



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the three and nine months ended September 30, 2018 and 2017

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of United States dollars) - Unaudited

	Notes	September 30 2018	December 31, 2017
ASSETS			
Current			
Cash and cash equivalents	6	\$ 48,414	\$ 125,665
Trade and other receivables	7	38,334	39,617
Inventories	8	134,591	128,381
Other		6,109	5,412
		227,448	299,075
Non-current			
Mineral interests, plant and equipment, net	9	2,535,659	2,616,789
Sales tax and other receivables		51,671	47,196
Restricted cash		4,127	5,124
Deferred tax asset		372	369
Goodwill	9a	112,085	112,085
		2,703,914	2,781,563
Total Assets		\$ 2,931,362	\$ 3,080,638
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	\$ 116,863	\$ 110,084
Lease obligations	12	2,348	6,146
Debt	11	—	35,000
Income tax payable		5,364	2,277
Reclamation provision	13	106	487
Other		—	1,836
		124,681	155,830
Non-current			
Lease obligations	12	—	1,608
Revolving Debt	11	100,000	—
Reclamation provision	13	64,590	62,569
Deferred tax liability		220,833	230,184
Other		3,763	5,559
Total Liabilities		513,867	455,750
SHAREHOLDERS' EQUITY			
Share capital	18e	2,792,251	2,788,234
Share-based payment reserve	18	21,093	20,090
Deficit		(395,849)	(183,436)
Total Shareholders' Equity		2,417,495	2,624,888
Total Liabilities and Shareholders' Equity		\$ 2,931,362	\$ 3,080,638

Contingencies (note 26)

APPROVED BY THE DIRECTORS

"James Voorhees"
James Voorhees
PRESIDENT AND CEO

"Dan Rovig"
Dan Rovig
LEAD INDEPENDENT DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND TOTAL COMPREHENSIVE (LOSS) INCOME

(Expressed in thousands of United States dollars, except per share and share information) - Unaudited

	Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
		2018	2017	2018	2017
Revenues	14, 22	\$ 111,788	\$ 155,201	\$ 378,862	\$ 615,823
Operating costs					
Production costs	15, 22	69,173	89,214	216,507	278,809
Royalties	22	814	1,525	2,800	14,623
Care and maintenance	16, 22	6,581	13,800	24,989	13,800
Depreciation and depletion	22	35,115	31,883	107,188	111,358
Total operating costs		111,683	136,422	351,484	418,590
Mine operating earnings		105	18,779	27,378	197,233
Other operating expenses					
Impairment	9b	170,000	—	170,000	—
Exploration		4,540	4,477	11,691	14,608
General and administrative	17	11,869	11,681	37,415	34,746
Total other operating expenses		186,409	16,158	219,106	49,354
(Loss) earnings from operations		(186,304)	2,621	(191,728)	147,879
Other (income) expense					
Interest income		(160)	(240)	(174)	(515)
Interest expense		—	734	3,392	2,408
Foreign exchange loss		559	1,186	637	2,119
Other expense		637	440	507	2,280
Total other expense		1,036	2,120	4,362	6,292
(Loss)/Earnings before income taxes		(187,340)	501	(196,090)	141,587
Tax expense					
Current income tax expense	19	4,858	8,531	25,678	36,182
Deferred income tax (recovery) expense	19	(2,198)	350	(9,353)	5,602
(Loss) Earnings and total comprehensive income		\$ (190,000)	\$ (8,380)	\$ (212,415)	\$ 99,803
(Loss) Earnings per share					
Basic	20	\$ (0.61)	\$ (0.03)	\$ (0.68)	\$ 0.35
Diluted	20	\$ (0.61)	\$ (0.03)	\$ (0.68)	\$ 0.35
Weighted average shares outstanding					
Basic	20	313,767,095	313,151,820	313,411,806	312,672,918
Diluted	20	313,767,095	313,151,820	313,411,806	312,722,452

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of United States dollars) - Unaudited

		Three Months Ended September 30,		Nine Months Ended September 30,	
Notes	2018	2017	2018	2017	2017
OPERATING ACTIVITIES					
(Loss) earnings for the period	\$	(190,000)	\$ (8,380)	\$ (212,415)	\$ 99,803
Adjustments for:					
Interest expense (income)		(152)	734	3,392	2,408
Income tax expense	19	2,660	8,881	16,325	41,784
Items not involving cash:					
Depreciation and depletion		34,800	32,790	104,881	116,385
Loss on disposition of plant and equipment		—	193	192	815
Share-based payments	18	896	1,010	4,953	4,276
Unrealized foreign exchange loss		585	1,155	685	1,886
Impairment		170,000	—	170,000	—
Accretion	13	566	656	1,693	1,978
Cash provided by operating activities before changes in working capital		19,355	37,039	89,706	269,335
Changes in working capital	21	1,843	22,956	(14,231)	3,341
Cash provided by operating activities		21,198	59,995	75,475	272,676
Income taxes paid		(3,159)	(11,320)	(17,088)	(49,355)
Net cash provided by operating activities		18,039	48,675	58,387	223,321
INVESTING ACTIVITIES					
Mineral interests, plant and equipment additions		(63,720)	(49,599)	(194,285)	(161,172)
Net cash used in investing activities		(63,720)	(49,599)	(194,285)	(161,172)
FINANCING ACTIVITIES					
Proceeds from issuance of common shares on exercise of share options		6	—	6	914
Dividends paid to shareholders		—	(5,404)	—	(35,697)
Loan origination fees and other		(1)	(221)	(4)	(450)
Interest paid		(218)	(513)	(3,074)	(1,959)
Payments on finance leases	12	(1,451)	(2,239)	(5,337)	(7,350)
Repayment of loans	11	—	—	(35,000)	—
Borrowings on revolving debt	11	25,000	—	100,000	—
Net cash provided by (used in) financing activities		23,336	(8,377)	56,591	(44,542)
Effect of exchange rates on cash and cash equivalents		1,015	737	2,056	1,097
(Decrease) Increase in cash and cash equivalents		(21,330)	(8,564)	(77,251)	18,704
Cash and cash equivalents, beginning of period		69,744	190,636	125,665	163,368
Cash and cash equivalents, end of period	6	\$ 48,414	\$ 182,072	\$ 48,414	\$ 182,072

Supplemental cash flow information (note 21)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of United States dollars, except share information) - Unaudited

	Notes	Number of Shares	Share Capital	Share- Based Payment Reserves	Deficit	Total
At January 1, 2018		312,775,761	\$ 2,788,234	\$ 20,090	\$ (183,436)	\$ 2,624,888
(Loss) and total comprehensive loss		—	—	—	\$ (212,415)	(212,415)
Shares issued under the Share Plan	18	534,975	4,004	(3,449)	—	555
Shares issued on exercise of stock options	18	2,934	13	(6)	—	7
Share-based payments	18	—	—	4,458	—	4,458
Accumulated other comprehensive income		—	—	—	2	2
At September 30, 2018		313,313,670	\$ 2,792,251	\$ 21,093	\$ (395,849)	\$ 2,417,495

	Notes	Number of Shares	Share Capital	Share- Based Payment Reserves	Deficit	Total
At January 1, 2017		311,362,031	\$ 2,775,068	\$ 18,629	\$ (221,543)	\$ 2,572,154
Earnings and total comprehensive income		—	—	—	99,803	99,803
Shares issued under the Share Plan	18	290,750	3,837	(3,182)	—	655
Shares issued on exercise of stock options	18	112,136	1,339	(425)	—	914
Share-based payments	18	—	—	3,846	—	3,846
Dividends paid to shareholders		1,010,844	7,989	—	(43,686)	(35,697)
At September 30, 2017		312,775,761	2,788,233	18,868	(165,426)	2,641,675

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of United States dollars, except as otherwise stated) - Unaudited
Three and nine months ended September 30, 2018 and 2017

1. OPERATIONS

Tahoe Resources Inc. ("Tahoe") was incorporated under the Business Corporations Act (British Columbia) on November 10, 2009. These condensed interim consolidated financial statements ("interim financial statements") include the accounts of Tahoe and its subsidiaries (together referred to as the "Company"). The Company's principal business activities are the operation of mineral properties for the mining of precious metals and the exploration, development and acquisition of mineral interests in the Americas. As at September 30, 2018 the Company's Escobal mine continues to be on care and maintenance pending satisfactory completion of the ILO 169 consultation process by the Ministry of Energy and Mines in Guatemala (refer to Note 9).

The Company's registered office is located at 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, BC V6E 4N7, Canada.

The Audit Committee of the Company's Board of Directors authorized issuance of these interim financial statements on November 6, 2018.

2. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). As such, certain disclosures required by IFRS have been condensed or omitted. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto as at and for the years ended December 31, 2017 and 2016 ("consolidated financial statements"). The Company's interim results are not necessarily indicative of its results for a full year.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of measurement

These interim financial statements have been prepared using the same accounting policies and methods of application as those disclosed in note 3 to the Company's consolidated financial statements, except as described in note 4.

b) Currency of presentation

These interim financial statements are presented in United States dollars ("USD"), which is the functional and presentation currency of the Company and all of its subsidiaries. Certain values are presented in Canadian dollars and described as CAD.

c) Basis of consolidation

The accounts of the subsidiaries controlled by the Company are included in the interim financial statements from the date that control commenced until the date that control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in 000's of USD, except as otherwise stated) - Unaudited

The principal subsidiaries (operating mine sites and projects) of the Company and their geographic locations at September 30, 2018 are as follows:

Direct Parent Company	Location	Ownership Percentage	Mining Properties and Development Projects Owned
Minera San Rafael, S.A.	Guatemala	100%	Escobal mine
La Arena S.A.	Peru	100%	La Arena mine, La Arena II Project
Shahuindo S.A.C.	Peru	100%	Shahuindo mine
Lake Shore Gold Corp.	Canada	100%	Bell Creek mine, Timmins West, Thunder Creek, 144 Gap, Fenn-Gib Project
		100%	Juby Project,
		79%	Whitney Project

Intercompany assets, liabilities, equity, income, expenses and cash flows arising from intercompany transactions are eliminated in full on consolidation.

4. CHANGES IN ACCOUNTING POLICIES AND STANDARDS

a) Application of new or amended accounting standards effective January 1, 2018

i. New or amended standards adopted in the Company's consolidated financial statements.

The Company has adopted the following new or amended IFRS standards for the annual period beginning on January 1, 2018. The Company has determined there to be no material impact on its interim financial statements:

- IFRS 9 - Financial Instruments; and
- IFRS 15 - Revenue from Contracts with Customers

In July 2014, the IASB issued the final version of IFRS 9 "Financial Instruments" ("IFRS 9"), which replaces IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 provides a revised model for classification and measurement of financial assets, including a new "expected credit loss" impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 introduces a reformed approach to hedge accounting. IFRS 9 also largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

The key requirements of IFRS 9 as they relate to the Company include the following:

- Subsequent to initial measurement at fair value, all recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost in subsequent periods. Financial assets that have a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at fair value through profit and loss ("FVTPL") in subsequent accounting periods. In addition, on initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's FVTOCI, with only dividend income generally recognized in profit or loss. Transaction costs for financial assets held at FVTPL are expensed, for all other financial assets, they are recognized at fair value at initial measurement less any directly attributable transaction costs.
- Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the balance

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in 000's of USD, except as otherwise stated) - Unaudited

sheet subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and carried on the balance sheet at amortized cost.

- For the impairment of financial assets, IFRS 9 requires an 'expected credit loss' model to be applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Impacts of change in accounting policy

- None of the Company's classification of its financial instruments have changed significantly as a result of the adoption of the new standard under a retrospective basis without the restatement of the comparative period.
- The Company has assessed the impairment of its receivables using the expected credit loss model, and no material difference was noted, and no impairment has been recognized upon transition or at September 30, 2018.
- There are no transitional impacts regarding financial liabilities in regards to classification and measurement.

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"). IFRS 15 replaces IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets from Customers" and SIC 31 "Revenue - Barter Transactions Involving Advertising Services", and is effective for annual periods beginning on or after January 1, 2018.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

Sales of concentrates are recognized and revenue is recorded at market prices following the transfer of control to the customer, provided that the Company has a present right to payment, has transferred physical possession of the asset to the customer, and the customer has the significant risks and rewards of ownership. The Company satisfies its performance obligations upon delivery of the concentrates. The Company's concentrates are sold under a pricing arrangement where final prices are determined by quoted market prices in a period subsequent to the date of sale. Until prices are final, revenues are recorded based on forward commodity prices of metals for the expected period of final settlement. Also, subsequent variations in the final determination of the metal concentrate weight, assay and price are recognized as revenue adjustments as they occur until finalized.

Impact of change in accounting policy

The Company adopted IFRS 15 on a modified retrospective basis and has determined that there is no impact of the change in the accounting for revenue at the transition date. The Company did not have any concentrate revenues receivable as the Escobal mine is on care and maintenance.

Significant judgments in applying accounting policies related to revenue recognition

Each contract with the customer outlines the terms of the sales of concentrates, including the delivery terms, customer acceptance, the timing of the transfer of the substantive risks and rewards of ownership to the customer, transfer of title, which are evaluated to determine when the customer obtains control of the concentrate. Significant judgements also include the determination of transaction price of each contract, which include the forward commodity price, concentrate weight, quantity, and assay.

b) Future accounting standards and interpretations

The following IFRS standards, and amendments to standards and interpretations, are not yet effective for the three and nine months ended September 30, 2018, and have not been applied in preparing these interim financial statements.

The Company is currently evaluating the impact the following standards are expected to have on its consolidated financial statements:

i. New or amended standards effective January 1, 2019 and thereafter.

IFRS 16 - Leases

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in 000's of USD, except as otherwise stated) - Unaudited

IFRS 16 was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases. The new Standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Company is currently in process of evaluating the impact of IFRS 16 on its consolidated financial statements.

5. CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

The preparation of interim financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, contingent liabilities, income and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and applied prospectively.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the interim financial statements for the three and nine months ended September 30, 2018 are consistent with those applied and disclosed in note 5 of the consolidated financial statements, except as described in note 4. The Company's interim results are not necessarily indicative of its results for a full year.

6. CASH AND CASH EQUIVALENTS

	September 30, 2018	December 31, 2017
Cash	\$ 48,414	\$ 125,134
Cash equivalents	—	531
	\$ 48,414	\$ 125,665

7. TRADE AND OTHER RECEIVABLES

	September 30, 2018	December 31, 2017
Trade receivables	\$ 83	\$ —
Sales tax receivable	36,307	28,138
Income tax receivable	—	10,005
Other	1,944	1,474
	38,334	39,617

8. INVENTORIES

	September 30, 2018	December 31, 2017
Supplies	\$ 59,053	\$ 57,195
Stockpile	21,914	23,029
Work in process	33,314	21,129
Finished goods	20,310	27,028
	\$ 134,591	\$ 128,381

The cost of inventories recognized as an expense for the three and nine months ended September 30, 2018 was \$104,288 and \$323,695, respectively (three and nine months ended September 30, 2017: \$121,097 and \$390,167, respectively) and is included in total operating costs.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in 000's of USD, except as otherwise stated) - Unaudited

9. MINERAL INTERESTS

	Mineral Interests			Plant & Equipment	Total
	Depletable	Non-Depletable			
Cost					
Balance at January 1, 2018	\$ 1,581,941	\$ 668,863	\$ 1,032,709	\$ 3,283,513	
Additions	37,533	28,454	137,915	203,902	
Disposals	—	—	(2,948)	(2,948)	
Transfers ⁽¹⁾	8,172	(8,172)	—	—	
Impairment	(110,500)	—	(59,500)	(170,000)	
Change in reclamation provision	354	—	—	354	
Balance at September 30, 2018	\$ 1,517,500	\$ 689,145	\$ 1,108,176	\$ 3,314,821	
Accumulated depreciation and depletion					
Balance at January 1, 2018	\$ (451,315)	\$ (2,049)	\$ (213,360)	\$ (666,724)	
Depletion and depreciation	(54,772)	—	(60,413)	(115,185)	
Disposals	—	—	2,747	2,747	
Balance at September 30, 2018	\$ (506,087)	\$ (2,049)	\$ (271,026)	\$ (779,162)	
Carrying amount at					
September 30, 2018	\$ 1,011,413	\$ 687,096	\$ 837,150	\$ 2,535,659	

	Mineral Interests			Plant & Equipment	Total
	Depletable	Non-Depletable			
Cost					
Balance at January 1, 2017	\$ 1,524,323	\$ 637,644	\$ 899,513	\$ 3,061,480	
Additions	47,952	43,184	141,011	232,147	
Disposals	—	—	(8,204)	(8,204)	
Transfers ⁽²⁾	13,013	(13,402)	389	—	
Change in reclamation provision	(3,347)	1,437	—	(1,910)	
Balance at December 31, 2017	\$ 1,581,941	\$ 668,863	\$ 1,032,709	\$ 3,283,513	
Accumulated depreciation and depletion					
Balance at January 1, 2017	\$ (365,248)	\$ —	\$ (139,279)	\$ (504,527)	
Depletion and depreciation ⁽³⁾	(86,067)	(2,049)	(81,220)	(169,336)	
Disposals	—	—	7,139	7,139	
Balance at December 31, 2017	\$ (451,315)	\$ (2,049)	\$ (213,360)	\$ (666,724)	
Carrying amount at					
December 31, 2017	\$ 1,130,626	\$ 666,814	\$ 819,349	\$ 2,616,789	

(1) The updated resource statements published in January 2018 reflect an increase to the depletable base at the Shahuindo mine of 152,923 ounces. These ounces were transferred from non-depletable to depletable mineral interests.

(2) The updated resource statements published in January 2017 reflect an increase to the depletable base at the Timmins West mine of 72,904 ounces. These ounces were transferred from non-depletable to depletable mineral interests.

(3) A reallocation of depletion and depreciation was done between depletable Mineral Interests and Plant & Equipment.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in 000's of USD, except as otherwise stated) - Unaudited

A summary by segment of the net carrying amount of mineral interests is as follows:

	Mineral Interests			September 30, 2018	December 31, 2017
	Depletable	Non-Depletable ⁽¹⁾	Plant & Equipment		
Escobal	\$ 376,470	\$ 27,267	\$ 200,355	\$ 604,092	\$ 776,365
La Arena	35,507	219,293	158,140	412,940	433,177
Shahuindo	297,420	50,454	257,786	605,660	527,825
Timmins mines	302,016	390,082	220,869	912,967	879,422
	\$ 1,011,413	\$ 687,096	\$ 837,150	\$ 2,535,659	\$ 2,616,789

(1) Non-depletable mineral interests include exploration and evaluation projects and land.

a) Goodwill

Goodwill typically arises on the Company's business combinations due to: i) the ability of the Company to capture certain synergies through management of the acquired operation within the Company; and ii) the requirement to record a deferred tax liability for the difference between the assigned fair values and the tax bases of assets acquired and liabilities assumed.

The carrying amount of goodwill has been allocated to the following cash generating units ("CGUs") and is included in the respective operating segment assets:

	La Arena Phase II ⁽¹⁾	Timmins Exploration Potential ⁽²⁾	Total
January 1, 2017	\$ 57,468	\$ 54,617	\$ 112,085
Additions	—	—	—
December 31, 2017	\$ 57,468	\$ 54,617	\$ 112,085
Additions	—	—	—
September 30, 2018	\$ 57,468	\$ 54,617	\$ 112,085

(1) The La Arena Phase II CGU is included in the La Arena operating segment in non-depletable mineral interests.

(2) The allocation of goodwill associated with the acquisition of Lake Shore Gold was finalized during 2016 and was allocated 100% to the Timmins Exploration Potential CGU which is included in the Timmins mines operating segment in non-depletable mineral interests.

b) Impairment

The Company performs impairment testing annually for its goodwill at October 1 of each financial year, or when there are indicators of potential impairment. Testing is performed on mineral interests and other assets, including goodwill, to determine if the recoverable amount (higher of the value in use or the fair value less costs of disposal ("FVLCD")) of each cash generating units ("CGU") is greater than its carrying value.

On September 3, 2018, the Constitutional Court of Guatemala issued its ruling which ordered the continued suspension of the Escobal mining license while MEM conducts an ILO 169 consultation with the Xinka communities residing in the area of influence of the Escobal mine. As a result of this decision and the extended period of the suspension, the Company determined that there was an indicator of impairment at the Escobal mine in the quarter ended September 30, 2018 and was required to perform an impairment test on the Escobal mine, determining a FVLCD for the Escobal mine using a discounted cash flow ("DCF") model.

In determining FVLCD of Escobal in the DCF model, the Company considered a range of restart dates based on the progress to date of the legal process in Guatemala, and taking into account potential delays in timeline, the Company has estimated a restart date of December 31, 2019 for the purposes of the impairment test of Escobal. In the DCF model the Company used a combination of long-term consensus prices and management's best estimates as follows: gold of \$1,300 per ounce, silver of \$18.00 per ounce, zinc of \$1.10 per lb and lead of \$1.00 per lb. The discount rate used was 9.00% for Escobal. Using these assumptions and other quantitative and qualitative considerations, the Company determined that the Escobal mine was impaired by \$170 million, which was included in other operating expenses. The impairment charge was primarily driven by the decline in long term estimated silver price combined with the anticipated extended shutdown of the mine due to the Constitutional Court decision on September 3, 2018.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in 000's of USD, except as otherwise stated) - Unaudited

Impairment by CGU at September 30, 2018 is as follows (in millions of USD):

	Opening Carrying Value	Fair Value ⁽¹⁾	Pre-tax impairment	Post-tax Impairment	Ending Carrying Value
Escobal Mine	\$ 774	\$ 604	\$ 170	\$ 170	604
	774	604	170	170	604

(1) The FVLCD of the Escobal mine is a level 3 calculation on the fair value hierarchy. A six month delay in the restart of Escobal would have an approximate \$35 million impact on the fair value of the Escobal CGU.

During Q3 2018, there were no other events or changes in circumstances that would indicate either an impairment or the reversal of impairments previously taken of the Company's assets.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2018	December 31, 2017
Trade payables	\$ 65,958	\$ 49,487
Accrued trade and other payables	18,332	25,685
Royalties	14,257	16,000
Accrued payroll and related benefits	18,316	18,912
	\$ 116,863	\$ 110,084

11. DEBT

	2018	2017
Balance at January 1, 2018 and 2017	\$ 35,000	\$ 35,000
Borrowings/additions	100,000	—
Repayments	(35,000)	—
Ending balance at September 30, 2018 and December 31, 2017	\$ 100,000	\$ 35,000

The Company's debt facilities contain covenants that, among other things, restrict the ability of the Company and its subsidiaries to incur additional debt, merge, consolidate, transfer, lease or otherwise dispose of all or substantially all of its assets to any other entity.

Revolving credit facility

On February 20, 2018 the Company announced the closing of its Second Amended and Restated Revolving Facility with its bank syndicate for a \$175 million revolving credit facility plus a \$25 million accordion feature, for total access of \$200 million in capital. The revised facility matures on July 19, 2021. The Second Amended and Restated Revolving Facility is structured on the strength of Tahoe's gold business alone, and access to the facility does not rely on the operation of the Escobal mine.

The facility bears interest on a sliding scale of LIBOR plus between 2.25% to 3.25% or a base rate plus 1.25% to 2.25%, which is determined based upon the Company's consolidated net leverage ratio. Standby fees for the undrawn portion of the facility are also on a similar sliding scale basis of between 0.5063% and 0.7313%.

As at September 30, 2018, the Company has drawn \$100 million on the Second Amended and Restated Revolving Facility and continues to have access to the remaining \$75 million and \$25 million accordion feature. The Company was in compliance with all covenants at September 30, 2018.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in 000's of USD, except as otherwise stated) - Unaudited

12. LEASE OBLIGATIONS

	2018	2017
Balance at January 1, 2018 and 2017	\$ 7,754	\$ 15,946
Payments	(5,337)	(9,456)
Accrued interest	141	451
Foreign exchange (gain) loss	(210)	813
Ending balance at September 30, 2018 and December 31, 2017	\$ 2,348	\$ 7,754

	September 30, 2018	December 31, 2017
Current portion	\$ 2,348	\$ 6,146
Non-current portion	—	1,608
	\$ 2,348	\$ 7,754

13. RECLAMATION PROVISION

	2018	2017
Balance at January 1, 2018 and 2017	\$ 63,056	\$ 64,219
Accretion expense	1,693	2,640
Reclamation spending	(30)	—
Revisions in estimates and obligations	(23)	(3,803)
Ending balance at September 30, 2018 and December 31, 2017	\$ 64,696	\$ 63,056

	September 30, 2018	December 31, 2017
Current portion ⁽¹⁾	\$ 106	\$ 487
Non-current portion	64,590	62,569
	\$ 64,696	\$ 63,056

(1) As at the period ended September 30, 2018, the Company estimates that it will incur reclamation costs on the Whitney Project in the following twelve months. As a result, a portion of the reclamation provision has been reclassified to current liabilities.

The Company's environmental permits require that it reclaim any land it disturbs during mine development, construction and operations. Although the timing and the amount of the actual expenditures are uncertain, the Company has estimated the undiscounted cash flows related to the future reclamation obligations arising from its activities to September 30, 2018 to be \$93,338 which is unchanged from December 31, 2017.

In determining the discount rate to be used in the calculations of the present value of the future reclamation obligations, the Company combines risk and inflation rates specific to the country in which the reclamation will take place. The discount rates used in the calculations were between 4.00% and 6.00%.

There were no changes in the three months ended September 30, 2018 to the partial guarantees for the closure obligations of the Shahuindo and Timmins mines. The letter of credit remained at \$13,297 for La Arena and \$10,390 for Shahuindo and the bond remained at \$9,495 for the Timmins mines.

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(expressed in 000's of USD, except as otherwise stated) - Unaudited

14. REVENUES

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Silver	\$ 478	\$ 5,728	\$ 1,707	\$ 170,416
Gold	111,310	147,801	377,162	424,998
Lead	—	828	(7)	7,594
Zinc	—	844	—	12,815
	\$ 111,788	\$ 155,201	\$ 378,862	\$ 615,823

a) Concentrate revenues

The Company has contracts with a number of customers for its concentrate sales. Revenues reflect final settlements which can be positive or negative. For the three and nine months ended September 30, 2018, the Company had no concentrate revenues (2017: \$155,200 and \$193,353, respectively).

The concentrate revenues by customer for the three and nine months ended September 30, 2018 and 2017 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Customer 1	—%	75%	—%	40%
Customer 2	—%	25%	—%	27%
Customer 3	—%	—%	—%	18%
Customer 4	—%	—%	—%	13%
Other customers	—%	—%	—%	2%
Total concentrate revenues	—%	100%	—%	100%

b) Doré revenues

The Company has contracts with customers for its doré sales. The Company's top three doré customers account for 79% and 84% of doré revenues for the three and nine months ended September 30, 2018, respectively, (three and nine months ended September 30, 2017: three customers accounted for 86% and 89% of doré revenues, respectively). For the three and nine months ended September 30, 2018, doré sales comprised 100% of total gold sales (three and nine months ended September 30, 2017: 98% and 98%, respectively). The doré revenues by customer for the three and nine months ended September 30, 2018 and 2017 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Customer 1	31%	46%	39%	44%
Customer 2	27%	14%	28%	23%
Customer 3	21%	26%	17%	22%
Other customers	21%	14%	16%	11%
Total doré revenues	100%	100%	100%	100%

The Company has determined that the loss of any single customer or curtailment of purchases by any one customer would not have a material adverse effect on the Company's financial performance, financial condition and cash flows due to the nature of the refined metals market.

15. PRODUCTION COSTS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Raw materials and consumables	\$ 29,535	\$ 18,461	\$ 84,439	\$ 104,331
Salaries and benefits	22,115	21,681	66,273	70,719
Contractors and outside services	23,409	29,272	65,878	79,785
Other expenses	(3,021)	10,936	(322)	19,520
Changes in inventory	(2,865)	8,864	239	4,454
	\$ 69,173	\$ 89,214	\$ 216,507	\$ 278,809

16. CARE AND MAINTENANCE

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Raw materials and consumables	\$ 751	\$ 2,795	\$ 2,242	\$ 2,795
Salaries and benefits	3,147	6,215	12,642	6,215
Contractors and outside services	2,429	4,255	9,208	4,255
Other expenses	254	535	897	535
	\$ 6,581	\$ 13,800	\$ 24,989	\$ 13,800

17. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
		2018	2017	2018	2017
Salaries and benefits		\$ 5,270	\$ 5,345	\$ 17,758	\$ 15,591
Share-based payments	18	966	1,145	4,953	4,435
Consulting and professional fees		1,929	3,745	5,831	6,387
Administrative and other		3,704	1,446	8,873	8,333
		\$ 11,869	\$ 11,681	\$ 37,415	\$ 34,746

18. SHARE-BASED PAYMENTS AND OTHER RELATED INFORMATION

The Company's equity compensation plans are designed to attract and retain individuals and to reward them for current and expected future performance. The Company's share-based compensation arrangements are denominated in CAD and include Tahoe Share Plan Options, the Rio Alto replacement options issued on April 1, 2015 upon completion of the acquisition of Rio Alto and the Lake Shore Gold replacement options issued on April 1, 2016 upon completion of the acquisition of Lake Shore Gold (collectively, the "Share Options"), as well as Deferred Share Awards ("DSAs"), Restricted Share Awards ("RSAs"), Performance Share Awards ("PSAs"), and Share Appreciation Rights ("SARs") (collectively with the Share Options, referred to as the "Share Plan").

At September 30, 2018, the Company has the following share-based payment arrangements:

a) Share Options

The Share Plan entitles key management personnel, senior employees, and consultants to the option to purchase shares in the Company. Under the terms of this program, Share Options are exercisable at the market close price of the Company's shares on the day prior to the grant date. The Share Options vest based on vesting terms set by the Compensation Committee of the Board of Directors and vest in three equal tranches with the first tranche vesting on the first anniversary, the second on the second anniversary, and the third on the third anniversary of the grant date.

The number and weighted average exercise price in CAD of Share Options outstanding at September 30, 2018 and December 31, 2017 are as follows:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in 000's of USD, except as otherwise stated) - Unaudited

		Weighted average exercise price	Number of Share Options
Outstanding at January 1, 2017	\$	14.55	3,211,745
Granted		9.91	1,407,000
Exercised		10.82	(112,136)
Forfeited		13.68	(307,000)
Expired		17.37	(332,584)
Outstanding at December 31, 2017	\$	12.79	3,867,025
Granted		6.60	487,593
Exercised		2.80	(2,934)
Forfeited		13.13	(230,433)
Expired		14.96	(519,862)
Outstanding at September 30, 2018	\$	11.63	3,601,389

The following table summarizes information about Share Options outstanding and exercisable at September 30, 2018 (exercise range and prices in CAD):

Exercise price range	Outstanding	Weighted average exercise price	Weighted average remaining life (years)	Exercisable	Weighted average exercise price	Weighted average remaining life (years)
2.80-9.67	626,767	\$ 6.72	4.20	91,174	\$ 7.22	1.63
9.68-10.59	1,062,000	\$ 10.00	3.45	496,000	\$ 10.00	3.45
10.60-12.56	982,000	\$ 12.35	2.48	704,667	\$ 12.37	2.46
12.57-15.74	797,622	\$ 15.37	1.59	769,622	\$ 15.44	1.54
15.75-23.37	133,000	\$ 19.91	1.92	85,000	\$ 20.32	1.34
2.80-23.37	3,601,389	\$ 11.63	2.85	2,146,463	\$ 13.02	2.28

During the three and nine months ended September 30, 2018, the Company recorded \$367 and \$1,858 of share based compensation expense relating to Share Options in general and administrative expenses (three and nine months ended September 30, 2017: \$657 and \$2,103).

b) DSAs and RSAs

The Share Plan permits DSAs and RSAs (collectively referred to as "Share Awards") to be issued to directors, key management personnel and senior employees. Upon vesting, shares in the Company are issued at no exercise price. Compensation cost for DSAs and RSAs is measured based on the closing price of the stock one day prior to the grant date.

i. DSAs

The DSAs vest based on service-related vesting terms set by the Compensation Committee of the Board of Directors and can therefore vary grant to grant. In general, however, DSAs vest in three equal tranches with the first tranche vesting on the first anniversary, the second on the second anniversary, and the third on the third anniversary of the grant date (the "general DSA vesting terms"). During the three and nine months ended September 30, 2018, the Company recorded \$364 and \$1,422 of share based compensation expense relating to DSAs in general and administrative expenses (three and nine months ended September 30, 2017: \$440 and \$1,630).

The number of DSAs outstanding at September 30, 2018 and December 31, 2017 is as follows:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Outstanding at January 1, 2017	463,000
Granted	195,000
Shares issued	(215,000)
Cancelled/forfeited	(26,000)
Outstanding at December 31, 2017	417,000
Granted	285,675
Shares issued	(249,000)
Cancelled/forefeited	(4,000)
Outstanding at September 30, 2018	449,675

ii. RSAs

The RSAs vest immediately on the grant date and are issued at that time. Consequently, there are no RSAs outstanding at September 30, 2018 and December 31, 2017.

The Company granted nil and 285,975 RSAs during the three and nine months ended September 30, 2018 for total share based compensation expense of nil and \$1,453 (three and nine months ended September 30, 2017: nil and 75,750 RSAs were granted and nil and \$655 expense recorded).

c) PSAs

The Share Plan permits Performance Share Awards ("PSAs") to be issued to employees, Executive Officers and consultants of the Company. Non-employee Directors are not eligible to participate in or receive awards pursuant to the PSA Plan. All PSA's are settled through the issuance of shares upon vesting.

The PSAs are expected to cliff-vest three years from the date of grant (the "Entitlement Date"), except for any grants made in 2018, which vest 50% after year two and 50% after year three. The vesting requirements are based on certain performance criteria over the vesting period established by the Company.

During the three and nine months ended September 30, 2018, the Company recorded \$236 and \$281 of share based compensation expense relating to PSAs in general and administrative expenses (three and nine months ended September 30, 2017: nil). PSA's are recorded at fair value based on the application of a Monte Carlo pricing model at the date of grant.

The number of PSAs outstanding at September 30, 2018 and December 31, 2017 is as follows:

Outstanding at December 31, 2017	—
Granted	471,800
Outstanding at September 30, 2018	471,800

d) Inputs for measurement of fair values

The grant date fair values (CAD) of Share Options are measured using the Black-Scholes Model and are denominated in CAD.

There were 14,793 and 487,593 Share Options granted during the three and nine months ended September 30, 2018 (three and nine months ended September 30, 2017: 87,000 and 1,407,000).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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The weighted average inputs used and grant date fair values (CAD) of Share Options granted during the three and nine months ended September 30, 2018 and 2017 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Share price	\$ 4.95	\$ 7.57	\$ 6.41	\$ 9.20
Exercise price	\$ 4.88	\$ 7.56	\$ 6.51	\$ 8.94
Expected volatility ⁽¹⁾	58%	54%	59%	51%
Expected life (years)	3.50	3.50	3.50	3.50
Expected dividend yield	—%	0.48%	—%	3.14%
Risk-free interest rate	2.12%	1.31%	2.04%	1.07%
Forfeiture rate	6.64%	7.57%	7.64%	7.13%
Fair value	\$ 2.18	\$ 2.91	\$ 2.79	\$ 2.68

(1) The expected volatility assumption is based on the historical volatility of the Company's Canadian dollar common shares on the Toronto Stock Exchange.

e) Authorized share capital

The Company's authorized share structure is as follows:

- Unlimited number of authorized common shares without par value;
- Common shares are without special rights or restrictions attached;
- Common shares have voting rights;
- Common shareholders are entitled to receive dividend payments; and
- Common shareholders are entitled to elect to reinvest their dividend payments through the Company's dividend reinvestment program.

At September 30, 2018, there were 313,313,670 common shares of the Company issued and outstanding (December 31, 2017: 312,775,761).

19. INCOME TAX EXPENSE

The reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(Loss) Earnings before income taxes	\$ (187,340)	\$ 501	\$ (196,090)	\$ 141,587
Statutory tax rate	27.00%	26.00%	27.00%	26.00%
Income tax (recovery) expense	\$ (50,582)	\$ 130	\$ (52,943)	\$ 36,813
Reconciling items:				
Difference between statutory and foreign tax rates	49,017	7,130	57,519	1,278
Non-deductible share-based payments	523	645	1,191	2,040
Impact of foreign exchange on deferred income tax assets and liabilities	1,554	580	3,265	(3,781)
Non-deductible expenses	2,958	(549)	3,336	4,292
Change in unrecognized deferred tax assets	(824)	1,958	1,383	2,155
Other	14	(1,013)	2,574	(1,013)
Income tax expense	\$ 2,660	\$ 8,881	\$ 16,325	\$ 41,784

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(expressed in 000's of USD, except as otherwise stated) - Unaudited

20. EARNINGS (LOSS) PER SHARE

	Three Months Ended September 30, 2018			Three Months Ended September 30, 2017		
	(Loss)	Weighted average shares outstanding	(Loss) per share	(Loss)	Weighted average shares outstanding	(Loss) per share
Basic EPS⁽¹⁾	\$ (190,000)	313,767,095	\$ (0.61)	\$ (8,380)	313,151,820	\$ (0.03)
Dilutive securities:						
Share options	—	—	—	—	—	—
Diluted EPS	\$ (190,000)	313,767,095	\$ (0.61)	\$ (8,380)	313,151,820	\$ (0.03)

(1) The weighted average shares outstanding used in the basic earnings per share calculation includes the dilutive impact of 0 DSAs (three months ended September 30, 2017: 417,000 DSAs).

For the three months ended September 30, 2018, 3,601,389 Shares Options and 449,670 DSAs were outstanding of which 3,575,991 and nil, respectively were anti-dilutive (three months ended September 30, 2017: 3,973,895 Share Options and 417,000 DSAs outstanding, of which 3,949,209 and nil, respectively were anti-dilutive) because the underlying exercise prices exceeded the average market price for the three months ended September 30, 2018 of CAD\$5.06 (three months ended September 30, 2017: CAD\$6.84) and the Company is in a loss position.

	Nine Months Ended September 30, 2018			Nine Months Ended September 30, 2017		
	(Loss)	Weighted average shares outstanding	(Loss) per share	Earnings	Weighted average shares outstanding	Earnings per share
Basic EPS⁽¹⁾	\$ (212,415)	313,411,806	\$ (0.68)	\$ 99,803	312,672,918	\$ 0.32
Dilutive securities:						
Share options	—	—	—	—	49,534	—
Diluted EPS	\$ (212,415)	313,411,806	\$ (0.68)	\$ 99,803	312,722,452	\$ 0.32

(1) The weighted average shares outstanding used in the basic earnings per share calculation includes the dilutive impact of 0 DSAs (nine months ended September 30, 2017: 417,000 DSAs).

For the nine months ended September 30, 2018, 3,601,389 Shares Options and 449,670 DSAs were outstanding of which 3,575,991 and nil, respectively were anti-dilutive (nine months ended September 30, 2017: 3,973,895 Share Options and 417,000 DSAs outstanding, of which 2,542,055 and nil, respectively were anti-dilutive) because the underlying exercise prices exceeded the average market price for the nine months ended September 30, 2018 of CAD\$5.79 (nine months ended September 30, 2017: CAD \$10.02) and the Company is in a loss position.

21. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Trade and other receivables	\$ 2,232	\$ 12,888	\$ (6,960)	\$ 20,555
Inventories	(3,156)	3,842	(4,721)	700
Other current assets	417	252	(693)	893
Other non-current assets	3,946	(4,465)	(3,478)	(13,876)
Accounts payable and accrued liabilities, and other non-current liabilities	(1,596)	10,439	1,621	(4,931)
Changes in working capital	\$ 1,843	\$ 22,956	\$ (14,231)	\$ 3,341

22. SEGMENTED INFORMATION

All of the Company's operations are within the mining sector. The Company produces silver, gold, lead and zinc from mines located in Guatemala, Peru and Canada. Due to the geographic and political diversity of the countries in which the Company operates, each operating segment is responsible for achieving specified business results within a framework of global corporate policies and standards. Regional management in each country provides support to the operating segments, including but not limited to financial, human resources, and exploration assistance. Each operating segment

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has a budgeting process which it uses to measure the results of operation and exploration activities.

The operating, exploration and financial results of individual operating segments are reviewed by the Company's executive management. As a group, the executive management of the Company is considered to be the chief operating decision maker ("CODM") in order to make decisions about the allocation of resources and to assess their performance. The CODM determined that for review, an operating segment must be one whose principal business activities are the operation of mineral properties for the mining of precious metals and the exploration, development and acquisition of mineral interests.

There has been no change to the Company's reportable operating segments during the three and nine months ended September 30, 2018.

Escobal care and maintenance costs, which comprise the cost of maintaining the Escobal mine during the temporary shut down and include environmental costs, salaries and legal fees form a component of total operating costs.

Significant information relating to the Company's operating segments as at September 30, 2018 and for the three and nine months ended September 30, 2018 is summarized as follows:

September 30, 2018 ⁽¹⁾					
	Escobal ⁽²⁾	La Arena	Shahuindo	Timmins mines	Total
Mineral interests and plant and equipment	\$ 604,091	\$ 410,391	\$ 608,210	\$ 912,967	\$ 2,535,659
Goodwill	—	57,468	—	54,617	112,085
Total assets	688,260	530,642	704,787	1,007,673	2,931,362
Total liabilities⁽³⁾	\$ 88,515	\$ 74,607	\$ (476,905)	\$ (200,084)	\$ (513,867)

Three Months Ended September 30, 2018 ⁽¹⁾					
	Escobal	La Arena	Shahuindo	Timmins mines	Total
Revenues	\$ —	\$ 34,656	\$ 33,854	\$ 43,278	\$ 111,788
Production costs	—	17,971	23,478	27,724	69,173
Royalties	—	—	—	814	814
Care and Maintenance ⁽⁴⁾	6,581	—	—	—	6,581
Depreciation and depletion	927	11,244	7,702	15,242	35,115
Mine operating earnings (loss)	(7,508)	5,441	2,674	(502)	105
Capital expenditures	\$ (92)	\$ 7,723	\$ 29,715	\$ 27,707	\$ 65,053

Nine Months Ended September 30, 2018 ⁽¹⁾					
	Escobal	La Arena	Shahuindo	Timmins mines	Total
Revenues	\$ (7)	\$ 147,363	\$ 87,128	\$ 144,378	\$ 378,862
Production costs	—	70,270	53,992	92,245	216,507
Royalties	—	—	—	2,800	2,800
Care and Maintenance ⁽⁴⁾	24,989	—	—	—	24,989
Depreciation and depletion	2,679	39,015	18,021	47,473	107,188
Mine operating earnings (loss)	(27,675)	38,078	15,115	1,860	27,378
Capital expenditures	\$ 1,578	\$ 22,610	\$ 95,772	\$ 82,087	\$ 202,047

(1) Balances presented are before intercompany transaction eliminations.

(2) Escobal segment includes corporate and other.

(3) Includes intercompany payables and receivables to reconcile to the total liabilities on the statement of financial position.

(4) Due to the suspension of mining operations following the suspension of the Escobal mining license in the beginning of the third quarter of 2017 care and maintenance costs, which comprise the cost of maintaining the Escobal mine and include environmental costs, salaries and legal fees have been incurred.

Significant information relating to the Company's reportable operating segments as at December 31, 2017 and for the three and nine months ended September 30, 2017 is summarized as follows:

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December 31, 2017 ⁽¹⁾					
	Escobal	La Arena	Shahuindo	Timmins mines	Total
Mineral interests and plant and equipment	\$ 776,364	\$ 433,178	\$ 527,826	\$ 879,421	\$ 2,616,789
Goodwill	—	57,468	—	54,617	112,085
Total assets	906,434	573,566	621,985	978,653	3,080,638
Total liabilities ⁽²⁾	\$ 81,208	\$ 160,979	\$ (539,512)	\$ (158,425)	\$ (455,750)

Three Months Ended September 30, 2017 ⁽¹⁾					
	Escobal	La Arena	Shahuindo	Timmins mines	Total
Revenues	\$ 6,831	\$ 68,134	\$ 25,760	\$ 54,476	\$ 155,201
Production costs	5,091	42,405	14,705	27,013	89,214
Royalties	285	—	—	1,240	1,525
Care and Maintenance ⁽⁴⁾	13,800	—	—	—	13,800
Depreciation and depletion	2,794	8,647	4,851	15,591	31,883
Mine operating earnings	(15,139)	17,082	6,204	10,632	18,779
Capital expenditures	\$ 1,685	\$ 7,687	\$ 19,314	\$ 25,047	\$ 53,733

Nine Months Ended September 30, 2017 ⁽¹⁾					
	Escobal	La Arena	Shahuindo	Timmins mines	Total
Revenues	\$ 193,354	\$ 183,909	\$ 71,010	\$ 167,550	\$ 615,823
Production costs	61,626	96,805	39,827	80,551	278,809
Royalties	10,552	—	—	4,071	14,623
Care and Maintenance ⁽⁴⁾	13,800	—	—	—	13,800
Depreciation and depletion	31,847	19,593	14,826	45,092	111,358
Mine operating earnings	75,529	67,511	16,357	37,836	197,233
Capital expenditures	\$ 22,729	\$ 20,005	\$ 44,345	\$ 80,814	\$ 167,893

(1) Balances presented are before intercompany transaction eliminations.

(2) Includes intercompany payables and receivables to reconcile to the total liabilities on the statement of financial position

(3) Includes intercompany payables and receivables to reconcile to the total liabilities on the statement of financial position.

(4) Due to the suspension of mining operations following the suspension of the Escobal mining license in the beginning of the third quarter of 2017 care and maintenance costs, which comprise the cost of maintaining the Escobal mine and include environmental costs, salaries and legal fees have been incurred.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, restricted cash, trade and other receivables, other financial assets, accounts payable and accrued liabilities, debt and lease obligations, and are categorized as follows:

- Cash and cash equivalents, restricted cash, trade and other receivables, and other financial assets are classified as loans and receivables and are measured at amortized cost;
- Trade and other receivables which are subject to provisional pricing adjustments and investments are measured at fair value through profit and loss; and
- Accounts payable and accrued liabilities, debt and lease obligations are classified as other financial liabilities.

Fair value ("FV") estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The analysis of financial instruments that are measured subsequent to initial recognition at fair value can be categorized into Levels 1 through 3 based upon the degree to which the inputs used in the fair value measurement are observable.

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Level 1 - inputs to the valuation methodology are quoted (adjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to valuation methodology include quoted market prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

At September 30, 2018 and December 31, 2017, the levels in the FV hierarchy into which the Company's financial assets and liabilities are measured and recognized on the statement of financial position at fair value are categorized as follows:

	September 30, 2018			December 31, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments ⁽¹⁾	\$ —	\$ —	\$ —	\$ 320	\$ —	\$ —
Trade receivables	—	83	—	—	—	—
	\$ —	\$ 83	\$ —	\$ 320	\$ —	\$ —

(1) Investments are included in other current assets.

The carrying value of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities, debt and lease obligations approximate their fair value given the short term to maturity.

There were no transfers between Level 1 and Level 2 during the three and nine months ended September 30, 2018.

24. FINANCIAL RISK MANAGEMENT

The Company has exposure to certain risks resulting from its use of financial instruments. These risks include credit risk, liquidity risk and market risk.

a) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a loss for the Company by failing to meet its obligations. Credit risk for the Company is primarily related to trade and other receivables, sales tax receivable and cash and cash equivalents.

There has been no significant change to the Company's exposure to credit risk since December 31, 2017 and the Company deems this risk to be minimal.

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. To further mitigate this risk, the Company has the Second Amended and Restated Revolving Credit Facility in place in the amount of \$175 million of which \$100 million is currently drawn (note 11).

Other than the repayment of \$35 million in debt and the draw of \$100 million of the Second Amended and Restated Revolving Facility, there have been no significant changes to the Company's undiscounted commitments during the three and nine months ended September 30, 2018. The Company's deems exposure to liquidity risk to be minimal.

c) Market Risk

The market risk of the Company is composed of three main risks: foreign exchange risk, interest rate risk, and price risk.

i. Foreign Exchange Risk

The Company is exposed to foreign exchange or currency risk on balances that are denominated in a currency other than the USD. These include cash and cash equivalents, sales tax receivable, accounts payable and accrued liabilities and taxes payable.

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(expressed in 000's of USD, except as otherwise stated) - Unaudited

There has been no significant change to the Company's exposure to foreign exchange risk since December 31, 2017 and the Company deems this risk to be at an acceptable level.

ii. Interest Rate Risk

Interest rate risk is the risk that the Company's future cash flows and fair values will fluctuate as a result of changes in market interest rates. At September 30, 2018, the Company's interest-bearing financial instruments are related to cash and cash equivalents, the Second Amended and Restated Revolving Facility and finance leases. \$100 million has been drawn on the Second Amended and Restated Revolving Facility and interest expenses of \$1,161 and \$2,318 have been accrued for the three and nine months ended September 30, 2018 respectively (note 11).

The Company deems this interest rate risk to be minimal.

iii. Price Risk

Price risk is the risk that the fair value of the Company's financial instruments will fluctuate due to changes in market prices.

The Company has not entered into any hedging contracts. There has been no significant change to the Company's exposure to price risk since December 31, 2017 and the Company deems this risk to be at an acceptable level.

25. CAPITAL MANAGEMENT

The Company's strategy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to support future development of the business. The Company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The capital structure of the Company consists of common equity, comprising share capital and reserves net of accumulated deficit, and debt, which includes the Second Amended and Restated Revolving Facility and finance leases.

	Notes	September 30, 2018	December 31, 2017
Shareholders' equity		\$ 2,417,495	\$ 2,624,888
Debt	11	—	35,000
Revolving debt	11	100,000	—
Lease obligations	12	2,348	7,754
		2,519,843	2,667,642
Cash and cash equivalents	6	(48,414)	(125,665)
Restricted cash		(4,127)	(5,124)
		\$ 2,467,302	\$ 2,536,853

The Company's overall capital management strategy remains unchanged from the year ended December 31, 2017.

26. CONTINGENCIES

Due to the complexity and nature of the Company's operations, various legal, tax, and regulatory matters are outstanding from time to time. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur. There were no significant changes to the Company's contingencies as disclosed in note 27 of its audited consolidated financial statements for the year ended December 31, 2017.