Three months ended March 31, 2014 and 2013

(Expressed in Thousands of United States Dollars)

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with Endeavour Mining Corporation's ("Endeavour" or the "Corporation") unaudited condensed interim consolidated financial statements for the three months ended March 31, 2014 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board. This Management's Discussion and Analysis contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. The reader is cautioned not to place undue reliance on forward-looking statements. All figures are in United States Dollars, unless otherwise indicated. Tabular amounts are in thousands of United States Dollars, except per share amounts. This Management's Discussion and Analysis is prepared as of May 9, 2014. Additional information relating to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com.

OVERVIEW

Endeavour is a gold mining company producing over 400,000 ounces per year from four mines in West Africa. Endeavour is focused on effectively managing its existing assets to maximize cash flow as well as pursuing organic and strategic growth opportunities that benefit from its management and operational expertise. Endeavour's shares are listed on the Toronto Stock Exchange ("TSX") (symbol EDV) and the Australian Securities Exchange ("ASX") (symbol EVR). At March 31, 2014, Endeavour's four producing gold mines are the Nzema mine in Ghana, the Youga mine in Burkina Faso, the Tabakoto mine in Mali, and the Agbaou mine in Côte d'Ivoire. The construction of the Agbaou mine was completed during the fourth quarter of 2013, the first gold pour was achieved on November 29, 2013, and commercial production was declared at the end of January 2014.

Endeavour's gold production guidance for 2014 is 400,000 to 440,000 ounces at an all-in sustaining cost of between $985 and $1,070 per ounce, which at the midpoint of the range is 10% below the comparable 2013 all-in sustaining cost per ounce. Endeavour is also advancing the Houndé gold project in Burkina Faso, which is currently in permitting. A 2013 Houndé Feasibility Study demonstrated a gold production profile of 180,000 ounces per year for eight years and its location in a well mineralized greenstone belt provides significant exploration potential.

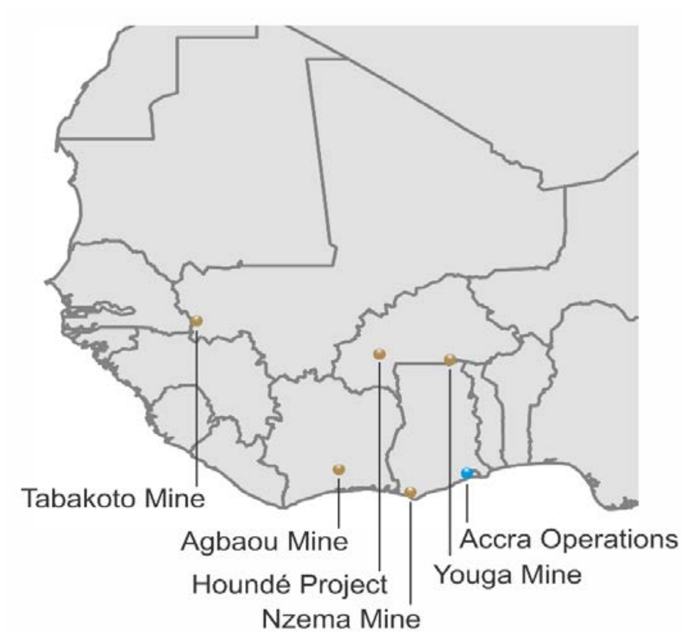

Figure 1: Endeavour's West African mines and Houndé project.

OPERATIONAL HIGHLIGHTS FOR THE FIRST QUARTER 2014

- Gold production and sales increased to 105,912 and 111,798 ounces, respectively, for the first quarter of 2014, compared to 73,654 ounces and 71,926 ounces for the same period in 2013. Cash cost per gold ounce sold were $879 compared to $897 for the same period in the prior year. Gold ounces produced and sold include 9,148 ounces and 6,132 ounces, respectively, from the Agbaou operations prior to commercial production.

- Construction of the Agbaou mine was completed under-budget and on January 27, 2014 commercial production was achieved and a mining convention signed that contains strong stability clauses outlining favourable fiscal conditions. The mine delivered ahead of expectations during the first quarter of 2014, achieving production of 24,086 ounces with post commercial production cash costs[1] of $594 per ounce sold.

- Attractive cost profiles at the three open pit mines, however Endeavour continues to review each operation's long-term plans with the goal of targeting significant and sustainable cost savings. At the end of the current quarter, the Corporation converted to owner-mining from contractor-mining at the Tabakoto underground operations which is expected to further reduce costs.

- All-in sustaining cost per gold ounce sold ("AISC")[1] for the first quarter of 2014 were $1,059 as anticipated compared to guidance of $985 to $1,070 for 2014, and compared to AISC of $1,174 in the first quarter of 2013.

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

	Three Months Ended March 31,	
Operating Data:	2014	2013
Gold ounces produced[2]:	105,912	73,654
Gold ounces sold[2]:	111,798	71,926
Realized price		
Gold ($/ounce)[3]	1,295	1,626
Total cash cost per gold ounce sold ($/ounce)[1]	879	897
All-in sustaining costs per gold ounce sold ($/ounce)[1]	1,059	1,174
Sustaining capital (US dollars in thousands)	5,769	9,511
Financial Data (US dollars in thousands)		
Revenues	137,211	116,923
Royalties	7,158	6,270
Earnings from mine operations	23,487	21,912

[1] Total cash costs, cash costs, and AISC are non-GAAP financial performance measures with no standard meaning under IFRS, further discussed in the section Non-GAAP Measures. Throughout this MD&A, the Corporation excludes royalties in its calculation of total cash costs and cash costs.
[2] Gold ounces produced and sold includes pre-commercial production ounces from the Agbaou mine which achieved commercial production on January 27, 2014.
[3] Throughout this MD&A, the realized price is the realized average gold price received for all ounces sold.

FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2014

- Cash balance of $67.7 million at March 31, 2014 compared to $73.3 million at December 31, 2013. The Corporation's $50 million credit facility capacity remained undrawn and available subject to certain conditions precedent.

- Working capital increased to $104.0 million from $90.3 million despite the decrease in cash as the Corporation made strategic investments in working capital as part of its conversion to owner-mining at Tabakoto and investments in inventories with the startup of the Agbaou mine.

- Revenue increased by $20.3 million to $137.2 million from $116.9 million for the same period in 2013 despite a significant decrease in the realized gold price which was more than offset by higher volumes sold.

- Earnings from mine operations increased by $1.6 million to $23.5 million from $21.9 million for the same period in 2013.

- Net earnings attributable to shareholders of Endeavour were $5.0 million, or $0.01 per share, compared to net earnings of $15.1 million, or $0.04 per share, for the same period in 2013.

- Adjusted net earnings were $4.8 million or $0.01 per share for the first quarter of 2014 compared to adjusted net earnings of $9.0 million or $0.02 per share for the same period in 2013. See the Non-GAAP Measures section which provides a reconciliation of net earnings to adjusted net earnings.

OUTLOOK

Corporate Objectives

Endeavour is focused on optimizing current operations, as well as lowering overall costs and improving cash flows at its producing gold mines. Expectations are that this optimization phase will be completed by mid-year 2014 with the conversion to owner mining at Tabakoto and the ramp-up of commercial ore production at the second underground mine, Segala, to enhance the Tabakoto mill feed. Endeavour is also focused on advancing its Houndé project, which is currently in permitting. Development of Houndé will benefit from Endeavour's operating experience in Burkina Faso and recent construction experience in West Africa at Agbaou and Nzema.

The Corporation's 2014 objectives include the following:

- Successful first year of operations at Agbaou mine;
- Completion of the access and ramp development for the Segala deposit at the Tabakoto mine complex in 2014;
- Transition to full owner-mining activities at all Tabakoto mines;
- Achievement of 2014 gold production and cost guidance;
- Continuing improvement of the purchasing, warehousing and logistics functions at each mine to realize working capital and purchasing cycle improvements;
- Receiving the mining permit for Houndé, which is expected in the second half of 2014;
- Receiving the mining permit for Kofi C, an open pit deposit located 38km from the Tabakoto mill. Kofi C is expected to contribute to the 2015 Tabakoto mill processing schedule; and
- Extension of mine lives through exploration and conversion of resources to reserves.

Production, Cost and Investment Guidance for 2014

Guidance remains as published in the December 31, 2013 MD&A, with Endeavour's 2014 gold production forecast between 400,000 to 440,000 ounces at an all-in sustaining cost of between $985 and $1,070 per ounce. The production guidance is inclusive of a full 12 months of gold production from Agbaou. Further details of each mine's costs are discussed in the section Operations Review, on a mine by mine basis.

At a gold price of $1,250 per ounce, the mid-point of Endeavour's 2014 guidance range generates an all-in sustaining cost margin of approximately $95.0 million (refer to non-GAAP measures) with both sustaining and non-sustaining capital expenditure forecasts for the year unchanged from those published at year-end. The 2014 all-in sustaining cost definition includes all underground development expenses as "sustaining capital" at Tabakoto and Segala from mid-2014 once commercial stoping ore production is achieved.

All-in Sustaining Cost Guidance and Margin at $1,250 gold price

2014 Guidance, in $/oz		**Mid-2014 Guidance, in $ Million**	
Gold Production Ranges (ozs)	400,000 - 440,000		420,000
	$/oz		$Million
		Revenue (at $1,250)	$525
Royalties	$60 - $70	Royalties	27
Cash costs	$775 - $825	Cash costs	336
Corporate G&A	$40- $45	Corporate G&A	17
		"EBITDA" Margin	145
Sustaining capital	$110 - $130	Sustaining capital	50
AISC per ounce	**$985 - $1,070**	**AISC Margin**	**$95**

All-in sustaining cost (AISC) guidance notes

a) Royalties: Approximately 5% to 6% of assumed $1,250 gold price.
b) Corporate G&A: 2014 $/oz range based on $17 million budget, or approximately 3% of gold sales.
c) Sustaining capital of approximately $50 million is inclusive of $27 million for underground development at Tabakoto and Segala from mid-year once commercial stoping ore production is achieved and $16 million at Nzema for waste capitalization, tailings storage facility lift, property access and other sustaining capital investments including near-mine exploration.

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

[1] On a 100% basis.
[2] Includes purchased ore.
[3] Agbaou is presented on a full 12 month basis in 2014; commercial production was declared on January 27, 2014.

OPERATIONS REVIEW

Nzema Gold Mine, Ghana

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

	Three Months Ended March 31,	
Operating Data:	2014	2013
Tonnes of ore mined (000's)	313	756
Average gold grade mined (grams/tonne)	2.05	1.30
Tonnes of ore milled (000's)	396	536
Average gold grade milled (grams/tonne)	2.75	1.58
Gold ounces produced[1]:	28,487	22,456
Gold ounces sold:	28,533	22,013
Realized price		
Gold ($/ounce)	1,297	1,629
Total cash cost per gold ounce sold ($/ounce)[2]	890	1,073
Sustaining capital (US dollars in thousands)	2,380	1,661
Financial Data (US dollars in thousands)		
Revenues	37,016	35,865
Royalties	2,088	1,796
Earnings (loss) from mine operations	6,180	(1,544)

[1] Includes purchased ore of 10,768 ounces for the three months ended March 31, 2014 and 3,810 ounces in the comparable period in 2013.
[2] Total cash costs are a non-GAAP financial performance measure with no standard meaning under IFRS. Refer to the section on Non-GAAP Measures.

The highlights for the first quarter ended March 31, 2014 for Nzema are as follows:

- All-in sustaining costs of $1,046 per gold ounce sold;
- Gold production was up from the prior period at 28,487 ounces in the first quarter of 2014 compared to gold production of 22,456 ounces in the same period in 2013, primarily grade driven with both higher grades mined as well as higher grade purchased ore;
- The process plant treated 396,000 tonnes of ore at 2.75 g/t in the first quarter of 2014 compared to 536,000 tonnes in the same period in 2013 at 1.58 g/t;
- Gold ounces sold were 28,533 at a realized average gold price of $1,297 per ounce compared to 22,013 at a realized average gold price of $1,629 per ounce for the same period in 2013;
- Total cash costs per ounce sold for the first quarter of 2014 were $890 compared to $1,073 for the same period in 2013;
- Nzema generated $7.9 million of operating cash flow from mine operations compared to $6.0 million for the same period in 2013; and
- Nzema generated $6.2 million of earnings from mine operations compared to losses of $1.5 million for the same period in 2013 due to more gold sold which was offset by lower gold prices, higher costs and higher depreciation.

Although cash costs are above the range of management forecast guidance of $730 to $780 per ounce for the year, all-in sustaining costs of $1,046 are below management's expectation with more waste mining costs included in cash costs as opposed to capitalized due to mine sequencing. Cash costs have decreased period over period primarily as a result of the steadier state of operations in comparison to the first quarter of 2013 and the mining of higher grades, as well as increased access to purchased third party ore. The workforce was reduced significantly to 686 workers from 940 from the first quarter in 2013 as operations reached steady state and cost reduction programs have taken hold, helping reduce costs.

Mining during the quarter ended March 31, 2014 was primarily from the Adamus and Salman pits which currently accounts for approximately eighty percent of the total Nzema reserves. A total of 1,070,847 bank cubic metres ("BCM") of material were mined in the three months ended March 31, 2014. Run of mine ("ROM") ore grade in the oxide and upper transitional material has improved significantly from the first quarter in 2013 as mining has progressed to deeper levels.

Youga Gold Mine, Burkina Faso

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

	Three Months Ended March 31,	
Operating Data:	2014	2013
Tonnes of ore mined (000's)	327	216
Average gold grade mined (grams/tonne)	2.78	3.14
Tonnes of ore milled (000's)	251	241
Average gold grade milled (grams/tonne)	2.78	3.26
Gold ounces produced:	19,867	23,039
Gold ounces sold:	19,838	21,286
Realized price		
Gold ($/ounce)	1,298	1,623
Total cash cost per gold ounce sold[1] ($/ounce)	680	657
Sustaining capital (US dollars in thousands)	315	1,328
Financial Data (US dollars in thousands)		
Revenues	25,740	34,544
Royalties	1,218	1,681
Earnings from mine operations	7,523	15,342

[1] Total cash costs are a non-GAAP financial performance measure with no standard meaning under IFRS. Refer to the section Non-GAAP Measures.

The highlights for the first quarter ended March 31, 2014 for Youga are as follows:

- All-in sustaining costs of $758 per gold ounce sold;
- Youga mine delivered gold production of 19,867 ounces compared to 23,039 ounces for the same period in 2013, as expected lower grades were mined and processed;
- The process plant treated 251,000 tonnes of ore at an average grade of 2.78 g/t compared to 241,000 tonnes of ore at an average grade of 3.26 g/t for the same period in 2013;
- Gold ounces sold were 19,838 at a realized average gold price of $1,298 compared to 21,286 ounces at a realized average gold price of $1,623 in the same period in 2013;
- Total cash costs per ounce sold for the first quarter of 2014 were $680 compared to $657 for the same period in the prior year;
- Youga generated $10.0 million of operating cash flow from mine operations compared to $18.1 million for the same period in 2013; and
- Youga generated $7.5 million of earnings from mine operations compared to $15.3 million for the same period in 2013 primarily as a result of the lower gold price.

All-in sustaining costs at Youga were $758 per ounce sold and cash costs were below their forecast range. The cash costs forecast is $790 to $840 per ounce for the year, and the first half of 2014 is expected to be in the range of $700 to $750 per ounce. Costs per ounce are expected to increase in the second half of 2014 as mill feed grades are scheduled to decline to approximately 2.1 g/t delivering lower gold production.

A total of 413,692 BCM of material were mined during the three month period ended March 31, 2014 delivering 327,179 tonnes of ore to the ROM pad. With mining occurring deeper in the pits as compared to the comparable period, less overall material is being mined but yielding higher ore tonnage. During the first quarter of 2014, mined volumes were in line with plan and were primarily from the Main, East and West pits, with the Main pit scheduled to be largely depleted by the end of the third quarter in 2014.
At March 31, 2014 the ROM stockpile closed at 660,757 tonnes containing 29,822 ounces at 1.4 g/t compared to 498,100 tonnes at 1.39 g/t containing 22,268 ounces at the beginning of the year. The increase

in the ROM stockpile resulted from additional ore volumes mined due to the lower strip ratios as the current operational pits are being mined at the lower elevations in comparison to the previous comparative reporting period. This has increased the strategic mill reserve stockpile at the ROM pad ahead of the rainy season.

The workforce remained unchanged from the beginning of 2014 following a reduction of 8% in 2013. Most of the work force is local and the Corporation is focused on the training and development of the local employees for management and supervisory roles across the entire spectrum of its operational and commercial activities.

Tabakoto Gold Mine, Mali

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

	Three Months Ended March 31,	
Operating Data:	2014	2013
Tonnes of ore mined - Open pit (000's)	106	141
Average gold grade mined - Open pit (grams/tonne)	3.02	3.32
Tonnes of ore mined - Underground (000's)	121	92
Average gold grade mined - Underground (grams/tonne)	4.65	4.47
Tonnes of ore milled (000's)	350	201
Average gold grade milled (grams/tonne)	3.25	4.60
Gold ounces produced:	33,472	28,159
Gold ounces sold:	35,407	28,627
Realized price		
Gold ($/ounce)	1,294	1,625
Total cash cost per gold ounce sold[1] ($/ounce)	1,157	939
Sustaining capital (US dollars in thousands)	3,022	6,522
Financial Data (US dollars in thousands)		
Revenues	45,807	46,514
Royalties	2,746	2,793
Earnings (loss) from mine operations	(2,198)	8,114

[1]Total cash cost is a non-GAAP financial performance measure with no standard meaning under IFRS. Refer to the section Non-GAAP Measures.

The highlights for the first quarter ended March 31, 2014 for Tabakoto are as follows:

- All-in sustaining costs $1,320 per gold ounce sold;
- Gold production of 33,472 ounces was achieved compared to 28,159 ounces for the same period in 2013;
- The process plant treated 350,122 tonnes of ore at an average grade of 3.25 g/t, compared to 201,200 tonnes at an average grade of 4.60 g/t;
- Gold ounces sold were 35,407 at a realized average gold price of $1,294 compared to 28,627 ounces at a realized average gold price of $1,625 in the same period in 2013;
- Total cash costs per ounce sold for the first quarter of 2014 were $1,157 compared to $939 for the same period in the prior year;
- Tabakoto generated $0.5 million of operating cash flow from mine operations, compared to $21.2 million for the same period in 2013; and
- Tabakoto incurred a $2.2 million loss from mine operations due to a lower gold price and high depreciation from purchase price accounting as compared to $8.1 million in earnings in the comparable period of 2013.

The all-in sustaining costs at the mine for the current quarter were $1,320 per ounce sold while cash cost per ounce was $1,157. Tabakoto cash costs are forecast at $790 to $840 per ounce for the year. During the first quarter of 2014, the cash costs were expected to be above the full-year cost guidance range due to i) the transition to owner-mining which was budgeted to incur some 'overlapping-costs' in preparation for the contractor departure on March 31, 2014 and ii) the continued development of Segala, a second underground mine which is ramping up to commercial ore production during 2014. Cash costs are expected to improve in the second half of 2014 with the ramp up of Segala, but only after the second quarter when the owner-mining transition and integration of new personnel are complete. Segala is scheduled for a progressive increase in underground ore production during the year, thereby leading to an increase in mill feed grades as it replaces ore from low-grade stockpiles. In 2015, ore from the Kofi C open pit mine is scheduled to replace the current mill feed from the Djambaye open pit.

During the quarter ended March 31, 2014, mining was from the Djambaye open pit, the Tabakoto underground mine as well as early production from the Segala underground mine that is being developed approximately 5 km from the Tabakoto mine. A total of 1,740,216 tonnes of material was mined from Djambaye, including 105,858 tonnes of ore, in line with plan. Open pit mining is scheduled to taper and end in late 2014. A total of 164,269 tonnes of material was mined from the Tabakoto underground mine, of which 106,026 tonnes was ore. Underground mining of the Tabakoto deposit is by long-hole open stoping with access to several mining areas from two portals at the bottom of the Tabakoto pit. Underground development is on-going at the Segala deposit, which forms just over one third of the total reserves at the Tabakoto complex. A total of 80,060 tonnes of material was mined from the Segala underground mine, of which 15,235 tonnes was ore.

The expanded mill is operating at design capacity with throughput averaging just below 4,000 tpd in the current quarter.

As part of a cost reduction, profit improvement and optimization plan at Tabakoto, the transition to owner mining for the underground operation continued in the quarter and was implemented as of March 31, 2014. Over 300 employees were transitioned from the contractor, providing for a high level of workforce continuity with site experience.

The Kofi mineral resources have been integrated with the Tabakoto complex. The total known resource of the eight deposits identified to date on the Kofi Property is 0.5 million ounces of Indicated plus 0.7 million ounces of Inferred resources. The Kofi C deposit is the first deposit that has been added to reserves with 1.55 million tonnes at 4.3 g/t containing 213,000 ounces. The Kofi C deposit is incorporated into the Tabakoto production schedule and will be mined in 2015. The Kofi deposits and exploration opportunities are further described in the section Exploration Review that follows.

Agbaou Gold Mine, Côte *d'Ivoire*

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

Operating Data:	Three Months Ended March 31, 2014
Tonnes of ore mined (000's)	749
Average gold grade mined (grams/tonne)	1.47
Tonnes of ore milled (000's)	489
Average gold grade milled (grams/tonne)	1.77
Gold ounces produced:	24,086
Gold ounces sold:	28,020
Realized price	
Gold ($/ounce)	1,295
Total cash cost per gold ounce sold[1] ($/ounce)	594
Sustaining capital (US dollars in thousands)	52
Financial Data (US dollars in thousands)	
Revenues	28,648
Royalties	1,106
Earnings from mine operations	11,982

[1]Total cash cost is a non-GAAP financial performance measure with no standard meaning under IFRS. Refer to the section Non-GAAP Measures.

The highlights for the first quarter ended March 31, 2014 at Agbaou are as follows:

- All-in sustaining costs at the mine level of $647 per gold ounce sold;
- Gold production of 24,086 ounces was achieved during the first quarter of 2014;
- The process plant treated 489,000 tonnes of ore at an average grade of 1.77 g/t;
- Gold ounces sold were 28,020 at a realized average gold price of $1,295;
- Total cash costs per ounce sold following the commencement of commercial production on January 27, 2014 was $594;
- Agbaou generated $16.7 million of operating cash outflow from mine operations; and
- Agbaou generated $12.0 million in earnings from mine operations.

Agbaou has been performing above plan since commissioning and is forecast to produce between 85,000 and 95,000 ounces in its first 12 months of operation. Overall, the operation has performed well after a short ramp up from November 2013 through to the end of January 2014 and the average annual gold production of approximately 100,000 ounces over an eight year mine life will position Agbaou as a strong cash flow generator for Endeavour.

Agbaou achieved all-in sustaining costs of $647 per ounce sold in the two months since commercial production began. Although the expected cash costs for the first half of 2014 were to be in the range of $800 to $850 per ounce due to costs associated with the start-up of operations and the processing of relatively low-grade ore, actual cash costs in the first quarter, post commercial production, were $594 largely on account of higher than planned grades, strong recoveries and ramp up success. Cash costs are forecast at $730 to $780 per ounce for the full year. During the second half of 2014, the mill feed grade is scheduled to improve to over 2.0 g/t from 1.77 g/t in the current quarter.

The Mining Convention signed in January 2014 governs important aspects of the relationship between the State of Côte d'Ivoire and Agbaou. The negotiated terms are similar to those of other operating gold mines in Côte d'Ivoire and consistent with Endeavour's expectations when the decision to proceed with construction was taken in June 2013, including:

- Royalties: A sliding scale from 3% to 5% depending on gold price (3% up to $1,000/oz, 3.5% up to $1,300/oz, 4% up to $1,600/oz and 5% above $1,600/oz);
- Corporate Tax Holiday: Agbaou mine is eligible for a corporate tax holiday for five years from commencement of commercial gold production;
- VAT: Agbaou will be exonerated from VAT on major imports, services and supplies related to mining activities; and
- Stability: A strong stability clause defining fiscal parameters for the duration of the mining permit.

Agbaou is situated approximately 200 kilometres northwest of the port city of Abidjan. The property covers 334 square kilometres, giving Endeavour access to the 40 kilometre strike length of the Agbaou gold belt. The concession is reached by paved highway and gravel roads and is within 10 kilometres of the national power grid. Electrical power is supplied from the national grid (91kV), and a 1.6 MW diesel power plant has been installed at site for emergency standby purposes. Currently Agbaou has over 500 people working on site (including contractors), and 85% of Endeavour's team is Ivorian.

DEVELOPMENT PROJECT REVIEW

Houndé Project, Burkina Faso, Permitting Stage

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

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

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

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

Copies of the FS and environmental and social impact assessments ("ESIA") were presented to the Government of Burkina Faso in the fourth quarter of 2013. In the current quarter, on-track progress was made with public meetings and technical review meetings conducted and following the completion of these two in-country meetings, the ESIA report is being prepared to be submitted which will reflect specific requests. Once the ESIA is complete, Endeavour will apply for an Industrial Operating Permit, which could be granted in the second half of 2014. Granting of a mine permit would follow with timing dependent on the Mines Ministry, but is expected before year end 2014.

EXPLORATION REVIEW

Kofi North Project, Mali

A mining permit application was submitted in September 2013 for a portion of the Kofi Property. The permit application area includes the 8 known deposits that so far comprise resources of Indicated 0.5 million ounces plus Inferred 0.7 million ounces. Kofi C deposit reserves (Probable reserves of 1.55 million tonnes at 4.3 g/t containing 213,000 ozs) have already been added to the Tabakoto production schedule. A 38 km haulage route to the Tabakoto plant has been proposed.

An Environmental Study and Community Development Study for the proposed road alignment were completed and submitted to the Mali government. The government required these studies to be submitted separately from those already submitted for the mining application.

Work continues on conversion of resources to reserves for the other Kofi deposits. There is also excellent exploration potential on the entire Kofi Property, especially on the continuation of the Loulo trend.

Exploration work during the first quarter of 2014 focused on testing three gold-in soil anomalies and reverse circulation drilling ("RC") of the north-western extension of the Kofi C deposit. Approximately 6,000 m of RC and 2,000 m of diamond drilling are planned for this year on the Kofi property.

Tabakoto Near Mine and Underground Exploration Program, Mali

Approximately $1.4 million has been spent at Tabakoto and Segala in the current quarter, both on underground ("UG") and surface exploration. Underground drilling has two components, resource conversion drilling with 24,000 m planned and exploration drilling with 28,000 m planned (including both UG and surface drilling).

At the end of the first quarter of 2014 approximately 40% of the resource drilling has been completed and around 29% of the exploration meters have been drilled. While most of the assays are still outstanding, visual inspection of the core and preliminary assay results confirm that all UG areas drilled have continuity and demonstrated potential for increased confidence in resource levels. Two new prospective areas are being reviewed at the Tabakoto UG mine, which could lead to a new discovery of mineralized structures to the north-northeast of the known deposits. First pass RC drilling was also conducted at the Moralia target, where high grade intersections have been encountered and three mineralized trends are being investigated.

QUARTERLY FINANCIAL AND OPERATING RESULTS

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

(US dollars in thousands except per share amounts)	March 31, 2014	December 31, 2013	September 30, 2013	June 30,[2] 2013
Gold revenues	$ 137,211	$ 104,232	$ 121,054	$ 101,104
Gold ounces sold	111,798	82,578	90,997	73,004
Cash flows from mine operations	35,147	3,800	31,300	13,900
Net earnings (loss) attributable to shareholders of Endeavour Mining Corporation	5,027	(74,719)	(15,266)	(257,609)
Basic earnings (loss) per share	0.01	(0.18)	(0.04)	(0.69)
Diluted earnings (loss) per share	0.01	(0.18)	(0.04)	(0.69)
Cash and cash equivalents	67,703	73,324	119,351	62,188
Total assets	1,296,265	1,273,993	1,396,041	1,290,235

(US dollars in thousands except per share amounts)	March 31, 2013	December 31,[1] 2012	September 30, 2012	June 30, 2012
Gold revenues	$ 116,924	$ 117,162	$ 83,347	$ 83,915
Gold ounces sold	71,926	68,721	50,192	52,415
Cash flows from mine operations	38,100	53,100	40,700	56,100
Net earnings (loss) attributable to shareholders of Endeavour Mining Corporation	15,138	(23,065)	(1,102)	26,641
Basic earnings (loss) per share	0.04	(0.01)	-	0.11
Diluted earnings (loss) per share	0.03	(0.01)	-	0.11
Cash and cash equivalents	84,880	105,900	122,648	136,110
Total assets	1,765,996	1,726,124	1,018,879	999,862

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

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

Net earnings attributable to shareholders were $5.0 million, or $0.01 per share, compared to net earnings of $15.1 million, or $0.04 per share, in the same period in 2013, attributable to the following components:

- Revenue for the first quarter of 2014 increased by $20.3 million to $137.2 million from $116.9 million in the same period in 2013. The increase was a result of higher gold sales compared to the prior year. Gold ounces sold increased from 71,926 ounces in 2013 to 111,798 ounces for the first quarter of 2014, including 6,132 ounces sold at Agbaou pre-commercial production in January (which, net of their associated operating costs, were netted against capital costs). The realized price of gold per ounce for the first quarter of 2014 was $1,295 compared to $1,626 per ounce in the same period in 2013.

- Operating expenses for the first quarter of 2014 increased by $23.9 million to $89.2 million predominantly due to the inclusion of Agbaou since commercial production was achieved on January 27, 2014.

- Depreciation and depletion for the first quarter of 2014 was $17.4 million compared to $23.4 million for the same prior year period in 2013.

- Earnings from mine operations for the first quarter of 2014 were $23.5 million compared to $21.9 million for the same period in 2013.

- Corporate costs for the first quarter of 2014 were $5.4 million compared to $4.5 million for the same period in 2013.

- Losses on financial instruments for the first quarter of 2014 were $9.3 million compared to a gain of $15.6 million for the same period in 2013.

- Finance costs for the first quarter of 2014 were $6.7 million compared to $1.5 million for the same period in 2013. The finance costs relate primarily to the commitment fees on the undrawn portion and interest on the drawn portion of the $350 million Corporate Facility.

- The current income and other tax expense for the first quarter of 2014 was $2.3 million compared to $4.1 million for the same period in 2013.

- Deferred income tax recovery for the first quarter of 2014 was $8.6 million compared to a $3.1 million deferred tax expense for the same period in 2013.

Net change in cash position from December 31, 2013 was a reduction of $5.6 million, attributable to the following components and discussed in more detail in the section Liquidity and Capital Resources:

- Cash flow from operating activities generated $21.7 million in comparison to $36.5 in the same period of the previous year primarily due to the significant weakening in the gold price and increased investments in non-cash working capital. An increase in inventories consumed $17.3 million while trade payables increased by $12.9 million with the transition to owner-mining at Tabakoto needing working capital investments and non-cash working capital increases due to Agbaou moving into commercial production in addition to other normal course timing induced changes in working capital balances.

- Cash flow from investing activities used $26.4 million in comparison with $56.9 used in the same period of the previous year. The current period outflow consisted primarily of $5.8 million of sustaining capital and $20.6 million of non-sustaining capital primarily invested at the Tabakoto mine in the conversion to owner-mining and development in preparation for increased underground extraction. In the comparable period, the primary investment was in the construction of the Agbaou mine.

- Cash flow from financing activities used cash of $0.9 million in comparison to a $0.2 million inflow in the prior period. The outflow in the current period was primarily due to a settlement of the gold hedge program during the quarter.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2014, Endeavour had cash and cash equivalents of $67.7 million (December 31, 2013 – $73.3 million). In addition, at March 31, 2014, Endeavour held $1.8 million of marketable securities (December 31, 2013 – $1.7 million). Working capital as at March 31, 2014 was $104.0 million (December 31, 2013 - $90.3 million).

The reconciliation for the cash movement during the quarter highlighting the significant movements can be found below:

(US dollars in millions)		
Opening balance at January 1, 2014	**$**	**73.3**
All-in sustaining margin		25.3
Non-sustaining investments in new mines and development		(20.2)
Change in working capital and other		(3.9)
Taxes and interest paid		(4.1)
Gold hedge settlement		(2.7)
Closing balance at March 31, 2014	**$**	**67.7**

During the quarter ended March 31, 2014 the $20.2 million of non-sustaining investments primarily relates to owner mining equipment at Tabakoto and the pre-commercial underground development at Segala.

On July 24, 2013 the Corporation signed a $350 million amended senior secured revolving corporate loan facility (the "Facility") with UniCredit Bank AG, BNP Paribas, ING Bank NV, Société Générale and Deutsche Bank AG. Up to $300 million of the Facility can be used for general corporate purposes including working capital and capital expenditures. As Endeavour had previously drawn $200 million from its lenders, the Facility provided $100 million of immediately available additional credit. The remaining $50 million of the Facility can be used to fund expansions and other potential capital projects if certain conditions are met. The Facility is secured by shares of Endeavour's material gold mining subsidiaries and certain material assets of those subsidiaries.

The key terms of the Facility include:

- Maturity date is five years from signing or July 24, 2018, and the available Facility amount declines with six equal semi-annual reductions of $58.3 million commencing January 1, 2016;
- The Facility incorporates standard corporate financial covenants, including:
    - Interest Cover shall not be less than 3 to 1, calculated on a rolling 12 month basis
    - Net Debt to EBITDA shall not exceed 3.25 times, calculated on a rolling 12 month basis
    - Minimum tangible net worth of $600 million; and
- Interest is based on LIBOR plus a margin ranging between 3.75% and 5.5% per annum (sliding scale based on the actual Net Debt to EBITDA ratio).

In the opinion of management, Endeavour's cash position and working capital at March 31, 2014, together with anticipated cash flows from operations, are sufficient to support the Corporation's on-going operational requirements, planned investments, and commitments.

FINANCIAL INSTRUMENTS

Endeavour believes the best long term risk management is achieved through lower, sustainable cost management activities. However, in the challenging gold price environment that precipitated in the second quarter of 2013, Endeavour took certain risk management measures to protect against further significant decreases in the gold price. On July 11, 2013, the Corporation purchased, for $3.5 million, 54,000 ounces of gold put options at a strike price of $1,150 with eighteen equal monthly settlements from August 2013 to January 2015. This period corresponds to the higher capital expenditure timeframe while the Agbaou mine construction and ramp up was being completed and the Segala underground mine is being brought into commercial production. As at March 31, 2014, 30,000 ounces of gold put options remain outstanding with a fair value of $0.4 million. During the same period, 15,000 ounces of gold put options expired, and an unrealized loss of $1.5 million was incurred on the mark to market of the outstanding put options (nil in 2013).

Additionally, the Corporation has two gold price protection programs that were acquired with the acquisition of the Nzema and Tabakoto Mines. The following tables detail the call options and forward contracts as at March 31, 2014.

Nzema related hedging:

(US dollars in thousands except price per ounce) Period	Forward contracts (ounces)		Price per Ounce		Fair Value
2014	26,850	$	1,332	$	6,589
2015	32,000	$	1,332		7,484
2016	32,163	$	1,332		7,399
	91,013	$	1,332	$	21,472

Tabakoto related hedging:

(US dollars in thousands except price per ounce) Period	Call options (ounces)		Price per Ounce		Fair Value
2014	9,099	$	900	$	3,400
2015	6,066	$	900		2,181
	15,165	$	900	$	5,581

At March 31, 2014, these derivative financial liabilities had a fair value of $27.1 million (December 31, 2013 - $ 20.9 million).

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Corporation has commitments in place at its operations for drill and blasting services, load and haul services, and the supply of explosives and hydrocarbon services with terms extending through to February 2016. Additionally, the Corporation has four contracts in place at Nzema to purchase on average 14,000 tonnes of higher grade ore per month from third parties that extend through to November 30, 2014.

The Corporation is subject to operating and finance lease commitments in connection with the purchase of mining equipment, light duty vehicles, operational building facilities and rented office premises.

On March 7, 2014 the Corporation's Malian subsidiary, Segala Mining Corporation SA ("Segala"), entered into a 5 year $18 million equipment lease financing facility (the "Equipment Lease") with BNP Paribas's bank subsidiary in Abidjan, Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoire ("BICICI"). The Equipment Lease will be used to purchase a portion of the owner-operated mining equipment for the Tabakoto and Segala underground developments. Segala will pay a fixed rate of 9.5% per annum to amortise the principal and pay interest to BICICI. Segala also has a purchase option to buy the equipment outright at the end of the lease life for 0.5% of cost. The Equipment Lease will be treated as a finance lease, and is guaranteed by the Corporation.

The following table summarizes the contractual maturities of the Corporation's financial liabilities and operating and capital commitments at March 31, 2014:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 107,030	$ -	$ -	$ -	$ 107,030
Long-term debt	-	116,800	183,400	-	300,200
Finance lease obligations	1,799	1,683	-	-	3,482
Minimum operating lease payments	227	-	-	-	227
Environmental rehabilitation provision	380	1,076	8,762	19,546	29,764
	$ 109,436	$ 119,559	$ 192,162	$ 19,546	$ 440,703

CONTINGENCIES

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

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

OUTSTANDING SHARE DATA

Endeavour's authorized capital is US$20,000,000 divided into 1,000,000,000 ordinary shares with a par value of US $0.01 each and 1,000,000,000 undesignated shares; no undesignated shares have been issued. The table below summarizes Endeavour's share structure at May 9, 2014.

Shares issued and outstanding	413,143,668
Stock options	24,102,544

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

Exercise Prices (C$)	Outstanding	Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
$0.80 - $1.50	677,795	677,795	$ 1.20	2.37 years
$1.51 - $2.00	10,537,350	10,537,350	1.76	1.52 years
$2.01 - $2.50	4,878,050	4,214,717	2.29	3.66 years
$2.51 - $3.00	5,899,312	5,899,312	2.67	2.60 years
$3.51 - $4.00	80,300	80,300	3.70	2.12 years
$4.01 - $44.96	2,226,837	2,226,837	5.05	2.23 years
	24,299,644	23,636,311	$ 2.38	2.26 years

NON-GAAP MEASURES

All-in sustaining margin

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use the all-in sustaining margin to evaluate the Corporation's performance and ability to generate cash flows. Accordingly, it does not have a standard meaning and it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

The following table provides the illustration of the calculation of this margin for the three months ended March 31, 2014 and 2013:

	Three months ended March 31, 2014	2013
(US dollars in thousands except ounces)		
Revenues	$ 137,211	$ 123,193
Less: royalties	(7,158)	(6,270)
Less: cash cost for sold ounces	(92,856)	(64,486)
Less: corporate G&A[1]	(5,395)	(3,362)
Subtotal	31,802	49,075
Less: sustaining capital (see table below)	(5,769)	(9,511)
Less: near-mine exploration	(763)	(794)
All-in sustaining margin	25,270	38,770

[1] 75% of the corporate costs were attributed to operations in the first quarter of 2013 with the Agbaou mine under construction while the corporate costs in the first quarter of 2014 are considered 100% attributable to operations.

Total cash costs

The Corporation reports total cash costs on the basis of ounces sold. In the gold mining industry these are common performance measures but do not have any standardized meanings. The Corporation follows the recommendation of the Gold Institute Production Cost Standard. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Corporation's performance and ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

The following table provides a reconciliation of total cash costs per ounce of gold sold (including the ounces sold from ore purchased), for the three months ended March 31, 2014 and 2013:

	Three months Ended March 31,	
	2014	2013
(US dollars in thousands except ounces)		
Operating expenses from continuing mining operations	$ 89,210	$ 65,350
Stockpile net realisable value adjustment	3,646	(864)
Total cash cost	92,856	64,486
Divided by ounces of gold sold	105,666	71,926
Total cash cost per ounce of gold sold[1]	$ 879	$ 897

All-in sustaining costs

The Corporation is reporting all-in sustaining costs per ounce. The methodology for calculating all-in sustaining costs per ounce was developed internally and is calculated below, and readers should be aware that this measure does not have a standardized meaning. This non-GAAP measure provides investors with transparency to the total period-attributable cash cost of producing an ounce of gold, and may aid in the comparison with other gold mining peers. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

	Three months Ended March 31,	
	2014	2013
(US dollars in thousands except ounces)		
Cash cost for ounces sold	$ 92,856	$ 64,486
Royalties	7,158	6,270
Corporate G&A[1]	5,395	3,362
Sustaining capital[2]	5,769	9,511
Sustaining exploration	763	794
All-in sustaining costs sold	$ 111,941	$ 84,423
Divided by gold ounced sold	105,666	71,926
All-in sustaining cost per ounce sold	**$ 1,059**	**$ 1,174**

[1] 75% of the corporate costs were attributed to operations in the first quarter of 2013 with the Agbaou mine under construction while the corporate costs incurred in the first quarter of 2014 are considered 100% attributable to operations.
[2] 2013 sustaining capital restated from $2.9 million to $9.5 million as presented in the prior year which did not include sustaining capital at Tabakoto due to the Corporation acquiring the mine in the fourth quarter of 2012 and concurrently the Corporation has also adopted a revised sustaining capital definition to include underground sustaining capital in 2014 .

	Three months Ended March 31, 2014	2013
(US dollars in thousands)		
Investment in capital projects and capitalized exploration[1]	$ 26,365	$ 57,056
Non-sustaining capital at Tabakoto	(17,257)	(8,910)
Non-sustaining exploration	(763)	(794)
Project capital spend predominantly at Agbaou and Houndé	(707)	(35,312)
Other non-sustaining capital	(1,869)	(2,529)
Sustaining Capital	**$ 5,769**	**$ 9,511**

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

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

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

		Tabakoto	Nzema	Youga	Agbaou[1]	Total
(US dollars in thousands except cash costs and AISC)						
Mining costs - Open pit		8,379	7,977	5,828	7,525	29,709
Mining costs - Underground		8,824	-	-	-	8,824
Processing and maintenance		10,625	7,470	5,985	3,019	27,099
G&A		5,444	3,046	2,360	1,439	12,289
Purchased ore at Nzema		-	7,274	-	-	7,274
Inventory adjustments		7,711	(385)	(674)	1,009	7,661
Cash costs for ounces sold		**$40,983**	**$25,381**	**$13,499**	**$12,993**	**$92,856**
Royalties		$2,746	$2,088	$1,218	$1,106	$7,158
Sustaining capital		$3,022	$2,380	$315	$52	$5,769
Cash cost per ounce sold	**$/oz**	**$1,157**	**$890**	**$680**	**$594**	**$879**
AISC per ounce sold	**$/oz**	**$1,320**	**$1,046**	**$758**	**$647**	**$1,001**

[1]Agbaou is shown post declaration of commercial production

Adjusted net earnings and adjusted net earnings per share

"Adjusted net earnings" and adjusted net earnings per share are financial measures with no standard meaning under IFRS which excluded the following from net earnings:

- Realized gain – gold price protection program
- Change in unrealized loss (gain) – gold price protection program
- Change in unrealized gain – C$ share purchase warrants
- Change in unrealized loss – gold put option program
- Loss on marketable securities
- Imputed interest on promissory note
- Loss on foreign currency
- Loss on sale of gold bullion
- Write-down of gold bullion
- Share of loss of associate, net of taxes (Namibia Rare Earths Inc., or "NREI")
- Write-down of investment in associate due to reclassification to assets held for sale (NREI)
- Loss on change of ownership
- Stock-based payments
- Finance costs (incurred for the amended Facility)
- Deferred income taxes (recovery)
- Non-operating and exceptional items

Net earnings have been adjusted for items considered exceptional and non-operating in nature. Endeavour uses this measure for its own internal purposes. Consequently, the presentation of adjusted net earnings enables investors and analysts to better understand the underlying operating performance of our core mining business through the eyes of management. Management periodically evaluates the components of adjusted net earnings based on an internal assessment of performance measures that are useful for evaluating the operating performance of our business and a review of the non-GAAP measures used by mining industry analysts and other mining companies.

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

The following table reconciles these non-GAAP measures to the most directly comparable IFRS measure. The reconciliation of net earnings to adjusted net earnings is below.

Adjusted Net Earnings

(US dollars in millions except per share and share amounts)	Three months Ended March 31, 2014	2013
Net earnings attributable to shareholders of Endeavour Mining Corporation	**$ 5.0**	**$ 15.1**
One-off corporate costs	-	-
Acquisition costs	-	-
Change in unrealized gain - gold price protection program	1.5	(7.8)
Change in fair value of CDN currency share purchase warrants	-	(8.1)
Loss on financial instruments	8.9	0.3
Imputed interest on promissory note	(0.5)	(0.6)
Loss on foreign currency	(0.5)	0.5
Write-down of gold bullion	-	2.1
Share of loss of associate, net of taxes (NREI)	-	0.5
Write-down of investment in associate due to reclassification to assets held for sale (NREI)	-	0.9
Gain on sale of subsidiary	(1.2)	-
Stock-based payments	0.2	3.0
Deferred income tax (recovery) expense	(8.6)	3.1
Adjusted net earnings after tax	**$ 4.8**	**$ 9.0**
Weighted average number of outstanding shares	413,046,943	412,232,485
Adjusted net earnings per share (basic)	**$ 0.01**	**$ 0.02**

HEALTH, SAFETY AND CORPORATE SOCIAL RESPONSIBILITY

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

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

[1] For the period March to December 2013

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

The Corporation notes that the LTIFR at Tabakoto is higher than Nzema and Youga, reflecting the higher risk associated with underground mining operations. The aggregate LTIFR for the mining industry in Ontario in 2012 was 2.0, the lowest value in the 22 years for which data was available, and is provided as a benchmark, which suggests that the Corporation is applying an effective Health and Safety program.

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

(a) *Commencement of commercial production*

Prior to a mine being capable of operating at levels intended by management, costs incurred are capitalized as part of the costs of related mining properties and proceeds from mineral sales are offset against costs capitalized. Commercial production at the Agbaou Mine was declared on January 27, 2014 (accounting for commercial production commenced on February 1, 2014).

Commercial production is deemed to have commenced when a mining interest is capable of operating at levels intended by management. This is achieved when management determines that the operational commissioning of major mine and plant components is complete, operating results are being achieved consistently for a period of time and that there are indications that these operating results will continue.

The Corporation determines commencement of commercial production based on the following factors:

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

(b) *Determination of economic viability*

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

(c) *Functional currency*

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

(d) *Business combinations*

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

(e) *Exchangeable shares*

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(a) *Value Added Tax ("VAT")*

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

(b) *Impairment of mining interests and goodwill*

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

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

(c) Estimated recoverable ounces

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

(d) Fair values of assets and liabilities acquired in business combinations

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

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

(e) Mineral reserves

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

(f) Environmental rehabilitation costs

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

(g) Deferred income taxes

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

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

(h) Share-based payments

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

RISK FACTORS

Readers of this Management's Discussion and Analysis should give careful consideration to the information included or incorporated by reference in this document and the Corporation's audited consolidated financial statements and related notes for the year ended December 31, 2013. Significant risk factors for the Corporation are metal prices, government regulations, foreign operations, environmental compliance, dependence on management, title to the Corporation's mineral properties and litigation. For details of risk factors, please refer to the 2013 year-end audited consolidated financial statements, Management's Discussion and Analysis and Annual Information Form filed on SEDAR at www.sedar.com.

FINANCIAL AND RELATED RISKS

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

(i) *Credit risk*

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Corporation by failing to discharge its obligations. Credit risk arises from cash and cash equivalents, marketable securities held with investment dealers, marketable securities made in the form of a loan, and accounts receivables and other assets. Although it is intended that the marketable securities the Corporation makes in the form of loans will normally be secured, there can be no assurance that such security will completely protect the value of the Corporation's investments. As the assets securing the Corporation's loans will occasionally be subordinated to senior indebtedness, the Corporation's security may have second or third priority.

The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk other than cash on deposit with global financial institutions. The Corporation invests its cash and cash equivalents in corporations meeting its investment criteria. The Corporation sells its gold to large international financial institutions and internationally recognized refiners. The Corporation's gold revenue is comprised of gold sales to primarily two customers, however the Corporation is not economically dependent on a limited number of customers for the sale of its gold because gold can be sold through numerous commodity market traders worldwide.

The historical level of customer defaults is minimal and, as a result, the credit risk associated with accounts receivable and other assets at March 31, 2014, is considered to be negligible. The Corporation does not rely entirely on ratings issues by credit rating agencies in evaluating counterparties' related credit risk.

All transactions executed by the Corporation in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Corporation's maximum exposure to credit risk before taking into account any collateral held or other credit enhancements is the carrying amount of the financial instruments at the consolidated statement of financial position date as follows:

	March 31, 2014	December 31, 2013
Cash	$ 67,703	$ 73,324
Cash - restricted	4,517	4,517
Marketable securities	1,752	1,731
Trade and other receivables	47,308	38,662
Long-term receivable	4,274	4,274
Promissory note and other assets	10,657	10,197
Derivative financial asset	412	1,888
	$ 136,623	$ 134,593

(ii) *Liquidity risk*

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

(iii) Currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. Gold is sold in US dollars and the Corporation's costs are incurred principally in Australian dollars, Canadian dollars, CFA Franc, Euros, Ghana Cedi, Liberian dollars, South African Rand and US dollars.

The appreciation of non-US dollar currencies against the US dollar can increase the cost of gold production and capital expenditures in US dollar terms. The Corporation also has cash and cash equivalents, marketable securities, and trade receivables and other assets that are denominated in non-US dollar currencies which are subject to currency risk.

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

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

	March 31, 2014	December 31, 2013
Canadian dollar	$ 3,813	$ 3,153
CFA Francs	11,132	15,460
Other currencies	5,664	4,433
	$ 20,609	$ 23,046

(iv) *Interest rate risk*

Interest rate risk is the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk on its cash and cash equivalents. The Corporation holds convertible loans, debentures and short term government treasury securities that have the potential to be affected by changes in interest rates. There is minimal fair value sensitivity to changes in interest rates, since convertible loans and debentures are short term in nature and are usually held to maturity. The Corporation monitors its exposure to interest rates and is comfortable with its exposure given the relatively low short-term US dollar rates. The Corporation bears interest rate risk in relation to amounts drawn under the Corporate Facility and the interest bearing loans due to the Malian Government as the interest rate payable is the US dollar LIBOR floating-rate plus a margin. The Corporation has not hedged its exposure to interest rate risk.

(v) *Price risk*

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

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

CONTROLS AND PROCEDURES

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian Securities Law.

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

Internal controls and procedures

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

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

Based on that evaluation, the CEO and CFO have concluded that, as of the end of the three and twelve month periods covered by this Management's Discussion and Analysis, the internal controls over financial reporting were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

As a result of the Corporation's acquisition of Avion and the merger, the Corporation has adopted new controls and procedures pertaining to the gold producing activities.

Except for the recent acquisition of gold producing activities as noted above, there have been no material changes in the Corporation's internal controls over financial reporting during the year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

Additional information relating to the Corporation is available on the Corporation's web site at www.endeavourmining.com and in the Corporation's Annual Information Form for the year ended December 31, 2013 on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Forward-looking statements, while based on management's best estimates and assumptions, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Endeavour to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the successful integration of acquisitions; risks related to international operations; risks related to joint venture operations; risks related to general economic conditions and credit availability, actual results of current exploration activities, unanticipated reclamation expenses; changes in project parameters as plans continue to be refined; fluctuations in prices of metals including gold; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Corporation operates, actual resolutions of legal and tax matters, as well as those factors discussed in the section entitled "Description of the Business – Risk Factors" in Endeavour's annual information form for the year ended December 31, 2013, available on SEDAR at www.sedar.com. Although Endeavour has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation's management reviews periodically information reflected in forward-looking statements. The Corporation has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

CAUTIONARY NOTE REGARDING RESERVES AND RESOURCES

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

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

	March 31, 2014	December 31, 2013
ASSETS		
Current		
Cash	$ 67,703	73,324
Cash - restricted (Note 3)	4,517	4,517
Marketable securities	1,752	1,731
Trade and other receivables	47,308	38,662
Income taxes receivable	38	218
Inventories (Note 4)	96,907	62,354
Prepaid expenses and other	17,822	24,251
Current portion of derivative financial asset (Note 9)	412	1,658
	236,459	206,715
Mining interests (Note 5)	1,028,975	1,037,249
Long-term receivable (Note 6)	4,274	4,274
Deferred income taxes (Note 14)	15,900	15,328
Promissory note and other assets	10,657	10,197
Derivative financial asset (Note 9)	-	230
	$ 1,296,265	$ 1,273,993
LIABILITIES		
Current		
Trade and other payables	107,030	94,180
Current portion of finance lease obligations (Note 7)	1,245	1,148
Current portion of derivative financial liabilities (Note 9)	13,041	8,850
Income taxes payable (Note 14)	11,139	12,214
	132,455	116,392
Finance lease obligations (Note 7)	1,683	70
Long-term debt (Note 8)	287,904	286,855
Derivative financial liabilities (Note 9)	14,012	12,019
Provisions (Note 10)	28,796	28,315
Deferred share unit liability (Note 11)	296	152
Deferred income taxes (Note 14)	50,655	58,684
	515,801	502,487
EQUITY		
Share capital (Note 11)	991,387	991,320
Equity reserve	39,203	39,265
Retained earnings	(288,501)	(293,528)
Equity attributable to shareholders of the Corporation	742,089	737,057
Non-controlling interests (Note 12)	38,375	34,449
Total equity	780,464	771,506
	$ 1,296,265	$ 1,273,993

COMMITMENTS (NOTE 18)

Approved by the Board: May 9, 2014

"Neil Woodyer" Director *"Wayne McManus"* Director

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

ENDEAVOUR MINING CORPORATION
Condensed Interim Consolidated Statements of Comprehensive Earnings
(Expressed in Thousands of United States Dollars)
(Unaudited)

	Three months ended March 31, 2014	2013
Revenues		
Gold revenue	$ 137,211	$ 116,923
Cost of sales		
Operating expenses	89,210	65,350
Depreciation and depletion	17,382	23,423
Royalties	7,158	6,270
Earnings from mine operations	23,461	21,880
Corporate costs	5,395	4,483
Share-based payments (Note 11)	178	3,043
Exploration	356	1,265
Earnings from operations	17,532	13,089
Other income (expenses)		
Gains (losses) on financial instruments (Note 13)	(9,336)	15,634
Gain on sale of subsidiaries	1,176	-
Finance costs	(6,727)	(1,549)
Write-down of gold bullion	-	(2,088)
Write-down of investment in associate on reclassification to asset held for sale	-	(858)
Share of loss of associate, net of taxes	-	(465)
Fiore Management & Advisory Corp. income	-	82
	(14,887)	10,756
Earnings before taxes	2,645	23,845
Current income and other taxes (Note 14)	(2,293)	(4,079)
Deferred income taxes recovery (expense) (Note 14)	8,601	(3,082)
Net earnings and total comprehensive earnings	8,953	16,684
Attributable to:		
Shareholders of Endeavour Mining Corporation	5,027	15,138
Non-controlling interests (Note 12)	3,926	1,546
Net earnings and total comprehensive earnings	$ 8,953	$ 16,684
Net earnings per share (Note 11)		
Basic earnings per share	$ 0.01	$ 0.04
Diluted earnings per share	$ 0.01	$ 0.03

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

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

	Three months ended March 31, 2014	2013
Operating Activities		
Earnings before taxes	$ 2,645	$ 23,845
Adjust for:		
Depreciation and depletion	17,382	23,423
Accretion of reclamation and other closure obligations (Note 10)	481	149
Amortization of financing costs (Note 8)	1,047	-
Loss on marketable securities (Note 13)	(21)	343
Imputed interest on promissory note	(460)	(604)
Share-based payments (Note 11 (c))	178	3,043
Cash settled deferred share units	(48)	-
Unrealized (gain) loss on derivative financial assets and liabilities (Note 9)	7,660	(15,882)
Realized (gain) loss on derivative financial assets (Note 9)	2,671	-
Write-down of gold bullion	-	2,088
Share of loss of associate, net of taxes	-	858
Write-down of investment in associate on reclassification to asset held for sale	-	465
Loss on disposal of mining interests	12	383
Change in long-term receivable	-	143
Income and other taxes paid	(3,123)	(187)
Changes in non-cash working capital:		
Trade and other receivables	(8,646)	3,206
Prepaid expenses and other	6,429	(5,915)
Inventories	(17,311)	1,689
Trade and other payables	12,850	(540)
Cash generated from operating activities	21,746	36,507
Investing Activities		
Expenditures on mining interests and prepayments (Note 5)	(26,365)	(57,056)
Proceeds from distribution of promissory note and other assets	-	52
Proceeds from sale of marketable securities	-	103
Cash used in investing activities	(26,365)	(56,901)
Financing Activities		
Received from the issue of common shares	19	2,535
Settlement of gold hedge program	(2,671)	-
Finance lease proceeds (Note 7)	2,035	-
Interest paid	-	(1,883)
Repayment of finance lease obligation	(324)	(898)
Cash used in financing activities	(941)	(246)
Effect of exchange rate changes on cash	(61)	(382)
Decrease in cash	(5,621)	(21,022)
Cash, beginning of year	73,324	105,902
Cash, end of year	$ 67,703	$ 84,880

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

ENDEAVOUR MINING CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Thousands of United States Dollars)
(Unaudited)

	Share Capital												
	Number of Common Shares	Par Value	Additional Paid in Capital	Number of Exchangeable Shares	Par Value	Additional Paid in Capital	Total Number of Shares	Total Share Capital	Equity Reserve Shares	Retained Earnings	Total Attributable to Shareholders	Non-Controlling Interests	Total
At January 1, 2013	391,355,765	$ 3,908	$ 931,410	19,366,979	$ 194	$ 49,322	410,722,744	$ 984,834	$ 38,677	$ 38,928	$ 1,062,439	$ 74,956	1,137,395
Exchangeable shares exchanged into common shares	18,401,181	184	46,866	(18,401,181)	(184)	(46,866)	-	-	-	-	-	-	-
Share options exercised	1,767,034	17	4,994	-	-	-	1,767,034	5,011	(2,476)	-	2,535	-	2,535
Warrants exercised	-	-	-	-	-	-	-	-	2,659	-	2,659	-	2,659
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Net loss and total comprehensive loss	-	-	-	-	-	-	-	-	-	15,138	15,138	1,546	16,684
At March 31, 2013	411,523,980	$ 4,109	$ 983,270	965,798	$ 10	$ 2,456	412,489,778	$ 989,845	$ 38,860	$ 54,066	$ 1,082,771	$ 76,502	$ 1,159,273
At January 1, 2014	412,341,795	$ 4,118	$ 985,409	701,498	$ 7	$ 1,786	413,043,293	$ 991,320	$ 39,265	$ (293,528)	$ 737,057	$ 34,449	771,506
Exchangeable shares exchanged into common shares	5,201	-	13	(5,201)	-	(13)	-	-	-	-	-	-	-
Share options exercised	27,375	-	67	-	-	-	27,375	67	(48)	-	19	-	19
Share based payments	-	-	-	-	-	-	-	-	(14)	-	(14)	-	(14)
Net loss and total comprehensive loss	-	-	-	-	-	-	-	-	-	5,027	5,027	3,926	8,953
At March 31, 2014	412,374,371	$ 4,118	$ 985,489	696,297	$ 7	$ 1,773	413,070,668	$ 991,387	$ 39,203	$ (288,501)	$ 742,089	$ 38,375	$ 780,464

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

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

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

Endeavour's corporate office is in Vancouver, Canada and its shares are listed on the Toronto Stock Exchange ("TSX") (symbol EDV) and the Australian Securities Exchange ("ASX") (symbol EVR). The Corporation is incorporated in the Cayman Islands and its registered office is located at 190 Elgin Avenue, George Town, Grand Cayman, Cayman Islands.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* using the accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Boards.

These condensed interim consolidated financial statements should be read in conjunction with the most recently issued annual consolidated financial statements of the Corporation, which include information necessary or useful to understanding the Corporation's business and financial statement presentation. In particular, the Corporation's significant accounting policies were presented as Note 2 to the consolidated financial statements for the fiscal year ended December 31, 2013, and have been consistently applied in the preparation of these interim financial statements, except as noted below.

(b) Basis of preparation

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at revalued amounts or fair value at the end of each reporting period, as explained in the accounting policies below. The Corporation's accounting policies have been applied consistently in preparing these condensed interim consolidated financial statements; with the exception of certain comparative figures that have been adjusted to correct the presentation of revenue and royalties to a gross basis. In 2013, the Corporation netted royalties against revenues and is now presenting gross revenues of $116.9 million and royalties of $6.3 million in the 2013 comparative statements of comprehensive earnings. There is no net impact on the consolidated statement of comprehensive earnings or earnings from mine operations and no impact on the consolidated statements of financial position, the consolidated statements of cash flows or basic or diluted earnings per share in 2013.

(c) Commencement of commercial production

Prior to a mine being capable of operating at levels intended by management, costs incurred are capitalized as part of the costs of related mining properties and proceeds from mineral sales are offset against costs capitalized. Commercial production at the Agbaou Mine was declared on January 27, 2014 (accounting for commercial production commenced on February 1, 2014).

Commercial production is deemed to have commenced when a mining interest is capable of operating at levels intended by management. This is achieved when management determines that the operational

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Commencement of commercial production (continued)

commissioning of major mine and plant components is complete, operating results are being achieved consistently for a period of time and that there are indications that these operating results will continue.

The Corporation determines commencement of commercial production based on the following factors:

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

The list is not exhaustive and each specific circumstance is taken into account before making the decision.

(d) Newly adopted accounting standards

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

- *IAS 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)*: On December 16, 2011 the IASB published amendments to IAS 32, *Financial Instruments: Presentation* to clarify the application of the offsetting requirements. The Corporation adopted this standard as of January 1, 2014 and determined its impact not to be significant.

- IFRIC 21 Levies: In May 2013, the IASB issued IFRIC 21 on the accounting for levies imposed by governments. The Corporation adopted this standard as of January 1, 2014 and determined its impact not to be significant.

(e) Accounting Standards issued but not yet effective

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

- *IFRS 9, Financial Instruments:* IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities measured at fair value through profit and loss. A mandatory effective date will be finalised when all phases of IFRS 9 are complete with sufficient lead time for implementation.

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

3. CASH - RESTRICTED

On July 31, 2012 the Corporation and CAL Bank Limited ("CAL") entered into a facility agreement whereby CAL is to provide a bank guarantee (the "Bank Guarantee") to enable the Corporation to fulfill its reclamation obligations with the Environmental Protection Agency of Ghana ("EPA") in respect of disturbed mining lands at Nzema in the Western Region of Ghana. Under the Bank Guarantee the Corporation has provided $3.3 million in cash collateral to CAL plus $1.2 million by way of security to the EPA. On August 31, 2013, the Bank Guarantee with CAL was renewed for another year. The Bank Guarantee is renewable annually subject to agreement between the parties.

4. INVENTORIES

	March 31, 2014	December 31, 2013
Doré bars	$ 2,569	$ 2,728
Gold in circuit	16,443	8,670
Ore stockpiles	18,491	14,296
Spare parts and supplies	59,404	36,660
	$ 96,907	$ 62,354

5. MINING INTERESTS

	Mining Properties					
	Depletable	Non depletable	Assets under construction	Plant and equipment	Corporate assets	Total
Cost						
Balance as at January 1, 2014	$ 710,585	$ 590,728	$ 910	$ 382,286	$ 1,867	$ 1,686,376
Expenditures/additions	14,442	1,124	-	10,799	-	26,365
Transfer	62,465	(189,743)	(910)	128,188	-	-
Transfer to inventory recognized on commercial production	(13,866)	-	-	-	-	(13,866)
Disposals	-	-	-	(12)	-	(12)
Balance as at March 31, 2014	$ 773,626	$ 402,109	$ -	$ 521,261	$ 1,867	$ 1,698,863
Accumulated depreciation						
Balance as at January 1, 2014	$ 365,739	$ 126,383	$ -	$ 155,529	$ 1,476	$ 649,127
Depreciation/depletion	8,142	-	-	9,214	26	17,382
Depreciation charge captured in inventory	2,521	-	-	858	-	3,379
Balance as at March 31, 2014	$ 376,402	$ 126,383	$ -	$ 165,601	$ 1,502	$ 669,888
Carrying amounts						
At December 31, 2013	$ 344,847	$ 464,344	$ 910	$ 226,757	$ 391	$ 1,037,249
At March 31, 2014	$ 397,224	$ 275,726	$ -	$ 355,660	$ 365	$ 1,028,975

On September 5, 2013, the Corporation completed the sale of several of its non-material, exploration-stage properties located in Mali, for proceeds of $3.7 million comprised of $0.7 million cash (net of advisory fees) and 10

5. MINING INTERESTS (continued)

million shares of Legend Gold Corp ("Legend"). The Corporation received $0.7 million of cash and 5 million common shares of Legend in 2013. An additional 5.0 million common shares of Legend is due to be received upon the completion of the transfer registration for a permit (of which 2.5 million are to be received prior to May 21, 2014 which has given rise to a $1.2 million gain on sale of subsidiaries), which is currently in process.

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

5. MINING INTERESTS (continued)

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

	Tabakoto Mine	Nzema Mine	Youga Mine	Agbaou Mine[1]	Development Projects: Houndé Project	Development Projects: Ouaré Project	Exploration Properties	Assets under construction	Corporate assets	Total
Cost										
Balance as at January 1, 2014	$ 589,699	$ 604,174	$ 161,936	$ 190,805	$ 122,394	$ 11,422	$ 3,169	$ 910	$ 1,867	$ 1,686,376
Reclass	-	-	-	-	-	-	-	-	-	-
Expenditures/additions	20,308	4,903	315	132	606	101	-	-	-	26,365
Transfer to inventory recognized on commercial production	910	-	-	(13,866)	-	-	-	(910)	-	(13,866)
Disposals	(12)	-	-	-	-	-	-	-	-	(12)
Balance as at March 31, 2014	$ 610,905	$ 609,077	$ 162,251	$ 177,071	$ 123,000	$ 11,523	$ 3,169	$ -	$ 1,867	$ 1,698,863
Accumulated depreciation										
Balance as at January 1, 2014	106,429	418,234	115,945	-	-	3,874	3,169	-	1,476	649,127
Depreciation/depletion	7,776	3,508	3,512	2,560	-	-	-	-	26	17,382
Depreciation charge captured in inventory	1,214	371	472	1,322	-	-	-	-	-	3,379
Balance as at March 31, 2014	$ 115,419	$ 422,113	$ 119,929	$ 3,882	$ -	$ 3,874	$ 3,169	$ -	$ 1,502	$ 669,888
Carrying amounts										
At December 31, 2013	$ 483,270	$ 185,940	$ 45,991	$ 190,805	$ 122,394	$ 7,548	$ -	$ 910	$ 391	$ 1,037,249
At March 31, 2014	$ 495,486	$ 186,964	$ 42,322	$ 173,189	$ 123,000	$ 7,649	$ -	$ -	$ 365	$ 1,028,975

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

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

6. LONG-TERM RECEIVABLE

The long-term receivable pertains to fuel duty that is recoverable from the Government of Mali. During the year ended December 31, 2013 the Corporation received $2.4 million from the Government of Mali pertaining to fuel duty.

7. FINANCE LEASE OBLIGATIONS

On March 7, 2014 the Corporation's Malian subsidiary, Segala Mining Corporation SA ("Segala"), entered into a 5 year $18 million equipment lease financing facility (the "Equipment Lease") with BNP Paribas's bank subsidiary in Abidjan, Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoire ("BICICI"). The Equipment Lease will be used to purchase a portion of the owner-operated mining equipment for the Tabakoto and Segala underground developments. Segala will pay a fixed rate of 9.5% per annum to amortise the principal and pay interest to BICICI. Segala also has a purchase option to buy the equipment outright at the end of the lease life for 0.5% of cost. The Equipment Lease will be treated as a finance lease, and is guaranteed by the Corporation.

In the current quarter, $2.0 million of capital equipment was acquired prior to the finalization of the lease agreement for which the Corporation received cash as a result of the sale and lease-back of the assets. The sale proceeds have been classified as a financing activity on the condensed interim consolidated statements of cash flows.

The finance leases were composed of the following obligations:

	March 31, 2014	December 31, 2013
Equipment lease obligations	$ 2,928	$ 1,218
Less: current portion	(1,245)	(1,148)
Long-term equipment lease obligations	$ 1,683	$ 70

	Minimum lease payments		Present value of minimum lease payments	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Not later than one year	$ 1,799	$ 1,198	$ 1,245	$ 1,148
Later than one year and not later than five years	1,683	70	1,683	70
	3,482	1,268	2,928	1,218
Less future finance charges	(554)	(50)	-	-
Present value of minimum lease payments	$ 2,928	$ 1,218	$ 2,928	$ 1,218

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

8. LONG-TERM DEBT

	March 31, 2014	December 31, 2013
Corporate loan facility (a)	$ 300,000	$ 300,000
Deferred financing costs (a)	(12,764)	(13,811)
Corporate loan facility	287,236	286,189
Mali Government interest bearing loan (b)	668	666
Total debt	287,904	286,855
Less: current portion	-	-
	$ 287,904	$ 286,855

(a) On July 24, 2013 the Corporation signed a $350 million amended senior secured revolving corporate loan facility (the "Facility") with UniCredit Bank AG, BNP, Paribas, ING Bank NV, Société Générale and Deutsche Bank AG. Up to $300 million of the Facility can be used for general corporate purposes including working capital and capital expenditures. As Endeavour had previously drawn $200 million from its lenders, the Facility provided $100 million of immediately available additional credit. The remaining $50 million of the Facility can be used to fund expansions and other potential capital projects if certain conditions are met. The Facility is secured by shares of Endeavour's material gold mining subsidiaries and certain material assets of those subsidiaries.

The key terms of the Facility include:

- Maturity date is five years from signing or July 24, 2018, and the available Facility amount declines with six equal semi-annual reductions of $58.3 million commencing January 1, 2016;
- The Facility requires standard corporate financial covenants, including:
    - Interest Cover shall not be less than 3 to 1, calculated on a rolling 12 month basis
    - Net Debt to EBITDA shall not exceed 3.25 times, calculated on a rolling 12 month basis
    - Minimum tangible net worth of $600 million; and
- Interest is based on LIBOR plus a margin ranging between 3.75% and 5.5% per annum (sliding scale based on the actual Net Debt to EBITDA ratio).

(b) The Corporation, through its Malian subsidiaries, carries a liability payable to the Government of Mali in relation to their 20% ownership of Segala Mining Co S.A. The balance of this liability at December 31, 2013 is $0.7 million or CFA 333.0 million, (December 31, 2013 is $0.7 million or CFA 371.1 million), including accrued interest. This loan bears an interest rate at LIBOR plus 2%, and is calculated semi-annually. This loan will be paid with priority over shareholder dividends from the Malian subsidiaries.

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

9. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial assets

The following table summarizes the derivative financial assets:

	March 31, 2014	December 31, 2013
Gold put option program	$ 412	$ 1,888
Less: current portion	(412)	(1,658)
Derivative financial assets	$ -	$ 230

On July 11, 2013, the Corporation purchased, for $3.5 million, 54,000 ounces of gold put options at a strike price of $1,150 with eighteen equal monthly settlements from August 2013 to January 2015. This period corresponds to the higher capital expenditure timeframe while the Agbaou mine construction and ramp up was being completed and the Segala underground mine is being brought into commercial production. As at March 31, 2014, 30,000 ounces of gold put options remain outstanding with a fair value of $0.4 million. During the same period, 15,000 ounces of gold put options expired, and an unrealized loss of $1.5 million was incurred on the mark to market of the outstanding put options (nil in 2013).

The following table reflects the fair value of the put options of gold as at March 31, 2014:

Period	Put options (ounces)	Price per Ounce	Fair Value
2014	27,000	$ 1,150	$ 305
2015	3,000	$ 1,150	107
	30,000	$ 1,150	$ 412

Derivative financial liabilities

The following table summarizes the derivative financial liabilities:

	March 31, 2014	December 31, 2013
Gold price protection programs (a)	$ 27,053	$ 20,869
Less: current portion	(13,041)	(8,850)
Derivative financial liabilities	$ 14,012	$ 12,019

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

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

9. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Derivative financial liabilities (continued)

	Three months ended March 31, 2014	2013
Realized loss - gold price protection programs	$ (2,671)	$ -
Change in unrealized gain - gold price protection programs	(6,184)	7,819
Change in fair value of share purchase warrants (b)	-	8,063
Total gain (loss) on gold price protection programs	$ (8,855)	$ 15,882

(a) Gold price protection programs

(i) Tabakoto Gold Mine, Mali

Prior to Endeavour's acquisition, Avion sold twelve call options that entitle the buyer to purchase 36,396 ounces of gold (3,033 ounces per call option) over twelve consecutive quarters from September 1, 2012 to June 1, 2015. In exchange, Avion received cash consideration of $25.0 million.

The settlement of the call options are in cash as there is no exchange of physical gold. During the three months ended March 31, 2014, the Corporation settled 3,033 ounces of gold resulting in a realized loss of $1.3 million

The following table details the fair value of the call options as at March 31, 2014:

Period	Call options (ounces)	Price per Ounce	Fair Value
2014	9,099	$ 900	$ 3,400
2015	6,066	$ 900	2,181
	15,165	$ 900	$ 5,581

(ii) Nzema Gold Mine, Ghana

Prior to Endeavour's acquisition, Adamus implemented a gold price protection program as part of the initial project financing of the Nzema Gold Mine. The gold price protection program consisted of gold forward contracts initially covering 290,000 ounces at a forward price of $1,075 per ounce and subsequently amended to $1,061 per ounce. The program required no cash or other margin.

On July 29, 2013 Endeavour re-distributed a portion of the 96,163 ounces of remaining forward contracts from UniCredit to several of the new lenders. The amended strike price has increased from $1,061 per ounce to a weighted average strike price $1,331 per ounce. As a result, the cost of re-striking the hedge is approximately $2.9 million ($30 per ounce) and will be paid proportionately with the hedge deliveries during 2014 to 2016. Other terms and conditions remain the same.

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

9. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Derivative financial liabilities (continued)

(a) Gold price protection programs (continued)

(ii) Nzema Gold Mine, Ghana (continued)

The settlements of the forward contracts are in cash as there is no exchange of physical gold between the Corporation and the buyer. During the three months ended March 31, 2014, the Corporation settled 5,150 ounces of gold resulting in a realized loss of $1.4 million.

The following table details the fair value of the forward contracts as at March 31, 2014:

Period	Forward contracts (ounces)		Price per Ounce		Fair Value
2014	26,850	$	1,332	$	6,589
2015	32,000	$	1,332		7,484
2016	32,163	$	1,332		7,399
	91,013	$	1,332	$	21,472

(b) Share purchase warrants

The 32,487,501 Endeavour warrants with an exercise price of C$2.50 (Note 11(b)) expired on February 24, 2014.

10. PROVISIONS

Environmental rehabilitation provision

		March 31, 2014		December 31, 2013
Balance beginning of year	$	28,315	$	30,792
Revisions in estimates and obligations incurred		-		(3,794)
Accretion		481		1,317
Balance end of period	$	28,796	$	28,315

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

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

11. SHARE CAPITAL

(a) Voting shares

Authorized
1,000,000,000 voting shares of $0.01 par value
1,000,000,000 undesignated shares

(b) Warrants

A summary of the changes in warrants is presented below:

	Warrants outstanding		Weighted average exercise price (C$)
At December 31, 2012	33,031,891	$	2.46
Exercised	(544,390)		0.34
At December 31, 2013	32,487,501	$	2.46
Expired	(32,487,501)		2.46
At March 31, 2014	-	$	-

The following table summarizes the share-based payments:

	Three months ended March 31,			
		2014		2013
(Recovery) expense on granting of options	$	(14)	$	2,659
Total expense recognized on grant of DSUs		99		583
Change in fair valuation of DSUs		93		(199)
Total share-based payments	$	178	$	3,043

(c) Share-based payments

(i) Options

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

	Options outstanding		Weighted average exercise price (C$)
At December 31, 2012	25,874,818		2.46
Granted	4,214,969		2.26
Cancelled	(183,333)		2.26
Exercised	(1,776,159)		1.42
Expired	(3,569,943)		3.29
At December 31, 2013	24,560,352	$	2.38
Exercised	(27,375)		0.80
Expired	(233,333)		2.32
At March 31, 2014	24,299,644	$	2.38

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

11. SHARE CAPITAL (continued)

(c) Share-based payments (continued)

(i) Options (continued)

The following weighted average assumptions were used for the Black-Scholes valuation of share options for the three months ended March 31, 2014 and 2013:

	Three months ended March 31, 2014	2013
Risk-free interest rate	1.1%	1.2%
Expected life	1.8 years	3.0 years
Annualized volatility	76.5%	46.2%
Dividend rate	0.0%	0.0%
Forfeiture rate	11.6%	11.6%

The annualized volatility is based on the Corporation's historical three year daily volatility.

The following table summarizes information about the exercisable share options outstanding as at March 31, 2014:

Exercise Prices (C$)	Outstanding	Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
\$0.80 - \$1.50	677,795	677,795	\$ 1.20	2.37 years
\$1.51 - \$2.00	10,537,350	10,537,350	1.76	1.52 years
\$2.01 - \$2.50	4,878,050	4,214,717	2.29	3.66 years
\$2.51 - \$3.00	5,899,312	5,899,312	2.67	2.60 years
\$3.51 - \$4.00	80,300	80,300	3.70	2.12 years
\$4.01 - \$44.96	2,226,837	2,226,837	5.05	2.23 years
	24,299,644	23,636,311	\$ 2.38	2.26 years

The Corporation has established a share option plan whereby the Corporation's directors may from time to time grant options to directors, employees or consultants. The maximum term of any option is ten years. The exercise price of an option is not less than the volume weighted average trading price of the shares traded on the exchange for the five trading days immediately preceding the grant date. At March 31, 2014, there were 41,307,067 (December 31, 2013 – 41,304,329) options available for grant under the plan, of which 17,007,423 (December 31, 2013 – 16,743,977) are still available to be granted.

(ii) Deferred share units

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

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

11. SHARE CAPITAL (continued)

(c) Share-based payments (continued)

(ii) Deferred share units (continued)

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

At March 31, 2014, 413,945 (December 31, 2013 - 336,994) DSUs were held by participating directors with a fair value of $0.3 million (December 31, 2013 – $0.2 million). The fair value of the DSUs was recognized as share-based payments totaling $0.2 million for the three months ended March 31, 2014 (March 31, 2013 - $0.4) with a corresponding amount recorded as a deferred share unit liability in the consolidated statement of financial position.

A summary of the changes in DSUs is presented below:

	Deferred Units outstanding
At December 31, 2013	336,994
Granted	130,284
Exercised	(53,333)
At March 31, 2014	413,945

(d) Diluted earnings per share

The following table summarizes the stock options and share purchase warrants excluded from the computation of diluted loss per share because the exercise prices exceeded the daily weighted average market values of the common shares for the three months ended March 31, 2014, of C$0.79 (March 31, 2013 – C$1.81).

	Three months ended March 31, 2014	2013
Stock options	24,299,644	19,085,462
Share purchase warrants	-	32,487,501

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

11. SHARE CAPITAL (continued)

(d) *Diluted earnings per share* (continued)

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

	Three months ended March 31, 2014	2013
Basic weighted average number of shares outstanding	413,046,943	412,232,485
Effect of dilutive securities		
Stock options	-	1,104,635
Share purchase warrants	-	442,899
Diluted weighted average number of shares outstanding	413,046,943	413,780,019

12. NON-CONTROLLING INTERESTS

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

	Segala Mining Corporation SA	Adamus Resources Limited	Burkina Mining Company SA	Agbaou Gold Operations SA	Total
At December 31, 2012	$ 41,204	$ 22,992	$ 10,760	$ -	$ 74,956
Net earnings (loss)	(202)	236	1,512	-	1,546
At March 31, 2013	41,002	23,228	12,272	-	76,502
Net loss	(8,952)	(26,851)	(5,002)	-	(40,805)
Dividend distribution	-	-	(1,248)	-	(1,248)
At December 31, 2013	32,050	(3,623)	6,022	-	34,449
Net earnings (loss)	1,254	71	705	1,896	3,926
At March 31, 2014	$ 33,304	$ (3,552)	$ 6,727	$ 1,896	$ 38,375

During 2013, Endeavour’s 90% owned Burkina Faso subsidiary, Burkina Mining Corporation, declared a $12.4 million dividend based on its 2012 results. The payment of the dividend resulted in a cash payment of $1.2 million (inclusive of withholding taxes) to the Burkina Faso Government.

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

13. GAINS (LOSSES) ON FINANCIAL INSTRUMENTS, NET

	Three months ended March 31, 2014	2013
Gain (loss) on marketable securities	$ 21	$ (343)
Imputed interest on promissory note and other assets	460	604
Interest income	23	(32)
Gain (loss) on derivative financial assets (Note 9)	(1,476)	-
Gain (loss) on derivative financial liabilities (Note 9)	(8,855)	15,882
Gain (loss) gain on foreign currency	491	(477)
	$ (9,336)	$ 15,634

14. INCOME TAXES

The Corporation is not subject to corporate taxation in the Cayman Islands. However, the taxable earnings of the corporate entities in Australia, Barbados, Burkina Faso, Canada, Côte d'Ivoire, Ghana, Liberia, Mali and Monaco are subject to tax under the tax law of the respective jurisdiction. The Corporation is using a weighted average of the domestic tax rate applicable, except in Barbados and the Cayman Islands, to reconcile earnings to the income tax expense.

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

	Three months ended March 31, 2014	2013
Australia	30.0%	30.0%
Barbados	2.5%	2.5%
Burkina Faso	17.5%	17.5%
Canada	25.0%	25.0%
Cayman Islands	0.0%	0.0%
Côte d'Ivoire	25.0%	25.0%
Ghana	35.0%	35.0%
Liberia	25.0%	25.0%
Mali	25.0%	30.0%
Monaco	33.3%	33.3%
Namibia	N/A	37.5%

Tax rules and regulations

The Corporation operates in numerous countries around the world and accordingly it is subject to, and pays annual income taxes under the various income tax regimes in the countries in which it operates. Some of these tax regimes are defined by contractual agreements with the local government, and others are defined by the general corporate income tax laws of the country (or a combination of both). The Corporation has historically filed, and continues to file, all required income tax returns and to pay the taxes reasonably determined to be due. The tax rules and regulations in many countries are highly complex and subject to interpretation. From time to time the Corporation is subject to a review of its income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Corporation's business conducted within the country involved.

14. INCOME TAXES (continued)

The Corporation's Burkina Faso subsidiary, Burkina Mining Corporation SA, ("BMC") was audited by the Direction Généralé Des Impots ("DGI") for its fiscal taxation years December 31, 2010 and December 31, 2011 and received a final tax assessment amounting to approximately $7.5 million, a reduction from the initial amount assessed of approximately $27.9 million. During the fourth quarter of 2013 the Corporation paid installments totaling approximately $3.1 million towards the assessed amount. As at March 31, 2014 $4.4 million (December 31, 2013 - $4.4 million) of the remaining assessed amount has been accrued in the financial statements and BMC and the DGI have agreed on a payment schedule for the remaining $4.4 million which will result in BMC paying approximately $1.8 million in 2014 and $2.6 million in 2015.

The Corporation's Burkina Faso subsidiary, Avion Gold (Burkina Faso) SARL, ("AGBFS") was audited by the DGI for its fiscal taxation years December 31, 2010 and December 31, 2011 and has received a tax assessment amounting to approximately $3.4 million. The Corporation is continuing to work with its local tax and legal advisers to finalize the audit and is hopeful that the matter will be resolved in the near future.

If the Corporation is unable to resolve any of these matters favorably, there may be a material adverse impact on the Corporation's financial performance, cash flows or results of operations. In the event that management's estimate of the future resolution of these matters changes, the Corporation will recognize the effects of the changes in its consolidated financial statements in the period that such changes occur. As at March 31, 2014 $1.1 million (December 31, 2013 - $1.1 million) has been accrued in the financial statements and is included in the exploration costs in 2013 as it is a tax other than an income tax.

In 2013, the Corporation's Malian subsidiary, Segala Mining Corporation SA ("Segala"), received assessments for amounts totaling approximately $2.1 million (including penalties) pertaining to the fiscal years ended 2008, 2009 and 2010 which has been accrued in the financial statements and included in trade and other payables in 2013 as it is a tax other than an income tax.

In the first quarter of 2014, Mali passed new tax laws that reduced the statutory rate for mining companies from 30% to 25%. This tax change had a $6.5 million impact on the first quarter of 2014 deferred tax recovery relating to the temporary difference at Segala arising from prior periods.

15. SEGMENTED INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker ("CODM") to allocate resources to the segments and to assess their performance.

Following the acquisition of Avion, the CODM regularly reviews the following operations, the operating segments of the Corporation under IFRS 8:

- (i) Tabakoto – the operation in Mali involved in the production of gold through the Corporation's integrated processes – mining, extraction, production and selling of gold to external clients;
- (ii) Nzema – the operation in Ghana involved in the production of gold through the Corporation's integrated processes – mining, extraction, production and selling of gold to external clients;
- (iii) Youga – the operation in Burkina Faso involved in the production of gold through the Corporation's integrated processes – mining, extraction, production and selling of gold to external clients;
- (iv) Agbaou – operations involved in the construction of a mine;
- (v) Houndé – operations involved in mineral exploration in West Africa and has undergone a feasibility Study;
- (vi) Ouaré – operations involved in mineral exploration in West Africa; and
- (vii) Exploration – operations involved in mineral exploration in West Africa.

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

15. SEGMENTED INFORMATION (continued)

The following is an analysis of the Corporation's revenue and results from continuing operations by reportable segment.

	Three months ended March 31, 2014						
	Tabakoto Mine	Nzema Mine	Youga Mine	Agbaou Mine	Exploration	Non-Mining	Total
Revenue							
Gold revenue	$ 45,807	$ 37,016	$ 25,740	$ 28,648	$ -	$ -	$ 137,211
Cost of sales							
Operating expenses	37,483	25,240	13,487	13,000	-	-	89,210
Depreciation and depletion	7,776	3,508	3,512	2,560	-	26	17,382
Royalties	2,746	2,088	1,218	1,106	-	-	7,158
Earnings (loss) from mine operations	(2,198)	6,180	7,523	11,982	-	(26)	23,461
Corporate costs	-	-	-	-	-	5,395	5,395
Share-based payments	-	-	-	-	-	178	178
Exploration	-	-	-	-	356	-	356
Earnings (loss) from operations	(2,198)	6,180	7,523	11,982	(356)	(5,599)	17,532
Other (expenses) income							
Gains (losses) on financial instruments	99	329	(210)	375	5	(9,934)	(9,336)
Gain on sale of subsidiaries	-	-	-	-	1,176	-	1,176
Finance costs	(169)	(248)	(38)	(56)	-	(6,216)	(6,727)
	(70)	81	(248)	319	1,181	(16,150)	(14,887)
Earnigns (loss) before taxes	(2,268)	6,261	7,275	12,301	825	(21,749)	2,645
Current income and other taxes (expense) recovery	(460)	-	(1,454)	-	-	(379)	(2,293)
Deferred income taxes (expense) recovery	8,406	(262)	96	221	-	140	8,601
Net earnings (loss) and total comprehensive earnings (loss)	$ 5,678	$ 5,999	$ 5,917	$ 12,522	$ 825	$ (21,988)	$ 8,953

[1]There is no segmented statements of comprehensive earnings (loss) for development projects as all costs have been capitalized.

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

15. SEGMENTED INFORMATION (continued)

	Three months ended March 31, 2013					
	Tabakoto Mine	Nzema Mine	Youga Mine	Exploration	Non-Mining	Total
Revenue						
Gold revenue	$ 46,514	$ 35,865	$ 34,544	$ -	$ -	$ 116,923
Cost of sales						
Operating expenses - cash costs	26,856	24,503	13,991	-	-	65,350
Depreciation and depletion	8,751	11,110	3,530	-	32	23,423
Royalties	2,793	1,796	1,681	-	-	6,270
Earnings (loss) from mine operations	8,114	(1,544)	15,342	-	(32)	21,880
Corporate costs	-	-	-	-	4,483	4,483
Share-based payments	-	-	-	-	3,043	3,043
Exploration	-	-	-	1,265	-	1,265
Earnings (loss) from operations	8,114	(1,544)	15,342	(1,265)	(7,558)	13,089
Other (expenses) income						
Gains (losses) on financial instruments	1,110	6,666	(344)	-	8,202	15,634
Write-down of gold bullion	-	-	-	-	(2,088)	(2,088)
Fiore Management & Advisory Corp. loss	-	-	-	-	82	82
Share of loss of associate, net of taxes	-	-	-	-	(465)	(465)
Write-down of investment in associate	-	-	-		(858)	(858)
Finance costs	(67)	(80)	(23)	-	(1,379)	(1,549)
	1,043	6,586	(367)	-	3,494	10,756
Earnings (loss) before taxes	9,157	5,042	14,975	(1,265)	(4,064)	23,845
Current income taxes expense	(1,747)	-	(2,332)	-	-	(4,079)
Deferred income taxes (expense) recovery	(3,196)	(1,971)	2,126	-	(41)	(3,082)
Net earnings (loss) and total comprehensive earnings (loss)	$ 4,214	$ 3,071	$ 14,769	$ (1,265)	$ (4,105)	$ 16,684

[1]There is no segmented statements of comprehensive earnings (loss) for development projects as all costs have been capitalized.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the three months ended March 31, 2014 and 2013.

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

15. SEGMENTED INFORMATION (continued)

Geographical information

The Corporation operates in four principal geographical areas, Burkina Faso, Côte d'Ivoire, Ghana and Mali.

The Corporation's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

Revenue from external customers	Three months ended March 31, 2014	Three months ended March 31, 2013
Burkina Faso	$ 25,740	$ 34,544
Côte d'Ivoire	28,648	-
Ghana	37,016	35,865
Mali	45,807	46,514
	$ 137,211	$ 116,923

Non-current Assets	March 31, 2014	December 31, 2013
Burkina Faso	$ 172,971	$ 175,933
Côte d'Ivoire	173,189	190,805
Ghana	202,864	201,268
Mali	499,760	488,454
Other	11,022	10,818
	$ 1,059,806	$ 1,067,278

Information about major customers

Revenue from major customers which account for 10% or more of the Corporation's revenue are as follows:

	Three months ended March 31, 2014	Three months ended March 31, 2013
Revenue from one customer in Tabakoto segment	$ 45,807	$ 46,514
Revenue from one customer in Nzema segment	37,016	35,865
Revenue from one customer in Youga segment	25,740	34,544
Revenue from one customer in Agbaou segment	28,648	-
	$ 137,211	$ 116,923

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

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

15. SEGMENTED INFORMATION (continued)

Total assets and liabilities from continuing operations

	March 31, 2014		December 31, 2013	
	Total assets	Total liabilities	Total assets	Total liabilities
Tabakoto Mine	$ 610,454	$ 101,608	$ 571,563	$ 111,411
Nzema Mine	236,232	39,519	243,411	41,683
Youga Mine	87,665	21,616	78,327	19,101
Agbaou Mine	203,939	13,274	195,311	10,356
Houndé Project	123,000	-	122,394	-
Ouaré Project	7,649	-	7,548	-
Exploration	1,469	19,434	1,004	6,983
Non-mining	25,857	320,350	54,435	312,953
	$ 1,296,265	$ 515,801	$ 1,273,993	$ 502,487

16. CAPITAL MANAGEMENT

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

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

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

	March 31, 2014	December 31, 2013
Equity	$ 780,464	$ 771,506
Current and long-term debt	287,904	286,855
	1,068,368	1,058,361
Less:		
Cash	(67,703)	(73,324)
Cash - restricted	(4,517)	(4,517)
Marketable securities	(1,752)	(1,731)
	$ 994,396	$ 978,789

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

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

17. FINANCIAL INSTRUMENTS

Financial assets and liabilities

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

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

Classification of financial assets and liabilities

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

At March 31, 2014 the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities measured and recognized in the statement of financial position at fair value are categorized are as follows:

	March 31, 2014			
	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Cash	$ 67,703	$ -	$ -	$ 67,703
Cash - restricted	4,517	-	-	4,517
Marketable securities	1,639	113	-	1,752
Derivative financial asset	-	412	-	412
	$ 73,859	$ 525	$ -	$ 74,384
Liabilities:				
Derivative financial liabilities	-	27,053	-	27,053
	$ -	$ 27,053	$ -	$ 27,053

At December 31, 2013 the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities are measured and recognized in the statement of financial position at fair value are categorized as follows:

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

17. FINANCIAL INSTRUMENTS (continued)

Financial assets and liabilities (continued)

Classification of financial assets and liabilities (continued)

	December 31, 2013			
	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Cash	$ 73,324	$ -	$ -	$ 73,324
Cash - restricted	4,517	-	-	4,517
Marketable securities	1,552	179	-	1,731
Derivative financial asset	-	1,888	-	1,888
	$ 79,393	$ 2,067	$ -	$ 81,460
Liabilities:				
Derivative financial liabilities	-	20,869	-	20,869
	$ -	$ 20,869	$ -	$ 20,869

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

Financial instrument risk exposure

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

(i) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Corporation by failing to discharge its obligations. There has been no change in the Corporation's objectives and policies for managing this risk in the three months ended March 31, 2014.

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

	March 31, 2014	December 31, 2013
Cash	$ 67,703	$ 73,324
Cash - restricted	4,517	4,517
Marketable securities	1,752	1,731
Trade and other receivables	47,308	38,662
Long-term receivable	4,274	4,274
Promissory note and other assets	10,657	10,197
Derivative financial asset	412	1,888
	$ 136,623	$ 134,593

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

17. FINANCIAL INSTRUMENTS (continued)

Financial instrument risk exposure (continued)

(ii) Liquidity risk

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

The following table summarizes the contractual obligations at March 31, 2014:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 107,030	$ -	$ -	$ -	$ 107,030
Long-term debt	-	116,800	183,400	-	300,200
Finance lease obligations	1,799	1,683	-	-	3,482
Minimum operating lease payments	227	-	-	-	227
Environmental rehabilitation provision	380	1,076	8,762	19,546	29,764
	$ 109,436	$ 119,559	$ 192,162	$ 19,546	$ 440,703

Market risk

(i) Currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. There has been no change in the Corporation's objectives and policies for managing this risk during the three months ended March 31, 2014.

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

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

	March 31, 2014	December 31, 2013
Canadian dollar	$ 3,813	$ 3,153
CFA Francs	11,132	15,460
Other currencies	5,664	4,433
	$ 20,609	$ 23,046

(ii) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk on its long-term debt, cash and cash equivalents and restricted-cash. There is minimal

17. FINANCIAL INSTRUMENTS (continued)

Market risk

(ii) *Interest rate risk* (continued)

fair value sensitivity to changes in interest rates, since marketable securities and government treasury securities held as loans are short term in nature and are usually held to maturity. The Corporation monitors its exposure to interest rates and is comfortable with its exposure given the relatively low short-term US interest rates.

(iii) *Price risk*

Price risk is the risk that the fair value of or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market prices. There has been no change in the Corporation's objectives and policies for managing this risk and no significant changes to the Corporation's exposure to price risk during the three months ended March 31, 2014.

The Corporation is also exposed to other price risk or equity price risk in trading its marketable securities and unfavorable market conditions could result in dispositions of marketable securities at less than favorable prices.

18. COMMITMENTS

Commitments

Contracts and Leases

(i) The Corporation has commitments in place at all four of its mines for drill and blasting services, load and haul services and supply of explosives and supply of hydrocarbon services. The terms extend through the period October 1, 2013 to February 2016 and require the contractors to drill and blast a minimum agreed amount of bank cubic meters ("BCM") per annum.

(ii) The Corporation has four contracts in place at Nzema to purchase on average 14,000 tonnes of higher grade ore per month from third parties that extend through the period April 1, 2014 to November 30, 2014.

(iii) The Corporation is subject to operating and finance lease commitments in connection with the purchase of mining equipment and light duty vehicles and workshop from several suppliers totaling $3.5 million. The terms extend through the period April 1, 2014 to December 2018. The Corporation is also subject to operating lease commitments in connection with rented office premises.

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

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