

Q1

Q2

Q3

Q4



**ENDEAVOUR
MINING**

INTEGRATED MANAGEMENT DISCUSSION & ANALYSIS AND FINANCIALS

**For the three months and six months ended
June 30, 2020**

**(Expressed in Thousands of United States Dollars)
(unaudited)**



SECTION 1



MANAGEMENT DISCUSSION & ANALYSIS

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This Management Discussion and Analysis (“MD&A”) should be read in conjunction with Endeavour Mining Corporation’s (“Endeavour”, the “Company”, the “Corporation”, or the “Group”) condensed interim consolidated financial statements for the three and six months ended June 30, 2020 which has been prepared in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) or (“GAAP”) as well as the audited consolidated financial statements for the years ended December 31, 2019 and 2018 and notes thereto which have been prepared in accordance with IFRS. This MD&A 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 MD&A is prepared as of August 05, 2020. Additional information relating to the Corporation, including the Corporation’s Annual Information Form, is available on SEDAR at www.sedar.com.

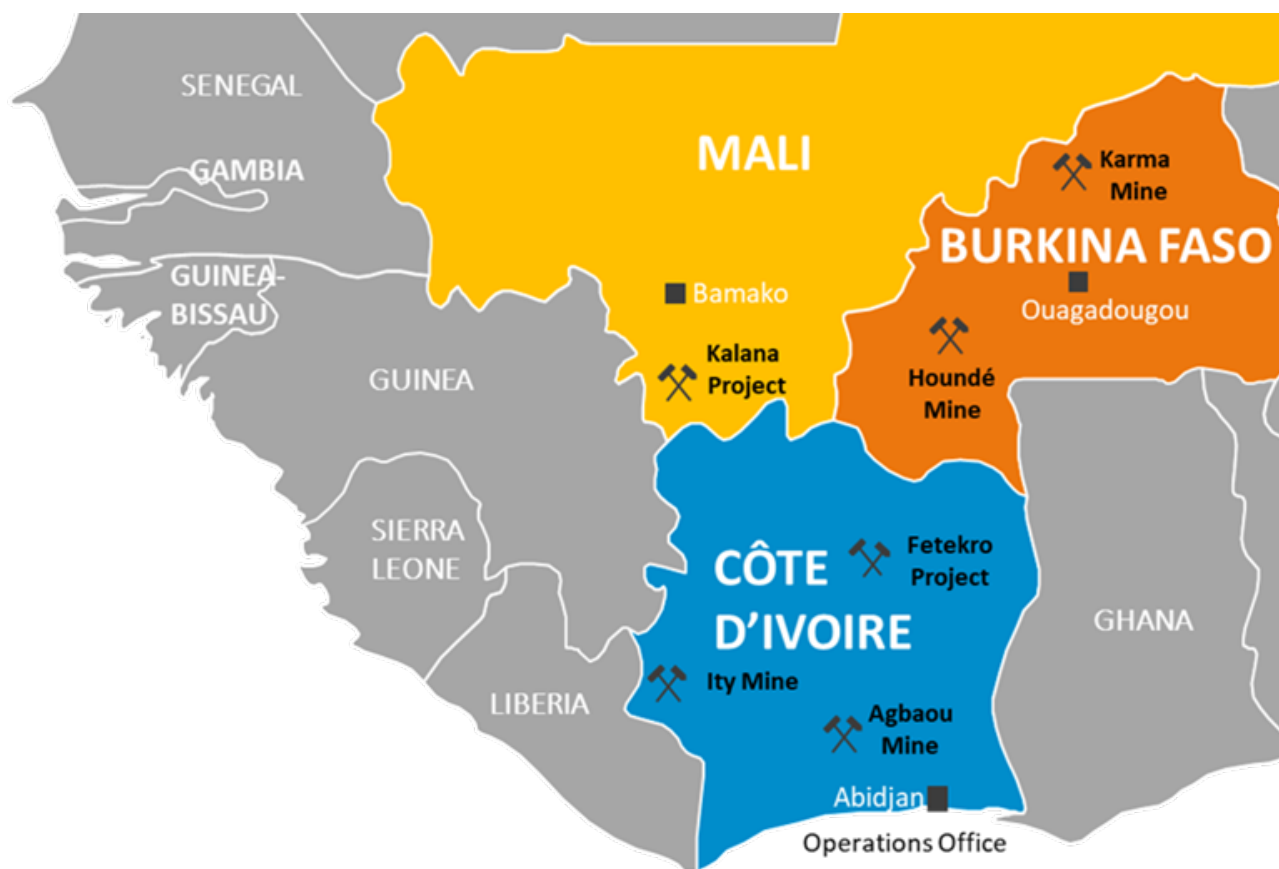
1. BUSINESS OVERVIEW

1.1. OPERATIONS DESCRIPTION

Endeavour Mining is a multi-asset TSX-listed intermediate gold producer, focused on developing and operating a portfolio of high quality, low-cost, long-life mines in West Africa. The Company’s assets include two mines (Ity and Agbaou) in Côte d’Ivoire, two mines (Houndé and Karma) in Burkina Faso, two potential development projects (Fetekro and Kalana) and a strong portfolio of exploration assets on the highly prospective Birimian Greenstone Belt across Burkina Faso, Côte d’Ivoire, Mali and Guinea.

As a leading producer, Endeavour is committed to principles of responsible mining and delivering sustainable value to its employees, stakeholders, and the communities where it operates. The Company adopts an active portfolio management approach to focus on high quality assets with an investment criteria based on capital efficiency and return on capital employed.

Figure 1: Endeavour Mining’s Principal Properties in West Africa as of June 30, 2020



2. HIGHLIGHTS FOR THE THREE MONTHS ENDED JUNE 30, 2020

2.1. CORPORATE HIGHLIGHTS

- On May 1, 2020, Endeavour announced that it filed the joint management information circular for the extraordinary general and special meetings of Endeavour and SEMAFO held on May 28, 2020. The purpose of the meetings was to seek approval for the previously announced proposed acquisition by Endeavour of all the issued and outstanding securities of SEMAFO by way of a Plan of Arrangement under the Business Corporations Act (Quebec), amongst other matters.
- On May 27, 2020, Endeavour announced that it published an enhanced 2019 Sustainability Report which details progress towards implementing the World Gold Council's environment, social and governance reporting framework, the Responsible Gold Mining Principles, as well as the Corporation's performance against key indicators in 2019.
- On May 28, 2020, Endeavour announced that its shareholders voted overwhelmingly in favour of the special resolution in support of the plan of arrangement pursuant to which Endeavour indirectly acquired all of the SEMAFO common shares on the basis of 0.1422 of an Endeavour common share for each outstanding SEMAFO share.
- On June 26, 2020, Endeavour announced Investment Canada clearance for the SEMAFO transaction meaning that all required regulatory approvals for the acquisition of SEMAFO were received. Endeavour closed the acquisition on July 2, 2020. Furthermore, the \$100.0 million La Mancha investment is expected to close on or about July 3, 2020.

2.2. OPERATIONAL AND FINANCIAL HIGHLIGHTS

- Q2-2020 production was 148,998 ounces at an all-in sustaining cost¹ ("AISC") of \$939 per ounce; well positioned to meet full year 2020 guidance.
- Revenue was \$253.1 million in Q2-2020 which generated \$88.2 million in earnings from mine operations, an increase over Q2-2019 of \$33.2 million and \$35.2 million, respectively.
- Operating Cash Flow before non-cash working capital amounted to \$85.4 million Q2-2020, or \$0.77 per share, an increase of \$28.0 million compared to Q2-2019.
- Basic loss per share was \$0.34 in Q2-2020 compared to a basic earnings per share of \$0.01 in Q2-2019.
- Adjusted Net Earnings¹ of \$52.8 million or \$0.48 per share in Q2-2020, a \$44.3 million increase compared to Q2-2019.
- Net debt¹ was \$472.6 in Q2-2020, marking a reduction of \$187.3 compared to Q2-2019, following nearly four years of intensive growth-capital investment.
- Healthy Net Debt / Adjusted EBITDA¹ (LTM) of 1.00x at quarter-end, a reduction of 64% from 2.75x at the end of Q2-2019.
- Cash of \$351.8 million at quarter-end, providing significant headroom to operate within the COVID-19 environment.

¹ Throughout this MD&A, cash costs, all-in sustaining costs, adjusted EBITDA, adjusted earnings attributable to shareholders, all-in sustaining margin, all-in margin, sustaining and non-sustaining capital expenditures, growth projects, free cash flow, net debt and net debt/adjusted EBITDA are non-GAAP financial performance measures with no standard meaning under IFRS, further discussed in the section Non-GAAP Measures.

Table 1: Quarterly Highlights

		THREE MONTHS ENDED			SIX MONTHS ENDED	
(\$'000s)	Unit	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Operating data						
Gold produced	oz	148,998	171,893	171,299	320,891	292,090
Gold sold	oz	149,828	174,554	170,749	324,382	291,624
Realized gold price ¹	\$/oz	1,689	1,546	1,285	1,612	1,271
All-in sustaining costs ²	\$/oz	939	899	790	918	826
Cash cost per gold ounce sold ²	\$/oz	675	661	632	667	644
All-in sustaining margin ²	\$/oz	750	647	494	694	445
Cash flow data						
Operating cash flow before non-cash working capital	\$	85,353	119,292	57,322	204,645	105,314
Operating cash flow before non-cash working capital per share	\$/share	0.77	1.08	0.52	1.85	0.96
Operating Cash Flow	\$	57,416	125,955	62,209	183,371	85,125
Operating Cash Flow per share	\$/share	0.52	1.14	0.57	1.66	0.78
Profit and loss data						
Revenues ¹	\$	253,084	269,902	219,371	522,986	370,681
Earnings from mine operations	\$	88,245	85,518	53,051	173,763	70,877
Net comprehensive (loss)/earnings attributable to shareholders	\$	(37,229)	25,998	711	(11,231)	(13,956)
Basic (loss)/earnings per share attributable to shareholders	\$/share	(0.34)	0.24	0.01	(0.10)	(0.13)
Adjusted EBITDA ²	\$	120,218	129,860	93,819	250,078	134,755
Adjusted net earnings attributable to shareholders ²	\$	52,793	33,517	8,519	86,310	3,609
Adjusted net earnings per share attributable to shareholders ²	\$/share	0.48	0.30	0.08	0.78	0.03
Balance Sheet Data						
Cash	\$	351,817	357,343	77,677	351,817	77,677
Net Debt ²	\$	472,646	472,654	659,964	472,646	659,964
Net Debt / Adjusted EBITDA (LTM) ratio ²	:	1.00	1.06	2.75	1.00	2.75

¹Revenue and realized gold price are net of gold stream sales to Franco-Nevada and Sandstorm.

²This is a non-GAAP measure. Refer to the non-GAAP measure section of the MD&A.

3. OPERATIONAL REVIEW SUMMARY

- Endeavour remains on track to achieve its Group production and AISC¹ guidance, despite the COVID-19 pandemic, as it expects a higher grade profile in H2-2020.
- Endeavour expects a stronger cash flow generation in the second half of the year, due to higher production, lower non-sustaining spend (already 70% of FY-2020 guidance completed in H1), lower exploration spend (already 85% of FY-2020 guidance completed in H1), the benefit of higher gold prices and its gold collar program (with a cap of \$1,500 per ounce for half its production) having been completed at the end of June 2020.
- H1-2020 production amounted to 320,891 ounces, an increase over H1-2019 mainly due to the start-up of the Ity CIL operation in late Q1-2019 while AISC¹ increased in line with guidance.

Table 2: Group Production

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<i>(All amounts in koz, on a 100% basis)</i>					
Agbaou	24	27	35	52	66
Ity Heap Leach	—	—	—	—	3
Ity CIL	47	61	58	108	66
Karma	20	28	21	48	43
Houndé	57	56	58	113	114
ENDEAVOUR PRODUCTION	149	172	171	321	292

Table 3: Group All-In Sustaining Costs¹

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<i>(All amounts in US\$/oz)</i>					
Agbaou	955	951	788	953	786
Ity Heap Leach	—	—	—	—	1,086
Ity CIL	784	651	585	707	585
Karma	952	866	1,047	904	999
Houndé	965	1,077	836	1,020	808
Corporate G&A	34	30	30	32	38
ENDEAVOUR AISC¹	939	889	790	918	826

¹This is a non-GAAP measure. Refer to the non-GAAP measure section of the MD&A.

4. BUSINESS REVIEW

4.1. ENVIRONMENT, SOCIAL AND GOVERNANCE

Endeavour is committed to being a responsible gold miner, creating long-term value and sharing the benefits of its operations among all its stakeholders, including employees, members of the communities where it operates, shareholders, and other key stakeholders. As the largest gold miner in West Africa and a trusted government partner, Endeavour's operations have the potential to provide a significant positive impact on the economies and social development of its local communities and host countries, while minimizing its impact on the environment. In early 2019, Endeavour became a member of the World Gold Council and made the decision to adopt the Responsible Gold Mining Principles ("RGMPs") as its framework for furthering its commitment to responsible mining.

Environment, social and governance ("ESG") policies, systems and practices are embedded throughout the business and the Company reports annually on its ESG performance via its Sustainability Report.

Health and Safety

Endeavour puts the highest priority on safe and healthy work practices and systems. The Company's ultimate aim is to achieve "zero harm" performance. The following table shows the safety statistics for the trailing twelve months ended June 30, 2020. Regrettably, a fatal accident occurred at the Karma mine in Burkina Faso on February 28, 2020. A full investigation has been carried out and the key findings have been incorporated into the Group's safety procedures. During the quarter, there were no lost time injuries ("LTIs") reported for the Group. The Group's lost time injury frequency rate ("LTIFR") continues to be well below the industry benchmark.

Table 4: LTIFR Statistics for the Trailing Twelve Months ended June 30, 2020

Incident Category	Agbaou	Karma	Ity	Houndé	Non Operations ³	Total
Fatality	0	1	0	0	0	1
Lost Time Injury	0	0	4	0	0	4
Total People Hours	3,128,784	3,115,317	5,183,516	4,878,353	3,184,775	19,490,745
LTIFR¹	0	0	0.77	0	0	0.21
AIFR²	4.47	4.49	4.05	1.84	5.06	3.44

¹LTIFR = Number of LTIs in the Period x 1,000,000 / Total people hours worked for the period

²All Injury Frequency Rate ("AIFR") = Number of (LTI+Restricted Work Injury+Medical Treated Injury+First Aid Injury) in the period x 1,000,000 / Total people hours worked for the period

³"Non Operations" includes Corporate, Kalana and Exploration

During the quarter, the Corporation continued its malaria prevention programs across its sites. Actions include indoor residual spraying, regular fogging, awareness campaigns and application of larvicide in stagnant water on site. The Houndé mine has seen particularly encouraging results from their prevention program, with only 24 cases in H1-2020 compared to 136 for the same period last year. At Ity, a pilot community malaria program commenced during the quarter. Alongside community education and the establishment of hygiene and mosquito control committees, community members are being trained to conduct indoor spraying in the local communities surrounding the mine. Approximately 3,000 houses in eight villages have been sprayed in the first phase.

New ESG Reporting Framework Adopted – The Responsible Gold Mining Principles

The RGMPs were launched by the World Gold Council, the industry body responsible for stimulating and sustaining demand for gold, to reflect the commitment of the world's leading gold producers to responsible mining. The RGMPs provide a comprehensive reporting framework that sets out clear expectations as to what constitutes responsible gold mining to help provide confidence to investors, supply chain participants and ultimately, consumers. Member companies will have up to three years to fully comply with the RGMPs and will be required to obtain external assurance on their performance and conformance to the RGMPs.

The RGMPs consist of ten umbrella principles and 51 detailed principles, which cover key ESG themes, issues and actions. Endeavour has adopted the RGMPs as its primary ESG reporting framework and is targeting full conformance within the Council's three-year timeframe. As part of its implementation strategy, Endeavour conducted a gap analysis in 2019 to identify those policies, standards and activities which already conform to the RGMPs, as well as those areas that will require additional work in order to achieve conformance.

During the quarter, Endeavour commenced implementing the RGMPs and received its first external assurance on Principle 1.7, which relates to accountabilities and reporting.

Responding to Climate Change

Being responsible stewards of the environment is critical to the Group's long-term success. Endeavour recognizes the need to monitor its energy consumption and efficiency and, where possible, to reduce its carbon footprint. The Group has been reporting on its Scope 1 and Scope 2 greenhouse gas emissions since 2017. This year, the Group also started reporting its Scope 3 emissions. Endeavour has also commenced work on developing an Emissions Reduction Target informed by climate science and its specific operating context and will continue to work to identify pathways to achievement. During the quarter, a Group greenhouse gas emissions reduction plan was approved. The plan commits to:

- Establishing a system to promote continuous improvement;
- Proactively managing power generation costs and utility contracts;
- Achieving sustainable improvements in energy efficiency; and
- Protecting the operations' energy security over their anticipated life of mine.

Endeavour acknowledges the risks and impacts climate change poses to its business. During the quarter, the Corporation engaged consultants to assess its current practices and disclosures in relation to the Financial Services Board's Task Force on Climate-related Financial Disclosure ("TCFD") in preparation for augmenting its climate-related disclosure with the TCFD recommendations in 2021.

Linking ESG Performance to Compensation Plans

This year, Endeavour has augmented its short and long-term compensation plans to include clearly measurable ESG targets in order to ensure full alignment across the business. For 2020, Endeavour has expanded its Group targets, which affects annual employee bonuses, to include a 20% weighting for ESG-related short-term targets. Alongside a safety target of a LTIFR which is 10% below the industry benchmark, the plan also includes a diversity target of achieving a 25% increase in female employee representation to 10% in 2020.

The long-term incentive awards for executives have also been augmented to include a 12.5% ESG weighting for the successful external assurance on all 10 umbrella principles and 51 principles of the RGMPs. Full details of the compensation plan will be available in the Corporation's management information circular relating to its Annual General Meeting, which will be published in Q3-2020.

2019 Sustainability Report Published

During the quarter, Endeavour published an enhanced 2019 Sustainability Report, prepared in accordance with the Global Reporting Initiative Sustainability Report Standards: Core Option, which detailed the Corporation's performance against key ESG indicators in 2019. The full report is available at www.endeavourmining.com.

In addition to the Corporation's update on the implementation of the RGMPs, the main highlights from the Report are as follows:

- Continued strong safety record with reductions in Group AIFR and Group LTIFR by 30% and 44%, respectively, compared to 2018.
- Distribution of \$627.0 million in economic value to host countries, including \$100.0 million in taxes and royalties, representing 71% of revenue.
- In-country procurement represented 67% of Group spend, supporting 1,144 local businesses.
- Zero significant environmental incidents in both 2019 and 2018.
- 22% reduction in greenhouse gas emission intensity (CO₂-equivalent per oz gold produced) over 2018.
- West African General Managers representation increased to 75%, from 25% in 2018.
- The representation of women in technical or supervisory roles increased to 11%, from 5% in 2018.
- 95% of site workforce are nationals, remaining at similar levels to 2018.

4.2. COVID-19 RESPONSE

Since the outbreak of the global COVID-19 pandemic, Endeavour has focused on the well-being of its employees, contractors and local communities, while ensuring business continuity. In addition, host governments in Cote d'Ivoire, Burkina Faso and Mali have taken strict and pro-active measures to minimize overall exposure in their countries.

Protecting the well-being of employees, contractors, and local communities

- Endeavour has implemented a range of preventative measures across all its sites, including social distancing, health screening, augmented hygiene and restricted access to sites.
- Endeavour operates in close coordination with the national health authorities and is using the epidemiological surveillance system it developed to assist host countries (Cote d'Ivoire, Burkina Faso and Mali) with the monitoring and tracking of the pandemic in these countries.

- Endeavour's donations of key medical equipment and supplies to regional, community and on-site medical centers continued during the quarter across all three countries of its operations.
- A range of community programs were implemented during the quarter including micro-credit programs, which help to support people in host communities whose livelihoods have been impacted by the pandemic, and e-learning programs in Burkina Faso to facilitate access to distance learning for students.

Business continuity response plan

- In early March 2020, Endeavour put in place a business continuity plan to mitigate the risks and potential impact of the global COVID-19 pandemic, which has three levels of response:
 - Level 1, which the Group is currently operating under, involves a range of preventative measures including temperature checks, restricted access to sites, social distancing, increased hygiene standards and mandatory quarantine periods for employees arriving in-country, while otherwise continuing operations as normal.
 - Level 2 is designed to be initiated should COVID-19 become more prevalent in the countries in which the Group operates and involves comprehensive restrictions on movement into and out of the mines. Under these circumstances, Endeavour's mines would be isolated, but mining operations and the shipment of gold would continue.
 - Level 3 involves the full or partial suspension of mining and processing operations.
- In addition, the Group has also taken a number of proactive steps, including:
 - Assessing the supply chain with a focus on ensuring continuity of supply in a range of scenarios. Endeavour's shift to national suppliers located within host countries over the past 12 months has mitigated the impact of closed borders.
 - To ensure that Endeavour would have substantial liquidity and financial flexibility to operate under various stress-test scenarios, Endeavour drew down the entirety of its available Revolving Credit Facility ("RCF") in Q1-2020. Endeavour has now commenced repaying the RCF and expects to continue to reduce the drawn amount during Q3-2020 and Q4-2020.
 - Endeavour assessed its ability to curtail its operations to selectively mine higher grade ore with low strip ratios should mining activity need to be reduced in response to an increase in COVID-19 prevention measures.
- Each of Endeavour's operations are continuing to operate at normal levels with gold shipments and sales continuing, albeit with increased health and safety measures and decreased efficiencies.
- Employees in a role that enabled them to work from home were asked to do so. The Company's cloud-based strategy ensured that employees could access all the relevant applications, systems and collaboration tools that they needed to perform their duties. In addition, the cyber security response was updated and is constantly tracked in light of the increased cyber security risk generally observed during the pandemic.

4.3. OPERATIONS REVIEW

The following tables summarize operating results for the three months ended June 30, 2020, March 31, 2020, and June 30, 2019 and the six months ended June 30, 2020 and June 30, 2019.

Ity Gold Mine, Côte d'Ivoire

Table 5: Ity CIL Key Performance Indicators

THREE MONTHS ENDED					SIX MONTHS ENDED	
	Unit	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Operating Data						
Tonnes ore mined	kt	1,650	1,909	1,409	3,559	2,523
Tonnes of waste mined	kt	3,725	3,317	2,460	7,042	4,701
Open pit strip ratio ¹	w:o	2.26	1.74	1.75	1.98	1.88
Tonnes milled	kt	1,180	1,410	934	2,590	1,191
Average gold grade milled	g/t	1.59	1.63	2.03	1.61	2.03
Recovery rate	%	77	84	90	81	90
Gold produced	oz	46,790	61,005	57,503	107,795	66,287
Gold sold	oz	46,146	63,514	61,989	109,660	61,989
Financial Data (\$'000)						
Revenues	\$	79,419	100,723	82,208	180,142	82,208
Mining costs	\$	(16,779)	(12,381)	(13,996)	(29,160)	(13,996)
Processing cost	\$	(14,116)	(16,858)	(12,809)	(30,974)	(12,809)
General and Administrative expenses	\$	(3,502)	(4,315)	(5,152)	(7,817)	(5,152)
Capitalized waste	\$	4,793	1,427	—	6,220	—
Inventory adjustments and other	\$	122	(3,323)	(1,309)	(3,201)	(1,309)
Total Cash Cost ²	\$	(29,482)	(35,450)	(33,265)	(64,932)	(33,265)
Royalties	\$	(4,453)	(4,763)	(3,028)	(9,216)	(3,028)
Sustaining capital ²	\$	(2,253)	(1,123)	—	(3,376)	—
Total All-in Sustaining Costs ²	\$	(36,188)	(41,336)	(36,293)	(77,524)	(36,293)
Non-sustaining capital ²	\$	(10,746)	(10,947)	—	(21,693)	—
All-In Margin²	\$	32,485	48,440	45,915	80,925	45,915
add back: Sustaining and non-sustaining capital ²	\$	12,999	12,070	—	25,069	—
Depreciation/depletion	\$	(8,466)	(10,679)	(10,498)	(19,145)	(10,498)
Non-cash operating expense	\$	(220)	220	3,143	—	3,143
Earnings from mine operations	\$	36,798	50,051	38,560	86,849	38,560
Unit cost analysis						
Realized gold price	\$/oz	1,721	1,586	1,326	1,643	1,326
Open pit mining cost per tonne mined	\$/t	3.12	2.37	3.62	2.75	3.62
Processing cost per tonne milled	\$/t	11.96	11.95	13.72	11.96	13.72
G&A cost per tonne milled	\$/t	2.97	3.06	5.52	3.02	5.52
Cash cost per ounce sold²	\$/oz	639	558	537	592	537
Mine All-In Sustaining Costs²	\$/oz	784	651	585	707	585

¹ Open pit strip ratio includes capital waste.

² Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

Ity CIL Q2 2020 vs Q1 2020 Insights

- Despite the COVID-19 pandemic, Ity continued to operate at near-normal levels under the Level 1 Response Environment, as described in Section 4.2 above. The mine plan prioritized both waste extraction and the completion of the TSF raise in Q2-2020 which provides the Company with increased operational flexibility should the mine be forced to operate under a Level 2 or 3 Response Environment which would restrict the number of employees on site and reduce mining activity.
- Production decreased as the mine plan prioritized both waste extraction and the TSF raise which resulted in a sub-optimal processed ore blend leading to short-term variances in mill throughput, recoveries and processed grade.
 - Total tonnes mined remained flat, however tonnes of ore mined decreased by 16% as a greater focus was placed on waste extraction. More waste was extracted at the Ity pit as a result of accelerating the previously planned cutback. In addition, pre-stripping commenced at the Colline Sud Pit, following a change in the mine plan to provide greater operational flexibility. In addition to the operating data presented in the table above, 0.9Mt of waste were mined outside of existing pits to accelerate the planned TSF raise.
 - The processed grade decreased slightly as a higher proportion of the mill feed was supplemented by the lower grade oxide stockpiles as mining focused on waste extraction.
 - Tonnes milled decreased due to lower mill availability driven by longer maintenance shutdowns related to COVID-19 (more time required to get technicians and spare parts on site), however throughput remained within 5% of the nominal plant capacity throughput.
 - Recovery rates reduced, as expected, due to greater quantities of transitional and fresh ore processed from Daapleu with associated lower recoveries.
- AISC increased due to lower ounces of gold sold, higher royalty rates, a higher strip ratio, lower recovery rates and higher unit mining costs.
 - Mining unit costs increased from \$2.37 to \$3.12 per tonne mined due to the higher drill and blast and equipment maintenance costs associated with mining an increased proportion of fresh material.
 - Processing unit costs remained broadly flat, despite greater downtime and lower mill throughput.
 - Sustaining capital increased from \$1.1 million to \$2.3 million for the quarter due to the change-out on heavy mining equipment.
- Non-sustaining capital remained flat. Q2-2020 includes accelerated waste capitalization for the new Colline Sud pit as well as the TSF raise which was completed within the same period.

H1 2020 vs H1 2019 Insights

- Production increased as the Ity CIL plant operated for the full six month period in H1-2020 compared to half the period in H1-2019 as the plant had its first gold pour in March 2019 with commercial production declared on April 8th 2019. AISC increased as guided due to mining at deeper elevations and increased sustaining capital related to the component change-out associated with heavy mining equipment.

H2 2020 Outlook

- Ity is expected to achieve the bottom end of its full year 2020 production guidance range of between 235,000 - 255,000 ounces and the top end of its AISC guidance of \$630 - \$675 per ounce.
- Plant feed in H2-2020 is expected to be sourced primarily from the Daapleu pit, while continuing to be supplemented by ore from the Ity pit and lower grade historic heap dumps. As initially guided, the proportion of fresh ore is expected to remain high for the remainder of the year as the pits become deeper whilst processed grades and recovery rates are expected to remain stable.
- Sustaining capital spend for FY-2020 is expected to amount to approximately \$8.0 million (of which \$3.4 million has been incurred in H1-2020), an increase compared to the initial FY-2020 guidance of \$4.0 million due to increased waste extraction following the change in the mine plan.
- Non-sustaining capital spend for FY-2020 is expected to amount to approximately \$35.0 million (of which \$21.7 million has been incurred in H1-2020), an increase compared to the initial FY-2020 guidance of \$26.0 million as the infrastructure and river diversion work for the Le Plaque high grade deposit, which was originally planned for 2021, is now expected to be brought forward given the high confidence in obtaining a mining permit in the coming months and the expected positive impact of this deposit.

Exploration Activities

- An exploration program of up to \$14.0 million totaling approximately 100,000 meters has been planned for 2020, with the aim of growing the Le Plaque, Bakatouo, and Daapleu deposits, and testing other targets such as Foleu and Samuel.
- In H1-2020, \$12.0 million was spent, comprised of nearly 85,000 meters drilled, with eight rigs active over the greater Ity area. The majority of drilling was focused on the Le Plaque area and on near-mill targets such as Verse West and Leach pad and Daapleu SW.
- As announced on July 7, 2020, drilling has resulted in a 43% increase in Le Plaque's Indicated resource estimate to 689,000 ounces. In addition, several other nearby targets have also been identified. At least 15,000 meters of drilling are planned for the remainder of 2020. Following the recent resource addition, the updated Le Plaque reserve estimate is expected to be published in Q3-2020 and integrated into the Ity mine plan.

Table 6: Houndé Key Performance Indicators

		THREE MONTHS ENDED			SIX MONTHS ENDED	
	Unit	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Operating Data:						
Tonnes ore mined	kt	1,072	900	917	1,972	1,686
Tonnes of waste mined	kt	10,437	10,411	8,225	20,848	16,857
Open pit strip ratio ¹	w:o	9.73	11.57	8.97	10.57	10.00
Tonnes milled	kt	1,035	1,066	1,043	2,101	2,076
Average gold grade milled	g/t	1.91	1.76	1.88	1.83	1.84
Recovery rate	%	92	91	93	91	93
Gold produced	oz	57,444	55,860	58,232	113,304	113,592
Gold sold	oz	57,431	56,671	54,255	114,102	113,830
Financial Data (\$'000)						
Revenues	\$	100,190	88,836	71,013	189,026	148,516
Mining costs	\$	(24,718)	(25,445)	(19,563)	(50,163)	(38,538)
Processing cost	\$	(14,808)	(13,311)	(13,502)	(28,119)	(26,229)
General and Administrative expenses	\$	(4,740)	(3,401)	(6,577)	(8,141)	(13,060)
Capitalized waste	\$	9,783	11,845	5,928	21,628	9,199
Inventory adjustments and other	\$	(1,786)	(11,827)	26	(13,613)	(3,066)
Total Cash Cost ²	\$	(36,269)	(42,138)	(33,687)	(78,408)	(71,695)
Royalties	\$	(8,025)	(7,105)	(4,470)	(15,130)	(9,743)
Sustaining capital ²	\$	(11,117)	(11,774)	(7,223)	(22,891)	(10,494)
Total All-In Sustaining Costs ²	\$	(55,411)	(61,016)	(45,381)	(116,429)	(91,932)
Non-sustaining capital ²	\$	(5,750)	(1,815)	(3,191)	(7,565)	(9,295)
All-In Margin²	\$	39,029	26,005	22,441	65,032	47,289
add back: Sustaining and non-sustaining capital ²	\$	16,867	13,589	10,414	30,456	19,789
Depreciation/depletion	\$	(13,726)	(16,403)	(16,243)	(30,129)	(31,920)
Non-cash operating expense	\$	(35)	35	—	—	—
Earnings from mine operations	\$	42,135	23,225	16,612	65,358	35,158
Unit cost analysis						
Realized gold price	\$/oz	1,745	1,568	1,309	1,657	1,305
Open pit mining cost per tonne mined	\$/t	2.15	2.25	2.14	2.20	2.08
Processing cost per tonne milled	\$/t	14.31	12.49	12.95	13.39	12.63
G&A cost per tonne milled	\$/t	4.58	3.19	6.31	3.88	6.29
Cash cost per ounce sold²	\$/oz	632	744	621	687	630
Mine All-In Sustaining Costs²	\$/oz	965	1,077	836	1,020	808

¹Strip ratio includes capital waste.²Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

Q2 2020 vs Q1 2020 Insights

- Despite the COVID-19 pandemic, Houndé continued to operate at near-normal levels under the Level 1 Response Environment, as describe in Section 4.2 above. Given the flexibility available within the Houndé mine plan, notably due to the slightly earlier than expected receipt of the mining permit for the high grade Kari Pump deposit, a portion of the initially scheduled waste capitalization activity was delayed to later in the year. As such, Houndé's performance was better than initially anticipated.
- Production increased slightly as higher processed grades and a slightly better recovery rate more than offset the slightly lower throughput.
 - Tonnes of ore mined increased due to the lower overall strip ratio as scheduled waste capitalization activity was delayed to later in the year. Ore was mainly sourced from the Vindaloo Central and Bouéré pits, which have a lower strip ratio, and supplemented by ore from the Vindaloo Main and Vindaloo North pits which have a slightly higher strip ratio.
 - Tonnes milled reduced slightly, however continued to perform well above nameplate, as the ore blend continued to be mainly fresh.
 - Processed grades increased as the strong waste capitalization at Vindaloo Central during the previous quarter provided access to high grade ore. In addition, less low grade stockpiles were used to supplement mill feed given the increased mining activity.
 - Recovery rates increased slightly based on the ore blend characteristics.
- AISC decreased mainly due to slightly higher sales volumes and lower mining unit costs which more than offset higher royalties and higher processing and G&A unit costs.
 - Mining unit costs decreased slightly from \$2.25 to \$2.15 per tonne due to lower production drilling and blasting activities required for the oxidized ore mined at the Vindaloo Central pit.
 - Processing unit costs increased from \$12.49 to \$14.31 per tonne driven by increased reagent costs.
 - Sustaining capital decreased slightly from \$11.8 million to \$11.1 million due to the change in the mine plan.
- Non-sustaining capital increased from \$1.8 million to \$5.8 million with the Q2-2020 spend mainly comprised of compensation and resettlement for the Kari Pump area, as well as a TSF raise.

H1 2020 vs H1 2019 Insights

- Production remained steady as increased tonnes milled offset the lower recovery rate while processed grades remained flat. AISC increased as expected due to higher sustaining waste capitalization, higher royalty costs and a shift to mining and processing a higher proportion of harder fresh ore.

H2 2020 Outlook

- With the recent receipt of the Kari Pump mining permit, Houndé is expected to achieve the top end of its full year 2020 production guidance range of 230,000 - 250,000 ounces and the bottom end of its AISC guidance range of \$865—\$895 per ounce.
- Higher grade material is planned to be processed in the second half of the year with mill feed from Vindaloo Main and Central supplemented by Kari Pump, which will be ramped up in Q4-2020.
- The overall expected capital spend for FY-2020 is expected to remain unchanged at \$59.0 million (of which \$30.5 million was incurred in H1-2020). Sustaining and non-sustaining capital spends for FY-2020 are expected to amount to approximately \$49.0 million and \$10.0 million, respectively.

Exploration

- An exploration program of \$11.0 million totaling approximately 94,000 meters has been initially planned for 2020, with the aim of delineating additional resources in the Kari area and at the Vindaloo South and Vindaloo North targets. In addition, other targets such as Dohoun and Sia/Sianikoui are expected to be tested.
- In H1-2020, over 73,000 meters were drilled with up to 11 rigs active. Of the meters completed, over 44,000 meters were drilled for geotechnical and metallurgical purposes at Kari West, Kari Centre and Kari Gap, and sterilization and grade control at Kari Pump. The majority of remaining drill meters focused on the Kari area along with small reconnaissance drill campaigns at Sianikoui, Mambo and Marzipan which provided positive initial results. A new mineralized area was discovered, named Kari Gap, which is the extension of the Kari Center Main area.
- An updated resource estimate, incorporating 554,000 additional Indicated ounces for the entire Kari area, was published in early Q3-2020. A reserve estimate update is expected to be released in Q3-2020, which will include maiden reserves for Kari West and will be followed by the publication of an updated mine plan for Houndé. In addition, a second reserve estimate update is expected to be published in Q4-2020 to include Kari Center Main and Kari Gap.

Table 7: Agbaou Key Performance Indicators

		THREE MONTHS ENDED			SIX MONTHS ENDED	
	Unit	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Operating Data						
Tonnes ore mined	kt	659	757	564	1,416	1,015
Tonnes of waste mined	kt	4,589	5,676	5,992	10,265	11,758
Open pit strip ratio ¹	w:o	6.97	7.50	10.60	7.25	11.58
Tonnes milled	kt	675	732	644	1,407	1,365
Average gold grade milled	g/t	1.14	1.31	1.75	1.23	1.58
Recovery rate	%	94	94	94	94	94
Gold produced	oz	24,437	27,460	34,558	51,897	66,391
Gold sold	oz	25,067	27,423	34,411	52,490	68,122
Financial Data (\$'000)						
Revenues	\$	43,503	43,581	45,108	87,084	89,156
Mining costs	\$	(14,502)	(17,129)	(15,786)	(31,631)	(31,455)
Processing cost	\$	(5,989)	(5,196)	(5,152)	(11,185)	(10,439)
General and Administrative expenses	\$	(2,329)	(2,231)	(3,089)	(4,560)	(6,176)
Capitalized waste	\$	1,292	5,570	2,225	6,862	9,259
Inventory adjustments and other	\$	1,448	674	(1,090)	2,122	(1,516)
Total Cash Cost ²	\$	(20,080)	(18,312)	(22,892)	(38,392)	(40,327)
Royalties	\$	(2,464)	(2,333)	(1,711)	(4,797)	(3,415)
Sustaining capital ²	\$	(1,386)	(5,436)	(2,513)	(6,822)	(9,816)
Total All-in Sustaining Costs ²	\$	(23,930)	(26,080)	(27,116)	(50,011)	(53,558)
Non-sustaining capital ²	\$	(316)	(134)	(2,602)	(450)	(5,126)
All-In Margin²	\$	19,257	17,367	15,391	36,624	30,473
add back: Sustaining and non-sustaining capital ²	\$	1,702	5,570	5,115	7,272	14,942
Depreciation/depletion	\$	(8,295)	(9,601)	(12,207)	(17,896)	(20,793)
Non-cash operating expense	\$	—	—	—	—	—
Earnings from mine operations	\$	12,664	13,336	8,298	26,000	24,622
Unit cost analysis						
Realized gold price	\$/oz	1,735	1,589	1,311	1,659	1,309
Open pit mining cost per tonne mined	\$/t	2.76	2.66	2.41	2.71	2.46
Processing cost per tonne milled	\$/t	8.88	7.10	8.00	7.95	7.65
G&A cost per tonne milled	\$/t	3.45	3.05	4.79	3.24	4.53
Cash cost per ounce sold²	\$/oz	801	668	665	731	592
Mine All-In Sustaining Costs²	\$/oz	955	951	788	953	786

¹ Strip ratio includes capital waste² Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

Q2 2020 vs Q1 2020 Insights

- Despite the COVID-19 pandemic, Agbaou continued to operate at near-normal levels under the Level 1 Response Environment, as describe in Section 4.2 above, with no material changes to its mine plan required.
- Production decreased due to lower average processed grades and throughput while recovery rates remained flat.
 - Total tonnes mined decreased due to both fewer tonnes of ore mines and a lower overall strip ratio. Mining was focused on the deeper elevation of the North and South pits. Tonnes of ore mined decreased mainly due to the impact of higher rainfall and lower equipment productivity as mining focused on the fresh material zones.
 - Tonnes milled decreased due to the planned higher proportion of fresh ore in the blend.
 - Processed grades decreased as a result of higher tonnage from the lower grade South pit and the use of low grade stockpiles to supplement the plant feed.
 - Recovery rates remained flat.
- The AISC remained flat as lower sustaining capital spend offset higher unit mining, processing and G&A costs and increased royalties.
 - Mining unit costs increased from \$2.66 to \$2.76 per tonne mined due to mining more fresh material at a deeper elevation in the North and South pits.
 - Processing unit costs increased from \$7.10 to \$8.88 per tonne mainly due to lower tonnes milled and a greater proportion of fresh ore in the blend.
 - Sustaining capital costs decreased from \$5.4 million to \$1.4 million primarily due to the lower capitalized waste.
- Non-sustaining capital remained low, marginally increasing from \$0.1 million to \$0.3 million.

H1 2020 vs H1 2019 Insights

- As guided, production decreased due to lower grades which were slightly offset by higher plant throughput.
- AISC increased as a result of lower ounces sold and higher royalties, unit mining costs and processing costs, which were offset by lower sustaining capital and G&A unit costs.

H2 2020 Outlook

- Agbaou is expected to achieve the bottom half of its full year 2020 production guidance range of 115,000—125,000 ounces and the middle of its AISC guidance range of \$940—\$990 per ounce.
- Mining is expected to continue principally in the North and South pits with contributions from the West pit ceasing in the second half of the year. Throughput and recovery rates are expected to decrease slightly in the second half of the year as greater volumes of harder fresh ore are expected to be processed. The average grade milled is however expected to increase throughout the second half of the year.
- Sustaining and non-sustaining capital spends for FY-2020 remain unchanged compared to the initial guidance, and are expected to amount to approximately \$17.0 million and \$1.0 million, respectively.

Exploration Activities

- An exploration program of up to \$2.0 million has been planned for 2020 with the aim of continuing to test targets located along extensions of known deposits and on parallel trends.
- Minimal work was done in H1-2020 as the Côte d'Ivoire exploration efforts were concentrated on Ity and Fetekro.

Table 8: Karma Key Performance Indicators

		THREE MONTHS ENDED			SIX MONTHS ENDED	
	Unit	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Operating Data:						
Tonnes ore mined	kt	1,288	1,229	1,057	2,517	1,891
Tonnes of waste mined	kt	3,513	3,724	4,599	7,237	8,539
Open pit strip ratio ¹	w:o	2.73	3.03	4.35	2.87	4.52
Tonnes of ore stacked	kt	1,238	1,114	1,047	2,352	2,142
Average gold grade stacked	g/t	0.81	1.02	0.86	0.91	0.77
Recovery rate	%	80	82	83	81	82
Gold produced:	oz	20,327	27,568	21,006	47,895	43,119
Gold sold:	oz	21,184	26,946	20,093	48,130	43,469
Financial Data (\$'000)						
Revenues ²	\$	29,973	36,762	21,042	66,735	45,315
Mining costs	\$	(11,427)	(11,738)	(11,954)	(23,165)	(23,239)
Processing cost	\$	(8,120)	(6,841)	(7,455)	(14,961)	(15,512)
General and Administrative expenses	\$	(2,679)	(2,790)	(2,978)	(5,469)	(6,108)
Capitalized waste	\$	1,823	504	6,556	2,327	9,664
Inventory adjustments and other	\$	5,091	1,409	(2,294)	6,500	(2,820)
Total Cash Cost ³	\$	(15,312)	(19,455)	(18,125)	(34,768)	(38,014)
Royalties	\$	(2,828)	(3,251)	(1,822)	(6,079)	(3,634)
Sustaining capital ³	\$	(2,028)	(639)	(1,087)	(2,667)	(1,758)
Total All-In Sustaining Costs ³	\$	(20,168)	(23,346)	(21,034)	(43,514)	(43,407)
Non-sustaining capital ³	\$	(3,838)	(2,074)	(8,681)	(5,912)	(11,512)
All-In Margin³	\$	5,967	11,343	(8,674)	17,309	(9,604)
add back: Sustaining and non-sustaining capital ³	\$	5,866	2,713	9,769	8,579	13,270
Depreciation/depletion	\$	(11,318)	(13,668)	(11,564)	(24,986)	(22,518)
Non-cash operating income/(expense)	\$	17	696	1,507	713	(3,014)
Earnings/(loss) from mine operations	\$	532	1,084	(8,961)	1,615	(21,866)
Unit cost analysis						
Realized gold price ²	\$/oz	1,415	1,364	1,047	1,387	1,042
Open pit mining cost per tonne mined	\$/t	2.38	2.37	2.11	2.37	2.23
Processing cost per tonnes stacked	\$/t	6.56	6.14	7.12	6.36	7.24
G&A cost per tonne stacked	\$/t	2.16	2.50	2.84	2.33	2.85
Cash cost per ounce sold³	\$/oz	723	722	902	722	875
Mine All-In Sustaining Costs³	\$/oz	952	866	1,047	904	999

¹ Strip ratio includes capital waste.² Revenue and realized gold price are net of gold stream sales to Franco/Nevada and Sandstorm.³ Non-GAAP measure. Refer to the Non-GAAP Measures section for further details.

Q2 2020 vs Q1 2020 Insights

- Despite the COVID-19 pandemic, Karma continued to operate at near-normal levels under the Level 1 Response Environment, as describe in Section 4.2 above, with no material changes to its mine plan required.
- Production decreased despite higher stacker throughput rates due to lower grades stacked, a slight decrease in recovery rate and increased gold in the circuit.
 - Total tonnes mined remained relatively flat. As guided, a higher proportion of ore mined was sourced from the lower grade GG1 pit. In addition, a waste stripping campaign commenced at the Kao North pit.
 - Ore tonnes stacked increased due to the benefit of the recently completed conveyor and stacking system upgrades.
 - The stacked grade decreased due to lower grade ore sourced from the GG1 pit.
 - Recovery rates decreased slightly as a portion of the ore stacked was transitional material. In addition, gold in circuit increased due to gold locked in the heap which is expected to be recovered in the upcoming quarters.
- The AISC increased, albeit outperforming guidance, mainly due to increased sustaining capital spend, higher royalty rates, and increased unit processing cost which were partially offset by lower unit G&A costs.
 - Mining unit costs remained flat.
 - Processing unit costs increased from \$6.14 to \$6.56 per tonne due to higher use of cyanide and cement associated with the low grade GG1 materials stacked.
 - Sustaining capital costs increased from \$0.6 million to \$2.0 million due to increased capitalized waste at the Kao North pit.
- Non-sustaining capital spend increased from \$2.1 million to \$3.8 million due to security upgrades and various process plant upgrades.
- A mining contract was awarded to SFTP Mining BF S.A.R.L (“SFTP”), a local contractor, in late Q2-2020. As such, Karma successfully transitioned from owner mining to contract mining on June 8, 2020. As a part of the transition, the mining fleet at Karma and associated spare parts were sold to SFTP for \$12.8 million.

H1 2020 vs H1 2019 Insights

- As guided, production increased due to the higher throughput rate and grade stacked.
- AISC decreased as a result of higher ounces sold, lower unit processing and G&A costs and a lower strip ratio.

H2 2020 Outlook

- Karma is expected to achieve the bottom end of its full year 2020 production guidance range of 100,000 - 110,000 ounces and the middle of its AISC guidance range of \$980 - \$1,050 per ounce.
- Mining activity is expected to continue at the Kao North pit and GG1 throughout the remainder of the year. Processed grades are expected to increase in the latter portion of the year as production from GG1 increases. Tonnes stacked are expected to remain fairly stable outside of the rainy season. Recovery rates are expected to decline slightly throughout the year as the proportion of transitional ore increases, while gold-in-circuit is expected to be recovered.
- Sustaining capital spend for FY-2020 is expected to amount to approximately \$9.0 million (of which \$2.7 million has been incurred in H1-2020), a decrease compared to the initial FY-2020 guidance of \$13.0 million due to less mining maintenance required following the transfer to contract mining.
- Non-sustaining capital spend for FY-2020 is expected to amount to approximately \$9.0 million (of which all \$5.9 million has been incurred in H1-2020), an increase compared to the initial FY-2020 guidance of \$5.0 million due to process plant upgrades.

Exploration Activities

- An exploration program of up to \$2.0 million has been planned for 2020 with the aim of in-fill drilling and testing extensions of known deposits.
- Minimal work has been done in H1-2020 as the Burkina Faso exploration efforts were focused on the numerous Houndé exploration targets.

4.4. PROJECTS UPDATE

- While the main focus for 2020 is cash flow generation, Endeavour is continuing to build optionality within its portfolio by advancing studies and conducting exploration on both the Fetekro and Kalana projects.
- Studies are underway with the aim of publishing a Preliminary Economic Assessment (“PEA”) on Fetekro and a Preliminary Feasibility Study (“PFS”) on Kalana during H2-2020.
- At Fetekro, an exploration program of up to \$6.0 million had been budgeted for 2020, which has already been exceeded with approximately \$8.0 million spent in H1-2020. The program mainly focused on the Lafigué deposit, in addition to initial drilling on the Iguela target. An updated Lafigué deposit resource estimate is planned to be published in Q3-2020.
- At Kalana, an exploration budget of up to \$2.0 million has been planned for 2020 to follow-up on nearby targets, with the program expected to be conducted in H2-2020.
- Once these studies on Fetekro and Kalana are published, Endeavour will be better positioned to decide which project to prioritize and advance to Feasibility stage.

Exploration activities

- The H1-2020 Group exploration spend was \$36.0 million, comprising of 234,866 meters drilled. Details by asset are provided in the mine sections above.
- The main areas of focus in H1-2020 were Houndé and Ity near-mine exploration, aimed at extending their mine lives to beyond 10 years, and Fetekro with the aim adding optionality to Endeavour’s project pipeline.
- H1-2020 greenfield exploration spend includes a 5,000-meter drilling campaign on the Tanda/Bondoukou property in Côte d’Ivoire which has yielded positive results.

5. OUTLOOK

5.1. 2020 OUTLOOK: PRODUCTION AND AISC¹ GUIDANCE MAINTAINED DESPITE COVID-19

- As presented in the tables below, Endeavour is maintaining its FY-2020 production and AISC¹ guidance. The Company expects to mitigate the impact of the COVID-19 pandemic due to the higher grade profile expected in H2-2020.
- Endeavour is also maintaining SEMAFO's production and AISC¹ guidance on Mana and Boungou and therefore expects the full year Pro Forma Group production to amount to 995,000—1,095,000 ounces in 2020 at an AISC¹ of \$865—915 per ounce. The Group consolidated amounts will be based on production and AISC¹ commencing July 1, 2020, for the SEMAFO acquired assets.
- Pro Forma Group production is expected to be higher and AISC¹ lower during the second half of the year, notably due to the mining of the higher-grade Kari Pump deposit at Houndé and the restart of mining activities at the Boungou mine. More details on the updated individual mine guidance and outlook have been provided in the above sections.
- Endeavour expects stronger cash flow generation in the second half of the year due to higher production, lower non-sustaining spend, lower exploration spend, the benefit of higher gold prices and the expiry of its gold collar program (with a cap of \$1,500 per ounce for half its production) at the end of June 2020.

Table 9: Guidance Summary

	ENDEAVOUR			SEMAFO			PRO FORMA		
Production, Koz	680	—	740	315	—	355	995	—	1,095
AISC, \$/oz ¹	845	—	895	895	—	960	865	—	915

Table 10: Detailed Production Guidance

(All amounts in koz, on a 100% basis)	H1-2020	REVISED 2020 GUIDANCE		
Agbaou	52	115	—	125
Ity CIL	108	235	—	255
Karma	48	100	—	110
Houndé	113	230	—	250
Mana	97	185	—	205
Boungou	61	130	—	150
PRO FORMA PRODUCTION²	479	995	—	1,095

Table 11: Detailed AISC¹ Guidance

(All amounts in US\$/oz)	H1-2020	REVISED 2020 GUIDANCE		
Agbaou	953	940	—	990
Ity CIL	707	630	—	675
Karma	904	980	—	1,050
Houndé	1,020	865	—	895
Mana	1,137	1,050	—	1,120
Boungou	635	680	—	725
Corporate G&A	36		30	
Sustaining exploration	—		5	
PRO FORMA AISC²	942	865	—	915

¹This is a non-GAAP measure. Refer to the non-GAAP measure section of the MD&A for Endeavour and refer to the non-IFRS measures note in this press release for SEMAFO.

²Endeavour believes that operating and financial figures for SEMAFO are representative of the period ended June 30, 2020 as the Transaction closed on July 1, 2020. Figures presented and disclosed relating to SEMAFO operations represent classifications and calculations performed using consistent historical SEMAFO methodologies. Potential variances to existing Endeavour classifications and calculation methodologies may result in adjustments affecting results. Potential differences may include, but not limited to, classification of corporate costs and operating expenses, classification of mining, processing, and site G&A costs, classification of capitalized waste as sustaining and non-sustaining, valuation of stockpiles and gold in circuit. Accounting treatments and classifications will be aligned with Endeavour methodologies and policies. Pro forma information has not been adjusted and is comprised of the simple weighted average of information provided for each of Endeavour and SEMAFO.

- The royalty cost, incorporated into the AISC¹ calculation for Endeavour, has been guided on a gold price of US\$1,350 per ounce. A portion of the higher royalties due to the higher gold price is expected to be netted against lower expected fuel costs.
- As detailed in the table below, the FY-2020 mine sustaining capital expenditure¹ guidance for Endeavour's mines is expected to remain unchanged at \$83.0 million as an increase at Ity is expected to be offset by a decrease at Karma. While the nominal amount for H2-2020 is higher than that of H1-2020, due to higher expected production, it is expected to remain similar on a per ounce basis.
- Endeavour is also maintaining SEMAFO's sustaining capital expenditure¹ guidance on Mana and Boungou, and therefore expects the FY-2020 Pro Forma Group amount to stand at \$163.0 million. More details on individual mine capital expenditures have been provided in the above sections.

Table 12: Mine Capital Sustaining Expenditure¹ Guidance

(All amounts in US\$m)	H2-2020 GUIDANCE	H1-2020 ACTUAL	2020 FULL-YEAR GUIDANCE
Agbaou	10	7	17
Ity	5	3	8
Karma	6	3	9
Houndé	26	23	49
ENDEAVOUR MINES	47	36	83
Mana	41	29	70
Boungou	9	1	10
PRO FORMA²	98	65	163

- As detailed in the table below, the FY-2020 non-sustaining mine capital expenditure¹ guidance for Endeavour's mines is expected to increase from \$42.0 million (as per initial guidance) to \$55.0 million. The increases are at Ity where the aim is to commence the infrastructure work for the Le Plaque high grade deposit which was originally planned for 2021, and at Karma due to the capital already incurred in H1-2020. The FY-2020 non-sustaining mine capital expenditure¹ was mainly H1-2020 weighted, with only 35% of the remaining capital spend to be incurred in the second half of the year.
- Endeavour is maintaining SEMAFO's non-sustaining capital expenditure¹ guidance on Mana and Boungou, and therefore expects the FY-2020 Pro Forma Group amount to stand at \$60.0 million. More details on individual mine capital expenditures have been provided in the above sections.

Table 13: Mine Capital Non-Sustaining Expenditure¹ Guidance

(All amounts in US\$m)	H2-2020 GUIDANCE	H1-2020 ACTUAL	2020 FULL-YEAR GUIDANCE
Agbaou	1	0	1
Ity	13	22	35
Karma	3	6	9
Houndé	2	8	10
ENDEAVOUR	19	36	55
Mana	2	0	2
Boungou	2	1	3
PRO FORMA²	23	37	60

¹This is a non-GAAP measure. Refer to the non-GAAP measure section of the MD&A for Endeavour and refer to the non-IFRS measures note in this press release for SEMAFO.

²Endeavour believes that operating and financial figures for SEMAFO are representative of the period ended June 30, 2020 as the Transaction closed on July 1, 2020. Figures presented and disclosed relating to SEMAFO operations represent classifications and calculations performed using consistent historical SEMAFO methodologies. Potential variances to existing Endeavour classifications and calculation methodologies may result in adjustments affecting results. Potential differences may include, but not limited to, classification of corporate costs and operating expenses, classification of mining, processing, and site G&A costs, classification of capitalized waste as sustaining and non-sustaining, valuation of stockpiles and gold in circuit. Accounting treatments and classifications will be aligned with Endeavour methodologies and policies. Pro forma information has not been adjusted and is comprised of the simple weighted average of information provided for each of Endeavour and SEMAFO.

- FY-2020 growth capital spend is expected to amount to approximately \$12.0 million, a slight increase of \$2.0 million from the initial FY-2020 guidance of \$10.0 million, mainly due to studies in progress on Kalana and Fetekro.
- Roughly 85% of Endeavour's FY-2020 exploration expenditure guidance amount was incurred in H1-2020 ahead of the rainy season. As shown in the table below, the Pro Forma FY-2020 exploration spend is expected to amount to \$45.0 - \$50.0 million, inclusive of the SEMAFO assets.

Table 14: Exploration Guidance

(All amounts in US\$m)	H2-2020 GUIDANCE	H1-2020 ACTUAL	FULL-YEAR 2020 GUIDANCE
Endeavour assets	4 - 9	36	40 - 45
SEMAFO assets	5	n.a	5
PRO FORMA¹	9 - 14	36	45 - 50

¹Endeavour believes that operating and financial figures for SEMAFO are representative of the period ended June 30 as the Transaction closed on July 1, 2020. Figures presented and disclosed relating to SEMAFO operations represent classifications and calculations performed using consistent historical SEMAFO methodologies. Potential variances to existing Endeavour classifications and calculation methodologies may result in adjustments affecting results. Potential differences may include, but not limited to, classification of corporate costs and operating expenses, classification of mining, processing, and site G&A costs, classification of capitalized waste as sustaining and non-sustaining, valuation of stockpiles and gold in circuit. Accounting treatments and classifications will be aligned with Endeavour methodologies and policies. Pro forma information has not been adjusted and is comprised of the simple weighted average of information provided for each of Endeavour and Semafo.

6. RESULTS FOR THE PERIOD

6.1. STATEMENT OF COMPREHENSIVE (LOSS)/EARNINGS

Table 15: Statement of Comprehensive (Loss)/Earnings

(\$'000s)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenue	253,084	269,902	219,371	522,986	370,681
Operating expenses	(103,308)	(114,403)	(103,318)	(217,711)	(191,681)
Depreciation and depletion	(43,760)	(52,529)	(51,970)	(96,289)	(88,102)
Royalties	(17,771)	(17,452)	(11,032)	(35,223)	(20,021)
Earnings from mine operations	88,245	85,518	53,051	173,763	70,877
Corporate costs	(5,049)	(5,231)	(5,143)	(10,280)	(11,204)
Acquisition and restructuring costs	(2,589)	(4,330)	—	(6,919)	—
Share-based compensation	(4,942)	(1,623)	(4,385)	(6,565)	(6,985)
Exploration costs	(1,796)	(1,333)	(1,674)	(3,129)	(6,035)
Earnings from operations	73,869	73,001	41,849	146,870	46,653
Loss on financial instruments	(71,931)	(3,492)	(11,757)	(75,423)	(10,634)
Finance costs	(11,982)	(11,662)	(12,386)	(23,644)	(17,305)
Other (expenses)/income	(1,791)	1,935	4,574	144	4,377
(Loss)/Earnings before taxes	(11,835)	59,782	22,280	47,947	23,091
Current income tax expense	(2,313)	(23,699)	(13,845)	(26,012)	(27,323)
Deferred income tax expense	(8,468)	(620)	(1,531)	(9,088)	(307)
Net and comprehensive (loss)/earnings	(22,616)	35,463	6,904	12,847	(4,539)

Review of results for the three and six months ended June 30, 2020:

- Revenues for Q2-2020 were \$253.1 million and \$523.0 million H1-2020, compared to \$219.4 million and \$370.7 million in the same period of 2019. The increase in Q2-2020 and H1-2020 is driven by a higher realized gold price. Revenue for H1-2020 benefited from increased production mainly due to the commencement of commercial production of the Ity CIL processing facility on April 8, 2019.
- Operating expenses for Q2-2020 were \$103.3 million and \$217.7 million for H1-2020, compared to \$103.3 million and \$191.7 million in the same period in 2019. The upward trend in H1-2020 compared to H1-2019 is due to a full six months of costs recognized at Ity CIL processing facility in 2020 compared to three months in 2019 as commercial production began on April 8, 2019.
- Depreciation and depletion in Q2-2020 were \$43.8 million and \$96.3 million H1-2020, compared to \$52.0 million and \$88.1 million in the comparative period for 2019. Depreciation and depletion increased in H1-2020 by \$8.2 million compared to H1-2019 mainly due to a higher depreciation charge from increased units of production at Ity CIL assets in H1-2020 compared to H1-2019.
- Corporate costs were \$5.0 million for Q2-2020 and \$10.3 million for H1-2020, compared to \$5.1 million and \$11.2 million in the comparative periods for 2019. The slight decrease over the comparative period is due to the realization of corporate savings initiatives.
- Acquisition and restructuring cost of \$2.6 million for Q2-2020 and \$6.9 million for H1-2020 and is made up of advisory fees related to the proposed SEMAFO acquisition in Q2-2020 and previous engagement with the board of Centamin plc in Q1-2020.
- Share based compensation was \$4.9 million in Q2-2020 and \$6.6 million in H1-2020, compared to \$4.4 million and \$7.0 million in the same periods for 2019. The slight decrease in H1-2020 is due to adjustment to the fair value of the PSUs into earnings over the terms of the previously granted PSUs.
- The loss on financial instruments was \$71.9 million in Q2-2020 and \$75.4 million H1-2020, compared to a loss of \$11.8 million and a loss of \$10.6 million in the same periods in 2019. The loss in H1-2020 is mainly due to the net impact of losses on the gold revenue protection program of \$21.2 million, realized losses on convertible senior bond derivative of

\$61.2 million due to the increase in Endeavour share price, offset by a realized gain on a forward contract of \$6.7 million.

- Finance costs were \$12.0 million for Q2-2020 and \$23.6 million H1-2020, compared to \$12.4 million and \$17.3 million in the same period in 2019. Finance costs are primarily associated to interest expense on the RCF and convertible debt.
- Current income tax expense was \$2.3 million in Q2-2020 and \$26.0 million H1-2020 compared to \$13.8 million and \$27.3 million in the same period of 2019. Income tax expense for H1-2020 included an \$6.7 million current income tax accrual for Agbaou 2020 performance to date. At Ity, \$14.5 million of income tax has been accrued for 2020 performance to date. A \$13.1 million income tax accrual for 2020 performance was recognized at Houndé which was offset by a \$4.1 million income tax accrual recovery relating to 2019 as a result of the finalization of prior year tax returns. At Karma, a \$4.3 million income tax recovery relating to 2019 offset the total group income tax expense.

6.2. CASH FLOW

The following table reconciles the AISC margin, and all-in margin to the quarterly change in cash.

Table 16: Free Cash Flow¹

(\$'000s except gold produced and ounces sold)	Unit	THREE MONTHS ENDED			SIX MONTHS ENDED	
		June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Gold produced	oz	148,998	171,893	171,299	320,891	292,090
Gold ounces sold	oz	149,828	174,554	170,749	324,382	291,624
Realized gold price	\$/oz	1,689	1,546	1,285	1,612	1,271
Revenue	\$	253,084	269,902	219,371	522,986	370,681
Total cash costs	\$	(101,143)	(115,355)	(107,967)	(216,498)	(187,675)
Royalties	\$	(17,771)	(17,452)	(11,032)	(35,223)	(20,021)
Corporate costs	\$	(5,049)	(5,231)	(5,143)	(10,280)	(11,204)
Sustaining capital ¹	\$	(16,784)	(18,972)	(10,823)	(35,756)	(22,068)
All-in Sustaining Margin¹	\$	112,337	112,892	84,406	225,229	129,713
Less: Non-sustaining capital ¹	\$	(22,109)	(17,720)	(17,232)	(39,829)	(28,690)
Less: Non-sustaining exploration ¹	\$	(17,346)	(15,146)	(21,392)	(32,492)	(32,902)
All-In Margin¹	\$	72,882	80,026	45,782	152,908	68,121
Changes in operating working capital and long-term assets	\$	(27,994)	8,811	2,418	(19,184)	(28,658)
Taxes paid	\$	(20,148)	(8,524)	(29,569)	(28,672)	(31,234)
Interest paid, financing fees and lease repayment	\$	(15,862)	(20,406)	(20,548)	(36,268)	(33,334)
Cash settlements on hedge programs, gold collar premiums	\$	(16,754)	(497)	(802)	(17,251)	(937)
Net free cash flow¹	\$	(7,876)	59,410	(2,719)	51,533	(26,042)
Growth projects ¹	\$	(2,086)	(2,113)	(19,601)	(4,199)	(85,876)
Exploration expense ²	\$	(1,796)	(1,333)	(1,674)	(3,129)	(6,036)
M&A, restructuring and asset sales/purchases	\$	9,215	(9,760)	—	(545)	(453)
Cash paid on settlement of DSUs and PSUs	\$	(7)	(214)	—	(221)	(1,125)
Net equity (dividends)/proceeds	\$	—	—	36	—	274
Proceeds of long-term debt	\$	—	120,000	20,000	120,000	80,000
Foreign exchange (losses)/gains	\$	981	(1,422)	(3,878)	(441)	(5,454)
Other (expenses)/income	\$	(3,957)	2,887	1,479	(1,070)	(1,634)
Cash (outflow)/inflow for the period	\$	(5,526)	167,454	(6,357)	161,928	(46,345)

¹Non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.

²Exploration expense per the statement of comprehensive (loss)/earnings. This cash outflow relates to expenditure on greenfield exploration activity.

- Gold sales decreased in Q2-2020 compared to Q1-2020 as a result of lower production at the Ity, Karma and Agbaou mines. Gold sales increased in H1-2020 compared to H1-2019 due to higher production from the Ity mine which was commissioned in Q2-2019.
- The realized gold price for H1-2020 was \$1,612 per ounce compared to \$1,271 per ounce in H1-2019. Both these amounts include the impact of the Karma stream, amounting to 10,000 ounces sold in H1-2020 and 10,938 in H1-2019, at 20% of spot prices. The realized gold price excluding the gold stream at Karma, would have been \$1,653 per ounce for H1-2020 and \$1,311 per ounce for H1-2019.
- Royalties increased from \$100 per ounce in Q1-2020 to \$119 per ounce in Q2-2020. The H1-2020 royalty rate was \$109 per ounce, up from \$69 per ounce for H1-2019, due to both the higher realized gold price and an increase in the underlying royalty rate based on the applicable sliding scale (above a spot gold price of \$1,300 per ounce, government

royalty rates in Burkina Faso increase from 4.0% to 5.0%, and above a spot gold price of \$1,600 per ounce rates increase from 4.0% to 5.0% in Côte d'Ivoire).

- The sustaining capital expenditure for Q2-2020 decreased slightly over Q1-2020 primarily due to the significant reduction in waste capitalization at Agbaou which offset the slight increases at Ity and Karma Mine with Houndé remaining flat. The sustaining capital expenditure for H1-2020 increased compared to the corresponding period of 2019 due to scheduled waste capitalization at Houndé and the commissioning of the Ity CIL project.
- The All-In sustaining Margin for Q2-2020 remained flat over Q1-2020 as the higher realized gold price offset lower gold sales. The All-In Margin for H1-2020 increased compared to the corresponding period of 2019 due to increased gold sales and increased realized gold price which was partially offset by a higher cash costs, royalties and sustaining mining capital spend.
- The non-sustaining capital spend increased in Q2-2020 compared to Q1-2020, due to increases at Ity, Houndé and Karma. The non-sustaining capital spend for H1-2020 increased compared to the corresponding period of 2019 mainly due to the TSF raise and waste capitalization at Ity, while spend decreased at Agbaou, Karma and Houndé.
- The non-sustaining exploration capital spend for H1-2020 continued to remain high, in line with Endeavour's strategic objective of unlocking exploration value through its aggressive drilling campaign. The majority of the exploration work planned for 2020 was conducted in H1-2020, ahead of the rainy season, with approximately 85% of the full year guidance already completed.
- Taxes paid increased by \$11.6 million in Q2-2020 compared to Q1-2020. This was due to corporate income tax payments made at Agbaou and Ity of \$11.9 million and \$7.5 million respectively. Taxes paid in H1-2020 decreased slightly compared to the previous year, despite significantly higher revenues, mainly due to a decrease of taxes paid at Houndé (due to installment payments being made).
- The interest paid, financing fees and lease repayments decreased in Q2-2020 compared to Q1-2020 as the convertible notes coupon is payable during the first and third quarters. The amount for H1-2020 increased slightly compared to the corresponding period of H1-2019 mainly due to interest payment on equipment leases at Ity.
- Cash settlements on hedge programs in H1-2020 includes a \$4.5 million fee for the gold collar program and \$19.5 million for its associated settlements, and an inflow of \$6.7 million related to short-term forward sales in H1-2020. The collar expired at the end of June 2020 with the final payment on the collar due in early Q3-2020.
- Growth project spend decreased to \$2.1 million in Q2-2020 as the Ity CIL plant was completed in Q1-2019. The amount for H1-2020 of \$4.2 million relates mainly to the Kalana project.
- M&A, restructuring and asset sales/purchases include proceeds of \$10.3 received on sale of mining equipment, in addition to \$1.5 million received for associated spares at Karma, offset by \$5.4 million cash paid for the additional interest in Ity Mine and \$6.9 million in acquisition and restructuring costs.
- Other expenses in Q2-2020 mainly related to COVID-19 related expenses in the form of donations and medical supplies.
- \$120.0 million was drawn on the RCF as a proactive measure in Q1-2020 to secure the Corporation's liquidity as part of its COVID-19 business continuity program.

Working Capital

The H1-2020 working capital is an outflow of \$19.2 million which is broken down as follows:

- Receivables were an outflow of \$18.0 million H1-2020. This is mainly due to the increase in VAT receivable at Houndé and advances to the BCM Group.
- Inventories and long-term assets were an inflow of \$5.5 in H1-2020, this is mainly due to the decrease in stockpiles, GIC and consumables at Ity and Houndé which was offset by an increase of GIC at Karma.
- Accounts payable outflow of \$10.0 million for Q2-2020 and \$6.8 million outflow in H1-2020 as the Corporation began to settle outstanding suppliers whose balances had built up Q1-2020 as financial institutions had experienced approval backlogs at the onset of COVID-19.

Net Debt Position

The following table summarizes the Corporation's net debt position as at June 30, 2020, March 31, 2020, and June 30, 2019.

Table 17: Net Debt Position

(\$'000s)	June 30, 2020	March 31, 2020	December 31, 2019
Cash and cash equivalents	351,817	357,343	189,889
Less: Equipment finance obligation	(64,463)	(69,997)	(78,081)
Less: Convertible senior bond	(330,000)	(330,000)	(330,000)
Less: Drawn portion of \$430 million RCF	(430,000)	(430,000)	(310,000)
Net Debt	(472,646)	(472,654)	(528,192)
Net Debt / Adjusted EBITDA LTM ratio¹	1.00	1.06	1.48

¹Adjusted EBITDA is per table 21 and is calculated using the trailing twelve months Adjusted EBITDA as presented in prior reporting

Equipment Finance Obligations

The equipment finance obligation relates to agreements relating to Komatsu mining equipment at the Houndé and Ity mines.

Table 18: Equipment Finance Obligations

	June 30, 2020	March 31, 2020	December 31, 2019
Houndé mine	32,680	36,115	39,340
Ity mine	31,783	33,882	38,741
Present value of minimum finance payments	64,463	69,997	78,081

Convertible Senior Notes

On February 8, 2018, the Corporation completed a private placement of convertible senior notes with a total principal amount of \$330.0 million due in 2023 (the "Notes"). The initial conversion rate is 41.84 of the Corporation's common shares ("Shares") per \$1,000 Note, or an initial conversion price of approximately \$23.90 (CAD\$29.47) per share.

The Notes bear interest at a coupon rate of 3% payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2018. The Notes mature on February 15, 2023, unless redeemed earlier, repurchased or converted in accordance with the terms of the Notes. The Corporation may, subject to certain conditions, elect to satisfy the principal amount and conversion option due at maturity or upon redemption through the payment or delivery of any combination of Shares and cash.

The key terms of the Convertible Senior Notes include:

- Principal amount of \$330.0 million.
- Coupon rate of 3% payable on a semi-annual basis.
- The term of the notes is 5 years, maturing in February 2023.
- The notes are reimbursable through the payment or delivery of shares and/or cash.
- The initial conversion price is \$23.90 (CAD\$29.47) per share.
- The reference share price of the notes is \$18.04 (CAD\$22.24) per share.

For accounting purposes, the Corporation measures the Notes at amortized cost, accreting to maturity over the term of the Notes. The conversion option is an embedded derivative and is accounted for as a financial liability measured at fair value through profit or loss, as the Corporation has the ability to settle the option at fair value in cash, common shares, or a combination of cash and common shares in certain circumstances.

The unrealized gain/loss on the convertible note option for the three and six months ended June 30, 2020 was an unrealized loss of \$63.9 million and an unrealized loss of \$61.2 million respectively (three and six months ended June 30, 2019 - unrealized loss of \$4.5 million and an unrealized gain of \$3.9 million respectively).

Equity and Capital

Endeavour Mining's authorized capital is 200,000,000 shares divided into 100,000,000 ordinary shares with a par value of \$0.10 each and 100,000,000 undesignated shares. The table below summarizes Endeavour Mining's share structure at June 30, 2020.

Table 19: Outstanding Shares

	June 30, 2020	March 31, 2020	December 31, 2019
Shares issued and outstanding	110,993,240	110,993,240	109,927,097
Stock options	14,950	14,950	14,950

As at August 5, 2020, the Corporation had 163,080,336 shares issued and outstanding, and no outstanding stock options.

Financial instruments

To increase the cash flow certainty during its debt reimbursement phase, Endeavour Mining had put in place a short-term Gold Revenue Protection Strategy consisting of Gold Option Contracts, similar to the strategy employed during the construction phase.

A deferred premium collar strategy using written call options and bought put options had been put in place beginning on July 1, 2019 and ending on June 30, 2020 with a floor price of \$1,358 per ounce and a ceiling price of \$1,500 per ounce. The program covered a total of 360,000 ounces, which represented approximately 50% of Endeavour Mining's total gold production for the period. In the six months ended June 30, 2020, the Corporation's deferred premium collar strategy for the 12-month period from July 2019 to June 2020 expired. Over the life of the collar, the Corporation realized a loss of \$35.9 million.

6.3. ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS

Critical judgements and key sources of estimation uncertainty

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 effects on the amounts recognized in the Corporation's consolidated financial statements. These estimates include commencement of commercial production, determination of economic viability, functional currency, business combinations, exchangeable shares, and capitalization of waste stripping. There have been no significant changes compared to June 30, 2019.

7. NON-GAAP MEASURES

7.1. 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 ("Adjusted EBITDA") to evaluate the Corporation's performance and ability to generate cash flows and service debt. These do not have a standard meaning and are 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, for the three months ended June 30, 2020, March 31, 2020, and June 30, 2019 and six months ended June 30, 2020 and June 30, 2019.

Table 20: All-In Sustaining Margin

(\$'000s)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues	253,084	269,902	219,371	522,986	370,681
Less: Royalties	(17,771)	(17,452)	(11,032)	(35,223)	(20,021)
Less: Total cash costs	(101,143)	(115,355)	(107,967)	(216,498)	(187,675)
Less: Corporate G&A	(5,049)	(5,231)	(5,143)	(10,280)	(11,204)
Less: Sustaining capital	(16,784)	(18,972)	(10,823)	(35,756)	(22,068)
All-in sustaining margin	112,337	112,892	84,406	225,229	129,713

Table 21: Adjusted EBITDA

(\$'000s)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
(Loss)/Earnings before taxes	(11,835)	59,782	22,280	47,947	23,091
Add back: Depreciation and depletion	43,760	52,529	51,970	96,289	88,102
Add back: Acquisition and restructuring costs	2,589	4,330	—	6,919	—
Add back: Other (expenses)/income	1,791	(1,935)	(4,574)	(144)	(4,377)
Add back: Finance costs	11,982	11,662	12,386	23,644	17,305
Add back: Loss on financial instruments	71,931	3,492	11,757	75,423	10,634
Adjusted EBITDA	120,218	129,860	93,819	250,078	134,755

7.2. CASH AND ALL-IN SUSTAINING COST PER OUNCE OF GOLD SOLD

The Corporation reports cash costs based on ounces sold. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors may find this information useful. However, there are no standardized meanings, and therefore this additional information 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, for the three months ended June 30, 2020, March 31, 2020, and June 30, 2019 and six months ended June 30, 2020 and June 30, 2019.

Table 22: Cash Costs

(\$'000s except ounces sold)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Operating expenses from mine operations	(103,307)	(114,404)	(103,318)	(217,711)	(191,681)
Non-cash and other adjustments	2,164	(951)	(4,649)	1,213	4,006
Total cash costs	(101,143)	(115,355)	(107,967)	(216,498)	(187,675)
Gold ounces sold	149,828	174,554	170,749	324,382	291,624
Total cash cost per ounce of gold sold	675	661	632	667	644

The Corporation is reporting all-in sustaining costs per ounce sold. This non-GAAP measure provides investors with transparency regarding the total cash cost of producing an ounce of gold in each period. Readers should be aware that this measure does not have a standardized meaning. 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.

Table 23: All-In Sustaining Costs

(\$'000s except ounces sold)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Total cash cost for ounces sold	(101,143)	(115,355)	(107,967)	(216,498)	(187,675)
Royalties	(17,771)	(17,452)	(11,032)	(35,223)	(20,021)
Corporate G&A	(5,049)	(5,231)	(5,143)	(10,280)	(11,204)
Sustaining capital	(16,784)	(18,972)	(10,823)	(35,756)	(22,068)
All-in sustaining costs	(140,747)	(157,010)	(135)	(297,757)	(241)
Gold ounces sold	149,828	174,554	170,749	324,382	291,624
All-in sustaining cost per ounce sold	939	899	790	918	826

Table 24: Sustaining and Non-Sustaining Capital

(\$'000s)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Expenditures on mining interests	58,325	53,952	65,792	112,277	169,537
Non-sustaining capital expenditures	(22,109)	(17,720)	(17,232)	(39,829)	(28,690)
Non-sustaining exploration	(17,346)	(15,146)	(21,392)	(32,492)	(32,902)
Growth projects	(2,086)	(2,113)	(16,345)	(4,199)	(85,876)
Sustaining Capital	16,784	18,972	10,823	35,757	22,069

7.3. ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER SHARE

Net earnings have been adjusted for items considered exceptional in nature and not related to Endeavour Mining's core operation of mining assets. The presentation of adjusted net earnings may assist investors and analysts to understand the underlying operating performance of our core mining business. However, adjusted net earnings and adjusted net earnings per share do not have a standard meaning under IFRS. They should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with IFRS and are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS.

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

Table 25: Adjusted Net Earnings

(\$'000s)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Total net and comprehensive (loss)/earnings	(22,616)	35,463	6,904	12,847	(4,539)
Deferred income tax expense	8,468	620	1,531	9,088	307
Loss on financial instruments	71,931	3,492	11,757	75,423	10,634
Other expenses/(income)	1,791	(1,935)	(4,574)	(144)	(4,377)
Share-based compensation	4,942	1,623	4,385	6,565	6,985
Acquisition and restructuring costs	2,589	4,330	—	6,919	—
Non-cash and other adjustments	2,164	(951)	(4,649)	1,213	4,006
Adjusted net earnings	69,269	42,642	15,354	111,911	13,016
Attributable to non-controlling interests	16,476	9,125	6,835	25,601	9,407
Attributable to shareholders of the Corporation	52,793	33,517	8,519	86,310	3,609
Weighted average number of shares issued and outstanding	110,993,240	110,584,356	109,919,887	110,788,798	109,734,405
Adjusted net earnings per share (basic) from operations	0.48	0.30	0.08	0.78	0.03

7.4. OPERATING CASH FLOW

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use free cash flow to assess the Corporation's ability to generate and manage liquid resources. These terms do not have a standard meaning and are intended to provide additional information. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Table 26: Operating Cash Flow (OCF) and OCF per share

(\$'000s)	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Cash generated from operating activities	57,416	125,955	62,209	183,371	85,125
Changes in non-cash working capital	(27,937)	6,663	4,887	(21,274)	(20,189)
Operating cash flows before non-cash working capital	85,353	119,292	57,322	204,645	105,314
Divided by weighted average number of O/S shares, in thousands	110,993	110,584	109,920	110,789	109,734
Operating cash flow per share	\$ 0.77	\$ 1.08	\$ 0.52	\$ 1.85	\$ 0.96

7.5. NET DEBT/ADJUSTED EBITDA RATIO

The Corporation is reporting Net Debt and Net Debt/Adjusted EBITDA ratio. This non-GAAP measure provides investors with transparency regarding the liquidity position of the Corporation. 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 calculation of net debt is shown in table 17, calculated as nominal undiscounted debt including leases (but excluding liabilities recognized on the adoption of IFRS 16-leases), less cash. The following table explains the calculation of net debt/Adjusted EBITDA ratio using the last twelve months of Adjusted EBITDA.

Table 27: Net Debt/ Adjusted EBITDA ratio

(\$'000s)	June 30, 2020	March 31, 2020	December 31, 2019
Net Debt	472,646	472,654	528,192
Trailing twelve month Adjusted EBITDA	471,013	444,614	355,690
Net Debt / Adjusted EBITDA LTM ratio	1.00	1.06	1.48

7.6. RETURN ON CAPITAL EMPLOYED

The Corporation uses Return on Capital Employed ("ROCE") as a measure of long-term operating performance to measure how effectively management utilizes the capital it has been provided. This non-GAAP measure 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 calculation of ROCE, expressed as a percentage, is Adjusted EBIT (based on adjusted EBITDA as per table 21) divided by the average of the opening and closing capital employed for the twelve months preceding the period end. Capital employed is the total assets less current liabilities.

Table 28: Return on Capital Employed

(\$'000s unless otherwise stated)	TRAILING TWELVE MONTHS		
	June 30, 2020	March 31, 2020	June 30, 2019
Adjusted EBITDA	471,013	444,614	355,690
Less: depreciation and amortisation	(205,406)	(213,616)	(174,129)
Adjusted EBIT (A)	265,607	230,998	236,921
Opening Capital employed (B)	1,753,857	1,716,115	1,587,930
Total Assets	2,057,124	2,037,108	1,982,150
Less: Current Liabilities	(249,358)	(285,129)	(228,293)
Closing Capital employed (C)	1,807,766	1,751,979	1,753,857
Average Capital Employed (D)=(B+C)/2	1,780,812	1,734,047	1,670,894
ROCE (A)/(D)	15%	13%	14%

8. QUARTERLY AND ANNUAL FINANCIAL AND OPERATING RESULTS

The following tables summarize the Corporation's financial and operational information for the last eight quarters and three fiscal years.

Table 29: 2020 - 2019 Quarterly Key Performance Indicators

		FOR THE THREE MONTHS ENDED			
(\$'000s except ounces sold)	Unit	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Gold ounces sold	oz	149,828	174,554	171,862	185,268
Gold revenues	\$	253,084	269,902	248,398	267,292
Cash flows from operations	\$	57,416	125,955	120,371	96,389
Earnings from mine operations	\$	88,245	85,518	55,445	83,704
Net (loss)/earnings and total comprehensive (loss)/earnings	\$	(22,616)	35,463	(113,076)	(23,545)
Net (loss)/earnings attributable to shareholders	\$	(37,229)	25,998	(113,169)	(32,199)
Basic (loss)/earnings per share from operations	\$	(0.34)	0.24	(1.03)	(0.29)
Diluted (loss)/earnings per share from operations	\$	(0.34)	0.24	(1.03)	(0.29)

Table 30: 2019 - 2018 Quarterly Key Performance Indicators

		FOR THE THREE MONTHS ENDED			
(\$'000s except ounces sold)	Unit	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Gold ounces sold	oz	170,749	120,876	173,424	134,159
Gold revenues	\$	219,371	151,310	207,784	155,764
Cash flows from operations	\$	62,209	22,916	11,569	11,569
Earnings from mine operations	\$	53,051	17,826	22,498	25,322
Net earnings/(loss) and total comprehensive earnings/(loss)	\$	6,904	(11,443)	(129,557)	(20,394)
Net earnings/(loss) attributable to shareholders	\$	711	(14,667)	(31,515)	(16,775)
Basic earnings/(loss) per share from continuing operations	\$	0.01	0.13	(0.29)	0.14
Diluted earnings/(loss) per share from continuing operations	\$	0.01	0.13	(0.29)	0.14

Table 31: Annual Key Performance Indicators¹

(\$'000s except per share amounts)	FOR THE YEAR ENDED		
	December 31, 2019	December 31, 2018	December 31, 2017
Gold ounces sold	648,755	612,103	667,569
Gold revenues	886,371	751,957	470,643
Cash flows from operations	301,885	250,920	221,791
Earnings from mine operations	210,026	95,769	121,926
Net (loss)/earnings and total comprehensive (loss)/earnings	(136,766)	17,060	(177,068)
Net loss attributable to shareholders	(159,324)	(65)	(156,337)
Basic loss per share	(1.45)	0.00	(1.59)
Diluted loss per share	(1.45)	0.00	(1.59)
Total assets	1,872,791	1,922,043	1,693,511
Total long term financial liabilities	738,294	660,472	451,705
Total attributable shareholders' equity	717,867	858,006	984,864
Adjusted net earnings per share ²	0.67	0.49	0.60

¹ Figures are presented as per prior period reporting.

² The adjusted net earnings per share is inclusive of the prior period tax adjustment included in the December 31, 2018 adjusted earnings per share.

9. RISK FACTORS

Readers of this MD&A should consider the information included or incorporated by reference in this document and the Corporation's audited consolidated financial statements and related notes for the three and six months ended June 30, 2020. The nature of the Corporation's activities and the locations in which it works mean that the Corporation's business generally is exposed to significant risk factors, many of which are beyond its control. The Corporation examines the various risks to which it is exposed and assesses any impact and likelihood of those risks. For discussion on all the risk factors that affect the Corporation's business generally, please refer to the most recent Annual Information Form filed on SEDAR at www.sedar.com, and the 2019 year-end audited consolidated financial statements. The risks that affect the financial statements specifically, and the risks that are reasonably likely to affect them in the future which are incorporated by reference in this MD&A, are discussed below.

9.1. BUSINESS RISKS

Business continuity risks in light of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new novel coronavirus ("COVID-19") as a pandemic. In response to health risks associated with the spread of COVID-19, the Corporation implemented a number of health and safety measures designed to protect employees at its operations around the world.

As of the date of issuance of these condensed interim consolidated financial statements, the Corporation's operations have not been significantly impacted, however, the Corporation continues to monitor the situation. While the Corporation's financial position, performance and cash flows could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time. Management is currently monitoring and regularly assessing the short and medium-term impacts of the COVID-19 virus, including for example supply chain, mobility, workforce, market and trade flow impacts, as well as the resilience of Canadian, West African, and other global financial markets to support recovery. Any longer term impacts are also being considered and monitored, as appropriate. However, this pandemic is evolving rapidly and its effects on our own operations are uncertain. It is possible that in the future operations may be temporarily shut down or suspended for indeterminate amounts of time, any of which may, individually or in the aggregate, have a material and adverse impact on our business, results of operations and financial performance. The extent to which COVID-19 may impact the Corporation's business and operations will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of and the actions required to contain COVID-19 or remedy its impact.

The global response to the COVID-19 pandemic has resulted in, among other things, border closures, severe travel restrictions, as well as quarantine, self-isolation and other emergency measures imposed by various governments. Additional government or regulatory actions or inactions around the world in jurisdictions where the Corporation operates may also have potentially significant economic and social impacts. If the business operations of the Corporation are disrupted or suspended as a result of these or other measures, it may have a material adverse effect on the Corporation's business, results of operations and financial performance. The COVID-19 virus and efforts to contain it may have a significant effect on commodity prices, and the possibility of a prolonged global economic downturn may further impact commodity demand and prices.

The global pandemic caused by COVID-19 may affect Endeavour's ability to operate at one or more of its mines for an indeterminate period of time, may affect the health of its employees or contractors resulting in diminished expertise or capacity, may mean that key expat or contract resources cannot access West Africa, may result in delays or disruption in its supply chain leading to unavailability of critical spares and inventory (or increased costs), may lead to restrictions on transferability of currency, may cause business continuity issues at global gold refineries (and therefore its ability to generate revenue), may mean it cannot transport gold from its sites to refineries, may result in failures of various local administration, logistics and critical infrastructure, may cause social instability in West African countries which in turn could disrupt business continuity, and may result in additional and currently unknown liabilities. All or any of the foregoing may present risks to the investment proposition of Endeavour, its liquidity, solvency and ability to meet its debt obligations as they fall due.

The integration of SEMAFO and Endeavour may not occur as planned.

The Arrangement Agreement has been entered into with the expectation that its completion will result in, among other benefits, increased gold production, the realization of synergies resulting from the consolidation of SEMAFO and Endeavour, greater ability to fund growth and enhanced growth opportunities for Endeavour following the completion of the Arrangement as a result of the combined entity's project and exploration pipeline. These anticipated benefits will depend in part on whether SEMAFO and Endeavour's respective operations can be integrated in an efficient and effective manner. Most operational and

strategic decisions and certain staffing decisions with respect to integration have not yet been made. These decisions and the integration of the two companies will present challenges to management, including the integration of systems and personnel of the two companies, unanticipated liabilities, unanticipated costs and the loss of key employees. The performance of Endeavour's operations after completion of the Arrangement could be adversely affected if Endeavour cannot retain key employees to assist in the integration and operation of SEMAFO and Endeavour. As a result of these factors, it is possible that the synergies expected from the combination of SEMAFO and Endeavour will not be realized or could be adversely affected.

9.2. FINANCIAL RISKS

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, restricted cash, marketable securities, trade and other receivables, long-term receivable 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 and its receivable from the BCM Group.

BCM Group, a private mining contractor and operator, is the counterparty who acquired the Nzema and Tabakoto mines in 2017 and 2018 respectively, and from whom the receivables are ultimately due. The Corporation signed an omnibus settlement agreement in November 2019, which offset certain amounts outstanding between the two parties, resulting in cash installments of \$6.8 million received in 2020 relating to the sale of Nzema mine. Further to additional amounts paid on behalf of BCM Group in the period, the Corporation received \$4.5 million in the three months ended March 31, 2020, in relation to the receivable from the sale of the Tabakoto mine.

Long-term receivables of \$8.8 million mainly consist of a receivable and NSR associated with the sale of the Tabakoto mine in December 2018.

The Corporation sells its gold to large international organizations with strong credit ratings, and the historical level of customer defaults is minimal. As a result, the credit risk associated with gold trade receivables at June 30, 2020 is considered to be negligible. The Corporation does not rely on ratings issued by credit rating agencies in evaluating counterparties' related credit risk.

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

Table 32: Exposure to Credit Risk

(\$'000s)	June 30, 2020	March 31, 2020	December 31, 2019
Cash and cash equivalents	351,817	357,343	189,889
Cash - restricted	13,115	11,165	9,958
Trade and other receivables	37,562	26,717	19,228
Working capital loan	565	553	541
Marketable securities	1,839	1,175	1,224
Long-term receivable	8,822	10,670	13,322
	413,720	407,623	234,162

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.

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 period ended June 30, 2020.

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

The table below highlights the net assets held in foreign currencies, presented in US dollars:

Table 33: Net Assets in Foreign Currencies

(\$'000s)	June 30, 2020	March 31, 2020	December 31, 2019
Canadian dollar	124	138	431
CFA Francs	5,461	8,114	11,147
Euro	2,892	2,593	2,973
Other currencies	5,691	4,093	6,185
	14,168	14,938	20,736

The effect on earnings before taxes as at June 30, 2020, 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 \$1.4 million (June 30, 2019, \$3.1 million), if all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at June 30, 2020.

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.

The effect on earnings and other comprehensive loss before tax as at June 30, 2020, of a 10% change in the LIBOR rate on the RCF is estimated to be \$0.1 million (December 31, 2019 - \$0.1 million).

Price risk

Price risk is the risk that the fair value or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market prices. There has been no change in the Corporation's objectives and policies for managing this risk and no significant changes to the Corporation's exposure to price risk during the period ended June 30, 2020.

The Corporation's business requires substantial capital expenditure and there can be no assurance that such funding will be available on a timely basis, or at all

The Corporation may require additional capital if it decides to develop other operations properties or make additional acquisitions. The Corporation may also encounter significant unanticipated liabilities or expenses. The Corporation's ability to continue its planned exploration and development activities, as well as its ability to discharge unanticipated liabilities and expenses, depends on its ability to generate sufficient free cash flow from its operating mines, each of which is subject to certain risks and uncertainties. The Corporation may be required to obtain additional equity or debt financing in the future to fund exploration and development activities or acquisitions of additional projects. There can be no assurance that the Corporation will be able to obtain such financing in a timely manner, on acceptable terms or at all. In addition, any additional debt financings, if available, may involve financial covenants and the granting of further security over the Corporation's assets.

The Corporation's use of derivative instruments involves certain inherent risks, including credit risk, market liquidity risk, and unrealized mark-to-market risk

From time to time, the Corporation employs hedging tools for a portion of its gold production and commodity prices to protect a portion of its cash flows against decreases in the price of gold or increases in the price of the underlying commodities it uses. The main hedging tools available to protect against price risk are collar contracts which involve a combination of put and call options or forward sales. Various strategies are available using these tools. Although hedging activities may protect the Corporation against a low gold price or commodity price fluctuations, they may also (i) limit the price that can be realized on the portion of hedged gold where the market price of gold exceeds the strike price in forward sale or call option contracts, and (ii) stipulate a price at which a commodity (such as fuel) must be purchased, which may be higher than the prevailing market price for that commodity.

The Corporation's business could be adversely affected by global financial conditions

Global financial conditions have been characterized by ongoing volatility. Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Such events are illustrative of the effect that events beyond the Corporation's control may have on commodity prices,

demand for metals, including gold, availability of credit, investor confidence and general financial market liquidity, all of which affect the Corporation's business.

Commitment and contingencies

The Corporation is, from time to time, involved in various claims, legal proceedings, tax assessments and complaints arising in the ordinary course of business from third parties. 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 was recently served in the Cayman Islands with notice of a claim by a former service provider. The Corporation is taking legal advice on the merits of the claim and the probable outcome but intends to vigorously defend against the claims. The Corporation does not believe that the outcome of the claim will have a material impact.

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.

The Corporation is obligated to deliver 100,000 ounces of gold (20,000 ounces per year) to Franco-Nevada Corporation and Sandstorm Gold Inc. (the "Syndicate") over a five period in exchange for 20% of the spot price of gold for each ounce of gold delivered (the "ongoing payment"). The amount that was previously advanced for this agreement of \$100.0 million is reduced on each delivery by the excess of the spot price of the gold delivered over the ongoing payment. Following the five-year period, which commenced on March 31, 2016, the Corporation is committed to deliver refined gold equal to 6.5% of the gold production at the Karma Mine for the life of the mine in exchange for ongoing payments. The Corporation delivered an additional 7,500 ounces between July 2017 and April 2019 in exchange for the additional deposit of \$5.0 million received in 2017. The Corporation assumed the gold stream when it acquired the Karma Mine on April 26, 2016. Gold ounces sold to the Syndicate under the stream agreement are recognized as revenue only on the actual proceeds received, which per the agreement is 20% of the spot gold price. As at June 30, 2020, there are 16,665 ounces still to be delivered.

10. CONTROLS AND PROCEDURES

10.1. 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 June 30, 2020, 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 June 30, 2020, the disclosure controls and procedures were effective.

There have been no material changes in the Corporation's disclosure controls and procedures since the year ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Corporation's public disclosures.

10.2. 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.

As at June 30, 2020, management evaluated the effectiveness of the Corporation's internal control over financial reporting as required by Canadian securities laws.

Based on that evaluation of internal control over financial reporting, the CEO and CFO have concluded that, as at June 30, 2020, the internal controls over financial reporting were effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no material changes in the Corporation's internal controls over financial reporting since the year ended June 30, 2020 that have materially affected or are reasonably likely to materially affect the Corporation's internal controls over financial reporting.

10.3. LIMITATIONS OF CONTROLS AND PROCEDURES

The Corporation's management, including the CEO and CFO believe that any disclosure controls and procedures or internal control over financial reporting, can provide only reasonable, but not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the actions of one individual, by collusion of two or more people, or by unauthorized override of the control. Accordingly, because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

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

Additional information relating to the Corporation is available on the Corporation’s website at www.endeavourmining.com and in the Corporation’s most recently filed Annual Information Form filed on SEDAR at www.sedar.com.



SECTION 2



FINANCIAL STATEMENTS

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

	Note	As at June 30, 2020	As at December 31, 2019
ASSETS			
Current			
Cash and cash equivalents		351,817	189,889
Trade and other receivables	3	37,562	19,228
Inventories	4	163,864	168,379
Prepaid expenses and other	5	18,799	18,542
		572,042	396,038
Non-current			
Mining interests	6	1,424,331	1,410,274
Deferred tax assets		3,880	5,498
Other long-term assets	7	56,871	60,981
Total assets		\$ 2,057,124	\$ 1,872,791
LIABILITIES			
Current			
Trade and other payables	8	166,977	173,267
Current portion of finance and lease obligations	9	29,739	29,431
Current portion of derivative financial liabilities	15	—	10,349
Income taxes payable		52,642	54,968
		249,358	268,015
Non-current			
Finance and lease obligations	9	46,362	57,403
Long-term debt	10	826,117	638,980
Other long-term liabilities	11	43,735	41,911
Deferred tax liabilities		57,453	49,985
Total liabilities		\$ 1,223,025	\$ 1,056,294
EQUITY			
Share capital	12	1,793,132	1,774,172
Equity reserve	12	58,712	72,487
Deficit		(1,140,453)	(1,128,792)
Equity attributable to shareholders of the Corporation		\$ 711,391	\$ 717,867
Non-controlling interests	13	122,708	98,630
Total equity		\$ 834,099	\$ 816,497
Total equity and liabilities		\$ 2,057,124	\$ 1,872,791

COMMITMENTS AND CONTINGENCIES (NOTE 20)

SUBSEQUENT EVENTS (NOTE 21)

Approved by the Board: August 5, 2020

"Sebastien de Montessus" Director

"Alison Baker" Director

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

ENDEAVOUR MINING CORPORATION

Condensed Interim Consolidated Statement of Comprehensive (Loss)/Earnings
(Expressed in Thousands of United States Dollars, except per share amounts)

	Note	THREE MONTHS ENDED		SIX MONTHS ENDED	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues					
Gold revenue		253,084	219,371	522,986	370,681
Cost of sales					
Operating expenses		(103,308)	(103,318)	(217,711)	(191,681)
Depreciation and depletion	6	(43,760)	(51,970)	(96,289)	(88,102)
Royalties		(17,771)	(11,032)	(35,223)	(20,021)
Earnings from mine operations		88,245	53,051	173,763	70,877
Corporate costs		(5,049)	(5,143)	(10,280)	(11,204)
Acquisition and restructuring costs	21	(2,589)	—	(6,919)	—
Share-based compensation	12	(4,942)	(4,385)	(6,565)	(6,985)
Exploration costs		(1,796)	(1,674)	(3,129)	(6,035)
Earnings from operations		73,869	41,849	146,870	46,653
Other (expenses)/income					
Loss on financial instruments	14	(71,931)	(11,757)	(75,423)	(10,634)
Finance costs	10	(11,982)	(12,386)	(23,644)	(17,305)
Other (expenses)/income		(1,791)	4,574	144	4,377
(Loss)/Earnings before taxes		(11,835)	22,280	47,947	23,091
Current income tax expense		(2,313)	(13,845)	(26,012)	(27,323)
Deferred income tax expense		(8,468)	(1,531)	(9,088)	(307)
Net and comprehensive (loss)/earnings		(22,616)	6,904	12,847	(4,539)
Attributable to:					
Shareholders of Endeavour Mining Corporation		(37,229)	711	(11,231)	(13,956)
Non-controlling interests	13	14,613	6,193	24,078	9,417
		\$ (22,616)	\$ 6,904	\$ 12,847	\$ (4,539)
(Loss)/Earnings per share					
Basic (loss)/earnings per share	12	\$ (0.34)	\$ 0.01	\$ (0.10)	\$ (0.13)
Diluted (loss)/earnings per share	12	\$ (0.34)	\$ 0.01	\$ (0.10)	\$ (0.13)

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

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

		THREE MONTHS ENDED		SIX MONTHS ENDED	
	Note	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Operating Activities					
(Loss)/Earnings from continuing operations before taxes		(11,835)	22,280	47,947	23,091
Adjustments for:					
Depreciation and depletion	6	43,760	51,970	96,289	88,102
Finance costs	10	11,982	12,386	23,644	17,305
Share-based compensation	12	4,942	4,385	6,565	6,985
Loss on financial instruments	14	71,931	11,757	75,423	10,634
Gain on sale of assets		1,512	—	1,512	—
Cash paid on settlement of DSUs and PSUs	12	(7)	—	(221)	(1,125)
Cash received on settlement of forward contract		—	—	6,686	—
Income taxes paid		(20,148)	(29,569)	(28,672)	(31,234)
Net cash movement from gold collar settlements		(16,754)	(802)	(23,937)	(937)
Net non-cash asset adjustments		—	(10,659)	—	(2,004)
Foreign exchange loss		(30)	(4,426)	(591)	(5,503)
Operating cash flows before changes in non-cash working capital		85,353	57,322	204,645	105,314
Trade and other receivables		(10,553)	270	(18,039)	(3,630)
Inventories		(7,363)	(16,846)	3,363	(20,838)
Prepaid expenses and other		2	(3,107)	177	(4,338)
Trade and other payables		(10,023)	24,570	(6,775)	8,617
Cash generated from operating activities		\$ 57,416	\$ 62,209	\$ 183,371	\$ 85,125
Investing Activities					
Expenditures on mining interests		(58,325)	(66,133)	(112,277)	(169,537)
Cash paid for additional interest of Ity mine		—	—	(5,430)	(453)
Changes in long-term assets		(58)	(2,469)	2,090	(8,469)
Proceeds from sale of assets		10,292	—	10,292	—
Cash used in investing activities		\$ (48,091)	\$ (68,602)	\$ (105,325)	\$ (178,459)
Financing Activities					
Proceeds received from the issue of common shares		—	36	—	274
Payment of financing fees and other		(94)	(1,547)	(441)	(1,738)
Interest paid		(6,187)	(8,047)	(16,794)	(17,222)
Proceeds of long-term debt		—	20,000	120,000	80,000
Repayment of finance and lease obligation		(9,581)	(10,954)	(19,033)	(14,374)
Cash (used in)/generated from financing activities		\$ (15,862)	\$ (512)	\$ 83,732	\$ 46,940
Effect of exchange rate changes on cash		1,011	548	150	49
(Decrease)/Increase in cash		(5,526)	(6,357)	161,928	(46,345)
Cash, beginning of period		357,343	84,034	189,889	124,022
Cash, end of period		\$ 351,817	\$ 77,677	\$ 351,817	\$ 77,677

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

ENDEAVOUR MINING CORPORATION
Condensed Interim Consolidated Statement of Changes in Equity
(Expressed in Thousands of United States Dollars, except per share amounts)

SHARE CAPITAL									
Note	Number of Common Shares	Par Value	Additional Paid in Capital	Total Share Capital	Equity Reserve	Deficit	Total Attributable to Shareholders	Non-Controlling Interests	Total
At 1 January, 2019	108,081,596	10,804	1,732,857	1,743,661	65,452	(951,107)	858,006	86,327	944,333
Shares issued on exercise of options, RSU's & PSU's	770,956	77	12,792	12,869	(12,594)	—	275	—	275
Share based compensation 12	—	—	—	—	6,264	—	6,264	—	6,264
Acquisition of non-controlling interest of the lty mine 13	1,072,305	107	17,508	17,615	—	(13,967)	3,648	(4,101)	(453)
Total net and comprehensive (loss)/earnings	—	—	—	—	—	(13,956)	(13,956)	9,417	(4,539)
At June 30, 2019	109,924,857	\$ 10,988	\$ 1,763,157	\$ 1,774,145	\$ 59,122	\$ (979,030)	\$ 854,237	\$ 91,643	\$ 945,880
At 1 January, 2020	109,927,097	10,988	1,763,184	1,774,172	72,487	(1,128,792)	717,867	98,630	816,497
Shares issued on exercise of PSU's	1,066,143	107	18,853	18,960	(18,960)	—	—	—	—
Share based compensation 12	—	—	—	—	5,185	—	5,185	—	5,185
Acquisition of non-controlling interest of the lty mine 13	—	—	—	—	—	(430)	(430)	—	(430)
Total net and comprehensive (loss)/earnings	—	—	—	—	—	(11,231)	(11,231)	24,078	12,847
At June 30, 2020	110,993,240	\$ 11,095	\$ 1,782,037	\$ 1,793,132	\$ 58,712	\$ (1,140,453)	\$ 711,391	\$ 122,708	\$ 834,099

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

1 DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Endeavour Mining Corporation (“Endeavour” or the “Corporation”) is a publicly listed gold mining company that operates four mines in West Africa in addition to having project development and exploration assets. As further discussed in Note 21, Subsequent Events, on July 1, 2020, Endeavour successfully completed the acquisition of SEMAFO Inc who operate two mines in Burkina Faso. 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 London, England, and its shares are listed on the Toronto Stock Exchange (“TSX”) (symbol EDV) 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 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Corporation has been taking steps to monitor and address the risks in response to the COVID-19 pandemic and their impact on the Corporation's operations (Note 2).

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the accounting policies consistent with International Financial Reporting Standards (‘IFRS’).

These condensed interim consolidated financial statements should be read in conjunction with the most recently issued annual consolidated financial statements of the Corporation, which include information necessary or useful to understanding the Corporation’s operations, financial performance, and financial statement presentation. In particular, the Corporation’s significant accounting policies were presented as Note 2 to the consolidated financial statements for the year ended December 31, 2019 and have been consistently applied in the preparation of these condensed interim consolidated financial statements.

2.2. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at fair value at the end of each reporting period. The Corporation’s accounting policies have been applied consistently to all periods in the preparation of these condensed interim consolidated financial statements. In preparing the Corporation’s unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2020, the Corporation applied the critical judgments and estimates disclosed in notes 3 and 4 of its audited consolidated financial statements for the year ended December 31, 2019.

2.3. COVID-19 AND OTHER PANDEMIC RISKS

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new novel coronavirus (“COVID-19”) as a pandemic. In response to health risks associated with the spread of COVID-19, the Corporation implemented a number of health and safety measures designed to protect employees at its operations around the world.

As of the date of issuance of these condensed interim consolidated financial statements, the Corporation's operations have not been significantly impacted, however, the Corporation continues to monitor the situation. While the Corporation's financial position, performance and cash flows could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time. Management is currently monitoring and regularly assessing the short and medium-term impacts of the COVID-19 virus, including for example supply chain, mobility, workforce, market and trade flow impacts, as well as the resilience of Canadian, West African, and other global financial markets to support recovery. Any longer term impacts are also being considered and monitored, as appropriate. However, this pandemic is evolving rapidly and its effects on our own operations are uncertain. It is possible that in the future operations may be temporarily shut down or suspended for indeterminate amounts of time, any of which may, individually or in the aggregate, have a material and adverse impact on our business, results of operations and financial performance. The extent to which COVID-19 may impact the Corporation's business and operations will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of and the actions required to contain COVID-19 or remedy its impact.

The global response to the COVID-19 pandemic has resulted in, among other things, border closures, severe travel restrictions, as well as quarantine, self-isolation and other emergency measures imposed by various governments. Additional government or regulatory actions or inactions around the world in jurisdictions where the Corporation operates may also have potentially significant economic and social impacts. If the business operations of the Corporation are disrupted or suspended as a result of these or other measures, it may have a material adverse effect on the Corporation's business, results of operations and financial performance. The COVID-19 virus and efforts to contain it may have a significant effect on commodity prices, and the possibility of a prolonged global economic downturn may further impact commodity demand and prices.

The global pandemic caused by COVID-19 may affect Endeavour's ability to operate at one or more of its mines for an indeterminate period of time, may affect the health of its employees or contractors resulting in diminished expertise or capacity, may mean that key expat or contract resources cannot access West Africa, may result in delays or disruption in its supply chain leading to unavailability of critical spares and inventory (or increased costs), may lead to restrictions on transferability of currency, may cause business continuity issues at global gold refineries (and therefore its ability to generate revenue), may mean it cannot transport gold from its sites to refineries, may result in failures of various local administration, logistics and critical infrastructure, may cause social instability in West African countries which in turn could disrupt business continuity, and may result in additional and currently unknown liabilities. All or any of the foregoing may present risks to the investment proposition of Endeavour, its liquidity, solvency and ability to meet its debt obligations as they fall due.

3 TRADE AND OTHER RECEIVABLES

	June 30, 2020	December 31, 2019
Receivable for sale of Nzema mine	—	7,163
VAT receivable ⁱ	21,660	7,487
Receivables for gold sales	1,928	2,149
Trade and other receivables ⁱⁱ	13,974	2,429
Total	\$ 37,562	\$ 19,228

i. VAT receivable

VAT receivable relates to net VAT paid to vendors on goods and services purchased in country. These balances are expected to be collected in the next twelve months.

ii. Trade and other receivables

During the six months ended June 30, 2020 the Corporation provided \$6.0 million to BCM Group to pay the remaining portion of a mining permit that was transferred as a part of the Tabakoto sale in December 2018, as well as an additional \$5.0 million for working capital purposes. The amounts are expected to be repaid in the next twelve months and are non-interest bearing.

4 INVENTORIES

	June 30, 2020	December 31, 2019
Doré bars	11,422	15,496
Gold in circuit	38,467	29,707
Ore stockpiles	56,807	52,577
Spare parts and supplies	57,168	70,599
Total	\$ 163,864	\$ 168,379

As of June 30, 2020, there was no provision to adjust inventory to net realizable value (December 31, 2019 - \$0.7 million).

The cost of inventories recognized as an expense in the three and six months ended June 30, 2020 was \$147.1 million and \$314.0 million respectively and was included in cost of sales (three and six months ended June 30, 2019 - \$155.3 million and \$279.8 million respectively).

5 PREPAID EXPENSES AND OTHER

	June 30, 2020	December 31, 2019
Deposits	1,682	1,511
Supplier prepayments	13,675	15,893
Other	3,442	1,138
Total	\$ 18,799	\$ 18,542

6 MINING INTERESTS

	MINING INTERESTS					
	Depletable	Non depletable	Property, plant and equipment	Assets under construction	Non mining	Total
Cost						
Balance as at 1 January, 2019	549,057	261,108	711,192	397,230	9,846	1,928,433
Additions/expenditures	50,966	19,085	33,191	112,599	—	215,841
Transfers related to lty construction	225,981	—	171,728	(397,709)	—	—
Transfers to inventory on commercial production	—	—	—	(18,463)	—	(18,463)
Transfers	20,706	26,630	—	(47,336)	—	—
Reclamation liability change in estimate	(3,261)	—	—	—	—	(3,261)
Adjustment for change in accounting policy	—	—	11,636	—	—	11,636
Disposals	—	(7,317)	(4,849)	—	—	(12,166)
Balance as at December 31, 2019	843,449	299,506	922,898	46,321	9,846	2,122,020
Additions/expenditures	53,732	30,550	13,705	17,372	1,404	116,763
Disposals	—	—	(30,352)	—	—	(30,352)
Balance as at June 30, 2020	\$ 897,181	\$ 330,056	\$ 906,251	\$ 63,693	\$ 11,250	\$ 2,208,431
Accumulated Depreciation						
Balance as at 1 January, 2019	170,887	422	208,929	—	4,353	384,591
Depreciation/depletion	80,317	—	119,957	—	—	200,274
Impairment	45,007	—	82,373	—	—	127,380
Adjustment for change in accounting policy	—	—	(499)	—	—	(499)
Balance as at December 31, 2019	296,211	422	410,760	—	4,353	711,746
Depreciation/depletion	41,055	—	55,144	—	2,359	98,558
Disposals	\$ —	\$ —	(26,204)	\$ —	\$ —	(26,204)
Balance as at June 30, 2020	\$ 337,266	\$ 422	\$ 439,700	\$ —	\$ 6,712	\$ 784,100
Carrying amounts						
At December 31, 2019	\$ 547,238	\$ 299,084	\$ 512,138	\$ 46,321	\$ 5,493	\$ 1,410,274
At June 30, 2020	\$ 559,915	\$ 329,634	\$ 466,551	\$ 63,693	\$ 4,538	\$ 1,424,331

During the six months ended June 30, 2020 the Corporation disposed of its mining fleet at its Karma mine in connection with moving all mining operations to a contractor and were leased back for the Corporation's mining operating at Karma site. Included in the Condensed Interim Consolidated Statement of Comprehensive (Loss)/Earnings is a gain of \$4.1 million related to the sale and leaseback mining interest assets (June 30, 2019: nil)

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

The Corporation's leased assets consist of buildings, plant and equipment and its various segments which are right-of-use assets under IFRS 16. These have been included within the property, plant and equipment category above.

	Plant	Heavy Equipment	Property	June 30, 2020
Balance as at January 1, 2019	5,699	3,021	2,915	11,635
Additions	1,061	—	—	1,061
Depreciation for the year	(2,551)	(827)	(1,309)	(4,687)
Balance as at December 31, 2019	4,209	2,194	1,606	8,009
Additions	1,961	2,041	475	4,477
Depreciation for the period	(1,233)	(438)	(643)	(2,314)
Disposals	—	(1,112)	—	(1,112)
Balance as at June 30, 2020	\$ 4,937	\$ 2,685	\$ 1,438	\$ 9,060

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

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

	Agbaou Mine	Ity Mine	Karma Mine	Houndé Mine	Kalana Project	Exploration Properties	Non mining	Total
Cost								
Balance as at 1 January, 2019	291,176	476,161	373,466	543,982	193,099	13,792	36,757	1,928,433
Additions/expenditures	25,225	79,273	33,175	49,932	11,868	7,205	9,163	215,841
Transfers to inventory on commercial production	—	(18,463)	—	—	—	—	—	(18,463)
Transfers	230	(23,301)	1,063	782	1,020	23,776	(3,570)	—
Reclamation liability change in estimate	(434)	3,622	(648)	(5,801)	—	—	—	(3,261)
Adjustment for change in accounting standard	3,291	2,615	—	2,816	—	—	2,914	11,636
Disposals	—	(4,849)	—	—	—	(7,317)	—	(12,166)
Balance as at December 31, 2019	319,488	515,058	407,056	591,711	205,987	37,456	45,264	2,122,020
Additions/expenditures	7,272	29,167	9,430	31,649	4,199	32,501	2,545	116,763
Disposals	—	(1,551)	(28,801)	—	—	—	—	(30,352)
Balance as at June 30, 2020	\$ 326,760	\$ 542,674	\$ 387,685	\$ 623,360	\$ 210,186	\$ 69,957	\$ 47,809	\$ 2,208,431
Accumulated depreciation and impairment								
Balance as at 1 January, 2019	155,062	62,927	76,973	83,288	—	3,169	3,172	384,591
Depreciation/depletion	45,129	36,733	48,288	65,039	—	207	4,878	200,274
Impairment	—	—	127,380	—	—	—	—	127,380
Disposals	—	(499)	—	—	—	—	—	(499)
Balance as at December 31, 2019	200,191	99,161	252,641	148,327	—	3,376	8,050	711,746
Depreciation/depletion	18,739	18,312	29,493	27,881	—	328	3,805	98,558
Disposals	—	(439)	(25,516)	(249)	—	—	—	(26,204)
Balance as at June 30, 2020	\$ 218,930	\$ 117,034	\$ 256,618	\$ 175,959	\$ —	\$ 3,704	\$ 11,855	\$ 784,100
Carrying amounts								
At December 31, 2019	\$ 119,297	\$ 415,897	\$ 154,415	\$ 443,384	\$ 205,987	\$ 34,080	\$ 37,214	\$ 1,410,274
At June 30, 2020	\$ 107,830	\$ 425,640	\$ 131,067	\$ 447,401	\$ 210,186	\$ 66,253	\$ 35,954	\$ 1,424,331

7 OTHER LONG-TERM ASSETS

Other long-term assets are comprised of:

	June 30, 2020	December 31, 2019
Working capital loan receivable	565	541
Restricted cash ⁱ	13,115	9,958
Long-term stockpiles	21,523	22,490
Long-term critical spare parts and supplies	12,846	14,670
Long-term receivable ⁱⁱ	8,822	13,322
Total	\$ 56,871	\$ 60,981

i. Restricted cash

Restricted cash reflects cash set aside for the asset retirement obligations as required by the local governing bodies.

ii. Long-term receivable

Long-term receivables mainly consist of the net smelter royalty ("NSR") connected with the sale of the Tabakoto mine, which is not expected to be received in the next twelve months and has been classified as long-term as at June 30, 2020.

8 TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	June 30, 2020	December 31, 2019
Trade accounts payable	136,595	147,461
Royalties payable	11,288	2,444
Payroll and social charges	7,376	10,714
Other payables	11,718	12,648
Total	\$ 166,977	\$ 173,267

9 FINANCE OBLIGATIONS

The Corporation has entered into the following finance obligations:

	June 30, 2020	December 31, 2019
Financing arrangements ⁱ	64,463	78,081
Lease liabilities ⁱⁱ	11,638	8,753
Finance obligations	\$ 76,101	\$ 86,834

	June 30, 2020	December 31, 2019
Finance obligations	76,101	86,834
Less: current portion	(29,739)	(29,431)
Long-term finance obligations	\$ 46,362	\$ 57,403

i. Financing arrangements

	June 30, 2020	December 31, 2019
Financing arrangements	64,463	78,081
Less: current portion	(24,428)	(25,529)
Long-term financing arrangement	\$ 40,035	\$ 52,552

The present value of the Corporation's long-term equipment financial obligations is split below. The present value of the minimum payments are the installments over the life of the arrangement discounted to present value. Payments are apportioned between the finance charge and the reduction of the outstanding liability.

	June 30, 2020	December 31, 2019
Not later than one year	29,841	30,562
Later than one year and not later than five years	41,241	56,390
	71,082	86,952
Less future finance charges	(6,619)	(8,871)
Present value of minimum finance payments	\$ 64,463	\$ 78,081

	June 30, 2020	December 31, 2019
Houndé Mine	32,680	39,340
Ity Mine	31,783	38,741
Present value of minimum finance payments	\$ 64,463	\$ 78,081

ii. Lease liabilities

The lease liabilities included within financial obligations in the condensed interim consolidated statement of financial position are as follows:

	June 30, 2020	December 31, 2019
Lease liabilities	11,638	8,753
Less: current portion	(5,311)	(3,902)
Long-term lease liabilities	\$ 6,327	\$ 4,851

Amounts recognized in the condensed interim consolidated statement of comprehensive (loss)/earnings are as follows:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Interest on lease liabilities	180	218	318	399
Depreciation on right-of-use assets	1,196	1,268	2,314	2,326
Recognized in net (loss)/earnings	\$ 1,376	\$ 1,486	\$ 2,632	\$ 2,725

10 LONG-TERM DEBT

	June 30, 2020	December 31, 2019
Corporate loan facility ⁱ	430,000	310,000
Deferred financing costs	(3,677)	(5,059)
Revolving credit facility	\$ 426,323	\$ 304,941
Convertible senior notes ⁱⁱ	307,137	302,600
Conversion option ⁱⁱⁱ	92,657	31,439
Convertible senior bond	\$ 399,794	\$ 334,039
Total long term debt	\$ 826,117	\$ 638,980

The Corporation incurred the following finance costs in the period:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
Note	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Interest expense	10,823	9,640	21,150	19,518
Amortization of deferred facility fees	757	746	1,497	1,350
Commitment, structuring and other fees	402	2,000	997	3,240
Less: Capitalized borrowing costs	6	—	—	(6,803)
Total finance costs	\$ 11,982	\$ 12,386	\$ 23,644	\$ 17,305

i. Corporate Loan Facility

On May 17, 2019, the Corporation renewed its \$430.0 million revolving credit facility ("RCF") with a syndicate of leading international banks. In the six months ended June 30, 2020, the Corporation drew down an additional \$120.0 million on its RCF.

The key terms of the RCF include:

- Principal amount of \$430.0 million.
- Interest accrues on a sliding scale of between LIBOR plus 2.95% to 3.95% based on the Corporation's leverage ratio.
- Commitment fees for the undrawn portion of the RCF of 1.03%.
- The term of the RCF is four years, maturing in September 2021.
- The principal outstanding on the RCF is repayable as a single bullet payment on the maturity date.
- Banking syndicate includes Société Générale, ING, Citibank N.A., Investec Bank Plc, Macquarie Bank Ltd, Barclays Bank, HSBC and BMO.
- The RCF can be repaid at any time without penalty.

ii. Convertible Senior Notes

On February 8, 2018, the Corporation completed a private placement of convertible senior notes with a total principal amount of \$330.0 million due in 2023 (the "Notes"). The initial conversion rate is 41.84 of the Corporation's common shares ("Shares") per \$1,000 Note, or an initial conversion price of approximately \$23.90 (CAD\$29.47) per share.

The Notes bear interest at a coupon rate of 3% payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2018. The Notes mature on February 15, 2023, unless redeemed earlier, repurchased or converted in accordance with the terms of the Notes. The Corporation may, subject to certain conditions, elect to satisfy the principal amount and conversion option due at maturity or upon redemption through the payment or delivery of any combination of Shares and cash.

The key terms of the Convertible Senior Notes include:

- Principal amount of \$330.0 million.
- Coupon rate of 3% payable on a semi-annual basis.
- The term of the notes is 5 years, maturing in February 2023.
- The notes are reimbursable through the payment or delivery of shares and/or cash.
- The initial conversion price is \$23.90 (CAD\$29.47) per share.
- The reference share price of the notes is \$18.04 (CAD\$22.24) per share.

For accounting purposes, the Corporation measures the Notes at amortized cost, accreting to maturity over the term of the Notes. The conversion option is an embedded derivative and is accounted for as a financial liability measured at fair value through profit or loss, as the Corporation has the ability to settle the option at fair value in cash, common shares, or a combination of cash and common shares in certain circumstances.

The unrealized gain/loss on the convertible note option for the three and six months ended June 30, 2020 was an unrealized loss of \$63.9 million and an unrealized loss of \$61.2 million respectively (three and six months ended June 30, 2019 - unrealized loss of \$4.5 million and an unrealized gain of \$3.9 million respectively).

The liability component for the Notes at June 30, 2020 has an effective interest rate of 6.2% (December 31, 2019: 6.2%) and was as follows:

	June 30, 2020	December 31, 2019
Liability component at beginning of the year	302,600	293,893
Interest expense in the year	9,487	18,607
Less: Interest payments in the year	(4,950)	(9,900)
Total	\$ 307,137	\$ 302,600

iii. Conversion option

The conversion option related to the Notes is recorded at fair value, using a valuation model, with the following assumptions; volatility of 43% (December 31, 2019, 26%), risk free rate of 0.2% (December 31, 2019, 2.6%), term of the conversion option 2.63 (December 31, 2019, 3.19 years), and a share price of \$24.10 (December 31, 2019, \$18.89).

	June 30, 2020	December 31, 2019
Conversion option at beginning of the year	31,439	25,076
Fair value adjustment	61,218	6,363
Total	\$ 92,657	\$ 31,439

11 OTHER LONG-TERM LIABILITIES

	June 30, 2020	December 31, 2019
Environmental rehabilitation provision	39,184	38,521
DSU liabilities	4,551	3,390
Total	\$ 43,735	\$ 41,911

12 SHARE CAPITAL

i. Voting shares

Authorized

- 200,000,000 voting shares of \$0.10 par value
- 100,000,000 undesignated shares

ii. Share-based compensation

The following table summarizes the share-based compensation expense:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Amortization and change in fair value of DSUs	1,687	251	1,160	208
Amortization and change in fair value of PSUs	3,255	4,134	5,405	6,777
Total share-based expenses	\$ 4,942	\$ 4,385	\$ 6,565	\$ 6,985

iii. Options

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

	Options outstanding	Weighted average exercise price (C\$)
At December 31, 2018	50,535	16.26
Exercised	(35,119)	10.99
Expired	(466)	24.68
At December 31, 2019, and at June 30, 2020	14,950	10.94

The following table summarizes information about the exercisable share options outstanding as at June 30, 2020:

Exercise Prices (C\$)	Outstanding	Exercisable	Weighted average exercise price (C\$)	Weighted average remaining contractual life
\$8.00 - \$14.99	14,950	14,950	\$ 10.94	0.70 years

iv. Share unit plans

A summary of the changes in share unit plans is presented below:

	DSUs outstanding	Weighted average grant price (C\$)	PSUs outstanding	Weighted average grant price (C\$)
At December 31, 2018	191,706	12.20	2,845,880	19.25
Granted	26,871	22.60	1,556,328	18.63
Exercised	(39,893)	12.61	(738,078)	18.15
Forfeited	—	—	(365,753)	20.62
At December 31, 2019	178,684	13.67	3,298,377	19.05
Granted	10,886	26.19	1,214,996	22.59
Exercised	—	—	(1,066,143)	19.00
Forfeited	—	—	(421,146)	20.08
At June 30, 2020	189,570	14.39	3,026,084	20.35

v. 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 plan allows each non-executive director to choose to receive, in the form of DSUs, all or a percentage of their director’s fees, which would otherwise be payable in cash. Compensation for serving on committees must be paid in the form of DSUs. The plan also provides for discretionary grants of additional DSUs by the Board. Each DSU 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 the date of settlement.

The fair value of the DSUs is determined based on multiplying the 5 day volume weighted average share price of the Corporation by the number of DSUs at the end of the reporting period.

The total fair value of DSUs at June 30, 2020 was \$4.6 million (December 31, 2019 – \$3.4 million). The total DSU share-based compensation recognized in the condensed interim consolidated statement of comprehensive (loss)/ earnings was an expense of \$1.7 million and an expense of \$1.2 million for the three and six months ended June 30, 2020 respectively (for the three and six months ended June 30, 2019, expense of \$nil).

vi. Performance share units

In March 2014, following a 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 PSU program is intended to increase the pay mix in favor of long-term equity-based compensation with three-year cliff-vesting to serve as an employee retention mechanism.

The fair value of the PSUs is determined based on Total Shareholder Return (“TSR”) relative to peer companies and achieving certain operational performance measures (key future operational indicators – Net debt / adjusted earnings before interest, tax, depreciation and amortization, production and Environmental, Social and Governance

("ESG") targets). The fair value related to the TSR portion is determined using a multi-asset Monte Carlo simulation model while the fair value related to the achievement of operational performance measures is determined based on the probability of reaching the operational targets.

The total PSU share-based expense recognized in the condensed interim consolidated statement of comprehensive (loss)/earnings for the three and six months ended June 30, 2020 was \$3.3 million and \$5.4 million respectively (for the three and six months ended June 30, 2019, expense of \$4.1 million and \$6.8 million respectively).

vii. Basic and diluted earnings per share

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Basic weighted average number of shares outstanding	110,993,240	109,919,887	110,788,798	109,734,405
Effect of dilutive securities ¹				
Stock options	—	9,263	14,950	—
Diluted weighted average number of shares outstanding	110,993,240	109,929,150	110,803,748	109,734,405
Total common shares outstanding at June 30	110,993,240	109,924,857	110,993,240	109,924,857
Total potential diluted common shares at June 30	115,092,032	114,166,444	115,092,032	114,166,444

¹ Diluted earnings per share was determined using the basic weighted average shares outstanding rather than the diluted weighted average shares outstanding as the effects of dilutive securities would have been anti-dilutive in periods where the Corporation has a net loss.

13 NON-CONTROLLING INTERESTS

The composition of the non-controlling interests ("NCI") is as follows:

	Agbaou Gold Operations SA (Agbaou Mine) 15%	Societe des Mines d'Ity (Ity Mine) 15%	Riverstone Karma SA (Karma Mine) 10%	Houndé Gold Operations 10%	Societe des Mines d'Or de Kalana (Kalana Project) 20%	Total
At December 31, 2018	50,473	16,405	11,983	6,944	522	86,327
Acquisition of NCI	—	(4,101)	—	—	—	(4,101)
Net earnings	8,026	11,553	2,019	960	—	22,558
Dividend distribution	(5,064)	—	—	(1,090)	—	(6,154)
At December 31, 2019	\$ 53,435	\$ 23,857	\$ 14,002	\$ 6,814	\$ 522	\$ 98,630
Net earnings	5,296	11,270	2,213	5,299	—	24,078
At June 30, 2020	\$ 58,731	\$ 35,127	\$ 16,215	\$ 12,113	\$ 522	\$ 122,708

For summarized information related to these subsidiaries, refer to Note 17, Segmented Information.

i. Acquisition of interest in Ity

On May 19, 2017, the Corporation acquired an additional 25% stake in Société des Mines d'Ity from one of the non-controlling interests thereby increasing its ownership to 80% for consideration of \$54.4 million and a \$5 per ounce royalty for any additional reserves added subsequent to December 31, 2016. During the first quarter of 2020, the Corporation paid \$5.4 million as part of this transaction of which only \$5 million was initially recorded as part of the investment. The additional \$0.4 million has been disclosed in the Statement of Changes in Equity for the period ended 30 June 2020.

On January 11, 2019, the Corporation increased its ownership stake in the Ity Mine from 80% to 85%. In exchange for the additional 5% interest in the Ity mine (relating to the Société des Mines d'Ity and Société des Mines de Daapleu entities), the Corporation granted the minority shareholder 1,072,305 common shares with a value of \$17.6 million in addition to a \$0.5 million cash payment.

Following this transaction, the Corporation owns 85% of the Ity mine, with the Government of Cote d'Ivoire owning 10% and SODEMI (a government owned mining company) owning the remaining 5%.

14 LOSS ON FINANCIAL INSTRUMENTS

	Note	THREE MONTHS ENDED		SIX MONTHS ENDED	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Gain on other financial instruments		535	566	590	1,216
Change in value of receivable at FVTPL	3	(175)	—	(307)	—
Realized gain on forward contract	15	—	—	6,686	—
Loss on gold revenue protection program	15	(10,171)	(11,171)	(21,156)	(12,013)
Unrealized (loss)/gain on convertible senior bond derivative	10	(63,893)	(4,461)	(61,218)	3,875
Gain/(loss) on foreign exchange		1,773	3,309	(18)	(3,712)
Total loss on financial instruments		\$ (71,931)	\$ (11,757)	\$ (75,423)	\$ (10,634)

15 DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the derivative financial liabilities:

	June 30, 2020	December 31, 2019
Gold revenue protection strategy	—	(10,349)
Derivative financial liabilities, current portion	\$ —	\$ (10,349)

The following table summarizes the (loss)/gain on derivative financial assets/(liabilities) that have been recognized through the condensed interim consolidated statement of comprehensive (loss)/earnings :

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Realized loss on gold revenue protection strategy ⁱ	(10,171)	(802)	(21,156)	(937)
Realized gain on forward contract ⁱⁱ	—	—	6,686	—
Unrealized loss on gold revenue protection strategy ⁱ	—	(10,369)	—	(11,076)
Loss on derivative financial instruments	\$ (10,171)	\$ (11,171)	\$ (14,470)	\$ (12,013)

i. Gold revenue protection strategy

In the year ended December 31, 2019, the Corporation's deferred premium collar strategy for the 15-month period from February 2018 to April 2019 expired. Over the life of the collar, the Corporation realized a gain of \$5.1 million.

In the year ended December 31, 2019, the Corporation implemented a deferred premium collar strategy ("Collar") using written call options and bought put options for the 12-month period from July 2019 to June 2020. The program covered a total of 360,000 ounces, representing approximately 50% of Endeavour's total estimated gold production for the period, with an average floor price of \$1,358 and a ceiling price of \$1,500.

In the six months ended June 30, 2020, the Corporation's deferred premium collar strategy for the 12-month period from July 2019 to June 2020 expired. Over the life of the collar, the Corporation realized a loss of \$35.9 million.

The Collar was not designated as a hedge by the Corporation and was recorded at its fair value at the end of each reporting period with changes in fair value recorded in the condensed interim consolidated statement of comprehensive (loss)/earnings .

The total premium paid for entering into the Collar of \$8.7 million was included as part of the Collar fair value and was cash-settled on a net basis as monthly contracts matured. In the six months ended June 30, 2020, the Corporation paid \$19.5 million for settlements of the Collar, included in realized gains and losses on derivative financial instruments.

ii. Forward contract

On March 9, 2020, the Corporation entered into a gold forward contract to manage the risk of changes in the market price of gold. Under the gold forward contract, the Corporation bought 73,919 ounces of gold at an average gold prices of \$1,590 per ounce. On March 30, 2020, the Corporation exited the gold forward contract at a final gold price of \$1,681 per ounce resulting in a realized gain of \$6.7 million.

16 INCOME TAXES

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. The Corporation is not subject to corporate taxation in the Cayman Islands. However, the taxable earnings of the corporate entities in Barbados, Burkina Faso, Canada, Côte d'Ivoire, Mali, Monaco, France, Luxembourg and the United Kingdom are subject to tax under the tax law of the respective jurisdiction. 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 change, the Corporation will recognize the effects of the changes in its condensed interim consolidated financial statements in the period that such changes occur.

17 SEGMENTED INFORMATION

The Corporation operates in three principal countries, Burkina Faso (Karma and Houndé mines), Côte d'Ivoire (Agbaou and Ity mines), and Mali (Kalana Project). The following table provides the Corporation's results by operating segment in the way information is provided to and used by the Corporation's chief operating decision maker, which is the CEO, to make decisions about the allocation of resources to the segments and assess their performance.

THREE MONTHS ENDED JUNE 30, 2020

	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
Revenue						
Gold revenue	43,503	79,419	29,973	100,189	—	253,084
Cost of sales						
Operating expenses	(20,080)	(29,702)	(15,296)	(36,304)	(1,926)	(103,308)
Depreciation and depletion	(8,295)	(8,466)	(11,318)	(13,726)	(1,955)	(43,760)
Royalties	(2,464)	(4,453)	(2,828)	(8,026)	—	(17,771)
Earnings/(Loss) from mine operations	12,664	36,798	531	42,133	(3,881)	88,245
Corporate costs	—	—	—	—	(5,049)	(5,049)
Acquisition and restructuring costs	—	—	—	—	(2,589)	(2,589)
Share-based payments	—	—	—	—	(4,942)	(4,942)
Exploration	—	—	—	—	(1,796)	(1,796)
Earnings/(Loss) from operations	12,664	36,798	531	42,133	(18,257)	73,869
Other income/(expenses)						
Gain/(Loss) on financial instruments	326	2,133	108	(652)	(73,846)	(71,931)
Finance costs	(164)	(610)	(95)	(823)	(10,290)	(11,982)
Other income/(expenses)	14	23	1,522	(6)	(3,344)	(1,791)
Earnings/(Loss) before taxes	12,840	38,344	2,066	40,652	(105,737)	(11,835)
Current income tax (expense)/recovery	(2,050)	(2,232)	4,479	(2,510)	—	(2,313)
Deferred income tax (expense)/recovery	(2,871)	(1,907)	1,539	(5,229)	—	(8,468)
Net earnings/(loss) from continuing operations	\$ 7,919	\$ 34,205	\$ 8,084	\$ 32,913	\$ (105,737)	\$ (22,616)

THREE MONTHS ENDED JUNE 30, 2019

	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
Revenue						
Gold revenue	45,108	82,208	21,042	71,013	—	219,371
Cost of sales						
Operating expenses	(22,891)	(30,122)	(16,617)	(33,688)	—	(103,318)
Depreciation and depletion	(12,207)	(10,498)	(11,564)	(16,243)	(1,458)	(51,970)
Royalties	(1,712)	(3,028)	(1,822)	(4,470)	—	(11,032)
Earnings/(Loss) from mine operations	8,298	38,560	(8,961)	16,612	(1,458)	53,051
Corporate costs	—	—	—	—	(5,143)	(5,143)
Share-based payments	—	—	—	—	(4,385)	(4,385)
Exploration	—	—	—	—	(1,674)	(1,674)
Earnings/(Loss) from operations	8,298	38,560	(8,961)	16,612	(12,660)	41,849
Other income/(expenses)						
Gain/(Loss) on financial instruments	(655)	923	(506)	606	(12,125)	(11,757)
Finance costs	(151)	(632)	(70)	(1,135)	(10,398)	(12,386)
Other income/(expenses)	—	—	—	—	4,574	4,574
Earnings/(Loss) before taxes	7,492	38,851	(9,537)	16,083	(30,609)	22,280
Current income tax (expense)/recovery	(2,819)	(14,002)	—	3,402	(426)	(13,845)
Deferred income tax (expense)/recovery	(2,846)	611	(3)	707	—	(1,531)
Net earnings/(loss) from continuing operations	\$ 1,827	\$ 25,460	\$ (9,540)	\$ 20,192	\$ (31,035)	\$ 6,904

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

SIX MONTHS ENDED JUNE 30, 2020

	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
Revenue						
Gold revenue	87,084	180,142	66,735	189,025	—	522,986
Cost of sales						
Operating expenses	(38,391)	(64,932)	(34,055)	(78,407)	(1,926)	(217,711)
Depreciation and depletion	(17,896)	(19,145)	(24,986)	(30,129)	(4,133)	(96,289)
Royalties	(4,797)	(9,216)	(6,079)	(15,131)	—	(35,223)
Earnings/(Loss) from mine operations	26,000	86,849	1,615	65,358	(6,059)	173,763
Corporate costs	—	—	—	—	(10,280)	(10,280)
Acquisition and restructuring costs	—	—	—	—	(6,919)	(6,919)
Share-based payments	—	—	—	—	(6,565)	(6,565)
Exploration	—	—	—	—	(3,129)	(3,129)
Earnings/(Loss) from operations	26,000	86,849	1,615	65,358	(32,952)	146,870
Other income/(expenses)						
(Loss)/Gain on financial instruments	(467)	1,782	(144)	(295)	(76,299)	(75,423)
Finance costs	(323)	(1,363)	(134)	(1,749)	(20,075)	(23,644)
Other (expenses)/income	—	23	1,522	(13)	(1,388)	144
Earnings/(Loss) before taxes	25,210	87,291	2,859	63,301	(130,714)	47,947
Current income tax (expense)/recovery	(6,743)	(14,473)	4,209	(9,004)	(1)	(26,012)
Deferred income tax (expense)/recovery	(2,584)	(1,361)	351	(5,494)	—	(9,088)
Net earnings/(loss) from continuing operations	\$ 15,883	\$ 71,457	\$ 7,419	\$ 48,803	\$ (130,715)	\$ 12,847

SIX MONTHS ENDED JUNE 30, 2019

	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Project Burkina Faso	Other	Total
Revenue						
Gold revenue	89,156	87,694	45,315	148,516	—	370,681
Cost of sales						
Operating expenses	(40,326)	(38,631)	(41,029)	(71,695)	—	(191,681)
Depreciation and depletion	(20,793)	(10,498)	(22,518)	(31,920)	(2,373)	(88,102)
Royalties	(3,415)	(3,229)	(3,634)	(9,743)	—	(20,021)
Earnings/(Loss) from mine operations	24,622	35,336	(21,866)	35,158	(2,373)	70,877
Corporate costs	—	—	—	—	(11,204)	(11,204)
Share-based payments	—	—	—	—	(6,985)	(6,985)
Exploration	—	—	—	—	(6,035)	(6,035)
Earnings/(Loss) from operations	24,622	35,336	(21,866)	35,158	(26,597)	46,653
Other income/(expenses)						
Loss on financial instruments	(1,627)	(1,542)	(1,313)	(1,303)	(4,849)	(10,634)
Finance costs	(342)	(473)	(140)	(2,354)	(13,996)	(17,305)
Other (expenses)/income	—	301	—	—	4,076	4,377
Earnings/(Loss) before taxes	22,653	33,622	(23,319)	31,501	(41,366)	23,091
Current income tax (expense)/recovery	(7,570)	(15,311)	—	(1,756)	(2,686)	(27,323)
Deferred income tax (expense)/recovery	(948)	(1,279)	5,095	(3,175)	—	(307)
Net earnings/(loss) from continuing operations	\$ 14,135	\$ 17,032	\$ (18,224)	\$ 26,570	\$ (44,052)	\$ (4,539)

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the periods ended June 30, 2020 or June 30, 2019.

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.

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

The Corporation's assets and liabilities, including geographic location of those assets and liabilities, are detailed below:

AS AT JUNE 30, 2020

	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
Mining interests	107,830	425,640	131,067	447,401	312,393	1,424,331
Current assets	104,290	103,652	91,260	158,161	114,679	572,042
Other long-term assets	5,913	20,071	3,076	18,291	9,520	56,871
Deferred tax assets	—	3,529	351	—	—	3,880
Total assets	\$ 218,033	\$ 552,892	\$ 225,754	\$ 623,853	\$ 436,592	\$ 2,057,124
Current liabilities	37,357	65,446	26,701	75,440	44,414	249,358
Long-term liabilities	9,558	32,099	10,193	31,141	833,223	916,214
Deferred tax liabilities	1,975	—	—	29,759	25,719	57,453
Total liabilities	\$ 48,890	\$ 97,545	\$ 36,894	\$ 136,340	\$ 903,356	\$ 1,223,025

AS AT DECEMBER 31, 2019

	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
Mining interests	119,297	415,897	154,415	443,384	277,281	1,410,274
Current assets	81,838	84,580	68,275	118,006	43,339	396,038
Other long-term assets	5,843	22,714	2,709	15,840	13,875	60,981
Deferred tax assets	609	4,889	—	—	—	5,498
Total assets	\$ 207,587	\$ 528,080	\$ 225,399	\$ 577,230	\$ 334,495	\$ 1,872,791
Current liabilities	42,997	56,695	38,022	77,166	53,135	268,015
Long-term liabilities	9,793	38,321	7,669	37,434	645,077	738,294
Deferred tax liabilities	—	—	—	24,266	25,719	49,985
Total liabilities	\$ 52,790	\$ 95,016	\$ 45,691	\$ 138,866	\$ 723,931	\$ 1,056,294

18 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, finance obligations, derivatives 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:

	June 30, 2020	December 31, 2019
Equity	834,099	816,497
Long-term debt	826,117	638,980
Finance obligations	76,101	86,834
Derivative financial liabilities	—	10,349
	1,736,317	1,552,660
Less:		
Cash and cash equivalents	(351,817)	(189,889)
Cash - restricted	(13,115)	(9,958)
Marketable securities	(1,839)	(1,224)
Total	\$ 1,369,546	\$ 1,351,589

The Corporation manages its capital structure and adjusts it considering 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.

The Corporation is not subject to any externally imposed capital requirements with the exception of complying with covenants under the RCF. As at June 30, 2020 and December 31, 2019, the Corporation was in compliance with these covenants.

19 FINANCIAL INSTRUMENTS

i. Financial assets and liabilities

The Corporation's financial instruments consist of cash, restricted cash, marketable securities, trade and other receivables, working capital loan, long term receivable, trade and other payables, derivative financial assets/liabilities, finance obligations and current and long-term debt. The fair value of these financial instruments approximates their carrying value, unless otherwise noted below, except for the convertible note, which has a fair value of approximately \$389.2 million (December 31, 2019 - \$351.5 million).

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).

As at each of June 30, 2020 and December 31, 2019, the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities measured and recognized in the condensed interim consolidated statement of financial position at fair value are categorized as follows:

AS AT JUNE 30, 2020					
	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		351,817	—	—	351,817
Cash - restricted		13,115	—	—	13,115
Receivable for sale of Tabakoto mine	7	—	—	8,822	8,822
Marketable securities		1,839	—	—	1,839
Total		\$ 366,771	\$ —	\$ 8,822	\$ 375,593

Liabilities:

Conversion option on Notes	10	—	(92,657)	—	(92,657)
Total		\$ —	\$ (92,657)	\$ —	\$ (92,657)

AS AT DECEMBER 31, 2019					
	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		189,889	—	—	189,889
Cash - restricted		9,958	—	—	9,958
Receivable for sale of Nzema mine	3	—	—	7,163	7,163
Receivable for sale of Tabakoto mine	7	—	—	13,322	13,322
Marketable securities		1,224	—	—	1,224
Total		\$ 201,071	\$ —	\$ 20,485	\$ 221,556

Liabilities:

Conversion option on Notes	10	—	(31,439)	—	(31,439)
Derivative financial instruments	15	—	(10,349)	—	(10,349)
Total		\$ —	\$ (41,788)	\$ —	\$ (41,788)

There were no transfers between level 1 and 2 during the year. The fair value of level 3 financial assets was determined using a Monte Carlo valuation method, taking into account assumptions with respect to gold prices and discount rates as well as estimates with respect to production and operating results at the disposed mine.

ii. 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.

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, restricted cash, marketable securities, trade and other receivables, long-term receivable 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 and its receivable from the BCM Group.

BCM Group, a private mining contractor and operator, is the counterparty who acquired the Nzema and Tabakoto mines in 2017 and 2018 respectively, and from whom the receivables are ultimately due. The Corporation signed an omnibus settlement agreement in November 2019, which offset certain amounts outstanding between the two parties, resulting in cash installments of \$6.8 million received in 2020 relating to the sale of Nzema mine. Further to additional amounts paid on behalf of BCM Group in the period, the Corporation received \$4.5 million in the three months ended March 31, 2020, in relation to the receivable from the sale of the Tabakoto mine.

Long-term receivables of \$8.8 million mainly consist of a receivable and NSR associated with the sale of the Tabakoto mine in December 2018.

The Corporation sells its gold to large international organizations with strong credit ratings, and the historical level of customer defaults is minimal. As a result, the credit risk associated with gold trade receivables at June 30, 2020 is considered to be negligible. The Corporation does not rely on ratings issued by credit rating agencies in evaluating counterparties' related credit risk.

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

		June 30, 2020	December 31, 2019
Cash		351,817	189,889
Trade and other receivables	3	37,562	19,228
Working capital loan	7	565	541
Marketable securities		1,839	1,224
Long-term receivable	7	8,822	13,322
Restricted Cash	7	13,115	9,958
Total		\$ 413,720	\$ 234,162

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 Corporation's liabilities that have contractual maturities as at June 30, 2020:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	166,977	—	—	—	166,977
Corporate loan facility	—	430,000	—	—	430,000
Convertible senior bond	9,900	349,800	—	—	359,700
Lease liabilities	5,850	3,968	1,354	966	12,138
Finance arrangements	29,841	35,691	5,550	—	71,082
Total	\$ 212,568	\$ 819,459	\$ 6,904	\$ 966	\$ 1,039,897

iii. Market risks

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 period ended June 30, 2020.

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

The table below highlights the net assets held in foreign currencies, presented in US dollars:

	June 30, 2020	December 31, 2019
Canadian dollar	124	309
CFA Francs	5,461	26,615
Euro	2,892	919
Other currencies	5,691	2,707
Total	\$ 14,168	\$ 30,550

The effect on earnings before taxes as at June 30, 2020, 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 \$1.4 million (December 31, 2019, \$3.1 million), if all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at June 30, 2020.

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.

The effect on earnings and other comprehensive loss before tax as at June 30, 2020, of a 10% change in the LIBOR rate on the RCF is estimated to be \$0.1 million (December 31, 2019 - \$0.1 million).

Price Risk

Price risk is the risk that the fair value or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market prices. There has been no change in the Corporation's objectives and policies for managing this risk and no significant changes to the Corporation's exposure to price risk during the period ended June 30, 2020.

20 COMMITMENTS AND CONTINGENCIES

- The Corporation has commitments in place at all four of its mines and other key projects for drill and blasting services, load and haul services, supply of explosives and supply of hydrocarbon services.
- The Corporation is, from time to time, involved in various claims, legal proceedings, tax assessments and complaints arising in the ordinary course of business from third parties. 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 was recently served in the Cayman Islands with notice of a claim by a former service provider. The Corporation is taking legal advice on the merits of the claim and the probable outcome but intends to vigorously defend against the claims. The Corporation does not believe that the outcome of the claim will have a material impact to Corporation's financial position.
- 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.
- The Corporation is obligated to deliver 100,000 ounces of gold (20,000 ounces per year) to Franco-Nevada Corporation and Sandstorm Gold Inc. (the "Syndicate") over a five-year period in exchange for 20% of the spot price of gold for each ounce of gold delivered (the "ongoing payment"). The amount that was previously advanced for this agreement of \$100.0 million is reduced on each delivery by the excess of the spot price of the gold delivered over the ongoing payment. Following the five-year period, which commenced on March 31, 2016, the Corporation is committed to deliver refined gold equal to 6.5% of the gold production at the Karma Mine for the life of the mine in exchange for ongoing payments. The Corporation delivered an additional 7,500 ounces between July 2017 and April 2019 in exchange for an additional deposit of \$5.0 million received in 2017. The Corporation assumed the gold stream when it acquired the Karma Mine on April 26, 2016. Gold ounces sold to the Syndicate under the stream agreement are recognized as revenue only on the actual proceeds received, which per the agreement is 20% of the spot gold price. As at June 30, 2020, there are 16,665 ounces still to be delivered.

21 SUBSEQUENT EVENTS

Acquisition of SEMAFO inc.

On July 1, 2020, the Corporation successfully completed the acquisition of SEMAFO inc. Under the terms of the agreement, SEMAFO shareholders received 0.1422 of an Endeavour share for each SEMAFO common share held. In total, 47,561,205 Endeavour common shares were issued to the SEMAFO shareholders. Based on Endeavour's closing share price as at June 30, 2020, total estimated consideration for the acquisition was \$1.2 billion. As a result of the acquisition, SEMAFO has become a wholly-owned subsidiary of Endeavour.

SEMAFO Inc. is a Canadian-based intermediate gold producer with over twenty years' experience building and operating mines in West Africa. SEMAFO Inc. operates two mines, the Mana and Bounbou Mines in Burkina Faso. The addition of SEMAFO's two operating mines and high quality exploration projects advances the Corporation's goal of becoming a leading West African gold producer.

The Corporation has identified that this transaction constitutes a business combination in terms of IFRS 3 Business Combinations with Endeavour as the acquirer. From July 1, 2020, the operating results, cash flows and net assets of SEMAFO Inc will be consolidated with that of Endeavour.

The assets acquired consist primarily of inventories, property, plant and equipment and mining interest related to the Bounbouy and Mana mines, and cash and cash equivalents. At the date of issuance of the financial statements, the initial business combination accounting for the preliminary determination of the fair value of acquired assets and assumed liabilities and any goodwill which may arise on the transaction was not complete. As a result, a preliminary purchase price allocation has not been disclosed.

Shares issued to La Mancha Holding S.A.R.L

On July 3, 2020, the Corporation issued a total of 4,507,720 ordinary shares in the capital of Endeavour to La Mancha Holding S.A.R.L ("La Mancha") for aggregate net proceeds of \$100.0 million. Following the investment, the Corporation now has 163,062,165 shares outstanding with La Mancha holding an interest of approximately 24.1%.

Partial repayment of the RCF

On August 3, 2020, the Corporation made a voluntary repayment of \$60.0 million on the RCF reducing the balance outstanding as at August 5, 2020, to \$370.0 million.