

# INVESTOR PRESENTATION SCRIPT

March 23, 2020

## SLIDE 1 TITLE PAGE

Good morning everyone and thank you for joining today's call.

I am Sébastien de Montessus, CEO of Endeavour, and it's a pleasure to be talking to you as we announce that we have entered into a definitive agreement to combine with SEMAFO to create a leading West African gold producer.

Joining me is Benoit Desormeaux, CEO of SEMAFO, and together, we will share the details of today's announcement and why this compelling transaction will deliver long-term value for both sets of shareholders.

## SLIDE 2 – DISCLAIMER

As we begin, I would like to remind everyone that today's call is governed by our disclaimer and cautionary forward looking statements, please do take a moment to read them.

Before we start, I'd like to take a moment to discuss our response to the coronavirus. I hope you and your loved ones are safe and keeping well in these unprecedented times. As you will have seen from our announcement last week, we have implemented a number of procedures across our business to keep our employees and contractors safe and to play our part in limiting this pandemic. We have identified 3 levels of response within our overall plan. Currently we are in what we are terming a level 1 response which is similar to the response being taken in most countries worldwide. This includes health screening, strictly monitoring access to site, suspension of all non-essential business travel, mandatory 14-day quarantine for all travelers arriving in West Africa, working from home for all our office staff and regular communication updates. These measures are working well and so far, we have had only two cases. All those who had direct contact with these two cases were placed in quarantine. We have a second level of response which is where the virus starts to be more prevalent in our operating countries, where we start to apply more restrictions to our operations but can still mostly keep things working as normal. Finally there's a third level of restriction where we might expect to see severe restrictions on operations and need to consider suspending or curtailing operations. To be clear, we're currently at level 1 but are monitoring things very closely.

In addition, we also have a well regarded epidemiologist acting as special advisor to Endeavour. He is supported by an 11-person medical team from a leading US NGO who will be deployed as and when the need arises.

Many of you may be wondering why we are pressing forward with this transaction when there is so much uncertainty across the world due to this pandemic. This transaction announcement is very much part of our objective to build a sustainable business and, whilst the world is currently facing challenging times, we continue to be optimistic about the long-term opportunities ahead of us, including this one. Ultimately, we believe that we will be stronger together better manage risks. Benoit, you may like to say a few words too.

**Benoit:** Thank you Sebastien and good morning everyone. We have taken many similar measures to Endeavour to prevent the spread of the coronavirus and I want to stress that our priority is the safety of our people. For our global office employees, we have implemented remote work programs. For our operating sites, we are taking every possible precaution including the elimination of non-essential travel, mandatory quarantines for anyone who travels into the countries where we operate, and we continue to closely monitor the recommendations of health authorities worldwide.

## SLIDE 3 – CREATION OF A LEADING WEST AFRICAN GOLD PRODUCER

Thank you Benoit. Moving on to slide 3 and the rationale for today's transaction.

Our agreement to combine with SEMAFO through this acquisition represents an attractive value proposition for both sets of shareholders. I think it speaks well to our collaborative approach that we were able to negotiate this transaction while our teams are located around the world and working remotely.

In today's changing world, gold producers require scale, tangible near term growth prospects, and a business model that demonstrates sustainable cash flow.

We believe that now is the right time to carry out this transaction and the combined company will be very well positioned in the gold sector as it will become a top 15 global gold producer.

The strategic rationale for this transaction is underpinned by three key elements:

- Firstly, the combined company will benefit from an enhanced strategic position and enhanced capability to manage risks, creating a partner of choice for government and key West African stakeholders.
- Secondly, the business will benefit from a strengthened asset portfolio with diversified production and enhanced exploration potential. This portfolio will be centered around 4 cornerstone mines which each producing more than 200,000 ounces of gold per year over a sustained period of time.
- Finally, the combined entity will have an enhanced capital markets profile.

I am also pleased that La Mancha will remain as a highly supportive cornerstone investor, injecting 100 million dollars through a private placement.

Clearly, this is a compelling transaction on many levels. Before we continue through the presentation, I would like to hand over to Benoit again who will explain SEMAFO's perspective. Benoit?

**Benoit:** Thank you Sebastien. We are very excited about this announcement. Over the past number of years, we have worked with Endeavour as industry partners to address business issues common to companies operating in West Africa.

For SEMAFO shareholders, this transaction offers the benefits of both an immediate premium and the chance for a significant re-rating within a larger combined entity.

Our management team is excited to join the combined group and we look forward to contributing to the success of this larger business. As a combined entity, we will work together to realize operational, technical and exploration synergies across our mines and projects.

And finally, we are proud to be maintaining a presence in Montreal through the establishment of a technical hub as it is a testament to the quality of our team and to the strength of the Quebec mining industry.

#### **SLIDE 4 – STRATEGIC TIMING DUE TO BUSINESS ALIGNMENT**

Thanks Benoit. Moving to the next slide, this reinforces why we believe the timing is optimal for us to combine our companies. We have both undergone a period of significant investments and have successfully de-risked the development risks within our business. We are now both poised to generate significant cash flows and as such are looking to achieve the same next steps. As shown at the bottom right of the page, that's to further optimize our assets, generate returns to our shareholders and set ourselves up for the next growth phase through our successful exploration. Due to this strong strategic alignment, we believe that this is great timing.

#### **SLIDE 5 – EXTENSIVE DIALOGUE AND DUE DILIGENCE**

We firmly believe this is the right transaction, at the right time, for both sets of shareholders. Our companies have worked and co-operated together as industry partners over the past few years on a range of common issues, including most recently on our response to COVID-19, as an example.

In early 2019, we worked through a detailed mutual due diligence process. We discussed the terms of a potential transaction and while both companies saw the strategic rationale for a deal, we were unable to

agree on the terms which appropriately shared the risks and rewards of a combination and mutually agreed to focus on other opportunities.

In early 2020, we re-started discussions and we completed mutual on-site due diligence including a comprehensive assessment of security, operations and exploration.

Despite the current market volatility, both teams are pleased that we have been able to agree terms that fairly value the contributions of both companies to a combined business and we look forward to engaging with our shareholders over the coming weeks to discuss the merits of the combination.

#### **SLIDE 6 – AGREED TERMS OF COMBINATION**

Turning to slide 6, here is a summary of the agreed terms of the transaction. Existing Endeavour and SEMAFO shareholders will own approximately 70 per cent and 30 per cent, respectively.

The new Board of Directors will be comprised of 10 directors, 7 of whom will be nominated by Endeavour and 3 of whom will be nominated by SEMAFO. And, we are excited to have key members of SEMAFO's management team join us, most notably Benoit who will become President, and SEMAFO's CFO, Martin Milette who will take on the role of Executive Vice President and CFO with the combined entity upon closing of the transaction.

Concerning our offices, the corporate office will continue to be located in London and we will maintain a strong presence in Montreal, which will become our technical expertise office.

#### **SLIDE 7 – STRONG BENEFITS FOR BOTH SETS OF SHAREHOLDERS**

We believe there are numerous benefits for both groups of shareholders. Both companies will benefit from a diversified portfolio with 4 cornerstone operations within 6 mines and an additional 4 development projects. The combined company will have a sustainable cash flow profile with a sound balance sheet which underpins our ability to pursue future organic growth. Our improved diversification and strengthened management team will enhance our ability to manage risks, and the combined company will provide us a stronger foundation in our dealings with governments and key stakeholders. Finally, we will both have the opportunity to participate in the value created through exploration and active portfolio management, as well as a strong potential to re-rate with improved trading liquidity.

On the Endeavour side, our shareholders will benefit from the addition of two high quality, cornerstone mines and improved growth optionality. We expect that the transaction will be immediately accretive on key financial metrics, including NAV per share, earnings per share and cash flow per share, and we are excited for how this transaction improves our strategic positioning in West Africa.

SEMAFO shareholders will realize an immediate premium and have the potential for additional re-rating. It also brings diversification and enhances growth optionality. And lastly, brings the benefit of a long-term strategic partner with La Mancha.

#### **SLIDE 8 – STRONG Foothold IN HIGHLY PROSPECTIVE BELT**

Moving on to slide 8, you can see that the combined group will have an enhanced position in West Africa, which will give us the ability to leverage our size, operational know-how and well-established relationships in the region to be the go-to name in the region.

As we have always said, the Birimian Greenstone Belt in West Africa is one of the most prospective gold mining regions in the world and we will have perhaps the strongest position in the region. Looking at some key stats, we believe that Burkina Faso and Cote d'Ivoire represent some of the most prospective countries in the world for gold exploration. Together, they account for nearly 60 per cent of the total land mass of the Birimian Greenstone belt but only 27 per cent of current gold production as it is under-explored.

It is worth remembering that on a global basis, the region ranks number four for gold production and number one for gold discoveries over the past decade so it is already a significant area but has more to come. We are therefore excited to be well positioned to grasp this opportunity.

**SLIDE 9 – CREATES THE LARGEST WEST AFRICAN GOLD PRODUCER**

As we have touched on already, the combination will create the largest gold producer in West Africa, through our leading presence in Cote d’Ivoire and Burkina Faso.

We believe that it is important to increase our size and diversification, not because it makes us stand out on a chart, but more so because it allows us to leverage this added size to enhance our risk management. Rather than duplicating procedures and splitting resources, we will be able to pool our efforts, be it from a security stand point, fiscal, or operational.

Being able to grasp the geological opportunities also means that you need to be a partner of choice and with additional scale, we will be able to better address the needs of all our key stakeholders.

**SLIDE 10 – CONSOLIDATES THE HOUNDÉ GREENSTONE BELT**

This transaction will also consolidate our holdings in the 200 kilometer Houndé belt in Burkina Faso to create a world class mining district with two mines and strong future development potential, as we illustrate here. We expect to produce over 400,000 ounces annually just from our operations in this belt.

As we all know, it is a growing district with significant exploration potential as over 20 million ounces have already been found on this belt.

When combined with the Ity belt in Cote d’Ivoire, where we hold extensive exploration permits covering the most prospective areas of the belt, we believe we hold one of the most extensive and prospective land positions in West Africa.

**SLIDE 11 – OFFERS SIGNIFICANT SYNERGIES**

With this transaction we see the ability to deliver synergies at the corporate, country and asset level in a number of areas.

First, we believe the combined management team represents an extensive pool of complementary experience and expertise. We also see opportunities to generate reductions in corporate G&A within the first year following the close of the transaction.

In-country, we see significant opportunities to leverage the combined expertise of the operating and financial teams through efforts in procurement, logistics and supply-chain management, and a wealth of know-how to create a centralized technical services hub with enhanced security across operations, capable of delivering cost efficiencies.

At the asset level, consolidating the 200 kilometer Houndé belt in Burkina Faso offers mining and exploration synergies as we create a world class mining district. Going forward, there will be opportunities to optimize maintenance and equipment supplies as well as our workforces across assets.

**SLIDE 12 – STRENGTHENED ASSET PORTFOLIO WITH OPTIONALITY**

Most of the Endeavour shareholders will be familiar with this funnel chart but this is an opportunity for us to talk about how the assets of the combined portfolio fit together. Our strategy has been centered on offering our shareholders exposure to immediate cash flow from producing mines and offering both near-term and long term growth.

This transaction therefore strengthens our operating platform while increasing our growth optionality. It’s great to have more options in the portfolio as ultimately it will increase our capital allocation efficiency given projects and exploration targets compete against one another for capital.

### **SLIDE 13 – DIVERSIFIED PORTFOLIO WITH 4 CORNERSTONE MINES**

On slide 13, we're diving deeper on the operating assets. Again, this bubble chart might be familiar to most. The bottom axis is mine life and righthand is AISC, while the size of the bubbles corresponds to production. Our goal has been to move assets into the bottom right box and then ensure they stay there. With this transaction, we will have 4 cornerstone assets generating significant cash flow and either in the bottom right or on their way towards it.

Let me look each one in more detail.

At Bougou, the dashed circle represents the long-term production potential, while the solid circle represents 2020 estimates including 10 months of stockpile processing in 2020. We are confident that we will be able to meet the targeted re-start of this operation in Q4, following a staged ramp-up towards the end of 2020.

At Mana the priority will be to extend its mine life, which we are confident we can do based on our due diligence and successful track record.

For Hounde and Ity, the priority now is to bring into production the higher grade discoveries we've made.

I am convinced that optimizing these assets will unlock significant value for all shareholders.

### **SLIDE 14 – STRONG CASH FLOW GENERATION POTENTIAL**

Moving to slide 14, you see here the combined production profile of the group based on guidance and consensus amounts. We are confident that our group should produce over 1 million ounces per year as very attractive costs.

### **SLIDE 15 – COMPETITIVE ALL IN SUSTAINING COSTS**

On the next slide, I think it's useful to show the combined group's position on the industry AISC cost curve. As you can see, we are well within the bottom third of the industry cost curve. This is before we see any benefits from the expected synergies that we have identified.

### **SLIDE 16 – ATTRACTIVE GROWTH PROJECT PIPELINE**

Turning now to slide 16, we will take a deeper dive into the combined entity's project pipeline. As we have discussed, the combined company would possess an attractive growth project pipeline and one of the largest exploration portfolios in West Africa.

Our priority in the near term is to focus on improving our cash flow generation while improving optionality in the portfolio, including completion of a feasibility study at Kalana, a PEA at Fetekro as well as progressing exploration at Bantou.

### **SLIDE 17 – STRONG ABILITY TO FUND GROWTH**

I'd now like to turn to slide 17 and talk about the financial firepower the combined group will possess. As you can see from the pie chart, we'll have access to liquidity sources of half a billion dollars, including nearly \$400 million in cash, and a sound balance sheet.

Combined, the company will have enhanced liquidity and an improved leverage ratio of 0.7x Net Debt to EBITDA, after accounting for the expected La Mancha investment, as shown here. Together, these factors give us the capability to drive future growth, with the comfort of knowing our significant cash position can help us deal with an uncertain global operating environment.

### **SLIDE 18 – ENHANCED CAPITAL MARKET PROFILE - PRODUCTION**

Slide 18 shows our production scale compared to our competitors, and you can see we sit comfortably within the top 15 gold producers on a global basis. Again, these metrics are not important for ego, but rather, they are important because as this industry struggles to remain relevant, increased size means that we become more investable for both generalist and resource-focused funds.

### **SLIDE 19 – ENHANCED CAPITAL MARKET PROFILE – MARKET CAP**

On slide 19 you can see our combined pro forma market cap is \$2.1 billion, which also places us among the top 15 global gold producers by market capitalisation. We believe this added scale should help support increased trading liquidity and in turn, make Endeavour more attractive to a wider pool of investors.

### **SLIDE 20 – ENHANCED CAPITAL MARKET PROFILE - RETURN**

On Slide 20 you can see that both companies significantly improved their return on capital employed 2019 as they completed their construction phases. On a combined basis, the companies would have had an average 11 per cent return on capital and our target is to increase this number to over 20 per cent.

### **SLIDE 21 – KEY STRATEGIC PRIORITIES**

On Slide 21, we've summarized our priorities post integration, oriented around our 4 strategic pillars.

On the operational side, we will be focused on restarting Boungou by Q4 2020, with an enhanced security and operations plan. This includes working with the government and our partners in Burkina Faso in order to ensure that our people, partners and assets are safe when we re-start mining. We will also focus in the short term on achieving supply chain synergies.

On the project development side, we anticipate working to accelerate the greenfield Fetekro and Bantou projects, as well as completing the Kalana feasibility study.

Our third pillar is focused on unlocking the exploration value within our extensive portfolio. We will continue the current program at Ity and Houndé with a focus on the Le Plaque and Kari areas, and we also believe there's an opportunity to extend the mine life at Mana and Boungou through near-mine exploration.

Finally, we intend to accelerate our deleveraging and continue our active portfolio management strategy while continuing to focus on shareholder returns.

### **SLIDE 22 - CREATION OF A LEADING WEST AFRICAN GOLD PRODUCER**

Let me now take a moment to summarize the rationale on slide 22. This combination is compelling on many levels and delivers benefits to both sets of shareholders.

With this transaction:

- We are creating a leading West African gold company with annual production of more than 1 million ounces of gold, 10 million ounces of reserves and 20 million ounces of resources, at a very competitive AISC;
- We are joining forces to become the largest gold producer in West Africa, including the #1 producer in both Cote d'Ivoire and Burkina Faso, two countries which account for two-thirds of the prolific and highly prospective Birimian Greenstone Belt;
- We will have a diversified portfolio of six profitable operating mines, with four cornerstone mines which each producing more than 200,000 ounces of gold per year;
- We are establishing a strong project pipeline with optionality through four development stage projects;
- Our capital markets profile will be enhanced with a sustained cash flow profile, strengthened balance sheet, improved trading liquidity and broader appeal to investors in today's markets; and
- We are creating a stronger company with an enhanced leadership team more capable of managing the risks associated with our business.

We are excited today and for what the future holds for new Endeavour. Notwithstanding the current market volatility, and perhaps in part because of the uncertainty, this is the right time and the right transaction, bringing together two accomplished management groups who will be right team to lead the company going forward. We would be happy to take any of your questions now.