ENDEAVOUR MINING

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 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 June 30, 2018	As at December 31, 2017
ASSETS			
Current			
Cash		78,762	122,702
Cash - restricted		665	1,327
Trade and other receivables		50,444	50,698
Income taxes receivable		378	627
Inventories	5	123,381	134,766
Current portion of derivative financial assets	16	7,762	-
Prepaid expenses and other	6	32,987	44,514
Assets held for sale	4	130,909	-
		425,288	**354,634**
Mining interests	7	1,378,126	1,317,952
Deferred income taxes		4,637	6,267
Other long term assets	8	29,588	14,658
Total assets		**$ 1,837,639**	**$ 1,693,511**
LIABILITIES			
Current			
Trade and other payables	9	149,891	220,781
Current portion of finance obligations	10	19,452	17,658
Income taxes payable		22,652	2,746
Liabilities held for sale	4	57,714	-
		249,709	**241,185**
Finance obligations	10	49,686	36,744
Long term debt	11	410,204	286,440
Other long-term liabilities	12	38,688	52,615
Deferred income taxes		73,827	75,906
Total liabilities		**$ 822,114**	**$ 692,890**
EQUITY			
Share capital		1,738,131	1,735,074
Equity reserve	13	59,309	56,041
Deficit		(808,470)	(806,251)
Equity attributable to shareholders of the Corporation		**988,970**	**984,864**
Non-controlling interests	14	26,555	15,757
Total equity		**1,015,525**	**1,000,621**
		$ 1,837,639	**$ 1,693,511**

COMMITMENTS AND CONTINGENCIES (NOTE 21)

Approved by the Board: August 1, 2018

"Sebastien de Montessus" Director "Wayne McManus" Director

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

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

In thousands of US$	Note	THREE MONTHS ENDED JUNE 30, 2018	THREE MONTHS ENDED JUNE 30, 2017	SIX MONTHS ENDED JUNE 30, 2018	SIX MONTHS ENDED JUNE 30, 2017
Revenues					
Gold revenue	18	189,515	100,520	388,409	204,701
Cost of sales					
Operating expenses		(92,646)	(49,276)	(175,922)	(105,807)
Depreciation and depletion	7	(43,538)	(20,202)	(83,042)	(41,410)
Royalties		(10,254)	(4,666)	(22,437)	(9,392)
Earnings from mine operations		**43,077**	**26,376**	**107,008**	**48,092**
Corporate costs		(6,130)	(6,365)	(12,618)	(12,295)
Acquisition and restructuring costs		-	(936)	-	(2,460)
Share-based compensation	13	(10,109)	(1,808)	(12,777)	(9,443)
Exploration costs		(2,284)	(1,995)	(5,038)	(4,236)
Earnings from operations		**24,554**	**15,272**	**76,575**	**19,658**
Other income (expenses)					
Gain/(loss) on financial instruments	15	10,922	3,408	(481)	(8,478)
Finance costs	11	(4,549)	(5,328)	(12,045)	(11,202)
Other expenses		(818)	(847)	(983)	2,690
Earnings from continuing operations before taxes		**30,109**	**12,505**	**63,066**	**2,668**
Current income tax expense		(17,095)	(5,418)	(27,867)	(6,681)
Deferred income tax (expense)/recovery	17	(4,432)	6,301	449	8,783
Net and comprehensive earnings from continuing operations		**8,582**	**13,388**	**35,648**	**4,770**
Net income from discontinued operations	4	(24,025)	3,881	(23,432)	10,307
Total net and comprehensive (loss)/earnings		**(15,443)**	**17,269**	**12,216**	**15,077**
Net earnings/(loss) from continuing operations attributable to:					
Shareholders of Endeavour Mining Corporation		4,017	9,572	16,822	(3,936)
Non-controlling interests	14	4,565	3,816	18,826	8,706
Net earnings from continuing operations		**8,582**	**13,388**	**35,648**	**4,770**
Total net (loss)/earnings attributable to:					
Shareholders of Endeavour Mining Corporation		(15,311)	13,444	(2,219)	5,728
Non-controlling interests	14	(132)	3,825	14,435	9,349
Total net (loss)/earnings		**$ (15,443)**	**17,269**	**$ 12,216**	**$ 15,077**
Net earnings/(loss) per share from continuing operations	13				
Basic earnings/(loss) per share		$ 0.04	$ 0.10	$ 0.16	$ (0.04)
Diluted earnings/(loss) per share		$ 0.04	$ 0.10	$ 0.16	$ (0.04)
Net earnings/(loss) per share	13				
Basic earnings/(loss) per share		$ (0.14)	$ 0.14	$ (0.02)	$ 0.06
Diluted earnings/(loss) per share		$ (0.14)	$ 0.14	$ (0.02)	$ 0.06

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)

		THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
In thousands of US$	Note	2018	2017	2018	2017
Operating Activities					
Earnings before taxes[1]		10,702	23,141	45,075	21,475
Adjustments for:					
Depreciation and depletion	7	52,135	35,811	96,202	71,903
Financing costs	11	4,767	5,818	12,525	11,742
Share based compensation	13	10,109	1,809	12,777	9,443
(Gain)/loss on financial instruments	15	(12,907)	(3,153)	(973)	5,911
Cash paid on settlement of share appreciation rights, DSUs and PSUs	13	(1,890)	(929)	(4,447)	(1,101)
Income taxes paid		(5,626)	(10,173)	(7,916)	(11,294)
Payment of gold collar premium	16	(1,744)	(1,829)	(2,325)	(3,658)
Net non-cash inventory adjustments		15,453	(125)	20,246	3,475
Foreign exchange loss		(2,421)	4,604	(7,865)	(983)
Operating cash flows before non-cash working capital		68,578	54,974	163,299	106,913
Trade and other receivables		(3,750)	(3,751)	(1,331)	(4,952)
Inventories		(2,801)	(2,446)	(26,006)	(8,826)
Prepaid expenses and other		(3,772)	(14,701)	(2,966)	(12,977)
Trade and other payables		1,311	(6,773)	(25,127)	3,972
Changes in non-cash working capital		(9,012)	(27,671)	(55,430)	(22,783)
Cash generated from operating activities		**$ 59,566**	**$ 27,303**	**$ 107,869**	**$ 84,130**
Investing Activities					
Expenditures and prepayments on mining interests - Mining interests		(32,170)	(22,995)	(73,682)	(59,125)
Expenditures and prepayments on mining interests - Assets under construction		(87,933)	(74,826)	(162,713)	(138,512)
Cash paid for additional interest of Ity mine		-	(53,915)	-	(53,915)
Changes in long-term inventories	8	(7,213)	-	(10,268)	-
Cash used in investing activities		**$ (127,316)**	**$ (151,736)**	**$ (246,663)**	**$ (251,552)**
Financing Activities					
Proceeds received from the issue of common shares	13	(43)	47,019	559	51,806
Payment of financing and other fees	11	(6,744)	(1,277)	(10,363)	(1,277)
Interest paid		(1,911)	(3,598)	(2,299)	(3,880)
Proceeds of long-term debt	11	70,000	80,000	70,000	80,000
Repayment of long-term debt	11	-	-	(280,000)	-
Convertible senior bond	11	-	-	330,000	-
Repayment of finance lease obligation		(5,533)	(926)	(9,612)	(1,830)
Deposit/(refund) paid on reclamation liability bond		-	1,351	(157)	3,089
Cash generated from financing activities		**$ 55,769**	**$ 122,569**	**$ 98,128**	**$ 127,908**
Effect of exchange rate changes on cash		217	(429)	63	82
Decrease in cash		(11,764)	(2,293)	(40,603)	(39,432)
Cash, beginning of period		93,863	87,156	122,702	124,294
Cash, end of period		**$ 82,099**	**$ 84,863**	**$ 82,099**	**$ 84,862**
Less: Cash relating to assets held for sale	4	(3,337)	-	(3,337)	-
Cash and cash equivalents		**$ 78,762**	**$ 84,863**	**$ 78,762**	**$ 84,862**

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

		THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	Note	2018	2017	2018	2017
[1] Earnings before taxes from continuing operations		30,109	12,505	63,066	2,668
(Loss)/gain from discontinued operations	4	(24,025)	3,881	(23,432)	10,307
Deferred and current income taxes on discontinued operations	4	4,618	6,755	5,441	8,500
Earnings before income taxes		**10,702**	**23,141**	**45,075**	**21,475**

ENDEAVOUR MINING CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Thousands of United States Dollars)

(Unaudited)

		SHARE CAPITAL												
In thousands of US$	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
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**
Acquistion of non-controlling interest of the Ity mine		-	-	-	-	-	-	-	-	-	(34,241)	(34,241)	(22,974)	(57,215)
Exchangeable shares exchanged into common shares		2,761	-	73	(2,761)	-	(73)	-	-	-	-	-	-	-
Share options, PSU's and DSU's exercised		380,020	38	4,180	-	-	-	380,020	4,218	(1,466)	-	2,752	-	2,752
Amortization of options, PSU's and RSU's		-	-	-	-	-	-	-	-	200	-	200	-	200
Dividends to non-controlling interests	14	-	-	-	-	-	-	-	-	-	-	-	(5,767)	(5,767)
Shares issued in private placements		2,573,372	257	47,576	-	-	-	2,573,372	47,576	-	-	47,576	-	47,576
Net (loss)/earnings and total comprehensive earnings		-	-	-	-	-	-	-	-	-	5,728	5,728	9,349	15,077
At June 30, 2017		**96,477,372**	**$ 9,643**	**$ 1,526,552**	**22,370**	**$ 2**	**$ 589**	**96,499,741**	**$ 1,536,529**	**$ 38,461**	**$ (644,186)**	**$ 930,804**	**$ 32,480**	**$ 963,284**
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		194,515	19	3,038	-	-	-	194,515	3,057	(2,498)	-	559	-	559
Reclassification of RSU's to liability		-	-	-	-	-	-	-	-	(3,909)	-	(3,909)	-	(3,909)
Share based compensation	13	-	-	-	-	-	-	-	-	9,675	-	9,675	-	9,675
Dividends to non-controlling interests	14	-	-	-	-	-	-	-	-	-	-	-	(3,637)	(3,637)
Net and total comprehensive earnings/(loss)		-	-	-	-	-	-	-	-	-	(2,219)	(2,219)	14,435	12,216
At June 30, 2018		**107,727,522**	**$ 10,768**	**$ 1,727,363**	**-**	**$ -**	**$ -**	**107,727,522**	**$ 1,738,131**	**$ 59,309**	**$ (808,470)**	**$ 988,970**	**$ 26,555**	**$ 1,015,525**

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 as explained in the accounting policies below. 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 1 January 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 June 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 June 30, 2018. The Corporation is currently evaluating the impact this standard is expected to have on the Corporation's accounting policies and financial statements:

- *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.

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

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.

The determination of fair value of assets and liabilities acquired is based on preliminary estimates and has not been finalized as the Corporation finalises the tax filings and outstanding tax positions of Avnel from prior to the acquisition. The Corporation is currently in the process of determining the fair values of the net assets acquired, assessing and measuring the associated deferred income tax assets and liabilities and potential goodwill on the acquisition. Non-controlling interest is measured at its proportionate share of the fair value of net assets. The actual fair values of the assets and liabilities may differ materially from the amounts disclosed in the preliminary fair value below and are subject to change.

The consideration and preliminary allocation to the value of assets acquired and liabilities assumed are as follows:

	Fair value at acquistion date
Purchase price:	
Fair value of 7,218,964 Endeavour common shares issued	134,016
	$ 134,016
Net assets/(liabilities) acquired	
Mining interests	171,996
Cash	7,982
Provision for reclamation	(2,104)
Non-controlling interest	(522)
Net working capital acquired (excluding cash)	(15,201)
Deferred income and mining taxes	(28,135)
Net Assets	**$ 134,016**

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

4 DISPOSALS OF MINING INTERESTS

4.1 RECLASSIFICATION OF THE TABAKOTO MINE

At June 30, 2018, management had committed to a plan to sell the Tabakoto mine cash generating unit ("CGU"). Efforts to sell the mining interest have started and a sale is expected in the next twelve months. Accordingly, the Tabakoto CGU has been classified as an asset held for sale and a discontinued operation.

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

In classifying the Tabakoto CGU as held for sale, an impairment assessment was completed to recognize the CGU at the lower of its carrying value and fair value less costs to sell. The fair value less costs to sell was valued using a market-based valuation approach.

The profit and loss for the CGU was as follows:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2018	2017	2018	2017
Gold revenue	37,350	51,975	78,738	105,718
Operating costs	(46,478)	(30,717)	(79,831)	(70,699)
Depreciation and depletion	(8,598)	(11,050)	(13,161)	(21,284)
Royalties	(2,237)	(3,139)	(4,711)	(6,303)
Other gains/(losses)	556	(602)	974	1,497
Income before taxes	**$ (19,407)**	**$ 6,467**	**$ (17,991)**	**$ 8,929**
Current income tax expense	(4,618)	(1,476)	(5,441)	(2,736)
Deferred income tax recovery (expense)	-	(5,360)	-	(5,764)
Net (loss) gain from discontinued operations	**$ (24,025)**	**$ (369)**	**$ (23,432)**	**$ 429**
Shareholders of Endeavour Mining Corporation	(19,940)	(303)	(19,041)	352
Non-controlling interest	(4,085)	(66)	(4,391)	77
Total (loss)/earnings from discontinued operations	**$ (24,025)**	**$ (369)**	**$ (23,432)**	**$ 429**

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

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

		June 30, 2018
Cash and short-term deposits		3,337
Restricted cash		133
Trade and other recievables		1,093
Prepaid expenses and other		5,587
Inventories [1]		18,513
Mining interests		97,213
Other long term assets		5,033
Assets Held for Sale		**130,909**
Trade and other payables		(40,651)
Other liabilities		(17,063)
Liabilities Held for Sale		**(57,714)**
Net assets	**$**	**73,195**

[1] Includes an adjustment to the inventory provision of $13.5 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 CGU included in the Corporation's condensed interim consolidated statement of cash flows are as follows:

	THREE MONTHS ENDED JUNE 30,				SIX MONTHS ENDED JUNE 30,			
		2018		2017		2018		2017
Cash generated from operating activities		6,431		9,322		6,149		9,680
Cash used in investing activities		(9,444)		(10,311)		(16,518)		(17,412)
Cash used in financing activities		(1,149)		(1,411)		(2,195)		(2,321)
Total	**$**	**(4,162)**	**$**	**(2,400)**	**$**	**(12,564)**	**$**	**(10,054)**

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

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 million contingent on the future cash flows of the Nzema Mine between January 30, 2018 and December 31, 2019.

The prior year comparatives for the condensed interim consolidated statements of the Corporation have been restated to classify Nzema as a discontinued operation which had income of $5.6 million in the period ended June 30, 2017:

	THREE MONTHS ENDED JUNE 30,	SIX MONTHS ENDED JUNE 30,
	2017	2017
Gold revenue	33,002	68,218
Operating costs	(21,991)	(45,543)
Depreciation and depletion	(4,559)	(9,209)
Royalties	(1,952)	(3,930)
Other income	(331)	342
Income before taxes	**$ 4,169**	**$ 9,878**
Current income tax expense	81	-
Net gain from discontinued operations	**$ 4,250**	**$ 9,878**
Shareholders of Endeavour Mining Corporation	4,174	9,312
Non-controlling interest	76	566
Total earnings/(loss) from discontinued operations	**$ 4,250**	**$ 9,878**
Net loss per share from discontinued operations		
Basic	$ 0.04	$ 0.10
Diluted	$ 0.04	$ 0.10

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

	THREE MONTHS ENDED JUNE 30,	SIX MONTHS ENDED JUNE 30,
	2017	2017
Cash generated from operating activities	3,540	10,224
Cash received (used) in investing activities	(1,508)	(3,855)
Cash generated from financing activities	-	-
Total	**$ 2,033**	**$ 6,369**

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

5 INVENTORIES

	June 30, 2018	December 31, 2017
Doré bars	7,961	9,526
Gold in circuit and finished goods	24,495	30,554
Ore stockpiles	42,177	31,212
Spare parts and supplies	48,748	63,474
Total inventory [1]	**$ 123,381**	**$ 134,766**

[1] Includes a provision of $4.2 million to adjust spare parts and supplies inventory to net realizable value and a provision of $2.2 million to adjust gold in circuit and finished goods at Karma to net realizable value (December 31, 2017 – a charge of $14.8 million). 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 six months ended June 30, 2018, was $136.2 million and $258.9 million respectively, and was included in operating expenses (three and six months ended June 30, 2017- $69.5 million and $147.2 million respectively).

6 PREPAID EXPENSES AND OTHER

	June 30, 2018	December 31, 2017
Deposits	6,303	1,967
Insurance	404	965
Supplier prepayments - Operations	8,375	13,997
Supplier prepayments - Assets under construction	16,528	25,964
Other	1,377	1,621
Total	**$ 32,987**	**$ 44,514**

7 MINING INTERESTS

In thousands of US$	Note	MINING PROPERTIES 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	-	177,202	-	-	-	177,202
Additions/expenditures		52,391	37,753	87,312	299,421	6,541	483,418
Transfers related to Hounde construction to/(from)		223,256	-	201,682	(424,938)	-	-
Transfers on declaration of commercial production to/(from)		-	-	-	(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	365,997	878,175	69,704	9,119	2,235,844
Additions/expenditures		33,398	26,099	14,185	186,269	-	259,951
Transfers		-	-	44,925	(44,925)	-	-
Disposals		-	-	(4,346)	-	-	(4,346)
Transfer to asset held for sale	4	(524,210)	(107,994)	(174,536)	-	-	(806,740)
Balance as at June 30, 2018		**$ 422,037**	**$ 284,102**	**$ 758,403**	**$ 211,048**	**$ 9,119**	**$ 1,684,709**
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		42,902	-	52,910	-	390	96,202
Depreciation captured in inventory		2,335	-	1,837	-	-	4,172
Disposals		-	-	(2,814)	-	-	(2,814)
Transfer to asset held for sale	4	(450,321)	(105,576)	(152,972)	-	-	(708,869)
Balance as at June 30, 2018		**$ 35,822**	**$ 7,335**	**$ 260,090**	**$ -**	**$ 3,336**	**$ 306,583**
Carrying amounts							
At December 31, 2017		**$ 471,943**	**$ 253,086**	**$ 517,046**	**$ 69,704**	**$ 6,173**	**$ 1,317,952**
At June 30, 2018		**$ 386,215**	**$ 276,767**	**$ 498,313**	**$ 211,048**	**$ 5,783**	**$ 1,378,126**

At June 30, 2018, the additions of assets under construction included $28.6 million of long-term financing equipment obligations (December 31, 2017 - $23.2 million). Additions to assets under construction included $6.7 million of capitalized borrowing costs (December 31, 2017 – $10.7 million). The average capitalization rate was 1.76 % (December 31, 2017 – 1.42%) for the period.

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		-	-	-	-	171,996	-	-	171,996	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	176,199	3,169	9,115	1,427,802	808,042	-	2,235,844
Additions/expenditures		18,440	154,913	10,942	29,820	11,191	1,697	15,558	242,561	17,390	-	259,951
Transfers		-	-	-	-	-	18,692	-	18,692	(18,692)	-	-
Disposals		-	(4,346)	-	-	-	-	-	(4,346)	-	-	(4,346)
Transfer to asset held for sale	4	-	-	-	-	-	-	-	-	(806,740)	-	(806,740)
Balance as at June 30, 2018		**$ 275,520**	**$ 303,523**	**$ 359,393**	**$ 510,652**	**$ 187,390**	**$ 23,558**	**$ 24,673**	**$ 1,684,709**	**$ -**	**$ -**	**$ 1,684,709**
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	1,202,886
Depreciation/depletion		32,536	19,107	24,236	12,517	-	-	356	88,752	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	12,517	-	3,169	1,943	211,462	706,431	-	917,892
Depreciation/depletion		16,421	14,887	17,914	33,526	-	-	301	83,049	13,153	-	96,202
Depreciation captured in inventory		564	(92)	3,503	979	-	-	-	4,954	(782)	-	4,172
Transfers		-	-	-	-	-	9,933	-	9,933	(9,933)		-
Disposals		-	(2,814)	-	-	-	-	-	(2,814)	-	-	(2,814)
Transfer to asset held for sale	4	-	-	-	-	-	-	-	-	(708,869)	-	(708,869)
Balance as at June 30, 2018		**$ 136,607**	**$ 55,949**	**$ 51,660**	**$ 47,022**	**$ -**	**$ 13,102**	**$ 2,244**	**$ 306,584**	**$ -**	**$ -**	**$ 306,583**
Carrying amounts												
At December 31, 2017		**$ 137,458**	**$ 108,988**	**$ 318,208**	**$ 468,315**	**$ 176,199**	**$ -**	**$ 7,172**	**$ 1,216,340**	**$ 101,611**	**$ -**	**$ 1,317,952**
At June 30, 2018		**$ 138,913**	**$ 247,574**	**$ 307,733**	**$ 463,630**	**$ 187,390**	**$ 10,456**	**$ 22,429**	**$ 1,378,125**	**$ -**	**$ -**	**$ 1,378,126**

[1] Additions to mining interests of $259.9 million, net of leased additions and working capital changes, result in $236.4 million of cash outflows, as found on the condensed interim consolidated statement of cash flows.

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

8 OTHER LONG-TERM ASSETS

Other long-term assets are comprised of:

	June 30, 2018	December 31, 2017
Working capital loan receivable	1,088	1,062
Long term stockpiles	19,140	6,256
Long term critical spare parts and supplies	9,187	7,132
Long term receivable	173	208
Total	**$ 29,588**	**$ 14,658**

Long term stockpiles

Certain low-grade stockpiles that are not expected to be processed until the end of mine life are classified as long-term assets.

Long term critical spare parts and supplies

The Corporation performed an assessment surrounding the timing of the consumption of its critical parts and supplies and has classified these parts as long-term inventories at June 30, 2018 as they are not expected to be used in the next twelve months. In 2018 the Corporation reclassified $7.1 million of inventories at December 31, 2017 from current to long-term inventories based on assessment of the timing of consumption of the inventory.

9 TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	June 30, 2018	December 31, 2017
Trade accounts payable	99,399	183,340
Trade acccounts payable - assets under construction	24,095	21,791
Royalties payable	1,738	1,934
Taxes - direct and indirect	2,914	4,039
Payroll and social charges	8,411	1,225
Other payables	13,334	8,452
Total	**$ 149,891**	**$ 220,781**

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10 FINANCE OBLIGATIONS

The finance leases were composed of the following obligations:

	June 30, 2018	December 31, 2017
Finance obligations	69,138	54,402
Less: current portion	(19,452)	(17,658)
Long-term finance obligations	**$ 49,686**	**$ 36,744**

The present value of the Corporation long-term equipment financial obligations is split below. The present value of the minimum lease payments is 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	
	June 30, 2018	December 31, 2017
Not later than one year	22,014	18,513
Later than one year and not later than five years	59,160	44,741
	81,174	63,254
Less future finance charges	(12,036)	(8,852)
Present value of minimum finance payments	**$ 69,138**	**$ 54,402**

	MINIMUM LEASE PAYMENTS	
	June 30, 2018	December 31, 2017
Hounde Mine (ii)	42,153	48,142
Ity Mine (iii)	26,985	-
Tabakoto Mine (i)	-	6,260
Present value of minimum finance payments	**$ 69,138**	**$ 54,402**

i. Tabakoto Financing Arrangments

On March 7, 2014, the Corporation's Malian subsidiary entered a five-year, $18 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 developments. The lease terms have a fixed rate of 9.5% per annum to amortize the principal and there exists 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 June 30, 2018 the remaining finance obligation is included in liabilities held for sale.

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

ii. 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.

iii. 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 to be made between the first quarter of 2019 and 2022.

11 LONG-TERM DEBT

	Note		June 30, 2018		December 31, 2017
Corporate loan facility	11.1		90,000		300,000
Deferred financing costs			(7,958)		(13,560)
Revolving credit facility		**$**	**82,042**	**$**	**286,440**
Convertible senior bond	11.2		289,890		-
Conversion option	11.2		38,272		-
Convertible senior bond		**$**	**328,162**	**$**	**-**
Total long term debt		**$**	**410,204**	**$**	**286,440**

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

The Corporation incurred the following finance costs in the period:

		THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	Note	2018	2017	2018	2017
Interest expense		5,049	2,518	9,897	5,742
Amortisation of deferred facility fees		946	1,200	6,312	2,300
Commitment, structuring and other fees		950	1,610	2,539	3,160
Less: Capitalised borrowing costs	7	(2,396)	-	(6,703)	-
Total finance costs		**$ 4,549**	**$ 5,328**	**$ 12,045**	**$ 11,202**

i. Corporate Loan Facility

On September 19, 2017, the Corporation signed a $500 million revolving credit facility ("the new RCF") with a syndicate of leading international banks.

On February 10, 2018, the Corporation reduced the principal available of the RCF to $350 million, as result of the Corporation completing a private placement of $330 million convertible senior notes (Note 11 ii).

On March 9, 2018, the Corporation made a repayment of $280,000 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 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 6, 2018, the Corporation completed a private placement of convertible senior notes with a total principal amount of $330 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

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

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 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:

		June 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 June 30, 2018 has an effective interest rate of 6.2% and was as follows:

		June 30, 2018
Liability component at issue date		287,975
Less: Deferred finance costs		(4,730)
Interest charged in the period		6,645
Balance at June 30, 2018	**$**	**289,890**

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The conversion option related to the Notes is recorded at fair value, and the value at June 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 4.6 years, and a share price of $17.91.

	June 30, 2018
Conversion option at issue date	42,025
Fair value adjustment	(3,753)
Balance at June 30, 2018	**$ 38,272**

12 OTHER LONG-TERM LIABILITIES

Provisions are comprised of:

	June 30, 2018	December 31, 2017
Environmental rehabilitation provision	32,688	49,179
Share based liabilities	5,717	3,153
Net pension obligation	283	283
Total	**$ 38,688**	**$ 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, 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.

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13.3 SHARE-BASED COMPENSATION

The following table summarizes the share-based compensation expense:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2018	2017	2018	2017
Amortization of option grants	-	58	19	200
Amortisation and change in fair value of DSUs	29	232	(66)	1,147
Amortisation and change in fair value of PSUs	7,728	176	11,102	5,332
Amortisation and change in fair value of RSUs	2,352	1,342	1,722	2,764
Total share-based expenses	**$ 10,109**	**$ 1,808**	**$ 12,777**	**$ 9,443**

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	(79,025)	9.11
Forfeited	(4,485)	10.94
Expired	(699)	233.91
At June 30, 2018	**60,668**	**10.11**

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

Exercise Prices (C$)	Outstanding	Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
$5.20 - $7.99	10,133	10,133	$5.20	2.10 years
$8.00 - $14.99	50,069	50,069	$10.97	2.62 years
$15.00 - $24.99	466	466	$24.68	1.34 years
	60,668	**60,668**	**$10.11**	**2.52 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 AGM 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.

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

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	6.82	2,042,145	12.58	196,173	21.12
Granted	18,024	25.71	1,304,244	22.40	52,644	20.06
Exercised	-	-	(78,090)	6.30	(64,642)	21.58
Forfeited	-	-	(59,239)	17.99	-	-
At June 30, 2018	**172,101**	**8.80**	**3,209,060**	**16.62**	**184,175**	**20.66**

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 June 30, 2018, was $3.1 million (December 31, 2017 – $3.2 million). The total DSU share-based compensation expense recognized in the three and six months ended June 30, 2018 was $nil million and $(0.1) million (June 30, 2017, $0.2 million and $1.1 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.

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The total PSU share-based expense recognized in the consolidated statements of comprehensive loss was $7.7 million and $11.1 million for the three and six months ended June 30, 2018 (June 30, 2017, $0.2 million and $5.3 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 $2.4 million and $1.7 million for the three and six months ended June 30, 2018 (June 30, 2017 - $1.3 million and $2.8 million respectively). At June 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 June 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 JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2018	2017	2018	2017
Basic weighted average number of shares outstanding	107,727,522	95,807,936	107,681,174	94,757,477
Effect of dilutive securities[1]				
Stock options, RSU's and PSU's	260,309	189,564	289,985	244,802
Diluted weighted average number of shares outstanding	107,987,831	95,997,500	107,971,159	95,002,279
Total common shares outstanding at June 30, 2018	107,727,522	96,499,741	107,727,522	96,499,741
Total potential diluted common shares at June 30, 2018	112,238,898	99,506,327	112,238,898	99,506,327

[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 would have been anti-dilutive.

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

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%	Hounde Gold Operations 10%	Societe des Mines d'Or de Kalana (Kalana Project) 20%	Total (before discontinued operations)	Segala Mining Co SA/Kofi Mining S.à 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
Acquistion 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		3,558	799	657	13,387	-	18,401	(3,966)	-	14,435
Dividend distribution		(3,452)	-	-	-	-	(3,452)	(185)	-	(3,637)
At June 30, 2018		**$ 47,393**	**$ 18,230**	**$ 11,511**	**$ 9,946**	**$ 522**	**$ 87,602**	**$ (61,047)**	**$ -**	**$ 26,555**

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

15 LOSSES ON FINANCIAL INSTRUMENTS

	Note	THREE MONTHS ENDED JUNE 30, 2018	THREE MONTHS ENDED JUNE 30, 2017	SIX MONTHS ENDED JUNE 30, 2018	SIX MONTHS ENDED JUNE 30, 2017
Other gains/(losses) on other financial instruments		134	(120)	272	554
program	16	10,197	348	5,455	(10,281)
Unrealised loss on convertible senior bond	11	5,576	-	3,753	-
(Loss)/gain on foreign exchange		(4,985)	3,180	(9,961)	1,249
Total		**$ 10,922**	**$ 3,408**	**$ (481)**	**$ (8,478)**

16 DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the derivative financial assets:

	June 30, 2018	December 31, 2017
Gold revenue protection strategy	7,762	-
Derivative financial assets, current portion	**$ 7,762**	**$ -**

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

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2018	2017	2018	2017
Realized loss on gold revenue protection strategy premium	(1,744)	(1,829)	(2,325)	(3,658)
Unrealized gain (loss) on gold and fuel price protection strategy	11,941	2,177	7,780	(6,623)
Loss on derivative financial instruments	**$ 10,197**	**$ 348**	**$ 5,455**	**$ (10,281)**

16.1 GOLD REVENUE PROTECTION STRATEGY

In the six months ended June 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 consolidated statement of comprehensive loss.

As at June 30, 2018, 293,329 ounces remain outstanding under the Collar derivative liability. An unrealized gain of $11.9 million and $7.8 million was recognized in the three and six months ended June 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 six months ended June 30, 2018, the Corporation incurred $1.7 million and $2.3 million in premium costs, included in realized losses 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 consolidated financial statements in the period that such changes occur.

18 SEGMENTED INFORMATION

The Corporation operates in three principal geographical areas, Burkina Faso (Karma and Hounde mine), Côte d'Ivoire (Agbaou and Ity mines), and Mali (Tabakoto Mine and Kalana Project). The following table provides the Corporation's revenue and results by reportable segment.

THREE MONTHS ENDED JUNE 30, 2018

	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Hounde Mine Burkina Faso	Kalana Project Mali	Exploration	Non-Mining	Total
Revenue								
Gold revenue	44,703	34,207	21,879	88,726	-	-	-	189,515
Cost of sales								
Operating expenses	(24,825)	(17,198)	(19,143)	(32,236)	-	-	756	(92,646)
Depreciation and depletion	(8,806)	(7,470)	(9,840)	(17,773)	-	-	351	(43,538)
Royalties	(1,638)	(1,165)	(1,703)	(5,748)	-	-	-	(10,254)
Earnings (loss) from mine operations	**9,434**	**8,374**	**(8,807)**	**32,969**	**-**	**-**	**1,107**	**43,079**
Corporate costs	-	-	-	-	-	-	(6,130)	(6,130)
Share-based payments	-	-	-	-	-	-	(10,109)	(10,109)
Exploration	-	(36)	(1,695)	-	-	(553)	-	(2,284)
Earnings (loss) from operations	**9,434**	**8,338**	**(10,502)**	**32,969**	**-**	**(553)**	**(15,132)**	**24,556**
Other (expenses) income								
(Loss) gain on financial instruments	(1,395)	(1,827)	(324)	(531)	(936)	(150)	16,085	10,922
Finance costs	(97)	283	(67)	(832)	-	-	(3,826)	(4,549)
Other expense	-	-	-	6	-	-	(824)	(818)
	(1,492)	**(1,544)**	**(391)**	**(1,357)**	**(936)**	**(150)**	**11,435**	**5,555**
Earnings (loss) before taxes	**7,942**	**6,794**	**(10,893)**	**31,612**	**(936)**	**(703)**	**(3,697)**	**30,111**
Deferred income tax (expense)/recovery	(4,768)	(5,467)	(1,000)	(7,423)	(2,269)	-	(1,050)	(21,977)
Net earnings (loss) from continuing operations	**3,174**	**1,327**	**(11,893)**	**24,189**	**(3,205)**	**(703)**	**(4,747)**	**8,134**

THREE MONTHS ENDED 30 JUNE 2017

In thousands of US$	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Hounde Project Burkina Faso	Exploration	Non-Mining	Total
Revenue							
Gold revenue	58,888	16,684	24,948	-	-	-	100,520
Cost of sales							
Operating expenses	(24,691)	(8,777)	(15,808)	-	-	-	(49,276)
Depreciation and depletion	(8,814)	(5,716)	(5,459)	-	-	(213)	(20,202)
Royalties	(2,107)	(643)	(1,916)	-	-	-	(4,666)
Earnings (loss) from mine operations	**23,276**	**1,548**	**1,765**	**-**	**-**	**(213)**	**26,376**
Corporate costs	-	-	-	-	-	(6,365)	(6,365)
Acquisition costs	-	-	-	-	-	(936)	(936)
Share-based payments	-	-	-	-	-	(1,808)	(1,808)
Exploration	-	426	(1,349)	-	(1,072)	-	(1,995)
Earnings (loss) from operations	**23,276**	**1,974**	**416**	**-**	**(1,072)**	**(9,322)**	**15,272**
Other (expenses)/income							
(Loss) gain on financial instruments	(22)	(801)	(821)	1,960	119	2,973	3,408
Finance costs	(115)	355	(67)	-	-	(5,501)	(5,328)
Other income	-	-	-	-	-	(847)	(847)
	(137)	**(446)**	**(888)**	**1,960**	**119**	**(3,375)**	**(2,767)**
Earnings (loss) before taxes	**23,139**	**1,528**	**(472)**	**1,960**	**(953)**	**(12,697)**	**12,505**
Deferred and income tax recovery (expense)	202	(499)	1,392	-	-	(212)	883
Net earnings (loss) from continuing operations	**$ 23,341**	**$ 1,029**	**$ 920**	**$ 1,960**	**$ (953)**	**$ (12,909)**	**$ 13,388**

SIX MONTHS ENDED JUNE 30 2018

In thousands of US$	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Hounde Mine Burkina Faso	Kalana Project Mali	Exploration	Non-Mining	Total
Revenue								
Gold revenue	89,265	57,684	53,604	187,856	-	-	-	388,409
Cost of sales								
Operating expenses	(47,237)	(31,689)	(39,495)	(57,437)	-	-	(64)	(175,922)
Depreciation and depletion	(16,421)	(14,887)	(17,914)	(33,518)	-	-	(302)	(83,042)
Royalties	(3,472)	(2,084)	(4,214)	(12,667)	-	-	-	(22,437)
Earnings (loss) from mine operations	**22,135**	**9,024**	**(8,019)**	**84,234**	**-**	**-**	**(366)**	**107,010**
Corporate costs	-	-	-	-	-	-	(12,618)	(12,618)
Share-based payments	-	-	-	-	-	-	(12,777)	(12,777)
Exploration	-	(87)	(2,912)	-	(13)	(2,026)	-	(5,038)
Earnings (loss) from operations	**22,135**	**8,937**	**(10,931)**	**84,234**	**(13)**	**(2,026)**	**(25,761)**	**76,577**
Other (expenses) income								
(Loss) gain on financial instruments	(1,710)	-	(1,545)	(5,985)	36	(288)	9,011	(481)
Finance costs	(188)	273	(133)	(1,194)	-	-	(10,803)	(12,045)
Other expense	-	-	-	-	-	-	(983)	(983)
	(1,898)	**273**	**(1,678)**	**(7,179)**	**36**	**(288)**	**(2,775)**	**(13,509)**
Earnings (loss) before taxes	**20,237**	**9,210**	**(12,609)**	**77,055**	**23**	**(2,314)**	**(28,536)**	**63,068**
Deferred income tax (expense)/recovery	(2,934)	(6,160)	(862)	(16,862)	-	-	(1,050)	(27,868)
Net earnings (loss) from continuing operations	**17,303**	**3,050**	**(13,471)**	**60,193**	**23**	**(2,314)**	**(29,586)**	**35,200**

SIX MONTHS ENDED 30 JUNE 2017

In thousands of US$	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Hounde Project Burkina Faso	Exploration	Non-Mining	Total
Revenue							
Gold revenue	107,476	39,151	58,074	-	-	-	204,701
Cost of sales							
Operating expenses	(46,665)	(22,437)	(36,705)	-	-	-	(105,807)
Depreciation and depletion	(16,175)	(11,110)	(13,719)	-	-	(406)	(41,410)
Royalties	(3,814)	(1,413)	(4,165)	-	-	-	(9,392)
Earnings (loss) from mine operations	**40,822**	**4,191**	**3,485**	**-**	**-**	**(406)**	**48,092**
Corporate costs	-	-	-	-	-	(12,295)	(12,295)
Acquisition costs	-	-	-	-	-	(2,460)	(2,460)
Share-based payments	-	-	-	-	-	(9,443)	(9,443)
Exploration	-	(750)	(1,349)	-	(2,137)	-	(4,236)
Earnings (loss) from operations	**40,822**	**3,441**	**2,136**	**-**	**(2,137)**	**(24,604)**	**19,658**
Other income (expenses)							
Losses (Gains) on financial instruments	(272)	(655)	(41)	2,486	99	(10,095)	(8,478)
Finance costs	(205)	336	(125)	-	-	(11,208)	(11,202)
Other (expense) income	-	-	-	-	-	2,690	2,690
	(477)	**(319)**	**(166)**	**2,486**	**99**	**(18,613)**	**(16,990)**
Earnings (loss) before taxes	**40,345**	**3,122**	**1,970**	**2,486**	**(2,038)**	**(43,217)**	**2,668**
Deferred and income tax recovery (expense)	1,675	(1,639)	2,857	-	30	(821)	2,102
Net earnings (loss) from continuing operations	**42,020**	**1,483**	**4,827**	**2,486**	**(2,008)**	**(44,038)**	**4,770**

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the periods ended June 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.

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

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

SIX MONTHS ENDED JUNE 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	138,913	-	247,574	307,733	463,630	187,390	10,456	22,430	1,378,126
Current Assets	44,508	-	60,994	64,608	58,904	1,880	5,246	58,239	294,379
Long-term assets	151	-	13,234	12,482	3,721	-	-	-	29,588
Deferred income taxes	1,458	-	3,179	-	-	-	-	-	4,637
Assets held for sale		130,909							130,909
Total assets	**185,030**	**130,909**	**324,981**	**384,823**	**526,255**	**189,270**	**15,702**	**80,669**	**1,837,639**
Current Liabilities	28,518	639	23,517	32,749	67,429	10,777	3,203	25,163	191,995
Long-term Liabilities	8,786	-	3,917	4,452	42,592	30,387	-	408,444	498,578
Deferred Tax Liabilites	39	-	-	27,902	17,602	28,284	-	-	73,827
Liabilities held for sale	-	57,714	-	-	-	-	-	-	57,714
Total liabilities	**37,343**	**57,714**	**27,434**	**65,103**	**127,623**	**69,448**	**3,203**	**433,607**	**822,114**

YEAR ENDED 31 DECEMBER 2017

	Agbaou Mine Côte d'Ivoire	Tabakoto Mine Mali	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Project Burkina Faso	Kalana Project Mali	Exploration Other	Non-Mining Other	Total
Mineral Property	137,457	101,611	108,988	318,208	468,315	176,199	-	7,174	1,317,952
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 Tax Asset	-	-	6,267	-	-	-	-	-	6,267
Total assets	**194,657**	**146,589**	**182,984**	**386,791**	**528,673**	**178,401**	**1,561**	**73,855**	**1,693,511**
Current Liabilities	36,623	35,509	48,375	37,918	35,327	12,747	1,300	33,386	241,185
Long-term Liabilities	8,841	18,875	9,108	4,319	48,163	31,921	-	254,572	375,799
Deferred Tax Liability	3,100	-	-	24,789	18,200	29,817	-	-	75,906
Total liabilities	**48,564**	**54,384**	**57,483**	**67,026**	**101,690**	**74,485**	**1,300**	**287,958**	**692,890**

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

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:

	June 30, 2018	December 31, 2017
Equity	1,015,525	1,000,621
Current and long-term debt	410,204	286,440
	1,425,729	1,287,061
Less:		
Cash	(78,762)	(122,702)
Cash - restricted	(665)	(1,327)
Derivative financial assets	(7,762)	-
Marketable securities	(1,132)	(981)
Total	**$ 1,337,408**	**$ 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 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 $301.1 million.

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

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 June 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:

JUNE 30, 2018

	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		78,762	-	-	78,762
Cash - restricted		665	-	-	665
Gold revenue protection	16	-	7,762	-	7,762
Marketable securities		1,132	-	-	1,132
Total		**$ 80,559**	**$ 7,762**	**$ -**	**$ 88,321**
Liabilities:					
Conversion option on Notes	11	-	(38,272)	-	(38,272)
Total		**$ -**	**$ (38,272)**	**$ -**	**$ (38,272)**

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.

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

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 June 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, but the historical level of customer defaults is minimal and, as a result, the credit risk associated with gold trade receivables at June 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:

	June 30, 2018	December 31, 2017
Cash	78,762	122,702
Cash - restricted	665	1,327
Trade and other receivables	50,444	50,698
Working capital loan	1,088	1,062
Derivative financial assets	7,762	-
Marketable securities	1,132	981
Long-term receivable	173	208
Total	**$ 140,026**	**$ 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.

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

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

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	149,891	-	-	-	149,891
Corporate loan facility	-	-	90,000	-	90,000
Convertible senior bond	9,900	19,800	349,800	-	379,500
Finance obligations	22,014	39,989	19,171	-	81,174
Minimum operating lease payments	4,353	115		-	4,468
Total	**$ 186,158**	**$ 59,904**	**$ 458,971**	**$ -**	**$ 705,033**

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 June 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:

	June 30, 2018	December 31, 2017
Canadian dollar	163	107
CFA Francs	30,601	(696)
Euro	95	-
Other currencies	3,010	2,843
Total	**$ 33,869**	**$ 2,254**

The effect on earnings before taxes as at June 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 $3.4 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 June 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 June 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 June 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.