ENDEAVOUR MINING

Years ended December 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") audited and consolidated financial statements for the twelve months ended December 31, 2014 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board. This Management's Discussion and Analysis contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. The reader is cautioned not to place undue reliance on forward-looking statements. All figures are in United States Dollars, unless otherwise indicated. Tabular amounts are in thousands of United States Dollars, except per share amounts and where otherwise indicated. This Management's Discussion and Analysis is prepared as of February 26, 2015. Additional information relating to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com.

OVERVIEW

Endeavour is a mid-tier Canadian listed gold mining company with four operating mines in West Africa, currently producing at a combined rate of 500,000 ounces per year. Our assets are comprised of the Agbaou Gold Mine in Côte d'Ivoire (the "Agbaou Mine"), the Nzema Gold Mine in Ghana (the "Nzema Mine"), the Tabakoto Gold Mine in Mali (the "Tabakoto Mine") and the Youga Gold Mine in Burkina Faso (the "Youga Mine") and the recently permitted Houndé Gold Project in Burkina Faso (the "Houndé Project"). For the year ended December 31, 2014, we achieved total gold production of 465,770 ounces at an all-in sustaining cost ("AISC")[1] of $1,010 per ounce sold with an adjusted EBITDA of $142.8 million. Endeavour successfully reduced costs throughout the year with AISC finishing below $1,000 for both the third and fourth quarters of 2014. As of December 31, 2014, our mines and projects had Proven and Probable Mineral Reserves totaling approximately 4.5 million ounces.

The Agbaou Mine is our newest mine (commercial production was achieved on January 27, 2014) and also the lowest cost, highest margin mine in our operating group. In 2014 it was our largest contributor to production, producing 146,757 ounces. The Nzema Mine and Tabakoto Mine produced 115,129 ounces and 127,323 ounces, respectively, for the year ended December 31, 2014. Each has benefited from recent capital investments in the construction and optimization of these two mines. With the close of 2014, we are coming to the end of a $300 million optimization and investment phase for the group. This included $150 million to construct the Agbaou Mine and $132.0 million at the Tabakoto Mine (including $73.8 million during 2014). The Youga Mine is our most mature mine, operating since 2008, and has produced over 85,000 ounces for each of the three years up until the end of 2013, and 76,561 ounces in 2014.

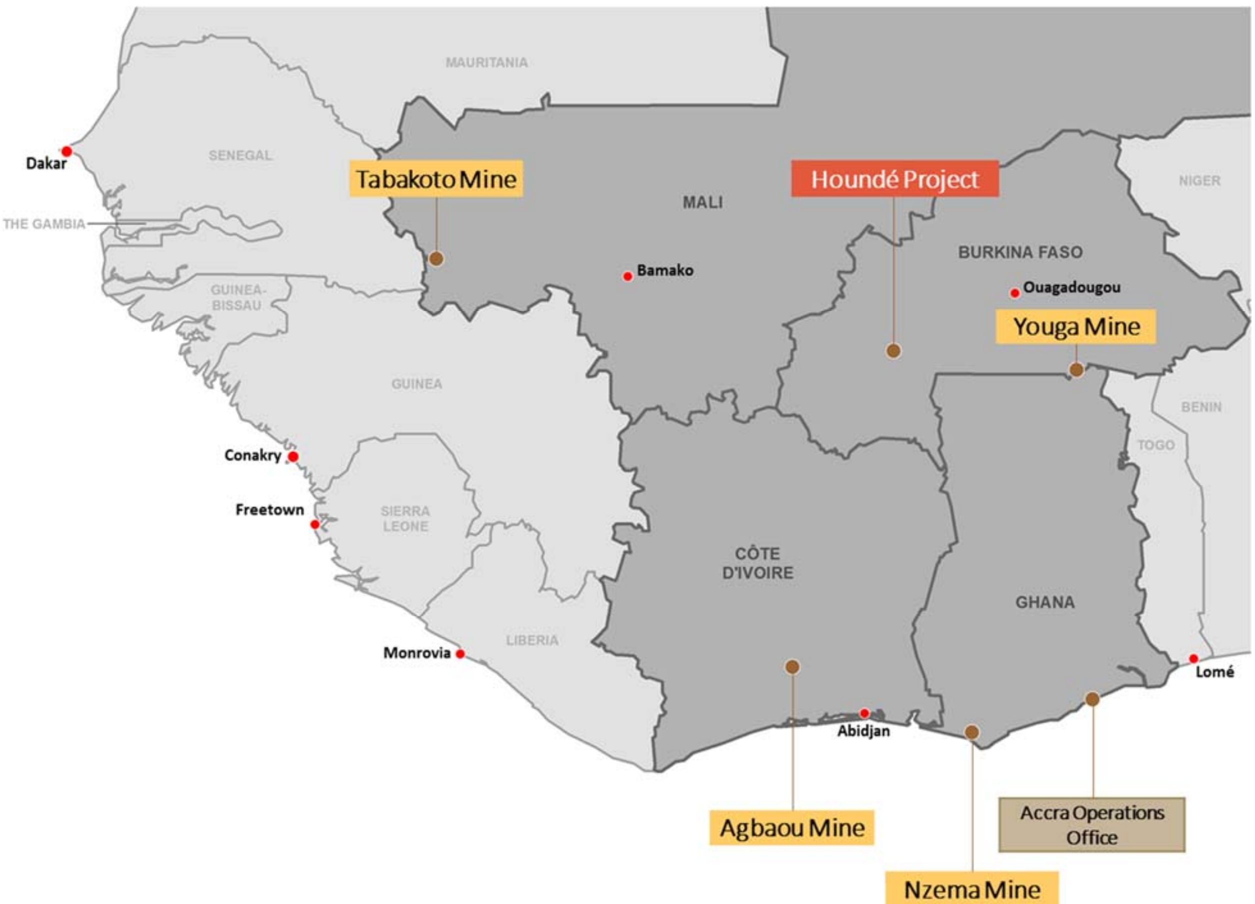
We have also advanced the Houndé Project in Burkina Faso, which is now in the pre-construction stage following the receipt of the mining permit in February 2015. On February 19, 2015 we announced the results of the 2014 exploration program and optimization of many of the project's key metrics. An updated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

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

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

Endeavour's shares are listed on the Toronto Stock Exchange (symbol EDV), the Australian Securities Exchange (symbol EVR), and quoted in the United States on the OTCQX International (symbol EDVMF).

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



OPERATIONAL HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

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

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

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

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

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

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

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

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

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

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

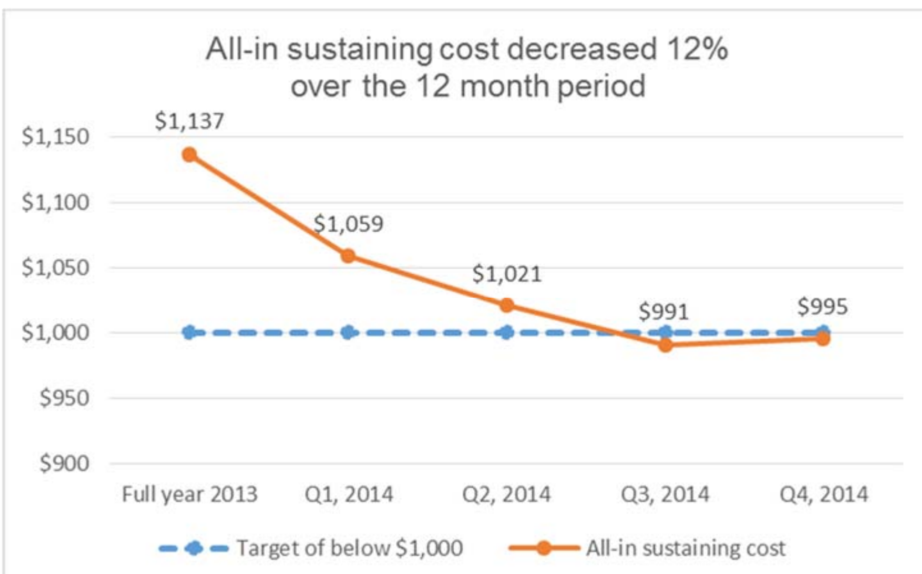
FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

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

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



OUTLOOK

2015 Corporate Objectives

Endeavour has focused on optimizing current operations, as well as lowering overall costs and improving cash flows at its producing gold mines. During 2014, after the successful start of the Agbaou Mine, the optimization focused on the conversion to owner mining at Tabakoto, the ramp-up of commercial ore production at the Segala underground operation to enhance the Tabakoto mill feed, and readying the Kofi C deposit for mining. Endeavour is also advancing its Houndé Project, recently permitted, for which the increased reserves and resources based on the 2014 exploration program highlight the significant value to be unlocked as Endeavour continues to demonstrate Houndé's robust economics. The potential development of Houndé would benefit from Endeavour's operating experience in Burkina Faso and recent construction experience in West Africa at Agbaou and Nzema. With significant investments completed in 2014 and the optimization of the operations well on track, Endeavour is focusing on the next stage of growing shareholder value.

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

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

Production, Cost and Investment Guidance for 2015

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

Production Guidance at mine level

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

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

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

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

2015 Production and All-in Sustaining Costs Guidance by Mine

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

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

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

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

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

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

OPERATIONS REVIEW

Agbaou Gold Mine, Côte *d'Ivoire*

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

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

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

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

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

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

Nzema Gold Mine, Ghana

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

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

[1] Includes purchased ore of 12,168 and 42,633 ounces for the three and twelve months ended December 31, 2014 and 10,368 and 27,659 ounces in the comparable periods in 2013.
[2] Cash cost and sustaining capital are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the section Non-GAAP Measures.

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

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

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

Tabakoto Gold Mine, Mali

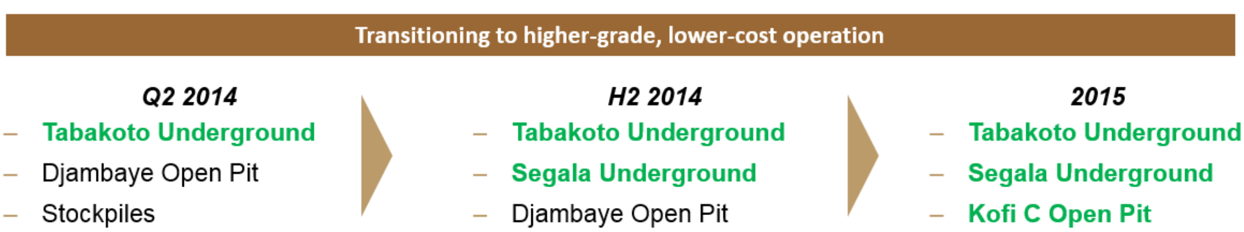
The following table summarizes the operating results of the Tabakoto Gold Mine for the three months and years ended December 31, 2014 and 2013:

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

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

Tabakoto Mine Optimization

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



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

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

Tabakoto 2014 Capital Investments

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

Tabakoto Underground Mine

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

Segala Underground Mine

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

Kofi Deposits

The Kofi Nord permit was received in the second quarter and work to access the Kofi C deposit commenced and was fast tracked starting in the third quarter. The new 38 km road reached the Kofi C deposit in November and pit development work began along with the construction of satellite infrastructure in addition to a mine services centre. The total known resource of the eight deposits identified to date on the Kofi property is 0.6 million ounces of Indicated plus 0.6 million ounces of Inferred resources. The Kofi C deposit is the first deposit that has been added to reserves with 1.55 million tonnes at 4.3 g/t containing 213,000 ounces. The Kofi B deposit was in the process of being converted to reserves for the annual updates that will be reported during the first quarter of 2015. Work continues on the conversion of resources to reserves for the other Kofi deposits including infill drilling on the Bétéa deposit. In mid-January 2015, ore from the Kofi C open pit mine was first hauled to the Tabakoto run of mine pad for processing.

Tabakoto Exploration

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

Youga Gold Mine, Burkina Faso

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

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

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

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

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

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

DEVELOPMENT PROJECT REVIEW

Houndé Project, Burkina Faso, Pre-construction stage

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

The Vindaloo deposits and proposed plant site are approximately 2.7 kilometres from a paved highway and as close as 100 metres to a 225 kV power line that extends from Côte d'Ivoire through to Ouagadougou, the capital of Burkina Faso. A rail line that extends to the port of Abidjan, Côte d'Ivoire, lies approximately 25 kilometres west of the deposit area. The project will benefit from Endeavour's experience operating the Youga Mine, also located in Burkina Faso, and the recent construction experience at the Agbaou Mine.

The highlights of the Houndé Project drilling and reserve and resource update include:

- Estimated average annual production of 190,000 ounces of gold per year over a 10 year mine life, with average annual production of 222,000 ounces expected over the first six years;
- Total Proven and Probable mineral reserve of 2.07 million ounces and life of mine production of 1.91 million ounces;
- An average 92.7% process recovery at a milling rate of 3.0 million Mtpy (nameplate) through a SAG/ball mill, gravity, CIL circuit;
- Owner operated open pit mining with reserves of 30.6 million tonnes grading 2.1 g/t Au;
- Initial start-up capital is estimated at $325 million (including full mining fleet, working capital, import duties and contingency);
- Forecast life of mine all-in sustaining cost of $714 per ounce;
- Based on a gold price of $1,250 per ounce, the project yields an after-tax;
    - Internal rate of return 31.4%; and
    - Net present value of $359 million @ 5%.

Copies of the FS and environmental and social impact assessments ("ESIA") were presented to the Government of Burkina Faso in the fourth quarter of 2013 followed by public meetings and technical review meetings held in the first quarter of 2014. Endeavour invested $6.7 million in the Houndé program during 2014, which resulted in a 523,000 ounce addition to Mineral Reserves, while progress was made through the mine permitting phase. The mining permit was received on February 5, 2015 and Endeavour's Construction Services Team, which recently completed the construction of the Agbaou Mine in Côte d'Ivoire both ahead of schedule and under budget, is preparing the Houndé Project for a construction decision.

The Houndé Project is situated in the southwestern region of Burkina Faso just south of Semafo's Mana mine and the property totals approximately 1,000 square kilometres. The nearby town of Houndé has a population of approximately 22,000 people. Ownership is currently 100%, however, at production Endeavour's ownership would decrease to 90% with the remaining 10% ownership held as a free carried interest by the Government of Burkina Faso.

QUARTERLY FINANCIAL AND OPERATING RESULTS

The following tables summarize the Corporation's financial and operational information for the last eight quarters. The significant factors affecting results in the quarters presented below are; volatility of realized gold prices, the timing of gold sales, and commencing with the first quarter of 2013. The Agbaou Mine achieved commercial production on January 27, 2014.

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

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

[1] The cash flow includes approximately $8.5 million of gold proceeds (related to three lots from March production) received in the first few days of April 2013.

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

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

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

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

- Depreciation and depletion for the year ended December 31, 2014 was $91.9 million compared to $95.6 million for the comparable year. Despite additional ounces being produced and sold subsequent to commercial production being declared by the Agbaou operations, lower depreciation resulted from lower carrying values of certain mining assets following impairment charges that occurred in 2013.

- Earnings from mine operations for the year ended December 31, 2014 were $75.9 million compared to $11.1 million for the comparable year, this variance was predominantly driven by the Agbaou operations and the additional ounces contributed at a lower operational cost in the current reporting period.

- Corporate costs for the year ended December 31, 2014 were $21.7 million compared to $21.5 million for the comparable year.

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

- Losses on financial instruments for the year ended December 31, 2014 were $11.2 million compared to a gain of $48.8 million for the comparable year. The prior year's gain was mainly driven by a substantial decrease in the gold price used to fair value the Corporation's derivative financial liabilities.

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

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

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

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

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

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

- Operating expenses for the fourth quarter of 2014 increased by $9.8 million to $102.6 million predominantly due to the inclusion of Endeavour's fourth mine, Agbaou, since commercial production was achieved on January 27, 2014.

- Depreciation and depletion for the fourth quarter of 2014 was $24.3 million compared to $25.5 million for the same prior year period in 2013.

- Earnings from mine operations for the fourth quarter of 2014 were $14.3 million compared to a loss of $19.8 million for the same period in 2013. This variance was predominantly driven by the Agbaou operations and the additional ounces contributed at a lower operational cost in the current reporting period.

- Corporate costs for the fourth quarter of 2014 were $7.5 million compared to $7.7 million for the same period in 2013.

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

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

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

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

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

IMPAIRMENT CHARGE

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

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

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

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

Key assumptions

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

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

The $86.5 million of non-sustaining investments primarily relates to owner mining equipment at Tabakoto and the pre-commercial production underground development at Segala as described earlier. Additionally, a significant investment in working capital has also been made with operating supplies taken on to support the owner mining transition and the increase in working capital due to Agbaou coming in to production. However, this has been partially offset by a reduction of VAT receivables due to collections and sales of balances in Mali in the fourth quarter of 2014.

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

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

Net change in cash position from December 31, 2013 was a reduction of $11.1 million, attributable to the following components of the consolidated cash flow statement and discussed in more detail in the section Liquidity and Capital Resources:

- Operating activities generated $127.4 million in the year ended December 31, 2014 in comparison to $43.8 million for the same period of the previous year primarily due to the increased operating margin and improved working capital movements.

- Investing activities used $112.9 million in comparison with $148.6 million used in the same period of the previous year, as capital expansion programs reduced significantly in the current year. The current period outflow consisted primarily of $30.6 million of sustaining capital and $86.5 million of non-sustaining capital primarily invested at the Tabakoto mine in the conversion to owner-mining and development in preparation for increased underground extraction. In the comparable period, the primary investment was in the construction of the Agbaou mine of $100.4 million.

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

Net change in cash position in the current quarter from September 30, 2014, was a reduction of $6.2 million, attributable to the following components of the consolidated cash flow statement and discussed in more detail in the section Liquidity and Capital Resources:

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

- Investing activities used $43.0 million in comparison with $30.7 million used in the same period of the previous year as Endeavour's capital expansion program drew to a close around the end of 2014. The current period outflow consisted primarily of $13.0 million of sustaining capital and $30.0 million of non-sustaining capital primarily invested at the Tabakoto mine, as discussed earlier, offset by proceeds of miscellaneous asset sales. In the comparable period, the primary investment of $31.4 million was in the construction of the Agbaou mine.

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

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

FINANCIAL INSTRUMENTS

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

PROVISIONS

Environmental rehabilitation provision

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

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

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

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

Long-term compensation award – Gold Strategy

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

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

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

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

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

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

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

CONTINGENCIES

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

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

TAX RULES, REGULATIONS, AND ASSESSMENTS

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

The Corporation's Burkina Faso subsidiary, Burkina Mining Corporation SA ("BMC"), was audited by the Direction 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 December 31, 2014, $2.7 million (December 31, 2013 - $4.4 million) of the remaining assessed amount has been accrued in the financial statements and BMC and the DGI have agreed on a payment schedule, which will result in BMC paying approximately $2.7 million in 2015. During 2014, BMC made payments of $1.7 million in accordance with the schedule.

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

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

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

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

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

RELATED PARTY TRANSACTIONS

Compensation of key management personnel and directors

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

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

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

OUTSTANDING SHARE DATA

Endeavour's authorized capital is US$20,000,000 divided into 1,000,000,000 ordinary shares with a par value of US $0.01 each and 1,000,000,000 undesignated shares; no undesignated shares have been issued. The table below summarizes Endeavour's share structure at December 31, 2014.

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

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

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

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

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

NON-GAAP MEASURES

All-in sustaining margin and adjusted EBITDA

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use the all-in sustaining margin and adjusted earnings before interest, tax, depreciation and amortization ("EBITDA") to evaluate the Corporation's performance and ability to generate cash flows and service debt. Accordingly, these do not have a standard meaning and it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

The following tables provide the illustration of the calculation of this margin and EBITDA, as adjusted and calculated by the Corporation, for the three months and years ended December 31, 2014 and 2013:

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

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

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

Cash cost per ounce of gold sold

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

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

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

All-in sustaining costs

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

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

[1] 2013 sustaining capital is restated from $15.9 million to $27.4 million as compared to that presented in the prior year which did not include sustaining capital at Tabakoto due to the Corporation acquiring the mine in the fourth quarter of 2012 and concurrently the Corporation has also adopted a revised sustaining capital definition to include underground sustaining capital in 2014. Additionally, in 2013, 25% of Corporate Costs were allocated to construction activity associated with the Agbaou Mine whereas in 2014 the Corporation is calculating AISC with 100% of the Corporate Cost for all periods.
Additionally, the year-ended December 31, 2013 is presented for comparative purposes and is presented as per the definition of calculating AISC in 2014 which is different from that used in 2013.

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

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

Adjusted net earnings and adjusted net earnings per share

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

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

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

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

Adjusted Net Earnings

(US dollars in millions except per share and share amounts)	Three months ended December 31, 2014	2013	Years ended December 31, 2014	2013
Net earnings (loss) and total comprehensive earnings (loss)	**$ (340.2)**	**$ (86.2)**	**$ (328.2)**	**$ (371.7)**
Non-cash impairment charges	365.9	74.6	365.9	506.9
Loss (gain) on derivative instruments and marketable securities	(1.5)	(13.8)	5.2	(49.3)
Loss on promissory note	3.3	1.8	3.3	1.8
Imputed interest on promissory note	(0.4)	(0.4)	(1.8)	(2.2)
Loss on foreign currency	(0.4)	(1.8)	4.6	0.9
Other expenses (gains)	20.6	-	21.7	(5.5)
Stock-based payments	0.3	0.8	1.2	4.2
Amortized financing costs	-	0.7	-	0.7
Deferred income taxes and current tax assessments	(50.2)	12.5	(55.9)	(113.3)
Adjusted net earnings(loss) after tax	**$ (2.6)**	**$ (11.8)**	**$ 16.0**	**$ (27.5)**
Attributable to non-controlling interests	**$ (0.3)**	**$ (1.6)**	**$ 2.1**	**$ (3.7)**
Attributable to shareholders of the Corporation	**$ (2.3)**	**$ (10.2)**	**$ 13.9**	**$ (23.8)**
Weighted average number of outstanding shares	413,143,668	412,995,955	413,119,218	412,554,970
Adjusted net earnings(loss) per share (basic)	**(0.01)**	**(0.02)**	**0.03**	**(0.06)**

HEALTH, SAFETY AND CORPORATE SOCIAL RESPONSIBILITY

Endeavour emphasises employee and affected stakeholders' health and safety and puts the highest priority on safe, healthy and environmentally sound work practices and systems. The Corporation's values and business principles on safety and health underpin its safety and health policy and represent the minimum guidelines for the Corporation and its employees in this respect. The Corporation has a Zero Harm policy which is applied at all sites, and continuous efforts are made to reduce the lost time injury frequency rate ("LTIFR") at all the operations. The following table shows the safety statistics for the most recent full year period, 2014.

2014 Statistics

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

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

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Corporation's management has made critical judgments and estimates in the process of applying the Corporation's accounting policies to the consolidated financial statements that have significant effect on the amounts recognized in the Corporation's consolidated financial statements. The most critical accounting policies follow:

(a) *Commencement of commercial production*

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

(b) *Determination of economic viability*

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

(c) *Functional currency*

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

(d) *Business combinations*

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

(e) *Capitalization of waste stripping*

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

NEWLY ADOPTED AND ISSUED BUT NOT YET EFFECTIVE ACCOUNTING STANDARDS

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

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

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

- *IFRS 15, Revenue from Contracts with Customers:* IFRS 15 introduces a new framework for determining the nature, amount, timing and uncertainty of revenues and cash flows arising from a contract with a customer. The standard is effective for annual period beginning on or after January 1, 2017, with early adoption permitted. The Corporation is currently evaluating the potential impact of the new standard on its consolidated financial statements.

- *IFRS 9, Financial Instruments*: IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities.

Specifically, IFRS 9 requires all recognized financial assets that are within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities measured at fair value through profit and loss. In July 2014, the IASB issued the final version of *IFRS 9 Financial Instruments* bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace *IAS 39 Financial Instruments: Recognition and Measurement*. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 9 on its consolidated financial statements.

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(a) Value Added Tax ("VAT")

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

(b) Impairment of mining interests and goodwill

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

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

(c) *Estimated recoverable ounces*

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

(d) *Mineral reserves*

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

(e) *Environmental rehabilitation costs*

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

(f) *Deferred income taxes*

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

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

(g) *Share-based payments*

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

(h) *Contingencies*

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

RISK FACTORS

Readers of this Management's Discussion and Analysis should give careful consideration to the information included or incorporated by reference in this document and the Corporation's audited consolidated financial statements and related notes for the year ended December 31, 2014. Significant risk factors for the Corporation are metal prices, government regulations, foreign operations, environmental compliance, dependence on management, title to the Corporation's mineral properties and litigation. For further details of risk factors, please refer to the most recent Annual Information Form filed on SEDAR at http://www.sedar.com/, the 2014 year-end audited consolidated financial statements, and the below discussions.

OPERATIONAL RISKS

a) *Political Risks*

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

b) *Mineral Legislation*

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

c) *Outside Contractor Risks*

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

FINANCIAL AND RELATED RISKS

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

(i) *Credit risk*

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

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

	December 31, 2014	December 31, 2013
Cash and cash equivalents	$ 62,179	$ 73,324
Cash - restricted	4,517	4,517
Marketable securities	854	1,731
Trade and other receivables	21,530	38,662
Long-term receivable	-	4,274
Other assets	8,207	12,085
	$ 97,287	$ 134,593

(ii) *Liquidity risk*

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

(iii) *Currency risk*

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

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

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

	December 31, 2014	December 31, 2013
Canadian dollar	$ 1,111	$ 3,153
CFA Francs	$ (6,451)	$ 15,460
Other currencies	4,046	4,433
	$ (1,294)	$ 23,046

(iv) *Interest rate risk*

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

(v) *Price risk*

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

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

SUBSEQUENT EVENTS

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

CONTROLS AND PROCEDURES

Disclosure controls and procedures

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

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

Internal controls over financial reporting

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

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. The Company uses the *Internal Control – Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as the basis for assessing its ICFR.

As at December 31, 2014, management evaluated the design, operation and effectiveness of the Corporation's internal control over financial reporting as required by Canadian securities laws. Based on that evaluation, the CEO and CFO have concluded that, as at December 31, 2014, the internal controls over financial reporting were effective.

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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

CAUTIONARY NOTE REGARDING RESERVES AND RESOURCES

Readers should refer to the most recent Annual Information Form of Endeavour and other continuous disclosure documents filed by Endeavour available at www.sedar.com, for further information on mineral reserves and resources, which is subject to the qualifications and notes set forth therein.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Endeavour Mining Corporation

We have audited the accompanying consolidated financial statements of Endeavour Mining Corporation, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Endeavour Mining Corporation as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) Deloitte LLP
Chartered Accountants
February 26, 2015
Vancouver, Canada

Consolidated Statements of Financial Position
(Expressed in Thousands of United States Dollars)

	December 31, 2014	December 31, 2013
ASSETS		
Current		
Cash	$ 62,179	73,324
Cash - restricted (Note 5)	4,517	4,517
Marketable securities	854	1,731
Trade and other receivables	21,530	38,662
Income taxes receivable	-	218
Inventories (Note 6)	86,212	62,354
Prepaid expenses and other	14,224	24,251
Current portion of derivative financial asset (Note 12)	35	1,658
	189,551	206,715
Mining interests (Note 7)	698,031	1,037,249
Deferred income taxes (Note 18 (c))	68,121	15,328
Other long term assets (Notes 9 and 12)	8,172	14,701
	$ 963,875	$ 1,273,993
LIABILITIES		
Current		
Trade and other payables	127,905	94,180
Current portion of finance lease obligations (Note 10)	4,296	1,148
Current portion of derivative financial liabilities (Note 12)	6,420	8,850
Income taxes payable (Note 18)	8,142	12,214
	146,763	116,392
Finance lease obligations (Note 10)	11,952	70
Long-term debt (Note 11)	290,996	286,855
Derivative financial liabilities (Note 12)	4,621	12,019
Provisions (Note 13)	35,899	28,467
Deferred income taxes (Note 18 (c))	30,274	58,684
	520,505	502,486
EQUITY		
Share capital (Note 14 (a))	991,569	991,320
Equity reserve (Note 14)	39,961	39,265
Retained earnings	(567,178)	(293,528)
Equity attributable to shareholders of the Corporation	464,352	737,057
Non-controlling interests (Note 15)	(20,982)	34,449
Total equity	443,370	771,506
	$ 963,875	$ 1,273,993

SUBSEQUENT EVENTS (NOTES 12, 14, 18 and 25)
COMMITMENTS AND CONTINGENCIES (NOTE 24)

Approved by the Board: February 26, 2015

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

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

ENDEAVOUR MINING CORPORATION
Consolidated Statements of Comprehensive Loss
(Expressed in Thousands of United States Dollars)

	2014	2013
Revenues		
Gold revenue	$ 583,576	$ 443,314
Cost of sales		
Operating expenses	387,486	312,609
Depreciation and depletion	91,886	95,568
Royalties	28,307	24,001
Earnings from mine operations	75,897	11,136
Corporate costs	21,720	21,451
Impairment of mining interests and related assets (Note 8)	365,940	506,872
Share-based payments (Note 14 (c))	1,239	4,564
Exploration	2,053	4,825
Loss from operations	(315,055)	(526,576)
Other income (expenses)		
(Losses)/gains on financial instruments (Note 16)	(11,192)	48,802
Finance costs	(27,862)	(15,817)
Other (expense) income (Note 17)	(21,747)	6,060
	(60,801)	39,045
Loss before taxes	(375,856)	(487,531)
Current income taxes expense (Note 18)	(33,546)	(19,292)
Deferred income taxes recovery (Note 18)	81,202	135,108
Net loss and total comprehensive loss	(328,200)	(371,715)
Attributable to:		
Shareholders of Endeavour Mining Corporation	(273,650)	(332,456)
Non-controlling interests (Note 15)	(54,550)	(39,259)
Net loss and total comprehensive loss	$ (328,200)	$ (371,715)
Net loss per share (Note 14 (d))		
Basic loss per share	$ (0.66)	$ (0.81)
Diluted loss per share	$ (0.66)	$ (0.81)

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

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

	2014	2013
Operating Activities		
Loss before taxes	$ (375,856)	$ (487,531)
Adjustments for:		
Depreciation and depletion	91,886	95,568
Impairment of mining interests and related assets	365,940	506,872
Accretion of reclamation and other closure obligations (Note 13)	1,937	1,317
Amortization of financing costs	4,248	1,604
Unrealized loss on marketable securities	1,313	6,356
Unrealized loss on promissory note and other assets	8,742	1,819
Imputed interest on promissory note	(1,839)	(2,246)
Share-based payments	1,191	4,564
Unrealized (gain) on derivative financial instruments	(7,975)	(55,512)
Realized loss on derivative financial instruments	11,905	-
Loss on sale and write-down of gold bullion	-	7,551
Loss (gain) on sale of joint venture and subsidiaries	1,817	(15,504)
Loss on associates, net of taxes	-	1,943
Loss on disposal of mining interests	-	878
Interest expense	14,265	8,976
Unrealized foreign exchange loss (gain)	641	(1,351)
Income and other taxes paid	(11,735)	(20,016)
Operating cash flows before non-cash working capital	106,480	55,288
Changes in non-cash working capital:		
Trade and other receivables	14,312	(24,699)
Prepaid expenses and other	11,045	(2,792)
Inventories	(8,691)	11,507
Trade and other payables	4,292	4,110
Long-term receivable and other	-	420
Cash generated from operating activities	$ 127,438	$ 43,834
Investing Activities		
Expenditures and prepayments on mining interests	(117,114)	(213,560)
(Payments) proceeds from purchase and disposal of marketable securities	(436)	991
Proceeds from sale of gold bullion, assets held for sale and subsidiaries (Note 21)	-	60,696
Proceeds from distribution of promissory note	3,381	3,317
Proceeds from disposal of mining interests and other	1,288	-
Cash used in investing activities	$ (112,881)	$ (148,556)
Financing Activities		
Received from the issue of common shares	73	2,720
Settlement of gold hedge program	(11,905)	-
Proceeds from long term debt	-	100,000
Payment of financing and other fees	-	(15,415)
Purchase of gold put options	-	(3,481)
Dividends paid to minority shareholders	(881)	(1,248)
Sale-leaseback proceeds (Note 10)	2,035	-
Interest paid	(13,502)	(9,059)
Repayment of finance lease obligation	(2,986)	(1,875)
Cash generated from financing activities	$ (27,166)	$ 71,642
Effect of exchange rate changes on cash	1,464	504
Decrease in cash	(11,145)	(32,576)
Cash, beginning of year	73,324	105,900
Cash, end of year	$ 62,179	$ 73,324

The accompanying notes are an integral part of these consolidated financial statements.
Supplemental cash flow information is included in Note 21.

ENDEAVOUR MINING CORPORATION

Consolidated Statements of Changes in Equity

(Expressed in Thousands of United States Dollars)

	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	18,665,481	187	47,536	(18,665,481)	(187)	(47,536)	-	-	-	-	-	-	-
Share options exercised	1,776,159	18	5,017	-	-	-	1,776,159	5,035	(2,494)	-	2,541	-	2,541
Warrants exercised	544,390	5	1,446	-	-	-	544,390	1,451	(1,272)	-	179	-	179
Share based payments	-	-	-	-	-	-	-	-	4,354	-	4,354	-	4,354
Dividends	-	-	-	-	-	-	-	-	-	-	-	(1,248)	(1,248)
Net loss and total comprehensive loss	-	-	-	-	-	-	-	-	-	(332,456)	(332,456)	(39,259)	(371,715)
At December 31, 2013	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
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	44,694	-	89	(44,694)	-	(89)	-	-	-	-	-	-	-
Share options exercised	100,375	1	248	-	-	-	100,375	249	(176)	-	73	-	73
Share based payments	-	-	-	-	-	-	-	-	872	-	872	-	872
Dividends	-	-	-	-	-	-	-	-	-	-	-	(881)	(881)
Net loss and total comprehensive loss	-	-	-	-	-	-	-	-	-	(273,650)	(273,650)	(54,550)	(328,200)
At December 31, 2014	412,486,864	$ 4,119	$ 985,746	656,804	$ 7	$ 1,697	413,143,668	$ 991,569	$ 39,961	$ (567,178)	$ 464,352	$ (20,982)	$ 443,370

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

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Endeavour Mining Corporation ("Endeavour" or the "Corporation") is a publicly listed gold mining company that operates 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 flows 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 (symbol EDV) and the Australian Securities Exchange (symbol EVR) and quoted in the United States on the OTCQX International under the symbol 'EDVMF'. The Corporation is incorporated in the Cayman Islands and its registered office is located at 190 Elgin Avenue, George Town, Grand Cayman, Cayman Islands.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

These consolidated financial statements were approved by the Board of Directors of the Corporation on February 26, 2015.

(b) Basis of preparation

These 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 consolidated annual financial statements.

(c) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Corporation and entities controlled by the Corporation ("Subsidiaries").

Control is achieved when the Corporation has (i) power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee and (iii) has the ability to use its power to affect its returns. Subsidiaries are included in the consolidated financial results of the Corporation from the effective date of acquisition up to the effective date of disposition or loss of control. The Corporation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

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

Details of the Corporation's material subsidiaries at the end of the reporting period are as follows:

Entities	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			December 31, 2014	December 31, 2013
Adamus Resources Limited	Gold Operations	Ghana	90%	90%
Agbaou Gold Operations S.A.	Gold Operations	Cote d' Ivoire	85%	85%
Avion Gold (Burkina Faso) Sarl	Exploration	Burkina Faso	100%	100%
Burkina Mining Company S.A.	Gold Operations	Burkina Faso	90%	90%
Segala Mining Co SA	Gold Operations	Mali	80%	80%
Kofi Mining SARL	Gold Operations	Mali	90%	N/A

(c) *Foreign currency translation*

The presentation and functional currency of the Corporation is the US dollar. The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the entity operates (its functional currency). In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates at the date of the transaction.

(d) *Business combinations*

A business combination is defined as an acquisition of assets and liabilities that constitute a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to the Corporation and its shareholders in the form of dividends, lower costs or other economic benefits. A business consists of inputs, including non-current assets, and processes, including operational processes, that when applied to those inputs, have the ability to create outputs that provide a return to the Corporation and its shareholders. A business also includes those assets and liabilities that do not necessarily have all the inputs and processes required to produce outputs, but can be integrated with the inputs and processes of the Corporation to create outputs. When acquiring a set of activities or assets in the exploration and development stage, which may not have outputs, the Corporation considers other factors to determine whether the set of activities or assets is a business. Those factors include, but are not limited to, whether the set of activities or assets:

(i) has commenced planned principal activities;
(ii) has employees, intellectual property and other inputs and processes that could be applied to those inputs;
(iii) is pursuing a plan to produce outputs; and
(i) will be able to obtain access to customers that will purchase the outputs.

Not all of the above factors need to be present for a particular integrated set of activities or assets in the exploration and development stage to qualify as a business.

Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed, including contingent liabilities, are recorded at their acquisition-date fair values. The acquisition date is the date the Corporation obtains control over the acquiree, which is generally the date that consideration is transferred and the Corporation acquires the assets and assumes the liabilities of the acquiree. The Corporation considers all relevant facts and circumstances in determining the acquisition date.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Corporation, the liabilities, including contingent consideration, incurred and payable by the Corporation to former owners of the acquiree and the equity interests issued by the Corporation. The measurement date for equity interests issued by the Corporation is the acquisition date. Acquisition-related costs, other than costs to issue debt or equity securities, of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees, and other professional or consulting fees are expensed as incurred. The costs to issue equity securities of the Corporation as consideration for the acquisition are reduced from share capital as share issue costs.

Acquisition-related costs, other than costs to issue equity securities, of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees and other professional or consulting fees are expensed as incurred. The costs to issue equity securities of the Corporation as consideration for the acquisition are reduced from share capital as share issue costs.

It generally requires time to obtain the information necessary to complete the purchase price accounting following an acquisition. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation reports in its financial statements provisional amounts for the items for which the accounting is incomplete.

During the measurement period, the Corporation will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Corporation will also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Corporation receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable and shall not exceed one year from the acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Corporation’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. All other components of non-controlling interests are measured at acquisition date fair values or, when applicable on the basis specified in another IFRS.
The excess of (i) total consideration transferred by the Corporation, measured at fair value, including contingent consideration, and (ii) the non-controlling interests in the acquiree, over the acquisition-date fair value of net assets acquired, is recorded as goodwill.

Goodwill is not amortized; rather it is tested annually for impairment or at any time during the year that an indicator of impairment is identified.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash balances held with banks and brokers and highly liquid short-term investments with terms of three months or less. There were no cash equivalents at December 31, 2014, and 2013.

(f) Restricted cash

Cash and cash equivalents unavailable for use by the Corporation or its subsidiaries due to certain restrictions that may be in place are classified as restricted cash.

(g) Inventories

Finished goods, work-in-process, and stockpiled ore are valued at the lower of average production cost and net realizable value. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and depreciation and depletion of mining interests. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future production costs to convert the inventories into saleable form.

Ore extracted from the mines is stockpiled and subsequently processed into finished goods in the form of dore bars. Production costs are capitalized and included in work-in-process inventory based on the current mining costs incurred up to the point prior to the refining process, including applicable overhead, depreciation and depletion relating to mining interests, and removed at the average production cost per recoverable ounce of gold. The average production costs of finished goods represent the average costs of work-in-process inventories incurred prior to the refining process, plus applicable refining costs and associated royalties. Stockpiles are segregated between current and non-current inventories in the consolidated statement of financial position based on the period of planned usage.

Supplies are valued at the lower of average cost and net realizable value.

(h) Mining interests

Mineral interests include interests in mining properties and related plant and equipment.

Mineral deposits in the reserve category are classified as depletable mining properties when operating levels intended by management have been reached and a plan to mine those reserves is in place. Prior to this, they are classified as non-depletable mining properties.

Resources not categorized as reserves and exploration potential are classified as non-depletable mining properties. The value associated with resources and exploration potential is often referred to as value beyond proven and probable reserves which includes amounts assigned from costs of property acquisitions. At least annually or when otherwise appropriate and subsequent to a review and evaluation for impairment, carrying amounts of non-depletable mining properties are reclassified to depletable mining properties as a result of the conversion into reserves that have reached operating levels intended by management.

Recognition

Capitalized costs associated with mining properties include the following:

(i) Costs of direct acquisitions of production, development and exploration stage properties;

(ii) Costs attributed to mining properties acquired in connection with business combinations;
(iii) Expenditures related to the development of mining properties;
(iv) Expenditures related to economically recoverable exploration;
(v) Borrowing costs incurred directly attributable to qualifying assets;
(vi) Certain costs incurred during production, net of proceeds from sales prior to reaching operating levels intended by management; and
(vii) Estimates of reclamation and closure costs.

Capitalization ceases when an asset is capable of operating in the manner intended by management.

Acquisitions

The cost of a property acquired as an individual asset purchase or as part of a business combination represents the property's fair value at the date of acquisition. This cost is capitalized until the viability of the mining property is determined. When it is determined that a property is not economically viable, the amount capitalized is written off, which includes expenditures which were capitalized to the carrying amount of the property subsequent to its acquisition.

Development expenditures

Drilling and related costs incurred to define and delineate a mineral deposit that has not been classified as proven and probable reserves at a development stage or production stage mine are capitalized as part of the carrying amount of the related property in the period incurred, when management determines that there is sufficient evidence that the expenditure will result in a future economic benefit to the Corporation.

Drilling and related costs incurred on sites without an existing mine and on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are exploration expenditures and are expensed as incurred to the date of establishing that costs incurred are economically recoverable. Further exploration expenditures, subsequent to the establishment of economic recoverability, are capitalized and included in the carrying amount of the related property.

Management uses the following criteria in its assessments of economic recoverability and probability of future economic benefit:

- Geology: there is sufficient geologic and economic certainty of converting a residual mineral deposit into a proven and probable reserve at a development stage or production stage mine, based on the known geology and metallurgy. There is history of conversion of resources to reserves at operating mines to support the likelihood of conversion.

- Scoping: there is a scoping study or preliminary feasibility study that demonstrates the additional resources will generate a positive commercial outcome. Known metallurgy provides a basis for concluding there is a significant likelihood of being able to recoup the incremental costs of extraction and production.
- Accessible facilities: the mining property can be processed economically at accessible mining and processing facilities where applicable.
- Life of mine plans: an overall life of mine plan and economic model to support the mine and the economic extraction of resources/reserves exists. A long-term life of mine plan, and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body.
- Authorizations: operating permits and feasible environmental programs exist or are obtainable.

Borrowing costs

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale. Borrowing costs are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, or if construction is interrupted for an extended period. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of the rates applicable to the relevant borrowings during the period. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Costs incurred during production

Mine development costs incurred to maintain current production are included in profit or loss. The distinction between mining expenditures incurred to develop new ore bodies and to develop mine areas in advance of current production is mainly the production timeframe of the mining area. For those areas being developed, which will be mined in future periods, the costs incurred are capitalized and depleted when the related mining area is mined as compared to current production areas where development costs are considered as costs of sales and included in operating expenses given that the short-term nature of these expenditures matches the economic benefit of the ore being mined.

Capitalization of costs incurred ceases when an asset is capable of operating in the manner intended by management. Production costs incurred and revenue earned subsequent to this point are recognized in profit or loss.

Mining properties are recorded at cost less accumulated depletion and impairment losses.

Capitalization of waste in open pit operations

Capitalization of waste stripping requires the Corporation to make judgments and estimates in determining the amounts to be capitalized. In open pit mining operations, it is necessary to incur costs to remove overburden and other mine waste materials in order to access the ore body (“stripping costs”). During the development of a mine, stripping costs are capitalized and included in the carrying amount of the related mining property and depleted over the productive life of the mine using the unit-of-production method. During the production phase of a mine, stripping costs incurred to provide access to sources of reserves that will be produced in future periods that would not have otherwise been accessible are capitalized and included in the carrying amount of the related mining property. Stripping costs incurred and capitalized during the production phase are depleted using the unit-of-production method over the reserves and a portion of resources that directly benefit from the specific stripping activity. Costs incurred for regular waste removal that do not give rise to future economic benefits are considered as costs of sales and included in operating expenses.

Depletion

The carrying amounts of mining properties are depleted using the unit-of-production method over the estimated recoverable ounces, when operating levels intended by management for the mining properties have been reached. Under this method, depletable costs are multiplied by the number of ounces extracted divided by the estimated total ounces to be extracted in current and future periods based on proven and probable reserves and a portion of resources.

Management reviews the estimated total recoverable ounces contained in depletable reserves and resources each financial year and when events and circumstances indicate that such a review should be made. Changes to estimated total recoverable ounces contained in depletable reserves and resources are accounted for prospectively.

(i) Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Plant and equipment are depreciated using the unit- of production method based on ounces produced, or the straight-line method over the estimated useful lives of the related assets using the following rates:

Plant	Shorter of useful life or life of mine
Mobile equipment	3 - 5 years
Computer equipment	3 years
Office and computer equipment	3 - 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

Where parts (components) of an item of plant and equipment have different useful lives they are accounted for as separate items of plant and equipment. Each asset or parts estimated useful life is determined considering its physical life limitations. This physical life of each asset cannot exceed the life of the mine at which the asset is utilized. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Amounts expended on assets under construction are capitalized until the asset becomes available for its intended use, at which time depreciation commences on the assets over its useful life. Repairs and maintenance of plant and equipment are expensed as incurred. Costs incurred to enhance the service potential of plant and equipment are capitalized and depreciated over the remaining useful life of the improved asset.

Derecognition

Upon disposal or abandonment, the carrying amounts of mining properties and plant and equipment and accumulated depreciation and depletion are removed from the accounts and any associated gains or losses are recorded in profit or loss.

Commencement of commercial production:

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

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

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

(j) Impairment of mining interests and goodwill

At each reporting date, the Corporation gives consideration whether any indicators of impairment exist. If any such indicators exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Goodwill, intangible assets with an indefinite useful life, and intangible assets not yet available for use are tested for impairment annually or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or a cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses reverse in some circumstances. When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The Corporation performs goodwill impairment tests annually or when events and circumstances indicate that the carrying amounts may no longer be recoverable. In performing the impairment tests, the Corporation estimates the recoverable amount of its cash-generating units that include goodwill and compares recoverable amounts to the cash-generating unit's carrying amount. If a cash-generating unit's carrying amount exceeds its recoverable amount, the Corporation reduces the carrying value of the cash-generating unit or group of cash-generating units by first reducing the carrying amount of the goodwill and then reducing the carrying amount of the remaining assets on a pro-rata basis. Impairment of goodwill cannot be reversed.

(k) Leases

Leases in which the Corporation assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized at the lower of the fair value and the present value of minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

All other leases are classified as operating leases. Operating lease payments are recognized as an operating cost in profit or loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which benefits from the leased asset are consumed.

(l) *Income and deferred taxes*

The Corporation uses the liability method of accounting for income and mining taxes. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for unused tax losses and other income tax deductions. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply if the related assets are realized or the liabilities are settled. To the extent that it is probable that taxable profit will not be available against which deductible temporary differences can be utilized a deferred tax asset may not be recognized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period in which the change is substantively enacted. Deferred tax assets and liabilities are considered monetary assets. Deferred tax balances denominated in other than US dollars are translated into US dollars using current exchange rates at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

(m) *Financial instruments*

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

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

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

Financial assets and liabilities are classified as at FVTPL when: (i) they are acquired or incurred principally for short-term profit taking and/or meet the definition of a derivative (held-for-trading); or (ii) they meet the criteria for being designated as at FVTPL and have been designated as such on initial recognition. These instruments are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned or paid on the financial instrument. Fair value is determined in the manner described in Notes 12 and 16.

The Corporation classifies its cash and cash equivalents and investments in marketable securities as FVTPL. The purchase and sale of investments are recognized on the trade date, which is the date that the Corporation commits to purchase or sell the asset.

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

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

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

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

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

Classification as debt or equity

Debt and equity instruments issued by the Corporation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Repurchase of the Corporation's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

Derecognition of financial assets and liabilities

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Corporation neither transfer nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire. The difference between carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of financial assets

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

Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and a separate instrument with the same terms as the embedded derivative would also meet the definition of a derivative.

(n) Environmental rehabilitation provisions

The Corporation's mining and exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing. The Corporation has made, and intends to make in the future, expenditures to comply with such laws and regulations or constructive obligations. The Corporation records a liability for the estimated future rehabilitation costs and decommissioning of its operating mines and development projects at the time the environmental disturbance occurs or a constructive obligation is determined.

Environmental rehabilitation provisions are measured at the expected value of future cash flows including expected inflation, and discounted to their present value using the current market assessment of the time value of money. The unwinding of the discount, referred to as accretion expense, is included in finance costs and results in an increase in the amount of the provision.

When provisions for closure and environmental rehabilitation are initially recognized, the corresponding cost is capitalized as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalized cost of closure and environmental rehabilitation activities is recognized in mining interests and depreciated over the expected useful life of the operation to which it relates.
Environmental rehabilitation provisions are updated annually for changes to expected cash flows and for the effect of changes in the discount rate, and the change in estimate is added or deducted from the related asset and depreciated over the expected useful life of the operation to which it relates.

Increases or decreases to the provision also arise due to changes in legal or regulatory requirements, the extent of environmental remediation required and cost estimates. The net present value of the estimated costs of these changes is recorded in the period which the change is identified and quantifiable.

(o) Share capital

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

(p) Earnings per share

Earnings per share calculations are based on the weighted average number of common and exchangeable shares issued and outstanding during the period. The rights of the common and exchangeable shares are the same and therefore economically equivalent. As such, common and exchangeable shares are treated as one class of shares for the earnings per share calculation. Diluted earnings per share are calculated using the treasury stock method, whereby the proceeds from the potential exercise of dilutive stock options and share purchase warrants with exercise prices that are below the average market price of the underlying shares are assumed to be used in purchasing the Corporation's common shares at their average market price for the period. In addition, the effect of the Corporation's dilutive share purchase warrants includes adjusting the numerator for mark-to-market gains and losses recognized in profit or loss during the period for changes in the fair value of the dilutive share purchase warrants.

(q) Revenue recognition

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

(r) Share-based payment arrangements

Equity settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 14 (c)(ii).

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

Equity settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Corporation obtains the goods or the counterparty renders the service.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded basis over the vesting period, based on the Corporation's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the

Corporation revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity reserve.

Exchanges of share options or other share-based payment awards in conjunction with a business combination are accounted for as modifications of the share-based payments awards. Where the Corporation is obliged to replace the acquiree awards, either all or a portion of the market-based measure of the Corporation's replacement awards is included in measuring the consideration transferred in the business combination. In determining the portion of the replacement award that is part of the consideration transferred for the acquiree, both the replacement awards and the acquiree awards are measured at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognized as remuneration cost for post transaction service.

(s) *Provisions*

Provisions are recorded when a present legal or constructive obligation arises as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect management's current best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance expense and included in finance costs in the statement of comprehensive earnings.

(t) *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.
- *IAS 36, Impairment of Assets*: The new standard modifies some of the disclosure requirements regarding the recoverable amount of non-financial assets. 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.

(u) 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 15, Revenue from Contracts with Customers:* IFRS 15 introduces a new framework for determining the nature, amount, timing and uncertainty of revenues and cash flows arising from a contract with a customer. The standard is effective for annual period beginning on or after January 1, 2017, with early adoption permitted. The Corporation is currently evaluating the potential impact of the new standard on its consolidated financial statements.

- *IFRS 9, Financial Instrument*s: IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities measured at fair value through profit and loss. In July 2014, the IASB issued the final version of *IFRS 9 Financial Instruments* bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace *IAS 39 Financial Instruments: Recognition and Measurement.* The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 9 on its consolidated financial statements.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

(a) Commencement of commercial production

Prior to a mine being capable of operating at levels intended by management, costs incurred are capitalized as part of the costs of related mining properties and proceeds from mineral sales are offset against costs capitalized. The Corporation defines the commencement of commercial production as the date that a mine has achieved a consistent level of production. Management considers several factors (Note 2 (j)) in determining when a mining interest is capable of operating at levels intended by management. Depletion of capitalized costs for mining properties begins when the mine is capable of operating at levels intended by management.

(b) Determination of economic viability

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

(c) Functional currency

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

(d) Business combinations

Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Corporation to make certain judgements, taking into account all facts and circumstances. 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 on October 18, 2012, certain eligible Avion shareholders could elect to receive their consideration in the form of exchangeable shares in lieu of Endeavour common shares. These exchangeable shares participate equally in voting and dividends with the shareholders of Endeavour and the exchangeable shares are considered the economic equivalent of the common shares. The Corporation has presented these exchangeable shares as a part of shareholders' equity within these consolidated financial statements due to (i) the fact that they are economically equivalent to the common shares and (ii) the holders of the exchangeable shares can only dispose of the exchangeable shares by exchanging them for common shares of the Corporation. Changes in these assumptions would affect the presentation of the exchangeable shares from shareholders' equity to non-controlling interests; however there would be no impact on earnings per share.

(f) Capitalization of waste stripping

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(a) Value Added Tax ("VAT")

Included in trade and other receivables are recoverable VAT balances owing by the fiscal authorities in Burkina Faso, 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, changes in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Reductions in gold price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Corporation's mining interests 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) *Mineral reserves*

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

(e) *Environmental rehabilitation costs*

The provisions for rehabilitation 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.

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

(f) Deferred income taxes

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

(g) Share-based payments

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

(h) Contingencies

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

5. CASH - RESTRICTED

The Corporation has a facility agreement that provides a bank guarantee to enable the Corporation to fulfill certain reclamation obligations in respect of disturbed mining lands at its operations. Under the guarantee the Corporation has provided $3.3 million in cash collateral plus $1.2 million by way of security to satisfy the mandated requirements, comprising its restricted cash balance of $4.5 million.

6. INVENTORIES

	December 31, 2014	December 31, 2013
Doré bars[(1)]	$ 5,506	$ 2,728
Gold in circuit[(2)]	10,369	8,670
Ore stockpiles[(3)]	24,619	14,296
Spare parts and supplies	45,718	36,660
	$ 86,212	$ 62,354

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

(1) Includes a charge of $0.7 million to reduce the costs of inventory to net realizable value ("NRV") of $2.3 million at the Tabakoto mine (December 31, 2013, $nil and NRV of $2.4 million) and $0.6 million to NRV of $1.6 million at the Nzema mine (December 31, 2013, $nil and NRV of $0.2 million).
(2) Includes a charge of $0.6 million to reduce the costs of inventory to NRV of $1.9 million at the Tabakoto mine (December 31, 2013, $nil and NRV of $3.3 million) and $1.1 million to NRV of $2.8 million at the Nzema mine (December 31, 2013, $nil and NRV of 3.8 million).
(3) Includes a charge of $1.6 million to reduce the costs of inventory to NRV of $6.3 million at the Tabakoto mine (December 31, 2013, $11 million and NRV of $5.6 million).

During the year, $7.2 million of ore stockpile inventory was reclassified to long-term assets (Note 9).

7. MINING INTERESTS

	Mining Properties					
	Depletable	Non depletable	Assets under construction	Plant and equipment	Corporate assets	Total
Cost						
Balance as at January 1, 2013	$ 643,986	$ 472,949	$ 56,867	$ 297,200	$ 2,735	$ 1,473,737
Expenditures/additions	45,774	144,390	5,332	21,263	53	216,812
Transfer	60,695	(63,229)	(61,289)	63,823	-	-
Reclamation liability change in estimate	(3,252)	-	-	-	-	(3,252)
Disposals	-	-	-	-	(921)	(921)
Balance as at December 31, 2013	$ 747,203	$ 554,110	$ 910	$ 382,286	$ 1,867	$ 1,686,376
Expenditures/additions	63,305	13,909	-	59,614	-	136,828
Transfers	34,090	(131,814)	(910)	98,638	(4)	-
Transfers (to) from inventory	(13,866)	-	-	2,795	-	(11,071)
Reclamation liability change in estimate	5,180	-	-	-	-	5,180
Disposals	(2,757)	-	-	(409)	(1)	(3,167)
Balance as at December 31, 2014	$ 833,155	$ 436,205	$ -	$ 542,924	$ 1,862	$ 1,814,146
Accumulated depreciation and impairment						
Balance as at January 1, 2013	$ 68,021	$ -	$ -	$ 30,730	$ 1,297	$ 100,048
Depreciation/depletion	55,864	-	-	39,482	222	95,568
Impairment charges (Note 8)	245,315	122,922	-	85,317	-	453,554
Disposals	-	-	-	-	(43)	(43)
Balance as at December 31, 2013	$ 369,200	$ 122,922	$ -	$ 155,529	$ 1,476	$ 649,127
Depreciation/depletion	48,837	-	-	42,947	105	91,889
Depreciation charge included in inventory	4,653	-	-	4,567	-	9,220
Impairment charges (Note 8)	151,121	89,153	-	125,666	-	365,940
Disposals	-	-	-	(61)	-	(61)
Balance as at December 31, 2014	$ 573,811	$ 212,075	$ -	$ 328,648	$ 1,581	$ 1,116,115
Carrying amounts						
At December 31, 2013	$ 378,003	$ 431,188	$ 910	$ 226,757	$ 391	$ 1,037,249
At December 31, 2014	$ 259,344	$ 224,130	$ -	$ 214,276	$ 281	$ 698,031

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

A summary of the carrying values by property 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, 2013	$ 487,685	$ 580,715	$ 159,012	$ 57,377	$ 115,668	$ 10,548	$ 3,130	$ 56,867	$ 2,735	$ 1,473,737
Expenditures/additions	41,926	25,451	3,384	130,493	9,260	874	39	5,332	53	216,812
Reclamation liability change in estimate	(3,735)	(1,992)	(460)	2,935	-	-	-	-	-	(3,252)
Transfers	63,823	-	-	-	(2,534)	-	-	(61,289)	-	-
Disposals	-	-	-	-	-	-	-	-	(921)	(921)
Balance as at December 31, 2013	$ 589,699	$ 604,174	$ 161,936	$ 190,805	$ 122,394	$ 11,422	$ 3,169	$ 910	$ 1,867	$ 1,686,376
Expenditures/additions	89,011	23,863	2,078	12,004	9,476	396	-	-	-	136,828
Reclamation liability change in estimate	2,799	(2,904)	2,778	2,507	-	-	-	-	-	5,180
Transfers (to) from inventory	1,631	-	810	(12,602)	-	-	-	(910)	-	(11,071)
Transfers	202	(1)	2	(10)	-	(189)	-	-	(4)	-
Disposals	(27)	(2,757)	(93)	(289)	-	-	-	-	(1)	(3,167)
Balance as at December 31, 2014	$ 683,315	$ 622,375	$ 167,511	$ 192,415	$ 131,870	$ 11,629	$ 3,169	$ -	$ 1,862	$ 1,814,146
Accumulated depreciation and impairment										
Balance as at January 1, 2013	$ 6,009	$ 53,660	$ 39,082	$ -	$ -	$ -	$ -	$ -	$ 1,297	$ 100,048
Depreciation/depletion	53,836	28,960	12,550	-	-	-	-	-	222	95,568
Impairment charges (Note 8)	46,584	335,614	64,313	-	-	3,874	3,169	-	-	453,554
Disposals	-	-	-	-	-	-	-	-	(43)	(43)
Balance as at December 31, 2013	$ 106,429	$ 418,234	$ 115,945	$ -	$ -	$ 3,874	$ 3,169	$ -	$ 1,476	$ 649,127
Depreciation/depletion	36,757	14,840	13,013	27,174	-	-	-	-	105	91,889
Depreciation captured in inventory	4,419	1,467	781	2,553	-	-	-	-	-	9,220
Impairment charges (Note 8)	327,803	10,621	19,761	-	-	7,755	-	-	-	365,940
Disposals	-	-	(61)	-	-	-	-	-	-	(61)
Balance as at December 31, 2014	$ 475,408	$ 445,162	$ 149,439	$ 29,727	$ -	$ 11,629	$ 3,169	$ -	$ 1,581	$ 1,116,115
Carrying amounts										
At December 31, 2013	$ 483,270	$ 185,940	$ 45,991	$ 190,805	$ 122,394	$ 7,548	$ -	$ 910	$ 391	$ 1,037,249
At December 31, 2014	$ 207,907	$ 177,213	$ 18,072	$ 162,688	$ 131,870	$ -	$ -	$ -	$ 281	$ 698,031

[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)

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 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 were 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.

8. IMPAIRMENT CHARGE

In accordance with the Corporation's accounting policies regarding impairment testing, in the fourth quarter of 2014, the Corporation recognized a non-cash $365.9 million impairment charge. This compares to impairment charges of $506.9 million in 2013. Following revisions to its mine plans, updates to its reserves and resources, a decrease in the long-term gold price assumed, and a review of appropriate discount rates applicable to each of the Corporation's cash generating units ("CGU") in its jurisdiction and operating environment, certain of these parameters at some CGU's acted as indicators of potential impairment. The carrying value of its mineral interests and related assets aggregated in their respective CGU's was measured against the fair value less cost to sell ("FVLCTS") of its recoverable amount, and those carrying values that exceed their recoverable amounts were adjusted by way of an impairment charge. FVLCTS was based on the net present value of future estimated after-tax cash flows using assumptions that a market participant may take into account and uses Level 3 valuation techniques. No indication of prior impairments needing to be reversed in whole or part was noted as part of these assessments.

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

CGU	Depletable mineral property	Non-depletable mineral property	Property, plant & equipment	Total impairment
Youga	$ 15,117	$ -	$ 4,644	$ 19,761
Nzema	5,286	3,942	1,391	10,619
Tabakoto	130,718	77,456	119,631	327,805
Ouare	-	7,755	-	7,755
Total impairment	$ 151,121	$ 89,153	$ 125,666	$ 365,940

The impairment charge to mineral properties and related assets of $365.9 million is mostly related to Tabakoto ($327.8 million) and is driven by the unfavourable income tax climate in Mali, management's production assumptions which reduced mine life from 10 years to 7 years, and downward revisions to the assumed gold price. Nzema and Youga were also impacted by management's lower long-term gold price assumption in 2014 compared to 2013. Additionally, Youga was impacted by a new, shorter life of mine plan designed to maximize positive cashflow.

Key assumptions

The key assumptions used to determine the recoverable amount for each cash-generating unit are long-term commodity prices, discount rates, cash costs of production, capital expenditures, and an assessment of the measured and indicated resources, inferred resources, and other geological information beyond the mineral reserves.

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

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

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

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

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

Sensitivity

The Corporation performed a sensitivity analysis for the Tabakoto, Nzema, Agbaou, and Youga gold mines, in addition to the Houndé development project at December 31, 2014. A 10% change in isolation in the key assumptions gold price and operating cost would not cause an impairment at the Agbaou mine or Houndé project. At the mines impaired in 2014, by definition, any variation in the key assumptions used to determine fair value would result in a change of the assessed fair value. If the variation in assumptions had a negative impact on fair value material in nature, it could indicate a requirement for additional impairment to the cash generating unit.

9. OTHER LONG TERM ASSETS

Other long term assets are comprised of:

	December 31, 2014	December 31, 2013 [1]
Promissory note and working capital loan	$ 5,394	$ 10,197
Long term stockpiles	2,778	-
Long term receivable	-	4,274
Derivative financial asset	-	230
Total	$ 8,172	$ 14,701

[1] In the December 31, 2013, financial statements, other long-term asset components were disclosed separately on the statement of financial position.

Promissory note and working capital loan

The Corporation disposed of its debt advisory business in December 2011, for future consideration of $20.0 million. The $20.0 million of consideration consists of the aggregate of a $10.1 million non-interest bearing promissory note and receipt of future earnings after expenses, including bonuses. During the year ended December 31, 2014, the Corporation received $3.4 million of distributions (2013 - $3.3 million).

In addition, on January 1, 2012, the Corporation provided a $1.0 million working capital loan facility to the purchaser of the debt advisory business to satisfy general working capital needs. The working capital facility is non-interest bearing, unsecured and may be repaid at any time without penalty. However, it must be repaid from debt advisory business profits after Endeavour has received full repayment of the $10.1 million promissory note.

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

Long term stockpiles

Certain low grade stockpiles that are not expected to be processed until the end of mine life are classified as long term assets. As at December 31, 2014, an impairment charge of $4.5 million was recognized to reduce the cost to net realizable value of $2.7 million.

Long term receivable

The long-term receivable pertains to a refundable fuel duty that is due from the Government of Mali. During the year ended December 31, 2014, with no collections since early 2013, the Corporation recorded a full provision of $4.3 million for this receivable (2013 - $NIL provision and $4.3 million carrying value), as disclosed in Note 17.

10. FINANCE LEASE OBLIGATIONS

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

The finance leases were composed of the following obligations:

	December 31, 2014	December 31, 2013
Equipment lease obligations	$ 16,248	$ 1,218
Less: current portion	(4,296)	(1,148)
Long-term equipment lease obligations	$ 11,952	$ 70

	Minimum lease payments		Present value of minimum lease payments	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Not later than one year	$ 4,517	$ 1,198	$ 4,296	$ 1,148
Later than one year and not later than five years	15,485	70	11,952	70
	20,002	1,268	16,248	1,218
Less future finance charges	(3,754)	(50)	-	-
Present value of minimum lease payments	$ 16,248	$ 1,218	$ 16,248	$ 1,218

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

11. LONG-TERM DEBT

	December 31, 2014	December 31, 2013
Corporate loan facility (a)	$ 300,000	$ 300,000
Deferred financing costs (a)	(9,563)	(13,811)
Corporate loan facility	290,437	286,189
Mali Government interest bearing loan (b)	559	666
Total debt	290,996	286,855
Less: current portion	-	-
	$ 290,996	$ 286,855

(a) On July 24, 2013 the Corporation signed a five-year, $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. 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, 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 includes standard corporate financial covenants, including:
  - Interest Cover shall not be less than 3 to 1, calculated on a rolling 12 month basis; and
  - Net Debt to adjusted EBITDA shall not exceed 3.25 times, calculated on a rolling 12 month basis.
- 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. The balance of this liability includes 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 subsidiary.

12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial assets

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 at Tabakoto was being brought into commercial production.

As at December 31, 2014, 3,000 ounces of gold put options remain outstanding with a fair value of $0.035 million (December 31, 2013, $1.9 million). During the year, 36,000 ounces of gold put options expired, and an unrealized loss of $1.9 million was incurred on the mark to market of the outstanding put options (December 31, 2013, $1.6 million).

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

The remaining gold put options expired on January 30, 2015.

Derivative financial liabilities

The following table summarizes the derivative financial liabilities:

	December 31, 2014	December 31, 2013
Gold price protection programs (a)	$ 11,041	$ 20,869
Less: current portion	(6,420)	(8,850)
Derivative financial liabilities	$ 4,621	$ 12,019

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

	December 31, 2014	December 31, 2013
Realized loss - gold price protection programs	$ (11,905)	$ -
Change in unrealized gain - gold price protection programs for novation of hedge	-	29,259
Change in unrealized gain gold price protection programs	9,827	15,013
Change in fair value of share purchase warrants (b)	-	12,834
Total (loss) gain on the gold price protection programs and share purchase warrants	$ (2,078)	$ 57,106

(a) Gold price protection programs

(i) Options

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) at strike price of $900 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 year ended December 31, 2014, the Corporation settled 12,132 ounces of gold resulting in a realized loss of $4.5 million (December 31, 2013, $nil).

As at December 31, 2014, 6,066 ounces of gold call options remain outstanding with a fair value of $1.7 million (December 31, 2013, $5.3 million).

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

(iii) Forward contracts

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 $1,062 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 to several new lenders. The amended strike price has increased from $1,062 per ounce to a weighted average strike price $1,332 per ounce. On the close out of the former hedge under the Nzema project financing, a $300 per ounce increase in the strike price gave rise to a crystallized loss; this crystallized loss will be allocated and paid over the remaining hedge deliveries, resulting in the net proceeds to be received of $1,032 per ounce ($1,332 per ounce less the loss of $300 per ounce). Other terms and conditions remain the same.

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 year ended December 31, 2014, the Corporation settled 32,000 ounces of gold resulting in a realized loss of $7.4 million (December 31, 2013, $nil).

As at December 31, 2014, 64,163 ounces (32,000 in 2015 and 32,163 in 2016) of gold forward contracts remain outstanding with a fair value of $9.3 million (December 31, 2013, $15.6 million).

(b) Share purchase warrants

The Corporation's share purchase warrants have exercise prices denominated in currencies other than the Corporation's US Dollar functional currency, which requires that they be classified and accounted for as derivative financial liabilities at fair value, with changes in fair value being included in the consolidated statement of comprehensive earnings. The share purchase warrants are valued using the Black-Scholes option pricing model. Details of share purchase warrants are disclosed in Note 14(b).

The 32,487,501 Endeavour warrants with an exercise price of C$2.50 (Note 14(b)) expired on February 4, 2014.

13. PROVISIONS

Provisions are comprised of:

	December 31, 2014	December 31, 2013
Environmental rehabilitation provision	$ 35,432	$ 28,315
Deferred and performance share liability	467	152
Total	$ 35,899	$ 28,467

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

(a) Environmental rehabilitation provision

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

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

The Corporations measures the provision at the expected value of future cash flows including U.S. based nominal inflation of 1.7%, discounted to the present value of the inflated values using a current US dollar risk free discount rate of 2.17%. The undiscounted value of the provision as of the balance sheet date was $39.9 million (2013 - $29.8 million).

(b) Deferred and performance share liability

As discussed further in Note 14 (c) (ii and iii), the Corporation had a deferred and preferred share liability of $0.5 million at December 31, 2014 (2013 - $0.2 million)

(c) Long-term compensation award – Gold Strategy

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

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

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

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

14. 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 December 31, 2014	-	$ -

The 32,487,501 warrants expired unexercised on February 4, 2014.

(c) Share-based compensation

The following table summarizes the share-based compensation:

	2014	2013
Amortization of option grants	$ 873	$ 4,354
Total expense recognized on grant and change in fair value of DSUs	246	210
Total expense recognized on grant and change in fair value of PSUs	120	-
Total share-based payments	$ 1,239	$ 4,564

(i) Options

The Corporation has established a share option plan whereby the Corporation's directors may from time to time grant options to directors, employees or consultants. The maximum term of any option is ten years. The exercise price of an option is set at the higher of (i) the volume weighted average trading price of the shares traded on the exchange for the five trading days immediately preceding the grant date and (ii) the closing trading price on the grant date. At December 31, 2014, there were 41,314,367 (December 31, 2013 – 41,304,329) options available for grant under the plan, of which 16,172,567 (December 31, 2013 – 16,743,977) are still available to be granted.

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

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
Exercised	(183,333)	2.26
Forfeited	(1,776,159)	1.42
Expired	(3,569,943)	3.29
At December 31, 2013	24,560,352	2.38
Granted	7,155,000	0.93
Exercised	(100,375)	0.80
Expired	(6,473,177)	2.03
At December 31, 2014	25,141,800	$ 2.06

On May 13, 2014, the Corporation issued 900,000 options with a strike price of $0.81 and a fair value of $0.3 million, to be expensed over the 2-year vesting period. The options were valued using the Black-Scholes option pricing model. Assumptions used were a dividend yield of nil, expected volatility of 68.0%, risk free rate of 1.16% and expected life of 3 years.

On July 18, 2014, the Corporation issued 6,255,000 options with a strike price of $0.95 and a fair value of $2.2 million, to be expensed over the 2-year vesting period. The options were valued using the Black-Scholes option pricing model. Assumptions used were a dividend yield of nil, expected volatility of 75.8%, risk free rate of 1.08% and expected life of 2 years.

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

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

Subsequent to year end, on January 19, 2015, the Corporation issued 6,386,000 options representing approximately 50% of the deemed value of long-term incentive awards of 2015 to the senior management team. These options had a strike price of $0.61 and a fair value of $1.6 million, to be expensed over the 2-year vesting period. The options were valued using the Black-Scholes option pricing model. Assumptions used were a dividend yield of nil, expected volatility of 74.8%, risk free rate of 1.3% and expected life of 2.25 years.

(ii) *Deferred share units*

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

The DSU allows each non-executive director to choose to receive, in the form of DSUs, all or a percentage of 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.

In the year ended December 31, 2014, 684,148 DSUs were granted and 53,333 DSUs were exercised.

At December 31, 2014, 967,809 DSUs were held by participating directors with a fair value of $0.4 million (December 31, 2013 – 336,994 DSUs with a fair value of $0.2 million). The fair value of the DSUs was recognized as share-based payments totaling $0.2 million for the year ended December 31, 2014 (December 31, 2013 - $0.2) with a corresponding amount recorded as a deferred share unit liability in the consolidated statement of financial position.

(iii) *Performance share units*

In March 2014, following a comprehensive review of its executive compensation programs and pay practices, the Corporation introduced a change in its long term incentive plan ("LTI Plan") to include a portion of performance-linked share unit awards ("PSUs"). The new PSU program is intended to increase the pay mix in favour of long-term equity-based compensation with 3 year cliff-vesting to serve as an employee retention mechanism.

On July 18, 2014, 2,627,000 PSUs were granted under this LTI Plan to certain employees of the Corporation. The fair value of the PSUs was recognized as share-based payment expense totaling $0.1 million for the year ended December 31, 2014 (December 31, 2013 - $nil), with a corresponding amount recorded as a performance share unit liability in the consolidated statement of financial position.

Subsequent to year end, on January 19, 2015, 2,698,000 PSUs were issued with an expiry date January 19, 2018, representing approximately 50% of the deemed value of long-term incentive awards of 2015 to the senior management team.

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

(d) Diluted earnings/loss per share

The following 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 year ended December 31, 2014, of C$0.69 (December 31, 2013 – C$0.93).

	2014	2013
Stock options	25,141,800	24,560,352
Share purchase warrants	-	32,487,501

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

	2014	2013
Basic and diluted weighted average number of shares outstanding	413,119,218	412,554,970

15. NON-CONTROLLING INTERESTS

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

	Agbaou Gold Operations SA (Agbaou Mine)	Adamus Resources Limited	Segala Mining Corporation SA	Burkina Mining Company SA	Total
At December 31, 2012	$ -	$ 22,992	$ 41,204	$ 10,760	$ 74,956
Net earnings (loss)	-	(26,615)	(9,154)	(3,490)	(39,259)
Dividend distribution	-	-	-	(1,248)	(1,248)
At December 31, 2013	-	(3,623)	32,050	6,022	34,449
Net earnings (loss)	8,958	(1,149)	(61,651)	(708)	(54,550)
Dividend distribution	-	-	-	(881)	(881)
At December 31, 2014	$ 8,958	$ (4,772)	$ (29,601)	$ 4,433	$ (20,982)

For summarized information related to these subsidiaries, refer to Note 20, Segmented Information.

During the year ended December 31, 2014, Burkina Mining Corporation declared an $8.8 million dividend based on its 2013 results. The payment of the dividend resulted in a cash payment of $0.9 million (inclusive of withholding taxes) to the Burkina Faso Government. During 2013, dividends declared were $12.4 million dividend based on 2012 results, with 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)

16. GAINS (LOSSES) ON FINANCIAL INSTRUMENTS, NET

	2014	2013
Loss on marketable securities	$ (1,313)	$ (6,356)
Loss on promissory note	(3,260)	(1,819)
Imputed interest on promissory note and other assets	1,839	2,246
Interest income	30	123
Loss on derivative financial assets (Note 12)	(1,852)	(1,594)
(Loss) gain on derivative financial liabilities (Note 12)	(2,078)	57,106
Loss on foreign currency	(4,558)	(904)
	$ (11,192)	$ 48,802

17. OTHER INCOME (EXPENSE)

	2014	2013 [1]
(Loss) gain on sale of subsidiaries and joint ventures	$ (1,170)	$ 15,504
Loss on sale and write-down of gold bullion	-	(7,551)
Loss on tax assessment contingencies	(9,671)	-
Loss on adjustment on VAT provision	(3,581)	-
Provision for long term receivable (Note 9)	(4,274)	-
Other	(3,051)	(1,893)
	$ (21,747)	$ 6,060

[1] In the December 31, 2013, financial statements, each item of Other Income (Expense) was separately presented on the statement of profit or loss. In particular, the $15.5 million gain on sale of subsidiaries and joint ventures consisted of $13.4 million gain on sale of the Finkolo joint venture and $2.1 million gain on sale of subsidiaries; the $7.6 million loss on sale and write down of gold bullion consisted of $5.5 million loss on the sale of gold bullion and $2.1 million write-down of gold bullion; the $1.9 million other consisted of $0.9 million write-down of investment in associate on reclassification to asset held for sale, $0.6 million loss on dilution of Fiore Management & Advisory Corp., $0.5 million share of loss of associate, net of taxes and $0.05 million Fiore Management & Advisory Corp. income.

18. INCOME TAXES

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

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

	2014	2013
Current income and other tax expenses	$ 33,546	$ 19,292
Deferred income taxes recovery	(81,202)	(135,108)
Total income tax recovery recognized in continuing operations	$ (47,656)	$ (115,816)

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

The Corporation is not subject to corporate taxation in the Cayman Islands. However, the taxable earnings of the corporate entities in Australia, Barbados, Burkina Faso, Canada, Côte d'Ivoire, Ghana, Mali 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.

	December 31, 2014	December 31, 2013
Loss from contining operations	$ (375,856)	$ (487,531)
Weighted average domestic tax rate	25.5%	32.5%
Income tax recovery based on weighted average domestic tax rates	(95,734)	(158,617)
Reconciling items:		
Rate differential	13,721	4,646
Effect of changes in tax rates	(8,622)	-
Effect of foreign exchange rate changes on deferred taxes	8,598	(4,841)
Non-deductible (non-taxable) expenses	4,497	5,072
Non-deductible goodwill impairment expense	-	18,300
Effect of novation on the hedge liability	-	13,429
Mining convention benefits	(18,023)	-
Effect of alternative minimium taxes and withholding taxes paid	4,783	6,378
Accruals for tax and statutory audits	25,300	7,458
Effect of changes in deferred tax assets not recognized	12,933	1,303
Other	4,891	(8,944)
Income taxes recovery recognized in net loss and total comprehensive loss	$ (47,656)	$ (115,816)

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

	2014	2013
Australia	30.0%	30.0%
Barbados	2.5%	2.5%
Burkina Faso	17.5%	17.5%
Canada	26.0%	25.0%
Cayman Islands	0.0%	0.0%
Côte d'Ivoire	25.0%	25.0%
Ghana	35.0%	35.0%
Mali	25.0%	30.0%
Monaco	33.3%	33.3%

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

(b) Income taxes payable

	December 31, 2014	December 31, 2013
Current income taxes receivable		
Income tax receivable	$ -	$ 218
Current income taxes payable		
Income taxes payable related to current year taxable profits	$ 5,469	$ 7,850
Tax audit assessment accrual	2,673	4,364
	$ 8,142	$ 12,214

(c) Deferred tax balances

	December 31, 2014	December 31, 2013
Deferred income tax assets		
Reserves and accruals	$ -	$ 482
Reclamation and closure cost obligations	1,409	3,331
Mining interests, and property, plant and equipment	56,508	10,567
Inventory	335	178
Tax losses	12,424	-
Unrealized foreign exchange and other timing differences	-	3,974
	$ 70,676	$ 18,532
Deferred income tax liabilities		
Current liabilities	(1,860)	-
Mining interests	(30,970)	(61,888)
Deferred income tax assets (liabilities), net	$ 37,846	$ (43,356)

	December 31, 2014	December 31, 2013
Net deferred income tax asset, as reported in the consolidated statements of financial position	$ 68,121	$ 15,328
Net deferred income tax liability, as reported in the consolidated statements of financial position	(30,274)	(58,684)
	$ 37,846	$ (43,356)

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

	December 31, 2014	December 31, 2013
Net deferred income tax liability at beginning of year	$ (43,356)	$ (178,291)
Acquisitions and disposals of subsidiaries and operations	-	(173)
Income tax expense charge to earnings during the year	81,202	135,108
Net deferred income tax asset (liability) at end of year	$ 37,846	$ (43,356)

(d) Unrecognized deductible temporary differences

At December 31, 2014 the Corporation had deductible temporary differences for which deferred tax assets have not been recognized because it is not probable that future profits will be available against which the Corporation can utilize the benefit. These were comprised as follows: (i) in Barbados arising from losses of $13.8 million (December 31, 2013 - $13.8 million), (ii) in Burkina Faso arising from undepreciated capital expenditures for tax purposes of $4.7 million (December 31, 2013 - NIL million), and (iii) in Burkina Faso, Mali, and Ghana arising from mine closure liabilities of $29.8 million (December 31, 2013 - NIL million).

(e) Tax rules, regulations, and assessments

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

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. The Corporation paid $1.7 million during the year (2013 - $3.1 million) towards the assessed amount. BMC and the DGI have agreed on a payment schedule for the remaining $2.7 million in 2015.

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

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

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

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

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

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

19. RELATED PARTY TRANSACTIONS

Compensation of key management personnel and directors

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

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

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

Related parties and transactions

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

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

20. SEGMENTED INFORMATION

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

	Year Ended December 31, 2014						
	Agbaou Mine Côte d'Ivoire	Nzema Mine Ghana	Tabakoto Mine Mali	Youga Mine Burkina Faso	Exploration	Non-Mining	Total
Revenue							
Gold revenue	$ 180,513	$ 144,593	$ 161,727	$ 96,743	$ -	$ -	$ 583,576
Cost of sales							
Operating expenses	75,170	101,921	149,680	60,715	-	-	387,486
Depreciation and depletion	27,174	14,840	36,754	12,611	402	105	91,886
Royalties	6,399	8,014	9,665	4,229	-	-	28,307
Earnings (loss) from mine operations	71,770	19,818	(34,372)	19,188	(402)	(105)	75,897
Corporate costs	-	-	-	-	-	21,720	21,720
Impairment of mining interests	-	10,619	327,805	19,761	7,755	-	365,940
Share-based payments	-	-	-	-	-	1,239	1,239
Exploration	-	-	-	-	2,053	-	2,053
Earnings (loss) from operations	71,770	9,199	(362,177)	(573)	(10,210)	(23,064)	(315,055)
Other income (expenses)							
(Losses) gains on financial instruments	(584)	(18,804)	(3,279)	534	(803)	11,744	(11,192)
Finance costs	(195)	(1,004)	(1,241)	(156)	-	(25,266)	(27,862)
Other (expense) income	-	(2,757)	(18,504)	2	1,554	(2,042)	(21,747)
	(779)	(22,565)	(23,024)	380	751	(15,564)	(60,801)
Earnings (loss) before taxes	70,991	(13,366)	(385,201)	(193)	(9,459)	(38,628)	(375,856)
Income taxes (expense) recovery	(11,469)	(6,088)	73,604	(6,617)	-	(1,774)	47,656
Net earnings (loss) and total comprehensive earnings (loss)	$ 59,522	$ (19,454)	$ (311,597)	$ (6,810)	$ (9,459)	$ (40,402)	$ (328,200)

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

	Year Ended December 31, 2013					
	Nzema Mine Ghana	Tabakoto Mine Mali	Youga Mine Burkina Faso	Exploration	Non-Mining	Total
Revenue						
Gold revenue	$ 143,206	$ 174,087	$ 126,021	$ -	$ -	$ 443,314
Cost of sales						
Operating expenses	108,243	131,607	72,759	-	-	312,609
Depreciation and depletion	28,960	53,836	12,550	-	222	95,568
Royalties	7,471	10,427	6,103	-	-	24,001
(Loss) earnings from mine operations	(1,468)	(21,783)	34,609	-	(222)	11,136
Corporate costs	-	-	-	-	21,451	21,451
Impairment of mining intersts & goodwill	386,868	46,585	66,376	7,043	-	506,872
Share-based payments	-	-	-	-	4,564	4,564
Exploration	-	-	-	4,825	-	4,825
Loss from operations	(388,336)	(68,368)	(31,767)	(11,868)	(26,237)	(526,576)
Other income (expenses)						
Gains (losses) on financial instruments	27,258	1,001	(195)	(394)	21,132	48,802
Finance costs	(987)	(905)	(134)	-	(13,791)	(15,817)
Other income (expense)	-	-	-	15,504	(9,444)	6,060
	26,271	96	(329)	15,110	(2,103)	39,045
Earnings (loss) before taxes	(362,065)	(68,272)	(32,096)	3,242	(28,340)	(487,531)
Income taxes recovery (expense)	98,944	20,309	(3,258)	(216)	38	115,816
Net earnings (loss) and total comprehensive earnings (loss)	$ (263,121)	$ (47,963)	$ (35,354)	$ 3,026	$ (28,302)	$ (371,715)

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the years ended December 31, 2014 or December 31, 2013. Each segment, except Nzema, has only one customer which accounts for all of its revenues. Nzema had two customers during the year. The Corporation is not economically dependent on a limited number of customers for the sale of gold because gold can be sold through numerous commodity market traders worldwide.

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

Non-current assets	December 31, 2014	December 31, 2013
Côte d'Ivoire	$ 162,688	$ 190,805
Ghana	245,334	201,268
Mali	207,907	488,454
Burkina Faso	149,942	175,933
Other	8,453	10,818
	$ 774,324	$ 1,067,278

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

Total assets and liabilities by reportable segment

	December 31, 2014		December 31, 2013	
	Total assets	Total liabilities	Total assets	Total liabilities
Agbaou Project	$ 192,501	$ 31,284	$ 195,311	$ 10,356
Nzema Mine	219,965	40,889	243,411	41,683
Tabakoto Mine	351,494	98,933	571,563	111,411
Youga Mine	54,870	20,012	78,327	19,101
Houndé Project	131,870	-	122,394	-
Ouaré Project	-	-	7,548	-
Exploration	517	20,057	1,004	6,983
Non-Mining	12,660	309,330	54,435	312,953
	$ 963,877	$ 520,505	$ 1,273,993	$ 502,487

21. SUPPLEMENTAL CASH FLOW INFORMATION

The significant non-cash financing and investing transactions during the period were as follows:

	December 31, 2014	December 31, 2013
Mineral property adjustment for reclamation liability change in estimate (Notes 7 and 13)	$ 5,180	$ (3,252)
Mineral property additions through finance leases (Note 10)	15,218	-

Certain items within the cash flow presented separately in prior year were combined in the current year. This had no impact on the total operating, investing or financing cash flows in the year. In the year ended December 13, 2014, interest paid has been presented as a financing rather than operating activity, with a reclassification of $9.1 million in the comparative year, affecting the total cash flows in both categories, as management believes this is a more appropriate presentation.

22. CAPITAL MANAGEMENT

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

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

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

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

	December 31, 2014	December 31, 2013
Equity	$ 443,370	$ 771,506
Current and long-term debt	290,996	286,855
	734,366	1,058,361
Less:		
Cash and cash equivalents	(62,179)	(73,324)
Cash - restricted	(4,517)	(4,517)
Marketable securities	(854)	(1,731)
	$ 666,816	$ 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.

23. FINANCIAL INSTRUMENTS

Financial assets and liabilities

The Corporation's financial instruments consist of cash, 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).

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

At each of December 31, 2014 and December 31, 2013, the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities measured and recognized in the statement of financial position at fair value are categorized are as follows:

	December 31, 2014			
	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Cash and cash equivalents	$ 62,179	$ -	$ -	$ 62,179
Cash - restricted	4,517	-	-	4,517
Marketable securities	770	84	-	854
Derivative financial asset	-	35	-	35
	$ 67,466	$ 119	$ -	$ 67,585
Liabilities:				
Derivative financial liabilities	-	11,042	-	11,042
	$ -	$ 11,042	$ -	$ 11,042

	December 31, 2013			
	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Cash and cash equivalents	$ 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. Credit risk arises from cash and cash equivalents, restricted-cash, marketable securities held with investment dealers, marketable securities, trade and other receivables, long-term receivable and promissory note and other assets.

The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk other than receivable balances owed from the governments in the countries the Corporation operates in. The Corporation sells its gold to large international organizations with strong credit ratings but the historical level of customer defaults is minimal and, as a result, the credit risk associated with gold trade receivables at December 31, 2014 is considered to be negligible. The Corporation does not rely on ratings issued by credit rating agencies in evaluating counterparties' related credit risk.

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

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

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

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

	December 31, 2014	December 31, 2013
Cash and cash equivalents	$ 62,179	$ 73,324
Cash - restricted	4,517	4,517
Marketable securities	854	1,731
Trade and other receivables	21,530	38,662
Long-term receivable	-	4,274
Other assets	8,207	12,085
	$ 97,287	$ 134,593

(ii) *Liquidity risk*

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

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

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

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

Market risks

(i) Currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations including its capital expenditures. Gold is sold in US dollars and the Corporation's costs are incurred principally in CFA Franc, Canadian dollars, Euros, Ghana Cedi, and US dollars. The Corporation also holds cash and cash equivalents, marketable securities, and other receivables that are denominated in non-US dollar currencies which are subject to currency risk. The Corporation has not hedged its exposure to foreign currency exchange risk.

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

	December 31, 2014	December 31, 2013
Canadian dollar	$ 1,111	$ 3,153
CFA Francs	(6,451)	15,460
Other currencies	4,046	4,433
	$ (1,294)	$ 23,046

The effect on earnings and other comprehensive earnings before tax as at December 31, 2014, of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above mentioned financial and non-financial assets and liabilities of the Corporation is estimated to be $0.1 million (December 31, 2013 – $2.3 million) assuming that all other variables remained constant. This calculation is based on the Corporation's statement of financial position as at December 31, 2014.

(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 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.

The effect on earnings and other comprehensive earnings before tax as at December 31, 2014, of a 10% change in interest rate on the Facility (Note 11) is estimated to be $0.1 million (December 31, 2013 - $0.1 million).

(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. 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 through the world.

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. Additionally, the Corporation fair values its investments 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.

24. COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

25. SUBSEQUENT EVENTS

Subsequent to December 31, 2014, the Corporation issued options and PSUs to its employees under its long term incentive plan. Please refer to Note 14(c)(i and iii) for more detail.

As per Note 12, all of the Corporation's put options expired subsequent to December 31, 2014.