

Q1

Q2

Q3

Q4



**ENDEAVOUR
MINING**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**For the three months and nine months ended
September 30, 2020**

(Expressed in Thousands of United States Dollars)
(unaudited)

TABLE OF CONTENTS

1	DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS.....	5
2	BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES.....	5
3	ACQUISITIONS.....	8
4	TRADE AND OTHER RECEIVABLES.....	9
5	INVENTORIES.....	10
6	PREPAID EXPENSES AND OTHER.....	10
7	MINING INTERESTS.....	11
8	OTHER LONG-TERM ASSETS.....	14
9	TRADE AND OTHER PAYABLES.....	14
10	FINANCE OBLIGATIONS.....	14
11	LONG-TERM DEBT.....	16
12	OTHER LONG-TERM LIABILITIES.....	18
13	SHARE CAPITAL.....	19
14	NON-CONTROLLING INTERESTS.....	22
15	LOSS ON FINANCIAL INSTRUMENTS.....	23
16	DERIVATIVE FINANCIAL INSTRUMENTS.....	23
17	INCOME TAXES.....	24
18	SEGMENTED INFORMATION.....	25
19	CAPITAL MANAGEMENT.....	30
20	FINANCIAL INSTRUMENTS AND RELATED RISKS.....	30
21	COMMITMENTS AND CONTINGENCIES.....	35
22	SUBSEQUENT EVENTS.....	35

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

	Note	As at September 30, 2020	As at December 31, 2019
ASSETS			
Current			
Cash and cash equivalents		523,324	189,889
Trade and other receivables	4	72,775	19,228
Inventories	5	284,704	168,379
Prepaid expenses and other	6	33,164	18,542
		913,967	396,038
Non-current			
Mining interests	7	2,849,701	1,410,274
Deferred tax assets		13,852	5,498
Other long-term assets	8	77,279	60,981
Total assets		\$ 3,854,799	\$ 1,872,791
LIABILITIES			
Current			
Trade and other payables	9	247,011	173,267
Finance and lease obligations	10	39,543	29,431
Derivative financial liabilities	16	—	10,349
Income taxes payable		145,292	54,968
		431,846	268,015
Non-current			
Finance and lease obligations	10	53,194	57,403
Long-term debt	11	720,264	638,980
Other long-term liabilities	12	74,694	41,911
Deferred tax liabilities		308,667	49,985
Total liabilities		\$ 1,588,665	\$ 1,056,294
EQUITY			
Share capital	13	3,043,766	1,774,172
Equity reserve	13	65,228	72,487
Deficit		(1,081,466)	(1,128,792)
Equity attributable to shareholders of the Corporation		\$ 2,027,528	\$ 717,867
Non-controlling interests	14	238,606	98,630
Total equity		\$ 2,266,134	\$ 816,497
Total equity and liabilities		\$ 3,854,799	\$ 1,872,791

COMMITMENTS AND CONTINGENCIES (NOTE 21)

Approved by the Board: November 11, 2020

"Sebastien de Montessus" Director

"Alison Baker" 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, except per share amounts) (Unaudited)

	Note	THREE MONTHS ENDED		NINE MONTHS ENDED	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenues					
Gold revenue		481,561	267,292	1,004,547	637,973
Cost of sales					
Operating expenses		(180,057)	(114,599)	(397,768)	(306,280)
Depreciation and depletion		(134,795)	(54,509)	(231,084)	(142,611)
Royalties		(32,713)	(14,480)	(67,936)	(34,501)
Earnings from mine operations		133,996	83,704	307,759	154,581
Corporate costs		(5,101)	(6,166)	(15,381)	(17,370)
Acquisition and restructuring costs	3	(19,336)	—	(26,255)	—
Share-based compensation	13	(7,117)	(5,238)	(13,682)	(12,223)
Exploration costs		(900)	(3,858)	(4,029)	(9,893)
Earnings from operations		101,542	68,442	248,412	115,095
Other income/(expenses)					
Loss on financial instruments	15	(24,268)	(49,528)	(99,691)	(60,162)
Finance costs	11	(12,143)	(14,170)	(35,787)	(31,475)
Other income/(expenses)	7	23,089	(673)	23,233	3,704
Earnings before taxes		88,220	4,071	136,167	27,162
Current income tax expense		(68,134)	(16,917)	(94,146)	(44,240)
Deferred income tax recovery/(expense)		47,962	(10,699)	38,874	(11,006)
Net and comprehensive earnings/(loss)		68,048	(23,545)	80,895	(28,084)
Attributable to:					
Shareholders of Endeavour Mining Corporation		59,128	(32,199)	47,897	(46,155)
Non-controlling interests	14	8,920	8,654	32,998	18,071
		\$ 68,048	\$ (23,545)	\$ 80,895	\$ (28,084)
Earnings/(Loss) per share					
Basic earnings/(loss) per share	13	\$ 0.36	\$ (0.29)	\$ 0.37	\$ (0.42)
Diluted earnings/(loss) per share	13	\$ 0.36	\$ (0.29)	\$ 0.37	\$ (0.42)

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) (Unaudited)

	Note	THREE MONTHS ENDED		NINE MONTHS ENDED	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Operating Activities					
Earnings from continuing operations before taxes		88,220	4,071	136,167	27,162
Adjustments for:					
Depreciation and depletion	7	134,795	54,509	231,084	142,611
Finance costs	11	12,143	14,170	35,787	31,475
Share-based compensation	13	7,117	5,238	13,682	12,223
Loss on financial instruments	15	24,268	49,528	99,691	60,162
(Gain)/loss on disposal of assets		(524)	—	988	—
Cash paid on settlement of DSUs and PSUs	13	(1,660)	—	(1,881)	(1,125)
Cash received on settlement of forward contract	16	—	—	6,686	—
Cash paid on settlement of revenue protection strategy	16	(7,566)	(1,633)	(31,503)	(2,570)
Income taxes paid		(33,613)	(20,738)	(62,285)	(51,972)
Foreign exchange (loss)/gain		(383)	4,830	(974)	(673)
Operating cash flows before changes in non-cash working capital		222,797	109,975	427,442	217,293
Trade and other receivables		(12,829)	17,436	(30,868)	13,806
Inventories		1,071	884	4,434	(19,954)
Prepaid expenses and other		(8,092)	(3,230)	(7,915)	(7,568)
Trade and other payables		(1,064)	(28,676)	(7,839)	(22,063)
Cash generated from operating activities		\$ 201,883	\$ 96,389	\$ 385,254	\$ 181,514
Investing Activities					
Expenditures on mining interests	7	(53,565)	(33,497)	(165,842)	(203,034)
Cash paid for additional interest of Ity mine	14	—	—	(5,430)	(453)
Cash acquired on acquisition of SEMAFO Inc.	3	92,981	—	92,981	—
Changes in long-term assets	8	2,337	652	4,427	(7,817)
Proceeds from sale of assets		—	—	10,292	—
Cash generated from/(used in) investing activities		\$ 41,753	\$ (32,845)	\$ (63,572)	\$ (211,304)
Financing Activities					
Proceeds received from the issue of common shares	13	100,000	18	100,000	292
Dividends paid to non-controlling interest	14	—	(5,064)	—	(5,064)
Payment of financing fees and other		(2,126)	(830)	(2,567)	(2,568)
Interest paid		(11,042)	(10,180)	(27,836)	(27,402)
Proceeds of long-term debt	11	—	—	120,000	80,000
Repayment of long-term debt	11	(150,000)	—	(150,000)	—
Repayment of finance and lease obligation	10	(10,873)	(5,434)	(29,906)	(19,808)
Change in reclamation liability bonds		(690)	—	(690)	—
Cash (used in)/generated from financing activities		\$ (74,731)	\$ (21,490)	\$ 9,001	\$ 25,450
Effect of exchange rate changes on cash		2,602	370	2,752	419
Increase/(Decrease) in cash		171,507	42,424	333,435	(3,921)
Cash, beginning of period		351,817	77,677	189,889	124,022
Cash, end of period		\$ 523,324	\$ 120,101	\$ 523,324	\$ 120,101

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) (Unaudited)

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
At 1 January, 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, RSU's & PSU's	773,196	77	12,819	12,869	(12,594)	—	302	—	302
Share based compensation	13	—	—	—	10,659	—	10,659	—	10,659
Dividends to non-controlling interests	14	—	—	—	—	—	—	(5,064)	(5,064)
Acquisition of non-controlling interest of the Ity mine	14	1,072,305	107	17,508	—	(13,967)	3,648	(4,101)	(453)
Total net and comprehensive (loss)/earnings		—	—	—	—	(46,155)	(46,155)	18,071	(28,084)
At September 30, 2019	109,927,097	\$ 10,988	\$ 1,763,184	\$ 1,774,145	\$ 63,517	\$ (1,011,229)	\$ 826,460	\$ 95,233	\$ 921,693
At 1 January, 2020	109,927,097	10,988	1,763,184	1,774,172	72,487	(1,128,792)	717,867	98,630	816,497
Consideration on the acquisition of SEMAFO	3	47,561,205	4,756	1,146,572	1,151,328	—	1,151,328	116,194	1,267,522
Shares issued on private placement	13	4,507,720	451	99,549	100,000	—	100,000	—	100,000
Shares issued on exercise of options and PSU's		1,104,182	110	19,345	19,455	(19,332)	123	—	123
Share based compensation	13	—	—	—	12,073	—	12,073	—	12,073
Dividends to non-controlling interests	14	—	—	—	—	—	—	(9,017)	(9,017)
Cancellation of treasury shares	13	(63,731)	(6)	(1,183)	(1,189)	—	(1,529)	—	(1,529)
Change in non-controlling interests	14	—	—	—	—	(231)	(231)	(199)	(430)
Total net and comprehensive earnings		—	—	—	—	47,897	47,897	32,998	80,895
At September 30, 2020	163,036,473	\$ 16,299	\$ 3,027,467	\$ 3,043,766	\$ 65,228	\$ (1,081,466)	\$ 2,027,528	\$ 238,606	\$ 2,266,134

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 six 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 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands.

The Corporation has been taking steps to monitor and address the risks in response to the COVID-19 pandemic and their impact on the Corporation's operations (Note 2).

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”), and do not include all of the information required for full annual financial statements prepared using 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 operations, financial performance, 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, 2019 and have been consistently applied in the preparation of these condensed interim consolidated financial statements.

2.2. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for the acquisition of SEMAFO Inc. (“SEMAFO”) (Note 3) and 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. In preparing the Corporation's condensed interim consolidated financial statements for the three and nine months ended September 30, 2020, the Corporation applied the critical judgments and estimates disclosed in notes 3 and 4 of its audited consolidated financial statements for the year ended December 31, 2019, in addition to the judgments with regards to accounting for certain gold leasing contracts in note 18.

These condensed interim consolidated financial statements include the accounts of the Corporation and its subsidiaries. Subsidiaries are entities controlled by the Corporation, which is defined as having the power over the entity, rights to variable returns from its involvement with the entity, and the ability to use its power to affect the amount of returns. All intercompany transactions and balances are eliminated on consolidation. The Corporation's material subsidiaries at September 30, 2020 are consistent with consolidated financial statements for the year ended December 31, 2019, except for the following subsidiaries which were acquired on July 1, 2020 with the completion of the acquisition of SEMAFO (Note 3):

Entities	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held
			September 30, 2020
Semafo Inc.	Holding	Quebec	100%
Semafo Burkina Faso S.A.	Gold Operations	Burkina Faso	90%
Semafo Boungou S.A.	Gold Operations	Burkina Faso	90%
Mana Minéral SARL	Exploration	Burkina Faso	100%
Birimian Resources SARL	Exploration	Burkina Faso	100%

2.3. COVID-19 PANDEMIC RISKS

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new novel coronavirus ("COVID-19") as a pandemic. In response to health risks associated with the spread of COVID-19, the Corporation implemented a number of health and safety measures designed to protect employees at its operations around the world.

As of the date of issuance of these condensed interim consolidated financial statements, the Corporation's operations have not been significantly impacted, however, the Corporation continues to monitor the situation. To date the Corporation has spent approximately \$6.7 million related to COVID-19 expenses, related to additional resource and travel costs, medical and PPE supplies, and other costs. While the Corporation's financial position, performance and cash flows could be further negatively impacted, the extent of the impact cannot be reasonably estimated at this time. Management continues to monitor and assess the short and medium-term impacts of the COVID-19 virus, including for example supply chain, mobility, workforce, market and trade flow impacts, as well as the resilience of Canadian, West African, and other global financial markets to support recovery. Any longer term impacts are also being considered and monitored, as appropriate. However, this pandemic continues to evolve rapidly and its effects on our own operations are uncertain. It is possible that in the future operations may be temporarily shut down or suspended for indeterminate amounts of time, any of which may, individually or in the aggregate, have a material and adverse impact on our business, results of operations and financial performance. The extent to which COVID-19 may impact the Corporation's business and operations will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of and the actions required to contain COVID-19 or remedy its impact.

The global response to the COVID-19 pandemic has resulted in, among other things, border closures, severe travel restrictions, as well as quarantine, self-isolation and other emergency measures imposed by various governments. Additional government or regulatory actions or inactions around the world in jurisdictions where the Corporation operates may also have potentially significant economic and social impacts. The COVID-19 virus and efforts to contain it may have a significant effect on commodity prices, and the possibility of a prolonged global economic downturn may further impact commodity demand and prices. If the business operations of the Corporation are disrupted or suspended as a result of these or other measures, it may have a material adverse effect on the Corporation's business, results of operations and financial performance.

The global pandemic caused by COVID-19 may affect Endeavour's ability to operate at one or more of its mines for an indeterminate period of time, may affect the health of its employees or contractors resulting in diminished expertise or capacity, may mean that key expat or contract resources cannot access West Africa, may result in delays or disruption in its supply chain leading to unavailability of critical spares and inventory (or increased costs), may lead to restrictions on transferability of currency, may cause business continuity issues at global gold refineries (and therefore its ability to generate revenue), may mean it cannot transport gold from its sites to refineries, may result in failures of various local administration, logistics and critical infrastructure, may cause social instability in West African countries which in turn could disrupt business continuity, and may result in additional and currently unknown liabilities.

3 ACQUISITIONS

ACQUISITION OF SEMAFO

On July 1, 2020, the Corporation completed the acquisition of SEMAFO. SEMAFO was a gold mining company listed on the TSX with two operating mines in West Africa: the Mana and Boungou mines in Burkina Faso. The acquisition of SEMAFO supported the Corporation's growth strategy and enhanced the Corporation's production profile.

Under the terms of the transaction, the Corporation acquired 100% of the issued and outstanding shares of SEMAFO at an exchange rate of 0.1422 Endeavour share for each outstanding SEMAFO share, which resulted in the issuance of 47,561,205 common shares of Endeavour. Given the issuance of Endeavour common shares as a result of the transaction, the relative voting rights of the Endeavour and SEMAFO shareholders subsequent to the transaction being completed, Endeavour has been identified as the acquirer and has accounted for the transaction as a business combination.

Following the acquisition of SEMAFO, La Mancha Holding S.à.r.l. ("La Mancha") exercised its anti-dilution right to maintain its interest in the Corporation and completed a \$100.0 million private placement for 4,507,720 shares of Endeavour. At September 30, 2020, La Mancha ownership of Endeavour was 24.1%.

As of the date of these condensed interim consolidated financial statements, the determination of the fair value of assets acquired and liabilities assumed is based on preliminary estimates at the date of acquisition and has not been finalized. The non-controlling interest is measured at its proportionate share of the fair value of net assets. The Corporation is still in the process of finalizing the fair values of the mineral interests acquired, which are estimated using discounted cash flow models, where the expected future cash flows are based on estimates of future gold prices, estimated quantities of ore reserves and mineral resources, expected future production costs and capital expenditures based on the life of mine plans at the acquisition date. In addition to the fair value of the mineral interests, the fair value of the inventories acquired, the evaluation of the liabilities and tax contingencies assumed, and the determination of the deferred taxes, are all subject to change. The actual fair values of the assets and liabilities may differ materially from the amounts disclosed in the preliminary fair value below, and could result in the recognition of goodwill or a bargain purchase option upon finalization of the purchase price allocation. Any adjustments to the allocation of the purchase consideration will be recognized retrospectively and comparative information will be revised.

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

	Fair value at acquisition
Purchase price:	
Fair value of 47.6 million Endeavour common shares issued	1,151,328
	\$ 1,151,328
Net assets/(liabilities) acquired	
Cash	92,981
Net working capital acquired (excluding cash)	108,532
Mining interests	1,470,691
Restricted cash	24,000
Other long-term assets	7,505
Current portion of long-term debt	(29,758)
Lease liabilities	(24,044)
Income taxes payable	(54,341)
Other long-term liabilities	(40,883)
Deferred tax	(287,160)
Non-controlling interest	(116,194)
Net Assets	\$ 1,151,328

In the three and nine months ended September 30, 2020, the Corporation incurred \$19.3 million and \$26.3 million of acquisition related costs, relating to advisory, legal, valuation and other professional fees. These costs are expensed as acquisition and restructuring costs within the condensed interim consolidated statement of comprehensive earnings/(loss).

Consolidated revenue for the three and nine months ended September 30, 2020 includes revenue from the date of acquisition from the assets acquired in the acquisition of SEMAFO of \$194.5 million. The consolidated earnings for the three and nine months ended September 30, 2020 includes net earnings before tax from the date of acquisition from SEMAFO of \$20.3 million. Had the transaction occurred on January 1, 2020, the pro forma unaudited consolidated revenue and net earnings before taxes for the nine months ended September 30, 2020 would have been approximately \$1,243.6 million and \$161.9 million, respectively.

4 TRADE AND OTHER RECEIVABLES

	September 30, 2020	December 31, 2019
Receivable for sale of Nzema mine	—	7,163
VAT receivable ⁱ	43,673	7,487
Receivables for gold sales	15,492	2,149
Trade and other receivables ⁱⁱ	13,610	2,429
Total	\$ 72,775	\$ 19,228

i. VAT receivable

VAT receivable relates to net VAT amounts paid to vendors for goods and services purchased, primarily in Cote d'Ivoire and Burkina Faso. These balances are expected to be collected in the next twelve months. In the nine

months ended September 30, 2020, the Corporation has collected \$36.2 million of outstanding VAT receivables, through the sale of its VAT receivables to third parties or reimbursement from the tax authorities.

ii. Trade and other receivables

During the nine months ended September 30, 2020 the Corporation provided \$6.0 million to BCM Group to pay the remaining portion of a mining permit that was transferred as a part of the Tabakoto sale in December 2018, as well as an additional \$5.0 million for working capital purposes. The amounts are non-interest bearing and are expected to be repaid in the next twelve months.

5 INVENTORIES

	September 30, 2020	December 31, 2019
Doré bars	16,716	15,496
Gold in circuit	57,593	29,707
Ore stockpiles	103,617	52,577
Spare parts and supplies	106,778	70,599
Total	\$ 284,704	\$ 168,379

There was no provision to adjust inventory to net realizable value (December 31, 2019 - \$0.7 million).

The cost of inventories recognized as an expense in the three and nine months ended September 30, 2020 was \$314.9 million and \$628.9 million respectively and was included in cost of sales (three and nine months ended September 30, 2019 - \$169.1 million and \$448.9 million respectively).

6 PREPAID EXPENSES AND OTHER

	September 30, 2020	December 31, 2019
Deposits	2,736	1,511
Supplier prepayments	28,193	15,893
Other	2,235	1,138
Total	\$ 33,164	\$ 18,542

7 MINING INTERESTS

MINING INTERESTS							
	Note	Depletable	Non depletable	Property, plant and equipment	Assets under construction	Non mining	Total
Cost							
Balance as at 1 January, 2019		549,057	261,108	711,192	397,230	9,846	1,928,433
Additions/expenditures		50,966	19,085	33,191	112,599	—	215,841
Transfers related to lty construction		225,981	—	171,728	(397,709)	—	—
Transfers to inventory on commercial production		—	—	—	(18,463)	—	(18,463)
Transfers		20,706	26,630	—	(47,336)	—	—
Reclamation liability change in estimate		(3,261)	—	—	—	—	(3,261)
Adjustment for change in accounting policy		—	—	11,636	—	—	11,636
Disposals		—	(7,317)	(4,849)	—	—	(12,166)
Balance as at December 31, 2019		843,449	299,506	922,898	46,321	9,846	2,122,020
Acquired in business combinations	3	1,143,292	84,590	242,809	—	—	1,470,691
Additions/expenditures		87,493	41,609	17,116	24,451	3,377	174,046
Transfers		927	—	5,554	(6,481)	—	—
Disposals		—	—	(31,999)	—	—	(31,999)
Balance as at September 30, 2020		\$ 2,075,161	\$ 425,705	\$ 1,156,378	\$ 64,291	\$ 13,223	\$ 3,734,758
Accumulated Depreciation							
Balance as at 1 January, 2019		170,887	422	208,929	—	4,353	384,591
Depreciation/depletion		80,317	—	119,957	—	—	200,274
Impairment		45,007	—	82,373	—	—	127,380
Adjustment for change in accounting policy		—	—	(499)	—	—	(499)
Balance as at December 31, 2019		296,211	422	410,760	—	4,353	711,746
Depreciation/depletion		103,777	—	93,263	—	3,623	200,663
Disposals		—	—	(27,352)	—	—	(27,352)
Balance as at September 30, 2020		\$ 399,988	\$ 422	\$ 476,671	\$ —	\$ 7,976	\$ 885,057
Carrying amounts							
At December 31, 2019		\$ 547,238	\$ 299,084	\$ 512,138	\$ 46,321	\$ 5,493	\$ 1,410,274
At September 30, 2020		\$ 1,675,173	\$ 425,283	\$ 679,707	\$ 64,291	\$ 5,247	\$ 2,849,701

During the three and nine months ended September 30, 2020, the Corporation received \$22.2 million in cash proceeds from a contractor used in the original construction of the Karma mine as reimbursement of previously made capitalized expenditures. The proceeds have been recognized as other income in the three and nine months ended September 30, 2020 and the cash is included in cash equivalents at September 30, 2020 as the cash is in escrow and awaiting federal bank approval in South Africa awaiting deposit into the Corporation's bank account.

During the nine months ended September 30, 2020, the Corporation disposed of its mining fleet at its Karma mine in connection with transferring its mining operations to a contractor. The resulting mining agreement is accounted for as a lease in accordance with IFRS 16, *Leases*, and the Corporation recognized a gain of \$4.1 million on the disposal of the mining fleet (September 30, 2019: nil).

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

The Corporation's leased assets consist of buildings, plant and equipment and its various segments which are right-of-use assets under IFRS 16. These have been included within the property, plant and equipment category above.

	Plant	Heavy Equipment	Property	September 30, 2020
Balance as at January 1, 2019	5,699	3,021	2,915	11,635
Additions	1,061	—	—	1,061
Depreciation for the year	(2,551)	(827)	(1,309)	(4,687)
Balance as at December 31, 2019	4,209	2,194	1,606	8,009
Acquired in business combinations	739	12,842	1,398	14,979
Additions	3,065	2,542	499	6,106
Depreciation for the period	(1,533)	(1,251)	(875)	(3,659)
Disposals	—	(1,376)	—	(1,376)
Balance as at September 30, 2020	\$ 6,480	\$ 14,951	\$ 2,628	\$ 24,059

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

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

	Note	Agbaou Mine	Ity Mine	Karma Mine	Houndé Mine	Mana Mine	Boungou Mine	Kalana Project	Exploration Properties	Non mining	Total
Cost											
Balance as at 1 January, 2019		291,176	476,161	373,466	543,982	—	—	193,099	13,792	36,757	1,928,433
Additions/expenditures		25,225	79,273	33,175	49,932	—	—	11,868	7,205	9,163	215,841
Transfers to inventory on commercial production		—	(18,463)	—	—	—	—	—	—	—	(18,463)
Transfers		230	(23,301)	1,063	782	—	—	1,020	23,776	(3,570)	—
Reclamation liability change in estimate		(434)	3,622	(648)	(5,801)	—	—	—	—	—	(3,261)
Adjustment for change in accounting standard		3,291	2,615	—	2,816	—	—	—	—	2,914	11,636
Disposals		—	(4,849)	—	—	—	—	—	(7,317)	—	(12,166)
Balance as at December 31, 2019		319,488	515,058	407,056	591,711	—	—	205,987	37,456	45,264	2,122,020
Acquired in business combinations	3	—	—	—	—	610,002	649,000	—	209,102	2,587	1,470,691
Additions/expenditures		11,602	39,052	12,668	45,976	14,500	1,191	4,199	40,325	4,533	174,046
Transfers		—	(1,587)	—	1,587	—	—	—	—	—	—
Disposals		—	(1,551)	(28,801)	(870)	—	—	—	—	(777)	(31,999)
Balance as at September 30, 2020		\$ 331,090	\$ 550,972	\$ 390,923	\$ 638,404	\$ 624,502	\$ 650,191	\$ 210,186	\$ 286,883	\$ 51,607	\$ 3,734,758
Accumulated depreciation and impairment											
Balance as at 1 January, 2019		155,062	62,927	76,973	83,288	—	—	—	3,169	3,172	384,591
Depreciation/depletion		45,129	36,733	48,288	65,039	—	—	—	207	4,878	200,274
Impairment		—	—	127,380	—	—	—	—	—	—	127,380
Disposals		—	(499)	—	—	—	—	—	—	—	(499)
Balance as at December 31, 2019		200,191	99,161	252,641	148,327	—	—	—	3,376	8,050	711,746
Depreciation/depletion		28,115	26,998	45,541	42,483	36,497	12,762	—	2,514	5,753	200,663
Disposals		—	(212)	(25,516)	(847)	—	—	—	—	(777)	(27,352)
Balance as at September 30, 2020		\$ 228,306	\$ 125,947	\$ 272,666	\$ 189,963	\$ 36,497	\$ 12,762	\$ —	\$ 5,890	\$ 13,026	\$ 885,057
Carrying amounts											
At December 31, 2019		\$ 119,297	\$ 415,897	\$ 154,415	\$ 443,384	\$ —	\$ —	\$ 205,987	\$ 34,080	\$ 37,214	\$ 1,410,274
At September 30, 2020		\$ 102,784	\$ 425,025	\$ 118,257	\$ 448,441	\$ 588,005	\$ 637,429	\$ 210,186	\$ 280,993	\$ 38,581	\$ 2,849,701

8 OTHER LONG-TERM ASSETS

Other long-term assets are comprised of:

	September 30, 2020	December 31, 2019
Working capital loan receivable	—	541
Restricted cash	27,286	9,958
Long-term stockpiles	20,745	22,490
Long-term critical spare parts and supplies	19,481	14,670
Long-term receivable	9,767	13,322
Total	\$ 77,279	\$ 60,981

9 TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	September 30, 2020	December 31, 2019
Trade accounts payable	186,764	147,461
Royalties payable	20,476	2,444
Payroll and social charges	12,942	10,714
Other payables	26,829	12,648
Total	\$ 247,011	\$ 173,267

10 FINANCE OBLIGATIONS

The Corporation has entered into the following finance obligations:

	September 30, 2020	December 31, 2019
Financing arrangements ⁱ	58,496	78,081
Lease liabilities ⁱⁱ	34,241	8,753
Finance obligations	\$ 92,737	\$ 86,834

	September 30, 2020	December 31, 2019
Finance obligations	92,737	86,834
Less: current portion	(39,543)	(29,431)
Long-term finance obligations	\$ 53,194	\$ 57,403

i. Financing arrangements

	September 30, 2020	December 31, 2019
Financing arrangements	58,496	78,081
Less: current portion	(24,510)	(25,529)
Long-term financing arrangement	\$ 33,986	\$ 52,552

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

	September 30, 2020	December 31, 2019
Not later than one year	30,004	30,562
Later than one year and not later than five years	34,257	56,390
	64,261	86,952
Less future finance charges	(5,765)	(8,871)
Present value of minimum finance payments	\$ 58,496	\$ 78,081

	September 30, 2020	December 31, 2019
Houndé Mine	29,155	39,340
Ity Mine	29,341	38,741
Present value of minimum finance payments	\$ 58,496	\$ 78,081

ii. Lease liabilities

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

	September 30, 2020	December 31, 2019
Lease liabilities	34,241	8,753
Less: current portion	(15,033)	(3,902)
Long-term lease liabilities	\$ 19,208	\$ 4,851

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

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Interest on lease liabilities	590	176	908	575
Depreciation on right-of-use assets	1,345	1,181	3,659	3,507
Recognized in net earnings/(loss)	\$ 1,935	\$ 1,357	\$ 4,567	\$ 4,082

11 LONG-TERM DEBT

	September 30, 2020	December 31, 2019
Corporate loan facility ⁱ	310,000	310,000
Deferred financing costs	(4,726)	(5,059)
Revolving credit facility	\$ 305,274	\$ 304,941
Convertible senior notes ⁱⁱ	307,047	302,600
Conversion option ⁱⁱⁱ	107,943	31,439
Convertible senior bond	\$ 414,990	\$ 334,039
Total long term debt	\$ 720,264	\$ 638,980

The Corporation incurred the following finance costs in the period:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Interest expense	10,004	9,584	31,154	29,102
Amortization of deferred facility fees	913	738	2,410	2,088
Commitment, structuring and other fees	1,226	3,848	2,223	7,088
Less: Capitalized borrowing costs	—	—	—	(6,803)
Total finance costs	\$ 12,143	\$ 14,170	\$ 35,787	\$ 31,475

i. Corporate Loan Facility

On May 17, 2019, the Corporation renewed its \$430.0 million revolving credit facility ("RCF") with a syndicate of leading international banks. During the nine months ended September 30, 2020, the Corporation signed for a one year extension on the RCF, delaying the maturity date to September 2022.

The key terms of the RCF include:

- Principal amount of \$430.0 million.
- Interest accrues on a sliding scale of between LIBOR plus 2.95% to 3.95% based on the Corporation's leverage ratio.
- Commitment fees for the undrawn portion of the RCF of 1.03%.
- The RCF matures in September 2022.
- The principal outstanding on the 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, HSBC and BMO.
- The RCF can be repaid at any time without penalty.

ii. Convertible Senior Notes

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

The Notes bear interest at a coupon rate of 3% payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2018. The Notes mature on February 15, 2023, unless redeemed earlier, repurchased or converted in accordance with the terms of the Notes. The Corporation may, subject to certain conditions, elect to satisfy the principal amount and conversion option 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 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 unrealized gain/loss on the convertible note option for the three and nine months ended September 30, 2020 was an unrealized loss of \$15.3 million and an unrealized loss of \$76.5 million respectively (three and nine months ended September 30, 2019 - unrealized loss of \$14.2 million and an unrealized loss of \$10.3 million respectively).

The liability component for the Notes at September 30, 2020 has an effective interest rate of 6.2% (December 31, 2019: 6.2%) and was as follows:

	September 30, 2020	December 31, 2019
Liability component at beginning of the year	302,600	293,893
Interest expense in the year	14,347	18,607
Less: Interest payments in the year	(9,900)	(9,900)
Total	\$ 307,047	\$ 302,600

iii. Conversion option

The conversion option related to the Notes is recorded at fair value, using a valuation model, with the following assumptions; volatility of 50% (December 31, 2019, 26%), risk free rate of 0.1% (December 31, 2019, 2.6%), term of the conversion option 2.38 years (December 31, 2019, 3.19 years), and a share price of \$24.85 (December 31, 2019, \$18.89).

	September 30, 2020	December 31, 2019
Conversion option at beginning of the year	31,439	25,076
Fair value adjustment	76,504	6,363
Total	\$ 107,943	\$ 31,439

12 OTHER LONG-TERM LIABILITIES

	September 30, 2020	December 31, 2019
Environmental rehabilitation provision	71,698	38,521
DSU liabilities	2,996	3,390
Total	\$ 74,694	\$ 41,911

13 SHARE CAPITAL

i. Share capital

Authorized

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

On July 1, 2020, the Corporation completed the acquisition of SEMAFO. Under the terms of the transaction, the Corporation acquired 100% of the issued and outstanding shares of SEMAFO at an exchange rate of 0.1422 Endeavour share for each outstanding SEMAFO share, which resulted in the issuance of 47,561,205 common shares of Endeavour at a total fair value of \$1,151.3 million.

On July 3, 2020, La Mancha exercised its anti-dilution right to maintain its interest in the Corporation and completed a \$100.0 million private placement for 4,507,720 shares of Endeavour (note 3).

On June 30, 2020, the Corporation held 448,181 shares in SEMAFO which were converted into 63,731 common shares of Endeavour on July 1, 2020. On September 22, 2020, the Corporation cancelled these treasury shares which resulted in a reduction of \$1.2 million in share capital.

ii. Share-based compensation

The following table summarizes the share-based compensation expense:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Amortization and change in fair value of DSUs	229	4,403	1,389	11,180
Amortization and change in fair value of PSUs	6,888	835	12,293	1,043
Total share-based expenses	\$ 7,117	\$ 5,238	\$ 13,682	\$ 12,223

iii. 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\$)
At December 31, 2018	191,706	12.20	2,845,880	19.25
Granted	26,871	22.60	1,556,328	18.63
Exercised	(39,893)	12.61	(738,078)	18.15
Forfeited	—	—	(365,753)	20.62
At December 31, 2019	178,684	13.67	3,298,377	19.05
Granted	10,886	26.19	2,071,383	21.54
Exercised	—	—	(1,089,232)	19.08
Forfeited	—	—	(973,860)	19.28
Added by performance factor	—	—	85,463	18.57
At September 30, 2020	189,570	14.39	3,392,131	20.48

iv. 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 fair value of the DSUs is determined based on multiplying the 5 day volume weighted average share price of the Corporation by the number of DSUs at the end of the reporting period.

The total fair value of DSUs at September 30, 2020 was \$3.0 million (December 31, 2019 – \$3.4 million). The total DSU share-based compensation recognized in the condensed interim consolidated statement of comprehensive earnings/(loss) was an expense of \$0.2 million and an expense of \$1.4 million for the three and nine months ended September 30, 2020 respectively (for the three and nine months ended September 30, 2019, expense of \$0.8 million and \$1.0 million respectively).

v. 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 – Net debt / adjusted

earnings before interest, tax, depreciation and amortization, production and Environmental, Social and Governance ("ESG") targets). The fair value related to the TSR portion is determined using a multi-asset Monte Carlo simulation model while the fair value related to the achievement of operational performance measures is determined based the probability of reaching the operational targets.

The total PSU share-based expense recognized in the condensed interim consolidated statement of comprehensive earnings/(loss) for the three and nine months ended September 30, 2020 was \$6.9 million and \$12.3 million respectively (for the three and nine months ended September 30, 2019, expense of \$4.4 million and \$11.2 million respectively).

vi. Basic and diluted earnings per share

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

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Basic and diluted weighted average number of shares outstanding	162,986,253	109,926,147	128,314,951	109,786,878
Total common shares outstanding at September 30	163,036,473	109,927,097	163,036,473	109,927,097
Total potential diluted common shares at September 30	166,428,604	113,298,108	166,428,604	113,298,108

14 NON-CONTROLLING INTERESTS

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

	Note	Agbaou Mine Côte d’Ivoire (15%)	Ity Mine Côte d’Ivoire (15%)	Karma Mine Burkina Faso (10%)	Houndé Mine Burkina Faso (10%)	Kalana Project (Mali) 20%	Mana Mine Burkina Faso (10%)	Boungou Mine Burkina Faso (10%)	Savary Gold Corporation Burkina Faso (19.32%)	Total
At December 31, 2018		50,473	16,405	11,983	6,944	522	—	—	—	86,327
Acquisition of NCI		—	(4,101)	—	—	—	—	—	—	(4,101)
Net earnings		8,026	11,553	2,019	960	—	—	—	—	22,558
Dividend distribution		(5,064)	—	—	(1,090)	—	—	—	—	(6,154)
At December 31, 2019		\$ 53,435	\$ 23,857	\$ 14,002	\$ 6,814	\$ 522	\$ —	\$ —	\$ —	\$ 98,630
Net earnings		2,909	15,338	2,143	10,192	—	2,231	185	—	32,998
Acquisition of NCI	3	—	—	—	—	—	55,375	54,400	6,419	116,194
Dividend distribution		(7,664)	(659)	(694)	—	—	—	—	—	(9,017)
Change in NCI		—	—	—	—	—	—	—	(199)	(199)
At September 30, 2020		\$ 48,680	\$ 38,536	\$ 15,451	\$ 17,006	\$ 522	\$ 57,606	\$ 54,585	\$ 6,220	\$ 238,606

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

i. Acquisition of interest in Ity

On May 19, 2017, the Corporation acquired an additional 25% stake in Société des Mines d'Ity from one of the non-controlling interests thereby increasing its ownership to 80% for consideration of \$54.4 million and a \$5 per ounce royalty for any additional reserves added subsequent to December 31, 2016. During the first quarter of 2020, the Corporation paid \$5.4 million as part of this transaction of which only \$5 million was initially recognized as part of the investment. The additional \$0.4 million has been included as a charge to deficit in the the nine months ended 30 September 2020.

On January 11, 2019, the Corporation increased its ownership stake in the Ity Mine from 80% to 85%, with the Government of Cote d'Ivoire owning 10% and SODEMI (a government owned mining company) owning the remaining 5%. 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 a \$0.5 million cash payment.

15 LOSS ON FINANCIAL INSTRUMENTS

	Note	THREE MONTHS ENDED		NINE MONTHS ENDED	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
(Loss)/gain on other financial instruments		(226)	(1,307)	364	(91)
Change in value of receivable at FVTPL	4	—	(22,389)	(307)	(22,389)
Realized gain on forward contract	16	—	—	6,686	—
Loss on gold revenue protection program	16	—	(8,138)	(21,156)	(20,151)
Unrealized loss on convertible senior bond derivative	11	(15,286)	(14,168)	(76,504)	(10,293)
Loss on foreign exchange		(8,756)	(3,526)	(8,774)	(7,238)
Total loss on financial instruments		\$ (24,268)	\$ (49,528)	\$ (99,691)	\$ (60,162)

16 DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the derivative financial liabilities:

	September 30, 2020	December 31, 2019
Gold revenue protection strategy	—	(10,349)
Derivative financial liabilities	\$ —	\$ (10,349)

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

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Realized loss on gold revenue protection strategy ⁱ	—	(1,633)	(21,156)	(2,570)
Realized gain on forward contract ⁱⁱ	—	—	6,686	—
Unrealized loss on gold revenue protection strategy ⁱ	—	(6,505)	—	(17,581)
Loss on derivative financial instruments	\$ —	\$ (8,138)	\$ (14,470)	\$ (20,151)

i. Gold revenue protection strategy

In the year ended December 31, 2019, the Corporation's deferred premium collar strategy for the 15-month period from February 2018 to April 2019 expired. Over the life of the collar, the Corporation realized a gain of \$5.1 million.

In the year ended December 31, 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 covered 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 accounted for at fair value through profit/ loss ('FVTPL') and the Corporation realized a loss of \$35.9 million over the life of the Collar of which \$21.2 million was recognized in the nine months ended September 30, 2020.

ii. Forward contract

On March 9, 2020, the Corporation entered into a gold forward contract to manage the risk of changes in the market price of gold. Under the gold forward contract, the Corporation bought 73,919 ounces of gold at an average gold prices of \$1,590 per ounce. On March 30, 2020, the Corporation exited the gold forward contract at a final gold price of \$1,681 per ounce resulting in a realized gain of \$6.7 million.

iii. Gold sales contract

In July 2020, the Corporation entered into an agreement to sell 74,839 gold ounces of future production for proceeds of \$1,796 per gold ounce to a third party. The amounts received for the gold ounces sold were included in revenue in the quarter. No amounts under this agreement remain outstanding at September 30, 2020.

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. The Corporation is not subject to corporate taxation in the Cayman Islands. However, the taxable earnings of the corporate entities in Barbados, Burkina Faso, Canada, Côte d'Ivoire, Mali, Monaco, France, Luxembourg and the United Kingdom are subject to tax under the tax law of the respective jurisdiction. 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 change, 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, Houndé, Mana and Boungou mines), Côte d'Ivoire (Agbaou and Ity mines), and Mali (Kalana Project). The following table provides the Corporation's results by operating segment in the way information is provided to and used by the Corporation's chief operating decision maker, which is the CEO, to make decisions about the allocation of resources to the segments and assess their performance.

THREE MONTHS ENDED SEPTEMBER 30, 2020

	Agbaou Mine	Ity Mine	Karma Mine	Houndé Mine	Mana Mine	Boungou Mine	Other	Total
Revenue								
Gold revenue	46,722	88,755	35,844	115,721	128,069	66,450	—	481,561
Cost of sales								
Operating expenses	(22,210)	(29,331)	(20,077)	(37,352)	(48,239)	(21,973)	(875)	(180,057)
Depreciation and depletion	(9,370)	(8,080)	(14,904)	(14,413)	(43,956)	(39,694)	(4,378)	(134,795)
Royalties	(2,689)	(5,239)	(3,410)	(9,515)	(7,754)	(4,106)	—	(32,713)
Earnings/(Loss) from mine operations	12,453	46,105	(2,547)	54,441	28,120	677	(5,253)	133,996
Corporate costs	—	—	—	—	—	—	(5,101)	(5,101)
Acquisition and restructuring costs	—	—	—	—	—	—	(19,336)	(19,336)
Share-based payments	—	—	—	—	—	—	(7,117)	(7,117)
Exploration	—	—	—	—	—	—	(900)	(900)
Earnings/(Loss) from operations	12,453	46,105	(2,547)	54,441	28,120	677	(37,707)	101,542
Other income/(expenses)								
Gain/(Loss) on financial instruments	1,917	(8,805)	(778)	(2,542)	364	(849)	(13,575)	(24,268)
Finance costs	(90)	(689)	(133)	(753)	(878)	(516)	(9,084)	(12,143)
Other (expenses)/income	—	(1,633)	(324)	(36)	(429)	150	25,361	23,089
Earnings/(Loss) before taxes	14,280	34,978	(3,782)	51,110	27,177	(538)	(35,005)	88,220
Current income tax expense	(8,973)	(14,221)	(3,097)	(13,012)	(11,507)	(6,910)	(10,414)	(68,134)
Deferred income tax recovery/(expense)	7,626	4,673	(2,290)	15,207	10,515	11,291	940	47,962
Net earnings/(loss)	12,933	25,430	(9,169)	53,305	26,185	3,843	(44,479)	\$ 68,048

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

THREE MONTHS ENDED SEPTEMBER 30, 2019

	Agbaou Mine	Ity Mine	Karma Mine	Houndé Mine	Other	Total
Revenue						
Gold revenue	53,375	96,299	31,329	86,289	—	267,292
Cost of sales						
Operating expenses	(20,712)	(34,963)	(17,407)	(41,517)	—	(114,599)
Depreciation and depletion	(11,781)	(9,203)	(14,369)	(18,353)	(803)	(54,509)
Royalties	(2,151)	(3,868)	(2,420)	(6,041)	—	(14,480)
Earnings/(Loss) from mine operations	18,731	48,265	(2,867)	20,378	(803)	83,704
Corporate costs	—	—	—	—	(6,166)	(6,166)
Share-based payments	—	—	—	—	(5,238)	(5,238)
Exploration	—	—	—	—	(3,858)	(3,858)
Earnings/(Loss) from operations	18,731	48,265	(2,867)	20,378	(16,065)	68,442
Other income/(expenses)						
Gain/(Loss) on financial instruments	(559)	(442)	1,233	(1,148)	(48,612)	(49,528)
Finance costs	(153)	(1,543)	(72)	(1,968)	(10,434)	(14,170)
Other (expenses)/income	—	—	(556)	—	(117)	(673)
Earnings/(Loss) before taxes	18,019	46,280	(2,262)	17,262	(75,228)	4,071
Current income tax expense	(8,980)	(5,204)	(612)	(2,121)	—	(16,917)
Deferred income tax expense	(2,756)	(2,177)	(3,014)	(2,752)	—	(10,699)
Net earnings/(loss)	\$ 6,283	\$ 38,899	\$ (5,888)	\$ 12,389	\$ (75,228)	\$ (23,545)

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

NINE MONTHS ENDED SEPTEMBER 30, 2020

	Agbaou Mine	Ity Mine	Karma Mine	Houndé Mine	Mana Mine	Boungou Mine	Other	Total
Revenue								
Gold revenue	133,806	268,897	102,579	304,746	128,069	66,450	—	1,004,547
Cost of sales								
Operating expenses	(60,601)	(94,263)	(54,132)	(115,759)	(48,239)	(21,973)	(2,801)	(397,768)
Depreciation and depletion	(27,266)	(27,225)	(39,890)	(44,542)	(43,956)	(39,694)	(8,511)	(231,084)
Royalties	(7,486)	(14,455)	(9,489)	(24,646)	(7,754)	(4,106)	—	(67,936)
Earnings/(Loss) from mine operations	38,453	132,954	(932)	119,799	28,120	677	(11,312)	307,759
Corporate costs	—	—	—	—	—	—	(15,381)	(15,381)
Acquisition and restructuring costs	—	—	—	—	—	—	(26,255)	(26,255)
Share-based payments	—	—	—	—	—	—	(13,682)	(13,682)
Exploration	—	—	—	—	—	—	(4,029)	(4,029)
Earnings/(Loss) from operations	38,453	132,954	(932)	119,799	28,120	677	(70,659)	248,412
Other income/(expenses)								
Gain/(Loss) on financial instruments	1,450	(7,023)	(922)	(2,837)	364	(849)	(89,874)	(99,691)
Finance costs	(413)	(2,052)	(267)	(2,502)	(878)	(516)	(29,159)	(35,787)
Other (expenses)/income	—	(1,610)	1,198	(49)	(429)	150	23,973	23,233
Earnings/(Loss) before taxes	39,490	122,269	(923)	114,411	27,177	(538)	(165,719)	136,167
Current income tax (expense)/recovery	(15,716)	(28,694)	1,112	(22,016)	(11,507)	(6,910)	(10,415)	(94,146)
Deferred income tax recovery/(expense)	5,042	3,312	(1,939)	9,713	10,515	11,291	940	38,874
Net earnings/(loss)	28,816	96,887	(1,750)	102,108	26,185	3,843	(175,194)	80,895

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

NINE MONTHS ENDED SEPTEMBER 30, 2019

	Agbaou Mine	Ity Mine	Karma Mine	Houndé Mine	Other	Total
Revenue						
Gold revenue	142,531	183,993	76,644	234,805	—	637,973
Cost of sales						
Operating expenses	(61,038)	(73,594)	(58,436)	(113,212)	—	(306,280)
Depreciation and depletion	(32,574)	(19,701)	(36,887)	(50,273)	(3,176)	(142,611)
Royalties	(5,566)	(7,097)	(6,054)	(15,784)	—	(34,501)
Earnings/(Loss) from mine operations	43,353	83,601	(24,733)	55,536	(3,176)	154,581
Corporate costs	—	—	—	—	(17,370)	(17,370)
Share-based payments	—	—	—	—	(12,223)	(12,223)
Exploration	—	—	—	—	(9,893)	(9,893)
Earnings/(Loss) from operations	43,353	83,601	(24,733)	55,536	(42,662)	115,095
Other income/(expenses)						
Loss on financial instruments	(2,186)	(1,984)	(80)	(2,451)	(53,461)	(60,162)
Finance costs	(495)	(2,016)	(212)	(4,322)	(24,430)	(31,475)
Other (expenses)/income	—	301	(556)	—	3,959	3,704
Earnings/(Loss) before taxes	40,672	79,902	(25,581)	48,763	(116,594)	27,162
Current income tax expense	(16,550)	(20,515)	(612)	(3,877)	(2,686)	(44,240)
Deferred income tax (expense)/recovery	(3,704)	(3,456)	2,081	(5,927)	—	(11,006)
Net earnings/(loss)	\$ 20,418	\$ 55,931	\$ (24,112)	\$ 38,959	\$ (119,280)	(28,084)

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the periods ended September 30, 2020 or September 30, 2019.

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. During the three months ended September 30, 2020, the Group entered into gold leasing arrangements with commodity market traders. Management has assessed the contractual arrangements and substance of the transactions in line with the recognition criteria in IFRS 15. Management considers that the performance obligation is settled when the gold product leaves the mine site as the Group has the present right to payment, the customer is transferred legal title and can obtain substantially all of the benefits from the asset. The gold remains subject to a refining process before physical transfer to the customer, which management has determined does not represent a separate performance obligation as it is not considered to be material to the process as a whole. As at September 30, 2020, under these arrangements, approximately 35,000 ounces of gold have been leased, and which were all settled on or before October 14, 2020.

ENDEAVOUR MINING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

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

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

AS AT SEPTEMBER 30, 2020

	Agbaou Mine	Ity Mine	Karma Mine	Houndé Mine	Mana Mine	Boungou Mine	Other	Total
Mining interests	102,784	425,025	118,257	448,441	588,005	637,429	529,760	2,849,701
Current assets	115,571	121,643	80,237	120,597	200,711	121,481	153,727	913,967
Other long-term assets	6,480	20,156	2,424	18,521	13,670	5,963	10,065	77,279
Deferred tax assets	5,650	8,202	—	—	—	—	—	13,852
Total assets	\$ 230,485	\$ 575,026	\$ 200,918	\$ 587,559	\$ 802,386	\$ 764,873	\$ 693,552	\$ 3,854,799
Current liabilities	52,148	68,433	32,750	78,655	101,510	53,087	45,263	431,846
Long-term liabilities	9,372	31,666	10,003	27,655	25,327	17,131	726,998	848,152
Deferred tax liabilities	—	—	1,939	14,552	78,397	154,927	58,852	308,667
Total liabilities	\$ 61,520	\$ 100,099	\$ 44,692	\$ 120,862	\$ 205,234	\$ 225,145	\$ 831,113	\$ 1,588,665

AS AT DECEMBER 31, 2019

	Agbaou Mine	Ity Mine	Karma Mine	Houndé Mine	Other	Total
Mining interests	119,297	415,897	154,415	443,384	277,281	1,410,274
Current assets	81,838	84,580	68,275	118,006	43,339	396,038
Other long-term assets	5,843	22,714	2,709	15,840	13,875	60,981
Deferred tax assets	609	4,889	—	—	—	5,498
Total assets	\$ 207,587	\$ 528,080	\$ 225,399	\$ 577,230	\$ 334,495	\$ 1,872,791
Current liabilities	42,997	56,695	38,022	77,166	53,135	268,015
Long-term liabilities	9,793	38,321	7,669	37,434	645,077	738,294
Deferred tax liabilities	—	—	—	24,266	25,719	49,985
Total liabilities	\$ 52,790	\$ 95,016	\$ 45,691	\$ 138,866	\$ 723,931	\$ 1,056,294

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, finance obligations, derivatives and long-term debt, net of cash and cash equivalents, restricted cash and marketable securities.

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

	September 30, 2020	December 31, 2019
Equity	2,266,134	816,497
Long-term debt	720,264	638,980
Finance obligations	92,737	86,834
Derivative financial liabilities	—	10,349
	3,079,135	1,552,660
Less:		
Cash and cash equivalents	(523,324)	(189,889)
Cash - restricted	(27,286)	(9,958)
Marketable securities	(511)	(1,224)
Total	\$ 2,528,014	\$ 1,351,589

The Corporation manages its capital structure and adjusts it considering 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.

The Corporation is not subject to any externally imposed capital requirements with the exception of complying with covenants under the RCF. As at September 30, 2020 and December 31, 2019, the Corporation was in compliance with these covenants.

20 FINANCIAL INSTRUMENTS AND RELATED RISKS

i. Financial assets and liabilities

The Corporation's financial instruments consist of cash, restricted cash, marketable securities, trade and other receivables, long term receivable, trade and other payables, finance obligations 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 \$395.1 million (December 31, 2019 - \$351.5 million).

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

Classification of financial assets and liabilities

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

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at each of September 30, 2020 and December 31, 2019, the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities measured and recognized in the condensed interim consolidated statement of financial position at fair value are categorized as follows:

AS AT SEPTEMBER 30, 2020					
	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		523,324	—	—	523,324
Cash - restricted		27,286	—	—	27,286
Other long term receivable	8	—	—	945	945
Receivable for sale of Tabakoto mine	8	—	—	8,822	8,822
Marketable securities		511	—	—	511
Total		\$ 551,121	\$ —	\$ 9,767	\$ 560,888
Liabilities:					
Conversion option on Notes	11	—	(107,943)	—	(107,943)
Total		\$ —	\$ (107,943)	\$ —	\$ (107,943)

AS AT DECEMBER 31, 2019					
	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		189,889	—	—	189,889
Cash - restricted		9,958	—	—	9,958
Receivable for sale of Nzema mine	4	—	—	7,163	7,163
Receivable for sale of Tabakoto mine	8	—	—	13,322	13,322
Marketable securities		1,224	—	—	1,224
Total		\$ 201,071	\$ —	\$ 20,485	\$ 221,556
Liabilities:					
Conversion option on Notes	11	—	(31,439)	—	(31,439)
Derivative financial instruments	16	—	(10,349)	—	(10,349)
Total		\$ —	\$ (41,788)	\$ —	\$ (41,788)

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 the disposed mine.

ii. 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, restricted cash, 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 and its receivable from the BCM Group.

BCM Group, a private mining contractor and operator, is the counterparty who acquired the Nzema and Tabakoto mines in 2017 and 2018 respectively, and from whom the receivables are ultimately due. The Corporation signed an omnibus settlement agreement in November 2019, which offset certain amounts outstanding between the two parties. Further to additional amounts paid on behalf of BCM Group in the period, the Corporation received \$11.3 million in the nine months ended September 30, 2020, in relation to the receivable from the sale of the Tabakoto and Nzema mines.

Long-term receivables of \$8.8 million mainly consist of a receivable and net smelter royalty ("NSR") associated with the sale of the Tabakoto mine in December 2018.

The Corporation sells its gold to large international organizations with strong credit ratings, and the historical level of customer defaults is minimal. As a result, the credit risk associated with gold trade receivables at September 30, 2020 is considered to be negligible. The Corporation does not rely on ratings issued by credit rating agencies in evaluating counterparties' related credit risk.

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

		September 30, 2020	December 31, 2019
Cash		523,324	189,889
Trade and other receivables	4	72,775	19,228
Working capital loan	8	—	541
Marketable securities		511	1,224
Long-term receivable	8	9,767	13,322
Restricted Cash	8	27,286	9,958
Total		\$ 633,663	\$ 234,162

Liquidity Risk

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

The following table summarizes the Corporation's liabilities that have contractual maturities as at September 30, 2020:

	Within 1 year	1 to 2 years	3 to 4 years	Over 4 years	Total
Trade and other payables	247,011	—	—	—	247,011
Corporate loan facility	—	310,000	—	—	310,000
Convertible senior bond	9,900	9,900	334,950	—	354,750
Lease liabilities	15,311	13,382	3,776	1,002	33,471
Finance arrangements	28,066	32,051	1,317	—	61,434
Total	\$ 300,288	\$ 365,333	\$ 340,043	\$ 1,002	\$ 1,006,666

iii. 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 September 30, 2020.

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

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

	September 30, 2020	December 31, 2019
Canadian dollar	8,785	309
CFA Francs	179,807	26,615
Euro	4,900	919
Other currencies	1,651	2,707
Total	\$ 195,143	\$ 30,550

The effect on earnings before taxes as at September 30, 2020, 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 \$19.5 million (December 31, 2019, \$3.1 million), if all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at September 30, 2020.

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 before taxes as at September 30, 2020, of a 10% change in the LIBOR rate on the RCF is estimated to be \$0.1 million (December 31, 2019 - \$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 September 30, 2020.

21 COMMITMENTS AND CONTINGENCIES

- The Corporation has commitments in place at all six 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 assumed a gold stream when it acquired the Karma Mine on April 26, 2016. 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, which commenced on March 31, 2016, 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 \$100.0 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, 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 delivered an additional 7,500 ounces between July 2017 and April 2019 in exchange for an additional deposit of \$5.0 million received in 2017. 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. As at September 30, 2020, there are 8,332 ounces still to be delivered.

22 SUBSEQUENT EVENTS

Declaration of dividend

On November 12, 2020, the Board of Directors of Endeavour declared a dividend of \$60.0 million which will be paid in Q1 2021.