

Endeavour Mining and Adamus Resources to Merge and Create a New Growth Focused West African Gold Producer

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GEORGE TOWN, Grand Cayman and PERTH, Western Australia, Aug. 21, 2011 /CNW/ -- GEORGE TOWN, Grand Cayman and PERTH, Western Australia, Aug. 21, 2011 /CNW/ - Endeavour Mining Corporation ('Endeavour') (TSX:EDV) and Adamus Resources Limited ('Adamus') (ASX:ADU, TSX-V: ADU, FSE: AXM) are pleased to announce they have entered into a definitive Merger Implementation Agreement ('MIA') to combine through an all-stock merger of equals transaction creating a new growth focused West African gold producer (the 'Merged Entity'). Endeavour intends to invest at least US\$160 million from its current cash balance to relieve the constraints of Adamus' Nzema project finance structure, including repayment of the US\$60 million project loan and at least US\$100 million towards reduction of hedged gold volumes. The Merged Entity is forecasting 2011 gold production of 172,000 ounces from two mines (Youga Gold Mine in Burkina Faso and Nzema Gold Mine in Ghana) at a cash cost per ounce of US\$575- \$625(1). The gold production rate is expected to be approximately 250,000 ounces per year by the end of 2013 from existing assets (including Agbaou). In addition, the Merged Entity has an acquisition growth strategy to more than double this gold production rate by the end of 2013(2).

The merger will be implemented as a Scheme of Arrangement under the Australian Corporations Act ('Scheme'). Adamus shareholders will receive 0.285 of an Endeavour share for each Adamus share they hold. This exchange ratio has been determined using the ratio of Endeavour's and Adamus' volume weighted average trading prices over the 20 trading days ended on August 19, 2011 on the TSX and ASX, respectively. Upon completion of the Scheme, existing Endeavour shareholders and Adamus shareholders will own approximately 47.2% and 52.8%, respectively, of the issued common shares of the Merged Entity. On a fully-diluted basis, which assumes all existing Endeavour and Adamus options, warrants and share rights are exercised, the existing Endeavour securityholders and Adamus securityholders would own approximately 55% and 45%, respectively, of the issued shares of the Merged Entity.

(1) Excludes royalties, refining, freight and non-cash adjustments

(2) There are no acquisitions currently being negotiated

Highlights of the Merger:

- Creates a leading West African gold production, development and exploration company as a platform for future growth and acquisitions.
- Combines experienced management teams and board of directors.
- Strong cash generation from two operating gold mines with pro forma 2011 gold production of 172,000 ounces (Youga Gold Mine, in Burkina Faso and Nzema Gold Mine, in Ghana) - de-risking the standalone companies.
- With a construction decision to be made in Q1 2012 for the Agbaou feasibility stage project in Côte d'Ivoire, the production growth profile is expected to be approximately 250,000 ounces per year by the end of 2013 from existing assets.
- Adamus' proven mine building track record, having successfully commissioned the Nzema Gold Mine, will enhance the construction of the Agbaou feasibility stage project in Côte d'Ivoire.
- Extensive exploration portfolio in highly prospective regions of Ghana, Burkina Faso, Côte d'Ivoire, Liberia and Mali with a land package totaling over 10,400km(2).
- Pro forma financial strength totalling US\$516 million from Endeavour's US\$195 million cash and marketable securities, Adamus' US\$21 million cash, a new, undrawn, credit-approved US\$200 million revolving corporate loan facility provided by Unicredit Bank AG (subject to completion of the Scheme, execution of final facility agreements and satisfaction of the facility's conditions) and approximately US\$100 million from any future exercise of all Endeavour options and warrants with an exercise price of CDN\$2.50 or less.
- Financial strength will relieve constraints from Adamus' Nzema project finance structure and support the Merged Entity's growth objectives. Post-closing, the Merged Entity intends to fully repay the Nzema US\$60 million project debt and intends to invest at least US\$100 million to significantly reduce gold hedging volumes. This will result in greater leverage to the gold price, increased operating cashflow and EBITDA, and increased management flexibility.

Management & Governance

On completion of the Scheme, Neil Woodyer from Endeavour will be Chief Executive Officer and Mark Connelly from Adamus will be Chief Operating Officer, of the Merged Entity. The Merged Entity's operational management will be led from Perth, Australia and will report to the Chief Operating Officer.

Michael E. Beckett will be Non-Executive Chairman of the Merged Entity. In addition, the Board of Directors of the Merged Entity will comprise three nominees from each of Adamus and Endeavour. Adamus' nominees are Mark Connelly, Martin Reed, and Dr. Antony Harwood. Endeavour's nominees are Neil Woodyer, Jorge L. Gamarci, and Wayne McManus.

Board of Directors' Recommendations

The Board of Directors of Adamus unanimously recommends to Adamus shareholders that they approve the Scheme (in the absence of a superior proposal for Adamus and subject to an Independent Expert opining that the Scheme is in the best interests of Adamus shareholders). Each director of Adamus will vote the voting rights attached to all Adamus shares over which he has control in favour of any resolutions to be considered at the Adamus shareholders' meeting to implement the Scheme and any other transaction in connection with the Scheme (in the absence of a superior proposal for Adamus and subject to an Independent Expert opining that the Scheme is in the best interests of Adamus shareholders).

The Board of Directors of Endeavour unanimously recommends to Endeavour shareholders that they vote in favour of the resolutions to be considered at the Endeavour shareholders' meeting (in the absence of a superior proposal for Endeavour). Each director of Endeavour will vote the voting rights attached to all Endeavour shares over which he has control in favour of the resolutions to be considered at the Endeavour shareholders' meeting (in the absence of a superior proposal for Endeavour). GMP Securities L.P. has stated to the Board of Directors of Endeavour that the consideration to be offered is fair, from a financial point of view, to the Endeavour shareholders. The Board of Directors of each of Adamus and Endeavour have determined that the proposed business combination is in the best interests of their respective shareholders based on a number of factors, including financial advice received from their respective financial advisors.

Commenting on the business combination Mark Connelly, Managing Director and CEO of Adamus said:

'This transaction delivers considerable value to Adamus shareholders through the combination of our proven mine development skills and materially enhanced financial flexibility from Endeavour. This enables accelerated growth through the combined portfolio of development and exploration projects.'

Neil Woodyer, CEO of Endeavour commented:

'This combination will create a stronger and better positioned company with the financial strength to grow through strategic acquisitions. Merging with Adamus is a significant step forward as we seek to become a mid-tier gold producer. Our financial strength will unlock value and increase operating flexibility through our ability to repay the Nzema project finance facility, significantly reduce Nzema's gold hedge and fully fund development of Agbaou. We look forward to working with Mark Connelly and his team's West African mine building experience which will enhance our Agbaou mine development team and future projects.'

Michael E. Beckett, Chairman of Endeavour commented:

'As Chairman, I am pleased to recommend this combination which includes a solid plan for complementary integration of management skills from both organizations. The combined company led by Neil Woodyer and Mark Connelly will be well positioned to achieve its exciting growth objectives.'

Transaction Structure and Terms

Pursuant to the MIA entered into between Endeavour and Adamus, it is proposed that Endeavour will acquire all the issued ordinary shares of Adamus by way of a Scheme of Arrangement under the Australian Corporations Act 2001. Under the terms of the Scheme, Adamus shareholders will receive 0.285 Endeavour common shares for each existing Adamus ordinary share they hold. Endeavour shareholders will continue to hold their existing Endeavour common shares. It is expected that Adamus shareholders resident in Australia will generally be eligible for capital gains tax rollover in respect of the proposed merger, subject to obtaining a class ruling from the Australian Tax Office.

Endeavour plans to establish an Australian listing of its shares to increase its international profile and enable Adamus shareholders to trade the new Endeavour shares they receive on the ASX.

The merger is subject to regulatory, Australian Court, shareholder, and third party approvals, together with other customary conditions. Regulatory approvals include approval by the Australian Foreign Investment Review Board, and ASX and TSX approvals in respect of the issue of new Endeavour shares under the Scheme.

A Scheme Booklet setting out the terms of the merger, Independent Expert's Report and the reasons for the Adamus Directors' recommendations is expected to be circulated to all Adamus shareholders

in October 2011. A meeting of Adamus shareholders to consider the Scheme is expected to be held in November 2011 and the merger is expected to be implemented by December 2011. The merger is conditional upon approval by 75% of the number of votes cast, and 50% of the number of Adamus shareholders present and voting, at the meeting of Adamus shareholders.

In addition to the approval by Adamus shareholders, the merger is conditional upon Endeavour shareholders approving the issuance of Endeavour shares required to implement the merger by a simple majority of the Endeavour shares that are voted at a shareholder meeting to be held in November 2011.

The MIA also contains customary and reciprocal deal protection mechanisms, including no shop and no talk provisions, matching and notification rights in the event of a competing proposal and a mutual break fee payable by Endeavour or Adamus in specified circumstances.

The MIA may be accessed via SEDAR (www.sedar.com), under the profiles of Endeavour and Adamus, the electronic filing system for the disclosure of Canadian public companies. The MIA will also be released to the ASX by Adamus in a contemporaneous announcement.

Indicative Timetable for Completion

Announcement of proposed merger	21/22 August 2011
Dispatch Scheme Booklet to Adamus Shareholders	October 2011
Dispatch TSX Circular to Endeavour Shareholders	October 2011
Adamus Scheme Meeting	November 2011
Endeavour Shareholders Meeting	November 2011
Implementation of merger	December 2011

Advisors and Counsel

Adamus' financial advisor is CIBC Australia Ltd and its Australian legal counsel is Allion Legal and its Canadian legal counsel is Fraser Milner Casgrain LLP.

Endeavour has retained GMP Securities L.P. to provide an independent Fairness Opinion and its Canadian legal counsel is Stikeman Elliott and Australian legal counsel is Allens Arthur Robinson.

Qualified Person

Mr. David Laing, MIMMM and Senior Vice-President, Operations of Endeavour, is the Qualified Person who has reviewed and approved Endeavour's mining technical information included in this news release.

Mr. Martin Bennett, Member of the Australasian Institute of Geoscientists and General Manager Exploration and Business Development of Adamus, is the Qualified Person who has reviewed and approved Adamus' mining technical information included in this news release.

Conference Calls and Webcast Information

Two live joint conference calls, hosted by Mark Connelly, Managing Director/CEO of Adamus and Neil Woodyer, CEO of Endeavour, have been scheduled to accommodate Australian and North American time zones. Interested parties are invited to participate.

An Endeavour and Adamus joint management presentation is available on the homepage of the Endeavour at www.endeavourmining.com and Adamus websites at www.adamusresources.com.au.

Monday, August 22, 2011 - 10:30am (Sydney), 8:30am (Perth)

Which is equivalent to Sunday, August 21, 2011 - 8:30pm (Toronto), 5:30pm (Vancouver)

Please access from Adamus and Endeavour websites, the V-Call website at www.investorcalendar.com, or by calling the operator prior to the scheduled start time at the following numbers:

Australia 0011-800-2246-2666

North America 1-201-689-8565 or toll-free 1-877-407-0778

Monday, August 22, 2011 - 11:00am (Toronto), 8:00am (Vancouver), 11:00pm (Perth)

Which is equivalent to Tuesday, August 23, 2011 - 1:00am (Sydney)

Please access from Endeavour and Adamus websites, the V-Call website at

www.investorcalendar.com

or by calling the operator prior to the scheduled start time at the following numbers:

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North America 1-201-689-8565 or toll-free 1-877-407-0778

About Endeavour Mining Corporation

Endeavour is a gold producer committed to growing its business and enhancing shareholder value. Endeavour owns the Youga Gold Mine in Burkina Faso, and an attractive pipeline of exploration and development projects in West Africa. Endeavour owns the Agbaou feasibility stage project, one of the largest undeveloped gold deposits in Côte d'Ivoire, and has a 40% interest in the permitting stage Finkolo Gold Joint Venture in Mali. Endeavour also has a 38.5% interest in Namibia Rare Earths Inc., which owns the Lofdal Rare Earth Project in Namibia.

For more information, please visit www.endeavourmining.com

About Adamus Resources Limited

Adamus' primary focus is on expanding the economic potential of the Nzema Gold Project in Ghana, West Africa. First gold production was achieved in January 2011 and commercial production was declared on 1 April 2011. The Nzema Project encompasses approximately 665km² of tenure in the Ashanti Gold Belt in Ghana. Adamus also holds three Mineral Reconnaissance Licenses in the Republic of Liberia, covering an area of 3,107km² making Adamus one of the largest exploration property holders in Liberia.

For more information please visit www.adamusresources.com.au

Neither the Toronto Stock Exchange nor TSX Venture Exchange has reviewed and do not accept responsibility for the adequacy or accuracy of this release. The foregoing information may contain forward-looking information relating to the future performance of Endeavour Mining Corporation, Adamus Resources Limited, and the combined entity. Forward-looking information, specifically, that concerning future performance including forecasted gold production, is subject to certain risks and uncertainties, and actual results may differ materially. These risks and uncertainties are detailed from time to time in Endeavour and Adamus' filings with the appropriate securities commissions.

To view this news release in HTML formatting, please use the following URL:
<http://www.newswire.ca/en/releases/archive/August2011/21/c5168.html>

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