agbaou as a significant cash generating mine with the highest margin of the Corporation's producing mines.

- Cash expenditures and prepayments on mining activities decreased to $117.1 million from $213.6 million as the Corporation transitions towards the end of its capital expenditure phase. Non-sustaining capital expenditure during 2015 is estimated at $20 million indicative of the Corporation's commitment to generate free cash flow and reduce debt.

- At Tabakoto, the operations team delivered a solid finish to 2014 with multiple stopes available for production in the Segala underground mine, the Djambaye open pit ceased production, and the new Kofi C open pit ready for higher grade ore delivery to the Tabakoto plant, which operated at its intended increased capacity in 2014 at sustainable levels of slightly above 4,000 tonnes per day. The Kofi C pit commenced ore production in January 2015, ahead of plan.

The following table summarizes the consolidated operating results for the three months and years ended December 31, 2014 and 2013:

	Three months ended December 31,		Years ended December 31,	
Operating Data:	2014	2013	2014	2013
Gold ounces produced[1]:	119,729	80,623	465,770	324,275
Gold ounces sold[1]:	123,354	82,578	467,887	318,505
Realized gold price ($/ounce)[2]	1,198	1,262	1,264	1,392
Cash cost per gold ounce sold ($/ounce)[3]	767	911	826	890
Sustaining capital (US dollars in thousands)[3]	12,973	2,295	30,580	27,363
All-in sustaining costs per gold ounce sold ($/ounce)[3]	995	1,117	1,010	1,137
Financial Data (US dollars in thousands)				
Revenues	147,744	104,232	583,576	443,314
Royalties	6,657	5,686	28,307	24,001
Earnings (loss) from mine operations	14,267	(19,722)	75,897	11,136

[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.

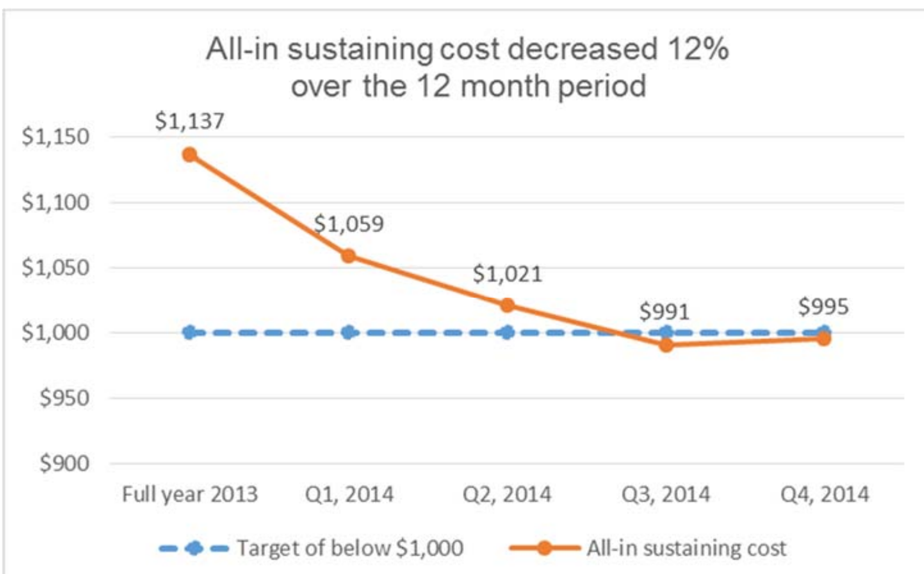
FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2014

- A cash balance of $62.2 million at December 31, 2014 compared to $73.3 million at December 31, 2013 and the total working capital of $42.8 million compared to $90.3 million at the end of the prior year. The Corporation's undrawn portion of the credit facility is $50 million, which remains fully available for general corporate purposes.

- Revenue increased by $140.3 million to $583.6 million from $443.3 million for the year ended December 31, 2013, and mine operating earnings increased by $64.8 million to $75.9 million from $11.1 million largely driven by the addition of the high margin Agbaou Mine, Endeavour's fourth operating mine.

- A non-cash impairment charge to mineral properties and related assets of $278.8 million (pre-tax $365.9 million less $87.1 million deferred tax recovery) was recorded in the fourth quarter of 2014, the primary contributor to an attributable net loss of $273.3 million, or ($0.66) per share, compared to an attributable net loss of $332.5 million, or ($0.81) per share, for the full year 2013. Adjusted net earnings attributable to shareholders of the Corporation were $13.9 million or $0.03 per share compared to a loss of $23.8 million or ($0.06) per share for the full year 2013.

- AISC improved year over year, reaching the Corporation's stated goal of achieving group level AISC below $1,000 per gold ounce sold in the second half of 2014.



OUTLOOK

2015 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, after the successful start of the Agbaou Mine, 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. Endeavour is also advancing its Houndé Project, recently permitted, for which the increased reserves and resources based on the 2014 exploration program highlight the significant value to be unlocked as Endeavour continues to demonstrate Houndé's robust economics. 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. With significant investments completed in 2014 and the optimization of the operations well on track, Endeavour is focusing on the next stage of growing shareholder value.

The Corporation is focused in 2015 on the following five objectives:

- Producing in the guidance range of 475,000 to 500,000 ounces of gold;
- Maintaining all-in sustaining costs below $1,000 per ounce;
- Being profitable;
- Utilizing positive cash flow generation to reduce debt; and
- Extending its mine lives through exploration success and conversion of resources to reserves.

Production, Cost and Investment Guidance for 2015

Endeavour's 2015 gold production is forecast between 475,000 and 500,000 ounces at an all-in sustaining cost of between $930 and $980 per ounce. At a gold price of $1,200 per ounce and the mid-point of Endeavour's 2015 cost guidance range, this production generates an all-in sustaining cost margin of approximately $120 million. After non-sustaining capital of $20 million, with principal projects including the first quarter completion of Kofi C open pit access, completion of the Cement Rock Fill plant ("CRF") for the Segala underground mine operations, and exploration activities, free cash flow before tax and financing costs is expected at approximately $100 million.

Production Guidance at mine level

	Gold Production (ozs)[1]			
Mine	2012 Actual	2013 Actual	2014 Actual	**2015 Guidance Range**
Agbaou, Côte d'Ivoire	-	6,132	146,757	**150,000 - 155,000**
Nzema, Ghana[2]	109,447	103,464	115,129	**110,000 - 115,000**
Tabakoto, Mali	110,301	125,231	127,323	**155,000 - 165,000**
Youga, Burkina Faso	91,030	89,448	76,561	**60,000 - 65,000**
Total	310,778	324,275	465,770	**475,000 - 500,000**

[1] On a 100% of production basis.
[2] Includes purchased ore.

2015 AISC/oz guidance by mine ($/oz)

	2015 Guidance Range ($/oz)		
Agbaou	$690	-	$740
Nzema	$1,000	-	$1,050
Tabakoto	$950	-	$1,000
Youga	$975	-	$1,025
Mine-level AISC/oz	$883	-	$933
Plus Corporate G&A (~$18 million)		$37	
Plus Exploration (sustaining) & Other (~$5 million)		$10	
AISC/oz	**$930**	**-**	**$980**

2015 Production and All-in Sustaining Costs Guidance by Mine

Agbaou all-in sustaining costs are forecast within the range of $690 - $740 per ounce for the year, with free dig ore expected to be mined throughout 2015. The sustaining capital is largely planned for the first half of 2015 in which period the majority of the waste capitalisation is scheduled to take place. The grade is expected to improve in the second half of the year while throughput is expected to remain relatively consistent throughout 2015. Agbaou will contribute significantly to the Corporation's free cash flow as the second largest forecasted gold producer in 2015 with the highest margins in the Endeavour portfolio.

Nzema all-in sustaining costs are forecast within the range of $1,000 - $1,050 per ounce for the year. The mined grade is expected to improve significantly in the third quarter whilst sustaining capital expenditure is relatively consistent throughout the year. The added benefit of continuing to source purchased ore at a higher grade from various local miners is expected to continue throughout the year.

Tabakoto all-in sustaining costs are forecast within the range of $950 - $1,000 per ounce for the year. The addition of higher grade ore from the Kofi C pit commencing from January 2015 is expected to improve the overall grade of ore mined throughout the year and the completion of the CRF plant in the Segala underground is expected to improve mining schedules leading to increased production.

Youga all-in sustaining costs are forecast within the range of $975 - $1,025 per ounce for the year. As Youga moves towards the end of its mine life, a lower grade and increased stripping ratio are expected over the second half of 2015. The Corporation continues to evaluate the Youga operations to achieve the highest return on investment.

2015 AISC margin and free cashflow (before tax and financing)

2015 Production (guidance range mid-point)		ozs	487,500
2015 AISC/oz (guidance range mid-point)		$/oz	$955
Revenue	$1,200 gold price	$ million	$585
Less: AISC costs		$ million	$465
All-in sustaining margin		$ million	**$120**
Non-sustaining capital: Principal projects include Kofi C , the Cement Rock Fill plant and ongoing exploration		$ million	$20
Free cashflow (before tax & financing costs)		$ million	**$100**

OPERATIONS REVIEW

Agbaou Gold Mine, Côte *d'Ivoire*

The following table summarizes the operating results of the Agbaou Gold Mine for the three months and years ended December 31, 2014:

Operating Data:	Three months ended December 31, 2014	Year ended December 31, 2014
Tonnes of ore mined (000's)	796	2,741
Average gold grade mined (grams/tonne)	1.92	1.97
Tonnes of ore milled (000's)	629	2,241
Average gold grade milled (grams/tonne)	2.50	2.10
Gold ounces produced:	47,365	146,757
Gold ounces sold:	50,466	149,904
Realized gold price ($/ounce)	1,197	1,256
Cash cost per gold ounce sold ($/ounce)[1]	452	523
Sustaining capital (US dollars in thousands)[1]	4,088	7,650
Financial Data (US dollars in thousands)		
Revenues	60,433	180,513
Royalties	2,061	6,399
Earnings from mine operations	25,096	71,770

[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.

Agbaou continued to perform well since commercial production was declared in January 2014 after a short ramp up that started in November 2013. The soft nature of the oxide ore continued in the fourth quarter and allowed above plan ore processing and recoveries to continue. Cash costs ended well below the range of guidance of $730 to $780 per ounce for the year as a result of improved grades coming from the soft ores, high mill throughput, strong recoveries, and more waste capitalized than planned. Agbaou generated $102.9 million of operating cash flow and $71.8 million of earnings from mine operations at an AISC of $621 per gold ounce to round out an outstanding year in 2014.

A reverse circulation ("RC") drilling program commenced at Agbaou in August 2014 and was completed in October. A total of approximately 17,500 meters was drilled 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 $2.1 million has been spent at Agbaou on exploration during 2014 with the result of having more than replaced 2014 mining depletion. Certain mineralized zones remain open on strike and at depth, and are being planned for testing in the next drill program. With the success of the exploration drilling results at Agbaou in 2014, further exploration drilling at Agbaou has been planned for 2015.

Sustaining capital of $7.7 million for the year was primarily invested in waste capitalization ($4.6m), land use compensation ($1.4m) and light vehicles and machinery ($0.6m).

Nzema Gold Mine, Ghana

The following table summarizes the operating results of the Nzema Gold Mine for the three months and years ended December 31, 2014 and 2013:

	Three months ended December 31,		Years ended December 31,	
Operating Data:	2014	2013	2014	2013
Tonnes of ore mined (000's)	342	447	1,366	2,170
Average gold grade mined (grams/tonne)	1.78	1.74	1.87	1.39
Tonnes of ore milled (000's)	400	421	1,587	1,954
Average gold grade milled (grams/tonne)	2.27	2.46	2.51	1.90
Gold ounces produced[1]:	25,810	29,061	115,129	103,464
Gold ounces sold:	25,402	30,950	114,044	103,332
Realized gold price ($/ounce)	1,191	1,259	1,268	1,386
Cash cost per gold ounce sold ($/ounce)[2]	1,007	763	880	918
Sustaining capital (US dollars in thousands)[2]	3,022	874	9,795	8,959
Financial Data (US dollars in thousands)				
Revenues	30,262	38,961	144,593	143,206
Royalties	1,663	2,251	8,014	7,471
Earnings(loss) from mine operations	1,353	(832)	19,818	(1,468)

[1] Includes purchased ore of 12,168 and 42,633 ounces for the three and twelve months ended December 31, 2014 and 10,368 and 27,659 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.

Although Nzema increased production in the current year compared to 2013, the mine experienced a challenging year which included throughput limitations due to the hardness of the ore feed from the Adamus pit and grade variances within the blocks mined. Periodic and heavy rainfall and a higher than anticipated water table impacted mining from the Aliva pit. As with all mining operations in Ghana, power outages and mandatory load shedding were encountered especially in the second half of the year and are persisting into the start of 2015. Despite these challenges Nzema's production achieved guidance for the full year. Mining during 2014 was primarily from the Adamus and Aliva pits with a total of 1,366,000 tonnes of ore mined in the year. Installation of a pebble crusher was completed at the end of the fourth quarter and is a part of the optimization of the mine which will assist in processing harder ores in the future. Purchased ore from multiple sources contributed 42,633 ounces to production for the year and management continues to work to ensure the continuity of this important source of higher grade feed and contribution to margin.

Cash costs sold ended above the range of guidance of $730 to $780 per ounce for the year as a result of the factors described above which negatively impacted ore volumes and grades mined. Nzema generated $17.6 million of operating cash flow and $19.8 million of earnings from mine operations at an AISC of $1,036 per gold ounce sold in 2014.

Sustaining capital of $9.8 million for the year was primarily invested in waste capitalisation ($5.1m) and a Tailings Storage Facility ("TSF") lift and associated infrastructure ($4.0m). As a result of the Corporation's successful drilling results in 2014 at its other operations, an initial exploration program is scheduled to commence at Nzema in 2015.

Tabakoto Gold Mine, Mali

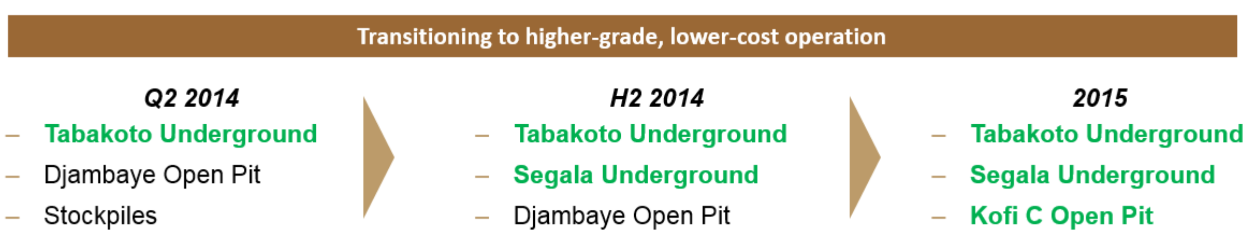
The following table summarizes the operating results of the Tabakoto Gold Mine for the three months and years ended December 31, 2014 and 2013:

	Three months ended December 31,		Years ended December 31,	
Operating Data:	2014	2013	2014	2013
Tonnes of ore mined - Open pit (000's)	211	150	638	559
Average gold grade mined - Open pit (grams/tonne)	2.41	2.57	2.74	3.00
Tonnes of ore mined - Underground (000's)	280	141	807	495
Average gold grade mined - Underground (grams/tonne)	2.72	4.70	3.28	4.70
Tonnes of ore milled (000's)	371	379	1,485	1,251
Average gold grade milled (grams/tonne)	2.52	2.80	2.88	3.44
Gold ounces produced:	26,577	29,145	127,323	125,231
Gold ounces sold:	27,600	29,229	127,357	125,290
Realized gold price ($/ounce)	1,206	1,264	1,270	1,389
Cash cost per gold ounce sold ($/ounce)[1]	1,126	1,196	1,172	981
Sustaining capital (US dollars in thousands)[1]	4,831	1,050	11,078	15,582
Financial Data (US dollars in thousands)				
Revenues	33,275	36,939	161,727	174,087
Royalties	1,979	2,208	9,665	10,427
Loss from mine operations	(13,462)	(21,592)	(34,372)	(21,783)

[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.

Tabakoto Mine Optimization

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



As of the end of 2014, the Tabakoto complex includes the Tabakoto underground mine, the new Kofi open pit, the Segala underground mine, and the Tabakoto mill. The two underground deposits contributed to production in the fourth quarter along with the Djambaye open pit, which ceased operations at the end of the fourth quarter. Late in the year and the early part of January 2015, Tabakoto transitioned to sourcing ore from the Kofi C open pit deposit, which is now in production. Other prospective areas of interest are found on Endeavour's Tabakoto and Kofi properties.

In 2014, Tabakoto's cash costs of $1,172 per ounce ended above the guidance range of $790 to $840 primarily due to the lower grades mined from Segala during its initial ramp up and the use of low grade stockpile feed during this period of limited operational flexibility. Early in the year, overlap of owner mining and contractor costs were incurred, certain 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 was of relatively high cost ounces. AISC at the mine level were $1,335 per gold ounce sold. Tabakoto generated $5.2 million of operating cash flow and incurred a loss of $34.4 million from mine operations which includes accounting depreciation.

Tabakoto 2014 Capital Investments

Sustaining capital of $11.1 million in the year was primarily invested in underground development at Tabakoto ($5.8m), machinery upgrades and maintenance ($2.3m), and various infrastructure and mobile equipment investments. Non-sustaining capital totaled $59.9 million and was primarily invested in the pre-production underground development at Segala ($11.3m), the start of the cemented rockfill plant ($6.6m), mill and infrastructure investments including a pebble crusher ($7.5m), mobile fleet additions ($17.1m), the Kofi haul road ($9.1m), and exploration and land acquisition ($8.3m). In addition, $18.0 million of leased underground equipment was acquired in 2014 as part of the transition to owner mining. The investments made in the conversion to owner mining have seen the underground costs decrease from $96 per tonne of ore in the first quarter of 2014 to $38 per tonne of ore in the fourth quarter of 2014.

Tabakoto Underground Mine

After conversion to owner mining in the second quarter of 2014, the operations team continued to improve efficiency as all the equipment needed for mining arrived at site late in the second half of 2014. A total of 650,726 tonnes of material was mined from the Tabakoto underground mine, of which 457,592 tonnes was ore.

Segala Underground Mine

The underground operations team continued to ramp up ore production from the new Segala underground mine and improved both production tonnages and development rates in the second half of 2014. The team achieved reliable production from four stopes, with ongoing development targeting sustainable stoping production and operational flexibility in 2015. Since the conversion to owner mining in April, the development has increased from under 400 metres per month to over 600 metres per month achieved in the fourth quarter. An increase in ore tonnes from this underground deposit at improved grades is expected in 2015. With the final mining equipment having arrived at site in the fourth quarter and the new underground cemented rock fill plant for this deposit that will be commissioned in the first quarter of 2015, a positive impact on improved gold production, productivity, and margins is expected in 2015. In 2014, a total of 645,184 tonnes of material was mined from Segala, of which 349,164 tonnes was ore.

Kofi Deposits

The Kofi Nord permit was received in the second quarter and work to access the Kofi C deposit commenced and was fast tracked starting in the third quarter. The new 38 km road reached the Kofi C deposit in November and pit development work began along with the construction of satellite infrastructure in addition to a mine services centre. 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. The Kofi B deposit was in the process of being converted to reserves for the annual updates that will be reported during the first quarter of 2015. Work continues on the conversion of resources to reserves for the other Kofi deposits including infill drilling on the Bétéa deposit. In mid-January 2015, ore from the Kofi C open pit mine was first hauled to the Tabakoto run of mine pad for processing.

Tabakoto Exploration

In 2014, resource conversion drilling and exploration drilling of approximately 90,000 meters was completed at both underground and on surface at Tabakoto. Initial indications confirm that the areas drilled have demonstrated continuity and potential for increased resources at Tabakoto and Segala underground mines. Much of the Inferred resource drilled in 2014 was successfully converted to Indicated resources and was a part of the year-end reserve update. Several surface drill targets were also tested with shallow reverse circulation ("RC") exploration drilling that have yielded encouraging intersections. These are being evaluated for a more comprehensive RC drilling campaign in the future. With the success of the exploration drilling results at Tabakoto in 2014, further exploration drilling has been planned for 2015.

Youga Gold Mine, Burkina Faso

The following table summarizes the operating results of the Youga Gold Mine for the three months and years ended December 31, 2014 and 2013:

	Three months ended December 31,		Years ended December 31,	
Operating Data:	2014	2013	2014	2013
Tonnes of ore mined (000's)	251	379	1,161	1,142
Average gold grade mined (grams/tonne)	2.53	2.68	2.47	2.96
Tonnes of ore milled (000's)	261	258	991	1,006
Average gold grade milled (grams/tonne)	2.70	2.95	2.67	2.98
Gold ounces produced:	19,977	22,417	76,561	89,448
Gold ounces sold:	19,886	22,399	76,582	89,883
Realized gold price ($/ounce)	1,193	1,265	1,263	1,402
Cash cost per gold ounce sold ($/ounce)[1]	759	744	742	732
Sustaining capital (US dollars in thousands)[1]	1,032	371	2,057	2,822
Financial Data (US dollars in thousands)				
Revenues	23,719	28,332	96,743	126,021
Royalties	954	1,227	4,229	6,103
Earnings from mine operations	1,710	2,702	19,188	34,609

[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.

At Youga, the fourth quarter helped deliver another solid production year following a challenging third quarter that saw the mill relining become necessary and six days of power outages. Preparations continue for the commencement of mining from the A2NE and Zergoré pits in the first quarter of 2015.

Cash costs of $742 per ounce sold in the year continued below the guidance range of $790 to $840 per ounce for the year, primarily on account of above plan grades being mined. Youga generated $34.2 million of operating cash flow and $19.2 million of earnings from mine operations at an AISC of $824 per gold ounce sold in 2014.

Sustaining capital of $2.1 million for the year was primarily invested in tailings facility upgrades, haul road improvements, and other minor machinery investments.

DEVELOPMENT PROJECT REVIEW

Houndé Project, Burkina Faso, Pre-construction stage

On February 19, 2015, Endeavour announced an update to the year-end mineral reserves from the November 2013 Feasibility Study ("FS"). The Houndé Project now has 2.1 million ounces in Proven and Probable mineral reserves, an increase of 34% from the original FS due to the expansion of the Vindaloo deposit and inclusion of two new deposits, Bouéré and Dohoun, both located within 14 kilometres of the proposed plant site.

The Vindaloo deposits and proposed plant site 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. 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 Project drilling and reserve and resource update include:

- Estimated average annual production of 190,000 ounces of gold per year over a 10 year mine life, with average annual production of 222,000 ounces expected over the first six years;
- Total Proven and Probable mineral reserve of 2.07 million ounces and life of mine production of 1.91 million ounces;
- An average 92.7% process recovery at a milling rate of 3.0 million Mtpy (nameplate) through a SAG/ball mill, gravity, CIL circuit;
- Owner operated open pit mining with reserves of 30.6 million tonnes grading 2.1 g/t Au;
- Initial start-up capital is estimated at $325 million (including full mining fleet, working capital, import duties and contingency);
- Forecast life of mine all-in sustaining cost of $714 per ounce;
- Based on a gold price of $1,250 per ounce, the project yields an after-tax;
    - Internal rate of return 31.4%; and
    - Net present value of $359 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. Endeavour invested $6.7 million in the Houndé program during 2014, which resulted in a 523,000 ounce addition to Mineral Reserves, while progress was made through the mine permitting phase. The mining permit was received on February 5, 2015 and Endeavour's Construction Services Team, which recently completed the construction of the Agbaou Mine in Côte d'Ivoire both ahead of schedule and under budget, is preparing the Houndé Project for a construction decision.

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. The nearby town of Houndé has a population of approximately 22,000 people. 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.

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 first quarter of 2013. The Agbaou Mine achieved commercial production on January 27, 2014.

(US dollars in thousands except per share amounts)	For the three months ended: March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	For the year ended December 31, 2014
Gold revenues	$ 137,211	$ 153,398	$ 145,223	$ 147,744	$ 583,576
Gold ounces sold	111,798	118,653	114,082	123,354	467,887
Cash flows from mine operations	21,568	25,266	22,587	58,017	127,438
Earnings from mine operations	23,461	22,912	15,257	14,267	75,897
Basic earnings (loss) per share	0.01	0.00	0.00	(0.68)	(0.66)
Diluted earnings (loss) per share	0.01	0.00	0.00	(0.68)	(0.66)
Cash and cash equivalents					62,179
Total assets					963,875
Total long term financial liabilities					343,468
Total attributable shareholders' equity					464,352

(US dollars in thousands except per share amounts)	For the three months ended: March 31, 2013	June 30,[1] 2013	September 30, 2013	December 31, 2013	For the year ended December 31, 2013
Gold revenues	$ 116,924	$ 101,104	$ 121,054	$ 104,232	$ 443,314
Gold ounces sold	71,926	73,004	90,997	82,578	318,505
Cash flows from mine operations	36,021	(5,566)	25,116	(11,737)	43,834
Earnings from mine operations	21,880	1,787	7,235	(19,766)	11,136
Basic earnings (loss) per share	0.04	(0.69)	(0.04)	(0.18)	(0.81)
Diluted earnings (loss) per share	0.03	(0.69)	(0.04)	(0.18)	(0.81)
Cash and cash equivalents					73,324
Total assets					1,273,993
Total long term financial liabilities					327,411
Total attributable shareholders' equity					737,057

[1] 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.

Year ended December 31, 2014 compared to the year ended December 31, 2013

Net losses attributable to shareholders were $273.7 million, or $(0.66) per share, compared to $332.5 million, or $(0.81) per share, for the comparable year, attributable to the following components:

- Revenue for the year increased by $140.3 million to $583.6 million from $443.3 million for the comparable year. The increase was a result of higher gold sales compared to the prior year. Gold ounces sold increased from 318,505 ounces in 2013 to 467,887 ounces for the year ended December 31, 2014. The realized price of gold per ounce for the full year 2014 was $1,264 compared to $1,392 per ounce for the year ended December 31, 2013.

- Operating expenses for the year ended December 31, 2014 increased by $74.9 million to $387.5 million predominantly due to the inclusion of Agbaou since commercial production was achieved on January 27, 2014.

- Depreciation and depletion for the year ended December 31, 2014 was $91.9 million compared to $95.6 million for the comparable year. 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 year ended December 31, 2014 were $75.9 million compared to $11.1 million for the comparable year, 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 year ended December 31, 2014 were $21.7 million compared to $21.5 million for the comparable year.

- Impairment of mining interests and related assets of $365.9 million compared to $506.9 million for the comparable year.

- Losses on financial instruments for the year ended December 31, 2014 were $11.2 million compared to a gain of $48.8 million for the comparable year. The prior year's 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 year ended December 31, 2014 were $27.9 million compared to $15.8 million for the comparable year. The 2014 finance costs increase arises primarily from the interest on the larger drawn portion of the $350 million corporate facility. Approximately $6.2 million of the cost is non-cash, with $4.3 million relating to amortization of deferred finance costs and $1.9 million relating to accretion of the asset retirement obligation.

- Other expenses for the year ended December 31, 2014 were $21.7 million compared to other income of $6.1 million in the comparable year. The increase in other costs was primarily due to the losses associated with tax assessments of $9.7 million; a recoverable fuel duty provision of $4.3 million and a loss on the adjustment of VAT provisions of $3.6 million.

- The current income and other tax expense for the year ended December 31, 2014 was $33.5 million compared to $19.3 million for the same period in 2013. Deferred income tax recovery for the year ended December 31, 2014 was $81.2 million compared to a recovery of $135.1 million for 2013 with the primary factor being the recovery associated with the non-cash impairments. Further discussion of tax related items is found below in the section *Tax rules, regulations and assessments.*

Three months ended December 31, 2014 compared to the three months ended December 31, 2013

Net losses attributable to shareholders were $280.6 million, or $(0.68) per share, compared to a net loss of $74.7 million, or $(0.18) per share, in the same period in 2013, attributable to the following components:

- Revenue for the fourth quarter of 2014 increased by $43.5 million to $147.7 million from $104.2 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 82,578 ounces in 2013 to 123,354 ounces for the fourth quarter of 2014. The realized price of gold per ounce for the fourth quarter of 2014 was $1,198 compared to $1,262 per ounce in the same period in 2013.

- Operating expenses for the fourth quarter of 2014 increased by $9.8 million to $102.6 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 fourth quarter of 2014 was $24.3 million compared to $25.5 million for the same prior year period in 2013.

- Earnings from mine operations for the fourth quarter of 2014 were $14.3 million compared to a loss of $19.8 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 fourth quarter of 2014 were $7.5 million compared to $7.7 million for the same period in 2013.

- Impairment of mining interests and related assets of $365.9 million compared to $74.6 million for the comparable period.

- Losses on financial instruments for the fourth quarter of 2014 were $0.9 million compared to a gain of $14.3 million for the same period in 2013, primarily attributable to the change in the gold price trend.

- Finance costs for the fourth quarter of 2014 were $6.6 million compared to $7.2 million for the same period in 2013.

- Other expenses for the fourth quarter of 2014 were $20.6 million compared to $0.0 million for the same period in 2013. The increase in other costs was primarily due to the losses associated with tax assessments of $9.7 million; a recoverable fuel duty provision of $4.3 million and a loss on the adjustment of the VAT provision of $3.6 million.

- The current income and other tax expense for the fourth quarter of 2014 was $27.2 million compared to $11.1 million for the same period in 2013. Deferred income tax recovery for the fourth quarter of 2014 was $75.5 million compared to a $21.8 million deferred tax recovery for the same period in 2013 with the primary factor being the recovery associated with the non-cash impairments. Further discussion of tax related items is found below in the section *Tax rules, regulations and assessments.*

IMPAIRMENT CHARGE

In accordance with the Corporation's accounting policies regarding impairment testing, in the fourth quarter of 2014, the Corporation recognized a non-cash, net of tax, $278.8 million impairment charge ($365.9 million pre-tax). This compares to net of tax impairment charges of $364.2 million in 2013 ($506.9 million pre-tax). Following revisions to its mine plans, updates to its reserves and resources, a decrease in the long term gold price assumed, and a review of appropriate discount rates applicable to each of the Corporation's cash generating units ("CGU") in its jurisdiction and operating environment, certain of these parameters at some CGU's resulted in indicators of potential impairment.

The following table summarizes the allocation of the impairment charges related to mining properties, plant and equipment and the related deferred tax recovery by each CGU:

CGU	Depletable mineral property	Non-depletable mineral property	Property, plant & equipment	Total impairment	Deferred tax effect	Total
Youga	$ 15,117	$ -	$ 4,644	$ 19,761	$ (1,493)	$ 18,268
Nzema	5,286	3,942	1,391	10,619	(3,717)	6,902
Tabakoto	130,718	77,456	119,631	327,805	(81,886)	245,920
Ouare	-	7,755	-	7,755	-	7,755
Total impairment	$ 151,121	$ 89,153	$ 125,666	$ 365,940	$ (87,096)	$ 278,844

The impairment charge to mineral properties and related assets of $278.8 million is mostly related to Tabakoto ($245.9 million) and driven by the unfavorable tax climate in Mali, reduced assumptions regarding mine life that were revised from 10 years to 7 years for the purpose of the valuation model, and downward revision in the assumed gold price. Nzema and Youga were also impacted by the lower gold price assumption. Additionally, Youga was impacted by a new, shorter life mine plan designed to maximize positive cash flow.

Key assumptions

The key assumptions used in determining the recoverable amount for each cash-generating unit are long-term commodity prices, discount rates, cash costs of production, capital expenditures, and an assessment of the Measured and Indicated Resources, Inferred Resources, and other geological information beyond the Mineral Reserves.

The Corporation's estimates of future metal prices are determined based on current prices, forward prices and forecasts of future prices prepared by industry analysts. For the impairment analysis, estimated 2015 and long-term gold prices used were $1,250 per ounce (2013 - $1,300). The downward revision in metal price is in line with the lower price environment seen in 2014 as compared to 2013.

The Corporation's estimates of future cash costs of production and capital expenditures are based on the life of mine plans for each cash-generating unit utilizing recent operating results and estimates of future changes to current operating results.

For the impairment analysis, real discount rates of between 8.5% and 12% were used depending upon the stage of development of the project or mine and taking into consideration various risk factors including but not limited to jurisdictional risk and political risk (2013 – 5% to 10% was used).

Impairment charges recognized against mining properties and plant and equipment (excluding goodwill) may be reversed if there are changes in the assumptions or estimates used in determining the recoverable amounts of the cash-generating unit which indicate that a previously recognized impairment loss may no longer exist or may have decreased.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2014, Endeavour had cash of $62.2 million (December 31, 2013 – $73.3 million). In addition, at December 31, 2014, Endeavour held $0.8 million of marketable securities (December 31, 2013 – $1.7 million) and $4.5 million in restricted cash, unchanged from the prior year end. Total working capital as at December 31, 2014 was $42.8 million (December 31, 2013 - $90.3 million).

The reconciliation for the cash movement during the year ended December 31, 2014, highlighting the significant movements, is as follows:

		Year ended December 31, 2014
(US dollars in millions)		
Opening balance at January 1, 2014	**$**	**73.3**
All-in sustaining margin		117.1
Non-sustaining investments in new mines and developments		(86.5)
Settlement of gold hedge program		(11.9)
Change in working capital and other		(1.6)
Repayment of finance lease obligation		(3.0)
Taxes and finance costs		(25.2)
Closing balance at December 30, 2014	**$**	**62.2**

The $86.5 million of non-sustaining investments primarily relates to owner mining equipment at Tabakoto and the pre-commercial production underground development at Segala as described earlier. 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 in to production. However, this has been partially offset by a reduction of VAT receivables due to collections and sales of balances in Mali in the fourth quarter of 2014.

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, 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; 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).

Net change in cash position from December 31, 2013 was a reduction of $11.1 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 $127.4 million in the year ended December 31, 2014 in comparison to $43.8 million for the same period of the previous year primarily due to the increased operating margin and improved working capital movements.

- Investing activities used $112.9 million in comparison with $148.6 million used in the same period of the previous year, as capital expansion programs reduced significantly in the current year. The current period outflow consisted primarily of $30.6 million of sustaining capital and $86.5 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 million.

- Financing activities used cash of $27.2 million in comparison to $71.6 million cash inflow in the prior year comparable period due to the receipt of $100.0 million of proceeds from the corporate loan facility in 2013.

Net change in cash position in the current quarter from September 30, 2014, was a reduction of $6.2 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 $58.0 million in comparison to an outflow of $14.8 million generated in the same period of the previous year primarily due to strong operating mine cash flows from Agbaou and Youga and positive changes in non-cash working capital. In the current quarter, normal course timing induced changes in working capital balances generated $46.0 million of cash versus a $1.9 million outflow in the fourth quarter of 2013.

- Investing activities used $43.0 million in comparison with $30.7 million used in the same period of the previous year as Endeavour's capital expansion program drew to a close around the end of 2014. The current period outflow consisted primarily of $13.0 million of sustaining capital and $30.0 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 of $31.4 million was in the construction of the Agbaou mine.

- Financing activities used cash of $9.7 million in comparison to $4.6 million cash inflow in the prior comparable period, which primarily included increased interest payments on the loan facility and settlement of gold hedges.

In the opinion of management, Endeavour's cash position and working capital at December 31, 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

With the acquisition of the Nzema and Tabakoto mines by way of acquisitions of Adamus Resources and Avion Gold, Endeavour inherited several hedge programs which have been reduced, amended and settled in the periods subsequent to the acquisitions. As at December 31, 2014, 64,163 ounces (32,000 in 2015 and 32,163 in 2016) of gold forward contracts remain outstanding with a fair value of the liability at $9.3 million (2013 - $15.6 million), arising from contracted net proceeds to be received of $1,032 per ounce. Additionally, at December 31, 2014, 6,066 ounces of gold call options with a strike price of $900 remain outstanding with a fair value of $1.7 million (2013 - $5.3 million). The settlements of the calls and forward contracts are in cash as there is no exchange of physical gold between the Corporation and the buyer. During the year ended December 31, 2014, the Corporation settled 44,132 ounces of gold under these programs and its net loss on derivative financial instruments was $3.9 million (2013 - $55.5 million gain).

PROVISIONS

Environmental rehabilitation provision

The Corporation records a liability for the estimated future rehabilitation costs and decommissioning of its operating mines and development projects at the time the environmental disturbance occurs or a constructive obligation is determined. Environmental rehabilitation provisions are updated annually for changes to expected cash flows including regulatory changes and for the effect of changes in the discount rates.

	December 31, 2014	December 31, 2013
Balance beginning of year	$ 28,315	$ 30,792
Revisions in estimates and obligations incurred	5,180	(3,794)
Accretion	1,937	1,317
Balance end of year	$ 35,432	$ 28,315

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

The Corporations measures the provision at the expected value of future cash flows including U.S. based nominal inflation of 1.7%, discounted to the present value of the inflated values using a current US dollar risk free discount rate of 2.17%. The undiscounted value of the provision as of the balance sheet date was $36.3 million (2013 - $29.8 million).

Long-term compensation award – Gold Strategy

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

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

The calculation of a Gold LTI Award is dependent on the nature of the crystallization event that gives rise to the obligation to make a Gold LTI Award. Intermediate gold producers with attractive growth profiles have been attractive acquisition targets for larger gold producers. In the event an offer is made for the Corporation that is accepted by its shareholders, a Gold LTI Award would be determined as 10% of the acquisition value in excess of the equity cost base of the Corporation on an issued share basis. The equity cost base is the accumulation of the historic market values (or strike prices of exercised stock options and warrants) for all of the shares issued by Endeavour to build the gold company, which as of December 31, 2014 was equivalent to approximately C$955 million (or C$2.31 per issued share). Future Gold LTI Awards payable on a crystallization event will be calculated based on the value of the actual consideration exchanged, which may vary significantly from an estimate derived from Endeavour's market capitalization.

This cost base methodology was designed to directly align the interests of Endeavour's management team with the market value and potential long-term acquisition value of the Corporation realizable by Endeavour's shareholders. Gold LTI Awards payable on a crystallization event will be calculated based on the value of the actual consideration exchanged, which may vary significantly from an estimate derived from Endeavour's market capitalization.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes the contractual maturities of the Corporation's financial liabilities at December 31, 2014:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 127,905	$ -	$ -	$ -	$ 127,905
Long-term debt	-	116,600	183,400	-	300,000
Finance lease obligations	4,296	11,952	-	-	16,248
Minimum operating lease payments	1,340	1,906	1,767	442	5,455
Derivative financial liabilities	6,420	4,621	-	-	11,041
	$ 139,961	$ 135,079	$ 185,167	$ 442	$ 460,649

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.

TAX RULES, REGULATIONS, AND ASSESSMENTS

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

The Corporation's Burkina Faso subsidiary, Burkina Mining Corporation SA ("BMC"), was audited by the Direction Générálé Des Impots ("DGI") for its fiscal taxation years December 31, 2010 and December 31, 2011, and received a final tax assessment amounting to approximately $7.5 million, a reduction from the initial amount assessed of approximately $27.9 million. During the fourth quarter of 2013 the Corporation paid installments totaling approximately $3.1 million towards the assessed amount. As at December 31, 2014, $2.7 million (December 31, 2013 - $4.4 million) of the remaining assessed amount has been accrued in the financial statements and BMC and the DGI have agreed on a payment schedule, which will result in BMC paying approximately $2.7 million in 2015. During 2014, BMC made payments of $1.7 million in accordance with the schedule.

Additionally, the Corporation's Burkina Faso subsidiary, Avion Gold (Burkina Faso) SARL, was similarly audited by the DGI for its fiscal taxation years 2010 and 2011 and received a tax assessment amounting to approximately $3.4 million in 2013. The Corporation is continuing to work with its local tax and legal advisers to resolve the matter in its favour as it believes the claim to be without merit beyond what it has accrued in the financial statements. As at December 31, 2014, $1.1 million has been accrued in the financial statements, unchanged from the prior year end.

In the fourth quarter of 2014, the Corporation's Malian subsidiary, Segala Mining Corporation SA ("Semico"), received a tax assessment from the Malian tax authority of $40.6 million related to the fiscal years 2011 to 2013 and related to various taxes. The Corporation and its advisors believe that a significant portion of the assessment's tax claims are wholly without merit and as such have engaged with the tax authority actively since receiving the assessment in the fourth quarter of 2014 to resolve this matter. Late in the fourth quarter following an interim deadline set by the authority to receive the Corporation's response to the assessment, the tax authority claimed a portion of the VAT balances owed to Semico to satisfy a part of its assessment, with the claim amounting to $10.7 million. Net of an accrual this was recorded as Other Expense of $5.7 million in 2014. Additionally, due to the actions of the tax authority during this period, the Corporation has taken a prudent view assumed that tax loss carry forwards related to 2013 and prior years may be utilized in an effort to settle these tax assessments and as such has de-recognized certain deferred tax assets arising from tax loss carry forwards and recorded a provision for possible outcomes. Subsequent to December 31, 2014, on February 13, 2015, the tax authority re-confirmed the amounts owing as a result of the assessments at approximately $25 million, however discussions are ongoing with the authorities and the Corporation expects to achieve a mutually acceptable resolution over the next few months.

The Corporation continues to engage with the highest levels of Malian authorities together with its advisors to resolve this matter and given the response presented to the authorities as well as advice received from its advisors, a vigorous process is underway to recover the offset and refute the notified amounts as well as avoid additional payments. Additionally in the fourth quarter, Semico made collections of confirmed VAT balances owed to it by way of direct repayments from the tax authorities as well by sale to a Malian bank totaling $23.5 million. The offset of the VAT by the tax authority however did trigger a repayment clause for those affected VAT tranches and as such $8.9 million was accrued in the financial statements for repayment to the bank.

If the Corporation is unable to resolve these matters favorably, there may be a material adverse impact on the Corporation's financial performance, cash flows and results of operations. In the event that management's estimate of the future resolution of these matters changes, the Corporation will recognize the effects of the changes in its consolidated financial statements in the period that such changes occur.

In the first quarter of 2014, Mali passed new tax laws that lowered the statutory income tax rate from 30% to 25%. This tax change had a favourable deferred tax recovery impact of $8.6 million in the first quarter of 2014 related to Tabakoto.

RELATED PARTY TRANSACTIONS

Compensation of key management personnel and directors

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

	2014	2013
Short-term benefits	$ 9,480	$ 9,890
Post-employment benefits	-	-
Share-based payments	4,710	3,634
	$ 14,190	$ 13,524

Endeavour reviews its compensation practises on an ongoing basis and is dedicated to maintaining an effective compensation program that is market competitive, aligns with business strategy and shareholder interests, and attracts and retains a high-performing executive team.

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 December 31, 2014.

Shares issued and outstanding	413,119,218
Stock options	25,141,800

As at February 26, 2015, the date of this MD&A, the Corporation has 413,119,218 shares issued and outstanding, as well as 31,508,618 stock options outstanding.

The following table summarizes share option details outstanding as at December 31, 2014:

Exercise Prices (C$)	Outstanding	Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
$0.80 - $1.50	7,618,260	763,261	$ 1.15	3.29 years
$1.51 - $2.00	5,580,850	5,580,850	1.60	1.57 years
$2.01 - $2.50	4,109,503	3,526,170	2.28	3.09 years
$2.51 - $3.00	5,529,312	5,529,312	2.67	1.85 years
$3.51 - $4.00	80,300	80,300	3.70	1.36 years
$4.01 - $44.96	2,223,575	2,223,575	5.01	1.47 years
	25,141,800	17,703,468	$ 2.49	2.02 years

Subsequent to year end, on January 19, 2015, the Corporation issued 6,386,000 options with a strike price of $0.61 and a fair value of $1.6 million, to be expensed over the 2-year vesting period.

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 months and years ended December 31, 2014 and 2013:

	Three months ended December 31,		Years ended December 31,	
	2014	2013	2014	2013
(US dollars in thousands)				
Revenues	$ 147,744	$ 104,232	$ 583,576	$ 443,314
Less: royalties	(6,657)	(5,686)	(28,307)	(24,001)
Less: cash costs of ounces sold (see table that follows)	(94,570)	(75,238)	(381,570)	(283,542)
Less: corporate G&A	(7,500)	(7,673)	(21,720)	(21,451)
Subtotal	39,017	15,635	151,979	114,320
Less: sustaining capital (see table that follows)	(12,973)	(2,295)	(30,580)	(27,363)
Less: sustaining exploration	(1,032)	(1,377)	(4,296)	(5,737)
All-in sustaining margin	$ 25,012	$ 11,963	$ 117,103	$ 81,220

	Three months ended December 31,		Years ended December 31,	
	2014	2013	2014	2013
(US dollars in thousands)				
Earnings(loss) before tax[1]	$ (388,452)	$ (96,930)	$ (375,856)	$ (487,531)
Add back: Depreciation and depletion[1,2]	24,258	100,095	91,886	95,568
Add back: Impairment and write-downs[1,2]	365,940	74,565	365,940	503,926
Deduct: Non-recurring mineral property and other asset sales	20,640	-	21,747	(10,041)
Add back: Finance costs[1]	6,601	7,208	27,862	15,817
Add back: Losses (gains) on financial instruments[1]	890	(14,280)	11,192	(48,802)
Adjusted EBITDA	$ 29,877	$ 70,658	$ 142,771	$ 68,937

[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 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 months and years ended December 31, 2014 and 2013:

	Three months ended December 31,		Years ended December 31,	
	2014	2013	2014	2013
(US dollars in thousands except ounces sold)				
Operating expenses from mine operations	$ 102,562	$ 92,782	$ 387,486	$ 312,609
Non-cash adjustments included in operating expenses	(7,992)	(17,544)	(5,916)	(29,067)
Cash cost	94,570	75,238	381,570	283,542
Divided by ounces of gold sold	123,354	82,578	461,755	318,505
Total cash cost per ounce of gold sold	$ 767	$ 911	$ 826	$ 890

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 December 31,		Years ended December 31,	
	2014	2013	2014	2013
(US dollars in thousands except ounces)				
Cash cost for ounces sold	$ 94,570	$ 75,238	$ 381,570	$ 283,542
Royalties	6,657	5,687	28,307	24,002
Corporate G&A	7,500	7,673	21,720	21,451
Sustaining capital[1]	12,973	2,295	30,580	27,363
Sustaining exploration	1,032	1,377	4,296	5,737
All-in sustaining costs	122,732	92,270	466,473	362,095
Divided by gold ounces sold	123,354	82,578	461,755	318,505
All-in sustaining cost per ounce sold	$ 995	$ 1,117	$ 1,010	$ 1,137

[1] 2013 sustaining capital is restated from $15.9 million to $27.4 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 December 31,		Years ended December 31,	
	2014	2013	2014	2013
(US dollars in thousands)				
Mineral property additions for the period	$ 51,833	$ 51,038	$ 136,828	$ 216,812
Non-sustaining capital at Tabakoto	(21,682)	(7,880)	(59,880)	(28,084)
Sustaining exploration	(1,032)	(1,377)	(4,296)	(5,737)
Project capital spend predominantly at Agbaou and Houndé	(4,732)	(35,438)	(9,872)	(143,562)
Other non-sustaining capital predominantly at Nzema and Agboau	(4,436)	(4,048)	(11,981)	(12,066)
Other non-cash items capitalized[1]	(6,978)	-	(20,219)	-
Sustaining Capital	**12,973**	**2,295**	**30,580**	**27,363**

1 In the fourth quarter of 2014 a $5m resettlement obligation became payable based on a historical environmental agreement signed in 2012. The remainder of the non-cash items for the fourth quarter and year ended 2014 relate to the non-cash element of the leased assets held at the Tabakoto Mine as a result of the decision to move to owner mining.

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
- Gains / losses on sale of subsidiaries and joint ventures and change of ownerships
- 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 December 31, 2014	2013	Years ended December 31, 2014	2013
Net earnings (loss) and total comprehensive earnings (loss)	**$ (340.2)**	**$ (86.2)**	**$ (328.2)**	**$ (371.7)**
Non-cash impairment charges	365.9	74.6	365.9	506.9
Loss (gain) on derivative instruments and marketable securities	(1.5)	(13.8)	5.2	(49.3)
Loss on promissory note	3.3	1.8	3.3	1.8
Imputed interest on promissory note	(0.4)	(0.4)	(1.8)	(2.2)
Loss on foreign currency	(0.4)	(1.8)	4.6	0.9
Other expenses (gains)	20.6	-	21.7	(5.5)
Stock-based payments	0.3	0.8	1.2	4.2
Amortized financing costs	-	0.7	-	0.7
Deferred income taxes and current tax assessments	(50.2)	12.5	(55.9)	(113.3)
Adjusted net earnings(loss) after tax	**$ (2.6)**	**$ (11.8)**	**$ 16.0**	**$ (27.5)**
Attributable to non-controlling interests	**$ (0.3)**	**$ (1.6)**	**$ 2.1**	**$ (3.7)**
Attributable to shareholders of the Corporation	**$ (2.3)**	**$ (10.2)**	**$ 13.9**	**$ (23.8)**
Weighted average number of outstanding shares	413,143,668	412,995,955	413,119,218	412,554,970
Adjusted net earnings(loss) per share (basic)	**(0.01)**	**(0.02)**	**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, 2014.

2014 Statistics

Incident Category	Tabakoto	Agbaou	Nzema	Youga	Total
Fatality	0	0	0	0	0
Lost Time Injury (LTI)	2	0	3	1	6
Total Man Hours	**3,828,570**	**1,885,157**	**3,053,794**	**1,516,320**	**8,767,521**
LTIFR[1]	0.52	0	0.98	0.23	1.73

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

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. The Corporation defines the commencement of commercial production as the date that a mine has achieved a consistent level of production. Management considers several factors in determining when a mining interest is capable of operating at levels intended by management. Depletion of capitalized costs for mining properties begins when the mine is capable of operating at levels intended by management. Commercial production at the Agbaou Mine was declared on January 27, 2014 (accounting for commercial production commenced on February 1, 2014).

(b) *Determination of economic viability*

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

(c) *Functional currency*

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

(d) *Business combinations*

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

(e) *Capitalization of waste stripping*

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

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) 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.

(e) Environmental rehabilitation costs

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

(f) Deferred income taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

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

(g) Share-based payments

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

(h) Contingencies

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

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, 2014. Significant risk factors for the Corporation are metal prices, government regulations, foreign operations, environmental compliance, dependence on management, title to the Corporation's mineral properties and litigation. For further details of risk factors, please refer to the most recent Annual Information Form filed on SEDAR at http://www.sedar.com/, the 2014 year-end audited consolidated financial statements, and the below discussions.

OPERATIONAL RISKS

a) *Political Risks*

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

b) *Mineral Legislation*

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

c) *Outside Contractor Risks*

It is common for certain aspects of mining operations, such as drilling and blasting, to be conducted by an outside contractor. The mining operations at the Youga Gold Mine, the Nzema Gold Mine and the Agbaou Gold Mine are undertaken by contactors and as a result, the Corporation is subject to a number of risks, including reduced control over the aspects of the operations that are the responsibility of the contractor, failure of a contractor to perform under its agreement with the companies, inability to replace the contractor if either party terminates the contract, interruption of operations in the event the contractor ceases operations due to insolvency or other unforeseen events, failure of the contractor to comply with applicable legal and regulatory requirements and failure of the contractor to properly manage its workforce resulting in labour unrest or other employment issues.

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 months and year ended December 31, 2014.

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

	December 31, 2014	December 31, 2013
Cash and cash equivalents	$ 62,179	$ 73,324
Cash - restricted	4,517	4,517
Marketable securities	854	1,731
Trade and other receivables	21,530	38,662
Long-term receivable	-	4,274
Other assets	8,207	12,085
	$ 97,287	$ 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 months and year ended December 31, 2014.

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

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

	December 31, 2014	December 31, 2013
Canadian dollar	$ 1,111	$ 3,153
CFA Francs	$ (6,451)	$ 15,460
Other currencies	4,046	4,433
	$ (1,294)	$ 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.

SUBSEQUENT EVENTS

Subsequent to year end, on January 19, 2015, the Corporation issued 6,386,000 options with a strike price of $0.61 and a fair value of $1.6 million, to be expensed over the 2-year vesting period under its long term incentive plan. In addition, all of the Corporation's gold put options expired on January 30, 2015.

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

As at the end of and for the year ended December 31, 2014, management evaluated the design and operating effectiveness of the Corporation's disclosure controls and procedures as required by Canadian Securities Law. Based on that evaluation, the CEO and CFO concluded that as of December 31, 2014, the disclosure controls and procedures were effective.

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. The Company uses the *Internal Control – Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as the basis for assessing its ICFR.

As at December 31, 2014, management evaluated the design, operation and 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, 2014, the internal controls over financial reporting were effective.

National Instrument 52-109 requires issuers to disclose in their MD&A any change in ICFR during the most recent fiscal quarter that materially affected or was reasonably likely to materially affect ICFR. There were no changes in the Company's ICFR that materially affected or were reasonably likely to materially affect ICFR during the three months ended December 31, 2014.

Additional information relating to the Corporation is available on the Corporation's web site at www.endeavourmining.com and in the Corporation's most recent Annual Information Form 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 most recent Annual Information Form 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 most recent Annual Information Form of Endeavour 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.