



**ENDEAVOUR
MINING**

**CONDENSED INTERIM
CONSOLIDATED FINANCIAL
STATEMENTS**

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



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

In thousands of US\$	Note	As at September 30, 2018	As at December 31, 2017
ASSETS			
Current			
Cash		33,302	122,702
Cash - restricted		658	1,327
Trade and other receivables		60,629	50,698
Income taxes receivable		-	627
Inventories	5	142,232	134,766
Current portion of derivative financial assets	16	16,814	-
Prepaid expenses and other	6	29,169	44,514
Assets held for sale	4	118,682	-
		401,486	354,634
Mining interests	7	1,445,137	1,310,638
Deferred income taxes		5,926	6,267
Other long term assets	8	39,233	14,658
Total assets		\$ 1,891,782	\$ 1,686,197
LIABILITIES			
Current			
Trade and other payables	9	143,774	215,661
Current portion of finance obligations	10	16,497	17,658
Income taxes payable		35,725	2,746
Liabilities held for sale	4	59,811	-
		255,807	236,065
Finance obligations	10	52,182	36,744
Long-term debt	11	474,480	286,440
Other long-term liabilities	12	38,861	52,615
Deferred income taxes		70,915	73,712
Total liabilities		\$ 892,245	\$ 685,576
EQUITY			
Share capital		1,738,410	1,735,074
Equity reserve	13	63,435	56,041
Deficit		(825,245)	(806,251)
Equity attributable to shareholders of the Corporation		976,600	984,864
Non-controlling interests	14	22,937	15,757
Total equity		999,537	1,000,621
Total equity and liabilities		\$ 1,891,782	\$ 1,686,197

COMMITMENTS AND CONTINGENCIES (NOTE 21)

SUBSEQUENT EVENTS (NOTE 22)

Approved by the Board: November 7, 2018

"Sebastien de Montessus" Director

"Wayne McManus" Director

ENDEAVOUR MINING CORPORATION
Condensed Interim Consolidated Statements of Comprehensive Earnings/(Loss)
(Expressed in Thousands of United States Dollars)
(Unaudited)

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

	Note	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
		2018	2017	2018	2017
In thousands of US\$					
Revenues					
Gold revenue		155,764	94,757	544,173	299,458
Cost of sales					
Operating expenses		(86,238)	(52,258)	(262,094)	(158,065)
Depreciation and depletion	7	(35,911)	(17,232)	(118,953)	(55,342)
Royalties		(8,293)	(4,844)	(30,730)	(14,236)
Earnings from mine operations		25,322	20,423	132,396	71,815
Corporate costs		(5,888)	(3,104)	(18,572)	(15,399)
Acquisition and restructuring costs		-	(7,654)	-	(10,114)
Share-based compensation	13	(4,007)	(9,132)	(16,784)	(18,575)
Exploration costs		(2,583)	(1,429)	(7,621)	(5,665)
Earnings/(loss) from operations		12,844	(896)	89,419	22,062
Other income/(expenses)					
Gain/(loss) on financial instruments	15	24,755	554	24,274	(7,924)
Finance costs	11	(6,679)	(10,857)	(18,724)	(19,159)
Other income/(expenses)		(173)	(770)	(1,156)	1,920
Earnings/(loss) from continuing operations before taxes		30,747	(11,969)	93,813	(3,101)
Current income tax expense	17	(17,443)	(615)	(45,310)	(7,104)
Deferred income tax recovery	17	2,007	484	2,456	9,267
Net and comprehensive earnings/(loss) from continuing operations		15,311	(12,100)	50,959	(938)
Net loss from discontinued operations	4	(35,705)	(52,422)	(59,137)	(42,306)
Total net and comprehensive loss		(20,394)	(64,522)	(8,178)	(43,244)
Net earnings/(loss) from continuing operations attributable to:					
Shareholders of Endeavour Mining Corporation		14,628	(14,913)	31,450	(12,787)
Non-controlling interests	14	683	2,813	19,509	11,849
Net earnings/(loss) from continuing operations		15,311	(12,100)	50,959	(938)
Total net earnings/(loss) attributable to:					
Shareholders of Endeavour Mining Corporation		(16,775)	(66,104)	(18,994)	(54,505)
Non-controlling interests	14	(3,619)	1,582	10,816	11,261
Total net loss		\$ (20,394)	\$ (64,522)	\$ (8,178)	\$ (43,244)
Net earnings/(loss) per share from continuing operations					
Basic earnings/(loss) per share	13	\$ 0.14	\$ (0.15)	\$ 0.29	\$ (0.13)
Diluted earnings/(loss) per share	13	\$ 0.14	\$ (0.15)	\$ 0.29	\$ (0.13)
Net loss per share					
Basic loss per share	13	\$ (0.16)	\$ (0.68)	\$ (0.18)	\$ (0.57)
Diluted loss per share	13	\$ (0.16)	\$ (0.68)	\$ (0.18)	\$ (0.57)

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

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

In thousands of US\$	Note	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
		2018	2017	2018	2017
Operating Activities					
Earnings/(loss) before taxes ¹		(3,556)	(63,951)	41,519	(36,658)
Adjustments for:					
Depreciation and depletion	7	35,912	38,569	132,114	107,172
Financing costs	11	6,883	11,325	19,408	20,067
Share based compensation	13	4,007	9,132	16,784	18,575
(Gain)/loss on financial instruments	15	(23,291)	(119)	(24,264)	6,233
Impairment of Mines	4	31,957	53,599	31,957	53,599
Cash paid on settlement of share appreciation rights, DSUs and PSUs	13	-	(2,406)	(4,447)	(3,507)
Income taxes paid		(10,090)	(5,119)	(18,006)	(16,413)
Net cash movement from gold collar settlements	16	3,019	-	694	(3,658)
Net non-cash inventory adjustments		4,699	773	24,945	4,248
Foreign exchange loss		(4,413)	(2,978)	(12,278)	(4,302)
Operating cash flows before non-cash working capital		45,127	38,825	208,426	145,356
Trade and other receivables		(10,736)	(3,685)	(12,067)	(8,637)
Inventories		(17,067)	(12,043)	(43,073)	(20,869)
Prepaid expenses and other		(5,021)	5,489	(7,987)	(7,488)
Trade and other payables		(734)	27,392	(25,861)	31,364
Changes in non-cash working capital		(33,558)	17,153	(88,988)	(5,630)
Cash generated from operating activities		\$ 11,569	\$ 55,978	\$ 119,438	\$ 139,726
Investing Activities					
Expenditures and prepayments on mining interests - Mining interests		(42,739)	(21,795)	(116,421)	(88,894)
Expenditures and prepayments on mining interests - Assets under construction		(68,020)	(90,268)	(230,733)	(220,906)
Cash paid for additional interest of Ity mine		-	-	-	(53,915)
Cash acquired on acquisitions	3	-	7,982	-	7,982
Changes in long-term inventories	8	(8,835)	-	(19,103)	-
Cash used in investing activities		\$ (119,594)	\$ (104,081)	\$ (366,257)	\$ (355,733)
Financing Activities					
Proceeds received from the issue of common shares	13	-	30,868	559	82,674
Dividends paid		(1,956)	(5,177)	(1,956)	(5,177)
Payment of financing and other fees		(880)	(9,082)	(9,565)	(10,359)
Interest paid		(7,458)	(4,529)	(11,435)	(8,409)
Proceeds of long-term debt	11	80,000	340,000	150,000	420,000
Repayment of long-term debt	11	-	(260,000)	(280,000)	(260,000)
Proceeds from convertible senior bond	11	-	-	330,000	-
Repayment of finance lease obligation		(5,920)	(949)	(15,532)	(2,779)
Deposit/(refund) paid on reclamation liability bond		-	(699)	(157)	2,390
Cash generated from financing activities		\$ 63,786	\$ 90,432	\$ 161,914	\$ 218,340
Effect of exchange rate changes on cash		(617)	(1,032)	(554)	(850)
Increase/(decrease) in cash		(44,856)	40,483	(85,459)	1,051
Cash, beginning of period		82,099	84,862	122,702	124,294
Cash, end of period		\$ 37,243	\$ 125,345	\$ 37,243	\$ 125,345
Less: Cash relating to assets held for sale	4	(3,941)	(28,179)	(3,941)	(28,179)
Cash and cash equivalents		\$ 33,302	\$ 97,166	\$ 33,302	\$ 97,166

	Note	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
		2018	2017	2018	2017
¹ Earnings/(loss) before taxes:					
Earnings/(loss) before taxes from continuing operations		30,747	(11,969)	93,813	(3,101)
Loss from discontinued operations	4	(35,705)	(52,422)	(59,137)	(42,306)
Deferred and current income taxes on discontinued operations	4	1,402	440	6,843	8,749
Earnings/(loss) before income taxes		(3,556)	(63,951)	41,519	(36,658)

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

ENDEAVOUR MINING CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity

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

(Unaudited)

SHARE CAPITAL													
Note	Number of Common Shares	Par Value	Additional Paid in Capital	Number of Exchangeable Shares	Par Value	Additional Paid in Capital	Total Number of Shares	Total Share Capital	Equity Reserve	Deficit	Total Attributable to Shareholders	Non-Controlling Interests	Total
In thousands of US\$													
At January 1, 2017	93,521,217	9,348	1,474,723	25,132	2	662	93,546,349	1,484,735	39,727	(615,673)	908,789	51,872	960,661
Acquisition of non-controlling interest of the Ity mine	-	-	-	-	-	-	-	-	-	(34,241)	(34,241)	(22,974)	(57,215)
Consideration on the acquisition of Avnel	3	7,218,964	722	133,294	-	-	7,218,964	134,016	-	-	134,016	3,517	137,533
Exchangeable shares exchanged into common shares	-	2,836	-	75	(2,836)	(75)	-	-	-	-	-	-	-
Shares issued on exercise of options, RSU's & PSU's	-	811,465	81	7,597	-	-	811,465	7,678	(2,041)	-	5,637	-	5,637
PSU/RSUs reclassified into equity	-	-	-	-	-	-	-	-	15,570	-	15,570	-	15,570
Share based compensation	13	-	-	-	-	-	-	-	213	-	213	-	213
Dividends to non-controlling interests	14	-	-	-	-	-	-	-	-	-	-	(6,298)	(6,298)
Shares issued in private placements	13	4,240,269	424	78,089	-	-	4,240,269	78,089	-	-	78,089	-	78,089
Total and net comprehensive earnings/(loss)	-	-	-	-	-	-	-	-	-	(54,505)	(54,505)	11,261	(43,244)
At September 30, 2017	105,794,751	\$ 10,575	\$ 1,693,778	22,296	\$ 2	\$ 587	105,817,047	\$ 1,704,518	\$ 53,469	\$ (704,419)	\$ 1,053,568	\$ 37,378	\$ 1,090,946
At January 1, 2018	107,533,007	10,749	1,724,325	-	-	-	107,533,007	1,735,074	56,041	(806,251)	984,864	15,757	1,000,621
Shares issued on exercise of options and PSU's	-	218,748	22	3,314	-	-	218,748	3,336	(2,777)	-	559	-	559
Reclassification of RSU's to liability	-	-	-	-	-	-	-	-	(3,909)	-	(3,909)	-	(3,909)
Share based compensation	13	-	-	-	-	-	-	-	14,080	-	14,080	-	14,080
Dividends to non-controlling interests	14	-	-	-	-	-	-	-	-	-	-	(3,636)	(3,636)
Total and net comprehensive earnings/(loss)	-	-	-	-	-	-	-	-	-	(18,994)	(18,994)	10,816	(8,178)
At September 30, 2018	107,751,755	\$ 10,771	\$ 1,861,655	-	\$ -	\$ -	107,751,755	\$ 1,738,410	\$ 63,435	\$ (825,245)	\$ 976,600	\$ 22,937	\$ 1,133,553

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

1 DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Endeavour Mining Corporation (“Endeavour” or the “Corporation”) is a publicly listed gold mining company that operates five mines in West Africa in addition to having project development and exploration assets. Endeavour is focused on effectively managing its existing assets to maximize cash flows as well as pursuing organic and strategic growth opportunities that benefit from its management and operational expertise.

Endeavour’s corporate office is in London, England, and its shares are listed on the Toronto Stock Exchange (“TSX”) (symbol EDV) and quoted in the United States on the OTCQX International under the symbol ‘EDVMF’. The Corporation is incorporated in the Cayman Islands and its registered office is located at 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

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

These condensed interim consolidated financial statements should be read in conjunction with the most recently issued annual consolidated financial statements of the Corporation, which include information necessary or useful to understanding the Corporation’s business and financial statement presentation. In particular, the Corporation’s significant accounting policies were presented as Note 2 to the consolidated financial statements for the year ended December 31, 2017, and have been consistently applied in the preparation of these condensed interim consolidated financial statements, except as noted below.

2.2 BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at fair value at the end of each reporting period. The Corporation’s accounting policies have been applied consistently to all periods in the preparation of these condensed interim consolidated financial statements.

i. Accounting Standards Recently Issued

The Corporation has reviewed the impact of revised or new IFRS standards that have been issued effective January 1, 2018. The following evaluates the expected impact of the standards on the Corporation’s accounting policies and financial statements:

- › *IFRS 9, Financial Instruments*: (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities. In July 2014, IFRS 9 Financial

Instruments was issued as a complete standard, including the requirements previously issued related to classification and measurement of financial assets and liabilities, and additional amendments to introduce a new expected loss impairment model for financial assets including credit losses. The Corporation has adopted this standard on the effective date of January 1, 2018. IFRS 9 replaced the multiple classification and measurement models for financial assets that currently exist under IAS 39 Financial Instruments, and the basis on which financial assets are measured will determine their classification as either, at amortized cost, fair value through profit and loss, or fair value through other comprehensive income.

The key requirements of IFRS 9 as they relate to the Corporation 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. For those 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 addition, on initial recognition, an equity investment that is not held for trading, the Corporation 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 sheet subsequent to inception and how changes in value are recorded.
- For the impairment of financial assets, IFRS 9 requires an 'expected credit loss' model applies 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.

The impact of this change in accounting policy:

- None of the Corporation's classification of financial instruments have changed significantly as a result of the adoption of the new standards. Financial assets previously classified as loans and receivables are now classified as financial assets at amortized cost;
- The Corporation will assess the impairment of its receivables using the expected credit loss model, however, there is no material difference as a result, and no additional impairment has been recognized upon transition and at September 30, 2018; and
- There are no transitional impacts regarding currently classified financial liabilities in regard to classification and measurement. Trade and other payables, finance obligations and the revolving credit facility are classified as other financial liabilities and carried on the balance sheet at amortized cost.

- › *IFRS 15 Revenue:* The Corporation has adopted the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018. The principal of IFRS 15 Revenue principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. Specifically, IFRS 15 introduces a five-step approach to revenue recognition with an entity recognizing revenues when a performance obligation is satisfied, which is when "control" of the goods have transferred to the customer. Upon evaluating the transfer of control, the Corporation concluded there is no material change in the timing of revenue recognized under the new standard. The point of transfer of risks and rewards for goods and services under IAS 18 compared to the transfer of control under IFRS 15 occur at the same time based on contractual terms, the delivery of gold doré. For the purposes of evaluating variable consideration, the Corporation reviewed historical assay results and adjustments, as well as variable consideration with regards to timing of residual precious metal pricing. All these factors were considered insignificant and therefore no changes to revenue were recorded upon the adoption of IFRS 15.

The Corporation has determined that there is no significant impact of the change in the accounting policy in the accounting for revenue at the transition date.

The Corporation has not applied the following standard that has been issued but was not yet effective at September 30, 2018:

- › *IFRS 16 Leases:* (effective January 1, 2019), was issued in January 2016 and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Corporation is currently evaluating the impact this standard is expected to have on the financial statements, and expects to quantify the impact of the adoption of this standard during the fourth quarter of 2018.

3 ACQUISITION AND RESTRUCTURING

3.1 ACQUISITION OF AVNEL GOLD MINING LIMITED

On September 18, 2017, the Corporation completed the acquisition of Avnel Gold Mining Ltd ("Avnel"). The Corporation acquired 100% of the share capital of Avnel in exchange for an issuance of 7,218,964 common shares. Avnel owns 80% of the Kalana gold project in Mali and the Corporation has initiated pre-development activities to optimize the Kalana gold project.

Upon finalization of the purchase price allocation, there was an adjustment to decrease net working capital by \$5.0 million, and a corresponding decrease to mineral interests of \$7.0 million and an offsetting decrease to deferred tax liabilities of \$2.0 million.

	Fair value at acquisition date
Purchase price:	
Fair value of 7,218,964 Endeavour common shares issued	134,016
	\$ 134,016
Net assets/(liabilities) acquired	
Mining interests	164,682
Cash	7,982
Provision for reclamation	(2,104)
Non-controlling interest	(522)
Net working capital acquired (excluding cash)	(10,081)
Deferred income and mining taxes	(25,941)
Net Assets	\$ 134,016

4 DISPOSALS OF MINING INTERESTS

4.1 RECLASSIFICATION OF THE TABAKOTO MINE

At September 30, 2018, management has entered into a binding sale agreement for its interest in the non-core Tabakoto mine to Algom Resources Limited, a subsidiary of BCM Investments Ltd, for a total cash consideration of \$60.0 million. The consideration is payable upon closing of the transaction which is expected to occur during the fourth quarter of 2018. Accordingly, the Tabakoto mine cash generating unit (“CGU”) is classified as an asset held for sale and a discontinued operation.

As a result of the reclassification, earnings/(losses) have been restated for the current and comparative periods to reclassify the losses relating to the Tabakoto mine as loss from discontinued operations. All assets and liabilities relating to the Tabakoto mine CGU have been classified as current assets/liabilities held for sale at September 30, 2018. There is no impact on the presentation of the Condensed interim consolidated statements of cash flows.

The Corporation recognized an impairment at September 30, 2018 of \$32.0 million based on the expected fair value less costs of disposal of the Tabakoto mine CGU.

The profit and loss for the CGU was as follows:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017	2018	2017
Gold revenue	31,338	40,353	110,076	146,071
Operating costs	(30,132)	(37,358)	(109,963)	(108,057)
Impairment of mining interests	(31,957)	-	(31,957)	-
Depreciation and depletion	-	(13,550)	(13,161)	(34,834)
Royalties	(1,865)	(2,426)	(6,576)	(8,729)
Other gains/(losses)	(1,687)	(715)	(713)	783
Loss before taxes	\$ (34,303)	\$ (13,696)	\$ (52,294)	\$ (4,766)
Current income tax expense	(1,402)	(2,649)	(6,843)	(5,385)
Deferred income tax recovery (expense)	-	2,616	-	(3,148)
Net loss from discontinued operations	\$ (35,705)	\$ (13,729)	\$ (59,137)	\$ (13,299)
Shareholders of Endeavour Mining Corporation	(31,403)	(10,939)	(50,444)	(10,586)
Non-controlling interest	(4,302)	(2,790)	(8,693)	(2,713)
Total loss from discontinued operations	\$ (35,705)	\$ (13,729)	\$ (59,137)	\$ (13,299)

ENDEAVOUR MINING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Thousands of United States Dollars, except per share amounts)
(Unaudited)

The net assets of the Tabakoto mine CGU classified as held for sale are as follows:

	September 30, 2018
Cash and short-term deposits	3,941
Restricted cash	144
Trade and other receivables	557
Prepaid expenses and other	6,503
Inventories ¹	20,025
Mining interests	84,829
Other long term assets	2,683
Assets Held for Sale	118,682
Trade and other payables	(42,741)
Other liabilities	(17,070)
Liabilities Held for Sale	(59,811)
Net assets	\$ 58,871

¹ Includes an adjustment to the inventory provision of \$18.9 million to adjust spare parts and supplies inventory to net realizable value following an assessment of inventory balances due to equipment acquired in the 2018 financial year.

The cash flows of the Tabakoto mine CGU included in the Corporation's condensed interim consolidated statement of cash flows are as follows:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017	2018	2017
Cash generated from/(used in) operating activities	(6,223)	5,264	(74)	14,944
Cash generated from/(used in) investing activities	(16,761)	(3,921)	(33,279)	(21,333)
Cash generated from/(used in) financing activities	(1,210)	5,840	(3,405)	3,519
Total	\$ (24,194)	\$ 7,183	\$ (36,758)	\$ (2,870)

4.2 DISPOSAL OF THE NZEMA MINE

On December 29, 2017, the Corporation completed the sale of its 90% interest in the Nzema Mine to BCM International Ltd (“BCM”) for total cash consideration of \$63.5 million. The cash consideration consists of a \$38.5 million payment upon completion of the transaction with additional deferred payments of up to \$25.0 million contingent on the future cash flows of the Nzema Mine between January 30, 2018 and December 31, 2019. The Corporation recognized a loss on disposal of \$26.4 million in the year ended December 31, 2017.

The results from Nzema in the prior year are included in the condensed interim consolidated statements within discontinued operations.

	THREE MONTHS ENDED SEPTEMBER 30,	NINE MONTHS ENDED SEPTEMBER 30,
	2017	2017
Gold revenue	49,366	117,584
Operating costs	(23,146)	(68,699)
Depreciation and depletion	(8,114)	(17,662)
Impairment of mineral properties	(53,599)	(53,599)
Royalties	(2,801)	(6,730)
Other income	8	315
Loss before taxes	\$ (38,286)	\$ (28,791)
Current income tax expense	(407)	(216)
Net loss from discontinued operations	\$ (38,693)	\$ (29,007)
Shareholders of Endeavour Mining Corporation	(40,253)	(31,132)
Non-controlling interest	1,560	2,125
Total loss from discontinued operations	\$ (38,693)	\$ (29,007)

The net cash flows from discontinued operations for the three and nine months ended September 30, 2017 were:

	THREE MONTHS ENDED SEPTEMBER 30,	NINE MONTHS ENDED SEPTEMBER 30,
	2017	2017
Cash generated from operating activities	21,020	117,584
Cash received (used) in investing activities	(3,282)	(68,699)
Cash generated from financing activities	33	3,478
Total	\$ 17,771	\$ 52,363

5 INVENTORIES

	September 30, 2018	December 31, 2017
Doré bars	11,989	9,526
Gold in circuit	26,584	30,554
Ore stockpiles	40,639	31,212
Spare parts and supplies	63,020	63,474
Total inventory ¹	\$ 142,232	\$ 134,766

¹ Includes a provision of \$1.9 million to adjust spare parts and supplies inventory to net realizable value (December 31, 2017 – a charge of \$14.8 million) and a provision of \$2.2 million to adjust gold in circuit and finished goods at Karma to net realizable value (December 31, 2017 - \$nil). In 2018 the Corporation reclassified \$7.1 million spare parts and supplies to long-term inventories at December 31, 2017 following an assessment on the timing of consumption (Note 8).

The cost of inventories recognized as expense in the three and nine months ended September 30, 2018 was \$122.2 million and \$381.1 million respectively, and was included in operating expenses (three and nine months ended September 30, 2017- \$69.5 million and \$213.4 million respectively).

6 PREPAID EXPENSES AND OTHER

	September 30, 2018	December 31, 2017
Deposits	9,795	1,967
Insurance	222	965
Supplier prepayments	18,729	39,961
Other	423	1,621
Total	\$ 29,169	\$ 44,514

7 MINING INTERESTS

MINING PROPERTIES							
In thousands of US\$	Note	Depletable	Non depletable	Plant and equipment	Assets under construction	Non mining	Total
Cost							
Balance as at January 1, 2017		1,001,306	327,279	699,109	212,144	2,578	2,242,416
Acquisition of mining interest	3	-	169,888	-	-	-	177,202
Additions/expenditures		52,391	37,753	87,312	299,421	6,541	476,104
Transfers related to Houndé upon commercial production		223,256	-	201,682	(424,938)	-	-
Transfers (to) from inventory		-	-	-	(16,923)	-	(16,923)
Reclamation liability change in estimate		4,231	-	-	-	-	4,231
Disposal of the Nzema mine	4	(368,335)	(176,237)	(109,928)	-	-	(654,500)
Balance as at December 31, 2017		912,849	358,683	878,175	69,704	9,119	2,228,530
Additions/expenditures		52,706	34,430	30,118	276,658	-	393,912
Transfers		-	-	44,925	(44,925)	-	-
Disposals		-	-	(10,334)	-	-	(10,334)
Transfer to asset held for sale	4	(513,308)	(136,237)	(185,638)	-	-	(835,183)
Balance as at September 30, 2018		\$ 452,247	\$ 256,876	\$ 757,246	\$ 301,437	\$ 9,119	\$ 1,776,925
Accumulated depreciation and impairment							
Balance as at January 1, 2017		630,846	222,064	348,315	-	1,661	1,202,886
Depreciation/depletion		84,529	-	63,367	-	1,285	149,181
Depreciation captured in inventory		3,660	-	1,272	-	-	4,932
Impairment		82,814	51,848	49,350	-	-	184,012
Disposal of the Nzema mine	4	(360,943)	(161,001)	(101,175)	-	-	(623,119)
Balance as at December 31, 2017		440,906	112,911	361,129	-	2,946	917,892
Depreciation/depletion		59,117	-	72,413	-	584	132,114
Depreciation captured in inventory		2,455	2,598	4,675	-	-	9,728
Impairment		21,193	1,903	8,861	-	-	31,957
Disposals		-	-	(9,549)	-	-	(9,549)
Transfer to asset held for sale	4	(471,331)	(117,412)	(161,611)	-	-	(750,354)
Balance as at September 30, 2018		\$ 52,340	\$ -	\$ 275,918	\$ -	\$ 3,530	\$ 331,788
Carrying amounts							
At December 31, 2017		\$ 471,943	\$ 245,772	\$ 517,046	\$ 69,704	\$ 6,173	\$ 1,310,638
At September 30, 2018		\$ 399,907	\$ 256,876	\$ 481,328	\$ 301,437	\$ 5,589	\$ 1,445,137

At September 30, 2018, the additions to assets under construction included \$34.0 million of long-term financing equipment obligations (December 31, 2017 - \$23.2 million) and \$10.0 million of capitalized borrowing costs (December 31, 2017 - \$10.7 million). The average capitalization rate was 2.0% (December 31, 2017 - 1.4%) for the period.

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

(Unaudited)

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

In thousands of US\$	Note	Agbaou Mine	Ity Mine	Karma Mine	Houndé Mine	Kalana Project	Exploration Properties	Non mining	Total (Excluding Assets held for sale)	Tabakoto Mine	Nzema Mine	Total
Cost												
Balance as at January 1, 2017		241,598	58,628	275,752	240,633	-	3,169	2,578	822,358	770,788	649,270	2,242,416
Acquisition of mining interest		-	-	-	-	164,682	-	-	164,682	5,206	-	177,202
Additions/expenditures		15,167	94,328	72,699	253,206	4,203	-	6,537	446,140	32,048	5,230	483,418
Transfers (to) from inventory		-	-	-	(16,923)	-	-	-	(16,923)	-	-	(16,923)
Reclamation liability change in estimate		315	-	-	3,916	-	-	-	4,231	-	-	4,231
Disposal of the Nzema Mine	4	-	-	-	-	-	-	-	-	-	(654,500)	(654,500)
Balance as at December 31, 2017		257,080	152,956	348,451	480,832	168,885	3,169	9,115	1,420,488	808,042	-	2,228,530
Additions/expenditures ¹		22,744	244,408	17,246	39,603	16,227	1,651	17,750	359,629	34,283	-	393,912
Transfers ²		-	-	-	-	-	7,142	-	7,142	(7,142)	-	-
Disposals		-	(10,334)	-	-	-	-	-	(10,334)	-	-	(10,334)
Transfer to asset held for sale	4	-	-	-	-	-	-	-	-	(835,183)	-	(835,183)
Balance as at September 30, 2018		\$ 279,824	\$ 387,030	\$ 365,697	\$ 520,435	\$ 185,112	\$ 11,962	\$ 26,865	\$ 1,776,925	\$ -	\$ -	\$ 1,776,925
Accumulated depreciation and impairment												
Balance as at January 1, 2017		86,279	20,928	5,754	-	-	3,169	1,587	117,717	534,945	550,225	1,202,887
Depreciation/depletion		32,536	19,107	24,236	12,516	-	-	356	88,751	42,035	18,394	149,181
Depreciation captured in inventory		807	3,933	253	-	-	-	-	4,993	(962)	901	4,932
Impairment		-	-	-	-	-	-	-	-	130,413	53,599	184,012
Disposal of the Nzema Mine	4	-	-	-	-	-	-	-	-	-	(623,119)	(623,119)
Balance as at December 31, 2017		119,622	43,968	30,243	12,516	-	3,169	1,943	211,461	706,431	-	917,892
Depreciation/depletion		23,544	20,656	26,637	47,665	-	-	451	118,953	13,161	-	132,114
Depreciation captured in inventory		895	787	5,942	3,299	-	-	-	10,923	(1,195)	-	9,728
Impairment	10	-	-	-	-	-	-	-	-	31,957	-	31,957
Disposals		-	(9,549)	-	-	-	-	-	(9,549)	-	-	(9,549)
Transfer to asset held for sale	4	-	-	-	-	-	-	-	-	(750,354)	-	(750,354)
Balance as at September 30, 2018		144,061	55,862	62,822	63,480	-	3,169	2,394	331,788	-	-	331,788
Carrying amounts												
At December 31, 2017		137,458	108,988	318,208	468,316	168,885	-	7,172	1,209,027	101,611	-	1,310,638
At September 30, 2018		135,763	331,168	302,875	456,955	185,112	8,793	24,471	1,445,137	-	-	1,445,137

¹ Additions to mining interests of \$393.9 million, net of leased additions and working capital changes, result in \$347.2 million of cash outflows, as found on the condensed interim consolidated statement of cash flows.

² As part of the disposal of the Tabakoto Mine (Note 4), certain mining interests were transferred to Exploration Properties as they were not included as part of the sale agreement.

8 OTHER LONG-TERM ASSETS

Other long-term assets are comprised of:

	September 30, 2018	December 31, 2017
Working capital loan receivable	1,050	1,062
Long-term stockpiles	31,806	6,256
Long-term critical spare parts and supplies ¹	6,236	7,132
Long-term receivable	141	208
Total	\$ 39,233	\$ 14,658

¹ In 2018, the Corporation reclassified \$7.1 million of inventories as at December 31, 2017 from current assets to long-term critical spare parts and supplies following an assessment on the timing of consumption.

9 TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	September 30, 2018	December 31, 2017
Trade accounts payable	119,179	200,011
Royalties payable	1,436	1,934
Taxes - direct and indirect	2,042	4,039
Payroll and social charges	9,587	1,225
Other payables	11,530	8,452
Total	\$ 143,774	\$ 215,661

10 FINANCE OBLIGATIONS

The Corporation has entered into the following finance obligations:

	September 30, 2018	December 31, 2017
Finance obligations	68,679	54,402
Less: current portion	(16,497)	(17,658)
Long-term finance obligations	\$ 52,182	\$ 36,744

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

	MINIMUM LEASE PAYMENTS	
	September 30, 2018	December 31, 2017
Not later than one year	21,671	18,513
Later than one year and not later than five years	58,486	44,741
	80,157	63,254
Less future finance charges	(11,478)	(8,852)
Present value of minimum finance payments	\$ 68,679	\$ 54,402

	MINIMUM LEASE PAYMENTS	
	September 30, 2018	December 31, 2017
Houndé Mine (i)	38,748	48,142
Ity Mine (ii)	29,931	-
Tabakoto Mine (iii)	-	6,260
Present value of minimum finance payments	\$ 68,679	\$ 54,402

i. Houndé Financing Arrangements

On June 9, 2016, the Corporation entered into a financing arrangement with the Komatsu Group to acquire mining fleet equipment for the Houndé project. The Corporation made an initial down-payment of \$7.1 million on July 1, 2016 and the remaining \$45.8 million of payments are to be made between the first quarter of 2018 and 2022.

On March 13, 2017, Houndé Gold Operation SA, Endeavour's main operating subsidiary for the Houndé project, entered into an equipment financing facility with Caterpillar Financial Services Corporation. The \$10.7 million facility will finance the purchase of backup power gensets for the Houndé project. The facility will mature five years from the date of first drawdown, which occurred

October 10, 2017. Availability of the facility is subject to the satisfaction of customary conditions precedent, including the provision of an equipment pledge.

ii. Ity CIL Financing Arrangements

On May 9, 2017, the Corporation entered into a financing arrangement with the Komatsu Group to acquire mining fleet equipment for the Ity CIL project within the Ity mine. The Corporation made an initial down-payment of \$4.9 million on May 25, 2017 and the remaining \$33.2 million of payments are to be made between the first quarter of 2019 and 2022.

On February 27, 2018, the Corporation entered into batch two of the financing arrangement with the Komatsu Group to acquire mining fleet equipment for the Ity CIL project within the Ity mine. The Corporation made an initial down-payment of \$2.9 million on April 10, 2018 and the remaining \$19.6 million of payments are to be made between the first quarter of 2019 and 2023.

iii. Tabakoto Financing Arrangements

On March 7, 2014, the Corporation's Malian subsidiary entered a five-year, \$18.0 million equipment lease financing facility. The equipment lease is a finance lease and was used to purchase a portion of the owner-operated mining equipment for the Tabakoto and Segala underground mines. The lease terms have a fixed rate of 9.5% per annum to amortize the principal, and includes a purchase option to buy the equipment outright at the end of the lease life for 0.5% of cost. The facility will mature in 2019. At September 30, 2018, the remaining finance obligation is included in liabilities held for sale.

11 LONG-TERM DEBT

	Note	September 30, 2018	December 31, 2017
Corporate loan facility	11.1	170,000	300,000
Deferred financing costs		(7,349)	(13,560)
Revolving credit facility		\$ 162,651	\$ 286,440
Convertible senior bond	11.2	289,297	-
Conversion option	11.2	22,532	-
Convertible senior bond		\$ 311,829	\$ -
Total long term debt		\$ 474,480	\$ 286,440

The Corporation incurred the following finance costs in the period:

	Note	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
		2018	2017	2018	2017
Interest expense		7,328	2,622	17,225	6,843
Amortisation of deferred facility fees		180	8,139	6,492	10,461
Commitment, structuring and other fees		2,517	6,115	5,056	10,774
Less: Capitalised borrowing costs	7	(3,346)	(6,019)	(10,049)	(8,919)
Total finance costs		\$ 6,679	\$ 10,857	\$ 18,724	\$ 19,159

i. Corporate Loan Facility

On September 19, 2017, the Corporation signed a \$500.0 million revolving credit facility (“the new RCF”) with a syndicate of leading international banks.

The Corporation completed a private placement of \$330.0 million convertible senior notes (Note 11 ii), on March 9, 2018. As a result, the Corporation reduced the principal available of the RCF to \$350.0 million and made a repayment of \$280.0 million on the new RCF. To align with the reduction in the amount available under the new RCF, \$3.6 million of deferred financing charges were expensed in the quarter ended March 31, 2018. No further reductions have been made.

The key terms of the new RCF include:

- › Principal amount of \$350.0 million.
- › Interest accrues on a sliding scale of between LIBOR plus 2.95% to 3.95% based on the Corporation’s leverage ratio.
- › Commitment fees for the undrawn portion of the new RCF of 1.03%.
- › The term of the new RCF is four years, maturing in September 2021.
- › The principal outstanding on the new RCF is repayable as a single bullet payment on the maturity date.
- › Banking syndicate includes Société Générale, ING, Citibank N.A., Investec Bank Plc, Macquarie Bank Ltd, Barclays Bank Ltd, HSBC and BMO.
- › The new RCF can be repaid at any time without penalty.

ii. Convertible Senior Notes

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

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

The key terms of the Convertible Senior Notes include:

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

- › The reference share price of the notes is \$18.04 (CAD \$22.24) per share.

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

At the date of issue, the Notes were measured at fair value:

	September 30, 2018
Proceeds from issue	330,000
Liability component at date of issue	(287,975)
Conversion option	\$ 42,025

The liability component for the Notes at September 30, 2018 has an effective interest rate of 6.2% and was as follows:

	September 30, 2018
Liability component at issue date	287,975
Less: Deferred finance costs	(5,159)
Interest expense in the period	11,706
Less: Interest payments in the period	(5,225)
Balance at September 30, 2018	\$ 289,297

The conversion option related to the Notes is recorded at fair value, and the value at September 30, 2018 is determined using a valuation model, with the following assumptions; volatility of 26%, risk free rate of 2.6%, term of the conversion option 4.4 years, and a share price of \$15.57.

	September 30, 2018
Conversion option at issue date	42,025
Fair value adjustment	(19,493)
Balance at September 30, 2018	\$ 22,532

12 OTHER LONG-TERM LIABILITIES

Provisions are comprised of:

	September 30, 2018	December 31, 2017
Environmental rehabilitation provision	33,248	49,179
Share based liabilities	5,319	3,153
Net pension obligation	294	283
Total	\$ 38,861	\$ 52,615

13 SHARE CAPITAL

13.1 VOTING SHARES

Authorized

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

13.2 SHARE CAPITAL

On April 17, 2017, the Corporation announced that its largest shareholder, La Mancha Holding S.A R.L (“La Mancha”) exercised its anti-dilution right to increase its stake from the current 28.1% interest to the initial 29.9% ownership position, by means of a \$47.5 million (CAD \$63.4 million) private placement for 2,573,372 shares on April 25, 2017.

Following the acquisition of Avnel in September 2017, La Mancha exercised its anti-dilution right to maintain its 30% interest in the Corporation. This resulted in an initial \$30.1 million placement (CAD \$37.7 million) for 1,666,897 shares, paid on September 29, 2017, and an additional \$29.5 million (CAD \$37.7 million) for 1,666,898 shares received on November 8, 2017, resulting in La Mancha maintaining its 30% interest in the Corporation.

13.3 SHARE-BASED COMPENSATION

The following table summarizes the share-based compensation expense:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017	2018	2017
Amortization of option grants	-	13	19	213
Amortisation and change in fair value of DSUs	(326)	690	(392)	1,837
Amortisation and change in fair value of PSUs	4,406	6,200	15,508	11,532
Amortisation and change in fair value of RSUs	(73)	2,229	1,649	4,993
Total share-based expenses	\$ 4,007	\$ 9,132	\$ 16,784	\$ 18,575

i. Options

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

	Options outstanding	Weighted average exercise price (C\$)
At December 31, 2016	1,072,622	14.08
Exercised	(630,005)	11.71
Forfeited	(83,994)	9.47
Expired	(213,746)	26.07
At December 31, 2017	144,877	11.15
Exercised	(89,158)	8.66
Forfeited	(4,485)	10.94
Expired	(699)	233.91
At September 30, 2018	50,535	11.10

The following table summarizes information about the exercisable share options outstanding as at September 30, 2018:

Exercise Prices (C\$)	Outstanding	Exercisable	Weighted average exercise price (C\$)	Weighted average remaining contractual life
\$5.20 - \$14.99	50,069	50,069	\$10.97	2.37 years
\$15.00 - \$24.99	466	466	\$24.68	1.09 years
	50,535	50,535	\$11.10	2.35 years

The Corporation has a share option plan whereby the Corporation's directors may from time to time grant options to directors, employees or consultants. The maximum term of any option is ten years. The exercise price of an option is set at the higher of (i) the volume weighted average trading price of the shares traded on the exchange for the five trading days immediately preceding the grant date and (ii) the closing trading price on the grant date. At the annual general meeting on June 26, 2018, the Corporation elected not to renew the shareholder approval for the stock option plan; as such no new stock options may be granted unless further shareholder approval is sought and obtained.

13.4 SHARE UNIT PLANS

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

	DSUs outstanding	Weighted average grant price (C\$)	PSUs outstanding	Weighted average grant price (C\$)	RSUs outstanding	Weighted average grant price (C\$)
At December 31, 2016	173,401	6.82	1,310,056	12.58	398,446	21.12
Granted	31,120	24.75	1,289,094	18.47	52,645	20.06
Exercised	(50,444)	9.15	(511,166)	10.56	(254,918)	21.00
Forfeited	-	-	(45,839)	18.91	-	-
At December 31, 2017	154,077	9.68	2,042,145	16.66	196,173	20.99
Granted	37,774	22.82	1,309,744	22.39	52,644	20.06
Exercised	-	-	(87,490)	6.19	(64,642)	21.58
Forfeited	(9,702)	23.62	(87,604)	18.65	-	-
At September 30, 2018	182,149	11.66	3,176,795	19.26	184,175	20.52

13.5 DEFERRED SHARE UNITS

On January 26, 2013, the Corporation established a deferred share unit plan (“DSU”) for the purposes of strengthening the alignment of interests between non-executive directors of the Corporation and shareholders by linking a portion of the annual director compensation to the future value of the Corporation’s common shares. Upon establishing the DSU plan for non-executive directors, the Corporation no longer grants options to non-executive directors.

The DSU plan allows each non-executive director to choose to receive, in the form of DSUs, all or a percentage of their director’s fees, which would otherwise be payable in cash. Compensation for serving on committees must be paid in the form of DSUs. The plan also provides for discretionary grants of additional DSUs by the Board. Each DSU vests upon award but is distributed only when the director has ceased to be a member of the Board. Vested units are settled in cash based on the common share price at the date of settlement.

The total fair value of DSUs at September 30, 2018 was \$2.8 million (December 31, 2017 – \$3.2 million). The total DSU share-based compensation expense recognized in the three and nine months ended September 30, 2018 was \$(0.3) million and \$(0.4) million (September 30, 2017, \$0.7 million and \$1.8 million respectively).

13.6 PERFORMANCE SHARE UNITS

In March 2014, following a review of its executive compensation programs and pay practices, the Corporation introduced a change in its long-term incentive plan (“LTI Plan”) to include a portion of performance-linked share unit awards (“PSUs”). The PSU program is intended to increase the pay mix in favor of long-term equity-based compensation with three-year cliff-vesting to serve as an employee retention mechanism.

The fair value of the PSUs is determined based on Total Shareholder Return (“TSR”) relative to peer companies and achieving certain operational performance measures (key future operational indicators – All in Sustaining Cost “AISC”, resource and project targets). The fair value related to the TSR portion is determined using a multi-asset Monte Carlo simulation model while the fair value

related to the achievement of operational performance measures is determined based the probability of reaching the operational targets.

The total PSU share-based expense recognized in the condensed interim consolidated statements of comprehensive loss was \$4.4 million and \$15.5 million for the three and nine months ended September 30, 2018 (September 30, 2017, \$6.2 million and \$11.5 million respectively).

13.7 RESTRICTED SHARE UNITS

In November 2016, the Corporation introduced a change in its long-term incentive plan (“LTI Plan”) to include a portion of restricted share unit awards (“RSUs”) for certain executives. The RSU program is intended to increase the pay mix in favor of long-term equity-based compensation to serve as an employee retention mechanism.

The total RSU share-based expense recognized was \$(0.1) million and \$1.6 million for the three and nine months ended September 30, 2018 (September 30, 2017 - \$2.2 million and \$4.9 million respectively). At September 30, 2018, the Corporation has recognised the RSU as a liability as a result of RSU’s being cash settled during the period. The fair value of the RSU at September 30, 2018 is \$2.6 million (December 31, 2017 - \$2.2 million)

13.8 BASIC AND DILUTED EARNINGS PER SHARE

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017	2018	2017
Basic weighted average number of shares outstanding	107,747,004	97,623,867	107,703,358	95,723,440
Effect of dilutive securities ¹				
Stock options, RSU's and PSU's	207,908	176,636	261,724	222,930
Diluted weighted average number of shares outstanding	107,954,912	97,800,503	107,965,082	95,946,370
Total common shares outstanding	107,751,755	105,817,047	107,751,755	105,817,047
Total potential diluted common shares	112,222,986	108,013,379	112,222,986	108,013,379

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

14 NON-CONTROLLING INTERESTS

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

Note	Agbaou Gold Operations SA (Agbaou Mine) 15%	Societe des Mines d'Ity (Ity Mine) 20%	Riverstone Karma SA (Karma Mine) 10%	Houndé Gold Operations 10%	Societe des Mines d'Or de Kalana (Kalana Project) 20%	Total (before discontinued operations)	Segala Mining Co SA/Kofi Mining S.A r.l. (Tabakoto Mine) 20%/10%	Adamus Resources Limited (Nzema Mine) 10%	Total
At December 31, 2016	38,339	40,614	10,641	-	-	89,594	(22,045)	(15,677)	51,872
Acquisition of NCI	-	(22,975)	-	-	522	(22,453)	-	-	(22,453)
Net earnings (loss)	14,125	(208)	213	(3,441)	-	10,689	(34,381)	2,961	(20,731)
Dividend distribution	(5,177)	-	-	-	-	(5,177)	(470)	-	(5,647)
Disposal of the Nzema Mine	-	-	-	-	-	-	-	12,716	12,716
At December 31, 2017	47,287	17,431	10,854	(3,441)	522	72,653	(56,896)	-	15,757
Net earnings attributable	4,463	584	373	14,089	-	19,509	(8,693)	-	10,816
Dividend distribution	(3,451)	-	-	-	-	(3,451)	(185)	-	(3,636)
At September 30, 2018	\$ 48,299	\$ 18,015	\$ 11,227	\$ 10,648	\$ 522	\$ 88,711	\$ (65,774)	\$ -	\$ 22,937

For summarized information related to these subsidiaries, refer to Note 18, Segmented Information.

15 GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

Note	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017	2018	2017
Other gains/(losses) on other financial instruments	(430)	(197)	(158)	357
Gain/(loss) on gold revenue protection program	12,053	-	17,508	(10,281)
Unrealised gain on convertible senior bond	15,740	-	19,493	-
Gain/(loss) on foreign exchange	(2,608)	751	(12,569)	2,000
Total gain/(loss) on financial instruments	\$ 24,755	\$ 554	\$ 24,274	\$ (7,924)

16 DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the derivative financial assets:

	September 30, 2018	December 31, 2017
Gold revenue protection strategy	16,814	-
Derivative financial assets, current portion	\$ 16,814	\$ -

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017	2018	2017
Realized gain/(loss) on gold revenue protection strategy premium	3,019	-	694	(3,658)
Unrealized gain/(loss) on gold and fuel price protection strategy	9,034	-	16,814	(6,623)
Gain/(loss) on derivative financial instruments	\$ 12,053	\$ -	\$ 17,508	\$ (10,281)

16.1 GOLD REVENUE PROTECTION STRATEGY

In the nine months ended September 30, 2018, the Corporation implemented a deferred premium collar strategy (“Collar”) using written call options and bought put options for the 15-month period from February 2018 to April 2019. The program covers a total of 400,000 ounces, representing approximately 50% of Endeavour’s total estimated gold production for the period, with a floor price of \$1,300 per ounce and ceiling price of \$1,500 per ounce.

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

As at September 30, 2018, 213,328 ounces remain outstanding under the Collar derivative liability. An unrealized gain of \$9.0 million and \$16.8 million was recognized in the three and nine months ended September 30, 2018.

The total premium payable for entering into the Collar of \$8.7 million is included as part of the Collar fair value and will be cash-settled on a net basis as monthly contracts mature. In the three and nine months ended September 30, 2018, the Corporation received \$3.0 million and \$0.7 million, for settlements of the Collar, included in realized gains on derivative financial instruments.

17 INCOME TAXES

The Corporation operates in numerous countries and, accordingly, it is subject to, and pays annual income taxes under, the various income tax regimes in the countries in which it operates. From time to time the Corporation is subject to a review of its income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Corporation’s business conducted within the country involved. If the Corporation is unable to resolve any of these matters favorably, there may be a material adverse impact on the Corporation’s financial performance, cash flows or results of operations. In the event that management’s estimate of the future resolution of these matters changes, the Corporation will recognize the effects of the changes in its condensed interim consolidated financial statements in the period that such changes occur.

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18 SEGMENTED INFORMATION

The Corporation operates in three principal countries, Burkina Faso (Karma and Houndé mine), Côte d'Ivoire (Agbaou and Ity mines), and Mali (Kalana Project). The Tabakoto mine had previously been in its own segment and has been classified as held for sale at September 30, 2018. The following table provides the Corporation's revenue and results by reportable segment.

THREE MONTHS ENDED SEPTEMBER 30, 2018								
	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Kalana Project Mali	Exploration	Non-Mining	Total
Revenue								
Gold revenue	36,853	24,647	23,951	70,313	-	-	-	155,764
Cost of sales								
Operating expenses	(24,251)	(14,095)	(17,969)	(29,923)	-	-	-	(86,238)
Depreciation and depletion	(7,123)	(5,769)	(8,723)	(14,147)	-	-	(149)	(35,911)
Royalties	(1,358)	(952)	(1,761)	(4,222)	-	-	-	(8,293)
Earnings/(loss) from mine operations	4,121	3,831	(4,502)	22,021	-	-	(149)	25,322
Corporate costs	-	-	-	-	-	-	(5,888)	(5,888)
Share-based payments	-	-	-	-	-	-	(4,007)	(4,007)
Exploration	-	(588)	(370)	-	(923)	(702)	-	(2,583)
Earnings/(loss) from operations	4,121	3,243	(4,872)	22,021	(923)	(702)	(10,044)	12,844
Other income/(expenses)								
Gain/(loss) on financial instruments	(4)	-	(1,040)	(643)	4	23	26,415	24,755
Finance costs	(84)	379	(219)	(1,964)	-	-	(4,791)	(6,679)
Other expense	-	-	-	-	-	-	(173)	(173)
Earnings/(loss) before taxes	4,033	3,622	(6,131)	19,414	(919)	(679)	11,407	30,747
Income tax recovery/(expense)	5,482	(3,909)	(2,796)	(13,437)	1,903	-	(2,679)	(15,436)
Net earnings/(loss) from continuing operations	\$ 9,515	\$ (287)	\$ (8,927)	\$ 5,977	\$ 984	\$ (679)	\$ 8,728	\$ 15,311

THREE MONTHS ENDED SEPTEMBER 30, 2017								
	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Project Burkina Faso	Kalana Project Mali	Exploration	Non-Mining	Total
In thousands of US\$								
Revenue								
Gold revenue	59,428	15,101	20,228	-	-	-	-	94,757
Cost of sales								
Operating expenses	(25,545)	(10,885)	(15,828)	-	-	-	-	(52,258)
Depreciation and depletion	(11,705)	(3,970)	(1,757)	-	-	-	200	(17,232)
Royalties	(2,080)	(697)	(2,068)	-	-	-	1	(4,844)
Earnings (loss) from mine operations	20,098	(451)	575	-	-	-	201	20,423
Corporate costs	-	-	-	-	-	-	(3,104)	(3,104)
Acquisition costs	-	-	-	-	(509)	-	(7,145)	(7,654)
Share-based payments	-	-	-	-	-	-	(9,132)	(9,132)
Exploration	-	(769)	(261)	-	4	(405)	2	(1,429)
Earnings/(loss) from operations	20,098	(1,220)	314	-	(505)	(405)	(19,178)	(896)
Other income/(expenses)								
Gain/(loss) on financial instruments	(790)	1,618	(793)	53	-	1	465	554
Finance costs	(99)	247	(64)	-	(94)	-	(10,847)	(10,857)
Other income	-	-	-	-	-	-	(770)	(770)
Earnings/(loss) before taxes	19,209	645	(543)	53	(599)	(404)	(30,330)	(11,969)
Income tax recovery/(expense)	2,263	(600)	318	(2,912)	748	-	52	(131)
Net earnings/(loss) from continuing operations	\$ 21,472	\$ 45	\$ (225)	\$ (2,859)	\$ 149	\$ (404)	\$ (30,278)	\$ (12,100)

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NINE MONTHS ENDED SEPTEMBER 30 2018

In thousands of US\$	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Kalana Project Mali	Exploration	Non-Mining	Total
Revenue								
Gold revenue	126,118	82,331	77,555	258,169	-	-	-	544,173
Cost of sales								
Operating expenses	(71,488)	(45,784)	(57,464)	(87,358)	-	-	-	(262,094)
Depreciation and depletion	(23,544)	(20,656)	(26,637)	(47,665)	-	-	(451)	(118,953)
Royalties	(4,830)	(3,036)	(5,975)	(16,889)	-	-	-	(30,730)
Earnings/(loss) from mine operations	26,256	12,855	(12,521)	106,257	-	-	(451)	132,396
Corporate costs	-	-	-	-	-	-	(18,572)	(18,572)
Share-based payments	-	-	-	-	-	-	(16,784)	(16,784)
Exploration	-	(675)	(3,282)	-	(936)	(2,728)	-	(7,621)
Earnings/(loss) from operations	26,256	12,180	(15,803)	106,257	(936)	(2,728)	(35,807)	89,419
Other income/(expenses)								
Gain/(loss) on financial instruments	(1,714)	-	(2,585)	(6,628)	40	(265)	35,426	24,274
Finance costs	(272)	652	(352)	(3,158)	-	-	(15,594)	(18,724)
Other expense	-	-	-	-	-	-	(1,156)	(1,156)
Earnings/(loss) before taxes	24,270	12,832	(18,740)	96,471	(896)	(2,993)	(17,131)	93,813
Income tax recovery/(expense)	2,548	(10,069)	(3,658)	(30,299)	1,903	-	(3,279)	(42,854)
Net earnings/(loss) from continuing operations	\$ 26,818	\$ 2,763	\$ (22,398)	\$ 66,172	\$ 1,007	\$ (2,993)	\$ (20,410)	\$ 50,959

NINE MONTHS ENDED SEPTEMBER 30, 2017

In thousands of US\$	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Project Burkina Faso	Kalana Project Mali	Exploration	Non-Mining	Total
Revenue								
Gold revenue	166,904	54,252	78,302	-	-	-	-	299,458
Cost of sales								
Operating expenses	(72,210)	(33,322)	(52,533)	-	-	-	-	(158,065)
Depreciation and depletion	(24,580)	(15,080)	(15,476)	-	-	-	(206)	(55,342)
Royalties	(5,894)	(2,110)	(6,233)	-	-	-	1	(14,236)
Earnings (loss) from mine operations	64,220	3,740	4,060	-	-	-	(205)	71,815
Corporate costs	-	-	-	-	-	-	(15,399)	(15,399)
Acquisition costs	-	-	-	-	(509)	-	(9,605)	(10,114)
Share-based payments	-	-	-	-	-	-	(18,575)	(18,575)
Exploration	-	(1,519)	(1,610)	-	4	(2,542)	2	(5,665)
Earnings/(loss) from operations	64,220	2,221	2,450	-	(505)	(2,542)	(43,782)	22,062
Other income/(expenses)								
Gain/(loss) on financial instruments	(1,062)	963	(834)	2,539	-	100	(9,630)	(7,924)
Finance costs	(304)	583	(189)	-	(94)	-	(19,155)	(19,159)
Other income	-	-	-	-	-	-	1,920	1,920
Earnings/(loss) before taxes	62,854	3,767	1,427	2,539	(599)	(2,442)	(70,647)	(3,101)
Income tax recovery/(expense)	3,938	(2,239)	3,175	(2,912)	748	30	(577)	2,163
Net earnings/(loss) from continuing operations	66,792	1,528	4,602	(373)	149	(2,412)	(71,224)	(938)

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the period ended September 30, 2018 or the year ended December 31, 2017.

The Corporation is not economically dependent on a limited number of customers for the sale of gold because gold can be sold through numerous commodity market traders worldwide.

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

AS AT SEPTEMBER 30, 2018

	Agbaou Mine Côte d'Ivoire	Tabakoto Mine Mali	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Kalana Project Mali	Exploration Other	Non-Mining Other	Total
Mining interests	135,763	-	331,168	302,875	456,955	185,112	8,793	24,471	1,445,137
Current assets	45,262	-	38,039	61,569	77,211	1,708	2,928	56,087	282,804
Long-term assets	-	-	16,242	14,497	8,494	-	-	-	39,233
Deferred income taxes	2,382	-	3,544	-	-	-	-	-	5,926
Assets held for sale	-	118,682	-	-	-	-	-	-	118,682
Total assets	\$ 183,407	\$ 118,682	\$ 388,993	\$ 378,941	\$ 542,660	\$ 186,820	\$ 11,721	\$ 80,558	\$ 1,891,782
Current liabilities	21,100	-	41,091	31,499	77,289	2,983	5,618	16,416	195,996
Long-term liabilities	8,837	-	27,250	4,519	43,013	2,104	-	479,800	565,523
Deferred tax liabilities	-	-	-	25,853	19,343	25,719	-	-	70,915
Liabilities held for sale	-	59,811	-	-	-	-	-	-	59,811
Total liabilities	\$ 29,937	\$ 59,811	\$ 68,341	\$ 61,871	\$ 139,645	\$ 30,806	\$ 5,618	\$ 496,216	\$ 892,245

AS AT DECEMBER 31, 2017

	Agbaou Mine Côte d'Ivoire	Tabakoto Mine Mali	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Kalana Project Mali	Exploration Other	Non-Mining Other	Total
Mining interests	137,457	101,611	108,988	318,208	468,315	168,885	-	7,174	1,310,638
Current assets	57,200	40,576	62,900	64,279	59,235	2,202	1,561	66,681	354,634
Long-term assets	-	4,402	4,829	4,304	1,123	-	-	-	14,658
Deferred income taxes	-	-	6,267	-	-	-	-	-	6,267
Total assets	\$ 194,657	\$ 146,589	\$ 182,984	\$ 386,791	\$ 528,673	\$ 171,087	\$ 1,561	\$ 73,855	\$ 1,686,197
Current liabilities	36,623	35,509	48,375	37,918	35,327	7,627	1,300	33,386	236,065
Long-term liabilities	8,841	18,875	9,108	4,319	48,163	31,921	-	254,572	375,799
Deferred income taxes	3,100	-	-	24,789	18,200	27,623	-	-	73,712
Total liabilities	\$ 48,564	\$ 54,384	\$ 57,483	\$ 67,026	\$ 101,690	\$ 67,171	\$ 1,300	\$ 287,958	\$ 685,576

19 CAPITAL MANAGEMENT

The Corporation's objectives of capital management are to safeguard the entity's ability to support the Corporation's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

In the management of capital, the Corporation includes the components of equity, short-term borrowings and long-term debt, net of cash and cash equivalents, restricted cash and marketable securities.

Capital, as defined above, is summarized in the following table:

	September 30, 2018	December 31, 2017
Equity	999,537	1,000,621
Long-term debt	474,480	286,440
	1,474,017	1,287,061
Less:		
Cash	(33,302)	(122,702)
Cash - restricted	(658)	(1,327)
Derivative financial assets	(16,814)	-
Marketable securities	(497)	(981)
Total	\$ 1,422,746	\$ 1,162,051

The Corporation manages its capital structure and makes adjustments to it in light of changes in its economic environment and the risk characteristics of the Corporation's assets. To effectively manage the entity's capital requirements, the Corporation has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Corporation has the appropriate liquidity to meet its operating and growth objectives.

20 FINANCIAL INSTRUMENTS

20.1 FINANCIAL ASSETS AND LIABILITIES

The Corporation's financial instruments consist of cash, restricted cash, marketable securities, trade and other receivables, working capital loan, long term receivable, trade and other payables, derivative financial assets/liabilities, finance obligations and current and long-term debt. The fair value of these financial instruments approximates their carrying value, unless otherwise noted below, with the exception of the convertible note, which has a fair value of approximately \$289.3 million.

The Corporation has certain financial assets and liabilities that are held at fair value. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques to measure fair value:

Classification of financial assets and liabilities

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

SEPTEMBER 30, 2018

	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		33,302	-	-	33,302
Cash - restricted		658	-	-	658
Gold revenue protection	16	-	16,814	-	16,814
Marketable securities		497	-	-	497
Total		\$ 34,457	\$ 16,814	\$ -	\$ 51,271
Liabilities:					
Conversion option on Notes	11	-	(22,532)	-	(22,532)
Total		\$ -	\$ (22,532)	\$ -	\$ (22,532)

DECEMBER 31, 2017

	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		122,702	-	-	122,702
Cash - restricted		1,327	-	-	1,327
Marketable securities		981	-	-	981
Total		\$ 125,010	\$ -	\$ -	\$ 125,010

There were no transfers between level 1 and 2 during the year.

20.2 FINANCIAL INSTRUMENT RISK EXPOSURE

The Corporation's activities expose it to a variety of risks that may include credit risk, liquidity risk, currency risk, interest rate risk and other price risks, including equity price risk. The Corporation examines the various financial instrument risks to which it is exposed and assesses any impact and likelihood of those risks.

i. Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Corporation by failing to discharge its obligations. Credit risk arises from cash, cash-restricted, marketable securities, trade and other receivables, long-term receivable and other assets.

The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk other than receivable balances owed from the governments in the countries the Corporation operates in. Other receivables include \$19.6 million related to the disposal of Nzema (Note 4) on December 29, 2017 which remains outstanding at September 30, 2018. This receivable is held with a private company and at this time there have been no significant events or financial difficulty which would raise the level of credit risk. The Corporation sells its gold to large international organizations with strong credit ratings, and the historical level of customer defaults is minimal. As a result, the credit risk associated with gold trade receivables at September 30, 2018 is considered to be negligible. The Corporation does not rely on ratings issued by credit rating agencies in evaluating counterparties' related credit risk.

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

	September 30, 2018	December 31, 2017
Cash	33,302	122,702
Cash - restricted	658	1,327
Trade and other receivables	60,629	50,698
Working capital loan	1,050	1,062
Derivative financial assets	16,814	-
Marketable securities	497	981
Long-term receivable	141	208
Total	\$ 113,091	\$ 176,978

ii. Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash, physical gold or another financial asset. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements.

The following table summarizes the Corporation's liabilities that have contractual maturities as at September 30, 2018:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	143,774	-	-	-	143,774
Corporate loan facility	-	-	170,000	-	170,000
Convertible senior bond	9,900	19,800	344,850	-	374,550
Finance obligations	22,284	38,744	19,129	-	80,158
Total	\$ 175,958	\$ 58,544	\$ 533,979	\$ -	\$ 768,482

20.3 MARKET RISKS

i. Currency Risk

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. There has been no change in the Corporation's objectives and policies for managing this risk during the period ended September 30, 2018.

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

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

	September 30, 2018	December 31, 2017
Canadian dollar	309	107
CFA Francs	43,275	(696)
Euro	919	-
Other currencies	2,707	2,843
Total	\$ 47,210	\$ 2,254

The effect on earnings before taxes as at September 30, 2018, of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above mentioned financial and non-financial assets and liabilities of the Corporation is estimated to be \$4.7 million (December 31, 2017, \$0.2 million), assuming that all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at September 30, 2018.

ii. Interest Rate Risk

Interest rate risk is the risk that future cash flows from, or the fair values of, the Corporation's financial instruments will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk primarily on its long-term debt. Since marketable securities and government treasury securities held as loans are short term in nature and are usually held to maturity, there is minimal fair value sensitivity to changes in interest rates. The Corporation continually monitors its exposure to interest rates and is comfortable with its exposure given the relatively low short-term US interest rates and LIBOR.

The effect on earnings and other comprehensive loss before tax as at September 30, 2018, of a 10% change in the LIBOR rate on the RCF is estimated to be \$0.1 million (December 31, 2017 - \$0.1 million).

iii. Price Risk

Price risk is the risk that the fair value or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market prices. There has been no change in the Corporation's objectives and policies for managing this risk and no significant changes to the Corporation's exposure to price risk during the period ended September 30, 2018.

21 COMMITMENTS AND CONTINGENCIES

- › The Corporation has commitments in place at all five of its mines and other key projects for drill and blasting services, load and haul services, supply of explosives and supply of hydrocarbon services.
- › The Corporation is subject to operating and finance lease commitments in connection with the purchase of mining equipment, light duty vehicles and workshop and rented office premises.
- › The Corporation is, from time to time, involved in various claims, legal proceedings, tax assessments and complaints arising in the ordinary course of business from third parties. The Corporation cannot reasonably predict the likelihood or outcome of these actions. The Corporation does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations.
- › The Corporation was recently served in the Cayman Islands with notice of a claim by a former service provider. The Corporation is taking legal advice on the merits of the claim and the probable outcome but intends to vigorously defend against the claims.
- › The Corporation's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Corporation believes its operations are materially in compliance with all applicable laws and regulations. The Corporation has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- › The Corporation is obligated to deliver 100,000 ounces of gold (20,000 ounces per year) to Franco-Nevada Corporation and Sandstorm Gold Inc. (the "Syndicate") over a five period in exchange for 20% of the spot price of gold for each ounce of gold delivered (the "ongoing payment"). The amount that was previously advanced for this agreement of \$100 million is reduced on each delivery by the excess of the spot price of the gold delivered over the ongoing payment. Following the five-year period, which commenced on March 31, 2016, the Corporation is committed to deliver refined gold equal to 6.5% of the gold production at the Karma Mine for the life of the mine in exchange for ongoing payments. The Corporation must deliver an additional 7,500 ounces between July 2017 and April 2019 in exchange for the additional deposit of \$5 million received in 2017. The Corporation assumed the gold stream when it acquired the Karma Mine on April 26, 2016. Gold ounces sold to the Syndicate under the stream agreement are recognized as revenue only on the actual proceeds received, which per the agreement is 20% of the spot gold price.

22 SUBSEQUENT EVENTS

The Corporation drew \$50.0 million on the loan facility (Note 11 i) on October 10, 2018.