Endeavour Reports Q2 Results

01.08.2019 | GlobeNewswire

ENDEAVOUR REPORTS Q2-2019 RESULTS
On track to meet full year group guidance as the newly commissioned Ity CIL mine achieved strong operating results with an AISC of $585/oz

View News Release in PDF Format

OPERATIONAL AND FINANCIAL HIGHLIGHTS

(for continuing operations)

- Production of 171koz for Q2-2019, up 42% over Q1-2019 following the successful commissioning of the Ity CIL operation while AISC decreased by $87/oz to $790/oz
- Well positioned to meet full year 2019 production guidance of 615-695koz and AISC of $760-810/oz
- Strong performance expected in H2-2019 due to benefit of the newly commissioned Ity CIL operation which achieved strong operating results in Q2-2019 with 58koz production at an AISC of $585/oz
- Operating Cash Flow before non-cash working capital amounted to $57m in Q2-2019, or $0.52/share, an increase of 19% over Q1-2019
- Strong exploration focus in H1-2019 with already $39m spent out of the full year budget of $45-50m
- Adjusted Net Earnings increased to $9m in Q2-2019 or $0.08/share compared to a loss of $(5)m or $(0.04)/share in Q1-2019
- Net Debt amounted to $660m at quarter-end, an increase of only $25m over the previous quarter despite investments of $69m, with a Net Debt/Adjusted EBITDA (LTM) ratio of 2.8x and 1.8x based on Q2-2019 annualized
- At quarter-end, Endeavour’s available sources of financing and liquidity remained strong at $198m, as the RCF was upsized, with minimal capital requirements outstanding

George Town, August 1, 2019 – Endeavour Mining (TSX:EDV) (OTCQX:EDVMF) is pleased to announce its financial and operating results for the second quarter of 2019, with highlights provided in the table below.

Table 1: Key Operational and Financial Highlights

(in US$ million) *for continuing operations only*	QUARTER ENDED June 30, 2019	Mar. 31, 2019	June 30, 2018	SIX MONTHS ENDED June 30, 2019	June 30, 2018	&Delta vs. H1
PRODUCTION AND AISC HIGHLIGHTS						
Gold Production, koz	171	121	147	292	299	(2%)
Realized Gold Price[2], $/oz	1,285	1,252	1,257	1,271	1,275	(0%)
All-in Sustaining Cost[1], $/oz	790	877	780	826	732	+13%
All-in Sustaining Margin[1,3], $/oz	494	375	478	445	543	(18%)
CASH FLOW HIGHLIGHTS						
All-in Sustaining Margin[4], $m	84	45	72	130	165	(22%)
All-in Margin[5], $m	46	22	52	68	116	(41%)
Operating Cash Flow Before Non-Cash Working Capital, $m	57	48	65	105	149	(29%)
Cash Flow per Share, $/share	0.52	0.44	0.60	0.96	1.35	(29%)
PROFITABILITY HIGHLIGHTS						
Revenues, $m	219	151	190	371	388	(5%)

Adjusted EBITDA[1], $m	94	41	68	135	160	(16%)
Net Earnings Attr. to Shareholders[1], $m	1	(15)	4	(14)	17	n.a.
Net Earnings[1], $/share	0.01	(0.13)	0.04	(0.13)	0.16	n.a.
Adjusted Net Earnings Attr. to Shareholders[1], $m	9	(5)	9	4	34	n.a.
Adjusted Net Earnings per Share[1], $/share	0.08	(0.04)	0.09	0.03	0.31	n.a.
BALANCE SHEET HIGHLIGHTS[1]						
Net Debt, $m	660	635	410	660	410	+61%

[1]This is a non-GAAP measure. Refer to the non-GAAP measure section of the MD&A. [2]Realized Gold Price inclusive of Karma stream; [3]Realized Gold Price less AISC per ounce; [4]Net revenue less All-in Sustaining Cost; [5]Net revenue less All-in Sustaining Costs and Non-Sustaining capital.

Sébastien de Montessus, President & CEO, stated: "With a solid performance in the first half of the year and the successful commissioning and ramp-up of the Ity CIL project, we are well on track to meet our full year guidance for 2019. Based on Ity’s strong operating results we believe that we have de-risked the project’s commissioning and ramp-up and we look forward to further near-term upside as we expect to increase its capacity from 4 to 5 million tonnes per annum in Q4-2019.

We are also very pleased with our near-mine exploration results, as seen with the recently announced high-grade discoveries at both Ity and Houndé, our flagship assets. These new discoveries are expected to bring non-capital-intensive growth in the short-term as we benefit from the commissioning of higher-grade deposits -- with Le Plaque at Ity and Kari Pump at Houndé -- both of which are over 1 g/t higher than current reserve grades being mined. Our greenfield exploration success is equally exciting, notably at Fetekro where we expect to announce a resource increase later in Q3-2019.

Following the build of our two flagship assets and near-mine exploration success, we are now well-positioned to benefit from the repositioning of our portfolio in a higher gold price environment. We intend to now focus on debt reduction driven by our strong expected cash flow generation from these flagship assets, which benefit from quick investment payback periods, and have been built with very minimal equity dilution to shareholders.

After a period of significant investments, we look forward to demonstrating a robust return on capital employed with a strong focus on capital allocation.”

UPCOMING CATALYSTS

The notable expected catalysts are summarized in the table below.

Table 2: Notable Upcoming Catalysts

ESTIMATED TIMING	CATALYST	
Q2-onward	Ity CIL	● Benefit from the start of Ity CIL production
Q3-2019	Fetekro	● Resource increase at the Lafigue deposit
Q4-2019	Ity CIL	● Plant upgrade to 5Mtpa complete
Q4-2019	Houndé	● Maiden resource for the Kari West and Kari Center discoveries
Q4-2019/ Q1-2020	Houndé	● Maiden reserve for the Kari West and Kari Center discoveries

Q4-2019/ Q1-2020	Ity CIL	● Maiden reserve for the Le Plaque discovery
Q1-2020	Houndé/Ity	● Updated technical reports with mine plans including new reserves
2020	Ity CIL	● Full year production benefit
2021	Houndé/Ity	● Start of mining higher grade deposits recently discovered at both Ity (Le Plaque

PRODUCTION AND AISC ON TRACK TO MEET FULL-YEAR GUIDANCE

- Q2-2019 production for continuing operations increased by 41% over Q1-2019 to 171koz following the successful commissioning of the Ity CIL operation while AISC decreased by $87/oz to $790/oz.
- H1-2019 production for continuing operations slightly decreased by 2% over H1-2018 to 292koz and AISC increased by 13%. Production and AISC for H1-2019 benefitted from the newly commissioned Ity CIL operation which offset the production decrease related to the shut-down of the Ity heap leach operation and the expected production decrease and AISC increase at Houndé and Karma (which both benefitted from high-grade soft oxide ore in H1-2018), while Agbaou remained constant.
- The group is well positioned to meet its full year 2019 production guidance of 615-695koz and AISC guidance of $760-810/oz, with a strong performance expected in H2-2019 due to benefit of the newly commissioned Ity CIL operation and better gold grades across the group.

Table 3: Group Production

	QUARTER ENDED			SIX MONTHS ENDED				
(All amounts in koz, on a 100% basis)	June 30, 2019	Mar. 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018	2019 FULL-Y GUIDANCE		
Agbaou	35	32	34	66	66	120	-	13
Ity Heap Leach	0	3	25	3	43	n.a.	-	n.a
Ity CIL	58	9	-	66	-	160	-	20
Karma	21	22	21	43	49	105	-	11
Houndé	58	55	67	114	141	230	-	25
PRODUCTION FROM CONTINUING OPERATIONS	171	121	147	292	299	615	-	69
Tabakoto *(divested in December 2018)*	-	0	27	-	59	n.a.	-	n.a
TOTAL PRODUCTION	171	121	173	292	358	615	-	69

Table 4: Group All-In Sustaining Costs

	QUARTER ENDED			SIX MONTHS ENDED				
(All amounts in US$/oz)	June 30, 2019	Mar. 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018	2019 FULL-YE GUIDANCE		
Agbaou	788	784	818	786	786	850	-	900
Ity Heap Leach	-	1,086	713	1,086	759	525	-	590
Ity CIL	585	n.a.*	-	585	-			
Karma	1,047	957	885	999	875	860	-	910
Houndé	836	781	617	808	521	720	-	790
Corporate G&A	30	50	41	38	41	35	-	35
Sustaining Exploration	0	0	21	0	18	5	-	5
GROUP AISC FROM CONTINUING OPERATIONS	790	877	780	826	732	760	-	810
Tabakoto *(divested in December 2018)*	-	-	1,397	-	1,298	n.a.	-	n.a.
GROUP AISC	790	877	878	826	825	760	-	810

**AISC not available for pre-production ounces.*

ITY MINE: CIL OPERATION
Construction and Ramp-up Update

- The Ity CIL project began processing ore on February 20, 2019 and achieved its first gold pour on March 18, 2019, marking the successful completion of the project build in less than 18 months. Pre-commercial production in Q1-2019 amounted to 9koz.
- Commercial production was declared on April 8, 2019, following a quick ramp up to nameplate capacity.
- Following the performance tests conducted, Endeavour launched optimization and de-bottlenecking work, expected to increase the plant capacity by 1Mtpa to 5Mtpa at a minimal cost of $10-15 million. The volumetric upsize work comprises an upgrade in the crusher feeder, tailings pipes and pumps and a second 50-tonne oxygen plant. These plant upgrades are underway and expected to be completed in Q4-2019.
- The project was completed for a total of $402 million, $10 million below the initial budget of $412 million. Due to the $10-15 million required for the plant upgrade to 5Mtpa, the total project capex spend is expected to amount to approximately $412 to $417 million.

Table 5: Ity CIL remaining capital cost to be incurred

(in US$ million)	As at June 30, 2019	As at March 31, 2019
Total cost to completion for 5Mtpa	412 to 417	412 to 417
Less CIL project carrying cost	402	391
Total remaining cost to be incurred	10 to 15	21 to 26

- The table below illustrates the financing sources for the CIL project. A total cash outflow of $19 million was incurred in Q2-2019, mainly related to the account payables. The reduction in current assets for operations mainly relates to the sale of pre-production ounces, for which the costs had previously been classified as Assets Under Construction.

Table 6: Ity CIL Project Financing Sources

(in US$ million)	As at June 30, 2019	As at March 31, 2019
Cash outflow	347	328
Leases	67	67
Accounts Payable	2	20
Total Financing	416	415
Less current asset for operations net of finished goods	(18)	(24)
Of which is budgeted consumables	4	0
Total Financing for CIL project	402	391

Ity CIL Q2-2019 Insights

- Production was strong, following a quick ramp-up period, due to better than expected mill availability, throughput, and recovery rates.
  - Mining activities have ramped-up well, ahead of the rainy season, as tonnes of ore mined significantly exceeded tonnes milled.
  - As planned in the study, multiple pits have been commissioned to obtain an optimal processed ore blend. The ore mined during the quarter was predominantly oxide material and was sourced from the Daapleu pit (47%), Heap Leach Dump (29%), Bakatouo pit (17%) and the Ity pit (6%). As harder ore became available later in the quarter, the haul roads were completed, in line with the initial planning despite the plant being commissioned early.
  - Plant throughput ramped-up well as commercial production was declared at full nameplate capacity. After testing ore blends earlier in the quarter, the month of June performed at a high throughput of 591tph (an annualized run-rate of nearly 5Mtpa). Plant upgrade work to sustain a throughput of 5Mtpa is ongoing and expected to be completed during Q4-2019.
  - Average processed grades remained flat over the previous quarter at 2.0 g/t and, as expected, remained slightly below study estimates in favour of greater mill throughput and recovery rates.
  - Recovery rates were 90%, achieving higher than the study estimates of 86% (for the first 5 years).

- AISC amounted to $585/oz, tracking within guidance.
    - Mining unit costs amounted to $3.62 per tonne mined, slightly higher than study costs of circa $3.00 per tonne (for the first 5 years) as the operation continues to ramp-up. Mining efficiency is expected to improve following the end of rainy season as more harder ore is exposed, enabling increased use of the larger rigid body trucks.
    - Processing unit costs amounted to $13.72 per tonne milled, roughly 10% higher than the study estimates of $12.20 per tonne (for the first 5 years) as higher reagent consumption was required to obtain high recovery rates for some ore sources containing high cyanide soluble copper. This has decreased as the blend has stabilised.
    - There were no sustaining capital costs in the quarter.
- There was no non-sustaining capital expenditure in the quarter.

Table 7: Ity CIL Quarterly Performance Indicators

For The Quarter Ended	Q2-2019	Q1-2019	Q2-2018
Tonnes ore mined, kt	1,409	1,114	-
Strip ratio (incl. waste cap)	1.75	2.01	-
Tonnes milled, kt	934	258	-
Grade, g/t	2.03	2.04	-
Recovery rate, %	90%	88%	-
PRODUCTION, KOZ	58	9	-
Cash cost/oz	537	n.a.*	-
AISC/OZ*	585	n.a.*	-

**Costs are available for pre-production ounces.*

Table 8: Ity CIL Half Year Performance Indicators

For The Half Year Ended	H1-2019	H1-2018
Tonnes ore mined, kt	2,523	-
Strip ratio (incl. waste cap)	1.86	-
Tonnes milled, kt	1,191	-
Grade, g/t	2.03	-
Recovery rate, %	90%	-
PRODUCTION, KOZ	66	-
Cash cost/oz	537	-
AISC/OZ	585	-

Outlook

- Ity is on track to achieve its production guidance of 160,000 - 200,000 ounces in 2019 at an AISC of $525 - $590 per ounce, as set at the beginning of the year, several months before its first gold pour.
- Moreover, Ity’s production is expected to attain the top half of the guided range as the bottom-end was based on achieving nameplate capacity, while the top-end already factored upsides including an earlier start date, an expedited ramp-up and the plant producing above nameplate capacity. AISC is expected to finish near the top-end due to the associated lower average grade required to fill excess plant capacity and slightly higher mining costs as activities ramped-up in Q2-2019 following an earlier than expected production start date.
- As previously mentioned, the plant upgrade from 4 to 5Mtpa is underway and expected to be completed in Q4-2019.

Exploration Activities

- An exploration campaign totaling approximately 71,000 meters of drilling has been planned for 2019, with the aim of extending and delineating the Le Plaque deposit, conducting regional exploration in its vicinity, and addressing other targets south of the Daapleu and Mount Ity deposits.
- In H1-2019, a total of 64,600 meters had already been drilled.

- As announced on July 8, the Le Plaque Indicated resource has increased from 85koz to 476koz and has the potential to continue to significantly increase. Le Plaque’s Indicated grade is 3.20 g/t Au compared to 1.54 g/t Au for the Ity mine.
- The Le Plaque deposit is now composed of 3 zones (Le Plaque Main, Epsilon and Le Plaque South), all of which are open at depth and in multiple directions with mineralization confirmed by step-out drilling.
- The Le Plaque drilling campaign is ongoing with at least 20,000 meters planned for H2-2019 with the aim of delineating further resources and reaching reserves status by year-end.

HOUNDÉ MINE
Q2-2019 vs Q1-2019 Insights

- Production increased due to the expected increase in average grades milled, while mill throughput and recovery rates remained fairly stable.
    - Tonnes of ore mined increased mainly due to a lower overall strip ratio. Ore extraction increased in the Vindaloo Central pit, which benefited from a low strip ratio, and continued at the Vindaloo Main pit where the strip ratio remained high due to continued waste capitalization activities. In addition, pre-stripping was completed at the high-grade Bouéré pit and ore extraction commenced.
    - Tonnes milled remained stable despite the oxide to transitional/fresh ore blend decreasing from 29% to 24%.
    - The average grade milled increased as the strong waste capitalisation efforts conducted during the previous quarter provided access to higher grade ore. In addition, less low-grade stockpiles were utilized.
    - Recovery rates remained steady at 93%.
- AISC increased mainly due to the anticipated higher sustaining capital expenditure, unit mining costs, and unit processing costs.
    - Mining unit costs increased slightly from $2.02 to $2.14 per tonne due to increased drilling and blasting activities associated with mining greater volumes of transitional and fresh ore.
    - Processing unit costs increased from $12.31 to $12.95 per tonne due to a higher proportion of harder transitional and fresh ore milled.
    - Sustaining capital increased from $3.3 million to $7.2 million (from $55 to $133 per ounce) mainly to due to the spend on TSF wall raise, while waste capitalisation activities continued.
- Non-sustaining capital decreased from $6.1 million to $3.2 million mainly due to the completion of pre-stripping, resettlement and road construction for the Bouéré deposit.

H1-2019 vs H1-2018 Insights

- Production decreased and AISC increased, as guided, due to low-grade stockpiles supplementing the mill feed and a shift to harder ore as H1-2018 benefited from high-grade soft oxide ore with associated higher recovery rates, lower operating costs and a lower strip ratio.

Table 9: Houndé Quarterly Performance Indicators

For The Quarter Ended	Q2-2019	Q1-2019	Q2-2018
Tonnes ore mined, kt	917	769	1,312
Strip ratio (incl. waste cap)	8.97	11.23	6.13
Tonnes milled, kt	1,043	1,034	982
Grade, g/t	1.88	1.80	2.20
Recovery rate, %	93%	93%	95%
PRODUCTION, KOZ	58	55	67
Cash cost/oz	621	638	484
AISC/OZ	836	781	617

Table 10: Houndé Half Year Performance Indicators

For The Half Year Ended	H1-2019	H1-2018
Tonnes ore mined, kt	1,686	2,673
Strip ratio (incl. waste cap)	10.00	6.36
Tonnes milled, kt	2,076	1,880
Grade, g/t	1.84	2.39

Recovery rate, %	93%	95%
PRODUCTION, KOZ	114	141
Cash cost/oz	630	409
AISC/OZ	808	521

H2-2019 Outlook

- On track to meet full-year 2019 production guidance of 230,000 - 250,000 ounces and AISC guidance of $720 -790 per ounce.
- H2-2019 production is expected to benefit from high-grade ore from the Bouéré deposit, which began to be processed in early Q3-2019.
- Sustaining capital spend is expected to increase in H2-2019 as $25 million out of the guided $35 million remain to be incurred, mainly relating to waste capitalization efforts, completion of the TSF raise, and fleet maintenance.
- Non-sustaining capital spend is expected to be minimal in H2-2019.

Exploration Activities

- Houndé is Endeavour’s largest exploration focus this year with a budget comprising of approximately 195,000 meters of drilling. In H1-2019, more than 174,250 meters were already drilled, with a focus mainly on the Kari anomalies.
- As announced on June 24, 2019, a maiden reserve of 7.3Mt at 3.01 g/t Au for 710koz was announced for the Kari Pump deposit. The maiden reserve has a high M&I resource to reserve conversion rate of 89% based on a gold price of $1,250/oz and discovered at a cost of less than $13.50/oz. The Kari pump reserve has a grade 53% higher than the Houndé mine reserve grade of 1.97g/t. Environmental studies on Kari Pump have been launched and an application for a mining license is scheduled to be submitted later in 2019, with the goal of initiating mining activities in late 2020 or early 2021.
- As announced on July 2, 2019, mineralization has been significantly extended at all three discoveries in the Kari area. At Kari Pump near-surface mineralization was extended 700 meters to the northeast and 900 meters towards Kari West, and remains open. Mineralization at Kari West and Kari Center was also significantly extended.
- A further drilling campaign is underway with the aim of delineating a maiden resource and reserve for the Kari West and Kari Center discoveries by year end.

AGBAOU MINE
Q2-2019 vs Q1-2019 Insights

- Production increased due to the expected increase in average grades milled and slightly higher recovery rates which compensated for the lower mill throughput.
  - Tonnes of ore mined increased mainly due to a lower overall strip ratio following the strong waste capitalization efforts conducted during the previous quarter which provided access to higher grade ore in the current period. Ore extraction continued to focus on the North Pit and West Pit 3, with increased fresh ore extraction.
  - Mill throughput decreased as expected due to oxide to transitional/fresh ore blend decreasing from 69% to 59%.
  - Average processed grades increased mainly due to mining higher grade areas. In addition, less low-grade stockpiles were utilized.
  - Recovery rates slightly increased to 94%.
- As expected, AISC increased (although remaining well-below the guided range), mainly due to an increase in the operating strip ratio, unit processing and G&A costs, which were partially mitigated by a decrease in sustaining capital spend.
  - Mining unit costs slightly decreased from $2.52 to $2.41 per tonne mined as fixed cost benefitted from a slight increase in volume which was offset by increased drill and blast costs associated with mining greater volumes of transitional and fresh ore.
  - Processing unit costs increased from $7.34 to $8.00 per tonne due to a decrease in tonnes milled along with an increase in electricity consumption associated with the increase in transitional and fresh ore milled.
  - Sustaining capital costs decreased from $7.3 million to $2.5 million (from $217 to $73 per ounce) primarily due to the decrease in capitalised waste.
- Non-sustaining capital marginally increased from $2.5 million to $2.6 million. This is attributable to the cost of the on-going TSF raise.

H1-2019 vs H1-2018 Insights

- Both production and AISC remained flat. Production benefitted from slightly higher grades and recovery rates which were partially offset by lower mill throughput due to the increase in transitional and fresh ore processed. AISC was impacted by higher sustaining capex which was partially offset by lower unit mining costs.

Table 11: Agbaou Quarterly Performance Indicators

For The Quarter Ended	Q2-2019	Q1-2019	Q2-2018
Tonnes ore mined, kt	564	451	611
Strip ratio (incl. waste cap)	10.60	12.79	11.77
Tonnes milled, kt	644	720	727
Grade, g/t	1.75	1.42	1.60
Recovery rate, %	94%	93%	92%
PRODUCTION, KOZ	35	32	34
Cash cost/oz	665	517	720
AISC/OZ	788	784	818

Table 12: Agbaou Half Year Performance Indicators

For The Half Year Ended	H1-2019	H1-2018
Tonnes ore mined, kt	1,015	1,293
Strip ratio (incl. waste cap)	11.58	11.18
Tonnes milled, kt	1,365	1,453
Grade, g/t	1.58	1.52
Recovery rate, %	94%	93%
PRODUCTION, KOZ	66	66
Cash cost/oz	592	675
AISC/OZ	786	786

H2 2019 Outlook

- Agbaou is on track to meet its full-year 2019 production guidance of 120,000 - 130,000 ounces and its AISC guidance of $850 - $900 per ounce.
- Sustaining capital spend is expected to increase in H2-2019 as $14 million out of the guided $24 million remains to be incurred, mainly related to waste capitalization.
- The remaining 2019 non-sustaining capital spend of roughly $4 million is expected to be mainly incurred in Q3-2019, relating to the completion of the TSF raise.

Exploration Activities

- An exploration program totaling approximately 10,000 meters, has been budgeted for 2019 with the aim of delineating oxide material in extensions of the North and West Pits and further investigating targets on parallel trends.
- Due to higher priorities in Côte d'Ivoire, Agbaou exploration activities have been postponed until later in the year as the team focuses on the Greater Ity and Fetekro areas.

KARMA MINE
Q2-2019 vs Q1-2019 Insights

- Production decreased slightly despite higher stacked grades and a better recovery rate due to a temporary build-up of gold-in-circuit ounces within the elution column, while the previous quarter benefitted from the release of gold-in-circuit ounces.
    - Tonnes of ore mined increased as expected, as mining activities ramped up in anticipation of the rainy season. The main ore source continued to be transitional ore from the Kao Main pit which is expected to be mined out in early Q3-2019. Pre-stripping was completed at the Kao North pit and mining activities ramped-up. Oxide ore from the Kao North pit is expected to be the main ore source for H2-2019.
    - Tonnes stacked remained steady as the crusher and agglomerator continues to perform above nameplate capacity.
    - The stacked grade increased mainly due to less low-grade stockpiles utilized and higher-grade ore sourced from the Kao North pit.
    - Recovery rate increased due to the ore mined from the Kao North pit.
- AISC increased mainly due to inventory adjustments and increased sustaining capex, which were partially offset by lower unit mining cost and lower unit processing cost.
    - Mining unit costs decreased from $2.36 to $2.11 per tonne due to mining oxide materials at a higher elevation in the Kao North pit.
    - Processing unit costs decreased from $7.36 to $7.12 per tonne due to less cyanide consumption associated with the oxide materials stacked.
    - Sustaining capital costs increased by $0.4 million to $1.1 million (from $29 to $54 per ounce) mainly due to an increase in capitalised waste.
- Non-sustaining capital spend increased by $5. million to $8.7 million mainly due to the pre-stripping activity in the Kao North deposit.

H1 2019 vs H1 2018 Insights

- Production decreased and AISC increased mainly due to the lower grades associated with supplemented ore stacked from stockpiles (specifically in Q1-2019) as well as higher waste capitalisation.

Table 13: Karma Quarterly Performance Indicators

For The Quarter Ended	Q2-2019	Q1-2019	Q2-2018
Tonnes ore mined, kt	1,057	834	1,636
Strip ratio (incl. waste cap)	4.35	4.73	2.02
Tonnes stacked, kt	1,047	1,095	838
Grade, g/t	0.86	0.69	0.93
Recovery rate, %	83%	80%	78%
PRODUCTION, KOZ	21	22	21
Cash cost/oz	902	851	782
AISC/OZ	1,047	957	885

Table 14: Karma Half Year Performance Indicators

For The Half Year Ended	H1-2019	H1-2018
Tonnes ore mined, kt	1,891	3,172
Strip ratio (incl. waste cap)	4.52	1.76
Tonnes milled, kt	2,142	2,079
Grade, g/t	0.77	0.90
Recovery rate, %	82%	76%
PRODUCTION, KOZ	43	49
Cash cost/oz	875	768
AISC/OZ	999	875

H2 2019 Outlook

- Karma is on track to meet its full-year 2019 production guidance of 105,000 - 115,000 ounces and its AISC guidance of $860 - 910 per ounce.

- As guided, Karma is expected to have a stronger performance in H2-2019 due to the benefit of stacking oxide ore from the Kao North pit.
- The remaining sustaining capital spend of $3 million out of the guided $5 million is expected to
- be incurred mainly in Q3-2019, relating to waste capitalisation.
- Non-sustaining capital spend is expected to increase in H2-2019 as $13 million out of the guided $24 million remain to be incurred, mainly related to upgrades for the stacking line extension system, leach pumps and power.

Exploration Activities

- An exploration program totaling approximately 27,000 meters has been planned for 2019, with the aim of delineating near-mill oxide targets. It is mainly focused on testing the extension of the North Kao deposit and the along strike and northern plunge extension of the Yabonsgo deposit.
- In H1-2019, due to the priority of exploration at Houndé, exploration activity at Karma has been postponed to later in the year as the team focuses on the numerous Houndé exploration targets.

KALANA PROJECT UPDATE

- Based on Endeavour’s capital allocation strategy, its short-term focus remains to reimburse debt through its expected cash flow generation. During this debt reimbursement phase, it intends to review available internal growth opportunities developed through its exploration success.
- In line with this strategy, further exploration is underway at Kalana with the goal of delineating additional satellite deposits, and updating the feasibility study, to give the project the required scale to fit Endeavour’s investment criteria. Based on Endeavour’s capital allocation strategy, the Kalana project investment case will then be reviewed against other internal growth opportunities and compete with them for capital.
- A $4 million exploration campaign totaling approximately 26,000 meters has been planned for 2019, beginning in the second quarter, with the aim of testing additional targets located within a 10km radius of the Kalana deposit and increasing the resources base available for the project. In H1-2019, a total of 20,500 meters has been drilled on nearby targets.
- Total growth capex of $9 million has been allocated for 2019 for the feasibility study, maintenance and standby costs, and CSR activities, of which $7 million was spent in H1-2019.

EXPLORATION ACTIVITIES
Exploration continued to be a strong focus in H1-2019 with a company-wide exploration spend of $39 million, comprising 307,124 meters drilled across the group. Details by asset are provided in the above mine sections.

- The main areas of focus in H1-2019 were:
  - At Houndé, where a 200,000 meter drilling campaign is underway with the aim of delineating a maiden resource and reserve for the Kari West and Kari Center discoveries by year end.
  - At Ity, where a high-grade resource was published in late Q2-2019 for the Le Plaque discovery with further drilling planned in H2-2019 with the aim of delineating further resources and reaching reserves status by year-end.
  - At the greenfield Fetekro property, a $7 million exploration campaign totaling approximately 43,000 meters has been planned for 2019, of which 37,600 meters were drilled in H1-2019, with the aim of delineating additional Indicated resource at the Lafigue deposit and testing other nearby targets. An updated resource is expected to be published in late Q3-2019.
  - Drilling at Kalana commenced in Q2-2019 with a total of 20,500 meters drilled on nearby targets.
  - Exploration at both Agbaou and Karma has been delayed to later in the year to redeploy exploration staff at Ity and Houndé respectively, (which are of higher priority and where additional human resources were necessary).

Table 15: Exploration Expenditure, $m

(All amounts in US$m)	Q1-2019 EXPENDITURE	Q2-2019 EXPENDITURE	H1-2019 EXPENDITURE	2019 BUDGET ALLOCA	
Agbaou	0	0	0	~2	4%
Ity mine and trend	3	4	7	~11	23%
Karma	0	2	2	~2	5%
Kalana	0	2	2	~4	8%

Houndé	7	13	20	~17	37%
Fetekro	3	1	4	~7	16%
Other greenfield properties	1	2	3	~4	8%
TOTAL EXPLORATION EXPENDITURES*	$15m	$24m	$39m	$45-50m	100%

*Includes expensed, sustaining, and non-sustaining exploration expenditures.

CASH FLOW BASED ON ALL-IN MARGIN APPROACH

› The table below presents the cash flow for the six months ended June 30, based on the All-In Margin approach, with accompanying notes below.

Table 16: Simplified Cash Flow Statement

		SIX MONTHS ENDED	
		June 30,	June 30,
(in US$ million, unless otherwise stated)		2019	2018
GOLD SOLD FROM CONTINUING OPERATIONS*, koz*	*(Note 1)*	*292*	*305*
Gold Price, $/oz	*(Note 2)*	1,271	1,275
REVENUE FROM CONTINUING OPERATIONS		371	388
Total cash costs		(188)	(172)
Royalties	*(Note 3)*	(20)	(22)
Corporate costs		(11)	(13)
Sustaining capex	*(Note 4)*	(22)	(10)
Sustaining exploration		0	(5)
ALL-IN SUSTAINING MARGIN FROM CONTINUING OPERATIONS	*(Note 5)*	130	165
Less: Non-sustaining capital	*(Note 6)*	(29)	(24)
Less: Non-sustaining exploration	*(Note 7)*	(33)	(25)
ALL-IN MARGIN FROM CONTINUING OPERATIONS		68	116
Working capital	*(Note 8)*	(20)	(47)
Changes in long-term assets		(8)	(10)
Taxes paid	*(Note 9)*	(31)	(6)
Interest paid, financing fees and lease repayments	*(Note 10)*	(33)	(20)
Cash settlements on hedge programs and gold collar premiums	*(Note 11)*	(1)	(2)
NET FREE CASH FLOW FROM CONTINUING OPERATIONS		(26)	31
Growth project capital	*(Note 12)*	(86)	(163)
Greenfield exploration expense		(6)	(5)
M&A activities		(0)	0
Cash paid on settlement of share appreciation rights, DSUs and PSUs		(1)	(4)
Net equity proceeds		0	1
Other (foreign exchange gains/losses and other)	*(Note 13)*	(7)	(7)
Convertible senior bond	*(Note 14)*	0	330
Proceeds (repayment) of long-term debt	*(Note 15)*	80	(210)
Cashflows used by discontinued operations	*(Note 16)*	0	(13)
CASH INFLOW (OUTFLOW) FOR THE PERIOD		(46)	(41)

Certain line items in the table above are NON-GAAP measures. For more information and notes, please consult the Company’s MD&A.

NOTES:

1) Gold sales from continuing operations decreased slightly in the first half of the year mainly due to the

transition period in Q1-2019 between the Ity CIL coming into production and the Ity Heap Leach operation ceasing activities in Q4-2018, combined with declines across the other mines mainly due to use of low-grade stockpiles.

2) The H1-2019 realized gold price was $1,271/oz compared to $1,275/oz in 2018. Both these amounts include the impact of the Karma stream, amounting to 10,938 ounces sold in H1-2019 and 11,919 in H1-2018, at 20% of spot prices. The realized gold price excluding the gold stream at Karma was $1,311/oz for H1-2019 and $1,316/oz for H1-2018.

3) Royalties paid decreased both due to lower gold sales and a slightly lower realized gold price, representing approximately $69/oz sold for H1-2019 compared to $72/oz for H1-2018.

4) Sustaining capital for continuing operations for H1-2019 increased compared to the corresponding period in 2018 due to an increase at both Agbaou and Houndé, which were slightly offset by a decrease at Ity as illustrated in the below table. Further details by assets are provided in the above mine sections.

Table 17: Sustaining Capital for Continuing Operations

	THREE MONTHS ENDED			SIX MONTHS ENDED	
(All amounts in US$m)	June 30, 2019	Mar. 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Agbaou	3	7	2	10	4
Ity CIL	0	0	0	0	0
Ity HL	0	0	1	0	2
Karma	1	1	1	2	1
Houndé	7	3	3	10	3
Total	11	11	6	22	10

5) The All-In Sustaining Margin from continuing operations decreased compared to H1-2018 due the decrease in revenue and an increase in operating costs and sustaining capital expenditure.

6) Non-sustaining capital spend from continuing operations increased by $5 million in H1-2019 compared to H1-2018 mainly due to an increase at Houndé for waste capitalization activities for the high-grade Bouéré deposit and Karma for pre-stripping activities for the Kao North deposit, which was partially offset by a $6 million decrease at Agbaou which experienced significant waste capitalization activities in H1-2018.

Table 18: Non-Sustaining Capital for Continuing Operations

	THREE MONTHS ENDED			SIX MONTHS ENDED	
(All amounts in US$m)	June 30, 2019	Mar. 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Agbaou	3	3	3	5	11
Ity CIL	0	0	0	0	0
Ity HL	0	0	0	0	0
Karma	9	3	5	12	9
Houndé	3	6	3	9	4
Non-mining (mainly related IT systems across the group)	3	0	0	3	0
Total	17	11	10	29	24

7) Non-sustaining exploration capital remained high, in line with Endeavour’s strategic objective of unlocking exploration value with the aggressive drilling campaign continuing at Endeavour’s flagship mines Houndé and Ity.

8) The working capital cash outflow decreased sharply compared to H1-2018 which was high due to the ramp-up of Houndé. Q2-2019 saw a positive working capital inflow of $6 million, reducing the working capital

outflow to $20 million in H1-2019 with the main components as follows:

- Receivables were an outflow of $3.6 million. This is mainly due to the increase in VAT receivable in Burkina Faso, which was partially offset by gold sales receivables decreasing in the period.
- Inventories were an outflow of $20.8 million, due mainly to the increase in stockpiles and GIC at Ity CIL as the mine ramps up production, as well as an increase in consumables at Houndé.
- Prepayments were a $4.3 million outflow mainly due to prepaid items at Karma relating to the conveyor system.
- Trade and other payables were a $8.6 million inflow. This is mainly due the build-up of payables at Ity subsequent to the commencement of commercial production.

9) Increased mainly due to Houndé as the amount paid in Q2-2019 was for the full year 2018 whereas the amount paid in Q2-2018 was only for 2 months of 2017 production as commercial production began November 1, 2017.

10) Interest paid, financing fees and lease repayments for H1-2019 consists of repayments of finance lease obligations of $11 million, interest paid of $17 million and payment of financing and other fees of $5 million. The increase on the comparative period is due to increased levels of group debt and leasing pertaining to a change in accounting standards.

11) The Ity CIL revenue protection program, based on a collar with a floor at $1,300/oz and a ceiling of $1,500/oz, which ended in April 2019, generated a cash outflow, net of the premium, of $1 million in H1-2019.

12) Growth projects for H1-2019 were comprised mainly of:

- $79 million for the Ity CIL project construction
- $7 million for Kalana mainly related to studies and CSR activities

13) A foreign exchange loss, mainly on the settlement of Euro denominated supplier payments, occurred because of a stronger U.S. dollar.

14) $330 million was received in H1-2018 from the convertible notes issuance.

15) $280 million was repaid on the revolving credit facility (“RCF”) and $70 million was then redrawn on the RCF to fund the Ity CIL construction in H1-2018 while $80 million was drawn down on the RCF in H1-2019.

16) For 2018 the discontinued operation represents the Tabakoto mine.

NET CASHFLOW, NET DEBT AND LIQUIDITY SOURCES

- At the end of H1-2019, Endeavour’s available sources of financing and liquidity remained strong at $198 million, including its $78 million cash position and $120 million undrawn on the RCF. In addition to these liquidity sources, Endeavour anticipates strong cash flow generation due to minimal capital requirements following the achievement of commercial production at Ity CIL.
- The below table summarizes operating, investing, and financing activities, main balance sheet items and the resulting impact on the company’s Net Debt position, with notes provided below.

Table 19: Cash Flow and Net Debt Position

		THREE MONTHS ENDED			SIX MONTH
		June 30,	Mar. 31,	Dec. 31,	June 30,
(in US$ million unless stated otherwise)		2019	2019	2018	2019
Net cash from (used in), as per cash flow statement:					
Operating activities	(Note 17)	62	23	131	85

Investing activities	(Note 18)	(69)	(110)	(87)	(178)
Financing activities	(Note 19)	(1)	47	43	47
Effect of exchange rate changes on cash		1	(0)	(1)	0
INCREASE/(DECREASE) IN CASH		(6)	(40)	86	(46)
Cash position at beginning of period		84	124	38	124
CASH POSITION AT END OF PERIOD		78	84	124	78
Equipment financing		(98)	(99)	(100)	(98)
Convertible senior bond	(Note 20)	(330)	(330)	(330)	(330)
Drawn portion of revolving credit facility	(Note 21)	(310)	(290)	(230)	(310)
NET DEBT POSITION	(Note 22)	660	635	536	660
Net Debt / Adjusted EBITDA (LTM) ratio		2.75	2.96	1.97	2.75
Normalized Net Debt / Adjusted EBITDA (Q2-2019 annualized) ratio	(Note 23)	1.76	n.a.	n.a.	1.76

Net Debt and Adjusted EBITDA are NON-GAAP measures. For a discussion regarding the company’s use of NON-GAAP Measures, please see "note regarding certain measures of performance" in the MD&A.

NOTES:

17) Net cash flow from operating activities during H1-2019 was $85 million, down $23 million compared to H1-2018, mainly due to a $25 million related to Houndé first corporate tax paid, a $18 million decrease in revenues, and $16 million increase in operating costs, which was partially offset with a $27 million decrease in non-cash working capital outflow.

18) Net cash used in investing activities during H1-2019 was $178 million, down $69 million compared to H1-2018, as the capital requirements for the Ity CIL project wind-down. Further insights on sustaining and non-sustaining capital spend is provided in Notes 4 and 6 above.

19) Net cash generated in financing activities during H1-2019 was $47 million, mainly related to the $80 million drawdown on the RCF which was offset by $17 million in interest payments, a $14 million repayment of finance lease obligations and $2 million payment of financing and other fees.

20) In H1-2018, Endeavour issued a $330 million convertible note.

21) In H1-2019, $80 million was drawn down on the RCF. In Q2-2019 the total commitment capacity on the RCF was increased by $80 million to $430 million to provide Endeavour with increased financial flexibility. The priority in the upcoming quarters remains the reduction of net debt following the start-up of Ity CIL.

22) Net Debt amounted to $660 million at quarter-end, an increase of only $25 million over the previous quarter despite investments of $69 million.

23) The Company remains in a healthy financial position with a Net Debt / Adjusted EBITDA ratio of 2.75 times based on a trailing last 12-month Adjusted EBITDA and of 1.76 times based on annualizing Q2-2019, which due to the recent addition of Ity may be considered as a more relevant metric.

OPERATING CASH FLOW PER SHARE

- Operating cash flows before non-cash working capital from continuing operations amounted to $57 million in Q2-2019, or $0.52 per share, an increase of $9 million compared to Q1-2019, despite a $26 million increase in income tax paid, due to the benefit of commercial production at Ity CIL.
- Operating cash flows before non-cash working capital from continuing operations amounted to $105 million in H1-2019, or $0.96 per share, a decrease of $44 million compared to H1-2018. Further insights have been provided in Note 17 above.

Table 20: Operating Cash Flow Per Share

(in US$ million unless stated otherwise) *From continuing operations*	THREE MONTHS ENDED June 30, 2019	Mar. 31, 2019	June 30, 2018	SIX MONTHS ENDED June 30, 2019	June 30, 2018
CASH GENERATED FROM OPERATING ACTIVITIES	62	23	55	85	102
Add back changes in non-cash working capital	5	(25)	(10)	(20)	(47)
OPERATING CASH FLOWS BEFORE NON-CASH WORKING CAPITAL	57	48	65	105	149
Divided by weighted average number of O/S shares, in millions	110	110	108	110	108
OPERATING CASH FLOW PER SHARE	0.52	0.44	0.60	0.96	1.35

Operating Cash Flow Per Share is a NON-GAAP measure. For a discussion regarding the company’s use of NON-GAAP Measures, please see "note regarding certain measures of performance" in the MD&A.

ADJUSTED NET EARNINGS PER SHARE

- Adjusted net earnings from continuing operations amounted to $13 million for H1-2019, a decrease of $40 million compared to H1-2018, mainly due to lower revenues, higher operating expenses and higher finance costs.
- Adjusted net earnings from continuing operations increased $17 million over the past quarter to $15 million from a loss of $2 million in Q1-2019 mainly due to increased revenues and lower operating expenses (due to the benefit of Ity CIL start-up).
- Adjustments made related mainly to non-cash and other adjustments, other expenses, deferred income tax recovery, stock-based expenses, and loss on financial instruments.

Table 21: Net Earnings and Adjusted Net Earnings

(in US$ million unless stated otherwise)	THREE MONTHS ENDED June 30, 2019	Mar. 31, 2019	June 30, 2018	SIX MONTHS ENDED June 30, 2019	June 30, 2018
TOTAL NET EARNINGS	7	(11)	(15)	(5)	12
Adjustments (see MD&A)	8	9	30	18	41
ADJUSTED NET EARNINGS FROM CONTINUING OPERATIONS	15	(2)	15	13	53
Less portion attributable to non-controlling interests	7	3	6	9	19
ATTRIBUTABLE TO SHAREHOLDERS	9	(5)	9	4	34
Divided by weighted average number of O/S shares	110	110	108	110	108
ADJUSTED NET EARNINGS PER SHARE (BASIC) FROM CONTINUING OPERATIONS	0.08	(0.04)	0.09	0.03	0.31

Adjusted Net Earnings is a NON-GAAP measure. For a discussion regarding the company’s use of NON-GAAP Measures, please see "Note Regarding Certain Measures of Performance" in the MD&A.

GOLD REVENUE PROTECTION STRATEGY

- To maximise the cash flow certainty during its debt reimbursement phase, Endeavour has put in place a short-term Gold Revenue Protection Strategy consisting of Gold Option Contracts, similar to the strategy employed during its recent construction phases.
- A deferred premium collar strategy using written call options and bought put options has been put in place beginning on July 1, 2019 and ending on June 30, 2020 with a floor price of $1,358/oz and a ceiling price of $1,500/oz. The program covers a total of 360,000 ounces, representing approximately 50% of Endeavour’s total estimated gold production for the period. The total premium payable for entering into this program was $9.2 million, which is deferred and settled as monthly contracts mature.
- Once the Gold Option Contracts program ends, Endeavour will return to a position where its gold production is fully exposed to spot gold prices.

CONFERENCE CALL AND LIVE WEBCAST

Management will host a conference call and live webcast today at 8:00am Toronto time (EST) to discuss the

Company's financial results.

The conference call and live webcast are scheduled at:
5:00AM in Vancouver
8:00AM in Toronto and New York
1:00PM in London
8:00PM in Hong Kong and Perth

The live webcast can be accessed through the following link:
https://edge.media-server.com/mmc/p/5vit9baf

Analysts and investors are also invited to participate and ask questions using the dial-in numbers below:
International: +1 631 510 7495
North American toll-free: +1 866 966 1396
UK toll-free: +44 8003 767922

Confirmation code: 7390577

The conference call and webcast will be available for playback on Endeavour's website.

Click here to add the webcast reminder to Outlook Calendar

QUALIFIED PERSONS

Clinton Bennett, Endeavour's Vice-President of Technical Services - a Member of the Australasian Institute of Mining and Metallurgy, is a "Qualified Person" as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") and has reviewed and approved the technical information in this news release.

CONTACT INFORMATION

Martino De Ciccio	Brunswick Group LLP in London
VP – Strategy & Investor Relations +44 203 640 8665 mdeciccio@endeavourmining.com	Carole Cable, Partner +44 7974 982 458 ccable@brunswickgroup.com

ABOUT ENDEAVOUR MINING CORPORATION

Endeavour Mining is a TSX listed intermediate African gold producer with a solid track record of operational excellence, project development and exploration in the highly prospective Birimian greenstone belt in West Africa. Endeavour is focused on offering both near-term and long-term growth opportunities with its project pipeline and its exploration strategy, while generating immediate cash flow from its operations.

Endeavour operates 4 mines across Côte d’Ivoire (Agbaou and Ity) and Burkina Faso (Houndé, Karma) which are expected to produce 615-695koz in 2019 at an AISC of $760-810/oz.

For more information, please visit www.endeavourmining.com.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This news release contains "forward-looking statements" including but not limited to, statements with respect to Endeavour's plans and operating performance, the estimation of mineral reserves and resources, the timing and amount of estimated future production, costs of future production, future capital expenditures, and the success of exploration activities. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "expected", "budgeted", "forecasts", and "anticipates". Forward-looking statements, while based on management's best estimates and assumptions, are subject to risks and uncertainties that may cause actual results 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 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 the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which Endeavour operates. Although Endeavour has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Please refer to Endeavour's most recent Annual Information Form filed under its profile at www.sedar.com for further information respecting the risks affecting Endeavour and its business. AISC, all-in sustaining costs at the mine level, cash costs, operating EBITDA, all-in sustaining margin, free cash flow, net free cash flow, free cash flow per share, net debt, and adjusted earnings are non-GAAP financial performance measures with no standard meaning under IFRS, further discussed in the section Non-GAAP Measures in the most recently filed Management Discussion and Analysis.

Corporate Office: 5 Young St, Kensington, London W8 5EH, UK

Attachments

- View News Release in PDF Format
- View Presentation