



Intermediate Gold Producer Delivering Profitability

## NOTICE OF 2015 ANNUAL GENERAL MEETING

Meeting Date: June 18, 2015

### MANAGEMENT INFORMATION CIRCULAR



[www.endeavourmining.com](http://www.endeavourmining.com)

If you have any questions regarding the information described in this Management Information Circular or require assistance with voting your shares, please contact Laurel Hill Advisory Group at 1-877-452-7184 (416-304-0211 collect) or by e-mail at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).

# Letter from the Chairman of the Board and the President and Chief Executive Officer



Michael Beckett



Neil Woodyer

Dear fellow shareholders,

It is our pleasure to invite you to the 2015 Annual General Meeting to be held on June 18, 2015. Your vote is important and you can vote by proxy on the Internet, by phone, by fax or by mail. You can also vote in person at the meeting. This circular provides details about all of the items for consideration at the meeting.

**1. You will be electing the 7 members of your Board.** All of the individuals nominated for election as directors are currently members of the Board. The following pages include a profile on each nominated director, along with their participation on our committees and ownership of equity securities in Endeavour.

**2. You will be appointing your auditors.** The Board recommends that Deloitte LLP be reappointed as auditors, given the satisfactory results regarding the 2014 audit and the assessment of the plans for 2015.

**3. You will vote on amending the Stock Option Plan.** Stock options, when combined with performance share units (PSUs), make a meaningful contribution to the design of effective long-term incentive compensation programs for our management team. Our plan was last updated in 2011 and you are being asked to approve the updates to achieve the best practices in accordance with guidelines published by institutional investors. In addition you are being asked to approve the unallocated options for future issuance.

The Board is responsible for the supervision of the management of the business and this circular contains information about our philosophy, policies and programs. The following summary table provides a Corporate Governance snapshot and the Board seeks advice on Canadian corporate governance matters from Stikeman Elliott LLP.

**98%**

BOARD AND  
COMMITTEE  
ATTENDANCE IN 2014

**89%**

AVERAGE VOTE IN  
FAVOUR FOR THE  
ELECTION OF  
DIRECTORS AT 2014  
MEETING

**100%**

OF DIRECTOR  
NOMINEES OTHER  
THAN OUR CEO ARE  
INDEPENDENT

Size of the Board	<b>7</b>	Policy on interlocking directors	✓
Number of independent directors	<b>6</b>	Director share ownership guidelines	✓
All committee members are independent	✓	New director orientation	✓
Directors are elected annually	✓	Continuing director development	✓
Directors are elected individually	✓	Regular assessment of the Board and its committees	✓
Majority voting policy for the election of directors	✓	Code of business conduct and ethics rooted in core values	✓
The roles of Chairman and CEO are separate	✓	Mechanisms to ensure Board renewal	✓
Anti-hedging policies	✓		

The Board is also focused on a pay-for-performance approach for all of its employees. In 2014, we introduced a PSU plan that adds a performance-vested component to the overall mix and reduces the emphasis on stock options.

For our executives, total direct compensation for 2014 (base salary, annual incentive bonuses and LTIs) was targeted at the 75<sup>th</sup> percentile of the Comparator Group. We target this compensation level for two primary reasons: i) as a meaningful indicator of the relative complexity of our business - Endeavour currently has four mines, while only 2 of the 15 peers have four operating mines, and 11 of the 15 peers have only one or two mines; and ii) Endeavour's executives spend much time in the field (four mines, four countries, four government partners, two languages) as personal contact with local management, local communities and the work force is essential. A benchmarking exercise performed by Mercer (Canada) Limited confirmed our compensation program delivered 93% of this target for our senior executive group in 2014.

As a leading intermediate gold producer in West Africa, we run a low cost business by reducing mine-level operating costs and managing efficient corporate G&A cost structures. We monitor our **total corporate G&A costs** (which includes direct compensation expense related to the entire corporate staff and share-based compensation expense) as a percentage of gross revenue and we ranked **3<sup>rd</sup> lowest out of the 16 companies reviewed for 2014 – see page 32.**

Thank you for your support and continued confidence in Endeavour Mining.

Sincerely,



*Michael Beckett*  
Chair of the Board



*Neil Woodyer*  
President and CEO

May 6, 2015

# NOTICE OF 2015 ANNUAL GENERAL MEETING

**Date & Time** Thursday, June 18, 2015 at 10:00 a.m. (CEST) (the “**Meeting**”).

**How to Participate** Attend in person at Bureau 76, 7 Boulevard des Moulins, 98000 Monaco or submit your proxy or voting instruction form in accordance with the instructions set out in the accompanying Circular.

**Meeting Materials** It is important that you review the accompanying Circular before exercising your vote, as it contains important information relating to the business of the Meeting.

As described in the notice and access notification mailed to shareholders, Endeavour is using the notice and access method for electronic delivery of this notice and the Circular to shareholders, which substantially reduces the paper usage as well as printing and mailing costs. Shareholders may request a printed copy of the Circular from the Corporation at no cost.

**Business of the Meeting** The Meeting is being held for the following purposes:

1. to receive and consider the consolidated financial statements of the Corporation for the year ended December 31, 2014 and the report of the auditors thereon;
2. to appoint Deloitte LLP, Chartered Accountants, as Auditors of the Corporation for the ensuing year at a remuneration to be fixed by the directors;
3. to elect directors as more particularly described in the accompanying Circular;
4. to consider and, if deemed appropriate, to pass, with or without variation, a resolution approving an amended and restated stock option plan for the Corporation and approving for future issuance all unallocated stock options under the stock option plan, as more particularly described in the accompanying Circular; and
5. to transact such other business as may be properly transacted at such Meeting or at any adjournment thereof.

**Voting Entitlement** The Board of Directors of the Corporation has fixed the close of business on May 4, 2015 as the record date of the Meeting, being the date for determination of the registered holders of ordinary shares of the Corporation entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

**If you have any questions or require assistance in voting your proxy, please contact our proxy solicitation agent, Laurel Hill Advisory Group, at 1-877-452-7184 toll free in North America, or call collect outside North America at 416-304-0211 or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).**

Dated at Vancouver, Canada, as of the 6<sup>th</sup> day of May, 2015.

By order of the Board of Directors,

“Neil Woodyer”

Neil Woodyer

President, Chief Executive Officer & Director



## CDI VOTING NOTICE – ASX LISTING

### CDI Holders

The ordinary shares of Endeavour (“**Shares**”) have a primary listing on the Toronto Stock Exchange.

If you acquired an interest in Endeavour through the facilities of the Australian Securities Exchange (the “**ASX**”), you will hold your interest in the form of CHESS Depository Interests (“**CDIs**”). Endeavour’s CDIs are quoted on the ASX. Each CDI represents a beneficial interest in one Share.

### Indirect Share Ownership

The Shares underlying CDIs are held for and on behalf of CDI holders by CHESS Depository Nominees Pty Ltd (“**CDN**”), a wholly-owned subsidiary of ASX Limited. This structure exists because as a Cayman Islands-incorporated company, the Corporation has the right to have its securities traded on the ASX by way of CDIs.

### How to Vote your CDIs

To exercise your voting rights as a CDI holder, you must register your vote with CDN by using the provided CDI Voting Instruction Form (“**CDI VIF**”). CDN will then exercise the vote on your behalf. Further instructions are included in the accompanying Circular.

### Deadline to Register your CDI Voting Instruction

To have your CDI votes counted at the Meeting, you must return your completed CDI VIF to CDN **by no later than 2:00 p.m. (AWST) on June 15, 2015**. This deadline has been set to allow CDN sufficient time to collate the votes of CDI holders and submit them to the Corporation prior to the Meeting.



## 2015 MANAGEMENT INFORMATION CIRCULAR

This Circular has been prepared for the holders of ordinary voting shares ("**Shares**") of Endeavour in connection with our Annual General Meeting of shareholders to be held on June 18, 2015 (the "**Meeting**"). References in this Circular to the Meeting include any adjournment(s) or postponement(s) thereof.

In this Circular, "you", "your" and "shareholder" refer to direct and indirect holders of Shares and "we", "us", "our", "Endeavour" and the "Corporation" refer to Endeavour Mining Corporation, unless otherwise indicated.

Information in this Circular is as of May 6, 2015, unless otherwise indicated. All dollar figures are in US dollars, unless otherwise indicated.

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# VOTING AND OTHER IMPORTANT INFORMATION

## Meeting Materials

The Corporation has adopted the notice and access model ("**Notice and Access**") under Canadian securities legislation to electronically deliver this Circular and related materials for the Meeting to our shareholders. The Corporation has adopted this alternative means of delivery in order to further our commitment to environmental sustainability and to reduce printing and mailing costs.

Under Notice and Access, instead of mailing printed copies of the Meeting materials, shareholders were mailed a Notice and Access notification with information on the Meeting date, location and purpose, as well as information on how they may access the Meeting materials electronically.

Shareholders with existing instructions on their account to receive printed materials will be mailed a paper copy of the Meeting materials. The Meeting materials are available on the Corporation's website at [www.endeavourmining.com](http://www.endeavourmining.com) as of May 11, 2015 and will remain on the website for one full year thereafter. Shareholders who received a Notice and Access notification can request that paper copies of the Meeting materials be sent to them, without charge, by email at [investor@endeavourmining.com](mailto:investor@endeavourmining.com) or by calling the Corporation collect at +1-604-685-4554. The Meeting materials can also be accessed online at Endeavour's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## Solicitation of Proxies

Both the Board of Directors and management of Endeavour encourage you to vote. We are soliciting proxies for the Meeting using the Notice and Access procedures described above. Proxies may also be solicited personally or by telephone, facsimile, mail or electronically by the directors and regular employees of the Corporation at a nominal cost to the Corporation.

Laurel Hill is acting as the Corporation's proxy solicitation agent. If you have any questions or require assistance in voting your proxy, please contact our proxy solicitation agent, Laurel Hill Advisory Group, at 1-877-452-7184 toll free in North America, or call collect outside North America at 416-304-0211 or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com). The Corporation will be paying Laurel Hill a fee of approximately C\$35,000, plus out-of-pocket expenses.

## Voting Procedures

Endeavour's shareholders consist of registered (or direct) shareholders, beneficial (or indirect) shareholders, holders of CHESS depository interests in Australia ("**CDIs**") and holders of redeemable preferred shares in the capital of Avion Gold Corporation ("**Exchangeable Shares**"), which are exchangeable for Shares in accordance with their terms. You are a registered shareholder if your name appears on a physical share certificate or DRS advice issued by the Corporation's transfer agent. You are a beneficial shareholder if you hold Shares through an intermediary, such as a bank, trust company, securities dealer, broker or other nominee or a clearing agency. Most of Endeavour's shareholders are beneficial shareholders.

If you owned Shares (either directly or through an intermediary), CDIs or Exchangeable Shares as of May 4, 2015 (the "**Record Date**"), you are entitled to have your vote counted at the Meeting. The instructions provided below set forth the different procedures to be followed to ensure you are represented at the Meeting whether you are a registered shareholder, beneficial shareholder, CDI holder or holder of Exchangeable Shares.

If your Shares are held in more than one form, you should sign and submit all forms of proxy and voting instruction forms received in accordance with the instructions provided.

## Registered Shareholders

Registered shareholders have two methods by which they can vote their Shares at the Meeting: in person or by proxy. To ensure representation at the Meeting, registered shareholders are encouraged to complete and return the form of proxy enclosed with the Notice and Access notification or Meeting materials mailed to them, as applicable, whether or not they intend to attend the Meeting. Sending in a form of proxy will not prevent a registered shareholder from voting in person at the Meeting; if the Meeting is attended, the registered shareholder's vote will be taken and counted at the Meeting.

A shareholder appointing a proxyholder may indicate the manner in which the appointed proxyholder is to vote regarding any specific item by checking the space opposite the item on the proxy. The Shares represented by the proxy submitted by a shareholder will be voted or withheld from voting in accordance with the directions, if any, given in the proxy. If the shareholder giving the proxy wishes to confer a discretionary authority regarding any item of business, then the space opposite the item should be left blank; your proxyholder will thereby be entitled to vote your Shares as he or she thinks fit.

**A shareholder can appoint another person, who need not be a shareholder, to represent such shareholder at the Meeting by inserting such person's name in the blank space provided in the form of proxy and striking out the names of the persons designated by management in the form of proxy, or by completing another proper form of proxy. If you appoint the persons designated by management in the form of proxy as your proxyholder, such proxyholder will, unless you give contrary instructions, vote the Shares represented by the proxy for or in favour of all matters described herein.**

Proxies must be completed in accordance with the instructions provided on the form of proxy and must be received by the Corporation's transfer agent, Computershare Trust Company of Canada ("**Computershare**"), by 1:00 a.m. (PDT) / 4:00 a.m. (EDT) / 10:00 a.m. (CEST) on June 16, 2015, or not less than 48 hours before the commencement of any adjournment or postponement of the Meeting. Registered shareholders must return the properly completed proxy to Computershare as follows:

1. **By mail or personal delivery** to Computershare, 3rd Floor - 510 Burrard Street, Vancouver, British Columbia, V6C 3B9;
2. **By fax** to Computershare, to the attention of the Proxy Department at 1-866-249-7775 (toll free within Canada and the U.S.) or 416-263-9524 (international);
3. **By telephone** by calling 1-866-732-8683 (toll free within Canada or the U.S.) from a touch tone telephone and referring to your control number provided on the form of proxy delivered to you; or
4. **Over the internet** by going to [www.investorvote.com](http://www.investorvote.com) and following the online voting instructions given to you and referring to your control number provided on the form of proxy delivered to you.

The Chairman of the Meeting will have the discretion to accept or reject proxies deposited in any other manner.

If you are a registered shareholder and plan to attend the Meeting at Bureau 76, 7 Boulevard des Moulins, 98000 Monaco, on June 18, 2015 at 10:00 a.m. (CEST), and wish to vote your Shares in person, please register with the scrutineer upon arrival at the Meeting.

## *Revocation of a Proxy*

Registered shareholders who have given a proxy may revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy. Registered shareholders may revoke a proxy by depositing a written instrument giving notice of revocation: (a) at the office of Computershare set out above or at the registered office of Endeavour on or before the last business day preceding the day of the Meeting at which the proxy is to be used; or (b) with the Chairman of the Meeting on the day of the Meeting (prior to the commencement of the Meeting). The written notice of revocation may be executed by the registered shareholder or by an officer or attorney upon presentation of written authorization of the shareholder.

In addition, a proxy may be revoked by (a) the registered shareholder executing another form of proxy bearing a later date and depositing the same at the offices of Computershare prior to the deadline for depositing proxies set out above; or (b) by the registered shareholder personally attending the Meeting, identifying himself or herself to the scrutineer as a registered shareholder as of the Record Date present in person, and voting his or her Shares. A proxy may also be revoked by any other method permitted by applicable law.

## **Beneficial Shareholders**

*The information set out in this section is important to many of Endeavour's shareholders as a substantial number of shareholders do not hold their Shares in their own names.*

If your Shares are not registered in your name, they will be held by an intermediary, such as a bank, trust company, securities broker or other financial institution, on your behalf as a beneficial shareholder. There are two kinds of beneficial shareholders:

1. Objecting Beneficial Owners: those who object to their name being made known to the issuers of securities which they own (called "**OBOs**"); and
2. Non-Objecting Beneficial Owners: those who do not object (called "**NOBOs**").

Endeavour has distributed materials for the Meeting to intermediaries for distribution to beneficial shareholders (both NOBOs and OBOs). Intermediaries are required to forward the Notice and Access notification to beneficial shareholders unless such beneficial shareholders have requested paper copies (in which case the intermediary will forward printed materials to the beneficial shareholder). Typically, intermediaries will use a service company, such as Broadridge Financial Solutions, Inc. ("**Broadridge**"), to forward meeting materials to beneficial shareholders. Beneficial shareholders who have not waived the right to receive meeting materials will also receive either a voting instruction form ("**VIF**") or, less frequently, a form of proxy. The purpose of these forms is to permit beneficial shareholders to direct the voting of the Shares they beneficially own.

Endeavour may utilize the Broadridge QuickVote™ service to assist NOBOs with voting their Common Shares. NOBOs may be contacted by Laurel Hill to conveniently obtain a vote directly over the telephone.

**Each intermediary will have its own procedures to permit voting of Shares held on behalf of beneficial shareholders, including requirements as to when and where proxies or VIFs are to be delivered. Beneficial shareholders should carefully follow the instructions provided by their intermediary to ensure that their Shares are voted at the Meeting.**

If you are a Beneficial Endeavour Shareholder and wish to:

- Vote in person at the Meeting; or
- Change voting instructions given to your intermediary; or
- Revoke voting instructions given to your intermediary,

follow the instructions given by your intermediary or contact your intermediary to discuss what procedure to follow.

In addition, Management of Endeavour has elected to pay to distribute its meeting materials to the OBOs.

## CDI Holders

Beneficial holders in Australia hold CHESS Depository Interests ("**CDIs**") of the Corporation, which are units of beneficial ownership of underlying Shares registered in the name of Chess Depository Nominees Pty Ltd. ("**CDN**"). As holders of CDIs are not the legal owners of the underlying Shares, CDN is entitled to vote at the Meeting on the instruction of the holders of the CDIs.

As a result, holders of CDIs will receive a voting instruction form ("**CDI VIF**"), together with the Notice and Access notification or Meeting materials mailed to them, as applicable, from Computershare in Australia. These CDI VIFs are to be completed and returned to Computershare in Australia in accordance with the instructions contained therein. CDN is required to follow the voting instructions properly received from holders of CDIs.

If you hold your interest in CDIs through an intermediary, you will need to follow the instructions of your intermediary.

To obtain a copy of CDN's Financial Services Guide, go to [www.asx.com.au](http://www.asx.com.au). Phone 131 279 (within Australia) or +61 2 9338 0000 (overseas) if you would like a copy sent to you in the mail.

### *Background Information for CDI Holders*

Endeavour was incorporated on July 25, 2002 under the laws of the Cayman Islands. Endeavour's Shares are listed on the Toronto Stock Exchange under the symbol "EDV" and quoted in the United States on OTCQX International under the symbol "EDVMF". Endeavour's CDIs are quoted on the Australian Securities Exchange ("**ASX**") under the symbol "EVR". Each CDI represents a beneficial ownership interest in one Share.

The Corporation is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001(Cth) (Australia) dealing with the acquisition of shares. These chapters deal with substantial holdings, takeover bids, compulsory acquisitions, as well as certain rules on continuous disclosure. The Corporation is governed by applicable Canadian securities laws and the Companies Law (2011 Revision) of the Cayman Islands with respect to these matters. There are no limitations on the acquisition of securities of the Corporation under the Companies Law (2011 Revision). Under applicable Canadian securities laws, the Corporation is subject to rules applicable to takeover bid regulation, as well as rules relating to reporting requirements for shareholders holding 10% or more of the securities of the Corporation.

CDI holders should note that the Corporation has been granted certain waivers from the Listing Rules of the ASX. In particular, the Corporation has received a waiver from ASX Listing Rule 14.2.1 which requires that a form of proxy allow a securityholder to vote for or against each resolution. Under applicable Canadian securities laws, the form of proxy to be provided must only allow shareholders to vote in favour of or to

withhold their vote in respect of a resolution to elect a director or in respect of appointment of an auditor, but not to vote against it. The Corporation's waiver from ASX Listing Rule 14.2.1 only applies to the extent necessary to permit it to comply with the proxy requirements under applicable Canadian securities laws and for so long as such laws prevent the Corporation from permitting shareholders to vote against a resolution to elect a director or appoint an auditor.

## Holders of Avion Exchangeable Shares

On October 18, 2012, Endeavour completed its acquisition of Avion Gold Corporation ("**Avion**"), resulting in Endeavour acquiring all of the outstanding voting shares of Avion. Pursuant to the terms of the acquisition, in lieu of receiving Shares of Endeavour for their Avion shares, eligible Avion shareholders were entitled to elect to receive non-voting redeemable preferred shares in the capital of Avion ("**Exchangeable Shares**"). Exchangeable Shares are exchangeable or redeemable for Shares on a one-for-one basis in accordance with their terms. Each Exchangeable Share carries, to the extent practicable, economic and voting rights equivalent to those of a Share. As of the Record Date, 651,329 Exchangeable Shares were outstanding. The underlying Shares for which outstanding Exchangeable Shares may be exchanged have been issued by Endeavour and are held by a wholly owned subsidiary of Endeavour.

Pursuant to a Voting and Exchange Trust Agreement dated October 18, 2012 among Endeavour, Avion, Computershare (as "**Trustee**") and certain subsidiaries of Endeavour, registered holders of Exchangeable Shares have been granted contractual voting rights with respect to Endeavour, exercisable through the Trustee. Such holders are entitled (a) to instruct the Trustee as to the voting of the underlying Shares at the Meeting or (b) to attend the Meeting personally to vote the underlying Shares.

If you are a registered holder of Exchangeable Shares, you can vote by using the form of proxy enclosed with the Notice and Access notification or Meeting materials mailed to you, as applicable, and ensuring receipt by Computershare of such instructions via any of the means of delivery described above under the heading "*Registered Shareholders*" by 1:00 a.m. (PDT) / 4:00 a.m. (EDT) / 10:00 a.m. (CEST) on June 16, 2015, or not less than 48 hours before the commencement of any adjournment or postponement of the Meeting. The form of proxy permits you to instruct the Trustee to cause a number of votes to be cast at the Meeting equal to the number of Exchangeable Shares held by you at the Record Date in accordance with your instructions. You also can use your form of proxy to request a proxy to personally attend and vote at the Meeting or to designate a proxyholder to represent you at the Meeting. To do so, simply fill in your name or the name of the person that you wish to appoint to represent you in the space provided on the form of proxy.

If instructions are not received from a holder of Exchangeable Shares, the voting rights associated with the underlying Shares to which such holder is entitled will not be exercised at the Meeting. Voting instructions may be revoked by a registered Exchangeable Shareholder by any method described above under the heading "*Registered Shareholders – Revocation of a Proxy*".

If you are an OBO or a NOBO of Exchangeable Shares and have received the Notice and Access notification or Meeting materials, as applicable, from your intermediary, carefully follow the instructions provided by your intermediary to ensure your votes are recorded at the Meeting.

Endeavour may utilize the Broadridge QuickVote™ service to assist NOBOs with voting their Exchangeable Shares. NOBOs may be contacted by Laurel Hill to conveniently obtain a vote directly over the telephone.

In addition, Management of Endeavour has elected to pay to distribute its meeting materials to the OBOs of Exchangeable Shares.

Additional information about the contractual voting rights provided to holders of Exchangeable Shares is set out in the Voting Agreement, a copy of which is available under Endeavour's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **Quorum and Votes Necessary to Pass an Ordinary Resolution**

Under Endeavour's articles of association, the quorum for the transaction of business at the Meeting consists of two or more registered shareholders holding at least five per cent (5%) of the paid up voting share capital of Endeavour present in person or by proxy.

The resolutions to be submitted to Endeavour shareholders at the Meeting are ordinary resolutions requiring the approval of a simple majority (50% plus one vote) of the votes cast.

### **Voting Shares and Principal Holders Thereof**

The authorized capital of Endeavour is US\$20,000,000 divided into 1,000,000,000 Shares with a par value of US\$0.01 each, and 1,000,000,000 undesignated shares with a par value of US\$0.01 each, none of which undesignated shares have been issued.

Monday, May 4, 2015 has been fixed in advance by the directors as the Record Date for the purposes of determining those Endeavour shareholders entitled to receive notice of, and to vote in person or by proxy at the Meeting or any adjournment or adjournments thereof. As at the close of business on the Record Date, Endeavour had 413,143,668 Shares issued and outstanding, each Share carrying the right to one vote.

At the Meeting on a show of hands, every individual who is present as a registered shareholder or as a representative of one or more registered corporate shareholders, or who is holding a proxy on behalf of an Endeavour shareholder who is not present at the Meeting, will have one vote, and on a poll every Endeavour shareholder present in person or represented by proxy and every person who is a representative of one or more corporate Endeavour shareholders, will have one vote for each Share of which such person, or the person represented, is the holder. The register of registered shareholders is available for inspection during normal business hours at the office of the Transfer Agent and will be available for inspection at the Meeting. At the Meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by one or more shareholders present in person or by proxy entitled to vote. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting shall be entitled to a second or casting vote.

To the knowledge of the directors and senior officers of Endeavour, no person beneficially owns, directly or indirectly, or exercises control or direction over, Shares carrying 10% or more of the voting rights attached to all the issued and outstanding Shares as at the date of this Circular.

## Caution on Forward-Looking Statements

This Circular contains "forward-looking statements". Forward-looking statements include, but are not limited to, statements with respect to Endeavour's plans or future financial or operating performance, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, commodity prices, 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, economic, political and regulatory conditions, realization of unused tax benefits and the 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", "have potential" 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 and other publicly-available filings of Endeavour.

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 Endeavour operates; actual resolutions of legal and tax matters, as well as those factors discussed in the section entitled "Risk Factors" in the Corporation's Annual Information Form, a copy of which is available under Endeavour's SEDAR profile at [www.sedar.com](http://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. Endeavour's management periodically reviews information reflected in forward-looking statements.

## BUSINESS OF THE MEETING

### Receiving the Audited Consolidated Financial Statements

The audited consolidated financial statements of the Corporation for the year ended December 31, 2014 are available on the Corporation's website at [www.endeavourmining.com](http://www.endeavourmining.com) and under the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com), and have been mailed to shareholders who requested them. Management will be available to review Endeavour's consolidated financial results at the Meeting, and there will be an opportunity for discussion of these results with shareholders and proxyholders who are present.

### Appointment of Auditor

The auditor of the Corporation since July 2, 2002 has been Deloitte LLP, Chartered Accountants. Shareholders will be asked at the Meeting to vote for the appointment of Deloitte LLP as auditor of the Corporation until the next Annual General Meeting of Endeavour's shareholders at remuneration to be fixed by the Corporation's Board of Directors.

Aggregate fees paid to Endeavour's auditor relating to the years ended December 31, 2014 and 2013 were as follows:

	December 31, 2014 (C\$)	December 31, 2013 (C\$)
Audit Fees <sup>(1)</sup>	1,681,000	1,665,000
Audit-related Fees	Nil	Nil
Tax Fees <sup>(2)</sup>	413,765	454,813
All Other Fees <sup>(3)</sup>	229,561	Nil
Total Fees	2,324,326	2,119,813

(1) "Audit Fees" are the aggregate fees billed by the auditors for audit services.

(2) "Tax Fees" are fees for tax compliance work, preparing the annual tax returns and tax planning issues.

(3) "All Other Fees" are for services related to enhancements to management reporting.

**The Board of Directors recommends that Endeavour shareholders vote FOR the appointment of Deloitte LLP as the auditor of Endeavour for the 2015 fiscal year and for the authorization of the Board of Directors to set their remuneration. It is intended that all proxies received will be voted in favour of the appointment of Deloitte LLP as auditor of the Corporation unless a proxy contains instructions to withhold the same from voting.**

### Election of Directors

Shareholders are being asked to elect a Board of Directors comprised of seven members, namely:

Michael Beckett

Neil Woodyer

Wayne McManus

Ian Henderson

Miguel Rodriguez

Ian Cockerill

Frank Giustra

Information about the individual director nominees can be found on pages 12 to 15 of this Circular. Directors appointed at the Meeting will hold office until the next annual general meeting or until their successors are

elected or appointed. All of the nominees are currently directors of Endeavour and all nominees, except for Neil Woodyer, President and Chief Executive Officer of Endeavour, are independent of Endeavour.

## Majority Voting

On the recommendation of the Corporate Governance & Nominating Committee, Endeavour's Board of Directors has adopted a majority voting policy pursuant to which any nominee proposed for election as a director, other than in a contested election, who receives, from the Shares voted at the meeting in person or by proxy, a greater number of votes withheld than votes in favour of their election, must immediately tender his or her resignation to the Chairman of the Board, effective upon acceptance by the Board. The Corporate Governance & Nominating Committee will consider the director's offer to resign and make a recommendation to the Board whether to accept it within 90 days of the meeting date. In its deliberations, the Corporate Governance & Nominating Committee may consider any exceptional circumstances as to why the Board should not accept the resignation of the tendering director and any other factors that the members of the Board consider relevant. The Board will accept the resignation absent exceptional circumstances. The Corporation will promptly issue a press release with the Board's decision which, if applicable, shall include reasons for not accepting a resignation.

The tendering director will not participate in any Committee or Board deliberations on the resignation offer.

**The Board of Directors recommends that Endeavour shareholders vote FOR the election of each of the nominees as a director. It is intended that all proxies received will be voted in favour of the election of the nominees whose names are set forth above unless a proxy contains instructions to withhold the same from voting.**

## Approval of Amended and Restated Stock Option Plan

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution in the form set out below (the "**Stock Option Plan Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting, approving the amendment and restatement of the Corporation's stock option plan (the "**Option Plan**"). See page 47 for the current terms and conditions of the Option Plan.

The Corporation is proposing the following amendments to the Option Plan:

- **No options to non-executive directors.** In order to align the terms of the Option Plan with the Corporation's internal policy (since 2011), the Corporation proposes to amend the Option Plan to prohibit the grant of options to non-executive directors.
- **Amendment provisions.** The Corporation proposes to amend the amendment provisions of the Option Plan to require Shareholder approval for certain amendments, including increasing the number of Shares reserved for issuance under the Option Plan, reducing the exercise price of options (including any cancellation and reissuance of options), extending the term of options beyond their original expiry date, changing insider participation limits, permitting option grants to non-executive directors, altering the amendment provisions of the Option Plan or permitting any transfer of assignment of options other than by will or the laws of descent and distribution. Subject to regulatory requirements the Board of Directors will be permitted to make other amendments to the Option Plan and options without Shareholder approval.

- **Blackout extension.** In line with market practice, the Corporation proposes to amend the Option Plan to permit the extension of the expiry date of an option to ten business days after a blackout period if the expiry date of an option falls within a blackout period.
- **Calculation of exercise price.** The amended Option Plan provides that the exercise price of options be set at the greater of the volume weighted average trading price of the Shares for the five trading days immediately preceding the grant date and the closing trading price of the Shares on the grant date.
- **Tax withholdings.** The amended Option Plan would provide the Corporation with broader powers to ensure payment of any applicable withholding taxes or deductions relating to the exercise of options.

Certain other amendments of an administrative nature not requiring shareholder approval have been made to the Option Plan and have been accepted by the Toronto Stock Exchange.

The Board approved the amendments to the Option Plan on May 5, 2015, subject to shareholder and regulatory approvals.

TSX rules require that all unallocated options, rights or other entitlements under a “rolling maximum” stock option plan such as the Option Plan be approved by shareholders every three years. A “rolling maximum” plan is one where the number of shares reserved for issuance under the plan equals to 10% of the Shares of the Corporation issued and outstanding at the time of granting of options. All unallocated options were last approved by shareholders at the Corporation’s annual general meeting on June 6, 2012.

Management seeks shareholder approval for a resolution approving all unallocated options, up to the 10% rolling maximum limit specified in the Option Plan, as set out below in the Stock Option Plan Resolution, which approval will be effective for a further three years until June 18, 2018.

If the Stock Option Plan Resolution is approved at the Meeting, the amendment and restatement of the Option Plan will take effect at the close of business on the date of the Meeting. If the Stock Option Plan Resolution is not approved at the Meeting, the amendments will not become effective and the current Option Plan will remain in effect provided, however, that no new options may be granted under the Option Plan. In addition, if the Stock Option Plan Resolution is not approved at the Meeting, previously issued options that are cancelled or that terminate without being exercised will not become available for re-grant. However, options currently outstanding under the Option Plan will not be affected.

The text of the Stock Option Plan Resolution to be submitted to shareholders at the Meeting is set forth below:

**“BE IT RESOLVED THAT:**

1. the amended and restated stock option plan of the Corporation, as more particularly described in the Corporation's Management Information Circular dated May 6, 2015, be and hereby is approved;
2. all unallocated stock options under the Option Plan are hereby authorized and approved for future issuance under the Option Plan until June 18, 2018; and
3. any one director or officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of

such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolution.”

**The Board of Directors recommends the Endeavour shareholders vote FOR the adoption of the Stock Option Plan Resolution. It is intended that all proxies received will be voted in favour of the adoption of the Stock Option Plan Resolution unless a proxy contains instructions to vote against the resolution.**

After the Meeting, a copy of the Option Plan, as amended and restated, will be available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Other Business**

Following the conclusion of the formal business of the Meeting, management of Endeavour will invite questions and comments from shareholders.

As of the date of this Circular, management is not aware of any changes to the items of business of the Meeting listed above and does not expect any other business to be brought forward at the Meeting. If there are changes or new business, your proxyholder will be entitled to vote your Shares as he or she sees fit.

## BOARD OF DIRECTORS

### About our Nominees



**MICHAEL E. BECKETT**  
London, England  
*Director and Chairman*  
(Independent)

**Principal Occupation:** Various Chairman and Director appointments

**Director since:** July 26, 2002

**Shareholdings:**  
160,000 Shares and  
294,626 Deferred Share Units

**2014 total compensation:**  
US\$190,000 (50% cash, 50% DSUs)

**Other Public Company Directorships:**  
Northam Platinum Ltd.  
Petroamerica Oil Corporation  
International Hotels Investment Limited

Michael E. Beckett is the Chairman of the Corporation. He has 40 years' experience in the mining sector and has been involved in the development of some of the largest gold mines in the U.S., Africa and Papua New Guinea; iron ore mines in West Australia; industrial minerals in the Ukraine, Russia and Indonesia; and platinum in South Africa. Mr. Beckett was previously Chairman of Ashanti Goldfields Company Limited, Managing Director of Consolidated Gold Fields plc, Chairman of London Clubs International plc, WBB Minerals Ltd, Ultramar P.L.C., Oxus Gold plc, Clarkson plc, the Thomas Cook Group and MyTravel.

Mr. Beckett is a member of Endeavour's Audit Committee and Corporate Governance & Nominating Committee and the chair of the Remuneration Committee and the Safety, Health & Environment Committee.

#### 2014 Meeting Attendance

Board Meetings	Audit Committee	Corporate Governance	Remuneration	SH&E
7/7	4/4	2/2	2/2	4/4



**NEIL WOODYER**  
Monaco  
*Director, President and Chief Executive Officer*  
(Not Independent)

**Principal Occupation:** President and Chief Executive Officer of Endeavour

**Director since:** July 26, 2002

**Shareholdings:**  
1,007,127 Shares\*  
1,132,000 Performance Share Units

**2014 total compensation:**  
Not applicable

**Other Public Company Directorships:**  
Pacific Rubiales Energy Corp.

Neil Woodyer is the founder and Chief Executive Officer of the Corporation. His experience in the natural resource business spans more than 30 years. He was previously the Managing Director of Endeavour Financial which provided financial advisory services to companies operating within the natural resources industry. Prior to that, he held Chief Executive Officer positions with Lloyds International Trading, a subsidiary of Lloyds Bank specializing in project and trade finance and commodity trading and with Amalgamet's group of New York and Latin American based metal trading and mining finance companies. Mr. Woodyer is a Fellow of the Institute of Chartered Accountants in England and Wales.

#### 2014 Meeting Attendance

Board Meetings
7/7

\* Ashdell Ltd., a company beneficially owned by a Woodyer family trust, holds 2.8 million Endeavour Shares as at the date of this Management Information Circular. Ashdell is controlled by this trust which operates through an independent trustee. Neil Woodyer has no control or direction over or beneficial interest in Ashdell Ltd. or the trust.



**WAYNE McMANUS**  
Grand Cayman,  
Cayman Islands  
*Director (Independent)*

**Principal Occupation:** Adjunct Professor of Accounting and Finance and Author of Accounting textbooks

**Director since:** July 26, 2002

**Shareholdings:**  
80,000 Shares and  
215,923 Deferred Share Units

**2014 total compensation:**  
US\$140,000 (50% cash, 50% DSUs)

**Other Public Company Directorships:**  
None

Wayne McManus has extensive work experience in the private banking sector, providing accounting and wealth management services for high net worth clients. He has earned an LL.M. in taxation, a JD, an MBA and has more than 20 years of college teaching experience. Mr. McManus is a Certified Public Accountant, holds the Chartered Financial Analyst designation and is a member of the CFA Institute.

Mr. McManus is the chair of Endeavour's Audit Committee and a member of the Corporate Governance & Nominating Committee and Remuneration Committee.

**2014 Meeting Attendance**

Board Meetings 7/7	Audit Committee 4/4	Corporate Governance 2/2	Remuneration 2/2
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**IAN HENDERSON**  
London, England  
*Director (Independent)*

**Principal Occupation:** Former Managing Director at JP Morgan Asset Management

**Director since:** April 1, 2013

**Shareholdings:**  
310,002 Deferred Share Units

**2014 total compensation:**  
US\$130,000 (38% cash, 62% DSUs)

**Other Public Company Directorships:**  
None

Ian Henderson was Managing Director at JPMorgan Asset Management and managed JPMorgan's Natural Resources Funds for over 20 years until January 2012. He remained as a consultant and advisor on natural resources to the Global Equities Team until March 31, 2013. An employee since 1991, he was previously responsible for international portfolios and has extensive knowledge of the mining and oil and gas industries. Previously, Mr. Henderson spent nine years as director and Chief Investment Officer at Wardley Investment Services International Limited. Prior to this, he served five years as an international portfolio manager involved in business development in London and New York for Morgan Grenfell & Co. Mr. Henderson began his career as an accountant with Peat Marwick Mitchell & Co. He holds an LLB in Scots Law and an MA in Philosophy and Politics from Edinburgh University. He is also an ACA and FCA.

Mr. Henderson is the chair of Endeavour's Corporate Governance & Nominating Committee and a member of the Safety, Health & Environment Committee.

**2014 Meeting Attendance**

Board Meetings 7/7	Corporate Governance 2/2	SH&E 4/4
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**MIGUEL RODRIGUEZ**  
Pully, Switzerland  
Director (Independent)

**Principal Occupation:** Economist  
**Director since:** September 17, 2013

**Shareholdings:**  
101,448 Deferred Share Units

**2014 total compensation:**  
US\$120,000 (67% cash, 33% DSUs)

**Other Public Company Directorships:**  
Pacific Rubiales Energy Corp.  
Pacific Coal Resources Ltd.

Miguel Rodriguez has extensive experience in the private, public and academic sectors. In the financial sector, he was the Director of D'Societe Financiere in Geneva from 2010 to 2014. In the public sector, Mr. Rodriguez was the Economic Minister and Chief of the Economic Cabinet of the Republic of Venezuela from 1989 to 1992. He was also President of the Central Bank of Venezuela in 1992, and Governor to the International Monetary Fund, the World Bank, and the Inter-American Development Bank during 1989-1992. From 1992-1994, he was Senior Advisor to the World Bank. He also had a long academic career as Professor of Economics at IESA in Caracas from 1984 to 2008. Mr. Rodriguez holds a Ph.D. in Economics from Yale University, with specialization in Macroeconomics, International Trade and Finance, and Money and Banking.

Mr. Rodriguez is a member of Endeavour's Audit Committee and Remuneration Committee.

**2014 Meeting Attendance**

Board Meetings  
7/7

Audit Committee  
4/4

Remuneration  
2/2



**IAN COCKERILL**  
Johannesburg, South Africa  
Director (Independent)

**Principal Occupation:** Various Chairman and Director appointments  
**Director since:** September 17, 2013

**Shareholdings:**  
94,000 Shares and  
141,093 Deferred Share Units

**2014 total compensation:**  
US\$110,000 (45% cash, 55% DSUs)

**Other public company directorships:**  
Petmin Limited  
Orica Ltd.  
Ivanhoe Mines Ltd.  
Blackrock World Mining Trust

Ian Cockerill has nearly 40 years of experience in the mining industry, having been responsible for business development at AngloGold, and Chief Executive Officer of both Gold Fields Ltd. and Anglocoal, between 1999 and 2009. He is currently Chairman of Petmin Ltd., a JSE company concentrating on bulk commodities. He is also a non-executive director of Orica Ltd in Australia, the senior lead independent director of Ivanhoe Mines Ltd (formerly Ivanplats) and non-executive director of Blackrock World Mining Trust. In addition, he is Chairman of Leadership for Conservation in Africa, a not-for-profit organisation promoting sustainable employment opportunities linked to conservation projects across the African continent, with a vision to save 20 million hectares of rainforest in Africa by 2020.

Mr. Cockerill is a member of the Safety, Health & Environment Committee.

**2014 Meeting Attendance**

Board Meetings  
6/7

SH&E  
4/4



**FRANK GIUSTRA**  
Vancouver, Canada  
*Director (Independent)*

**Principal Occupation:** Entrepreneur, Investor, Philanthropist

**Director since:** September 17, 2013  
Previously a director of Endeavour from July 26, 2002 to November 22, 2005

**Shareholdings:**  
6,807,215 Shares\* and  
112,961 Deferred Share Units

**2014 total compensation:**  
US\$100,000 (50% cash, 50% DSUs)

**Other Public Company Directorships:**  
Lionsgate Entertainment Corporation  
Petromanas Energy Incorporated  
Catalyst Copper Corp.

Frank Giustra is President and Chief Executive Officer of Fiore Financial Corporation, a private firm managing a broad portfolio of private equity investments. He has an established track record of building natural resource companies through access to capital and creative deal-making. As President and later Chairman and Chief Executive Officer of Yorkton Securities in the 1990s, he grew the firm into a leading natural resource investment bank. As Chairman of Endeavour Financial from 2001 to 2007, his vision and leadership led to the successful launch of numerous resource companies, including Wheaton River Minerals (acquired by Goldcorp), Silver Wheaton and Pacific Rubiales Energy. Mr. Giustra's entrepreneurial successes also include the founding of Lionsgate Entertainment, now one of the world's largest independent film companies.

Mr. Giustra is a strong believer in philanthropy, and devotes much of his time to a variety of causes. Since 2005, Mr. Giustra has become an active executive member of the International Crisis Group, a leading independent, non-partisan source of analysis and advice to policymakers on the prevention and resolution of deadly conflict.

In 2007, he and former President Bill Clinton launched the Clinton Giustra Enterprise Partnership, with the focus of creating social and economic development programs in parts of the world where poverty is widespread. Mr. Giustra sits on boards of the Clinton Giustra Enterprise Partnership, The Bill, Hillary and Chelsea Foundation, International Crisis Group, The Radcliffe Foundation and Streetohome Foundation, a Vancouver foundation that envisions access to safe, clean and affordable housing for everyone in Vancouver. Mr. Giustra is a Trustee of the Boston Museum of Fine Arts.

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#### 2014 Meeting Attendance

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Board Meetings  
6/7

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\* Includes 1,500,000 Endeavour Shares held by Radcliffe Foundation, a charitable foundation controlled by Mr. Giustra.

## Building a High Performance Board

The Corporate Governance & Nominating Committee regularly monitors the performance of the Board of Directors and its Committees, and considers whether the current mix of directors' skills, expertise and experience is best suited to achieve the strategic goals of the Corporation and carrying out the mandate of the Board.

Endeavour values diversity. The Corporate Governance & Nominating Committee believes that having directors with diverse backgrounds and experiences benefits the Corporation by enabling the Board to consider issues from a variety of perspectives. Endeavour believes that having a diverse Board can also enhance effective decision making and strategic planning. When assessing potential candidates for nomination to the Board, the Corporate Governance & Nominating Committee considers gender, national origin, and ethnicity in addition to business skills, qualifications and career history. Endeavour has an internationally diverse composition of directors, and is actively working to make advances in other areas.

The Board believes that a broad range of skills and expertise is necessary for the Board to discharge its responsibilities. Specific skills and expertise must be considered in the context of integrity and good judgment, together with the ability to devote sufficient time to Board affairs. The following Skills Matrix describes the particular skills and expertise that are viewed as integral to the Board's effectiveness. The Corporate Governance & Nominating Committee uses the Skills Matrix to assess the strengths and adequacy of the composition of the existing Board, as well as assisting with the recruitment process for new directors.

Skills and Expertise	Number of the Corporation's Directors with Expertise
<b>Strategy and Leadership</b> – Experience driving strategic direction and leading growth of an organization, preferably including the management of multiple projects, comfort with current principles of risk management and corporate governance.	<b>6 of 7</b>
<b>Metals and Mining</b> – Knowledge of the mining industry, market, international regulatory environment and stakeholder management.	<b>5 of 7</b>
<b>Finance</b> – Experience in the field of finance, investment and/or in mergers and acquisitions.	<b>7 of 7</b>
<b>Public Policy</b> – Experience in, or a thorough understanding of, the workings of government and public policy both domestically and internationally.	<b>6 of 7</b>
<b>Human Resources</b> – Experience in the oversight of significant, sustained succession planning and talent development and retention programs, including executive compensation.	<b>4 of 7</b>
<b>Accounting</b> – Experience as a professional accountant, CFO or CEO in corporate financial accounting and reporting; comfort working with basic financial reports; understanding of the key financial levers of the business.	<b>6 of 7</b>
<b>International Business</b> – Experience working in a major organization that carries on business in one or more international jurisdictions, preferably in Africa.	<b>7 of 7</b>
<b>Operations and Exploration</b> – Experience with a leading mining or resource company with reserves, explorations and operations expertise, including cultivating and maintaining a culture focused on safety, the environment and operational excellence.	<b>4 of 7</b>

Skills and Expertise	Beckett	Woodyer	McManus	Henderson	Cockerill	Giustra	Rodriguez
Strategy & Leadership	X	X		X	X	X	X
Metals & Mining	X	X		X	X	X	
Finance	X	X	X	X	X	X	X
Public Policy	X	X	X		X	X	X
Human Resources	X	X		X	X		
Accounting	X	X	X	X	X		X
International Business	X	X	X	X	X	X	X
Operations & Exploration	X	X		X	X		

### Share Ownership Requirements

Endeavour believes that directors should be shareholders and have a financial stake in the Corporation. The Board adopted a share ownership policy on November 12, 2013, which requires its directors to achieve and maintain minimum shareholding thresholds, in either Shares or Share units. The current ownership requirement for directors is 300,000 Shares and/or Share units. Directors are expected to achieve these thresholds by November 11, 2018 or, for directors who joined the Corporation after November 12, 2013, within five years of their appointment, as applicable.

As of December 31, 2014, all non-executive directors met the shareholder requirement or were in the process of doing so within the prescribed time limit.

Name	Shares held (#)	Deferred Share Units held (#)	Total Share Interests held (#)	Mandatory Shareholding Threshold (#)	Share Ownership Guideline Met; or prescribed deadline
Michael E. Beckett	160,000	244,542	404,524	300,000	Yes
Wayne McManus	80,000	179,019	259,019	300,000	November 2018
Ian Henderson	Nil	267,825	267,825	300,000	November 2018
Miguel Rodriguez	Nil	80,360	80,360	300,000	November 2018
Ian Cockerill	94,000	109,460	203,460	300,000	November 2018
Frank Giustra <sup>(1)</sup>	6,807,215	86,601	6,893,816	300,000	Yes

(1) Includes 1,500,000 Endeavour Shares held by Radcliffe Foundation, a charitable foundation controlled by Mr. Giustra.

In addition to these share ownership requirements, the Corporation also has an anti-hedging policy, so the directors' market value exposure vis-à-vis their respective share positions cannot be offset or reduced.

## Attendance of Directors

Endeavour believes that an active board governs more effectively and therefore directors are expected to make every reasonable effort to attend all meetings of the Board and Committees of which they are members. Directors are strongly encouraged to attend in person, but may participate by teleconference if they cannot attend in person.

The following table provides a summary of the number of Board and Committee meetings held during fiscal 2014.

Type of Meeting Held	Number of Meetings
Board of Directors	7
Audit Committee	4
Corporate Governance & Nominating Committee	2
Safety, Health and Environment Committee	4
Remuneration Committee	2

The following table provides a summary of director attendance at Board of Director and Committee meetings held during fiscal 2014.

Director	Board Meetings Attended		Committee Meetings Attended		Total Board/Committee Meetings Attended	
	Count	Percentage	Count	Percentage	Count	Percentage
Michael E. Beckett	7 of 7	100%	12 of 12	100%	19 of 19	100%
Neil Woodyer	7 of 7	100%	N/A	N/A	7 of 7	100%
Wayne McManus	7 of 7	100%	8 of 8	100%	15 of 15	100%
Ian Henderson	7 of 7	100%	6 of 6	100%	13 of 13	100%
Frank Giustra	6 of 7	86%	N/A	N/A	6 of 7	86%
Ian Cockerill	6 of 7	86%	4 of 4	100%	10 of 11	91%
Miguel Rodriguez	7 of 7	100%	6 of 6	100%	13 of 13	100%

## Orientation and Continuing Education of Directors

As part of the Corporation's orientation program, new directors are given copies of all policies, Committee charters and mandates. They are also provided with guidance concerning trading in the Corporation's securities, blackout periods, and the Corporation's disclosure practices. Senior executives are made available to meet with new directors to familiarize them with the Corporation's operations, programs and projects. Presentations made at Board meetings, together with site visits, are intended to provide insight into the Corporation's business and familiarize new directors with the policies, Committee charters, codes, mandates and programs they require to effectively perform their duties.

The Corporation's ongoing director education programs entail, as a matter of routine each year, site visits, briefings from staff and management, reports on issues relating to the Corporation's operations, and other initiatives intended to keep the Board abreast of new developments and challenges that the Corporation may face.

## Corporate Cease Trade Orders, Bankruptcies

No nominee director is or within the 10 years before the date of this Circular has been, a director or executive officer of any other issuer that, while such person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied such other issuer access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an order that resulted, after the director or officer ceased to be a director or officer, in the issuer being the subject of a cease trade order or similar order or an order that denied the relevant issuer access to any exemption order under Canadian securities legislation, for a period of more than 30 consecutive days.

Except as disclosed below, no nominee director is, or within the 10 years before the date of this Circular has been, a director or executive officer of any other issuer that, while such person was acting in such capacity within a year of such person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Mr. Cockerill was a non-executive director of Peterstow Holdings from August 2010 to March 2012. In August 2012, subsequent to Mr. Cockerill's resignation from the board of directors, Peterstow Holdings applied for an order from the High Court in Swaziland to be placed under provisional liquidation. Mr. Cockerill was a minority shareholder of Peterstow Holdings, owning less than 1% of the issued and outstanding capital of the company.

Mr. Cockerill was a non-executive director and Vice Chairman of African Minerals Limited from July 2013 to December 2014. On March 26, 2015, subsequent to Mr. Cockerill's resignation from the board of directors, the High Court in London appointed joint administrators of African Minerals Limited after it failed to make a scheduled bond payment.

No nominee director has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

No nominee director has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or has entered into a settlement agreement with a Canadian securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## Director Compensation

### Objective of Director Compensation

The main objective of Endeavour's director compensation program is to attract and retain directors with a broad range of skills and expertise, who are also able to successfully carry out the Board's mandate. As a gold mining company with interests and operations in challenging international environments, the Corporation requires its Directors to devote significant time and energy to the performance of their duties, including preparing for and attending Board meetings and mine site visits in challenging locations, participating on Committees and ensuring that they stay informed about our business and trends and developments affecting

the mining industry. In order to attract and retain directors who meet these expectations, the Board believes that the Corporation must offer a competitive compensation package.

## Director Compensation Policies and Approach

The Board consists of seven directors, of which six are independent. The independent directors are compensated in accordance with guidelines established by the Corporate Governance & Nominating Committee. The Corporation does not compensate executive directors for their services in their capacity as directors.

Endeavour maintains a flat-fee approach consisting of an annual retainer and Committee and Chairman fees but does not provide any Board meeting fees, Committee meeting fees or other meeting compensation, nor does it provide travel per diems or compensation for travel time. The annual retainer is paid in a mix of cash and share-based awards consisting of Deferred Share Units (“**DSUs**”). The Corporation does not issue stock options to non-executive directors. This streamlined fixed retainer approach recognizes that meeting attendance is a minimum expectation, simplifies the administration of Board compensation and provides for greater predictability in forecasting Board compensation expense.

The Board has established mandatory shareholdings for non-executive directors, as described above. The Board believes that a share ownership requirement along with the mixture of ‘at-risk’ compensation promotes the objectives of director retention and alignment with long-term shareholders.

## Process for Determining Director Compensation

The Corporate Governance & Nominating Committee is responsible for recommending director compensation policies to the Board. The Corporate Governance & Nominating Committee reviews director compensation annually. Beginning in 2012, the Corporate Governance & Nominating Committee engaged Mercer (Canada) Limited (“**Mercer**”) as its independent consultant to provide commentary and assist Endeavour in aligning its approach to compensation with typical market practices in the mining industry and in the general marketplace. With advice from Mercer, the Corporation adopted a DSU plan in January 2013 to strengthen the alignment of interests between shareholders and independent directors by linking a significant portion of independent directors’ annual compensation to the future market value of Shares. Upon implementing the DSU plan in 2013, the Board also established a policy that non-executive directors are not eligible for new awards under the Option Plan.

The following table summarizes Endeavour’s compensation arrangements for 2014, along with the current 2015 compensation arrangements, which are unchanged from the prior year.

Compensation Component	2014 Value (US\$)	2015 Value (US\$)
Annual retainer (paid in mix of cash and DSUs)	\$100,000	\$100,000
Annual fee for the Chairman of the Board (paid in DSUs)	\$30,000	\$30,000
Committee fee for regular committee membership (paid in DSUs)	\$10,000	\$10,000
Committee fee if chairperson of the committee (paid in DSUs)	\$20,000	\$20,000

The Corporate Governance & Nominating Committee monitors director compensation practices among Canadian mining and other resource based companies and will consider whether further actions, if any, will be implemented in 2015.

### Share-based awards – the DSU Plan

Certain components (shown above) of the directors' compensation are payable in DSUs. DSUs are notional Shares that have the same value at any given time as the Shares of the Corporation, but do not entitle the participant to any voting or other shareholder rights and are non-dilutive to shareholders. DSUs awarded to directors vest immediately on the date of grant, and are normally issued and priced at the end of each quarter. DSUs are cash-settled at the prevailing market price (being the lesser of the most recent closing price or the 5 day volume weighted average price) of the Shares following the director ceasing to be a member of the Board.

### Directors' Total Compensation for 2014 and 2015

A total of \$790,000 was paid to the independent directors during the year ended December 31, 2014 with an aggregate pay mix of 50% in cash and 50% in DSUs. The Board considers the total compensation range of \$100,000 to \$190,000 per independent director and the median independent director's total compensation of approximately \$132,000 to be competitive and appropriate given the expertise and time commitments of the different director roles.

The Board monitors its cost of governance (i.e. total direct compensation paid to all independent directors) relative to its Comparator Group (see page 31) and notes that both total direct compensation and total direct compensation per director is slightly below the average of the comparator group in 2014, based on a review conducted by Mercer in February 2015.

For 2015, the total amount to be paid to the independent directors is forecast to be unchanged at \$790,000 based on the current Board and Committee memberships and the 2015 compensation policy.

### Summary Director Compensation Table

The compensation earned by each of the non-executive directors during the year ended December 31, 2014 was:

Name	Fees earned (US\$)	Share-based Awards (US\$)	Option-based awards (US\$)	All other compensation (US\$)	Total Compensation (US\$)	Pay Mix (% Cash - % DSUs)	
Michael E. Beckett	95,000	95,000	nil	nil	190,000	50%	50%
Ian Cockerill	50,000	60,000	nil	nil	110,000	45%	55%
Frank Giustra	50,000	50,000	nil	nil	100,000	50%	50%
Ian Henderson	50,000	80,000	nil	nil	130,000	38%	62%
Wayne McManus	70,000	70,000	nil	nil	140,000	50%	50%
Miguel Rodriguez	80,000	40,000	nil	nil	120,000	67%	33%
<b>TOTAL</b>	395,000	395,000	nil	nil	790,000	50%	50%

As disclosed above, total director compensation is linked to a director's participation on committees of the Board. Board and committee membership as of the date of this Circular (and since September 17, 2013) is as follows:

Name	Board of Directors	Audit Committee	Corporate Governance & Nominating Committee	Safety, Health & Environment Committee	Remuneration Committee
Michael E. Beckett	Chair	Member	Member	Chair	Chair
Wayne McManus	Member	Chair	Member		Member
Ian Henderson	Member		Chair	Member	
Miguel Rodriguez	Member	Member			Member
Ian Cockerill	Member			Member	
Frank Giustra	Member				

### Outstanding Share-Based-Awards

The following table shows all outstanding share-based awards held by each non-executive director as at December 31, 2014. The only outstanding form of share-based awards for directors is DSUs.

Name	Number of share-based awards that have not vested (#)	Payout value of share-based awards that have not vested (US\$)	Payout value of vested share-based awards that have not paid out (US\$) <sup>(1)</sup>
Michael E. Beckett	Nil	Nil	88,534
Wayne McManus	Nil	Nil	64,812
Ian Henderson	Nil	Nil	96,964
Miguel Rodriguez	Nil	Nil	29,093
Ian Cockerill	Nil	Nil	39,629
Frank Giustra	Nil	Nil	31,353
<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>	<b>\$350,386</b>

(1) All DSUs are fully vested on grant, but will not be paid-out until after the applicable Separation Date' (e.g. the resignation of the director from the Board).

### Outstanding Option-Based Awards

The Board has established a policy whereby non-executive directors are not eligible for new stock option awards, and no new awards have been made to non-executive directors since 2011. The following table sets forth details of all option-based awards remaining from grants made to non-executive directors as part of their director compensation prior to December 31, 2011:

Name <sup>(3)</sup>	Number of securities underlying unexercised options (#)	Option exercise price (C\$) <sup>(1)</sup>	Option expiration date	Value of unexercised in-the-money options (US\$) <sup>(2)</sup>
Michael E. Beckett	250,000	2.64	December 20, 2016	Nil
Wayne McManus	200,000	2.64	December 20, 2016	Nil

(1) Options are granted with a Canadian dollar exercise price (being the currency in which the Shares trade on the TSX).

(2) This value is calculated as the difference between the C\$ exercise price of an Option and the closing price of the Shares on the TSX on December 31, 2014 (which was C\$0.425), with that difference being converted to US\$ for the purposes of the table above using the exchange rate in effect on December 31, 2014 as reported by Bloomberg.

- (3) Prior to his appointment as a non-executive director on September 17, 2013, Frank Giustra was granted certain options in connection with advisory services provided to the Corporation. Currently, Frank Giustra holds 2,296,600 Options at a weighted average exercise price of C\$2.47 with a weighted average remaining term of 2.18 years. As a non-executive director, Frank Giustra is not eligible for future stock option grants.

***Share-Based and Option-Based Awards – Value Vested or Earned During the Year***

The following table shows the value of the share-based awards which vested or were earned by each non-executive director for the fiscal year ending December 31, 2014. With respect to non-executive directors, no option-based awards or other non-equity incentive plan awards were granted or vested for the fiscal year ending December 31, 2014.

<b>Name</b>	<b>Share-based Awards (DSUs) (US\$)</b>	<b>Option-based awards (US\$)</b>	<b>Non-equity incentive plan awards (US\$)</b>
Michael E. Beckett	95,000	Nil	Nil
Wayne McManus	70,000	Nil	Nil
Ian Cockerill	60,000	Nil	Nil
Frank Giustra	50,000	Nil	Nil
Miguel Rodriguez	40,000	Nil	Nil
Ian Henderson	80,000	Nil	Nil
<b>TOTAL</b>	<b>395,000</b>	<b>Nil</b>	<b>Nil</b>

# EXECUTIVE COMPENSATION

## Compensation Discussion and Analysis

### Executive Summary

#### *Components of the 2014 Executive Compensation Program*

Executive compensation for the year ended December 31, 2014 was comprised of a base salary and an annual performance-based bonus. Senior executives were also eligible to receive stock options and performance share units ("PSUs") as part of the Corporation's long-term incentive ("LTI") program.

#### *Named Executive Officers*

In 2014, the Corporation's Named Executive Officers ("NEOs"), being the CEO, CFO and the three other most highly compensated individuals, were:

Neil Woodyer	President and Chief Executive Officer, and Director
Adriaan "Attie" Roux	Chief Operating Officer
Christian Milau*	Chief Financial Officer
Douglas Bowlby	Executive Vice-President – Corporate Development
Jeremy Langford	Executive Vice-President – Construction Services

\* Christian Milau resigned as CFO effective April 1, 2015 and resigned his employment with Endeavour effective April 30, 2015. He was succeeded by Endeavour's Group Controller, Ota Hally.

#### *2014 Base Salaries*

Salaries paid to the NEOs in 2014 are reflected in the "Summary Compensation Table" on page 42. For 2014, the base salaries for the majority of Endeavour's NEOs were aligned with the 60<sup>th</sup> percentile of the comparator group (the "**Comparator Group**") compiled by Mercer and listed on page 32. In general, Endeavour targets delivering base salaries within the median and 75<sup>th</sup> percentile of the Comparator Group. We target this compensation level for two primary reasons: i) as an indicator of the relative complexity of the business, only 2 of the 15 peers have four operating mines (Endeavour currently has four mines) with 11 of the 15 peers having only 1 or 2 mines; and ii) Endeavour's executives spend much of their time in the field – four mines, four countries, four government partners, two languages – as personal contact with local management, local communities and the work force is essential.

In the case of the CEO, base salary is set based on competitive market reviews prepared by Mercer, other sources of market data, and with the Board's assessment of the CEO's role within the executive team and performance. For 2014, the CEO's base salary was increased in recognition of a concerted and continued effort by the CEO to maintain frequent and consistent contact with the multiple stakeholders of our business.

#### *2014 Annual Incentive Bonuses*

Despite strong operating performance including production growth to 465,770 ounces (above guidance of 400,000 to 440,000), lowered AISC costs to below \$1,000/oz for the second half of 2014, and extending mine life through successful exploration that added 870,000 ounces to mineral reserves (before mine depletion) in 2014, total shareholder returns ("TSR") during 2014 did not meet expectations with a year-over-year share

price decline of 11%. With a view to directly aligning executive compensation with share value, the Remuneration Committee in conjunction with the executives determined that payment of 2014 annual incentive bonuses, which was calculated to be paid at target for all NEOs, be adjusted downward with an amount to be forfeited set for each NEO based on individual levels of participation in market-facing activities. The amounts forfeited are as follows:

	Target 2014 Bonus	2014 Discretionary Cut		2014 Payout after Cut		
		(\$)	(%)	Cash-based Award	Share-based Award	Total Award
Neil Woodyer <i>CEO</i>	1,800,000	-800,000	-44%	750,000	250,000	1,000,000
Attie Roux <i>COO</i>	675,000	-225,000	-33%	337,500	112,500	450,000
Christian Milau <i>CFO</i>	425,000	-125,000	-29%	225,000	75,000	300,000
Doug Bowlby <i>EVP-Corp Development</i>	425,000	-125,000	-29%	225,000	75,000	300,000
Jeremy Langford <i>SVP-Projects</i>	350,000	-50,000	-14%	225,000	75,000	300,000

As an additional mechanism to align executive compensation with share values, the NEOs and additional members of the senior management team were required to use at least 25% of the annual incentive bonus award (net of income tax) to purchase Endeavour shares from the open market, as noted in the above table.

### **2014 LTI Awards**

In 2014, following a comprehensive review of Endeavour's executive compensation programs and pay practices by Mercer, PSUs were added to the LTI compensation program with the goal of shifting the executive compensation pay mix toward a greater proportion of total compensation being long term and equity-based. The introduction of PSUs effectively adds a performance-vested component to the overall LTI mix and reduces the emphasis on stock options. In addition to the increase in focus on performance-vested LTI vehicles, the overall pay mix itself has shifted to an increased focus on LTI compensation. The CEO's pay mix shifted from 20% LTI to 29% LTI and for the other NEOs from 14% LTI to 29% LTI.

During 2014, 2,627,000 PSUs and 7,155,000 stock options were granted, of which 1,270,000 PSUs and 3,000,000 stock options or approximately 48% and 42%, respectively, were awarded to the NEOs.

Due to Christian Milau's resignation in April 2015, he forfeited the 165,000 PSUs granted to him during 2014, and has until July 29, 2015 to exercise any vested stock options.

### **2014 Total Direct Compensation**

Total direct compensation (base salary, annual incentive bonuses and LTIs) payable to the NEOs is targeted at the 75<sup>th</sup> percentile of the Comparator Group. A benchmarking exercise performed by Mercer in February 2015 confirmed the executive compensation program delivered 99% of this target during 2014 for the CEO and 95% for the other NEOs. An analysis and discussion of the 2014 total direct compensation is found in the "Analysis and Discussion for 2014 Total Direct Compensation" section on page 36.

Endeavour's target pay positioning reflects its plan to attract and retain highly skilled and talented executives who have extensive experience travelling to challenging environments. Endeavour's targeted executive compensation reflects the fact that it does not offer pensions, retirement programs or related incentives.

The Remuneration Committee also reviews the total direct compensation expense related to the entire corporate staff, inclusive of share-based compensation expense, as a percentage of gross revenue ("**Corporate Cost Efficiency Ratio**"). The Corporate Cost Efficiency Ratio provides context for Endeavour's overall efficiency of corporate administrative expenses. For 2014, Endeavour's Corporate Cost Efficiency Ratio was 3.9%, which shows continued improvement from 5.9% in 2013 and 6.1% during 2012. Endeavour also compares very favourably to the median of the 2014 Comparator Group corporate cost efficiency ratio of 6.3% in 2014, and ranked 3<sup>rd</sup> lowest out of the 16 companies. See the table on page 32 for details.

### *Minimum Share Ownership Levels for Senior Executives*

NEOs and certain other senior executives are required to achieve and maintain minimum shareholding thresholds. The current minimum Share ownership requirement for senior executives is to own a number of Shares whose valuation is equivalent to the senior executive's base salary amount by October 29, 2017 or within five years of the senior executive's employment start date, as applicable.

### Objectives of Executive Compensation

Endeavour has rapidly grown into a mid-tier gold producer with four operating mines in West Africa and an advanced stage project, which received its mining permit in February 2015. Endeavour has completed three corporate acquisitions since 2010, and has focused on optimizing its acquired assets with capital investments and ensuring its operations are well managed by an experienced operations team with deep technical expertise.

Endeavour has a corporate office in Vancouver, Canada, an executive office in Monaco, and an operations hub in Accra, Ghana that includes the Chief Operating Officer's office, operations management, procurement, human resources and corporate social responsibility program management.

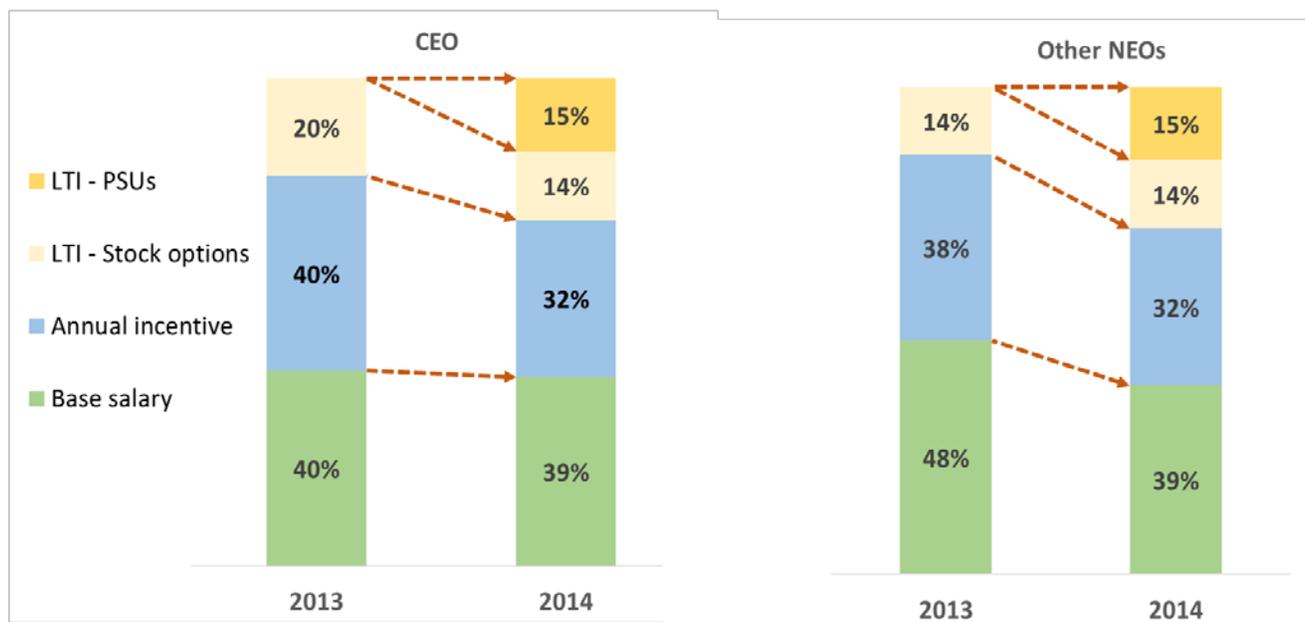
As part of its overall business strategy, Endeavour is focused on:

- Executing on operational targets, including safety, production, cost reduction, environmental stewardship, and social responsibility;
- Maintaining a strong financial position;
- Creating value through project development, including the Houndé Project in Burkina Faso;
- Implementing solid and transparent financial reporting and accounting systems; and
- Continuing to grow its gold business

The objective of Endeavour's executive compensation program is to support the Corporation's business strategy by attracting and retaining talented employees through competitive compensation. This involves paying for performance by emphasizing variable "at-risk" compensation linked to the Corporation's key strategic and operational objectives, aligning long-term performance rewards with shareholders' interests, and providing the flexibility necessary for the entrepreneurial nature of Endeavour's business strategy.

While the proportions of executive compensation will vary from year to year, the charts below illustrate the percentages of total compensation paid to the CEO and the other NEOs in the form of base salary, short-term

incentives and LTIs during 2013 and 2014. The charts show that 61% of the CEO's and the other NEOs' compensation was "at risk" for 2014. The increase of the proportion of total compensation paid in the form of LTIs is due to the implementation of the PSU plan in 2014 (the "PSU Plan").



### Executive Compensation Policies and Approach

During early 2014, Mercer was engaged to conduct a comprehensive review of Endeavour's executive compensation programs and pay practices. The purpose of this review was to benchmark executive pay against the Comparator Group to ensure that it reflected the scope of Endeavour's growing operations, and to review various executive compensation programs in order to identify opportunities that would improve Endeavour's compensation programs and align them with market practice in the mining industry and in the general marketplace. As a result of this review, the Board approved changes to the 2014 LTI compensation program to now include a portion of PSUs. In April 2015, Mercer completed a comprehensive update to this review which included an update to the Comparator Group (changes are noted on page 31).

With assistance from Mercer, Endeavour monitors the executive compensation programs and pay practices of its Comparator Group to identify opportunities to make improvements to Endeavour's programs and to ensure alignment with market practice.

Highlights of the PSU Plan:

Design Features	Summary of Design Feature
Units	PSUs are notional shares that have the same value at any given time as Shares in the Corporation, but do not entitle the participant to any voting or other shareholder rights and are non-dilutive to shareholders.
Term	Three years from grant, with acceleration in the event of change of control (and in certain employee-specific circumstances, including death or permanent disability).

Design Features	Summary of Design Feature
Vesting type	PSUs vest based on performance at the end of three years.
Vesting date for 2014 grants	July 18, 2017.
Performance criteria	<p>The number of PSUs that vest is subject to the Corporation's TSR relative to the constituents of the S&amp;P TSX Global Gold Index. The PSU performance leverage ranges from 50% (if in the bottom quartile) to 150% (if in the top quartile) of the PSUs that were originally granted, with interpolation between 50% and 150% if between the top and bottom quartiles.</p> <p>In determining the performance criteria, the Corporation considers TSR to be the preferred performance metric as it most directly aligns management with the shareholders' experience. Further, the Corporation prefers a simple and measurable approach that is both effective from a pay-for-performance perspective and provides transparency on potential pay out amounts as compared to some peers with complex multi-variable performance functions.</p> <p>During 2014, the Corporation's TSR for the year was -11%. This TSR under performance relative to the S&amp;P TSX Global Gold Index members generated a performance factor of 80.56%, such that had the PSUs' vesting date been December 31, 2014, the number of PSUs vested would be equal to 80.56% of the number of PSUs originally granted. The Corporation recalculates the performance factor on a periodic basis for informational purposes for the PSU Plan participants.</p>
Pricing at time of grant	The conversion from the dollar value of the LTI grant to the number of PSUs is based on the closing price of the Shares on the trading day immediately preceding the date of grant on the Toronto Stock Exchange.
Dividend equivalents	Additional PSUs are credited to the PSU holders during the vesting period at the same rate as dividends paid on the Shares, if any.
Payout value	Upon vesting, each PSU, if earned, will have a value equal to the volume weighted average in Canadian dollars of the Shares on the Toronto Stock Exchange during the last 5 trading days prior to the vesting date.
Form of payment	PSUs earned will be paid out in cash at the end of their vesting periods.
Clawback	The PSU Plan contains a clawback provision whereby PSUs and the proceeds of settlement thereof will be recaptured by the Corporation if any such proceeds were based on: (i) the achievement of financial results that were subsequently materially revised, and (ii) the recipient of such PSU or proceeds of settlement thereof engaged in grossly negligent or intentional misconduct that caused or substantially caused the need for

Design Features	Summary of Design Feature
	the material revision.

### *Elements and Discussion of NEO Compensation*

Compensation of NEOs for the year ended December 31, 2014 included base salary and an annual performance-based bonus. The NEOs are also eligible to receive stock options and PSUs as part of the Corporation's LTI program.

In addition, the NEOs are participants in a long-term bonus policy referred to as the Gold LTI Policy, which was established concurrently with the implementation of the gold business, as discussed below.

Element of Compensation	Description and Purpose
<b>Base Salary</b>	<p>Base salaries are fixed at the start of the annual compensation period and are reviewed annually with potential adjustments determined based on competitive market practices, the NEO's performance and improvements in job proficiency/competence, and the Corporation's results and ability to pay.</p> <p>Base salaries are fixed and therefore not subject to uncertainty. Base salaries are used as a measure to compare to, and remain competitive with, compensation offered by competitors and as the base to determine other elements of compensation and benefits.</p>
<b>Annual Bonus</b>	<p>While base salaries are fixed, annual bonuses are tied to performance and are a variable component of compensation designed to reward NEOs for delivering exceptional performance results.</p> <p>Annual bonuses are awarded as a percentage of salary based on metrics that tie to the Corporation's strategic goals and annual operating plan including:</p> <ul style="list-style-type: none"> <li>• Company-wide operating and financial targets, including: <ul style="list-style-type: none"> <li>○ Budget production and costs;</li> <li>○ Financial targets;</li> <li>○ Reserve / resource replacement;</li> <li>○ Completion of specific projects and value-added studies; and</li> <li>○ Safety, Health and Environment performance.</li> </ul> </li> <li>• Strategic goals such as identification, evaluation and execution of corporate opportunities;</li> <li>• Other objectives such as achieving synergies from acquisitions or completing exceptional corporate events (including acquisitions);</li> <li>• Individual performance results. The CEO's individual performance is assessed by the Board upon the recommendation of the Remuneration Committee. Other executives' performance is assessed by the CEO and noted by the Remuneration Committee and the Board; and</li> <li>• Importantly, none of the NEOs have contractual minimum bonus amounts so the entire annual bonus is considered performance-related.</li> </ul>
<b>LTI Awards - Stock Options and PSUs</b>	<p>The core purpose of an LTI compensation scheme is to provide strong incentives to deliver and exceed the Corporation's long-term objectives, reward participants for their contribution, serve as a retention mechanism so that participants are incited to remain with the Corporation in order to realize the value of the awards, and continue to align compensation with the shareholders'</p>

Element of Compensation	Description and Purpose
	<p>experience.</p> <p>Historically, Endeavour has used stock option grants as its LTI vehicle for senior executives. In 2014, a PSU Plan was introduced and the LTI pay mix in 2014 was 50% stock options and 50% PSUs for senior executives. For 2015, the LTI pay mix is expected to remain 50% stock options and 50% PSUs.</p> <p>The Board has adopted a policy that it does not issue stock options to its non-executive directors.</p>
<b>Gold LTI Policy</b>	<p>To ensure that the interests of Endeavour’s management team are 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 “<b>Gold LTI Award</b>”) is calculated as 10% of the increase in value of gold assets and is crystallized 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.</p> <p>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. If 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 CDN\$955 million (or CDN\$2.31 per issued share).</p> <p>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.</p>
<b>Benefits Plans</b>	<p>Endeavour prefers a transparent compensation system with competitive salaries and bonuses based on performance. The Corporation has not provided its NEOs or other employees with pension plans, retirement contributions, car allowances, or loans. The other benefits and perquisites provided are limited to housing allowances, payment of certain taxes by the Corporation on behalf of employees and payment of contributions to basic insurance programs (medical, life and disability).</p>

### **Market Competitive Compensation**

The Remuneration Committee believes that it is appropriate to establish compensation levels based on a review and understanding of compensation practices as well as levels of compensation in similar companies and in companies with which the Corporation competes for executive talent.

Mercer worked with the Remuneration Committee to develop a comparator group for benchmarking. The following summarizes the process utilized by Mercer to create the Comparator Group:

- All publicly-traded companies in Canada and the US classified within the S&P / JPMorgan Chase Global Industry Classification Code sub-industries of Diversified Metals & Mining, Gold Mining, and Precious Metals & Mining, with a preference to Gold;
- Trailing 12-month revenues with a range of approximately \$300 million to \$1.2 billion (i.e. approximately 50% to 200% of Endeavour’s trailing 12 month revenues);

- Companies that have entered into production (i.e. annual revenues greater than \$100 million) and with significant assets (i.e. assets greater than \$500 million); and
- Companies headquartered in North America and/or primarily traded in Canada, and with interests and operations primarily in challenging international environments.

Based on the criteria, the following changes were made to the Comparator Group from the previous year:

- Removed Banro Corp, as they are significantly smaller on revenue and market capitalization; Oceanagold Corp, as they principally operate in New Zealand and the Philippines; and Pan American Silver, as they are not a gold producer; and
- Added Nevsun Resources, as they fit the revenue and market capitalization range, are based in Vancouver, and have operations in similarly challenging locations.

The Comparator Group for 2014 consisted of the following fifteen companies:

		2014 Revenue (US\$ million)	Number of Operating Mines
1.	Acacia Mining plc	930	3
2.	Centerra Gold Inc	763	1
3.	New Gold Inc	726	4
4.	Endeavour Mining Corp	584	4
5.	Nevsun Resources Ltd	555	1
6.	B2Gold Corp	487	4
7.	Centamin plc	475	1
8.	Golden Star Resources Ltd.	329	3
9.	Dundee Precious Metals	324	2
10.	Alacer Gold Corp	292	1
11.	Aurico Gold Inc	291	2
12.	Semafo Inc	289	1
13.	Primero Mining Corp	275	2
14.	Teranga Gold Corp	261	1
15.	Perseus Mining Ltd.	217	1
16.	Alamos Gold Inc	170	1

Source: Company Reports

Total direct compensation (salary, annual bonus, and LTIs) payable to the NEOs is targeted at the median to 75<sup>th</sup> percentile of the Comparator Group, with the caveat that available market data may not be reflective of the specific roles, responsibilities and experience of the NEOs.

In addition, the Remuneration Committee reviews the Corporate Cost Efficiency Ratio, which Endeavour and its advisors consider to be an important metric that allows executive compensation to be viewed as one component of its 'big-picture' G&A cost performance and effectiveness strategy. For 2014, Endeavour's Corporate Cost Efficiency Ratio was 3.9%, which is an improvement from 5.9% during 2013 and 6.1% during 2012. Endeavour also compares very favourably to the median Corporate Cost Efficiency Ratio of the 2014 Comparator Group of 6.3%, which is set out below.

	2014 Revenue	2014 G&A expense, inclusive of share- based comp.	Corporate Cost Efficiency Ratio	
	US\$ million	US\$ million	% of Revenue	\$/Au-eq Ounce
1. Centamin plc	473	12	2.5%	31
2. Nevsun Resources Ltd	555	17	3.1%	41
3. Endeavour Mining Corp	584	23	3.9%	49
4. Acacia Mining plc	930	41	4.4%	58
5. New Gold Inc	726	33	4.5%	56
6. Centerra Gold Inc	763	35	4.6%	56
7. Golden Star Resources Ltd.	329	16	5.0%	63
8. Alacer Gold Corp	292	18	6.3%	79
9. Teranga Gold Corp	261	17	6.3%	80
10. Semafo Inc	289	21	7.1%	90
11. Aurico Gold Inc	291	26	8.9%	114
12. Alamos Gold Inc.	170	16	9.6%	122
13. Dundee Precious Metals	324	32	10.0%	122
14. Perseus Mining Ltd.	217	23	10.5%	122
15. B2Gold Corp	487	54	11.1%	140
16. Primero Mining Corp	275	37	13.4%	167
Comparator Group Median	324		6.3%	80

Source: Company Reports

## Associated Risks

The Corporation has considered the risks relating to its compensation paid to its executives, directors and other employees and determined that the type and structure of the compensation does not present any risks that are reasonably likely to have a material adverse effect on the Corporation and is in line with similar companies within the gold mining industry.

The Corporation uses the following practices to discourage inappropriate or excessive risk-taking by executive officers:

- Incentive compensation awards are based on achievement of both corporate and individual performance objectives, and are not inordinately weighted to any single metric. Compensation packages consist of a mix of fixed and performance-based compensation, with short and long term conditions.
- Directors, NEOs and all employees are prohibited from purchasing financial instruments (including prepaid variable forward contracts, equity swaps, and collars) that are designed to hedge or offset a decrease in the market value of Endeavour's equity securities that are granted as compensation or held, directly or indirectly, by a director, NEO or other employee.

- The PSU Plan includes a clawback policy. Under this policy, which applies to all participants, all or a portion of the incentive compensation received is subject to clawback and recapture from such participant, if (among other things):
  - (1) any such proceeds were based on the achievement of financial results that were subsequently materially revised (e.g. due to the restatement of the Corporation's, or any of its affiliates', financial statements); and
  - (2) such participant engaged in gross negligence or intentional misconduct that caused or substantially caused the need for the material revision.
- Mandatory shareholding levels for Senior Executives and compulsory share-based awards.

In order to align the interests of directors and senior management with the Corporation's shareholders, the Board adopted a Share Ownership Policy on October 29, 2012, which requires its directors and senior executives to achieve and maintain minimum shareholding thresholds, in either Shares or Share units. The current ownership requirement for senior executives is equal to the amount of their base salary and senior officers are expected to achieve this threshold by October 29, 2017 or, for senior officers who joined the Corporation after October 29, 2012, within five years of their employment start date.

The following table shows the breakdown of the securities held by NEOs who are subject to the share ownership guidelines, along with their value and whether the NEO is compliant with the minimum ownership requirement. As at the date of this Circular, all such NEOs are in the process of meeting the share ownership guidelines within the prescribed time limit.

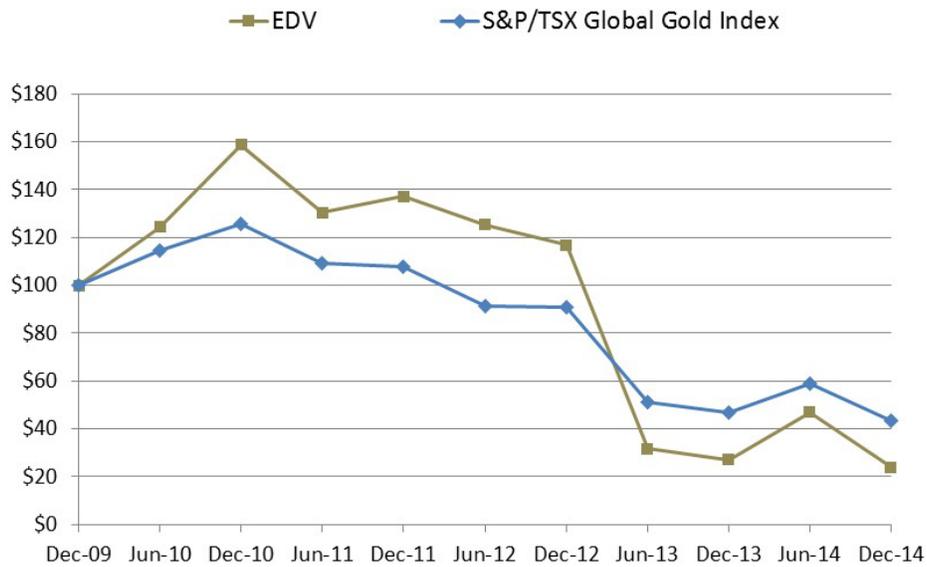
Name	Shares held (#)	Performance Share-units held (#)	Total Shares and Performance Share Units (#)	Value of Total Ownership (US\$) <sup>(1)</sup>	Value of Total Ownership Multiple of Salary	Share Ownership Guideline Met; or prescribed deadline
Neil Woodyer <sup>(2)</sup>	1,007,127	1,132,000	2,139,127	\$1,105,216	0.92	October 2017
Attie Roux	314,294	443,000	757,294	\$391,268	0.87	October 2017
Christian Milau	396,348	344,000	740,348	\$382,513	0.90	October 2017
Douglas Bowlby	346,357	344,000	690,357	\$356,684	0.84	October 2017
Jeremy Langford	200,000	333,000	533,000	\$275,383	0.89	July 2019

(1) The value of Shares and Share-units are based on the closing price on the Toronto Stock Exchange on May 5, 2015 of CDN\$0.62 converted to U.S. dollars based on Bloomberg quoted exchange rate of 1.20 on May 5, 2015.

(2) Ashdell Ltd., a company beneficially owned by a Woodyer family trust, holds 2.8 million Shares as at the date of this Circular. Ashdell is controlled by this trust which operates through an independent trustee. Neil Woodyer has no control or direction over or beneficial interest in Ashdell Ltd. or the trust.

## Performance Graph

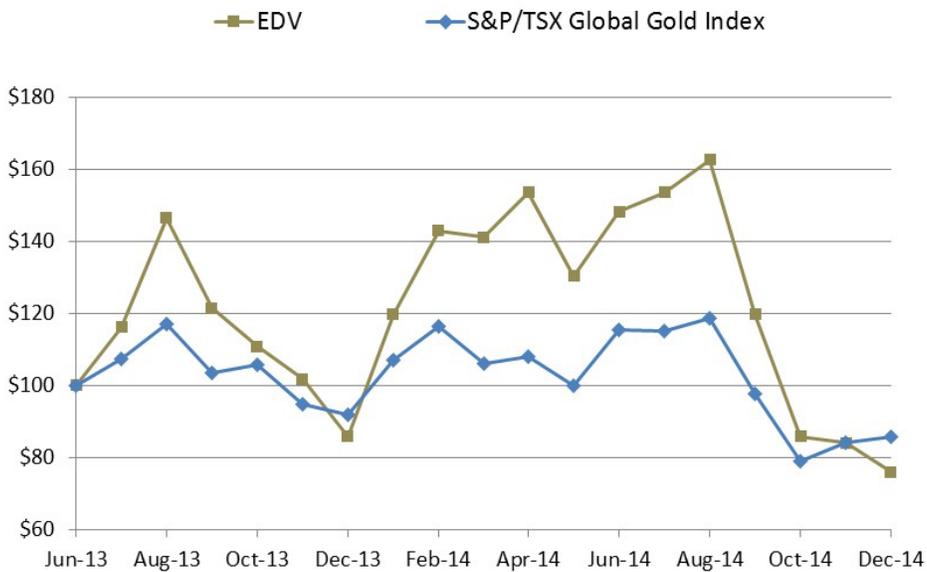
The following graph compares the cumulative total shareholder return of C\$100 invested in Shares of Endeavour from December 31, 2009 to December 31, 2014 with the S&P/TSX Global Gold Index for the same period.



Market data sourced from Bloomberg

Over the three year period from December 31, 2009 to December 31, 2012 Endeavour’s cumulative shareholder return outperformed with the gold-sector specific S&P/TSX Global Gold Index. In the six-month period of December 31, 2012 to June 30, 2013, the spot gold price declined from \$1,658/oz to \$1,192/oz (based on London PM fixings), which resulted in dramatic declines in the value of gold producers as illustrated by the chart above.

Subsequent to the decline in the gold price in the first half of 2013, the following graph compares the cumulative total shareholder return of C\$100 invested in Shares of Endeavour from June 30, 2013 to December 31, 2014 with the S&P/TSX Global Gold Index from June 30, 2013 to December 31, 2014.



Market data sourced from Bloomberg

## Compensation Governance

The Corporation has a Remuneration Committee which is advised by Mercer and consists of Michael E. Beckett (Chairman), Wayne McManus and Miguel Rodriguez, each of whom are independent directors. The Remuneration Committee assists the Board in approving and monitoring the Corporation's guidelines and practices with respect to compensation and benefits, as well as in determining recruitment, retention and termination policies and procedures.

The Remuneration Committee's responsibilities include, among other things:

- determining, in consultation with the Board and the Chief Executive Officer, a framework or policy for the remuneration of the executive management. The principal objective of such policy is to ensure that members of the executive management of the Corporation are motivated to pursue the long term growth and success of the Corporation within an appropriate control framework and to establish a clear relationship between key executive performance and remuneration; and
- within the terms of the agreed policy, determining and recommending to the Board the individual remuneration package of the Chief Executive Officer.

Endeavour's executive compensation philosophy, as established by the Remuneration Committee in consultation with the Board and the CEO, is to:

- provide market-competitive compensation to attract and retain the talent needed to implement the business strategy;
- pay for performance by emphasizing variable compensation that is linked to the Corporation's key strategic and operational objectives; and
- align long-term performance awards with Endeavour's share price to incentivize long-term value enhancement.

In all cases, it is recognized that the entrepreneurial nature of Endeavour's business strategy requires flexibility in the determination of executive compensation, and the Remuneration Committee, the Board and the CEO consult regularly with each other and with outside consultants, as necessary, in this regard.

A copy of the Remuneration Committee's charter which sets out its role and responsibilities, composition, structure and membership requirements is available on the Corporation's website. Please refer to the section "Information Concerning Directors" above for background information on each of the Remuneration Committee members.

### ***Executive Compensation – Related Fees***

During the year ended December 31, 2014, Mercer was paid US\$49,032 in executive compensation-related fees. Other than described above, Mercer did not provide any other services to Endeavour during 2014. Mercer's services were first retained in 2012. Mercer was paid US\$13,356 in 2012 and US\$16,461 in 2013 in executive compensation-related fees. No fees related to any other matters have been paid to Mercer.

## Analysis and Discussion for 2014 Total Direct Compensation

### 2014 Base Salaries

- Base salaries are fixed at the start of the annual compensation period and are reviewed annually with potential adjustments determined based on competitive market practices, the NEO's performance and improvements in job proficiency/competence, and the Corporation's results and ability to pay.
- For 2014, Endeavour targeted base salaries at median to 75<sup>th</sup> percentile of the Comparator Group for its NEOs. This base salary plan enables the Corporation to attract and retain highly skilled and talented executives with the experience to implement Endeavour's business strategy and who have extensive travel requirements in challenging environments. In addition, the base salary targets relative to the Comparator Group consider that: i) as a meaningful indicator of the relative complexity of our business - Endeavour currently has four mines, while only 2 of the 15 peers have four operating mines, and 11 of the 15 peers have only one or two mines; and ii) Endeavour's executives spend much time in the field (four mines, four countries, four government partners, two languages) as personal contact with local management, local communities and the work force is essential.
- As illustrated in the table below, Endeavour maintained the 2014 base salaries of its NEOs (with the exception of the CEO) as compared to 2013 to remain within its targeted pay positioning between the median to 75th percentile of the Comparator Group. The EVP Construction Services' 2014 salary amount reflects the transition from SVP Projects to EVP Construction Services during 2014, which included a three month period with a reduced work schedule following completion of the Agbaou Mine construction and commissioning period.
- The CEO's salary adjustment in 2014 was in recognition of his concerted and continued effort to maintain frequent and consistent contact with the multiple stakeholders of our business.

Name and Principal Position	Base Salary (US\$) 2013	Base Salary (US\$) 2014	% Change
Neil Woodyer, Chief Executive Officer	1,000,000	1,200,000	20%
Adriaan "Attie" Roux Chief Operating Officer	450,000	450,000	0%
Christian Milau Chief Financial Officer	425,000	425,000	0%
Doug Bowlby Executive VP Corp Development	425,000	425,000	0%
Jeremy Langford Executive VP Construction Services	375,000	309,412	-17%

- In early 2014, a benchmarking study performed by Mercer confirmed Endeavour was in-line with its target pay positioning policy, with the caveat that available market data may not be reflective of the specific roles, responsibilities and experience of the NEOs. In April 2015, Mercer completed an updated benchmarking study which confirmed that Endeavour's base salaries in 2014 are generally aligned with the 60<sup>th</sup> percentile of the Comparator Group.

### 2014 Annual Incentive Bonus

- Annual performance incentive targets were established for the NEOs as follows: Woodyer (150% of salary), Roux (150% of salary), Milau (100% of salary), Bowlby (100% of salary) and Langford (100% of salary).
- Based on the strong corporate performance results of 2014, described below, the Remuneration Committee awarded each of the NEOs 100% of target awards.
- In light of Endeavour's TSR in 2014 of negative 11%, and in order to directly align executive compensation with share value, annual bonuses for the NEOs were subject to a discretionary 'cut' with the amount to be forfeited set for each NEO based on individual levels of participation in market-facing activities. For the CEO, the amount forfeited was 44% of the target bonus and for the other NEOs, the amount forfeited ranged from 14% to 33%.
- As of result of the TSR adjustment, the annual performance awards delivered in 2014 to the NEOs were as follows: Woodyer - 83% of salary, Roux - 100% of salary, Milau - 71% of salary, Bowlby - 71% of salary and Langford - 86% of salary.
- All NEOs and senior executives were required to use at least 25% of the 2014 Annual Incentive Bonus (net tax) to acquire Endeavour shares in the open-market following payment of the bonus award. This has been included in the summary table as a Share-based award at 25% of the Annual Incentive Bonus.

	2014 Annual Bonus Target (US\$)		2014 Annual Bonus Award (US\$)			
	% Salary	Target Amount	Discretionary TSR 'Cut'	Cash-based Award	Share-based Award	Total Award
Neil Woodyer <i>CEO</i>	150%	1,800,000	-800,000	750,000	250,000	1,000,000
Attie Roux <i>COO</i>	150%	675,000	-225,000	337,500	112,500	450,000
Christian Milau <i>CFO</i>	100%	425,000	-125,000	225,000	75,000	300,000
Doug Bowlby <i>EVP-Corp Development</i>	100%	425,000	-125,000	225,000	75,000	300,000
Jeremy Langford <i>EVP-Const. Services</i>	100%	350,000	-50,000	225,000	75,000	300,000

### 2014 Corporate Performance Highlights

The following company-wide accomplishments and achievements from the NEOs were recognized and were factors considered in awarding annual bonuses for fiscal 2014:

<p><b>Total shareholder return</b></p>	<p>During 2014, the TSR for Endeavour Shares was negative 11%. This performance compared negatively to both the median TSR of the 2014 Comparator Group (+0.4%) and the median TSR of the constituents of the S&amp;P TSX Global Gold Index (+0.4%). A discretionary TSR "cut" was applied to the NEOs' target annual bonus with amounts determined based on individual levels of participation in market-facing activities.</p> <p><b>For the CEO, the amount forfeited was 44% of the target bonus, or \$800,000.</b></p> <p><b>For the other NEOs, the amount forfeited ranged from 33% to 14%, or \$225,000 to \$50,000.</b></p>																				
<p><b>Safety, Health and Environment</b></p>	<p>During 2014, recordable workplace injuries and environmental incidents were well within international standardized metrics.</p> <p>Safety Performance - Lost time injury</p> <table border="1" data-bbox="553 617 1458 940"> <thead> <tr> <th></th> <th>2012</th> <th>2013</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td>Youga Mine</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Nzema Mine</td> <td>2</td> <td>2</td> <td>3</td> </tr> <tr> <td>Tabakoto Mine</td> <td>2</td> <td>3</td> <td>2</td> </tr> <tr> <td>Agbaou Mine</td> <td>-</td> <td>1</td> <td>0</td> </tr> </tbody> </table> <p>Endeavour's vision for its environmental, social, health and safety programs is to maintain all properties at international best practices in the mining sector. During 2014, Endeavour faced the added challenge of preparing for and maintaining its operations during the most widespread epidemic of the Ebola virus in history in several West African countries.</p> <p>Endeavour received recognition from national health authorities and its West African mining sector peers for its rigorous approach to detection, protection and response.</p> <p><b>For the CEO and the other NEOs, performance of mining activities in accordance with safe and well planned mining practices resulted in a 100% award on this factor.</b></p>		2012	2013	2014	Youga Mine	2	1	1	Nzema Mine	2	2	3	Tabakoto Mine	2	3	2	Agbaou Mine	-	1	0
	2012	2013	2014																		
Youga Mine	2	1	1																		
Nzema Mine	2	2	3																		
Tabakoto Mine	2	3	2																		
Agbaou Mine	-	1	0																		
<p><b>Budget production &amp; costs</b></p>	<p>Gold production increased to 465,770 ounces, as compared to 324,275 ounces in 2013, and well above the 2014 production guidance range of 400,000 to 450,000 ounces.</p> <p>All-in sustaining cost per gold ounce sold of \$1,010 compared to \$1,137 in 2013. Sustained stated goal of group-level AISC per ounce below \$1,000 for two consecutive quarters (Q3+Q4).</p> <p>Operating activities generated \$127.4 million of positive cash flow, compared to \$43.8 million in 2013.</p> <p>Cash expenditures and prepayment on mining activities decreased to \$117.1 million from \$213.6 million in 2013.</p> <p><b>For the CEO and the other NEOs, this strong operating performance resulted in a 100% award on this factor.</b></p>																				

<b>Financial targets</b>	<p>Endeavour ended 2014 in a strong financial position with \$62.2 million in cash. Endeavour also achieved its stated goal of lowering AISC/ounce costs to below \$1,000/ounce during the second half of 2014.</p> <p><b>For the CEO and the other NEOs, this strong financial performance resulted in a 100% award on this factor.</b></p>
<b>Gold Reserve / Resource replacement</b>	<p>Successful 2014 exploration programs at the Agbaou and Tabakoto mines resulted in net gains in mineral reserves, after 2014 mining depletion.</p> <p>Successful 2014 exploration program at Houndé Project increased mineral reserves to 2.1Mozs and confirmed the project is a core asset in Endeavour's growth profile.</p> <p>2014 year-end mineral reserves of 4.5 million ounces of gold for a net increase of 412,000 ounces when compared to the end of 2013. With depletion from mining of 458,000 ounces during 2014, the total exploration additions were 870,000 ounces.</p> <p><b>For the CEO and the other NEOs, these successful exploration results that resulted in a net increase in mineral reserves resulted in a 100% award on this factor.</b></p>
<b>Completion of specific projects and valued-added studies</b>	<ul style="list-style-type: none"> <li>• Successful ramp up of the new Agbaou Mine, which commenced commercial production on January 27, 2014.</li> <li>• Conversion to owner-operated underground mining at Tabakoto.</li> <li>• Receipt of permit and completion of road construction to the Kofi C deposit, providing a new open pit ore source for the Tabakoto mill (ore deliveries began on schedule in January 2015).</li> <li>• Progressed mining permit for Houndé Project (received February 2015).</li> </ul> <p><b>For the CEO and the other NEOs, the successful delivery of these projects resulted in a 100% award on this factor.</b></p>

### **2014 LTI Compensation**

PSUs were introduced for 2014 as part of the LTI compensation program, with the intention of increasing the pay mix in favour of long-term equity-based compensation. PSUs are subject to three year 'cliff-vesting' to serve as an employee retention mechanism. The PSU Plan is also designed to be a more effective and performance driven LTI vehicle as compared to stock options.

During 2014, 2,627,000 PSUs and 7,155,000 stock options (6,255,000 stock options at a strike price of C\$0.95 and 900,000 stock options at a strike price of C\$0.81) were granted, of which 1,270,000 PSUs and 3,000,000 stock options (at \$0.95 strike price) or approximately 48% and 42%, respectively, were awarded to the NEOs.

The PSUs granted in 2014 have the Corporation's TSR relative to the constituents of the S&P TSX Global Gold Index as the performance metric. The PSU performance leverage ranges from 50% (if in the bottom quartile) to 150% (if in the top quartile) of the PSUs that were originally granted, with interpolation between 50% and 150% if between the top and bottom quartiles. As of December 31, 2014, the Corporation's TSR performance relative to the S&P TSX Global Gold Index members generated a performance factor of 80.56% (no PSUs have yet vested).

As of December 31, 2014, the stock options granted to the NEOs during 2014 were out-of-the-money by negative 55%.

## 2014 Pay Mix

Name and Principal Position	Base Salary (US\$)	Annual Incentive Bonus (US\$)		2014 LTI Awards (US\$)		2014 Pay Mix (%)			2014 Pay Mix (%)	
		Non-equity	Share-based	Options	PSUs	Salary	Annual Bonus	LTI	Fixed	Variable
Neil Woodyer, CEO	1,200,000	750,000	250,000	428,425	471,268	39%	32%	29%	39%	61%
Adriaan "Attie" Roux COO	450,000	337,500	112,500	188,507	192,791	35%	35%	30%	35%	65%
Christian Milau CFO	425,000	225,000	75,000	137,096	141,380	42%	30%	28%	42%	58%
Doug Bowlby EVP Corporate Development	425,000	225,000	75,000	137,096	141,380	42%	30%	28%	42%	58%
Jeremy Langford EVP Construction Services	309,412	225,000	75,000	137,096	141,380	35%	34%	31%	35%	65%

## 2014 Total Direct Compensation to the CEO and other Named Executive Officers

### Neil Woodyer, Chief Executive Officer

- Mr. Woodyer provides leadership and vision and is accountable to Shareholders for defining, communicating and achieving Endeavour's strategy and operational goals. He is responsible for enterprise-wide performance, financial results including profit or loss, balance sheet and shareholder value metrics, and defining and maintaining a corporate culture of performance and responsibility. He is responsible for implementing the Corporation's strategic growth plan and co-ordinating and directing the management team.
- Mr. Woodyer has extensive experience developing, implementing and financing strategic growth plans in the mining sector. His experience in the natural resource business spans more than 30 years, including as Chief Executive Officer of Lloyds International Trading, a subsidiary of Lloyds Bank plc, specializing in project and trade finance and commodity trading and of Amalgamated Metal Corporation plc's group of New York and Latin America-based metal trading and mining finance companies. Mr. Woodyer is a Fellow of the Institute of Chartered Accountants in England and Wales.
- Mr. Woodyer was a founder of Endeavour and its predecessor financial advisory & merchant banking business in 1988, and led its transition to the current gold mining business which launched in 2009.

### Target for 2014

The Remuneration Committee carried out a detailed analysis of the Comparator Group in early 2014 with the assistance of Mercer. As a result, and in support of Mr. Woodyer's strong performance, leadership, strategic vision and seasoned judgement, the board set his target total direct compensation at the 75<sup>th</sup> percentile of the Comparator Group.

### *Total Direct Compensation for 2014*

- Mr. Woodyer's total direct compensation for 2014 was \$3,099,693, which compares closely at 99% of the 75<sup>th</sup> percentile of total direct compensation paid to Comparator Group CEOs of \$3,127,300 (as compiled by Mercer in April 2015).
- The measurement criteria for the CEO in 2014 included: (i) total shareholder return; (ii) delivery of budget production and costs; (iii) financial targets; (iv) gold reserve/resource replacement; and (v) completion of specific projects.
- During 2014, the CEO provided strong overall supervision of the rapidly expanding business of the Corporation and leadership to drive the implementation of strategic priorities, including:
  - maintaining a strong focus on disciplined capital allocation and all-in sustaining cost reductions;
  - ensuring corporate supports in place to enable successful start-up and operation of the new Agbaou mine in Côte d'Ivoire, which is now Endeavour's leading low-cost operating mine;
  - building organization capacity for future growth while maintaining an effective and efficient structure, as demonstrated by Endeavour's favourable Corporate Cost Efficiency Ratio to the Comparator Group (ranked 3<sup>rd</sup> out of 16 companies during 2014);
  - strengthening balance sheet and providing financial flexibility, including an extension of the maturity date of the \$350 million corporate credit facility (completed in March 2015);
  - providing vision to the Corporation by developing and implementing significant corporate strategies and objectives; and
  - expanding Endeavour's relationships with government partners in West Africa. This involved extensive travel by Mr. Woodyer to Africa during 2014. In his role as CEO, Mr. Woodyer also travelled extensively in Europe and North America in support of investor relations, business development, and corporate finance efforts.
- During 2014, Endeavour's TSR trailed those of its gold producer peers. While attributing the share price underperformance to specific factors is challenging – it is clear several external factors contributed, including the presence of the Ebola virus in West Africa (and in Mali, specifically during H2 2014), a decline in investment sentiment towards gold price and gold producer equities, and an increased risk aversion to emerging and frontier markets. Regardless of the causes, in order to directly align Mr. Woodyer's compensation with share value, his annual bonus was subject to a discretionary 'cut' with 44% forfeited (or \$800,000).

### **Other NEOs (Roux, Milau, Bowlby & Langford)**

- For the other NEOs, total direct compensation was targeted at the 75<sup>th</sup> percentile of the Comparator Group. For these individuals, we note the increased challenge of finding incumbents in the peer group performing substantially similar job functions for direct compensation comparison.
- The total direct compensation for 2014 paid to the other NEOs averaged \$1,044,000 which compares closely at 95<sup>th</sup> percentile of total direct compensation paid to Comparator Group Other NEOs (as compiled by Mercer in April 2015).
- The measurement criteria for each of the other NEOs were also specific, quantitative where possible and organized in a similar fashion to that of the CEO and aligned with the Corporation's goals.

- During 2014, Endeavour's TSR lagged that of its gold producer peers and, similar to the CEO, a discretionary TSR "cut" was applied to the other NEOs' target annual bonus with amounts determined based on individual levels of participation in market-facing activities. For the other NEOs, the amount forfeited ranged from 14% to 33%, or \$50,000 to \$225,000.

## Summary Compensation Table

The following table contains information about the compensation paid to, or earned by, the NEOs for the financial years ended December 31, 2012, 2013 and 2014.

Name and Principal Position	Year	Salary (US\$) <sup>(1)</sup>	Share-based awards (US\$) <sup>(2)</sup>	Option-based awards (US\$) <sup>(3)</sup>	Non-equity incentive plan compensation (US\$)		All other compensation (US\$) <sup>(4)</sup>	Total compensation (US\$)
					Annual incentive plans	Long-term incentive plans		
Neil Woodyer, Director Chief Executive Officer <sup>(5)</sup>	Dec 31, 2014	1,200,000	721,268	428,425	750,000	nil	338,895	3,438,588
	Dec 31, 2013	1,000,000	500,000	482,198	500,000	nil	nil	2,482,198
	Dec 31, 2012	1,000,000	500,000	nil	500,000	nil	nil	2,000,000
Adriaan "Attie" Roux Chief Operating Officer <sup>(6)</sup>	Dec 31, 2014	450,000	305,291	188,507	337,500	nil	315,000	1,596,298
	Dec 31, 2013	450,000	225,000	190,001	225,000	nil	316,650	1,406,651
	Dec 31, 2012	398,000	190,000	nil	190,000	nil	234,400	1,012,400
Christian Milau, Chief Financial Officer <sup>(7)</sup>	Dec 31, 2014	425,000	216,380	137,096	225,000	nil	137,000	1,140,476
	Dec 31, 2013	425,000	150,000	126,668	150,000	nil	137,500	989,168
	Dec 31, 2012	250,000	150,000	nil	150,000	nil	274,560	824,560
Doug Bowlby Executive VP Corporate Development	Dec 31, 2014	425,000	216,380	137,096	225,000	nil	nil	1,003,476
	Dec 31, 2013	425,000	150,000	136,973	150,000	nil	nil	861,973
	Dec 31, 2012	258,000	150,000	nil	150,000	nil	nil	558,000
Jeremy Langford Executive VP Construction Services <sup>(8)</sup>	Dec 31, 2014	309,412	216,380	137,096	225,000	nil	35,000	922,888
	Dec 31, 2013	375,000	nil	38,000	297,500	nil	330,600	1,041,100
	Dec 31, 2012	333,298	nil	nil	45,900	nil	nil	379,198

(1) Salaries paid in currencies other than US\$ are converted to US\$ for the purposes of the table using the average rate of exchange for the indicated period, as reported by Bloomberg.

(2) Share-based awards include PSUs and 25% of the Annual Incentive Bonus. All NEOs and senior executives were required to use at least 25% of the 2014 Annual Incentive Bonus (net tax) to acquire Endeavour shares in the open-market following payment of the bonus award.

(3) Option-based awards represent the fair market value of stock options to purchase Shares issued to the NEOs in 2014 as of the grant date using the Black-Scholes valuation model using the following key assumptions: Expected Life: 2 years; Expected volatility: 75.84%; Risk Free interest rate: 1.08%; Forfeiture rate: 8.81%.

(4) Other compensation includes housing allowances and taxes paid by the Corporation on behalf of the NEO.

- (5) Mr. Woodyer's services as Chief Executive Officer and President of the Corporation were provided under the March 19, 2010 management services agreement (amended and restated on January 29, 2015) between the Corporation, Elstead Ltd., a management company owned by Mr. Woodyer, and Mr. Woodyer for a management fee of US\$1,200,000 per year.
- (6) Mr. Roux was appointed Chief Operating Officer of the Corporation on September 1, 2012, prior to which, Mr. Roux acted as Senior Vice President Operations and General Manager of the Nzema Gold Mine, which was acquired by Endeavour in December 2011.
- (7) Mr. Milau resigned his employment with Endeavour effective April 30, 2015.
- (8) Mr. Langford was appointed Executive Vice President, Construction Services on July 1, 2014. He was previously Senior Vice President, Projects from and following Endeavour's acquisition of Adamus Resources Limited on December 5, 2011.

## Incentive Plan Awards

The tables below set forth details of all incentive plan awards outstanding for each NEO of the Corporation as of December 31, 2014, consisting of incentive stock options and performance share units.

### Outstanding Option-Based Awards

Name	Number of securities underlying unexercised options (#)	Option exercise price (C\$) <sup>(1)</sup>	Option expiration date	Value of unexercised in-the-money options (US\$) <sup>(2)</sup>
Neil Woodyer	1,250,000	0.95	July 18, 2019	Nil
	634,467	2.26	January 24, 2018	Nil
	46,600	2.47	November 3, 2019	Nil
	1,250,000	2.64	December 20, 2016	Nil
Attie Roux	550,000	0.95	July 18, 2019	Nil
	250,000	2.26	January 24, 2018	Nil
	250,000	2.64	December 20, 2016	Nil
Christian Milau <sup>(3)</sup>	400,000	0.95	July 18, 2019	Nil
	166,667	2.26	January 24, 2018	Nil
	250,000	2.64	December 20, 2016	Nil
	250,000	2.88	February 9, 2016	Nil
Douglas Bowlby	400,000	0.95	July 18, 2019	Nil
	180,227	2.26	January 24, 2018	Nil
	9,320	2.47	November 3, 2019	Nil
	250,000	2.64	December 20, 2016	Nil
Jeremy Langford	400,000	0.95	July 18, 2019	Nil
	50,000	2.26	January 24, 2018	Nil
	150,000	2.64	December 20, 2016	Nil

(1) Options are granted with a Canadian dollar exercise price (being the currency in which the Shares trade on the TSX).

(2) This value is calculated as the difference between the C\$ exercise price of an Option and the closing price of the Shares on the TSX on December 31, 2014 (which was C\$0.425), with that difference being converted to US\$ for the purposes of the table above using the exchange rate in effect on December 31, 2014, as reported by Bloomberg.

(3) Mr. Milau resigned his employment with Endeavour effective April 30, 2015. He has until July 29, 2015 to exercise any vested stock options.

### Outstanding Share-Based Awards

Name	Number of PSUs that have not vested	Payout value of share-based awards that have not vested <sup>(1)</sup>	Payout value of vested share-based awards not paid out or distributed <sup>(1)</sup>
Neil Woodyer	550,000	\$162,322	Nil
Attie Roux	225,000	\$66,405	Nil
Christian Milau	165,000	\$48,697	Nil
Douglas Bowlby	165,000	\$48,697	Nil
Jeremy Langford	165,000	\$48,697	Nil

(1) Payout value of PSUs is calculated using the market price of the Shares of C\$0.425 on the TSX on December 31, 2014, along with factoring by the 2014 performance multiplier of 0.8056 determined based on Endeavour's TSR performance relative to the components of the S&P TSX Global Gold Index, and converted to US dollars using the exchange rate in effect on December 31, 2014, as reported by Bloomberg.

### Value Vested or Earned for Incentive Plan Awards during the Year

The Corporation has three kinds of incentive plan awards that executives and certain employees may be eligible to receive: stock options issued under the Option Plan, PSUs issued under the PSU Plan and annual bonuses, which are payable in cash and Shares. The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by the NEOs:

Name	Option-based awards - Value vested during the year ended December 31, 2014 (US\$)	Share-based awards - Value vested during the year ended December 31, 2014 (US\$)	Non-equity incentive plan compensation - Value earned during the year ended December 31, 2014 (US\$)
Neil Woodyer	428,425	250,000	750,000
Attie Roux	188,507	112,500	337,500
Christian Milau	137,096	75,000	225,000
Doug Bowlby	137,096	75,000	225,000
Jeremy Langford	137,096	75,000	225,000

### Pension Plan Benefits

The Corporation does not have any pensions, retirement programs or related perquisites in place for any NEO.

### Termination and Change of Control Benefits

The Corporation has the following plans or arrangements in respect of compensation that may be received by its Named Executive Officers with the view to compensating such officers in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change of control:

1. Pursuant to the Elstead Agreement, under which the services of Mr. Woodyer as Chief Executive Officer of the Corporation are provided, if the agreement is terminated by the Corporation for any reason other than for cause, or terminated by Elstead within six months of a Change of Control (as defined below) or within 12 months of a Transaction Board Change (as defined below), Elstead is entitled to receive a payment equal to (a) accrued but unpaid management fees and reimbursable expenses up to termination, (b) 36 months of management fee payments as of the date of termination, and (c) 36 months of bonus calculated

based on the average bonus Elstead received during the three previous fiscal years preceding the date of termination. Elstead would also be entitled to be considered as a potential recipient of any bonuses of the Corporation, including bonuses under the Gold LTI Policy. Assuming the Elstead Agreement was terminated as of December 31, 2014 (other than for cause), Elstead would have been entitled to a payment from the Corporation of approximately US\$6,600,000.

For purposes of the foregoing, a **"Change of Control"** can be summarized as: (a) the acquisition by any person or group of persons acting jointly, of securities of the Corporation such that such person or group would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the Corporation; (b) as a result of or in connection with a contested election of directors or any initiative by a shareholder at a meeting of the Corporation's shareholders, the nominees named in the most recent Management Information Circular of the Corporation for election to the Board shall not constitute a majority of the Board; (c) as a result of or in connection with a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation and a third party, the nominees named in the most recent Management Information Circular of the Corporation for election to the Board shall not constitute a majority of the Board (a **"Transaction Board Change"**); or (d) the disposition of more than 50% of the assets of the Corporation.

2. Pursuant to employment agreements entered into between the Corporation and each of Attie Roux, Christian Milau, Douglas Bowlby and Jeremy Langford (each, an **"Executive Employment Agreement"**), if, within six months following a Change of Control (as defined below) or within 12 months of a Transaction Board Change (as defined below), such an agreement is terminated by the Corporation for any reason other than for cause, or terminated by the NEO for any reason, the relevant NEO, in addition to receiving ordinary course payment of any accrued but unpaid salary, reimbursable expenses and pro-rated vacation entitlements up to termination, is entitled to receive a payment equal to (a) 24 months of salary as of the date of termination and (b) 24 months of bonus, calculated on the basis of average bonus paid in the preceding two years. The NEO would also be entitled to be considered as a potential recipient of any bonuses of the Corporation, including bonuses under the Gold LTI Policy. Assuming the Executive Employment Agreements were terminated as of December 31, 2014 (following a Change of Control), Messrs. Roux, Milau, Bowlby and Langford would have been entitled to payments from the Corporation of approximately US\$1,800,000, US\$1,450,000, US\$1,450,000 and US\$1,300,000, respectively.

For purposes of the foregoing, a **"Change of Control"** can be summarized as: (a) the acquisition by any person or group of persons acting jointly, of securities of the Corporation (other than by the Corporation or any subsidiary of the Corporation) such that such person or group would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the Corporation; (b) as a result of or in connection with a contested election of directors or any initiative by a shareholder at a meeting of the Corporation's shareholders, the nominees named in the most recent Management Information Circular of the Corporation for election to the Board shall not constitute a majority of the Board; (c) as a result of or in connection with a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation and a third party, the nominees named in the most recent Management Information Circular of the Corporation for election to the Board shall not constitute a majority of the Board and in connection therewith, the CEO ceases to hold office or 50% of the senior management team or the NEO are terminated other than for cause (a **"Transaction Board Change"**); or (d) the disposition of more than 50% of the assets of the Corporation.

## **Indebtedness of Directors, Executive Officers and Senior Officers**

At no time during the year ended December 31, 2014, was a director, executive officer or senior officer of the Corporation or any proposed nominee for election as a director of the Corporation, or any associate of any such director, officer or proposed nominee indebted to the Corporation or any of its subsidiaries.

## **Interest of Informed Persons in Material Transactions**

Since the commencement of the Corporation's most recently completed financial year, no informed person of the Corporation, no proposed director of the Corporation, nor any associate or affiliate of any informed person or proposed director, has been party to any transaction or any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **Management Contracts**

The Corporation is managed by its Board of Directors and executive officers. The services of Neil Woodyer as Chief Executive Officer of the Corporation are performed under a management services agreement, amended and restated on January 29, 2015, between the Corporation, Mr. Woodyer and Elstead Ltd., a management company owned by Mr. Woodyer and having a registered address at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

## EQUITY COMPENSATION PLANS

### Endeavour Stock Option Plan

The Corporation has an incentive stock option plan (the “**Option Plan**”) under which equity securities of the Corporation are authorized for issuance. The Option Plan was initially approved by shareholders at the Corporation’s annual general meeting on February 28, 2003, and was approved again (together with certain amendments) at the Corporation’s annual general meeting on October 24, 2006. At its annual general meeting held on November 10, 2009, the Corporation’s shareholders approved the Option Plan for a further three years until 2012. On January 20, 2011, the Board approved certain housekeeping amendments to the Plan as permitted by the Plan and approved by the TSX. On June 6, 2012, the shareholders, at the annual general meeting, approved that all unallocated options, up to the 10% rolling maximum limit specified in the Plan, be authorized for future issuances under the Plan, which approval is effective for a further three years until June 6, 2015. As at May 5, 2015, there were 30,796,868 options outstanding under the Option Plan, representing approximately 7.45% of the Corporation’s issued and outstanding Shares. The weighted-average exercise price of the outstanding options is C\$1.76 and the weighted average remaining term is 2.75 years. Accordingly, as of May 5, 2015 there were 10,517,499 unallocated options available for issuance under the Option Plan, representing approximately 2.55% of the Corporation’s issued and outstanding Shares.

Shareholders will be asked at the Meeting to consider and, if deemed appropriate, to pass a resolution approving certain amendments to the Option Plan and to approve all unallocated options for future issuance. For details of the proposed amendments, see pg. 9.

The Option Plan has the following key features:

- The aggregate number of Shares to be reserved for exercise of all options granted under the Option Plan and any other share compensation arrangement shall not exceed 10% of the Shares of the Corporation issued and outstanding at the time of granting of options. The maximum number of Shares which may be reserved for issuance to any one person under the Option Plan shall be 5% of the Shares issued and outstanding at the time of the grant.
- Options may be granted to eligible participants from time to time, including officers, employees, management company employees or consultants.
- The Option Plan includes the “insider participation limits” specified by the TSX. The maximum number of Shares which may be reserved for issuance to insiders under the Option Plan as well as any other share compensation arrangement at any time shall be 10% of the Shares issued and outstanding (on a non-diluted basis). The maximum number of Shares which may be issued to insiders under the Option Plan and any other share compensation arrangement within a 12-month period shall be 10% of the Shares issued and outstanding (on a non-diluted basis). The maximum number of Shares reserved for issuance to any person under the Option Plan within a 12-month period shall be 5% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis).
- Option exercise prices shall not be less than the “market price” of the Shares on the date of the grant, being the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of Shares traded on the Exchange for the five trading days immediately preceding the date of the grant.
- Options cannot be granted for a term exceeding 10 years.
- Options granted shall vest at the times specified by the Board of Directors at the date of grant.

- Subject to the discretion of the Board of Directors and as specified below, upon an option holder ceasing to be an eligible participant, he or she may exercise vested, unexpired options for up to 90 days thereafter. In the event of termination for cause, unexercised options are immediately cancelled. In the event of the death, unexpired options may continue to be exercised up to one year thereafter.
- Options are non-transferable and non-assignable.
- Subject to the policies of the TSX, the Board may amend any option, provided that amendments adverse to the holder shall only be made with the holders consent and any amendment reducing option exercise prices shall only be made with the approval of disinterested shareholders at a meeting of the shareholders.
- The Board may amend, suspend or terminate the Option Plan or any portion thereof at any time in accordance with applicable legislation and subject to any required approval.
- The Board may, without shareholder approval, make the following amendments to the Option Plan or any option:
  - amend the vesting provisions of the Option Plan and any stock option agreement;
  - amend the Option Plan or an option as necessary to comply with applicable law or the requirements of the TSX or any other regulatory body having authority over the Corporation, the Option Plan or the shareholders;
  - any amendment of a "housekeeping" or administrative nature; and
  - any other amendment that does not require the approval of the shareholders under the Option Plan.
- In the event of a take-over bid, business combination, proposed change of control or certain other fundamental changes, the Board of Directors may make changes to the terms of options, including: (a) accelerating vesting, conditionally or unconditionally; (b) terminating outstanding options in favour of replacement options; (c) modifying the terms of any option to assist the holder to tender into any take-over bid; or (d) terminating any option following successful completion of the transaction.

A copy of the Option Plan is available for inspection during normal business hours at the Corporation's corporate head office in Vancouver as well as under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Etruscan Replacement Stock Option Plan**

In connection with the Corporation's acquisition of Etruscan Resources Inc. ("**Etruscan**") in 2010, outstanding Etruscan options were replaced with new options entitling the holder to Shares of Endeavour. The term to expiry, conditions to and manner of exercising, vesting schedule and all other terms and conditions of the new option remained unchanged from the existing Etruscan option and are governed by an Etruscan replacement stock option plan adopted as part of the Etruscan acquisition.

**Since completion of the Etruscan acquisition, no additional grants have been or will be authorized under the Etruscan replacement option plan.** A copy of the Etruscan replacement option plan is available for inspection during normal business hours at the Corporation's corporate head office in Vancouver.

### **Avion Stock Option Plan**

In connection with the Corporation's acquisition of Avion Gold Corporation ("**Avion**") in 2012, outstanding stock options exercisable for shares of Avion, were adjusted to be exercisable for Shares of Endeavour. The adjusted options remain in effect for their original full term to expiry, and all other terms and conditions

remain the same under the Avion stock option plan and any certificate or option agreement previously evidencing such option.

**Since completion of the Avion acquisition, no additional grants have been or will be authorized under the Avion stock option plan.** A copy of the Avion stock option plan is available for inspection during normal business hours at the Corporation's corporate head office in Vancouver.

## Securities Authorized and Outstanding

The following table indicates the number of Shares issuable on exercise of outstanding options issued under the Option Plan, the Etruscan replacement option plan and the Avion stock option plan, the weighted average exercise price of such options, and the number of Shares available for issuance on exercise of options which remain outstanding as at December 31, 2014. The Etruscan and Avion plans were assumed by the Corporation in connection with acquisition transactions; options are no longer issuable under such plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Shares remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders <sup>(1)</sup>	25,141,800	2.06	16,172,567
Equity compensation plans not approved by Securityholders <sup>(2)</sup>	Nil	N/A	N/A
<b>Total</b>	25,141,800	2.06	16,172,567

(1) Aggregate of the Option Plan (16,420,743 Shares issuable at a weighted average exercise price of C\$1.82), the Etruscan replacement option plan (239,524 Shares issuable at a weighted average exercise price of C\$7.01), and the Avion stock option plan (8,481,533 Shares issuable at a weighted average exercise price of C\$2.39).

(2) The PSU Plan contemplates the potential issuance Shares in order to settle PSUs; however, Shares may only be authorized for issuance following shareholder approval of the PSU Plan.

# STATEMENT OF CORPORATE GOVERNANCE PRACTICES

## Overview

The Corporation, its Board of Directors and its management are committed to implementing best practices in corporate governance and transparency. The Corporation’s current corporate governance practices and policies are consistent with the Canadian Securities Administrators’ National Policy 58-201 – *Corporate Governance Guidelines* and the Corporation has adopted substantially all of the recommendations set by the ASX Corporate Governance Council.

The Board of Directors of the Corporation is responsible for the overall corporate governance of the Corporation. In light of the Corporation operating with a dual listing in Canada on the Toronto Stock Exchange and in Australia on the Australian Securities Exchange, the Board of Directors regularly monitors and seeks to improve the Corporation’s corporate governance practices through its evaluation of regulatory developments with respect to corporate governance and the transparency of public company disclosure.

The Corporation, its Board of Directors and its management recognize the integral role of strong corporate governance practices in ensuring that the Corporation is effectively managed with a view to achieving its strategic and risk oversight objectives and protecting its employees, shareholders and other stakeholders. Enhancing shareholder value is a key driver for the Corporate Governance & Nominating Committee as it designs and guides the Corporation’s approach to significant issues of corporate governance. Endeavour’s governance practices, the role of the Corporate Governance & Nominating Committee and some of its current areas of focus are described in more detail below and throughout this Circular.

The Board of Directors carries out its mandate and exercises its duties directly and through its Committees. The Board of Directors has four standing Committees: the Audit Committee; the Corporate Governance & Nominating Committee; the Safety, Health and Environment Committee; and the Remuneration Committee. The full text of the Corporation’s corporate governance policies are available on the Corporation’s website at [www.endeavourmining.com](http://www.endeavourmining.com).

## Corporate Governance Snapshot

Size of the Board	<b>7</b>	Policy on interlocking directors	✓
Number of independent directors	<b>6</b>	Director share ownership guidelines	✓
All committee members are independent	✓	New director orientation	✓
Directors are elected annually	✓	Continuing director development	✓
Directors are elected individually	✓	Regular assessment of the Board and its committees	✓
Majority voting policy for the election of directors	✓	Code of business conduct and ethics rooted in core values	✓
The roles of Chairman and CEO are separate	✓	Mechanisms to ensure Board renewal	✓
Anti-hedging polices	✓		

## Continued Development

As part of Endeavour's commitment to implementing best practices in corporate governance, we continually review new developments and monitor industry and peer group practices. We also engage professional advisors to assist with our review and implementation of new practices, as well as the continual enhancement of our disclosure practices.

Endeavour's Board and management believe that good governance of the Corporation is essential to creating long-term sustainable value and, as best practices evolve, Endeavour is committed to continuing to update the policies and procedures in our organization.

## Director Independence and Other Relationships

The Board believes that it must be independent of management to be effective. The Board, with help from the Corporate Governance & Nominating Committee, assesses personal, business, and other relationships and dealings between directors and Endeavour. The Board considers a director independent if he or she does not have a material relationship with Endeavour that could interfere with his or her exercise of independent judgment. Certain relationships (for example, being an officer of Endeavour) automatically mean a director is not independent.

The Board of Directors has determined that each of the director nominees, other than Neil Woodyer, is independent (six of seven nominees). In determining whether a director is independent, the Board of Directors considers the independence criteria set out in the applicable Canadian and Australian regulations and any other facts or matters that the Board of Directors considers relevant.

## Independent Chairman

The roles of Chairman and CEO are separate. The Chairman of the Board, Michael Beckett, is independent of Endeavour. Mr. Beckett's role includes reviewing items of importance for consideration by the directors and providing leadership to the directors in discharging their duties to the Corporation. The Board has established a process for the appointment or change in, and appointment of, the Chairman. That process is led by the current Chairman, or if he or she is being considered for reappointment, the chair of the Corporate Governance & Nominating Committee.

## Meetings of Independent Directors

The independent directors generally convene without executive directors and other management at the conclusion of each meeting of the Board, and they are strongly encouraged to meet independently of management on an as needed basis, depending on the circumstances experienced by the Corporation. Directors are encouraged to raise any issues of concern. Any issues addressed at *in camera* sessions requiring action on behalf of, or communication to, management are communicated by the independent directors. As the Committees of the Board are all made up solely of independent directors, there is no need for separate *in camera* meetings following Committee meetings other than in the case of the Audit Committee. The Audit Committee meets *in camera* with the Corporation's auditors after every regularly scheduled meeting of the committee (as these meetings routinely include management representatives).

## Other Relationships

It is expected that each director be able to devote sufficient time to the Corporation in order to effectively discharge his or her responsibilities. As such, the current obligations of each proposed nominee director to other public company boards is carefully considered and, for existing directors, the number of public company boards that each director may join is monitored.

To maintain director independence and avoid potential conflicts of interest, the Board of Directors has adopted a policy that requires directors to advise the Chairman prior to accepting any other public company directorship. In addition, directors are expected to report changes in their business and professional affiliations or responsibilities, including retirement, to the Corporate Secretary and the Chairman.

The following table lists the directors of the Corporation who also serve as directors of other public companies.

<b>Name of Director</b>	<b>Other Directorship(s)</b>
Neil Woodyer	Pacific Rubiales Energy Corp.
Michael E. Beckett	International Hotels Investment Limited, Northam Platinum Ltd., Petroamerica Oil Corporation
Ian Cockerill	Petmin Limited, Orica Limited, Ivanhoe Mines Ltd. and Blackrock World Mining Trust
Frank Giustra	Lionsgate Entertainment Corporation, Petromanas Energy Incorporated and Catalyst Copper Corp.
Miguel Rodriguez	Pacific Rubiales Energy Corp. and Pacific Coal Resources Ltd.

## Board Interlocks

The Corporate Governance & Nominating Committee monitors the outside boards our directors sit on to determine if there are circumstances which would impact a director's ability to exercise independent judgement. An interlock occurs when two or more Board members are also fellow board members of another public company. The Board has adopted a policy that no more than two directors may sit on the same public company board without the prior consent of the Corporate Governance & Nominating Committee. In considering whether or not to permit more than two directors to serve on the same board, the committee takes into account all relevant considerations including, in particular, the total number of Board interlocks at that time.

Currently, two of the Corporation's directors, Neil Woodyer and Miguel Rodriguez, sit on the board of directors of Pacific Rubiales Energy Corporation. The Board has considered this issue and determined that this board interlock does not impair the ability of these directors to exercise independent judgment as members of Endeavour's Board of Directors.

## Other Independence Mechanisms

The Chairman and each committee can engage outside consultants, paid for by the Corporation, without consulting management. This helps ensure they receive independent advice as they feel necessary.

## Position Descriptions

The Committee charters outline the roles of each Committee and the respective chairpersons. The Chairman of the Board does not have a formal written position description. The Chairman's role includes reviewing items of importance for consideration by the directors and providing leadership to the directors in discharging their duties to the Corporation. All material decisions are made with the approval of the Board of Directors, or as may be delegated by the Board to a committee of the Board.

The Chief Executive Officer has a management contract which outlines his roles and responsibilities to the Corporation. Generally, the CEO is responsible for managing the Corporation's gold operations, as well as identifying and developing new business relationships and opportunities for the growth of the Corporation.

## Strategic Planning Oversight

The Board expects management of the Corporation to conduct the business of the Corporation in accordance with the Corporation's ongoing strategic plan and to meet or surpass the annual and long-term goals of the Corporation set by the Board in consultation with management. As part of its annual strategic planning process, the Board specifies its expectation of management both over the next financial year and in the context of the Corporation's long-term goals. The Board reviews management's progress in meeting these expectations at regularly scheduled quarterly Board meetings, and actively raises issues and topics for discussion as part of this review process. Further information on the assessment of management is included in the Information Circular.

Management presents strategic issues to the Board throughout the year, depending on prevailing market conditions and other developments, and the CEO updates the Board on execution of our corporate strategy at every regularly scheduled Board meeting.

## Risk Management Oversight

The Board of Directors and management devote a significant amount of time to the identification, management, reporting and mitigation of risk. A description of the kinds of risks facing the Corporation can be found under the heading "Risk Factors" in the Corporation's Annual Information Form, which is available under the Corporation profile at [www.sedar.com](http://www.sedar.com).

The Corporation manages its material business risks through the implementation and monitoring of various corporate and operational-level policies. For instance, the Corporation's policies on delegation of financial authority impose authorization limits for expenditures, financial commitments and other transactions for corporate and operational activities on the basis of an individual's position within the Corporation. Operational-level compliance with authorization limits and other accounting policies and financial controls is monitored by an internal controls manager based in the Corporation's operations hub in Accra. The Corporation also has a centralized financial control function based in Vancouver, which oversees group-wide financial accounting and tax control from operations.

The Corporation has also established a Safety, Health and Environmental Committee, whose responsibilities include:

- reviewing and monitoring the safety, health and environmental performance of the Corporation;
- overseeing the establishment and periodic review and updating of the safety, health and environmental policies of the Corporation;

- overseeing the establishment and implementation of systems necessary to ensure compliance with safety, health and environmental policies, bringing any material non-compliance with the policies to the attention of the Board in a timely fashion; and
- overseeing the establishment and implementation of monitoring processes to assess the effectiveness of the policies and compliance systems.

Individual directors and Committees may, in appropriate circumstances, engage independent professional advice at the expense of the Corporation. The Board and the Board Committees also have access to senior management, although contact is usually in the context of Committee responsibilities.

Although the Corporation is listed on ASX, it is registered in Australia as a foreign company. Accordingly, it will not be required to comply with section 295A of the Corporations Act and the Board has not received assurance from the CEO and the CFO relating to the declaration provided in accordance with section 295A of the Corporations Act.

## **Director Orientation and Continuing Education**

### **Orientation**

The Board ensures that new directors are provided with a comprehensive initial orientation designed to familiarize them with the Corporation and its strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Corporate Governance Guidelines and its independent auditors. This process is tailored to the skills and expertise of each new director, and involves one-on-one meetings with senior management and other Board members, the provision of written materials (including copies of key policies and mandates, a record of public information and minutes from recent Board meetings) and other training as may be required.

### **Continuing Education**

The Board of Directors regularly receives presentations from senior management on various operational, business, industry and other key issues facing the Corporation. In addition, the directors attended a two day strategy session with all members of senior management present in March 2015 which included a series of formal deep-dive presentations from management and informal discussion sessions. The Board intends to schedule these annual strategy sessions help directors better appreciate the planning priorities, operational challenges and opportunities, and progress made on strategic plans in a forum that provides directors the opportunity to give management constructive and direct feedback.

While the Board collectively represents a significant amount of expertise in the mining industry, directors are encouraged to periodically attend applicable conferences or seminars, or obtain materials pertaining to their role on the Board or that may otherwise increase their knowledge of current issues in the mining industry, which may be paid for in part or in whole by the Corporation. During 2015, the Corporate Governance & Nominating Committee expects to circulate materials, reading recommendations, and provide access to on-line educational seminars on topics including corporate governance, executive compensation, financial reporting and strategy, succession planning, key accounting considerations, risk assessment and disclosure, and Canadian securities law developments.

In addition, directors are strongly encouraged to conduct site visits to the Corporation's mineral properties on an annual basis.

## **Management Assessment and Succession Planning**

The Board expects management of the Corporation to conduct the business of the Corporation in accordance with the Corporation's ongoing strategic plan and to meet or surpass the annual and long-term goals of the Corporation set by the Board in consultation with management. As part of its annual strategic planning process, the Board specifies its expectation of management both over the next financial year and in the context of the Corporation's long-term goals. The Board reviews management's progress in meeting these expectations at Board meetings normally held every quarter. The appointment of Ota Hally, previously the Corporation's Controller, to the position of Chief Financial Officer as of April 1, 2015 upon the unexpected resignation of Christian Milau is a recent example of the successful implementation of succession plans. In addition, the Board regularly monitors the performance of the executive management team in light of the current stage of the Corporation's strategic plan. The Board of Directors also considers whether any member of the management team is close to retirement, and works to ensure that pending executive management exits are smoothly conducted to minimize any business disruptions that might arise from such exit.

## **Director Assessment and Succession Planning**

It is the responsibility of the Chairman of the Board to ensure the effective operation of the Board. The Chairman meets with directors to discuss the effectiveness of the processes the Board follows and the quality of information provided to the directors by management. This assessment runs as a continuous process to evaluate performance against the formal mandates of the Board and its Committees, and other criteria.

Nominees for directorship are recommended to the Board of Directors by the Chairman, Chief Executive Officer or Corporate Governance & Nominating Committee in accordance with the policies and principles set forth in its charter. The Corporate Governance & Nominating Committee periodically reviews the composition of the full Board of Directors and the various Committees to determine whether additional Board or Committee members with specific qualifications or areas of expertise are needed to further enhance the composition of the Board and Committees, and work with other Board members in attracting candidates with these qualifications. In evaluating candidates for nomination to the Board, the Committee takes into consideration such factors and criteria as it deems appropriate, including judgment, skill, integrity, reputation, diversity and business and other experience.

The Corporate Governance & Nominating Committee implemented an annual review program to assess the performance of the Board of Directors and its committees. These annual evaluation forms are submitted by non-executive directors to the Corporate Governance & Nominating Committee, and provide individual feedback about Board performance as a whole, as well as self-assessment of the director and his contribution. This forms the basis for discussion concerning whether changes to Board practices are required or desirable. For 2014, the Board determined that its practices and its Committee contributions are effective to meet the objectives of the Board in relation to good governance practices, as well as to monitor its awareness of changes in corporate governance requirements and to improve the Corporation's governance.

## **Ethical Business Conduct**

A business conduct & ethics policy has been adopted by the Board and it applies to directors and officers and employees of the issuer. A copy of the policy can be obtained from the Corporation's website at [www.endeavourmining.com](http://www.endeavourmining.com).

To ensure that conflicts of interest are dealt with appropriately, directors that are conflicted will always refrain from discussing and voting on those matters. To ensure compliance with laws and regulations, the Board of Directors asks questions of management at Board meetings. The Board reviews all financial reports released to

the public. The Board promotes an environment of ethical behaviour by encouraging directors, officers and employees to report any violations of the policy. At the direction of the Board, an independent corporate whistleblower service has been engaged in order to provide a secure and confidential platform for concerned persons (including employees and contractors) to raise issues they believe may have a legal, ethical or compliance impact on the Corporation, its employees or stakeholders.

### **Anti-Hedging Policy**

Directors, NEOs and all employees are prohibited from purchasing financial instruments that are designed to hedge or offset a decrease in the market value of Endeavour's equity securities that are granted as compensation or held, directly or indirectly, by a director, NEO or other employee.

### **Diversity Policy**

The Corporation recognizes that a diverse and talented workforce gives it a competitive advantage, and that the Corporation's success is the result of the quality and skills of its people. The Corporation's current emphasis is on developing a workforce whose diversity reflects that of the communities in which it operates. As part of the Corporation's talent development practice, we are working to ensure the increasing rate of localization of our mining operations. We have proactive programs to identify top talent and implement development plans for high-potential individuals from the communities in which we operate. We actively monitor the presence of 'ex-pat' labour in our employment mix and are developing a sponsorship program connecting high-potential, local individuals with senior leaders to accelerate their development and advancement. Endeavour's diversity representation goals are currently focused on the 'localization' of entry-level through to senior operations positions which will create a healthy feeder pool that supports planning and succession strategies at the most senior levels of the Corporation.

Diversity contributes to the achievement of the Corporation's corporate objectives. To this end, the Board of Directors unanimously adopted a Diversity Policy in 2013 designed to assist it in achieving various diversity objectives. These objectives include the following:

- recruiting, managing and promoting on the basis of an individual's competence, qualification, experience and performance, regardless of gender, age, race, nationality, religious beliefs, cultural background or sexual orientation;
- creating and fostering a workplace characterized by inclusive practices and behaviours for the benefit of all staff and stakeholders, which is free from discriminatory behaviours and business practices;
- identifying relevant factors to be taken into account in the employee selection process and develop practices to limit potential unconscious bias;
- attracting and retaining a diverse range of talented individuals to further the Corporation's strategic goals;
- providing appropriate flexible work practices and policies to support employees;
- establishing measurable objectives for quantifying, encouraging and assessing diversity within the Corporation; and
- taking action to discourage discrimination, bullying and harassment in the workplace.

## **Policies Regarding the Representation of Women on the Board of Directors**

As discussed above, the Corporation's Diversity Policy provides that the Corporation will recruit, manage and promote on the basis of competence, qualification, experience and performance, regardless of gender, age, race, nationality, religious beliefs, cultural background, sexual orientation or any other basis. The Corporation believes that this method is appropriate for its circumstances and that a standalone written policy specifically relating to the identification and nomination of women directors would run counter to the Corporation's pluralistic approach to achieving board and management diversity and maintaining board and management effectiveness.

## **Consideration of the Representation of Women in the Director and Executive Officer Identification and Selection Process**

In identifying and nominating candidates for election or re-election to the Board of Directors, the Corporate Governance & Nominating Committee gives consideration to the level of representation of women on the Board, but does not allocate any significant greater weighting to a candidate based on his or her gender. The ultimate decision to nominate an individual to the Board will be based on merit and the contribution the chosen candidate will bring to the Board. Similarly, the Board and management will consider the level of representation of women in executive officer positions, but hiring decisions will ultimately be based on abilities and suitability. Selection of female candidates will be dependent upon the pool of female candidates with the necessary skills, knowledge and experience. The Corporation believes that this approach enables it to make decisions regarding the composition of the Board and senior management team based on what is in the best interests of the Corporation and its shareholders.

## **Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

The Corporation has not adopted a target for women on the Board of Directors or in executive officer positions because the Corporation does not believe that any director nominee or executive officer should be chosen or excluded solely or largely because of gender. In selecting a director nominee, the Corporate Governance & Nominating Committee focuses on skills, expertise and background that would complement the existing Board of Directors. Similarly, the Board and management make hiring decisions for executive officers on the basis of merit and suitability.

## **Number of Women on the Board and in Executive Officer Positions**

As of the date of this Circular there are no women on the Board of Directors, none of the Corporation's executive officers are women and none of the executive officers of the Corporation's major subsidiaries (as that term is defined in National Instrument 55-104 *Insider Reporting Requirements and Reporting Exemptions*) are women. The Corporation will nonetheless make appointments or hiring decisions in line with the Diversity Policy.

## **Director Term Limits and Other Mechanisms of Board Renewal**

The Board of Directors believes that the need to have experienced directors who are familiar with the business of the Corporation must be balanced with the need for renewal, fresh perspectives and a healthy skepticism when assessing management and its recommendations. The Board has implemented a formal assessment process that evaluates the performance of the Board of Directors and its committees and the skills and contribution of each director. The Corporation has not adopted director term limits at this time on the basis

that the imposition of such limits discounts the value of experience and continuity amongst board members. Such limits create a risk of excluding experienced and valuable board members as a result of an arbitrary determination based on fixed criteria that may not best serve the interests of shareholders.

The Board believes that other mechanisms of ensuring board renewal, such as the Corporation's formal assessment program, are adequate for ensuring that the Corporation maintains a high performing Board of Directors. Non-employee directors on the Board average 5.3 years of service, and service ranges from more than 12 years to 1.5 years.

## **Shareholder Engagement**

The Corporation seeks to provide to its shareholders clear and accessible information on the Corporation's operations. The officers and senior management of the Corporation routinely make themselves available to shareholders to respond to questions and concerns. Shareholder concerns are dealt with on an individual basis, usually by providing requested information. Significant shareholder concerns are brought to the attention of senior management of the Corporation or the Board.

In addition, the Corporation has implemented an investor relations page on its website at [www.endeavourmining.com/s/investors.asp](http://www.endeavourmining.com/s/investors.asp) where shareholders can access presentations, webcasts, analyst coverage and other facts relating to the Corporation. The investor relations page lists a number of contacts that shareholders may reach out to if they require more information on the Corporation, or they may send an email to [investor@endeavourmining.com](mailto:investor@endeavourmining.com).

The Board of Directors has adopted a Corporate Disclosure Policy, with a view to ensuring that the Corporation has established a system for efficient and effective corporate communications, including providing the market with timely, direct and equal access to information issued by the Corporation, and full compliance with applicable securities laws and exchange rules. A copy of this policy is available on the Corporation's website.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found under Endeavour's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information relating to the Corporation is provided in the Corporation's comparative financial statements for year ended December 31, 2014 and related management discussion and analysis (the "**Financial Statements and MD&A**"). The Financial Statements and MD&A will be presented to Endeavour shareholders at the Meeting, and are also available from the Corporation's corporate head office in Vancouver. Copies of the Financial Statements and MD&A may be requested by contacting the Corporation at [investor@endeavourmining.com](mailto:investor@endeavourmining.com).

Shareholders, employees, and other interested parties may communicate directly with the Board through the Chairman, by writing to:

Chairman of the Board of Directors  
Endeavour Mining Corporation  
Suite 3123 – 595 Burrard Street  
P.O. Box 49139, Vancouver BC  
V7X 1J1 Canada

## **Approval of this Information Circular**

The Board of Directors has approved the content of this Circular and its delivery to the shareholders.

Dated at Vancouver, Canada, as of the 6<sup>th</sup> day of May, 2015.

**SCHEDULE "A"**  
**ENDEAVOUR MINING CORPORATION**

**Board of Directors Corporate Governance Guidelines**

**1. INTRODUCTION**

This Charter and Corporate Governance Guidelines (the "**Charter**") have been adopted by the Corporation's Board of Directors (the "**Directors**"), acting on the recommendation of its Corporate Governance & Nominating Committee, to assist the Board and its Committees in the exercise of their responsibilities. These principles and policies are in addition to and are not intended to change or interpret any Federal or Provincial law or regulation or the Memorandum and Articles of the Corporation. The Board of Directors will review this Charter at least annually and, if appropriate, revise this Charter from time to time.

**2. OPERATION OF THE BOARD**

*2.1 Director Responsibilities*

The basic responsibility of the Directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Corporation and its shareholders. In discharging that obligation, the Directors should be entitled to rely on the honesty and integrity of the Corporation's executive officers and its outside advisors and auditors. Each Director shall make every reasonable effort to attend each meeting of the Board and any Committee of which the director is a member, and to be reasonably available to management and the other directors for consultations between meetings.

In furtherance of its responsibilities, the Board of Directors will:

- Review, evaluate and approve, on a regular basis and at least annually, long-range strategic plans for the Corporation.
- Review, evaluate and approve major resource allocations and capital investments.
- Review the financial and operating results of the Corporation.
- Review and evaluate the principal risks of the Corporation's business and ensure appropriate systems are in place to manage these risks.
- Review, evaluate and approve the overall corporate organizational structure, the integrity of senior management, the assignment of senior management responsibilities and plans for senior management development and succession.
- Adopt, implement and monitor compliance with the Corporation's Corporate Governance guidelines.

Directors are expected to advise the Chief Executive Officer prior to accepting any other public Corporation directorship or any assignment to the audit committee of the board of directors of any public Corporation of which such a Director is a member.

Directors are expected to report changes in their business and professional affiliations or responsibilities, including retirement, to the Corporate Secretary and the Chairman of the Corporate Governance & Nominating Committee.

## 2.2 *Board and Committee Meetings*

Board and Committee meetings will be held regularly in accordance with the Memorandum and Articles of the Corporation or in accordance with the specific Committee charter. Directors are expected to attend Board meetings and meetings of the Committees on which they serve. Directors should spend the time necessary and meet as frequently as necessary to properly discharge their responsibilities.

The Chairman, Chief Executive Officer or Committee Chairpersons may from time to time invite corporate officers, other employees and advisors to attend Board or Committee meetings whenever deemed appropriate.

## 2.3 *Agenda Items for Board and Committee Meetings*

The Chairman and Corporate Secretary will establish the agenda for each Board meeting. At the beginning of the year the Chairman will establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen). Each Director is free to suggest the inclusion of items on the agenda. Each Director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the Directors approximately one week prior to each Board meeting. Directors should review these materials in advance of the meeting. Subject to any applicable notice requirements, Directors having items to suggest for inclusion on the agenda for future Board meetings should advise the Corporate Secretary and Chairman well in advance of such meetings.

The Chairperson of each Committee, in consultation with the Committee members, will determine the frequency and length of the Committee meetings consistent with any requirements set forth in the Committee's charter. The Chairperson of each Committee, in consultation with the appropriate members of the Committee and management, will develop the Committee's agenda. At the beginning of each year each Committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the Committee members approximately one week prior to each Committee meeting. Committee members should review these materials in advance of the meeting.

## 2.4 *Director Compensation*

The Board of Directors or an authorized Committee thereof will determine and review the form and amount of director compensation, including cash, equity based awards and other director compensations. In connection with such director compensations the Board of Directors will be aware that questions may be raised when directors' fees and benefits exceed what is customary. The Board of Directors will consider that the independence of the Directors may be jeopardized if Director compensation and perquisites exceed customary levels, if the Corporation makes substantial charitable contributions to organizations with which a Director is affiliated, or if the Corporation enters into consulting contracts with or provides other indirect forms of compensation to a Director or an organization with which the Director is affiliated.

## 2.5 *Director Orientation and Education*

Management will provide new Directors with an initial orientation in order to familiarize them with the Corporation and its strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Corporate Governance Guidelines and its independent auditors. The Board of Directors of the Corporation will encourage, but not require directors to periodically pursue or obtain appropriate programs, sessions or materials as to the responsibilities of directors of publicly traded companies.

## 2.6 *Director Access to Officers*

Directors have full and free access to officers of the Corporation. Any meetings or contacts that a Director wishes to initiate may be arranged through the Chief Executive Officer or the Corporate Secretary, subject to reasonable advance notice to the Corporation and reasonable efforts to avoid disruption to the Corporation's operations.

## 2.7 *Independent Advisors*

The Board and each Committee, to the extent set forth in the applicable Committee charter, have the right to engage experts or advisors, including independent legal counsel at the expense of the Corporation.

# 3. **BOARD STRUCTURE**

## 3.1 *Size of the Board*

The size of the Board of Directors shall be determined in accordance with the Memorandum and Articles of Association of the Corporation, with acknowledgement that the number of Board members be such that the Corporation can operate effectively and efficiently.

## 3.2 *Selection of Directors*

Nominees for directorship will be recommended to the Board by the Chairman, Chief Executive Officer or Corporate Governance & Nominating Committee in accordance with the policies and principles set forth in its charter. Any invitation to join the Board should be extended through the Chairperson of the Corporate Governance & Nominating Committee or the Chairman of the Board or Chief Executive Officer after approval by the full Board.

The Board is responsible for nominating members to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders, in each case based upon the recommendation of the Corporate Governance & Nominating Committee.

## 3.3 *Director Qualifications*

The Corporate Governance & Nominating Committee is responsible for recommending to the Board the types of skills and characteristics required of directors, based on the needs of the Corporation from time to time. This assessment should include issues of relevant experience, intelligence, independence, commitment, compatibility with the Chief Executive Officer and the Board culture, understanding of the Corporation's business and other factors deemed relevant. The Corporate Governance & Nominating Committee should confer with the full Board as to the criteria it intends to apply before a search for a new director is commenced.

A sufficient number of the Directors should be independent directors in accordance with the applicable policies and guidelines of the Canadian Securities Administrators.

## 3.4 *Resignation from the Board*

Any Director may resign at any time by giving notice in writing or by electronic transmission to the Corporation Secretary. Such resignation shall take effect upon receipt thereof or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

#### **4. COMMITTEES OF THE BOARD**

A substantial portion of the analysis and work of the Board is done by standing Board Committees. The Board has established the following standing Committees: the Audit Committee; the Corporate Governance & Nominating Committee; the Safety, Health & Environment Committee and the Remuneration Committee. The Board may, from time to time, establish or maintain additional Committees as necessary or appropriate. Each Committee Chair, in consultation with Committee members, will determine the frequency and length of each Committee's meetings.

Committee members will be appointed by the Board upon recommendation of the Corporate Governance & Nominating Committee with consideration of the desires of individual Directors and skills. It is the sense of the Board that consideration should be given to rotating Committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

Each Committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the Committees as well as qualifications for Committee membership, procedures for Committee member appointment and removal, Committee structure and operations and Committee reporting to the Board. All members of the Audit Committee will be independent directors. All members of the Corporate Governance & Nominating Committee, Remuneration Committee and Safety, Health & Environment will preferably be independent directors.

Each Committee chair, in consultation with the Committee members and management, will develop the Committee's agenda. Each Committee will issue annually a schedule of proposed meeting dates and agenda items for the upcoming year (to the degree these items can be foreseen). These agendas will be shared with the Board.

Attendance of non-Committee persons at Committee meetings will be at the pleasure of the Committee.

Minutes of each Committee meeting will be kept and made available to the Board. Each Committee will report regularly to the Board on substantive matters considered by the Committee.

The Board shall be responsible for conducting an annual self-evaluation. The Corporate Governance & Nominating Committee shall be responsible for monitoring the processes and evaluation criteria established by each Committee. The assessment will be discussed with the full Board following the end of each fiscal year.

#### **5. AMENDMENT, MODIFICATION AND WAIVER**

These guidelines may be amended or modified by the Board of Directors, subject to disclosure and other policies and guidelines of the Canadian Securities Administrators.

**QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITOR**



**North America Toll Free**

**1-877-452-7184**

**Collect Calls Outside North America**

**416-304-0211**

**Email: [assistance@laurelhill.com](mailto:assistance@laurelhill.com)**