

15 March 2018 06:00 GMT

### BUY

Current Share Price	C\$24.07
Target Price	C\$33.00
Market Capitalisation	C\$2.6bn
Shares in Issue	108m
RIC/BLBG	EDV.TO/EDV.CN
Avg. Daily Volume (3M)	323,520

Current share price(s) timed at 4:30pm on 13/03/18



Performance (%)	1M	3M	12M
Absolute	1	-3	2
Relative	1	0	3

Source: Datastream (relative to UK-OS Market index)

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## Endeavour Mining

Initiating Coverage

### Dynamic West African mid-tier producer offers growth and improving portfolio

Endeavour is a mid-tier gold miner that produced 622koz in 2017 at AISC of US \$869/oz in 2017. The company has a clear focus on francophone West Africa with five producing mines in Burkina Faso (2), Cote D'Ivoire (2) and Mali (1) and a DFS stage growth project in Mali. The company has renovated its portfolio since 2015 under the leadership of CEO Sebastian de Montessus and his ex La Mancha team, divesting older and higher cost assets whilst building newer, long life and low cost assets. We believe that Endeavour has few peers in Africa with regards to its size, low-cost and growing production profile and deserves to trade at the top end of the valuation range, perhaps eventually (though not yet) becoming rated similarly to long-time staple Randgold. We initiate on Endeavour with a BUY rating and C \$33.00/sh price target based on 1.2x NAV and 8.6x CFPS.

- Fast improving portfolio with a series of core growth assets:** Endeavour has renovated its asset portfolio by divesting its smaller and shorter mine life operations, Youga and Nzema and replaced them with an exciting growth portfolio of assets that can produce at or above 200kozpa at AISC at or below US\$800/oz. Endeavour achieved first production at its new flagship Houde Mine in Burkina Faso in October 2017, with the build coming in 4.5% below budget and on-schedule. Next, Endeavour is building the Ity CIL project, which should transform Ity from a ~60koz heap leach operation to a 4Mtpa CIL operation that should produce an average of >200koz over the first 10 years of operation. Endeavour is also undertaking optimisation work on the >2Moz Kalana project in Mali, with the focus being the potential to upsize the plant to bring annual production up to 200kozpa.

- Diversification with synergy benefits of geographic focus:** Endeavour's focus on francophone West Africa benefits from the diversification of operating in three countries whilst offering logistical advantages with all of its mines being within several hours of travel time from EDV's regional head office in Abidjan, Cote D'Ivoire. Senior management, including EDV's CEO, CFO, and Head of Exploration, are French speaking and experienced operators in the region. We believe Endeavour's diversification is relatively unique among peers of its size, as it is neither focused in one country and exposed to the challenges therein (ACA, CEY, SMF), nor is EDV faced with the logistical challenges of operating in multiple continents or time zones (BTO, IMG, ANG, SGL, GFI).

- Clear re-rating catalysts as EDV delivers Ity CIL and Kalana:** We expect Endeavour's shares to re-rate higher as the company delivers Ity CIL, with first production in mid-2019, and Kalana, with NUMe first production in 2021. This should take NUMe production >800koz by 2021. With the company currently trading at 1.0x NAV, we see room for this to increase, with the sector flagship RRS trading at 1.5x NAV. Endeavour also has ambitious exploration goals with a five-year discovery target of 10-15Moz, including 4-6Moz at Ity and 2.5-3.5Moz at Houde.

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## Contents

Endeavour Mining – Key Questions	3
Investment Thesis	4
• Catalysts	8
• Valuation	9
• Sensitivities	11
• Markets	12
• Financials	13
• Resources & Reserves – 9.1Moz of Reserves	19
• Hounde Mine (85%-owned, 15% Government)	19
• Ity Mine (80%-owned, 10% Government, 10% other minority stake)	22
• Agbaou Mine (85%-owned, 10% Government, 5% SODEMI)	25
• Karma Mine (90%-owned, 10% Government minority stake)	27
• Tabakoto Mine (80%-owned, 20% Government minority stake)	29
• Kalana Development Project (80%-owned, 20% Government minority stake)	32
• Company History	34
• Board & Key Management	36
• Risks	39

## Endeavour Mining – Key Questions

How much potential is there to extend mine life at EDV's various assets?

Overall, Endeavour is targeting a 10+ year mine life across all its operations; however its 10-15Moz group discovery target is most heavily concentrated at Greater Ity (4-6Moz), Houde (2.5-3.5Moz) and Tabakoto (1.5-2.5Moz). We currently model a 10-year remaining mine life at Houde, 16 years at Ity, 9 years at Karma, 7 years at Agbaou, and 6 years at Tabakoto. At Tabakoto, the underground Resource is open at depth and the key to extending this operation is finding additional open pit material or downsizing the plant to accommodate UG-only production in later years. At Agbaou, EDV has a discovery target of 0.5-1.5Moz with the highest confidence target being at depth at the Agbaou North Pit.

Does Endeavour have a positive relationship with the local community and government?

Endeavour's management team are experienced operators in francophone West Africa with prior experience at La Mancha (Ity), AREVA, Orange and Total in the region. EDV has made responsible community relations an important component of its operating strategy and maintains a large regional head office in Abidjan, which is within charter range of all the mining operations. In addition, EDV has two assets in each of Burkina Faso, Cote D'Ivoire, and Mali, and we believe that this demonstrates its commitment to the countries and helps its relationships with those Governments.

How much growth is there beyond Kalana?

Endeavour has a more clearly-defined growth pipeline than the majority of its peers in the gold space, as declining production profiles are common among multi-asset producers (especially majors). Having just delivered Houde in 2017, Ity CIL (up to 250koz/year) construction activities have ramped up with first production guided for mid-2019. We also forecast first production from Kalana (NUMe up to 190koz/year) in 2H20. Beyond Kalana, Endeavour will need to deliver its next project through either organic exploration or acquisition. Endeavour has identified the Greater Ity belt as its most promising area to find a stand-alone greenfield project as evidenced by its 4-6Moz discovery target. Other key areas of interest include the greater Houde Belt in Burkina Faso, EDV's central-northern Cote D'Ivoire exploration areas, some of which are JV'ed with Randgold, and the Kofi licence in Mali, which currently feeds Tabakoto and sits north of Randgold's prolific Loulo-Goukoto mines.

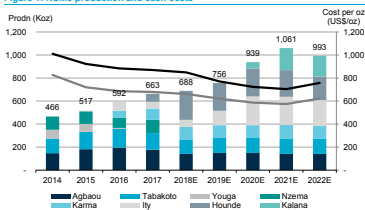
What if any further changes might one expect to Endeavour's asset portfolio?

Endeavour has been aggressive in disposing of its older, high-cost assets, divesting the Youga Mine in 2016 for US\$25.3m and the Nzema Mine for US\$38.5m on closing and up to US\$25m in deferred payments. EDV has announced that its Tabakoto Mine in Mali is under strategic review. Endeavour's intention is to restructure the cost base and then consider whether Tabakoto fits within the portfolio. In the event of a Tabakoto divestiture, we expect that EDV would retain the northern portion of the Kofi licence.

## Investment Thesis

**Long-term target: Greater than 800koz at less than US\$800/oz AISC** – Endeavour produced 663koz at AISC of 869/oz in 2017, with guidance of 670-720koz at AISC of US\$840-890/oz in 2018 with the addition of a full year of production from Houunde offsetting lower grades at Agbaou and the divestiture of Nzema. Looking at the longer term production profile, Endeavour has set a target of annual production above 800koz at AISC below US\$800/oz. We forecast that the company should achieve this target in 2020, which marks the first full year of production from the Ity CIL. Whilst we also expect first production at Kalana in 2H20, we believe that EDV would achieve its >800koz, <US\$800/oz target even if Kalana were to be developed later than we forecast.

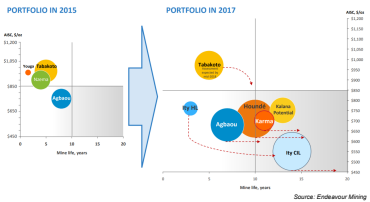
Figure 1: NUMe production and cash costs



Source: Endeavour Mining and Numis Securities Research

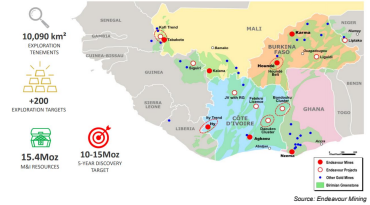
**Renovated portfolio yields larger, long mine life, lower cost assets** – Key to our thesis for Endeavour is management's proactive approach to managing its portfolio. EDV has added longer life, lower cost assets to its production profile with the addition of Houunde, the under-construction Ity CIL project and the Kalana development project. Equally importantly, Endeavour has not been shy about divesting non-core assets to third parties who can dedicate additional attention to them. We believe that this discipline is an important component of Endeavour's thesis; too many other gold producers have allowed good assets to decline into mediocre ones that contribute to production but require disproportionate management attention relative to their contribution to free cash flow or NAV.

Figure 2: Endeavour has changed the long-term position of its asset base



**Diversified yet focused strategy** – We believe that Endeavour offers both the benefits of diversification and the synergies of a specific regional focus. EDV's assets and exploration areas are concentrated in francophone West Africa and are within charter flying range of Endeavour's regional head office in Abidjan. Furthermore, the company's corporate office is located in London, and therefore the company essentially operates within one time zone. Management has significant experience operating in West Africa in both mining and other sectors and the CEO, CFO and VP, Geology are all native French speakers. We believe that this arrangement is preferable to companies who face the risks inherent from operating in one jurisdiction, whilst also avoiding the challenges of operating in multiple continents and time zones.

Figure 3: Endeavour's operations are focused on francophone West Africa



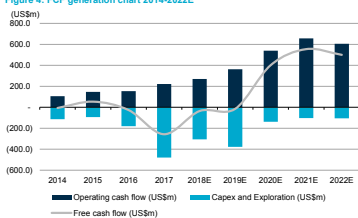
**In-house mine-building team with history of successful mine delivery** – One of Endeavour’s key advantages is its owner’s mine-building team, which has a history of successful delivery of projects that came in on schedule and budget and subsequently performed in line with or better than design specifications. This includes the Agbaou mine, which was originally scoped to process 1.34Mtpa of fresh or 1.6Mtpa of saprolite, but has consistently outperformed its design, specs with annual throughput of up to 2.8Mt (original design spec 1.34-1.6Mtpa), and recoveries well above the 92.5% original design. The Endeavour team also completed the expansion of the Tabakoto plant, which they took over following the acquisition of Avion Mining. Most recently, the team delivered the Houde build two months ahead of schedule and US\$15m below budget, with commercial production achieved just 37 days after the first ore was introduced to the plant. We believe the build team, in combination with Endeavour’s ambitious targets and growth pipeline is a key strength for the company and a differentiator vs peers.

**Table 1: Endeavour’s mine build history has track record of delivering projects on time and budget**

Mine	Description	Start of Construction	First Production	Build time vs Schedule	Build cost vs Budget	% own completed
Nzema	1.6Mtpa CIL		January 2011	Ahead of schedule	On budget	25%
Agbaou	1.34Mtpa CIL	June 2012	November 2013, commercial production in January 2014	16 months, completed ahead of scheduled 1Q14 first production	US\$145m, final cost was below US\$159m budget	60%
Tabakoto / Kofi	4,000tpd Expansion	Advanced bridge loan and took over construction post-Avion acquisition in mid 2012	Design capacity reached in June 2013		Below budget	68%
Houde	2.8Mtpa CIL	End of June 2016	First gold and commercial production in October 2017	16 months, completed ahead of original 4Q17 first gold guidance	US\$313m vs original budget of US\$328m	94%
Ity CIL	4.0Mtpa CIL	September 2017	First gold guided for mid-2019		US\$412m budgeted	
Kalana	NUMe 2.0 Mtpa CIL	NUMe January 2019	NUMe 3Q20	NUMe 18 months	NUMe US\$255m incl stripping	

Source: Numis Securities Research and Endeavour Mining

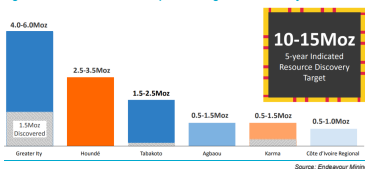
**Figure 4: FCF generation chart 2014-2022E**



Source: Company & Numis Securities Research

**Significant FCF generation, steps up after Kalana build** – Following a period of investment in the Ity CIL and Kalana builds, we forecast that Endeavour should generate significant free cash flow thereafter with Ity, Houde and Kalana each generating >US\$100m/year of free cash flow using our LT gold price of US\$1,400/oz or spot of US\$1,350/oz. Overall, we forecast FCF of -US\$54m in 2018 and -US\$33m in 2019 based on both the guided Ity timeline and our assumptions regarding Kalana. We then forecast a significant step up thereafter with NUMe FCF generation of US\$383m (356cps) in 2020, US\$535m (498cps) in 2021 and US\$486m (451cps) in 2022, putting the company on a FCF yield of >15% from 2020 onwards based on the current share price. Excluding Kalana, we forecast FCF of US\$172m and US\$421m in 2019 and 2020, respectively. Overall, we forecast US\$3.20bn of free cash flow over the next 10 years for total FCFPS of US\$29.72/share for an average FCF yield of 16% over that period.

Figure 5: Endeavour's 10-15Moz exploration target broken down by area



**Exploration a key focus** – Whilst Endeavour's historical growth to date has come through value accretive M&A, at the end of 2016, the company set itself an ambitious exploration goal of adding 10-15Moz of Resources over the next five years. To support this, EDV has budgeted US\$40-45m for exploration in 2018, of which 40% is allocated to greenfield opportunities. Of its 10-15Moz goal, the highest priorities are the greater Ity trend, where EDV has set a goal of 4-6Moz; this is EDV's primary target for generating a new standalone mining project. Other promising areas near its existing mines include on the Houde Belt in Burkina Faso and on its Kofi licences in Mali, which currently supply open pit ore to supplement Tabakoto's underground production.

Beyond near mine exploration, Endeavour's other advanced greenfield exploration area is its regional exploration in Central Cote D'Ivoire including its JV areas with Randgold (70% Randgold, 30% Endeavour). Beyond this, Endeavour also has exploration licences in Guinea (Siguir belt) and Niger, which are both francophone West African countries where management believes it has an enhanced ability to navigate the local social and political environment. We believe Endeavour's firm commitment to exploration and internal generation, its proven track record that includes increasing the Reserve at Ity from 1.9Moz to 2.9Moz, and its collection of attractive licences in West Africa, position it among the best of its African gold producing peers from an exploration perspective, with the key jewel being its consolidated control of the Ity belt.

### Catalysts

**Houde ramp-up successful, should deliver strong first full year of production –** The Houde commissioning and ramp-up was delivered in impressive fashion as commercial production was achieved just 37 days after first gold in October 2017. 2018 guidance for Houde is 250-260koz at AISC of US\$580-630/oz and we see potential for production beyond this if Endeavour can achieve greater than nameplate throughput through the plant. Endeavour's shares have not significantly re-rated since first gold pour, and we believe that the market will gradually give EDV greater value for Houde should it deliver a strong first full year of production.

**Strategic decision on Tabakoto expected in mid-2018 –** EDV has made it clear that is considering Tabakoto's future within the company. Management's near-term goal is to optimise the asset's production and cost base to either improve its performance within the portfolio or prepare it for an asset divestment. A transition back to contractor mining to improve equipment availability without significant upfront capital investment is being considered among other operational changes. We currently attribute Tabakoto a value of C\$1.74/share based on 1.2x its NAV of US\$149m. We believe an asset sale is the most likely scenario as the asset given the asset's high cost base and relatively short Reserve life (albeit the underground is open at depth). In a sale scenario, we would expect Endeavour to retain the northern portion of the prospective Kofi licence for its exploration potential.

**Ity CIL build adds next flagship asset with first production in 2H19 –** Ity should produce an average of 230kozpa at AISC of US\$530/oz over the first five full years of production and an average of 200kozpa over the first 10 years at AISC of US\$577/oz. Guidance for first production is mid-2019, and we are confident in EDV's ability to deliver the build on time and budget given its history of successful mine builds and the similarity of Ity's 4.0Mtpa CIL with the Houde 3.0Mtpa CIL design. We see significant potential for EDV to re-rate upward based on progress at Ity over the next 18 months through construction, ramp-up and early commercial production.

**Kalana optimisation study seeks to deliver 200kozpa asset, Nume first production in 2021 –** Kalana, acquired in EDV's all-share acquisition of Avnel, is the next leg of EDV's growth strategy. The optimisation study is guided for release by the end of 2018. The Avnel feasibility study delineated an 18-year mine life based on a 1.2Mtpa CIL plant, with a Reserve of 1.96Moz in a single open pit. This mine plan prioritised capital conservation whereas we believe EDV has the balance sheet flexibility to seek a higher production rate and maximise NPV. EDV has already guided that it intends to increase the plant size; we forecast a 1.8Mtpa operation (2.0Mtpa in oxides) producing an average of 169koz in the first five years of production including 192koz in the first full year. We also see potential for Endeavour to integrate the Kalanako target, which has seen additional drilling since Avnel released its Feasibility Optimisation Study in January 2017.



### Valuation

Our preferred valuation methodology for producers is based on applying a multiple to our NAV estimate blended with a cash flow per share multiple. The peer group range for producers ranges from 0.5x to 2.0x.

We generate our NAV and cash flow forecasts from discounted cash flow (DCF) models, which are, in turn, generated using our estimates for the company's existing and planned operations. Our current long-term gold price assumption is US\$1,400/ounce from 2020. For Endeavour, we have applied a discount rate of 8%.

Our price target for Endeavour is C\$33.00/share based on an equal-weighted blend of 1.2x NAV per share and 8.0x 2019E CFPS. Our base case 2018E NAV for Endeavour is C\$23.66/share, which implies that the shares are currently trading at 1.0x P/NAV. The historical P/NAV trading range for tier II West African producers is 0.5x–1.2x. We believe that Endeavour is likely to trade at 1.2x NAV over the 12-month time frame of our recommendation, and that it deserves a premium multiple as it is i) among the largest of the ex. RRS West-African producers, ii) offers a growing production and falling cost profile, iii) has significant prospective exploration ground, and iv) has demonstrated a clear willingness to divest older higher cost assets. This suggests a price target of C\$33.00/share, 37% above the current share price, and we initiate coverage with a BUY recommendation. We believe that as Endeavour delivers a full year of production from Hounde, the Ity CIL project in 2H19 and advances Kalana, there is opportunity to increase our target NAVPS multiple.

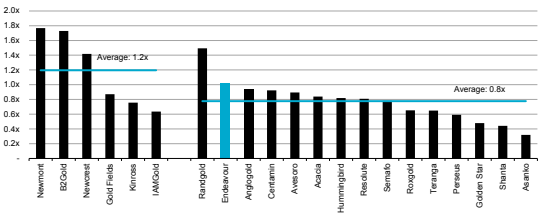
Table 2: NAV breakdown

	Disc Rate	NAV (%)	\$m	\$/sh	C\$/sh
Hounde (90%)	8%	34%	890	8.27	10.35
Agbaou (85%)	8%	12%	319	2.96	3.71
Ity (80%)	8%	26%	668	6.20	7.77
Karma (90%)	8%	12%	301	2.79	3.50
Tabakoto (80%)	8%	6%	149	1.39	1.74
Kalana (80%)	8%	11%	283	2.63	3.29
<b>Sub-total</b>			<b>2,609</b>	<b>24.23</b>	<b>30.35</b>
Cash & Equivalents	6%		123	1.14	1.43
Cash From Options	0%		1	0.01	0.01
Debt		(17%)	(341)	(3.17)	(3.97)
Karma Stream		(4%)	(90)	(0.83)	(1.04)
Corporate G&A / Other		(13%)	(268)	(2.49)	(3.12)
<b>Total</b>			<b>2,034</b>	<b>18.89</b>	<b>23.66</b>
Current NAV Multiple (Implied)					1.02x
<b>Cash Flow Value</b>				<b>\$/sh</b>	<b>C\$/sh</b>
CFPS (1 year forward)				3.37	4.62
Current P/CF multiple (Implied)					5.2x
<b>Blended Valuation</b>		<b>Target Multiple</b>		<b>Weight</b>	
NAV valuation		1.20x		50%	28.39
Cash Flow valuation		8.0x		50%	36.99
<b>VALUATION</b>					<b>33.00</b>

Source: Numis Securities Research

We have compared Endeavour's valuation multiples against other African (ex. South Africa) gold producers. We believe this represents the most accurate peer group for Endeavour given similarity in geopolitical risk profile, operating challenges and market perception. We have also included majors with continental African operations to provide perspective on the differences in valuation ranges between African and globally diversified operators.

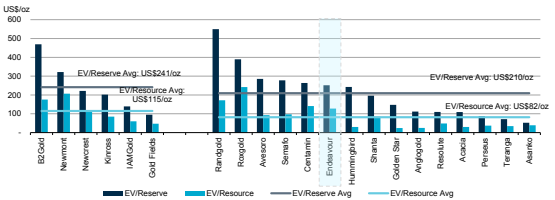
Figure 6: Peer P/NAV Multiples



Source: Numis Securities Research, Bloomberg

Endeavour is currently trading at 1.0x NAV, which puts it above the African peer average of 0.78x NAV, with the range between Randgold at 1.5x NAV and Asanko at 0.3x NAV. The average major with African assets is trading at 1.2x NAV, which has declined from as high as 1.5x NAV earlier this quarter. Newmont is trading at the highest multiple at 1.8x NAV and IAMGold is trading at the lowest within the subgroup at 0.6x NAV. At our target price of C\$33.00/share, Endeavour would trade at 1.3x NAV, below Randgold but above Anglogold and below Newmont, B2Gold and Newcrest among the global diversified. We believe this is justified as Endeavour offers scale, diversification and low cash costs and AISC relative to the peer group; beyond Randgold, all of the other peers offer only up to two of the three value differentiators. Of the peer group, we believe that Endeavour also offers the most tangible and highest quality growth options.

Figure 7: EV/Reserve (US\$/oz) – Endeavour Mining just above the peer average



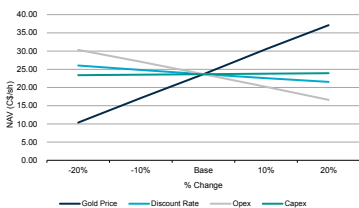
Source: Numis Securities Research

On a Reserve basis, EDV is trading at US\$249/oz compared to US\$210/oz for the African miner peer average. The global majors with operating assets in Africa trade on an average EV/Reserve multiple of US\$241/oz. At our C\$33.00/share price target, Endeavour would trade at US\$331/oz, which would put it between Roxgold and Avesoro. On a total Resource basis, EDV is trading at US\$128/oz, which is above the peer average of US\$82/oz and US\$115/oz for the majors with African assets. At our C\$33.00/oz price target, Endeavour would trade at US\$168/oz, which is below Randgold, B2Gold and Newmont and above Centamin, Semafo and Avesoro. We believe this is reasonable considering that Endeavour is low cost, diversified and growing, which puts it at a premium to ASO, SMF and CEY. By both metrics, Endeavour is trading at a level where we would expect a re-rating as Endeavour completes the Ity CIL build and ramp-up and advances Kalana to production. We believe that Endeavour is among the highest quality producers in the African gold space, and that it offers the best combination of quality and growth.

**Sensitivities**

The key sensitivity for our NAV estimate for EDV is metal prices; a 10% change in our gold price assumptions has a 28% NAV impact. The NAV also has 14% sensitivity to a 10% change in operating costs, 1% sensitivity to a 10% change in capex, and 4% sensitivity to a 10% change in the discount rate.

**Figure 8: Sensitivities – Gold the key**

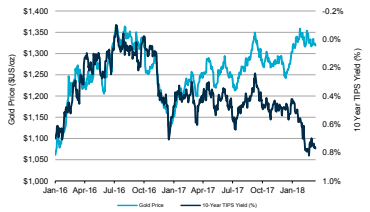


Source: Numis Securities Research

**Markets**

We believe that post 2015, gold is into a new price cycle and the metal has benefitted from the US dollar stumbling, despite the market's expectation of further rate hikes by the Fed in 2017. Gold has a strong (90%) inverse correlation with 10-year TIPS yields but the two have diverged due to higher inflation expectations. It has also been supported by heightened geopolitical tensions associated with North Korea, concerns over global trade and increased tensions with Russia. We believe that the metal has been boosted by higher inflation expectations post the rate hike in December. However, whilst gold has traded as high as US\$1,350 in early 2018 trading, we expect a US\$1,300/oz average gold price. Gold is typically strong in Q1, but tends to weaken after Chinese New Year, and this year has followed this expectation thus far, but the metal could see weakness in the Asian physical market should it remain at the current elevated levels, as it would then become expensive in both Rupee and Renminbi terms. An additional headwind is a steeper rate rise trajectory due to higher inflation expectations, though we note that gold should do well in an inflationary environment. The geopolitical environment has produced greater tension than average with North Korea, trade war and Russia-related headlines and this should be supportive for gold.

**Figure 9: Gold vs 10 yr Tips, negative correlation but starting to diverge on inflation expectations**



Source: Bloomberg

We currently expect an average gold price of US\$1,300/oz for 2018, and for it to increase towards our LT price of US\$1,400/oz supported by a combination of relative US\$ weakness, a higher US inflation trajectory, major economies near peak cycle growth, and strong demand from the key Asian physical markets and heightened geopolitical risk.

**Table 3: Gold & Silver Price Assumptions**

	1Q18	2Q18	3Q18	4Q18	2018	2019	2020&LT
Gold	1300	1300	1300	1300	1300	1350	1400
BBG Consensus	1328	1325	1334	1343	1333	1367	1415
Silver	16.00	17.00	17.50	18.50	17.25	18.00	20.00
BBG Consensus	16.74	16.57	16.70	16.88	16.72	17.23	17.85

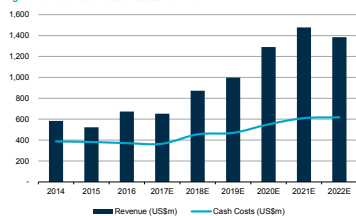
Source: Numis Securities Research, Bloomberg

## Financials

### P&L

The company has 107.5 million shares outstanding and 145k traded warrants at an average exercise price of C\$10.24 with 144k options in the money with an average price of C\$9.15/share. Should all the ITM options and warrants be exercised, then it would bring in an additional ~US\$1.0m for the company.

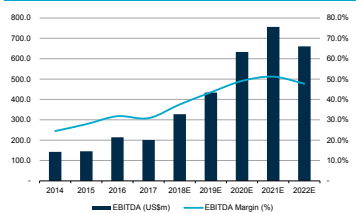
Figure 10: Revenue and cash costs 2014-2022E



Source: Numis Securities Research

We expect production and sales of 688koz in 2018 for total revenue of US\$873m in 2018 and US\$998m in 2019, with cash costs of US\$661/oz and US\$620/oz in those years, respectively, for operating expenses before depreciation and royalties of US\$455m and US\$469m. We forecast an EBITDA margin of 38% in 2018 rising to 44% in 2020 with EBITDA increasing from US\$201m in 2017 to US\$328m in 2018E and US\$434m in 2019E.

Figure 11: EBITDA and EBITDA margin 2014-2022E



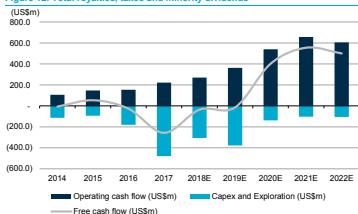
Source: Company & Numis Securities Research

We have assumed annual G&A of US\$20m and US\$45m of exploration in 2018 and US\$40m in 2019 through 2022, of which 15% or ~US\$6m is expensed. Based on expected 2018 net income of US\$105m, EDV is currently trading on a PE of 19x, falling to 16x for 2019.

#### Taxation and Government Dividends

The headline profit tax rate is 25% in Cote D'Ivoire (Agbaou, Ity), a minimum of 30% or 1% of revenue in Mali (Tabakoto, Kalana) and 17.5-27.5% in Burkina (Karma 17.5%, Houende – Vindaloo 17.5%, Bouere 27.5%). We forecast an effective tax rate of 26% in 2017, 23% in 2018, and 25% in 2019. We forecast total tax, royalty and minority dividend payments rising from US\$53m in 2017 to US\$99m in 2018 and US\$172m in 2020, as Endeavour moves to more profitable ounces and with higher gold prices. Endeavour has tax loss offsets at Tabakoto and shareholder loans outstanding at Tabakoto, Houende, Karma and Ity (post CIL capex), which must be repaid before minorities are eligible for dividends. Agbaou has a tax holiday until 2020 and Ity CIL may be eligible for a five-year tax holiday, but we have not modelled this until there is public confirmation by Endeavour and the Government. Burkina and Cote D'Ivoire both have variable gold price-linked royalty rates from 3-5%; at current spot the applicable government royalty rates are 5% in Burkina Faso and 4% in Cote D'Ivoire. In Mali, Tabakoto is subject to a 6% royalty rate, and Kalana is subject to 3%.

Figure 12: Total royalties, taxes and minority dividends

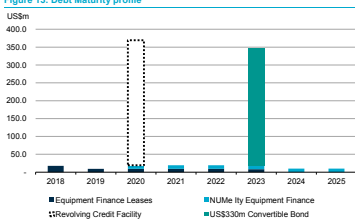


Source: Numis Securities Research and Endeavour Mining

#### Balance Sheet

At 31 December, Endeavour had US\$122m of cash on balance sheet with US\$300m of the US\$500m revolving credit facility (RCF) drawn and total net debt of US\$221m. Subsequently, Endeavour issued a US\$330m convertible bond and repaid the US\$300m drawn portion of the RCF and downsized the facility to US\$350m. As at 30 December 2017, Endeavour had US\$241m of current liabilities, including US\$221m of payables and US\$362m of current assets including US\$142m of inventories.

Figure 13: Debt Maturity profile



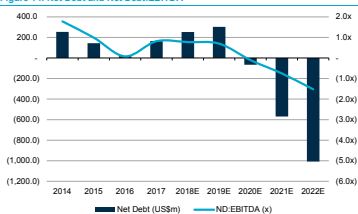
Source: Endeavour Mining &amp; Numis Securities Research

Endeavour's total outstanding debt includes the following major items:

- US\$350m revolving credit facility:** The facility was downsized from US\$500m to US\$350m in February 2018 to reduce undrawn commitment fees. The facility matures in September 2021 and bears interest on a sliding scale of between LIBOR plus 2.95% to 3.95% based on the Company's leverage ratio with a commitment fee on undrawn amounts of 1.03%. The drawn portion of the facility was repaid in February 2018 following the issuance of the convertible bond, and therefore the facility remains available and undrawn.
- US\$330m convertible notes:** In February 2018, Endeavour issued US\$330m convertible notes which mature on 15 February 2023. The notes pay interest semi-annually at a 3.0% coupon. They are convertible on maturity at 41.8363 per US\$1,000 principal or US\$29.30 per share (C\$29.4639/share) payable in shares or cash settlement at Endeavour's option.
- Equipment Finance Facility:** Endeavour has US\$63.3m of equipment finance and lease payments remaining, including its 9.5% equipment finance facility with Kohmatsu, used to finance the Hounde mining equipment. Payments are made quarterly and the final payment will be made in 1Q22.
- Ity Equipment Finance Facility:** We anticipate that EDV may seek similar equipment finance facilities to finance a portion of Ity CIL and Kalana vehicle purchases. The company has indicated that it intends to seek US\$60m of equipment financing for Ity, and we have assumed a US\$60m facility bearing interest at 9.5% with a staged US\$10m/year principal repayment schedule from 2020-2025.

We expect ND:EBITDA to peak at 1.1x in 2Q19, immediately prior to Ity CIL first production and NUMe two quarters into the Kalana build. This reverts to net cash by NUMe 4Q20 as Ity's production contributes significantly to net cash generation in addition to NUMe first production from Kalana in 2H20. We believe that under a more stressed gold price scenario, EDV would have the ability to meet its current debt payment schedule and build Kalana without additional funding down to a gold price of US\$1,084/oz.

Figure 14: Net Debt and Net Debt:EBITDA



Source: Company &amp; Numis Securities Research

#### Karma Gold Stream

Franco-Nevada and Sandstorm have a gold stream agreement to purchase 20koz per year over five years (commenced in 2016) and 1.625% of the gold produced thereafter from the Karma Project. Franco-Nevada/Sandstorm will pay 20% of the spot gold price for the ounces. Sandstorm acquired the stream for an upfront payment of US\$100m in August 2014 from then project owner, True Gold, which was acquired by Endeavour in 2016. We have valued the stream at US\$90m, using an 8% discount rate, and forecast 108koz of total remaining ounces delivered into the stream.

#### Non-Government Royalties

The following non-Government royalties are applicable to Endeavour's assets:

- Hounde: 2% NSR to Sandstorm, 1% NSR to Social Development Fund (Government).
- Karma: Social Development fund (1%), Rambo pit only (3%), Liberty (0.7%), GoldenSar on only Goulagou 1&2 (0-200koz is 0%, 200-500koz is 1% +500koz is 2%).

#### Non-Government Royalties

Endeavour has put in a gold price collar using call and put options, from February 2018 until April 2019 to cover its cash flows during the Ity CIL construction period. The options cover a total of 400koz (~40% of estimated production over that period) with a floor price of US\$1,300/oz and a ceiling price of US\$1,500/oz. The cost of this programme was US\$8.7m. Other than the initial cost of the options, the collar does not impact our valuation as we forecast that the gold will stay between the floor and ceiling price during this period.



Cash flow

We expect EDV to generate a net free cash outflow of -US\$54m in 2018 and -US\$33m in 2019 due to capex from Ity and Kalana, which we have modelled as commencing construction in 2H19. We forecast significant operating cash flow generation of US\$297m in 2018, up from NUMe US\$204m in 2017, as the company benefits from the first full year of Hounde production. Capital expenditure guidance for 2018 is US\$352m including US\$84m of sustaining capital and US\$200m of projects, of which US\$180m is allocated to Ity, US\$10m at Hounde and US\$10m at Kalana. Exploration guidance for 2018 is US\$40-45m and we expect similar levels for the medium term as Endeavour works towards its 10-15Moz five-year discovery target. Once Ity reaches production in NUMe 2H19, we forecast significant FCF generation as capex declines and Ity generates significant operating cash. This results in NUMe FCF generation of US\$383m in 2020 rising to US\$535m in 2021 (first full year of Kalana production) and US\$486m in 2022. We forecast average annual sustaining capex of 38m and US\$40m of exploration from 2019-2021. We have made no assumptions about dividends at this point.

Figure 15: Cash flow evolution 2014-2022E



Source: Company & Numis Securities Research

Figure 16: Summary Financials

Endeavour Mining BUY	Ticker	EDV TO	Market Capitalisation	CS2,588m	Financial Year End	Dec	
CS33.BF	Share Price	CS24.07	Enterprise Value (EV)	\$2,267m	Reporting Currency	US\$	
	Implied Return	37%	Net Debt (Cash)	\$164m	Shares in Issue	166m	
<b>Valuation</b>							
	Disc Rate	NAV (%)	\$m	\$/sh	CS/sh	Key Metrics	
Houdele (80%)	8%	34%	890	8.27	10.35	EPS (\$/sh)	
Agbaou (85%)	8%	12%	319	2.96	3.71	P/E	
Iby (80%)	8%	26%	668	6.20	7.77	CFPS (\$/sh)	
Karma (90%)	8%	12%	301	2.79	3.50	FCFPS	
Tabakoto (80%)	8%	6%	149	1.39	1.74	FCFPS (\$/sh)	
Kalana (80%)	8%	11%	283	2.63	3.29	P/FCFPS	
Sub-total			2,699	24.23	30.35	FCF Yield	
Cash & Equivalents			123	1.14	1.43	EV/EBITDA	
Cash From Operations			1	0.01	0.01	Adj EBITDA (US\$m)	
Debt			(17%)	(241)	(3.17)	(3.97)	EBITDA Margin
Karma Stream			(4%)	(90)	(0.83)	(1.04)	Dividend Per Share (CS/sh)
Corporate G&A / Other			(13%)	(288)	(2.49)	(3.12)	Dividend Yield
<b>Total</b>			<b>2,034</b>	<b>18.89</b>	<b>23.66</b>	Return on Assets (ROA)	
Current NAV Multiple (implied)						1.02x	Return on Equity (ROE)
<b>Cash Flow Value</b>						5.2x	Return on Capital Employed (ROCE)
CFPS (1 year forward)						3.37	4.62
Current P/CF multiple (implied)							5.2x
<b>Blended Valuation</b>		Target Multiple	Weight				
NAV valuation		1.20x	50%	28.39			
Cash flow valuation		8.0x	50%	36.99			
<b>VALUATION</b>							<b>33.60</b>
<b>Sensitivity Analysis</b>							
		NAV (CS/sh)	10F EPS	10F CFPS			
Base case gold price forecast		23.66	0.97	2.51			
Base case +10%		30.55	1.36	3.14			
Base case -10%		17.10	0.62	2.16			
<b>News Catalysts</b>							
	2018	2019	2020	2021			
Tabakoto strategic decision							
Iby CIL build							
Kalana build							
Kalana first production							
<b>Reserves &amp; Resources (attributable)</b>							
		Gold	EV/oz				
Reserves (P&P)	Moz	9.1	249				
Resources (M&I)	Moz	14.6	155				
<b>Production &amp; Cost (attributable)</b>							
	2016	2017	2018F	2019F			
Gold Eq. Production	000oz	592	653	688	756		
EV/oz Production	\$/oz AuEq	2,700	2,491	2,399	2,184		
Total Cash Cost (net by-products)	\$/oz	685	679	681	620		
All-in Sustaining Cost	\$/oz	686	689	640	771		
<b>Cost per oz (\$/oz)</b>							
	2016	2017	2018F	2019F	2020F	2021F	
Agbaou							
Tabakoto							
Yanga							
Nama							
Karma							
Iby							
Houdele							
Kalana							
TCC							
AISC							

	2016	2017F	2018F	2019F	2020F
<b>Revenue</b>	673	652	873	998	1,290
Cost of Sales	(402)	(369)	(508)	(528)	(621)
G&A	(25)	(23)	(20)	(20)	(20)
Other	(32)	(29)	(17)	(16)	(16)
<b>EBITDA</b>	<b>214</b>	<b>201</b>	<b>328</b>	<b>434</b>	<b>633</b>
DD&A	(103)	(131)	(182)	(220)	(251)
EBIT	118	70	146	204	382
Net Interest Expense	(37)	(22)	5	(20)	(20)
P&T	89	48	161	183	362
Non-Recurring Items/Other	(95)	(147)	0	0	0
Taxes/Recovery	3	(14)	(62)	(49)	(95)
<b>Net Profit (Loss) - attributable</b>	<b>(52)</b>	<b>(156)</b>	<b>105</b>	<b>128</b>	<b>260</b>
Minority Interest	0	21	(4)	(7)	(7)
<b>Cash/flow</b>	<b>2916</b>	<b>2917F</b>	<b>2918F</b>	<b>2919F</b>	<b>2920F</b>
Net Profit (Loss)	(52)	(156)	105	128	260
DD&A	104	149	182	230	251
Non Recurring/Other	142	243	10	37	37
Working Cap. Changes	(40)	(14)	(25)	(33)	(9)
<b>Cash Flow From Operations</b>	<b>194</b>	<b>222</b>	<b>271</b>	<b>363</b>	<b>540</b>
Capital Expenditure	(231)	(441)	(345)	(378)	(138)
Acquis./Investments	51	(37)	39	0	0
<b>Cash Flow From Investing</b>	<b>(180)</b>	<b>(479)</b>	<b>(306)</b>	<b>(278)</b>	<b>(138)</b>
Equity Issues (Net of Costs)	185	113	0	0	0
Net Borrowings	(110)	160	362	51	(369)
Dividends Paid & Other	(34)	(21)	(23)	(25)	(25)
<b>Cash Flow From Financing</b>	<b>42</b>	<b>252</b>	<b>340</b>	<b>26</b>	<b>(394)</b>
Net Change in Cash	18	(2)	324	11	0
<b>Free Cash Flow</b>	<b>(38)</b>	<b>(269)</b>	<b>(94)</b>	<b>(33)</b>	<b>354</b>
<b>Balance Sheet</b>	<b>2016</b>	<b>2017F</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
<b>Cash &amp; Equivalents</b>	<b>124</b>	<b>123</b>	<b>427</b>	<b>435</b>	<b>446</b>
Total Current Assets	159	239	247	315	336
PP&E & Mining Interests	1,040	1,318	1,481	1,628	1,514
Deferred taxation	48	53	53	53	53
Other	(14)	(39)	(39)	(39)	(39)
<b>Total Assets</b>	<b>1,367</b>	<b>1,694</b>	<b>2,168</b>	<b>2,394</b>	<b>2,310</b>
Short Term Debt	0	0	0	360	10
Current Liabilities	150	241	215	250	263
Long Term Debt	141	286	690	380	370
Other Long Term Liabilities	106	165	158	511	153
<b>Total Liabilities</b>	<b>396</b>	<b>693</b>	<b>1,063</b>	<b>1,141</b>	<b>787</b>
Shareholder Equity	961	1,001	1,115	1,253	1,524
<b>Total Liab. &amp; S/holder Equity</b>	<b>1,367</b>	<b>1,694</b>	<b>2,168</b>	<b>2,394</b>	<b>2,310</b>
Working Capital	46	23	46	81	89
<b>Net Debt (Cash)</b>	<b>17</b>	<b>164</b>	<b>253</b>	<b>362</b>	<b>(66)</b>

Source: Company & Numis Securities Research

## Resources &amp; Reserves – 9.1Moz of Reserves

Table 4: Reserves &amp; Resources

RESERVES (NI 43-101 COMPLIANT)				Tonnes	Grade	Gold
Property	Interest	Location	Classification	(Mt)	(g/t)	(Moz)
Houde	90%	Burkina Faso	P&P	30.20	2.02	1.96
Agbaou	85%	Cote D'Ivoire	P&P	8.90	2.34	0.67
Ity	85%	Cote D'Ivoire	P&P	58.90	1.59	3.02
Karma	90%	Burkina Faso	P&P	34.60	0.89	0.99
Tabakoto	85%	Mali	P&P	4.80	3.35	0.52
Kalana	80%	Mali	P&P	21.70	2.81	1.96
<b>Total</b>				<b>159.10</b>	<b>1.78</b>	<b>9.10</b>

Resources (NI 43-101 COMPLIANT)				Tonnes	Grade	Gold
Property	Interest	Location	Classification	(Mt)	(g/t)	(Moz)
Houde	90%	Burkina Faso	M&I	37.30	2.05	2.46
			Inferred	3.20	2.64	0.28
Agbaou	85%	Cote D'Ivoire	M&I	10.30	2.43	0.80
			Inferred	1.00	1.74	0.05
Ity	85%	Cote D'Ivoire	M&I	73.90	1.56	3.70
			Inferred	18.70	1.31	0.79
Karma	90%	Burkina Faso	M&I	81.80	1.09	2.87
			Inferred	21.40	1.32	0.91
Tabakoto	85%	Mali	M&I	19.90	3.01	1.93
			Inferred	7.40	3.40	0.81
Kalana	80%	Mali	M&I	23.70	4.06	3.10
			Inferred	1.70	4.39	0.24
<b>Total Producing</b>			<b>M&amp;I</b>	<b>223.20</b>	<b>1.64</b>	<b>11.75</b>
			<b>Inferred</b>	<b>51.70</b>	<b>1.70</b>	<b>2.83</b>
			<b>Total</b>	<b>274.90</b>	<b>1.65</b>	<b>14.59</b>
<b>Total</b>			<b>M&amp;I</b>	<b>246.90</b>	<b>1.87</b>	<b>14.85</b>
			<b>Inferred</b>	<b>53.40</b>	<b>1.79</b>	<b>3.07</b>
			<b>Total</b>	<b>300.30</b>	<b>1.86</b>	<b>17.93</b>

Source: Endeavour Mining

## Houde Mine (85%-owned, 15% Government)

Houde, EDV's current flagship asset, is an open pit gold mine located in western Burkina Faso that first poured gold on 18 October 2017 and declared commercial production on 1 November 2017. The plant is a 3.0Mtpa operation with power draw of 14MW which is supplied by grid power; EDV has also installed a 26MW back-up power station. The operation has Reserves of 2.0Moz with 2.46moz of M&I Resources with main three pits: Vindaloo (88% of Reserves), Bouere and Dohoun. Construction of the operation was completed US\$15m below budget at US\$313m, (US\$21m of additional capex including the airstrip and TSF2 was added since the project was ahead of schedule and below budget) and the build was completed with >7m man-hours worked with zero LTI. In 2018, the operation is guided to produce 250-260koz at AISC of US\$580-630/koz with capex of US\$35m of which US\$23m is sustaining. The current Reserve-based mine life is 10 years and EDV has a discovery target of 2.5-3.5Moz within the next five years. We currently have modelled a mine life to 2029 with average annual production of 207koz and remaining LOM average AISC of US\$718/oz.

Figure 17: Map of Hounde and surrounding area

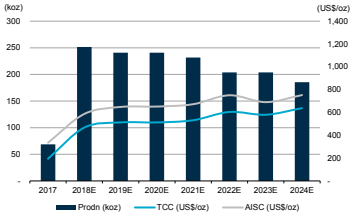


Source: Endeavour Mining

Hounde is a conventional truck and shovel, drill and blast, open pit mining operation. Mining is carried out from three main pits: Vindaloo, Broere and Dohoun. The current pits are planned to reach depths of up to 175m with fleet capacity to move >35Mtpa; the LOM Reserve strip ratio is 8.4. The plant is a 3.0Mtpa (9,000tpd) CIL operation with one SAG and one ball mill. The design LOM recovery is 93% and the feasibility study LOM processing costs were US\$13.36/t; both grade and recovery to date have exceeded these figures.

Production profile

Figure 18: NUMe production and cash costs



Source: Numis Securities Research

For 2018 we forecast production of 252koz at cash operating costs of US\$468/oz and AISC of US\$587/oz; guidance for the year is 250-260koz at AISC of US\$580-630/oz. We have modelled a remaining 12-year mine life with total production of 2.31Moz at AISC of US\$718/oz. We forecast production of >200koz for the next six years with average production of 211koz over the first 10 years of mine life at average AISC of US\$713/oz over that period. Using our NUMe gold price of US\$1,350/oz in 2019 and US\$1,400/oz over the remaining life of mine, we forecast total FCF of US\$1.2bn, averaging US\$103m/year including US\$113m/year over the next 10 years. At US\$1,300/oz, average annual FCF would be US\$101m over the next 10 years.

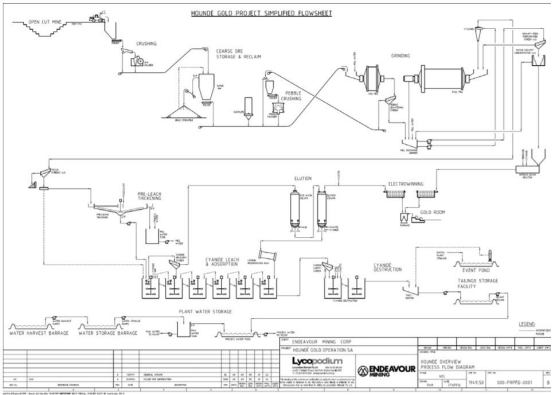
The cumulative balance of Hounde's shareholder loans are NUMe negative US\$390m. This would need to be paid off from positive free cash flow before the Government is entitled to receive any dividends from Hounde. We forecast that the shareholder loans will be repaid in mid-2021. Vindaloo ounces are subject to a 17.5% income tax rate while Bouere and Dohoun are subject to a 27.5% income tax. The royalty scheme in Burkina Faso is variable with the gold price as per the following table.

**Table 5: Burkina Faso gold royalty schedule**

Low (US\$/oz)	High (US\$/oz)	Rate
0	1,000	3%
1,000	1,300	4%
1,300+		5%

Source: Numis Securities Research

Figure 19: Hounde plant flowsheet



Source: Endeavour Mining

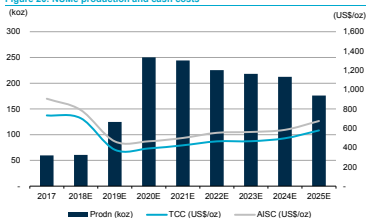
**Ity Mine (80%-owned, 10% Government, 10% other minority stake)**

Ity is currently a 950ktpa heap leach operation with a 4.0Mtpa gravity + CIL plant under construction with the changeover from heap leach to CIL production expected in mid-2019. The operation commenced production in 1991, and is the oldest currently producing gold mine in Cote D'Ivoire. Once into CIL production, Ity will become the second flagship asset for Endeavour, along with Hounde, producing up to 250koz including an average of 230koz at AISC of US\$530/oz over the first five full years of production and an average of 200kozpa over the first 10 years at AISC of US\$577/oz. The Reserve is 3.0Moz at 1.57gt; this was increased from 1.9Moz in 2016 as a result of exploration success. Based on current Reserves, we forecast a mine life of 14.5 years with average annual production of 169koz.

Mining is carried out using conventional truck and shovel with an owner mining team and 90kt Komatsu haul trucks. The 59Mt mining inventory is supplied by 42.5Mt from six open pits, the largest being Daapleu at 18.4Mt, and 14.5Mt at 1.05g/t from existing stockpiles. The LOM strip ratio is low at 1.9x and maximum scheduled mining movement is 16Mtpa. The plant design is similar to Houde, with identical SAG and Ball Mill designs and similar site layout, but Ity CIL is larger in scale at 4.0Mtpa vs Houde at 3.0Mtpa with 8 CIL tanks and an 18t elution circuit (vs 10t at Houde). LOM budgeted recovery is 86% with higher recoveries for the majority of the orebodies with the exception of Daapleu Sulphides (7.8Mt at 2.41g/t for 604koz) at 66%. The capital budget for the CIL mine build is US\$412m including US\$34m contingency, US\$49m of mining equipment and US\$35m of pre-strip and this includes a 58km overhead power line to connect to the national grid as well as a 26MW full diesel back-up power station.

#### Production profile

Figure 20: NUMe production and cash costs



Source: Numis Securities Research

We forecast a 15.25-year remaining mine life producing a total of 2.5Moz at AISC of US\$600/oz including 2.47Moz of production from Ity CIL once it commences production in NUMe 2H19. This includes an average of 230koz at AISC of US\$530/oz in the first five full years of CIL production and 200koz at AISC of US\$577/oz over the first 10 years. Using our NUMe gold price of US\$1,350/oz in 2019 and US\$1,400/oz over the remaining life of mine, we forecast total FCF of US\$1.2bn, averaging US\$81m/year including US\$125m/year over the next 10 years. At US\$1,300/oz average annual FCF would be US\$112m over the next 10 years.

With respect to the 20% minority interest in the asset, we currently forecast that Ity's shareholder loans (used by EDV to fund construction) will be repaid in 2H21, after which minorities (the Government and the Drogba group) should be entitled to their pro rata portion of dividends. The corporate tax rate applicable to Ity is 25% and government revenue royalty scheme is as per the table below.





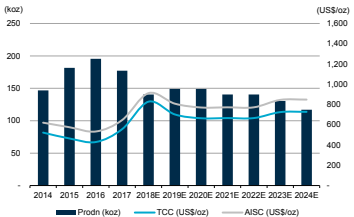
**Agbaou Mine (85%-owned, 10% Government, 5% SODEMI)**

Agbaou is an open pit, up to 2.6Mtpa+ CIL operation that first produced gold in November 2013 with commercial production declared in January 2014. The mine is located 200km NW of Abidjan. Power is supplied by the national grid and water supply is 71% from recycled process water and 29% from the water storage dam and boreholes. Agbaou was Endeavour’s flagship operation when it commenced production (this is now Houde), and has produced 707koz to date at AISC of ~590/oz including 177koz at AISC of US\$647/oz in 2017. Moving forward, production is guided to fall as mill feed moves to harder ore and the throughput rate falls to NUMe 2.4Mt in 2019 and 2.0Mt in 2020.

Mining at Agbaou is conventional truck and shovel open pit mining that is contracted to BCM International Ltd. The operation is based on three main open pits: North, South and West, which are planned to reach an eventual depth of 300m, 175m and 150m, respectively. In addition, six additional shallow satellite pits are included in the mine plan. The plant is a gravity + CIL circuit with capacity of 1.6-2.6Mtpa depending on the hardness of the ore. The plant was originally designed for throughput of 1.34Mtpa of fresh ore 1.6Mtpa of saprolites but plant performance was significantly exceeded this with throughput of at high as 2.9Mt in 2017. A secondary crusher was added in July 2016 for a total cost of US\$16m. The plant achieved recoveries of up to 97% from oxide-only ore feed, but EDV guides for 93% recovery from a blend of oxide and fresh ore.

**Production profile**

**Figure 22: NUMe production and cash costs**



Source: Numis Securities Research

We forecast an 8.25-year remaining mine life producing a total of 1.0Moz at AISC of US\$800/oz. Our forecast for 2018 is 140koz at AISC of US\$913/oz vs guidance of 860-900/oz as ore transitions to a 50/50 blend of oxides and fresh/transitional ore. We forecast throughput of 2.4Mt in 2018 falling to 2.0Mt from 2019 to the remaining life of mine as the proportion of sulphide ore increases. Using our NUMe gold price of US\$1,350/oz in 2019 and US\$1,400/oz over the remaining life of mine, we forecast total FCF of US\$394m, averaging US\$48m/year. At US\$1,300/oz average annual FCF would be US\$41m over the remaining life of mine.

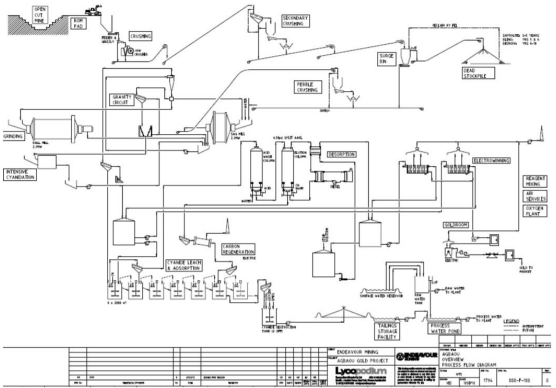
With respect to the 15% minority interest in the asset, Agbaou's loans have been repaid and the minorities (the Government and SODEM) are entitled to their pro rata portion of dividends. The corporate tax rate applicable to Agbaou is 25% and government revenue royalty scheme is the same as at Ity (reproduced in the below table).

Table 7: Cote D'Ivoire gold royalty schedule

Low	High	Rate
0	1,000	3.0%
1,000	1,300	3.5%
1,300	1,600	4.0%
1,600		5.0%

Source: Numis Securities Research

Figure 23: Agbaou process plant flowsheet



Source: Endeavour Mining

**Karma Mine (90%-owned, 10% Government minority stake)**

Karma is a 4.0Mtpa heap leach operation that produced 98koz at AISC of US\$835/oz in 2017. There are a total of six open pits in the current mine plan. Mined material focuses on free leaching oxides from shallow open pits with low strip ratios. Material is generally free-digging with no drilling and blasting required with the exception of hanging and footwall contacts and in harder transitional and sulphide mineralisation, but these form only a small portion of the mine plan. The gold recovery process includes two-stage crushing (three-stage for transitional and sulphides), heap leaching, and a newly built ADR plant with 6x open top carbon cascade columns. The crushing circuits and ADR plant were rebuilt by Endeavour in 2017 to address availability and design issues with the original design built by True Gold.

The operation has 1.0Moz of Reserves at 0.89g/t and LOM average recovery of 87.2% with another 2.5 years of mine life expected from Inferred material from the North Kao deposit. The surrounding area, formed by six contiguous exploration licences covering 856km<sup>2</sup>, contains more than 45 high-priority targets and EDV has an exploration target of 0.5-1.0Moz over the next five years.

**Figure 24: Map of Burkina Faso with Hounde and Karma**

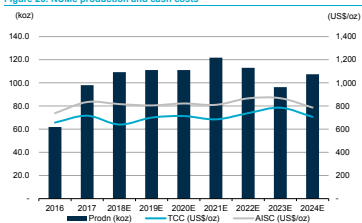


Source: Endeavour Mining

The operation is located in NE Burkina Faso and is on the edge of the security 'Red Zone' where Islamist activity can be an issue. However, the surrounding area is more populated than other areas of the 'Red Zone' and the local population serve as a deterrent, as they are able to identify and warn about outsiders; the local population does not sympathise with the Islamists, who typically cross the border from the Malian deserts. Endeavour has also taken best-practice security measures including moving the ex-pats to centralised areas that can be protected; good community relations are the most important factor and Endeavour has a good relationship with the local communities. In 2015, under previous management, the operation did experience an incident with the local community related to concerns that the mining of the Rambo Pit would damage or disrupt the Ramatoulaye Mosque, however this was based on incorrect information including that the operation would include underground mining. Mining at Rambo has now been completed, removing any lingering cause of concern for the local community.

Production profile

Figure 25: NUMe production and cash costs



Source: Numis Securities Research

For 2018 we forecast production of 109koz at cash operating costs of US\$640/oz and AISC of US\$816/oz; guidance for the year is 100-110koz at AISC of US\$780-830/oz. We have modelled a remaining 10-year mine life with total production of 1.02Mkoz at AISC of US\$815/oz. We forecast average annual production of 113koz for the next five years at AISC of US\$791/oz. Using our NUMe gold price of US\$1,350/oz in 2019 and US\$1,400/oz over the remaining life of mine, we forecast total FCF of US\$394m, averaging US\$39m/year including US\$44m/year over the next 10 years. At US\$1,300/oz, average annual FCF would be US\$33m over the next 10 years.

The cumulative balance of Karma's shareholder loans are NUMe negative US\$135m. This would need to be paid off from positive free cash flow before the Government is entitled to receive any dividends from Karma; we forecast that the shareholder loans will be repaid in mid-2021. Karma is subject to a 17.5% corporate tax rate. The Burkina Faso Government royalty scheme is as at Houde (table reproduced below) and individual deposits at Karma are subject to additional royalties ranging from 1-3%.

- Social Development fund: 1%
- Rambo pit only: 3%
- Maverix (formerly belonged to Liberty): 1.7%
- GoldenSar, applicable on only Goulagou 1&2 deposits: 0-200koz is 0%, 200-500koz is 1%, +500koz is 2%

Table 8: Burkina Faso gold royalty schedule

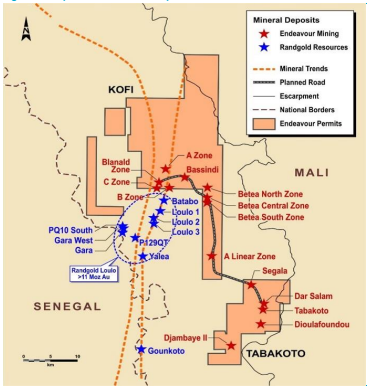
Low (US\$/oz)	High (US\$/oz)	Rate
0	1,000	3%
1,000	1,300	4%
1,300+		5%

Source: Numis Securities Research



sale event, we believe that Endeavour would retain the northern areas of the Kofi licence for their exploration potential and exclude these areas from the transaction.

Figure 27: Map of Tabakoto and Kofi permits



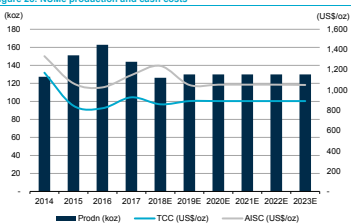
Source: Endeavour Mining

Mining at Tabakoto is focused on the Tabakoto and Segala underground operations supplanted by open pit production from the Kofi licence, currently focused on Kofi B. The Tabakoto underground operation is accessed via two portals from the bottom of the Tabakoto open pit. The Segala Main Zone, which forms the bulk of UG Reserves, is accessed via portal from the side of the Segala pit and consists of several mineralised structures of varying spacing and thickness with individual veins that can be less than 1m thick but group into ore zones that can be collectively up to 35m thick. Tabakoto transitioned to owner mining in 2014 but due to the age of the fleet and associated maintenance and availability challenges, EDV may consider transitioning back to contractor mining rather than investing further in fleet upgrades for what is a shorter mine-life and less cash generative operation. Equipment availability has been highlighted by Endeavour as the key issue restricting productivity at the underground operations.

The Tabakoto plant is a 4,000tpd (~1.4Mtpa, capacity up to 1.6Mtpa depending on oxides content) gravity + CIL plant. The plant expansion to 4,000tpd began in 2010 and was interrupted by funding instability but recommenced in 2013 after Avion was acquired by Endeavour and was fully commissioned in May 2013. The plant expansion involved the installation of a new 5,000kw SAG mill in closed circuit with the existing ball mill. Plant recovery averages 92-95% with an average recovery of 94% in 2017.

Production profile

Figure 28: NUMe production and cash costs



Source: Numis Securities Research

For 2018 we forecast production of 126koz at cash operating costs of US\$860/oz and AISC of US\$1,239/oz; guidance for the year is 115-130koz at AISC of US\$1,200-1,250/oz. We have modelled a remaining six-year mine life with total production of 776koz at AISC of US\$1,115/oz. Using our NUMe gold price of US\$1,350/oz in 2019 and US\$1,400/oz over the remaining life of mine, we forecast total FCF of US\$193m, averaging US\$32m/year. At US\$1,300/oz average annual FCF would be US\$23m over the next 10 years.

The cumulative balance of Tabakoto's shareholder loans is NUMe negative US\$400m and we do not forecast that the loans will be repaid within Tabakoto's mine life therefore we do not forecast any minority distributions. Tabakoto is subject to a minimum corporate tax rate of 30% or profits or 1% of revenue with US\$65m of tax losses at YE2016. Tabakoto is also subject to a flat 6% Government royalty rate.





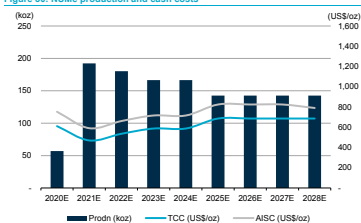
**Table 9: Summary of NUMe development assumptions vs Avnel Optimised Feasibility Study**

	Avnel Optimisation	NUMe
Throughput (Mtpa)	1.2	1.8-2.0
LOM ore processed (Mt)	21.7	21.7
LOM strip ratio (waste:ore)	9.9	9.9
LOM average head grade (g/t Au)	2.8	2.8
LOM Au recovery (%)	93%	93%
Mine life (years)	18	12
LOM gold produced (koz)	1,821	1,821
LOM average annual production (koz)	101	152
LOM AISC (US\$/oz)	730	736
Yrs 1-5 average annual production (koz)	148	170
Yrs 1-5 average AISC (US\$/oz)	561	604
Initial Capex (US\$m)	171	241
NPV 8%(US\$m)	250	323

Source: Numis Securities Research and Endeavour Mining

#### Production profile

**Figure 30: NUMe production and cash costs**



Source: Numis Securities Research

We have modelled a 13-year mine life commencing in 2H20 with LOM production of 1.8Moz at AISC of US\$746/oz including average annual production of 152koz at AISC of US\$646/oz in the first five full years of production (2021-2025E). We have modelled a throughput rate of 2.0Mtpa in 2021 and 2022E due to a higher portion of oxides in the ore blend, reverting to 1.8Mtpa for the remaining life of mine. We model a higher head grade of 3.0-3.1g/t Au in the earlier years reverting to 2.65g/t from 2025E for the remaining life of mine. Kalana is subject to a 3% government revenue royalty and corporate tax rate of a minimum of 1% of revenue or 30% of profits and Endeavour believes that it may negotiate a five-year tax holiday with the Government of Mali; we have not included this in our assumptions at this time. We forecast that Kalana will repay its shareholder loans in 2023, and that minority distributions to the Malian Government will commence thereafter.

### Company History

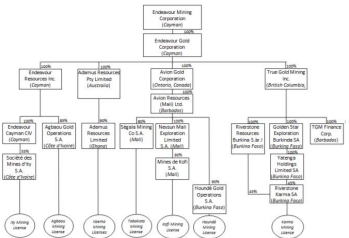
Endeavour was initially a mining financial advisory group that pivoted to gold mining with the acquisition of a 55% interest in Etruscan, a gold mining company whose assets included Agbaou and the now-divested Youga gold mine in Burkina Faso, in 2010. The company has subsequently grown via acquisition of both producing mines and pipeline projects that have given it a growing production profile and improving asset portfolio. The initial phase of Endeavour's growth was led by a team including CEO Neil Woodyer, which established the company as a multi-asset producer.

The next phase has occurred post the acquisition of La Mancha, in which La Mancha's management team, led by Sebastian de Montessus, assumed control of Endeavour while much of Neil Woodyer's team left to start Leagold, a company focused on a similar asset consolidation model in Latin America. Under Sebastian's leadership, Endeavour has added growth but also focused on improving the quality of its asset portfolio. Below is a summary of key events:

- In October 2009 Endeavour acquired a 55% interest in Etruscan by acquiring 153.1m shares via a private placement for US\$43m.
- In September 2010, Endeavour completed the acquisition by way of court-approved plan of the remaining 45% of Etruscan it did not already own for US\$41.4m shares and 15.4m shares.
- In August 2011, Endeavour announced an all-stock merger of equals between Endeavour Mining and Adamus Resources, a TSX and ASX-listed gold producer whose primary asset was the Nzema mine in Ghana. Endeavour became a dual TSX-ASX-listed business with pro-forma production of ~172koz.
- In November 2011, Endeavour divested its financial advisory business.
- In mid-2012, Endeavour commenced the construction of Agbaou, which was expected to take group production to ~250koz; in reality Agbaou would exceed its pre-production targets.
- In October 2012, Endeavour acquired TSX-listed Avion Gold whose projects included Tabakoto and the Hounde development project. Endeavour used its balance sheet to recommence Avion's stalled plant expansion at Tabakoto. Avion shareholders represented 39.8% of the pro-forma combined entity. Pro forma guidance was increased to 282-304koz for 2012.
- Endeavour produced 324koz in 2013, and 466koz in 2014, as Agbaou produced 147koz in 2014 in its first full year of production after declaring commercial production in January 2014.
- In November 2015, Endeavour acquired a 55% interest in Ity through the acquisition of La Mancha Africa for 177.1m EDV shares. La Mancha became a 30% shareholder of Endeavour and contributed US\$63m of cash to the combined group. Sebastian de Montessus became President of Endeavour and a 24-month succession plan was announced whereby Sebastian de Montessus would become CEO and Neil Woodyer would become Executive Chairman. Endeavour's pro-forma production profile became ~580koz.
- In January 2016 Endeavour delisted from the ASX and relocated its investor relations functions from Vancouver to Paris. The corporate office was later relocated again, from Paris to London.
- In February 2016, Endeavour divested Youga to MNG Gold for US\$25.3m.

- In April 2016, Endeavour Mining acquired True Gold and its Karma gold project in Burkina Faso, which was then under construction, for C\$226m in shares. True gold shareholders formed 20.86% of the pro-forma company after La Mancha exercised its anti-dilution rights to maintain its 30% shareholding.
- In May 2016, Sebastian de Montessus replaced Neil Woodyer as CEO of Endeavour. Neil Woodyer became non-Executive Chairman.
- In June 2016, Endeavour launched a C\$125m bought deal (upsized to C\$144m) financing and launched the construction of Hounde. Neil Woodyer resigned from the board.
- In August 2016, Frank Giustra resigned from the board of Endeavour. Mr Giustra was important in the founding of the company.
- In November 2016, Endeavour posted a positive Feasibility Study for Ity with a 15-year mine life and a Reserve of 1.9Moz and 3.0Mtpa throughput rate.
- In May 2017, Endeavour agreed to increase its Ity stake to 80% from 55% by acquiring a 25% from SODEMI, the state mining company for US\$52m in cash and US\$5/oz of Reserves added post year end 2016 applicable to the Ity mining permit.
- In July 2017, Endeavour agreed to acquire TSX-listed Avnel and its Kalana project for US\$122m in an all-share transaction for ~7m shares. Avnel shareholders formed 6.8% of the post-transaction share capital.
- In August 2017, Endeavour announced the sale of Nzema to mining contractor, BCM International, for US\$20m in initial cash and up to US\$45m in deferred cash payments based on production milestones.
- In September 2017, Endeavour published the optimised feasibility study for Ity CIL, which increased throughput to 4.0Mtpa based on an enlarged Reserve of 2.9Moz vs 1.9Moz announced a year earlier.
- In October 2017, Endeavour poured first gold at Hounde and achieved commercial production in November 2017.

Figure 31: Endeavour Mining corporate structure at year-end 2016



Source: Endeavour Mining

**Board & Key Management**

In aggregate the board hold 30% of the company's shares.

**Sebastian de Montessus, CEO, President and Director\***, was previously the CEO of the La Mancha Group since 2012 before its acquisition by Endeavour in November 2015. Prior to La Mancha, Mr de Montessus was a member of the Executive Board and Group Deputy CEO of AREVA, the French integrated Nuclear Energy Group, including CEO of AREVA Mining, which includes mining assets in Niger and Namibia. Before joining AREVA in 2002, Mr de Montessus was an investment banker at Morgan Stanley in London and is a business graduate from ECSP-Europe Business School in Paris.

**Vincent Benoit, Executive VP, CFO and Corporate Development**, joined Endeavour after the La Mancha transaction in 2015. At La Mancha Mr Benoit held the role of EVP, Strategy & Business Development. Prior to La Mancha, Mr Benoit was EVP M&A, responsible for the development of the group's African footprint, its European portfolio restructuring and strategic partnerships. Mr Benoit is a Chartered Accountant and holds a business degree from ESC-Bordeaux Business School.

**Patrick Boisset, Executive VP Exploration and Growth**, has held the role of EVP of Exploration since he joined Endeavour in 2015 from La Mancha where he held the role of EVP Exploration and New Ventures. He previously spent more than 20 years overseas with Total, the French oil company, where he was in charge of its exploration activities in Africa. He also spent six years as a member of the executive committee of Areva mines. Mr Boisset holds a master's degree in Geology from Orleans University and was a board member of the French National School of Geology.

**Morgan Carroll, EVP Corporate Finance & General Counsel**, has more than 15 year of experience in mining finance and advisory including initially practicing as a mining lawyer at a large multinational law firm in New York and London and corporate and investment banking experience within a number of US and European banks. Mr Carroll joined Endeavour in 2008 and his areas of focus include corporate and project finance, debt and equity capital markets, M&A and corporate development. Mr Carroll is a graduate of Trinity College Dublin (LL.B, Ling. Germ.), the University of London (LL.M), is admitted as an Attorney in the State of New York, and as a Solicitor in England & Wales.

**Jeremy Langford, COO & EVP Projects**, has been with Endeavour / Adamus since 2009 and has successfully managed the development and construction of Houde, EDV's Nzema, Agbaou and Tabakoto expansion projects and the implementation of the Agbaou Secondary Crushing Circuit Upgrade and Ity CIL DFS. Prior to Endeavour, Jeremy served as Project Director at Ampella Mining, Adamus Resources and Ausenco Services where he planned and managed a number of projects in West Africa including construction of Teranga's Sabodala project in Senegal. Mr Langford holds an honours degree in Mechanical Engineering from RMIT University in Melbourne, Australia and began his career as an engineer with the Royal Australian Navy.

**Michael E. Beckett\*, Chairman and NED**, has more than 40 years of experience in the mining sector and has been involved in the development of mines in Africa, Papua New Guinea, Western Australia, South Africa and the FSU. He is a former Chair of Ashanti Goldfields and former Managing Director of Consolidated Gold Fields. Mr Beckett is a NED of International Hotels Investment, Northam Platinum, Orica Ltd, Petroamerica Oil Corporation and The Egypt Trust Ltd.

**Ian Cockerill\*, NED**, has nearly 40 years of experience in the mining industry including CEO roles at both Gold Fields and AngloGold between 1999-2009. He was also previously responsible for business development at AngloGold. He is currently chairman of Petmin Ltd, a JSE mining company concentrating on bulk commodities and is an NED of Orica Ltd and senior lead independent director of Ivanhoe Mines.

**Olivier Colom\*, NED**, is a former French diplomat and diplomatic advisor to former President Nicolas Sarkozy, with extensive experience of African affairs. At the French Foreign office, he helped to reform France's development aid programme before specialising in EU affairs. From 2013-2016 he was a member of the Edmond de Rothschild Group's Executive Committee. Mr Colom is currently the chairman of OC Advisory. He is a graduate of the National School of Administration and the Institute of Political Studies in Paris, and holds a degree in General Public Law (Sorbonne), and a master degree in International Law from Paris X University.

**Livia Mahler\*, NED**, is currently an independent director of Ivanhoe Mines and is President and CEO of Computation Geosciences Inc, which provides geophysical data processing services to the mining and oil & gas industries. Ms Mahler previously served on the Audit and Compensation committees of Diversified Royalty Corp, Turquoise Hill Resources and DuSolo Fertilizers. Ms Mahler holds a Bachelor of Science degree from the Hebrew University of Jerusalem and an MBA from the University of British Columbia.

**Wayne McManus\*, NED**, has extensive experience in the private banking sector, providing accounting and wealth management services for high net worth clients. Mr McManus has an LL.M in taxation, a JD and an MBA, and has more than 20 years of academic experience in the accounting field. Mr McManus is a CPA and holds the CFA designation.

**Naguib Sawiris\*, NED**, is chairman of Endeavour's advisory board, Chairman of the Board of Orascom TMT and Executive Chairman and CEO of Orascom Telecom Meia and Technology Holding SAE. The Sawiris Family have interests in the telecom, construction and fertiliser, cement, real estate and hotel development industries and other businesses. Mr Sawiris founded Orascom Telecom Holding and developed it into a leading telecom player that became the world's sixth-largest mobile telecom provider after a merger with Vimpelcom. Mr Sawiris serves on a number of Boards and Councils including the Advisory Committee to the NYSE Board of Directors, the International Advisory Board to the National Bank of Kuwait, the Egyptian Council for Foreign Affairs and the Arab Thought Foundation. Mr Sawiris holds a diploma of Mechanical Engineering with a Masters in Technical Administration from the Swiss Federal Institute of Technology Zurich ETH Zürich and a Diploma from the German Evangelical School, Cairo, Egypt.

**James Askew\*, NED**, is a mining engineer with more than 40 years of experience as CEO and board member for a range of internationally listed mining and mining-related companies. He is currently on the boards of several companies including as Chairman of OceanaGold and Syrah Resources and as a director of Evolution Mining.

### Risks

- **Commodity prices:** The future price realisable for the company's product will have a significant effect on the future profitability of the company. Some companies will use hedging to mitigate some of this risk, although most prefer to retain full upside exposure to the underlying commodity. A downturn in commodity prices may lead to lower investment in the industry, which may impact the company's earnings and/or growth potential.
- **Costs:** Cost inflation above our assumptions could have a greater-than-anticipated impact on group earnings. The cost of raw materials, power, and labour are often dependent on factors outside the company's control. Mining costs are highly dependent on factors such as rock strength and characteristics, as well as the mining method.
- **Production & construction:** All mines have risk of disruption to production due to unforeseen issues regarding health and safety, geology and engineering. Risks to production forecasts can come from delays in the commissioning process for a new project. There are risks to production from the application of new technology that may not perform within the design criteria.
- **Political & logistics:** Mining companies operate globally and often in areas of high political risk. Changes to the government and/or legislation may impact production and/or earnings in future years. The supply of materials, plant, equipment and personnel may be affected by local issues beyond the company's control. Some countries may be more challenging in this respect than others.
- **Personnel:** The success of an operation and/or company often depends on key management and/or highly skilled operations staff, who may be in short supply and/or leave the employ of the company. This may impact operations and/or future growth prospects. Management expertise may also become stretched if the company attempts to grow too rapidly.
- **Geological:** Reserve and resource estimates are subject to statistical uncertainty and as such carry a risk that earnings could be significantly affected by unexpected changes in throughput, grade and cost.
- **Financing:** Mining is often highly capital intensive. There is often a risk, especially with a development company, that the necessary debt and/or equity funding may not be available, or may be detrimental to project economics.
- **Permitting:** Significant delays to the permitting processes could have a material impact on development projects.
- **Environmental:** Mining carries a risk of damage to the environment and consequent risk of litigation.
- **Currency & inflation:** Variations in the local exchange rate versus the currency in which revenues are paid (usually US dollars) can impact earnings significantly.





Figure 33: Gold and Silver Miner comps continued

Company	2017		2016		2015		2014		2013		2012		2011		2010		2009	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Alamos	6.7%	na	11.3%	2.2%	2.3%	6.0%	18.2%	41.0%	-6.9%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Antares	na	na	8.4%	na	100.0%	2.2%	-0.0%	0.0%	16.8%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cerroan	11.6%	22.6%	16.3%	7.3%	10.6%	8.8%	10.0%	10.0%	10.0%	7.2%	8.8%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%
Clarus	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Conifer	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Dalhousie	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Endeavour	na	na	10.2%	10.2%	8.4%	7.4%	-19.0%	-100.0%	-20.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Frontier	28.6%	22.6%	26.9%	13.6%	10.3%	10.3%	27.6%	20.7%	11.8%	1.8%	2.4%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Golden Star	na	9.6%	20.7%	4.3%	2.3%	8.8%	-10.7%	-1.8%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Husheer	21.3%	30.8%	32.2%	8.7%	8.2%	8.8%	17.0%	10.0%	11.8%	1.0%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Regional Gold	14.8%	9.3%	8.2%	9.7%	9.2%	9.2%	8.2%	13.0%	2.4%	6.8%	6.2%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%
Stratex	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Yukon	18.1%	na	87.7%	na	na	na	-5.9%	88.8%	-0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Draxor	na	6.2%	3.7%	1.7%	0.0%	1.2%	0.0%	-0.0%	-1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Piedmont	8.6%	7.5%	11.5%	10.2%	8.7%	3.2%	-1.7%	38.8%	2.8%	10.8%	6.0%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Prophet	11.8%	13.6%	13.2%	7.6%	7.7%	7.7%	0.2%	3.2%	4.6%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Proton	na	na	na	na	na	na	-21.7%	10.0%	-6.9%	na	na	na	na	na	na	na	na	na
Range	20.2%	28.6%	23.3%	16.2%	14.2%	13.7%	8.8%	7.8%	10.4%	2.2%	4.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Stellar Gold	18.1%	na	4.7%	0.0%	3.2%	1.2%	-38.8%	-1.2%	80.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Summit	19.7%	18.5%	18.5%	7.0%	60.3%	6.3%	-7.0%	-7.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Company	2017		2016		2015		2014		2013		2012		2011		2010		2009	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	
Alamos	\$71	\$71	\$110	7.4%	na	12.8	na	\$10	\$60	\$61	\$11	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	
Antares	\$13	\$10	\$80	1.2%	na	2.2	na	\$28	\$10	\$20	\$10	10.6%	2.7%	3.3%	3.3%	3.3%	3.3%	
Cerroan	\$300	-	\$300	8.8%	na	11.6	na	\$26	\$100	\$100	\$100	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	
Clarus	\$14	\$16	\$7	4.7%	na	0.9	na	\$22	\$19	(\$1)	(\$1)	na	na	na	na	na	na	
Conifer	\$1	-	(\$1)	0.8%	na	1.1	na	\$60	\$30	(\$10)	(\$7)	na	na	na	na	na	na	
Dalhousie	\$80	-	(\$80)	1.4%	na	2.1	na	\$73	\$30	(\$11)	(\$10)	na	na	na	na	na	na	
Endeavour	\$124	\$200	\$176	9.1%	na	11.6	na	\$28	\$160	\$11	\$20	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	
Frontier	\$976	\$789	(\$77)	9.8%	107.8	24.4	na	\$78	\$100	\$100	\$100	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
Golden Star	\$28	\$100	\$77	1.0%	na	4.4	na	\$12	\$76	\$80	\$80	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	
Husheer	\$307	\$380	\$102	0.8%	60.2	2.4	201.3	\$327	\$617	\$280	\$300	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	
Regional Gold	\$28	\$107	\$100	2.0%	na	16.8	na	\$207	\$60	\$107	\$100	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	
Stratex	\$80	\$11	(\$74)	2.8%	na	3.3	na	\$210	\$100	(\$1)	(\$3)	(\$6.6)	18.7%	18.7%	18.7%	18.7%	18.7%	
Draxor	\$3	\$0	(\$3)	0.1%	na	0.0	na	\$81	\$30	\$50	\$100	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	
Yukon	\$80	\$22	\$80	11.8%	na	22.2	na	\$19	\$80	\$20	\$20	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	
Piedmont	\$38	\$1,400	\$1,420	17.9%	163.0	20.9	202.8	\$310	\$300	\$740	\$740	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	
Prophet	\$87	\$30	\$80	6.7%	22.3	10.1	60.3	\$182	\$180	\$60	\$100	20.7%	20.7%	20.7%	20.7%	20.7%	20.7%	
Proton	\$128	\$3	(\$17)	16.4%	na	19.7	na	\$300	\$300	\$600	\$614	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	
Range	\$15	\$30	\$41	0.8%	na	0.7	na	\$100	\$80	\$60	\$67	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Stellar Gold	\$15	\$30	\$41	0.8%	na	0.7	na	\$100	\$80	\$60	\$67	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Summit	\$15	\$30	\$41	0.8%	na	0.7	na	\$100	\$80	\$60	\$67	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	

Source: Numis Securities Research, Bloomberg data, Company data

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Hold	29.5%	7.4%	26.3%	10.9%
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**Three Year - Recommendation, Target Price, Share History**



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