



**ENDEAVOUR
MINING**

**CONDENSED INTERIM
CONSOLIDATED FINANCIAL
STATEMENTS**

For the three and six months ended June 30, 2019 and 2018



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

In thousands of US\$	Note	As at June 30, 2019	As at December 31, 2018
ASSETS			
Current			
Cash		77,677	124,022
Trade and other receivables	6	63,440	57,782
Inventories	4	169,507	126,353
Current portion of derivative financial assets	16	-	1,636
Prepaid expenses and other	5	20,515	16,975
		331,139	326,768
Non-current			
Mining interests	7	1,592,723	1,543,842
Deferred income taxes		1,958	4,186
Other long-term assets	8	56,330	47,247
Total assets		\$ 1,982,150	\$ 1,922,043
LIABILITIES			
Current			
Trade and other payables	9	144,160	177,322
Current portion of finance and lease obligations	10	31,540	24,034
Current portion of derivative financial liabilities	16	9,440	-
Income taxes payable	17	43,153	47,064
		228,293	248,420
Non-current			
Finance and lease obligations	10	76,595	76,347
Long-term debt	11	622,721	542,248
Other long-term liabilities	12	41,765	41,877
Deferred income taxes		66,896	68,818
Total liabilities		\$ 1,036,270	\$ 977,710
EQUITY			
Share capital		1,774,145	1,743,661
Equity reserve	13	59,122	65,452
Deficit		(979,030)	(951,107)
Equity attributable to shareholders of the Corporation		854,237	858,006
Non-controlling interests	14	91,643	86,327
Total equity		945,880	944,333
Total equity and liabilities		\$ 1,982,150	\$ 1,922,043

COMMITMENTS AND CONTINGENCIES (NOTE 21)

Approved by the Board: August 1, 2019

"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 Statement of Comprehensive Earnings/(Loss)
(Expressed in Thousands of United States Dollars)

	Note	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
		2019	2018	2019	2018
In thousands of US\$					
Revenues					
Gold revenue		219,371	189,515	370,681	388,409
Cost of sales					
Operating expenses		(103,318)	(92,646)	(191,681)	(175,922)
Depreciation and depletion	7	(51,970)	(43,538)	(88,102)	(83,042)
Royalties		(11,032)	(10,254)	(20,021)	(22,437)
Earnings from mine operations		53,051	43,077	70,877	107,008
Corporate costs		(5,143)	(6,130)	(11,204)	(12,618)
Share-based compensation	13	(4,385)	(10,109)	(6,985)	(12,777)
Exploration costs		(1,674)	(2,284)	(6,035)	(5,038)
Earnings from operations		41,849	24,554	46,653	76,575
Other income/(expenses)					
Gain/(loss) on financial instruments	15	(11,757)	10,922	(10,634)	(481)
Finance costs	11	(12,386)	(4,549)	(17,305)	(12,045)
Other income/(expenses)		4,574	(818)	4,377	(983)
Earnings/(loss) from continuing operations before taxes		22,280	30,109	23,091	63,066
Current income tax recovery/(expense)	17	(13,845)	(17,095)	(27,323)	(27,867)
Deferred income tax recovery/(expense)	17	(1,531)	(4,432)	(307)	449
Net and comprehensive earnings/(loss) from continuing operations		6,904	8,582	(4,539)	35,648
Net loss from discontinued operations	3	-	(24,025)	-	(23,432)
Total net and comprehensive earnings/(loss)		6,904	(15,443)	(4,539)	12,216
Net earnings/(loss) from continuing operations attributable to:					
Shareholders of Endeavour Mining Corporation		711	4,017	(13,956)	16,822
Non-controlling interests	14	6,193	4,565	9,417	18,826
Net earnings/(loss) from continuing operations		6,904	8,582	(4,539)	35,648
Total net earnings/(loss) attributable to:					
Shareholders of Endeavour Mining Corporation		711	(15,311)	(13,956)	(2,219)
Non-controlling interests	14	6,193	(132)	9,417	14,435
Total net earnings/(loss) attributable to:		\$ 6,904	\$ (15,443)	\$ (4,539)	\$ 12,216
Net earnings/(loss) per share from continuing operations					
Basic earnings/(loss) per share	13	\$ 0.01	\$ 0.04	\$ (0.13)	\$ 0.16
Diluted earnings/(loss) per share	13	\$ 0.01	\$ 0.04	\$ (0.13)	\$ 0.16
Net earnings/(loss) per share					
Basic earnings/(loss) per share	13	\$ 0.01	\$ (0.14)	\$ (0.13)	\$ (0.02)
Diluted earnings/(loss) per share	13	\$ 0.01	\$ (0.14)	\$ (0.13)	\$ (0.02)

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

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

In thousands of US\$	Note	THREE MONTHS ENDED		SIX MONTHS ENDED	
		JUNE 30,		JUNE 30,	
		2019	2018	2019	2018
Operating Activities					
Earnings/(loss) from continuing operations before taxes		22,280	30,109	23,091	63,066
Adjustments for:					
Depreciation and depletion	7	51,970	43,538	88,102	83,042
Financing costs	11	12,386	4,549	17,305	12,045
Share based compensation	13	4,385	10,109	6,985	12,777
(Gain)/loss on financial instruments	15	11,757	(10,922)	10,634	481
Cash paid on settlement of share appreciation rights, DSUs and PSUs	13	-	(1,890)	(1,125)	(4,447)
Income taxes paid		(29,569)	(3,422)	(31,234)	(5,712)
Net cash movement from gold collar settlements	16	(802)	(1,744)	(937)	(2,325)
Net non-cash asset adjustments		(10,659)	(1,910)	(2,004)	(185)
Foreign exchange loss		(4,426)	(3,389)	(5,503)	(10,122)
Operating cash flows before changes in non-cash working capital		57,322	65,028	105,314	148,620
Trade and other receivables		270	(4,403)	(3,630)	(640)
Inventories		(16,846)	(3,728)	(20,838)	(22,287)
Prepaid expenses and other		(3,107)	(1,799)	(4,338)	(893)
Trade and other payables		24,570	259	8,617	(23,080)
Changes in non-cash working capital		4,887	(9,671)	(20,189)	(46,900)
Operating cash flows generated from continuing operations		62,209	55,357	85,125	101,720
Operating cash flows generated from discontinued operations	3	-	4,209	-	6,149
Cash generated from operating activities		\$ 62,209	\$ 59,566	\$ 85,125	\$ 107,869
Investing Activities					
Expenditures and prepayments on mining interests - Mining interests	7	(46,532)	(23,602)	(83,661)	(57,164)
Expenditures and prepayments on mining interests - Assets under construction	7	(19,601)	(87,933)	(85,876)	(162,713)
Cash paid for additional interest of Ity mine	14	-	-	(453)	-
Changes in long-term assets	8	(2,469)	(7,213)	(8,469)	(10,268)
Investing cash flows used by continuing operations		(68,602)	(118,748)	(178,459)	(230,145)
Investing cashflows used by discontinued operations	3	-	(8,568)	-	(16,518)
Cash used in investing activities		\$ (68,602)	\$ (127,316)	\$ (178,459)	\$ (246,663)
Financing Activities					
Proceeds received from the issue of common shares	13	36	(43)	274	559
Payment of financing and other fees		(1,547)	(6,744)	(1,738)	(10,363)
Interest paid		(8,047)	(1,869)	(17,222)	(2,116)
Proceeds of long-term debt	11	20,000	70,000	80,000	70,000
Repayment of long-term debt	11	-	-	-	(280,000)
Proceeds from convertible senior bond	11	-	-	-	330,000
Repayment of finance and lease obligation	10	(10,954)	(4,515)	(14,374)	(7,600)
Deposit/(refund) paid on reclamation liability bond		-	-	-	(157)
Financing cash flows used by continuing operations		(512)	56,829	46,940	100,323
Financing cashflows used by discontinued operations	3	-	(1,060)	-	(2,195)
Cash generated from financing activities		\$ (512)	\$ 55,769	\$ 46,940	\$ 98,128
Effect of exchange rate changes on cash		548	217	49	63
Decrease in cash		(6,357)	(11,764)	(46,345)	(40,603)
Cash, beginning of period		84,034	93,863	124,022	122,702
Cash, end of period		\$ 77,677	\$ 82,099	\$ 77,677	\$ 82,099
Less: Cash relating to assets held for sale	3	-	(3,337)	-	(3,337)
Cash and cash equivalents		\$ 77,677	\$ 78,762	\$ 77,677	\$ 78,762

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

ENDEAVOUR MINING CORPORATION

Condensed Interim Consolidated Statement of Changes in Equity

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

SHARE CAPITAL										
	Note	Number of Common Shares	Par Value	Additional Paid in Capital	Total Share Capital	Equity Reserve	Deficit	Total Attributable to Shareholders	Non- Controlling Interests	Total
In thousands of US\$										
At January 1, 2018		107,533,007	10,749	1,724,325	1,735,074	56,041	(806,251)	984,864	15,757	1,000,621
Shares issued on exercise of options, RSU's & PSU's		194,515	19	3,038	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	\$ 1,738,131	\$ 59,309	\$ (808,470)	\$ 988,970	\$ 26,555	\$ 1,015,525
At January 1, 2019		108,081,596	10,804	1,732,857	1,743,661	65,452	(951,107)	858,006	86,327	944,333
Shares issued on exercise of options and PSU's		770,956	77	12,792	12,869	(12,594)	-	275	-	275
Share based compensation	13	-	-	-	-	6,264	-	6,264	-	6,264
Acquisition of non-controlling interest of the Ity mine	14	1,072,305	107	17,508	17,615	-	(13,967)	3,648	(4,101)	(453)
Total and net comprehensive earnings/(loss)		-	-	-	-	-	(13,956)	(13,956)	9,417	(4,539)
At June 30, 2019		109,924,857	\$ 10,988	\$ 1,763,157	\$ 1,774,145	\$ 59,122	\$ (979,030)	\$ 854,237	\$ 91,643	\$ 945,880

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 four 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, 2018 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, except as noted below.

Application of new accounting standards

The Corporation has adopted *IFRS 16 Leases* for the annual period beginning on January 1, 2019.

IFRS 16 Leases (effective January 1, 2019), was issued in January 2016, which replaces IAS 17 “Leases” and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases, with exemptions for lease terms 12 months or less, or if the underlying asset has a low value.

The Corporation has adopted IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and the cumulative effect of initially applying IFRS 16 has been recorded on January 1, 2019 for any differences identified, including adjustments to the opening retained earnings balance.

On transition to IFRS 16, the Corporation recognized lease liabilities for leases which were previously classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the rate that reflects the asset’s applicable incremental borrowing rate at each operation as of January 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 is 6.9%.

The Company has made use of the following practical expedients available on transition to IFRS 16:

- › Measure the right-of-use assets equal to the lease liability calculated for each lease;
- › Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively;
- › Reliance on previous assessments on whether leases are onerous;
- › the exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- › the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The impact to the Corporation's condensed interim consolidated financial statements at January 1, 2019 was as follows:

	January 1, 2019
Lease obligations as at December 31, 2018 ¹	12,945
Effect from discounting at the incremental borrowing rate as at January 1, 2019	(1,312)
Lease liabilities due to initial application of IFRS 16 as at January 1, 2019	11,633
Less: current portion	(4,361)
Long-term portion	\$ 7,272

¹ The Corporation revised the lease obligation from that which was disclosed in the condensed interim consolidated financial statements for the three months ended March 31, 2019, increasing the obligation at December 31, 2018 by \$0.8 million.

Leases

The following is the accounting policy for leases as of January 1, 2019 upon adoption of IFRS 16.

- › At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Corporation has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.
- › As a lessee, the Corporation recognizes a right-of-use asset, which is included in mining interests, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.
- › The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
- › A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:
 - fixed payments, including in-substance fixed payments, less any lease incentives receivable;
 - variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
 - amounts expected to be payable under a residual value guarantee;

- exercise prices of purchase options if the Corporation is reasonably certain to exercise that option; and
 - payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.
- › The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.
- › The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

3 DISPOSALS OF MINING INTERESTS AND ASSETS HELD FOR SALE

3.1 DISPOSAL OF THE TABAKOTO MINE

On December 24, 2018, the Corporation completed the sale for interest in the Tabakoto mine to Algom Resources Limited (“Algom”), a subsidiary of BCM Investments Ltd (“BCM”). The total consideration is composed of an upfront cash consideration of \$35.0 million, deferred cash consideration of \$10.0 million due in 2019, and a 10% net smelter royalty (NSR) of up to a maximum of 200,000 ounces of gold from the Dar Salaam deposit with a value of \$13.3 million.

The Corporation recognized a loss on disposal of \$68.7 million in the year ended December 31, 2018, and the results of operations from the Tabakoto mine in the prior year are included within discontinued operations in the condensed interim consolidated financial statements. The components of the net gain/(loss) from discontinued operations for the three and six months ended June 30, 2018 were as follows:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2018		2018	
Gold revenue		37,350		78,738
Operating costs		(46,478)		(79,831)
Depreciation and depletion		(8,598)		(13,161)
Royalties		(2,237)		(4,711)
Other gains/(losses)		556		974
Gain/(loss) before taxes	\$	(19,407)	\$	(17,991)
Deferred and current income tax expense		(4,618)		(5,441)
Net gain/(loss) from discontinued operations	\$	(24,025)	\$	(23,432)
Shareholders of Endeavour Mining Corporation		(19,940)		(19,041)
Non-controlling interest		(4,085)		(4,391)
Total gain/(loss) from discontinued operations	\$	(24,025)	\$	(23,432)
Net loss per share from discontinued operations				
Basic	\$	(0.22)	\$	(0.22)
Diluted	\$	(0.22)	\$	(0.22)

The cash flows from discontinued operations for the three and six months ended June 30, 2018 were as follows:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2018		2018	
Cash generated from operating activities		4,209		6,149
Cash used in investing activities		(8,568)		(16,518)
Cash used in financing activities		(1,060)		(2,195)
Total	\$	(5,419)	\$	(12,564)

4 INVENTORIES

	June 30, 2019	December 31, 2018
Doré bars	12,194	10,878
Gold in circuit	25,191	24,488
Ore stockpiles	56,527	39,508
Spare parts and supplies	75,595	51,479
Total	\$ 169,507	\$ 126,353

As of June 30, 2019, inventories includes a provision of \$7.3 million to adjust spare parts and supplies inventory to net realizable value (December 31, 2018 – \$7.3 million) and a provision of \$8.3 million to adjust stockpiles, gold in circuit, and doré bars at Karma and the gold in circuit at Ity heap-leach mine to net realizable value (December 31, 2018 - \$2.8 million).

The cost of inventories recognized as an expense in the three and six months ended June 30, 2019 was \$156.4 million and \$280.9 million respectively and was included in cost of sales (three and six months ended June 30, 2018 - \$136.2 million and \$258.9 million respectively).

5 PREPAID EXPENSES AND OTHER

	June 30, 2019	December 31, 2018
Deposits	1,411	1,784
Supplier prepayments	17,166	13,849
Other	1,938	1,342
Total	\$ 20,515	\$ 16,975

6 TRADE AND OTHER RECEIVABLES

	Note	June 30, 2019	December 31, 2018
Receivable for sale of Nzema mine ¹		18,544	22,577
Receivable for sale of Tabakoto mine ²	3	8,804	8,804
Trade and other receivables		36,092	26,401
Total		\$ 63,440	\$ 57,782

¹ On December 29, 2017, the Corporation completed the sale of its 90% interest in the Nzema Mine to BCM for total cash consideration of \$63.6 million. The consideration comprised of \$40.0 million cash received paid upon completion of the transaction and additional deferred payments of up to \$25.0 million contingent on the future cash flows of the Nzema Mine starting from January 30, 2018. The contingent consideration was recognized at a fair value of \$19.6 million at disposition, an increase of \$2.9 million being recognized in 2018 for additional amounts recoverable and the change in fair value. The Corporation received \$3.7 million in the six months ended 30 June, 2019.

²As detailed in Note 3.1, a deferred consideration of \$10.0 million is to be received in 2019 from Algom in relation to the sale of the Tabakoto Mine. Such deferred consideration was recognized at its fair value of \$8.8 million. There was no change to fair value at June 30, 2019.

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, 2018		912,849	358,683	878,175	69,704	9,119	2,228,530
Additions/expenditures		65,631	30,899	80,614	371,508	727	549,379
Transfers		-	-	43,982	(43,982)	-	-
Reclamation liability change in estimate		3,776	-	-	-	-	3,776
Disposals		-	-	(10,334)	-	-	(10,334)
Disposal of the Tabakoto mine	3	(433,199)	(128,474)	(281,245)	-	-	(842,918)
Balance as at December 31, 2018		549,057	261,108	711,192	397,230	9,846	1,928,433
Additions/expenditures		16,346	12,287	23,338	91,838	-	143,810
Transfers related to lty construction to/(from)		225,981	-	171,728	(397,709)	-	-
Transfers to inventory on commercial production		-	-	-	(18,463)	-	(18,463)
Transfers		35,921	31,725	(45,414)	(22,232)	-	-
Adjustment for change in accounting policy	2	-	-	11,636	-	-	11,636
Balance as at June 30, 2019		\$ 827,305	\$ 305,120	\$ 872,480	\$ 50,664	\$ 9,846	\$ 2,065,416
Accumulated depreciation and impairment							
Balance as at January 1, 2018		440,906	112,911	361,129	-	2,946	917,892
Depreciation/depletion		83,829	-	95,795	-	1,407	181,031
Depreciation captured in inventory		6,829	-	7,300	-	-	14,129
Impairment		16,478	3,775	11,704	-	-	31,957
Disposals		-	-	(10,161)	-	-	(10,161)
Disposal of the Tabakoto mine	3	(377,155)	(116,264)	(256,838)	-	-	(750,257)
Balance as at December 31, 2018		170,887	422	208,929	-	4,353	384,591
Depreciation/depletion		40,297	-	43,520	-	1,262	85,079
Depreciation captured in inventory		(1,111)	-	4,134	-	-	3,023
Balance as at June 30, 2019		\$ 210,073	\$ 422	\$ 256,583	\$ -	\$ 5,615	\$ 472,693
Carrying amounts							
At December 31, 2018		\$ 378,170	\$ 260,686	\$ 502,263	\$ 397,230	\$ 5,493	\$ 1,543,842
At June 30, 2019		\$ 617,232	\$ 304,698	\$ 615,897	\$ 50,664	\$ 4,231	\$ 1,592,723

At June 30, 2019 the additions to assets under construction included \$6.8 million of capitalized borrowing costs (December 31, 2018 – \$15.3 million). The average capitalization rate was 1.8% (December 31, 2018 – 1.8%) for the period.

At April 7, 2019, the Corporation's CIL plant at its lty mine was commissioned. As a result of the commissioning, management transferred \$397.7 million from assets under construction to depletable mining properties (\$226.0 million) and plant and equipment (\$171.7 million). In addition, \$18.5 million was transferred from assets under construction to inventory.

The Corporation leases assets, including land and buildings, vehicles, and machinery at its various segments which are right-of-use assets under IFRS 16. These have been included within the plant and equipment category above.

	Plant	Heavy Equipment	Property	June 30, 2019
Balance as at January 1, 2019	5,700	3,021	2,915	11,636
Additions	1,061	-	-	1,061
Depreciation charge for the year	(952)	(720)	(654)	(2,326)
Balance as at June 30, 2019	5,809	2,301	2,261	10,371

Initial recognition of lease liabilities and assets resulting from the adoption of IFRS 16 have been included in the balance as at January 1, 2019.

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

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)
Cost									
Balance as at January 1, 2018		257,080	152,956	348,451	480,832	168,885	3,169	9,115	1,420,488
Additions/expenditures ¹		30,320	333,539	25,015	63,150	24,214	3,481	27,642	507,361
Transfers		-	-	-	-	-	7,142	-	7,142
Reclamation liability change in estimate		3,776	-	-	-	-	-	-	3,776
Disposals		-	(10,334)	-	-	-	-	-	(10,334)
Balance as at December 31, 2018		291,176	476,161	373,466	543,982	193,099	13,792	36,757	1,928,433
Additions/expenditures ¹		15,059	68,398	12,813	36,863	7,920	-	2,757	143,810
Transfers related to Ity construction to/(from)		-	-	-	-	-	-	-	-
Transfers to inventory on commercial production		-	(18,463)	-	-	-	-	-	(18,463)
Transfers		-	(23,776)	-	-	-	23,776	-	-
Adjustment for change in accounting policy	2	3,291	2,615	-	2,816	-	-	2,914	11,636
Balance as at June 30, 2019		\$ 309,526	\$ 504,935	\$ 386,279	\$ 583,661	\$ 201,019	\$ 37,568	\$ 42,428	\$ 2,065,416
Accumulated depreciation and impairment									
Balance as at January 1, 2018		119,622	43,968	30,243	12,516	-	3,169	1,943	211,461
Depreciation/depletion		33,419	29,315	39,869	65,330	-	-	1,229	169,162
Depreciation captured in inventory		2,021	(195)	6,861	5,442	-	-	-	14,129
Disposals		-	(10,161)	-	-	-	-	-	(10,161)
Balance as at December 31, 2018		155,062	62,927	76,973	83,288	-	3,169	3,172	384,591
Depreciation/depletion		20,462	10,422	21,389	30,861	-	118	1,827	85,079
Depreciation captured in inventory		327	497	1,134	1,065	-	-	-	3,023
Balance as at June 30, 2019		\$ 175,851	\$ 73,846	\$ 99,496	\$ 115,214	\$ -	\$ 3,287	\$ 4,999	\$ 472,693
Carrying amounts									
At December 31, 2018		\$ 136,114	\$ 413,234	\$ 296,493	\$ 460,694	\$ 193,099	\$ 10,623	\$ 33,585	\$ 1,543,842
At June 30, 2019		\$ 133,675	\$ 431,089	\$ 286,783	\$ 468,447	\$ 201,019	\$ 34,281	\$ 37,429	\$ 1,592,723

¹ Additions to mining interests of \$143.8 million, net of financed assets and working capital changes, result in \$169.5 million of cash outflows, as found on the condensed interim consolidated statement of cash flows.

8 OTHER LONG-TERM ASSETS

Other long-term assets are comprised of:

	Note	June 30, 2019	December 31, 2018
Working capital loan receivable		516	491
Restricted cash	8.1	4,216	1,073
Long-term stockpiles	8.2	23,990	23,951
Long-term critical spare parts and supplies	8.3	8,286	8,286
Long-term receivable and NSR	8.4	19,322	13,446
Total		\$ 56,330	\$ 47,247

8.1 Restricted Cash

Restricted cash has been reclassified to other long-term assets. Restricted cash reflects cash set aside for the asset retirement obligation as required by the local governing bodies.

8.2 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.

8.3 Long-term critical spare parts and supplies

Certain items of inventory that are considered critical for the continuation of production but are not deemed to be consumed in the current period are classified as long-term assets.

8.4 Long-term receivable

Long-term receivables consist of the NSR receivable associated with the sale of the Tabakoto mine (Note 3). This is not expected to be received in the current period and has been classified as long-term as at June 30, 2019.

9 TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	June 30, 2019	December 31, 2018
Trade accounts payable	139,564	152,164
Royalties payable	475	2,187
Taxes - direct and indirect	585	12,388
Payroll and social charges	961	4,240
Other payables	2,575	6,343
Total	\$ 144,160	\$ 177,322

10 FINANCE OBLIGATIONS

The Corporation has entered into the following finance obligations:

	Note	June 30, 2019	December 31, 2018
Financing arrangements	10.1	97,641	100,381
Lease liabilities	10.2	10,494	-
Finance obligations		\$ 108,135	\$ 100,381

	June 30, 2019	December 31, 2018
Finance obligations	108,135	100,381
Less: current portion	(31,540)	(24,034)
Long-term finance obligations	\$ 76,595	\$ 76,347

10.1 FINANCING ARRANGEMENTS

	June 30, 2019	December 31, 2018
Financing arrangements	97,641	100,381
Less: current portion	(27,134)	(24,034)
Long-term financing arrangement	\$ 70,507	\$ 76,347

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

	June 30, 2019	December 31, 2018
Not later than one year	35,795	30,482
Later than one year and not later than five years	76,880	86,108
	112,675	116,590
Less future finance charges	(15,034)	(16,209)
Present value of minimum finance payments	\$ 97,641	\$ 100,381

	June 30, 2019	December 31, 2018
Houndé Mine ¹	46,063	50,378
Ity Mine ²	51,578	50,003
Present value of minimum finance payments	\$ 97,641	\$ 100,381

1. 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 \$7.7 million on July 1, 2016 with the remaining \$46.8 million of payments being 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 \$12.3 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.

2. 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 \$28.2 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.

On December 13, 2018, the Corporation, through its subsidiary Société des Mines d'Ity entered a financing arrangement with the Caterpillar Financial Services Corporation to acquire power generating equipment for the Ity CIL project. The total amount payable under the Facility is \$11.2 million, repayments are scheduled to begin on July 1, 2019 and continue on a quarterly basis until the fourth quarter of 2023.

10.2 LEASE LIABILITIES

The lease liabilities included within financial obligations in the condensed interim consolidated statement of financial position are as follows:

	June 30, 2019
Lease liabilities	10,494
Less: current portion	(4,406)
Long-term lease liabilities	\$ 6,088

Lease expenses recognized in the condensed interim consolidated statement of comprehensive earnings/(loss) are as follows:

	THREE MONTHS ENDED JUNE 30, 2019	SIX MONTHS ENDED JUNE 30, 2019
Interest on lease liabilities	218	399
Depreciation on right-of-use assets	1,268	2,326
Total expense recognized in the condensed interim statement of comprehensive earnings/(loss)	\$ 1,486	\$ 2,725

11 LONG-TERM DEBT

		June 30, 2019	December 31, 2018
Corporate loan facility	11.1	310,000	230,000
Deferred financing costs		(6,582)	(6,721)
Revolving credit facility		\$ 303,418	\$ 223,279
Convertible senior bond	11.2	298,102	293,893
Conversion option	11.2	21,201	25,076
Convertible senior bond		\$ 319,303	\$ 318,969
Total long term debt		\$ 622,721	\$ 542,248

The Corporation incurred the following finance costs in the period:

	Note	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
		2019	2018	2019	2018
Interest expense		9,640	5,049	19,518	9,897
Amortization of deferred facility fees		746	946	1,350	6,312
Commitment, structuring and other fees		2,000	950	3,240	2,539
Less: Capitalized borrowing costs	7	-	(2,396)	(6,803)	(6,703)
Total finance costs		\$ 12,386	\$ 4,549	\$ 17,305	\$ 12,045

11.1 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 11.2), on March 9, 2018. As a result, the Corporation reduced the principal of the RCF available 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 year ended December 31, 2018.

The key terms of the new RCF include:

- › Principal amount of \$350.0 million. On May 17, 2019 the Corporation increased the total commitment capacity on the RCF by \$80.0 million, to give a principal amount of \$430.0 million on the RCF.
- › 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.

11.2 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 and/or 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, accreting 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.

The conversion option related to the Notes is recorded at fair value, the value was determined using a valuation model, with the following assumptions; volatility of 26%, risk free rate of 2.6%, term of the conversion option 3.8 years, and a share price of \$15.01.

The liability component for the Notes at June 30, 2019 has an effective interest rate of 6.2% (December 31, 2018 – 6.2%).

The unrealized gain on the convertible note for the six months ended June 30, 2019 was \$3.9 million (six months ended June 30, 2018 unrealized loss – \$3.8 million).

12 OTHER LONG-TERM LIABILITIES

		June 30, 2019	December 31, 2018
Environmental rehabilitation provision		38,820	38,572
DSU liabilities	13.5	2,706	3,110
Net pension obligation		239	195
Total		\$ 41,765	\$ 41,877

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 January 11, 2019, the Corporation acquired an additional 5% interest in the Ity Mine (Note 14) in exchange for 1,072,305 common shares with a value of \$17.6 million and an \$0.5 million cash settlement.

13.3 SHARE-BASED COMPENSATION

The following table summarizes the share-based compensation expense:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2019	2018	2019	2018
Amortization of option grants	-	-	-	19
Amortization and change in fair value of DSUs	251	29	208	(66)
Amortization and change in fair value of PSUs	4,134	7,728	6,777	11,102
Amortization and change in fair value of RSUs	-	2,352	-	1,722
Total share-based expenses	\$ 4,385	\$ 10,109	\$ 6,985	\$ 12,777

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, 2017	154,077	9.68	2,042,145	16.66	196,173	20.99
Granted	37,629	22.50	1,441,198	21.71	52,644	20.06
Exercised	-	-	(511,426)	15.86	(248,817)	20.80
Forfeited	-	-	(126,037)	19.20	-	-
At December 31, 2018	191,706	12.20	2,845,880	19.25	-	-
Granted	15,465	20.85	1,357,733	18.42	-	-
Exercised	(39,893)	12.61	(738,078)	18.04	-	-
Forfeited	-	-	(276,499)	20.95	-	-
At June 30, 2019	167,278	12.90	3,189,036	19.03	-	-

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, 2019 was \$2.7 million (December 31, 2018 – \$3.1 million).

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.

13.7 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,	
	2019	2018	2019	2018
Basic weighted average number of shares outstanding	109,919,887	107,727,522	109,734,405	107,681,174
Effect of dilutive securities ¹				
Stock options	9,263	260,309	-	289,985
Diluted weighted average number of shares outstanding	109,929,150	107,987,831	109,734,405	107,971,159
Total common shares outstanding at June 30	109,924,857	107,727,522	109,924,857	107,727,522
Total potential diluted common shares at June 30	114,166,444	112,238,898	114,166,444	112,238,898

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 in periods where the Corporation has a net loss.

14 NON-CONTROLLING INTERESTS

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

	Agbaou Gold Operations SA (Agbaou Mine) 15%	Societe des Mines d'Ity (Ity Mine) 15%	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.à r.l. (Tabakoto Mine) 20%/10%	Total
At December 31, 2017	47,287	17,431	10,854	(3,441)	522	72,653	(56,896)	15,757
Net earnings/(loss)	6,637	(1,026)	1,129	10,385	-	17,125	(10,004)	7,121
Dividend distribution	(3,451)	-	-	-	-	(3,451)	(185)	(3,636)
Disposal of the Tabakoto mine	-	-	-	-	-	-	67,085	67,085
At December 31, 2018	50,473	16,405	11,983	6,944	522	86,327	-	86,327
Net earnings/(loss) attributable	2,407	7,028	621	(639)	-	9,417	-	9,417
Acquisition of NCI	14.1	(4,101)	-	-	-	(4,101)	-	(4,101)
At June 30, 2019	52,880	19,332	12,604	6,305	522	\$ 91,643	\$ -	\$ 91,643

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

14.1 Acquisition of interest in Ity

On January 11, 2019, the Corporation increased its ownership stake in the Ity Mine from 80% to 85%. In exchange for the additional 5% interest in the Ity mine (relating to the Société des Mines d'Ity and Société des Mines de Daapleu entities), the Corporation granted the minority shareholder 1,072,305 common shares with a value of \$17.6 million in addition to an \$0.5 million cash settlement.

Following this transaction, the Corporation owns 85% of the Ity mine, with the Government of Cote d'Ivoire owning 10% and SODEMI (a government owned mining company) owning the remaining 5%.

15 GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

Note	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2019	2018	2019	2018
Gain/(loss) on other financial instruments	566	134	1,216	272
Gain/(loss) on gold revenue protection program	16 (11,171)	10,197	(12,013)	5,455
Unrealized gain/(loss) on convertible senior bond derivative	11 (4,461)	5,576	3,875	3,753
Gain/(loss) on foreign exchange	3,309	(4,985)	(3,712)	(9,961)
Total gain/(loss) on financial instruments	\$ (11,757)	\$ 10,922	\$ (10,634)	\$ (481)

16 DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the derivative financial assets/(liabilities):

	June 30, 2019	December 31, 2018
Gold revenue protection strategy	(9,440)	1,636
Derivative financial assets/(liabilities), current portion	\$ (9,440)	\$ 1,636

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2019	2018	2019	2018
Realized gain/(loss) on gold revenue protection strategy premium	(802)	(1,744)	(937)	(2,325)
Unrealized gain/(loss) on gold price protection strategy	(10,369)	11,941	(11,076)	7,780
Gain/(loss) on derivative financial instruments	\$ (11,171)	\$ 10,197	\$ (12,013)	\$ 5,455

16.1 GOLD REVENUE PROTECTION STRATEGY

In the six months ended June 30, 2019, the Corporation's deferred premium collar strategy ("Collar") for the 15-month period from February 2018 to April 2019 expired. Over the life of the Collar the Corporation recognized a realized gain of \$5.1 million.

In the six months ended June 30, 2019, the Corporation implemented a deferred premium collar strategy ("Collar") using written call options and bought put options for the 12-month period from July 2019 to June 2020. The program covers a total of 360,000 ounces, representing approximately 50% of Endeavour's total estimated gold production for the period, with an average floor price of \$1,358 and a ceiling price of \$1,500.

The Collar was not designated as a hedge by the Corporation and is 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 June 30, 2019, 360,000 ounces remain outstanding under the Collar derivative liability (December 31, 2018 – 133,328 ounces outstanding under the expired collar).

The total premium payable for entering into the Collar of \$9.2 million is included as part of the Collar fair value and will be cash-settled on a net basis as monthly contracts mature.

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.

18 SEGMENTED INFORMATION

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

THREE MONTHS ENDED JUNE 30, 2019						
	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
In thousands of US\$						
Revenue						
Gold revenue	45,108	82,208	21,042	71,013	-	219,371
Cost of sales						
Operating expenses	(22,891)	(30,122)	(16,617)	(33,688)	-	(103,318)
Depreciation and depletion	(12,207)	(10,498)	(11,564)	(16,243)	(1,458)	(51,970)
Royalties	(1,712)	(3,028)	(1,822)	(4,470)	-	(11,032)
Earnings/(loss) from mine operations	8,298	38,560	(8,961)	16,612	(1,458)	53,051
Corporate costs	-	-	-	-	(5,143)	(5,143)
Share-based payments	-	-	-	-	(4,385)	(4,385)
Exploration	-	-	-	-	(1,674)	(1,674)
Earnings/(loss) from operations	8,298	38,560	(8,961)	16,612	(12,660)	41,849
Other income/(expenses)						
Gain/(loss) on financial instruments	(655)	923	(506)	606	(12,125)	(11,757)
Finance costs	(151)	(632)	(70)	(1,135)	(10,398)	(12,386)
Other income/(expense)	-	-	-	-	4,574	4,574
Earnings/(loss) before taxes	7,492	38,851	(9,537)	16,083	(30,609)	22,280
Current income tax recovery/(expense)	(2,819)	(14,002)	-	3,402	(426)	(13,845)
Deferred income tax recovery/(expense)	(2,846)	611	(3)	707	-	(1,531)
Net earnings/(loss) from continuing operations	\$ 1,827	\$ 25,460	\$ (9,540)	\$ 20,192	\$ (31,035)	\$ 6,904

THREE MONTHS ENDED JUNE 30, 2018						
	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Project Burkina Faso	Other	Total
In thousands of US\$						
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	43,077
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	(15,685)	24,554
Other income/(expenses)						
Gain/(loss) on financial instruments	(1,395)	(1,827)	(324)	(531)	14,999	10,922
Finance costs	(97)	283	(67)	(832)	(3,836)	(4,549)
Other income/(expenses)	-	-	-	6	(824)	(818)
Earnings/(loss) before taxes	7,942	6,794	(10,893)	31,612	(5,346)	30,109
Current income tax recovery/(expense)	(2,934)	(2,757)	(862)	(7,508)	(3,034)	(17,095)
Deferred income tax recovery/(expense)	2,684	(2,990)	(3,251)	683	(1,558)	(4,432)
Net earnings/(loss) from continuing operations	\$ 7,692	\$ 1,047	\$ (15,006)	\$ 24,787	\$ (9,938)	\$ 8,582

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

SIX MONTHS ENDED JUNE 30, 2019

In thousands of US\$	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
Revenue						
Gold revenue	89,156	87,694	45,315	148,516	-	370,681
Cost of sales						
Operating expenses	(40,326)	(38,631)	(41,029)	(71,695)	-	(191,681)
Depreciation and depletion	(20,793)	(10,498)	(22,518)	(31,920)	(2,373)	(88,102)
Royalties	(3,415)	(3,229)	(3,634)	(9,743)	-	(20,021)
Earnings/(loss) from mine operations	24,622	35,336	(21,866)	35,158	(2,373)	70,877
Impairment charge of mineral interests	-	-	-	-	-	-
Corporate costs	-	-	-	-	(11,204)	(11,204)
Acquisition and restructuring costs	-	-	-	-	-	-
Share-based payments	-	-	-	-	(6,985)	(6,985)
Exploration	-	-	-	-	(6,035)	(6,035)
Earnings/(loss) from operations	24,622	35,336	(21,866)	35,158	(26,597)	46,653
Other income/(expenses)						
Gain/(loss) on financial instruments	(1,627)	(1,542)	(1,313)	(1,303)	(4,849)	(10,634)
Finance costs	(342)	(473)	(140)	(2,354)	(13,996)	(17,305)
Other income/(expense)	-	301	-	-	4,076	4,377
Earnings/(loss) before taxes	22,653	33,622	(23,319)	31,501	(41,366)	23,091
Current income tax recovery/(expense)	(7,570)	(15,311)	-	(1,756)	(2,686)	(27,323)
Deferred income tax recovery/(expense)	(948)	(1,279)	5,095	(3,175)	-	(307)
Net earnings/(loss) from continuing operations	\$ 14,135	\$ 17,032	\$ (18,224)	\$ 26,570	\$ (44,052)	\$ (4,539)

SIX MONTHS ENDED JUNE 30, 2018

In thousands of US\$	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Project Burkina Faso	Other	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)	107,008
Corporate costs	-	-	-	-	(12,618)	(12,618)
Share-based payments	-	-	-	-	(12,777)	(12,777)
Exploration	-	(87)	(2,912)	-	(2,039)	(5,038)
Earnings/(loss) from operations	22,135	8,937	(10,931)	84,234	(27,800)	76,575
Other income/(expenses)						
Gain/(loss) on financial instruments	(1,710)	-	(1,545)	(5,985)	8,759	(481)
Finance costs	(188)	273	(133)	(1,194)	(10,803)	(12,045)
Other income/(expenses)	-	-	-	-	(983)	(983)
Earnings/(loss) before taxes	20,237	9,210	(12,609)	77,055	(30,827)	63,066
Current income tax recovery/(expense)	(2,934)	(3,352)	(862)	(16,862)	(3,857)	(27,867)
Deferred income tax recovery/(expense)	4,518	(3,088)	(3,113)	598	1,534	449
Net earnings/(loss) from continuing operations	\$ 21,821	\$ 2,770	\$ (16,584)	\$ 60,791	\$ (33,150)	\$ 35,648

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the periods ended June 30, 2019 or the year ended December 31, 2018.

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.

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

AS AT JUNE 30, 2019

	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
Mining interests	133,675	431,089	286,783	468,447	272,729	1,592,723
Current assets	65,741	71,494	49,257	97,065	47,582	331,139
Other long-term assets	2,659	13,853	8,600	11,380	19,838	56,330
Deferred income taxes	1,129	829	-	-	-	1,958
Total assets	203,204	517,265	344,640	576,892	340,149	1,982,150
Current liabilities	27,832	46,985	34,507	71,921	47,048	228,293
Long-term liabilities	10,756	44,684	5,809	51,165	628,667	741,081
Deferred tax liabilities	-	-	19,405	21,772	25,719	66,896
Total liabilities	38,588	91,669	59,721	144,858	701,434	\$ 1,036,270

AS AT DECEMBER 31, 2018

	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
Mining interests	136,114	413,234	296,493	460,694	237,307	1,543,842
Current assets	54,761	37,250	51,683	106,770	76,304	326,768
Other long-term assets	1,986	13,189	6,069	8,910	17,093	47,247
Deferred income taxes	2,382	(786)	-	-	2,590	4,186
Total assets	\$ 195,243	\$ 462,887	\$ 354,245	\$ 576,374	\$ 333,294	\$ 1,922,043
Current liabilities	21,909	73,986	30,069	93,515	28,941	248,420
Long-term liabilities	9,420	44,349	5,668	53,573	547,462	660,472
Deferred tax liabilities	-	-	24,501	18,598	25,719	68,818
Total liabilities	\$ 31,329	\$ 118,335	\$ 60,238	\$ 165,686	\$ 602,122	\$ 977,710

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, and marketable securities.

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

	June 30, 2019	December 31, 2018
Equity	945,880	944,333
Long-term debt	622,721	542,248
Finance obligations	108,135	100,381
Derivative financial liabilities	9,440	-
	1,686,176	1,586,962
Less:		
Cash	(77,677)	(124,022)
Derivative financial assets	-	(1,636)
Marketable securities	(1,979)	(497)
Total	\$ 1,606,520	\$ 1,460,807

The Corporation manages and adjusts its capital structure considering changes in the 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, lease liabilities and current and long-term debt. The fair value of these financial instruments approximates their carrying value, unless otherwise noted below, except for the convertible note, which has a fair value of approximately \$323.8 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 June 30, 2019 and December 31, 2018, the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities are measured and recognized in the statement of financial position at fair value are categorized as follows:

AS AT JUNE 30, 2019					
	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		77,677	-	-	77,677
Cash - restricted		4,216	-	-	4,216
Receivable for sale of Nzema mine	6	-	-	18,544	18,544
Receivable for sale of Tabakoto mine	6, 8	-	8,804	19,322	28,126
Marketable securities		1,979	-	-	1,979
Total		\$ 83,872	\$ 8,804	\$ 37,866	\$ 130,542

Liabilities:					
Conversion option on Notes	11	-	(21,201)	-	(21,201)
Gold revenue protection	16	-	(9,440)	-	(9,440)
Total		\$ -	\$ (30,641)	\$ -	\$ (30,641)

AS AT DECEMBER 31, 2018					
	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		124,022	-	-	124,022
Cash - restricted		1,073	-	-	1,073
Gold revenue protection	16	-	1,636	-	1,636
Receivable for sale of Nzema mine	6	-	-	22,577	22,577
Receivable for sale of Tabakoto mine	6, 8	-	8,804	13,446	22,250
Marketable securities		497	-	-	497
Total		\$ 125,592	\$ 10,440	\$ 36,023	\$ 172,055

Liabilities:					
Conversion option on Notes	11	-	(25,076)	-	(25,076)
Total		\$ -	\$ (25,076)	\$ -	\$ (25,076)

There were no transfers between level 1 and 2 during the year. The fair value of level 3 financial assets was determined using a Monte Carlo valuation method, taking into account assumptions with respect to gold prices and discount rates as well as estimates with respect to production and operating results at each of the disposed mines.

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.

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 at June 30, 2019 include \$18.5 million related to the disposal of Nzema and \$8.8 million deferred cash consideration related to the disposal of Tabakoto (Note 6). Long-term receivables and NSR of \$19.3 million consist of a receivable and NSR associated with the sale of the Tabakoto mine in December 2018.

The fair value of the receivables are determined based on the future expected results and performance of the sold mines. BCM Group, a private mining contractor and operator, is the counterparty who acquired the two mines and from whom the receivables are ultimately due. The Corporation received \$3.7 million during the quarter ended June 30, 2019, is in discussions with BCM to collect the remaining amounts currently receivable, and intends to pursue all avenues (whether contractual or negotiated) to collect the amounts outstanding.

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 June 30, 2019 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, 2019	December 31, 2018
Cash		77,677	124,022
Trade and other receivables	6	63,440	57,782
Working capital loan	8	516	491
Derivative financial assets	16	-	1,636
Marketable securities		1,979	497
Long-term receivable	8	19,322	13,446
Total		\$ 162,934	\$ 197,874

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 June 30, 2019:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	144,160	-	-	-	144,160
Corporate loan facility	-	-	310,000	-	310,000
Convertible senior bond	9,900	19,800	339,900	-	369,600
Derivative financial liabilities	9,440	-	-	-	9,440
Lease liabilities	4,995	5,606	880	-	11,481
Finance arrangements	32,655	57,136	17,074	-	106,865
Total	\$ 201,150	\$ 82,542	\$ 667,854	\$ -	\$ 951,546

20.3 MARKET RISKS

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, 2019.

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, 2019	December 31, 2018
Canadian dollar	529	309
CFA Francs	18,177	26,615
Euro	704	919
Other currencies	10,645	2,707
Total	\$ 30,055	\$ 30,550

The effect on earnings before taxes as at June 30, 2019, 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 \$3.0 million (December 31, 2018, \$3.1 million), if all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at June 30, 2019.

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, 2019, of a 10% change in the LIBOR rate on the RCF is estimated to be \$0.1 million (December 31, 2018 - \$0.1 million).

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, 2019.

21 COMMITMENTS AND CONTINGENCIES

- › The Corporation has commitments in place at all four 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, 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 does not believe that the outcome of the claim will have a material impact to Corporation's financial position.
- › 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-year 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.