ENDEAVOUR MINING

Three and nine months ended September 30, 2016 and 2015

(Expressed in Thousands of United States Dollars)

(Unaudited)

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

	September 30, 2016	December 31, 2015
ASSETS		
Current		
Cash	$ 137,094	109,519
Cash - restricted	5,222	4,824
Trade and other receivables	13,844	13,045
Income taxes receivable	148	2,945
Inventories (Note 5)	85,776	93,939
Prepaid expenses and other	36,885	12,640
	278,969	236,912
Mining interests (Note 6)	1,066,539	740,756
Deferred income taxes	69,077	70,116
Other long term assets (Note 7)	6,109	6,310
	$ 1,420,694	$ 1,054,094
LIABILITIES		
Current		
Trade and other payables	145,667	127,581
Current portion of finance lease obligations (Note 8)	4,315	4,394
Current portion of derivative financial liabilities (Note 9)	8,671	5,463
Income taxes payable	10,689	16,061
	169,342	153,499
Finance lease obligations (Note 8)	6,578	9,025
Long-term debt (Note 10)	128,402	225,582
Other long term liabilities (Note 11)	42,231	38,862
Deferred income taxes	45,994	30,014
	392,547	456,982
EQUITY		
Share capital (Note 12 (a))	1,481,745	1,071,088
Equity reserve (Note 12)	41,001	41,966
Deficit	(554,276)	(548,951)
Equity attributable to shareholders of the Corporation	968,470	564,103
Non-controlling interests (Note 13)	59,677	33,009
Total equity	1,028,147	597,112
	$ 1,420,694	$ 1,054,094

COMMITMENTS AND CONTINGENCIES (NOTE 20)

Approved by the Board: October 31, 2016

"Sebastien de Montessus" Director *"Wayne McManus"* Director

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

ENDEAVOUR MINING CORPORATION

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Revenues				
Gold revenue	$ 169,313	$ 121,826	$ 473,644	$ 385,073
Cost of sales				
Operating expenses	87,856	76,265	259,337	229,151
Depreciation and depletion	21,607	19,057	69,612	53,923
Royalties	8,206	6,009	22,025	19,052
Earnings from mine operations	51,644	20,495	122,670	82,947
Corporate costs	5,984	4,744	16,405	13,177
Acquisition and restructuring costs (Note 3 (c))	6,558	-	24,580	-
Share-based expenses (Note 12 (b))	2,886	660	8,603	2,900
Exploration costs	2,520	106	4,388	1,171
Earnings from operations	33,696	14,985	68,694	65,699
Gains (losses) on financial instruments (Note 14)	3,608	(869)	(20,403)	2,988
Finance costs	(6,049)	(7,077)	(19,197)	(23,704)
Other expenses	-	(515)	270	(379)
Other (expenses) income	(2,441)	(8,461)	(39,330)	(21,095)
Earnings from continuing operations before taxes	31,255	6,524	29,364	44,604
Current income taxes expense	(3,835)	(699)	(9,152)	(2,426)
Deferred income taxes recovery (expense)	(3,167)	(880)	(246)	5,622
Net and comprehensive earnings from continuing operations	24,253	4,945	19,966	47,800
Net earnings (loss) from discontinued operations and loss on disposal (Note 4)	-	1,761	(3,273)	9,444
Total net and comprehensive earnings	24,253	6,706	16,693	57,244
Net earnings (loss) from continuing operations attributable to:				
Shareholders of Endeavour Mining Corporation	15,035	(1,236)	(2,052)	34,065
Non-controlling interests (Note 13)	9,218	6,181	22,018	13,735
Net earnings from continuing operations	$ 24,253	$ 4,945	$ 19,966	$ 47,800
Total net earnings (loss) attributable to:				
Shareholders of Endeavour Mining Corporation	14,860	3,504	(5,325)	42,897
Non-controlling interests (Note 13)	9,393	3,202	22,018	14,347
Total net earnings	$ 24,253	$ 6,706	$ 16,693	$ 57,244
Net earnings (loss) per share from continuing operations (Note 12 (c))				
Basic earnings (loss) per share	$ 0.16	$ (0.03)	$ (0.03)	$ 0.82
Diluted earnings (loss) per share	$ 0.16	$ (0.03)	$ (0.03)	$ 0.82
Net earnings (loss) per share (Note 12 (c))				
Basic earnings (loss) per share	$ 0.16	$ 0.08	$ (0.07)	$ 1.04
Diluted earnings (loss) per share	$ 0.16	$ 0.08	$ (0.07)	$ 1.04

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

ENDEAVOUR MINING CORPORATION

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

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Operating Activities				
Earnings before taxes (Note 16 (a))	$ 31,255	$ 8,593	$ 26,962	$ 55,759
Adjustments for:				
Depreciation and depletion	21,607	20,552	70,871	58,210
Unwinding of reclamation obligation	174	194	541	583
Amortization of financing costs	1,137	1,050	3,385	3,120
Unrealized gain on marketable securities and interest on working capital loan	(38)	(126)	(354)	(231)
Share-based expense, net of cash paid on settlement of performance share units	1,289	600	6,894	2,828
Unrealized (gain) loss on derivative financial instruments (Note 9)	(7,594)	(2,827)	3,209	(6,732)
Realized loss on derivative financial instruments (Note 9)	5,128	1,217	13,351	5,341
Pension adjustment	126	-	(156)	-
Loss on disposition of Youga Mine (Note 4)	-	-	1,025	-
Interest expense	2,315	4,016	8,648	12,389
Unrealized foreign exchange (gain) loss	(1,538)	(196)	522	546
Cash paid on settlement of share appreciation rights	(850)	-	(1,818)	-
Payment of gold collar premiums	(1,829)	-	(3,712)	-
Income taxes paid	(3,254)	(1,226)	(12,035)	(6,051)
Operating cash flows before non-cash working capital	47,928	31,847	117,333	125,762
Changes in non-cash working capital:				
Trade and other receivables	(7,643)	(507)	(3,988)	5,032
Inventories	(365)	2,022	(7,075)	1,925
Prepaid expenses and other	(2,241)	6,088	(2,331)	(4,986)
Trade and other payables	(6,659)	(12,119)	(5,850)	(23,314)
Change in working capital related to assets under construction	(7,555)	-	(24,284)	-
Other	-	216	-	738
Cash generated from operating activities	$ 23,465	$ 27,547	$ 73,805	$ 105,157
Investing Activities				
Expenditures and prepayments on mining interests	(71,009)	(25,143)	(151,641)	(68,379)
Cash acquired on acquisition of the Karma Mine (Note 3(b))	-	-	10,031	-
Bridge loan advanced to True Gold (Note 3(b))	-	-	(15,000)	-
Cash received on sale of Youga Mine (net) (Note 4)	-	-	22,086	-
Proceeds from pre-production gold sales	14,647	-	34,146	-
Other	(712)	393	(1,018)	(232)
Cash used in investing activities	$ (57,074)	$ (24,750)	$ (101,396)	$ (68,611)
Financing Activities				
Proceeds received from the issue of common shares (Note 16 (b))	111,030	-	183,827	-
Cash settlement of hedge programs (Note 9)	(6,871)	(275)	(9,645)	(4,386)
Payment of financing and other fees	-	(1,750)	-	(8,452)
Dividends paid to minority shareholders (Note 13)	(2,325)	-	(2,325)	(485)
Interest paid	(2,924)	(383)	(9,698)	(8,952)
Repayment of long-term debt (Note 10)	(60,000)	(20,000)	(100,000)	(40,000)
Repayment of the Auramet Loan (Note 10 (b))	(5,088)	-	(6,213)	-
Repayment of finance lease obligation (Note 8)	(863)	(785)	(2,528)	(2,369)
Deposit received (paid) on reclamation liability bond	752	-	(684)	-
Cash used in financing activities	$ 33,711	$ (23,193)	$ 52,734	$ (64,644)
Effect of exchange rate changes on cash	3,007	(517)	2,432	(2,286)
Increase (decrease) in cash	3,109	(20,913)	27,575	(30,384)
Cash, beginning of year	133,985	52,708	109,519	62,179
Cash, end of year	$ 137,094	$ 31,795	$ 137,094	$ 31,795

The accompanying notes are an integral part of these condensed interim consolidated financial statements; for supplemental cash flow information, see note 16.

ENDEAVOUR MINING CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Thousands of United States Dollars)
(Unaudited)

	Share Capital												
	Number of Common Shares	Par Value	Additional Paid in Capital	Number of Exchangeable Shares	Par Value	Additional Paid in Capital	Total Number of Shares	Total Share Capital	Equity Reserve Shares	Deficit	Total Attributable to Shareholders	Non-Controlling Interests	Total
At January 1, 2015	41,248,686	$ 4,119	$ 985,746	65,680	$ 7	$ 1,697	41,314,366	$ 991,569	$ 39,961	$ (567,178)	$ 464,352	$ (20,982)	443,370
Exchangeable shares exchanged into common shares	9,672	1	218	(9,673)	(1)	(218)	-	-	-				-
Share based payments	-	-	-	-	-	-	-	-	1,609	-	1,609	-	1,609
Dividends (Note 13)	-	-	-	-	-	-	-	-	-			(485)	(485)
Net loss and total comprehensive loss	-	-	-	-	-	-	-	-	-	42,897	42,897	14,347	57,244
At September 30, 2015	41,258,358	$ 4,120	$ 985,964	56,007	$ 6	$ 1,479	41,314,366	$ 991,569	$ 41,570	$ (524,281)	$ 508,858	$ (7,120)	$ 501,738
At January 1, 2016	58,969,264	$ 5,892	$ 1,063,876	50,678	$ 5	$ 1,315	59,019,942	$ 1,071,088	$ 41,966	$ (548,951)	$ 564,103	$ 33,009	$ 597,112
Shares issued on acquisition of the Karma Mine (Note 3)	17,600,982	1,760	214,679	-	-	-	17,600,982	216,439	-	-	216,439	-	216,439
Shares issued to La Mancha	7,546,775	755	64,353	-	-	-	7,546,775	65,108	-	-	65,108	-	65,108
Shares issued in private placements	7,187,500	719	103,295				7,187,500	104,014	-	-	104,014	-	104,014
Assumed on acquisition of the Karma Mine (Note 3)	-	-	-	-	-	-	-	-	8,771	-	8,771	11,530	20,301
Exchangeable shares exchanged into common shares	24,911	2	249	(24,911)	(2)	(249)	-	-	-	-	-	-	-
Share options exercised	1,928,759	190	24,906	-	-	-	1,928,759	25,096	(10,392)	-	14,704	-	14,704
Amortization of option grants (Note 12 (b))	-	-	-	-	-	-	-	-	656	-	656	-	656
Dividends (Note 13)	-	-	-	-	-	-	-	-	-	-	-	(2,597)	(2,597)
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	22	22
Disposal of the Youga Mine (Note 4)	-	-	-	-	-	-	-	-	-	-	-	(4,305)	(4,305)
Net earnings and total comprehensive earnings	-	-	-	-	-	-	-	-	-	(5,325)	(5,325)	22,018	16,693
At September 30, 2016	93,258,191	$ 9,318	$ 1,471,358	25,767	$ 3	$ 1,066	93,283,958	$ 1,481,745	$ 41,001	$ (554,276)	$ 968,470	$ 59,677	$ 1,028,147

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

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

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

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

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) *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 fiscal year ended December 31, 2015, and have been consistently applied in the preparation of these condensed interim consolidated financial statements.

(b) *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 in preparing these condensed interim consolidated financial statements.

(c) *Accounting Standards recently adopted*

Effective January 1, 2016, the Corporation adopted the following new accounting standards:

- *IAS 1, Presentation of Financial Statements:* the amendments clarify guidance on materiality and aggregation, use of subtotals, aggregation and disaggregation of financial statement line items, the order of the notes to the financial statements and disclosure of significant accounting policies. The adoption of this amended standard had no material impact on the Corporation's condensed interim consolidated financial statements.
- *IFRS 7, Financial Instruments:* Disclosures: the amendments require increased disclosure regarding derecognition of financial assets and the continuing involvement accounting in connection with servicing contracts for annual periods beginning on or after January 1, 2016. The adoption of this amended standard had no material impact on the Corporation's condensed interim consolidated financial statements.
- *IAS 34, Interim Financial Reporting:* the amendments clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The adoption of this amended standard has no impact on the Corporation's condensed interim consolidated financial statements.

3. ACQUISITIONS AND RESTRUCTURING

(a) Acquisition of the Ity Mine

On November 27, 2015, the Corporation completed the acquisition of a 55% interest in Société des Mines d'Ity S.A. ("Ity Mine"), in exchange for 17,706,157 million common shares of Endeavour. The consideration and preliminary allocation of the fair value of assets acquired and liabilities assumed was presented in the Corporation's consolidated financial statements for the year ended December 31, 2015. There has been no change to the consideration and allocation of the fair value of assets and liabilities is still preliminary as at September 30, 2016.

In the three and nine months ended September 30, 2016, the Corporation incurred $Nil and $0.2 million (year ended December 31, 2015 - $13.1 million), respectively, in costs related to this acquisition.

As of the date of these condensed interim consolidated financial statements, the determination of fair value of assets and liabilities acquired is based on preliminary estimates and has not been finalized. The Corporation is currently in the process of determining the fair values of the net assets acquired, assessing and measuring the associated deferred income tax assets and liabilities and potential goodwill on the acquisition. Non-controlling interest is measured at its proportionate share of the fair value of net assets. The actual fair values of the assets and liabilities may differ materially from the amounts disclosed in the preliminary fair value below and are subject to change.

(b) Acquisition of the Karma Mine

On April 26, 2016, the Corporation completed the acquisition of True Gold Mining Inc. ("True Gold") with an issuance of 17,600,982 common shares.

In connection with the acquisition, on April 26, 2016, La Mancha Holding S.à.r.l, exercised an anti-dilution right to maintain its 30% stake and invested $65.1 million (C$82.6 million) via an equity placement for 7,546,775 common shares.

For the three and nine months ended September 30, 2016, the Corporation incurred $1.7 million and $6.0 million, respectively, in acquisition-related costs, including advisory, legal, valuation and other professional fees. These costs are presented as acquisition costs within the consolidated statements of comprehensive (loss) earnings.

On March 22, 2016, as part of the arrangement agreement with True Gold, the Corporation provided a $15.0 million convertible bridge loan ("Bridge Loan") to True Gold to ensure True Gold remained well funded to continue construction of the Karma Mine.

As of the date of these condensed interim consolidated financial statements, the determination of fair value of assets and liabilities acquired is based on preliminary estimates and has not been finalized. The Corporation is currently in the process of determining the fair values of the net assets acquired, assessing and measuring the associated deferred income tax assets and liabilities and potential goodwill on the acquisition. Non-controlling interest is measured at its proportionate share of the fair value of net assets. The actual fair values of the assets and liabilities may differ materially from the amounts disclosed in the preliminary fair value below and are subject to change.

The Corporation acquired the Karma Mine in the pre-commercial production stage, shortly after the first gold pour done as part of the mine commissioning. As of September 30, 2016, the mine had not achieved Commercial Production as defined by IFRS and the Corporation's accounting policy. As such, all pre-commercial production gold sales proceeds and operating costs were included as part of mineral property on the consolidated balance sheet.

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

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

Purchase price:		
Fair value of 17,600,982 Endeavour common shares issued as consideration	$	216,439
Valuation of stock options (Note 12 (b)(i))		8,771
Valuation of stock appreciation rights (Note 12 (b)(iv))		1,529
Bridge loan		15,000
	$	**241,739**

Net assets/(liabilities) acquired		
Mining interests		281,713
Cash		10,031
Provision for reclamation		(2,307)
Long term loan		(6,213)
Non-controlling interest		(11,530)
Net working capital acquired (excluding cash)		(11,743)
Deferred income and mining taxes		(18,212)
Net Assets	**$**	**241,739**

Karma Gold Stream

On August 11, 2014, True Gold, then the owner of the Karma Mine, entered into a $100 million definitive agreement with Franco-Nevada Corporation and Sandstorm Gold Inc. (the “Syndicate”) to complete funding for the construction of the Karma Project. In exchange for $100 million in funding (the “Deposit”), True Gold is obligated to deliver 100,000 ounces of gold over five years (the “Delivery Period”). During the Delivery Period, which started on March 31, 2016, True Gold has committed to deliver an aggregate of 20,000 ounces of gold each year. The Syndicate will pay True Gold 20% of the spot price of gold (“Ongoing Payment”) for each ounce delivered. The Deposit is reduced on each delivery by the excess of the prevailing market value of the gold delivered over the Ongoing Payment made by the Syndicate. Following the Delivery Period, True Gold has committed to deliver an amount of refined gold equal to 6.5% of the equivalent amount of gold production at the Karma Project for the life of the Project in exchange for Ongoing Payments. The Corporation assumed the gold stream when it acquired the Karma Mine on April 26, 2016.

Upon initial recognition, the expected cash flows associated with the sale of gold to the Syndicate at a price lower than market price have been reflected in the fair value of the mining interest recorded upon acquisition of the Karma mine. The Corporation has presented the value of any expected future cash flows from the sale of any future gold production to the Syndicate as part of the mining interest, as the Corporation did not receive any of the upfront payment made by the Syndicate in accordance with the agreement.

Gold ounces sold to the Syndicate under the stream agreement recognize as revenue only the actual proceeds received, which per the agreement will be 20% of the spot gold price.

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

(c) Acquisition and restructuring Costs

During the three and nine months ended September 30, 2016, the Corporation recognized $1.7 million and $6.2 million in acquisition costs and $4.8 million and $18.3 million in restructuring costs, respectively. These costs related to change in the board of directors, severance, relocation, legal and other fees associated with the changes in senior and executive management and transfer of administrative offices to London, England. At September 30, 2016, $1.6 million in restructuring costs was included in accounts payable (December 31, 2015 - $Nil).

4. DISPOSITION OF MINING INTERESTS

On February 29, 2016, the Corporation announced and completed the sale of its non-core Youga Mine to MNG Gold for $25.3 million. The sale includes the Youga Mine, Ouaré Project and the related exploration properties and is part of the Corporation’s plan to focus on its core mining operations and assets.

The total cash consideration is comprised of $20 million for the asset and $5.3 million for the cash-on-hand. In addition, Endeavour has retained a 1.8% Net Smelter Royalty ("NSR") on production realized beyond the current reserve from the property sold, with the inclusion of a buyback provision.

The Corporation recognized a loss on disposition of $1.0 million, net of tax, calculated as follows:

Cash proceeds	$	25,228
Transaction costs		(934)
Total proceeds		24,294
Net assets sold and derecognized:		
Cash		3,142
Inventories		21,199
Other current assets		12,406
Mining interests		10,826
Other non-current assets		658
Accounts payable and accrued liabilities		(12,542)
Provisions		(4,800)
Other non-current liabilities		(1,440)
		29,449
Non-controlling interest		4,130
Net assets attributable to Endeavour		25,319
Loss on disposition	$	(1,025)

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

The components of net loss from discontinued operation for the three and nine months ended September 30, 2016 and 2015, were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Revenue				
Gold revenue	$ -	$ 16,033	$ 7,457	$ 59,480
Cost of sales				
Operating expenses	-	12,568	6,911	42,055
Depreciation and depletion	-	1,494	1,259	4,286
Royalties	-	641	327	2,258
Earnings (loss) from mine operations	-	1,330	(1,040)	10,881
Exploration	-	66	278	187
Earnings (loss) from operations	-	1,264	(1,318)	10,694
Other income (expenses)				
Gains on financial instruments	-	834	-	544
Finance costs	-	(28)	(59)	(83)
Loss on disposition	-	-	(1,025)	-
	-	806	(1,084)	461
Earnings (loss) before taxes	-	2,070	(2,402)	11,155
Income taxes expense	-	(309)	(871)	(1,711)
Net earnings (loss) from discontinued operations	-	1,761	(3,273)	9,444
Shareholders of Endeavour Mining Corporation	-	1,622	(3,098)	8,832
Non-controlling interest	-	139	(175)	612
Total earnings (loss) from discontinued operations	$ -	$ 1,761	$ (3,273)	$ 9,444
Net earnings (loss) per share from discontinued operations				
Basic	$ -	$ 0.02	$ (0.03)	$ 0.12
Diluted	$ -	$ 0.02	$ (0.03)	$ 0.12

The net cash flows from discontinued operation for the three and nine months ended September 30, 2016 and 2015, were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net cash (used in) generated from operating activities	$ -	$ 4,356	$ (3,871)	$ 7,420
Cash generated from (used) in investing activities	-	(117)	22,086	(691)
Total	$ -	$ 4,239	$ 18,215	$ 6,729

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

5. INVENTORIES

	September 30, 2016	December 31, 2015
Doré bars[(1)]	$ 1,663	$ 1,950
Gold in circuit[(2)]	13,912	13,675
Ore stockpiles[(3)]	18,565	33,547
Spare parts and supplies	51,636	44,767
	$ 85,776	$ 93,939

(1) Includes a charge of $Nil to reduce the costs of inventory to net realizable value at the Tabakoto mine (December 31, 2015, recovery of $0.7 million) and a recovery of $0.01 million at the Nzema mine (December 31, 2015, recovery of $0.4 million).
(2) Includes a charge of $Nil to reduce the costs of inventory to net realizable value at the Tabakoto mine (December 31, 2015, recovery of $0.6 million) and $Nil at the Nzema mine (December 31, 2015, recovery of $0.7 million).
(3) Includes a charge of $Nil to reduce the costs of inventory to net realizable value at the Tabakoto mine (December 31, 2015, recovery of $1.6 million) and recovery of $3.4 million at the Nzema mine (December 31, 2015, $3.6 million).

The $85.8 million inventory balance at September 30, 2016, does not include inventory related to the disposed Youga Mine (December 31, 2015, $19.8 million related to Youga Mine) (Note 4).

The cost of inventories recognized as expense for the three and nine months ended September 30, 2016, were $109.3 million and $328.5 million, respectively, and were included in operating expenses (three and nine months ended September 30, 2015 - $94.6 million and $282.3 million, respectively).

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

6. MINING INTERESTS

	Mining Properties					
	Depletable	Non depletable	Plant and equipment	Assets under construction	Corporate assets	Total
Cost						
Balance as at December 31, 2014	$ 833,155	$ 436,205	$ 542,924	$ -	$ 1,862	$ 1,814,146
Acquisition of the Ity Mine (Note 3)	15,823	-	15,361	-	346	31,530
Additions/expenditures	65,950	10,065	19,578	-	477	96,070
Transfers	(6,944)	-	6,944	-	-	-
Reclamation liability change in estimate	(1,671)	-	-	-	-	(1,671)
Disposals	-	-	(142)	-	-	(142)
Balance as at December 31, 2015	906,313	446,270	584,665	-	2,685	1,939,933
Acquisition of Karma Mine (Note 3(b))	-	-	-	281,179	534	281,713
Additions/expenditures	40,649	7,476	25,357	49,240	28	122,750
Transfers	-	(138,440)	(8,307)	146,747	-	-
Disposal of the Youga Mine (Note 4)	(84,837)	(19,538)	(75,267)	-	-	(179,642)
Balance as at September 30, 2016	$ 862,125	$ 295,768	$ 526,448	$ 477,166	$ 3,247	$ 2,164,754
Accumulated depreciation and impairment						
Balance as at December 31, 2014	$ 573,811	$ 212,075	$ 328,648	$ -	$ 1,581	$ 1,116,115
Depreciation/depletion	44,096	-	39,143	-	415	83,654
Depreciation charge included in inventory	1,298	-	(1,875)	-	-	(577)
Disposals	-	-	(15)	-	-	(15)
Balance as at December 31, 2015	619,205	212,075	365,901	-	1,996	1,199,177
Depreciation/depletion	39,359	-	29,818	-	435	69,612
Depreciation charge included in inventory	(2,533)	-	(84)	-	-	(2,617)
Disposal of the Youga Mine (Note 4)	(79,404)	(16,772)	(71,781)	-	-	(167,957)
Balance as at September 30, 2016	$ 576,627	$ 195,303	$ 323,854	$ -	$ 2,431	$ 1,098,215
Carrying amounts						
At December 31, 2015	$ 287,108	$ 234,195	$ 218,764	$ -	$ 689	$ 740,756
Balance as at September 30, 2016	$ 285,498	$ 100,465	$ 202,594	$ 477,166	$ 816	$ 1,066,539

At September 30, 2016, the carrying amount of plant and equipment included $10.3 million of assets under finance leases (December 31, 2015 - $14.3 million).

At September 30, 2016, mineral property additions included $2.1 million in accounts payable (December 31, 2015 - $3.4 million).

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

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

						Development Projects					
	Tabakoto Mine	Nzema Mine	Youga Mine	Agbaou Mine	Ity Mine	Houndé Project	Ouaré Project	Karma Mine	Exploration Properties	Corporate assets	Total
Cost											
Balance as at December 31, 2014	$ 683,315	$ 622,375	$ 167,511	$ 192,415	$ -	$ 131,870	$ 11,629	$ -	$ 3,169	$ 1,862	$ 1,814,146
Acquisition of the Ity Mine (Note 3(a))	-	-	-	-	31,184	-	-	-	-	346	31,530
Additions/expenditures	53,675	11,367	934	19,067	3,980	6,570	-	-	-	477	96,070
Reclamation liability change in estimate	2,055	(4,546)	(289)	1,127	(18)	-	-	-	-	-	(1,671)
Disposals	-	-	(142)	-	-	-	-	-	-	-	(142)
Balance as at December 31, 2015	739,045	629,196	168,014	212,609	35,146	138,440	11,629	-	3,169	2,685	1,939,933
Acquisition of Karma Mine (Note 3(b))	-	-	-	-	-	-	-	281,179	-	534	281,713
Additions/expenditures	24,194	12,004	-	24,075	16,559	45,199	-	691	-	28	122,750
Disposal of the Youga Mine (Note 4)	-	-	(168,014)	-	-	-	(11,629)	-	-	-	(179,642)
Balance as at September 30, 2016	$ 763,239	$ 641,200	$ -	$ 236,684	$ 51,705	$ 183,639	$ -	$ 281,870	$ 3,169	$ 3,247	$ 2,164,754
Accumulated depreciation and impairment											
Balance as at December 31, 2014	$ 475,408	$ 445,162	$ 149,439	$ 29,727	$ -	$ -	$ 11,629	$ -	$ 3,169	$ 1,581	$ 1,116,115
Depreciation/depletion	29,211	18,032	6,109	29,143	744	-	-	-	-	415	83,654
Depreciation captured in inventory	(1,159)	(340)	795	(1,035)	1,162	-	-	-	-	-	(577)
Disposals	-	-	(15)	-	-	-	-	-	-	-	(15)
Balance as at December 31, 2015	503,460	462,854	156,328	57,835	1,906	-	11,629	-	3,169	1,996	1,199,177
Depreciation/depletion	22,248	12,007	-	20,481	14,440	-	-	-	-	435	69,612
Depreciation captured in inventory	(59)	(1,453)	-	466	(1,571)	-	-	-	-	-	(2,617)
Disposal of the Youga Mine (Note 4)	-	-	(156,328)	-	-	-	(11,629)	-	-	-	(167,957)
Balance as at September 30, 2016	$ 525,649	$ 473,408	$ -	$ 78,782	$ 14,775	$ -	$ -	$ -	$ 3,169	$ 2,431	$ 1,098,215
Carrying amounts											
At December 31, 2015	$ 235,585	$ 166,342	$ 11,686	$ 154,774	$ 33,240	$ 138,440	$ -	$ -	$ -	$ 689	$ 740,756
At September 30, 2016	$ 237,590	$ 167,792	$ -	$ 157,902	$ 36,930	$ 183,639	$ -	$ 281,870	$ -	$ 816	$ 1,066,539

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

7. OTHER LONG TERM ASSETS

Other long term assets are comprised of:

	September 30, 2016	December 31, 2015
Working capital loan	$ 1,050	$ 1,017
Investment in associate	2,000	2,000
Long term stockpiles	2,765	3,047
Long term receivable	294	246
Total	$ 6,109	$ 6,310

Investment in associate and working capital loan

The Corporation holds a 15% investment in associate and applies the equity method to account for the investment. The Corporation also has a working capital loan receivable from the associate.

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. In the three and nine months ended September 30, 2016, a charge of $Nil (September 30, 2015, a reversal of prior impairment of $0.2 million) was recorded to adjust the cost to net realizable value.

8. FINANCE LEASE OBLIGATIONS

On March 7, 2014, the Corporation's Malian subsidiary entered into a five year, $18 million equipment lease financing facility. The equipment lease was used to purchase a portion of the owner-operated mining equipment for the Tabakoto and Segala underground developments. The lease terms have a fixed rate of 9.5% per annum to amortize the principal and there exists a purchase option to buy the equipment outright at the end of the lease life for 0.5% of cost. The equipment lease is treated as a finance lease.

The finance leases were composed of the following obligations:

	September 30, 2016	December 31, 2015
Equipment lease obligations	$ 10,893	$ 13,419
Less: current portion	(4,315)	(4,394)
Long-term equipment lease obligations	$ 6,578	$ 9,025

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

	Minimum lease payments	
	September 30, 2016	December 31, 2015
Not later than one year	$ 4,540	$ 4,540
Later than one year and not later than five years	9,008	11,278
	13,548	15,818
Less future finance charges	(2,655)	(2,399)
Present value of minimum lease payments	$ 10,893	$ 13,419

Houndé financing arrangement

On June 9, 2016, the Corporation entered into a financing arrangement with the Komatsu Group to purchase mining fleet equipment for the Houndé project. The Corporation made an initial down-payment of $7.1 million on July 1, 2016. Delivery of the mining fleet is expected to commence from the fourth quarter of 2016 and seventeen quarterly payments to be made between the first quarter of 2018 and the first quarter of 2022, totaling $46.9 million.

9. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial liabilities

The following table summarizes the derivative financial liabilities:

	September 30, 2016	December 31, 2015
Gold price protection programs (a)	$ -	$ 4,005
Fuel price protection program (b)	-	1,458
Gold revenue protection strategy (c)	8,671	-
Derivative financial liabilities, current portion	8,671	5,463
Derivative financial liabilities, long term	$ -	$ -

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Realized loss - gold and fuel price protection programs (a)(b)	$ (3,299)	$ (1,217)	$ (10,177)	$ (5,341)
Realized gain on foreign exchange option	-	-	538	-
Realized loss on gold revenue protection strategy premiums (c)	(1,829)	-	(3,712)	-
Unrealized (loss) gain on gold price, gold revenue, and fuel price protection programs	7,594	2,827	(3,209)	6,767
Gain (loss) on derivative financial instruments	$ 2,466	$ 1,610	$ (16,560)	$ 1,426

(a) Gold forward contracts

Prior to Endeavour's acquisition, Adamus implemented a gold price protection program as part of the initial project financing of the Nzema Gold Mine. The gold price protection program consisted of gold forward contracts initially covering 290,000 ounces at a forward price of $1,075 per ounce and subsequently amended to $1,061 per ounce. The program required no cash or other margin.

On July 29, 2013, Endeavour re-distributed a portion of the 96,163 ounces of remaining forward contracts to several new lenders. The amended strike price has increased from $1,061 per ounce to a weighted average strike price $1,332 per ounce. On the close out of the former hedge under the Nzema project financing, a $300 per ounce increase in the strike price gave rise to a crystallized loss; this crystallized loss will be allocated and paid over the remaining hedge deliveries, resulting in the net proceeds to be received of $1,032 per ounce ($1,332 per ounce less the loss of $300 per ounce). Other terms and conditions remained the same.

The settlements of the forward contracts are in cash as there is no exchange of physical gold between the Corporation and the buyer. During the three and nine months ended September 30, 2016, the Corporation settled the remaining 7,062 and 20,101 ounces of gold resulting in a realized loss of $3.3 million and $8.7 million, respectively (September 30, 2015, $0.8 million and $3.1 million, respectively). Unrealized gains of $3.3 million and $4.0 million were recognized in the same periods.

(b) Fuel Swap Contracts

On June 1, 2015, Endeavour initiated a 12-month fuel price protection program approximately equal to 50% of the diesel fuel requirement at the Tabakoto Mine in the form of a cash-settled commodity swap transaction with Societe Generale. The strike price of the swap is $572 per metric tonne (Mtonne) of Gas Oil, with monthly settlements of 1,268 Mtonnes.

During the nine months ended September 30, 2016, the Corporation settled the remaining 6,341 Mtonnes of Gas, resulting in a realized loss of $Nil and $1.5 million, for the three and nine months, respectively (September 30, 2015, $0.4 million in the three and nine months). Unrealized gains of $Nil and $1.5 million was recorded in the same periods.

(c) Gold revenue protection strategy

In the nine months ended September 30, 2016, the Corporation implemented a deferred premium collar strategy ("collar") using written call options and bought put options for the 15-months period from April 2016 to June 2017. The program covers a total of 400,000 ounces, representing approximately 50% of Endeavour's total estimated gold production for the period, with a floor price of $1,200 per ounce and ceiling price of $1,400 per ounce.

This derivative instrument 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 consolidated comprehensive statement of earnings (loss).

As at September 30, 2016, 266,667 ounces remain outstanding with a fair value of $8.7 million (December 31, 2015 - $nil). An unrealized gain of $4.3 million and an unrealized loss of $8.7 million were recorded in the comprehensive statement of earnings (loss) in the three and nine months ended September 30, 2016, respectively.

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

The total premium payable for entering into this program is $9.2 million, included as part of the collar fair value, and cash-settled on a net basis as monthly contracts mature. In the three and nine months ended September 30, 2016, the Corporation incurred $1.8 million and $3.7 million in premium costs (2015 - $nil), respectively, included in losses on derivative financial instruments in the consolidated statements of comprehensive earnings (loss).

10. LONG-TERM DEBT

		September 30, 2016		December 31, 2015
Corporate loan facility (a)	$	140,000	$	240,000
Deferred financing costs		(11,598)		(14,983)
Corporate loan facility		128,402		225,017
Auramet loan (b)		-		-
Other		-		565
Total debt	$	128,402	$	225,582

(a) Corporate loan facility

On July 24, 2013, the Corporation signed a $350 million amended senior secured revolving corporate loan facility (the “Facility”) with UniCredit Bank AG, BNP Paribas, ING Bank NV, Société Générale and Deutsche Bank AG and utilized $300 million of the amended Facility while completing the expansion of the Tabakoto mine and the construction of the Agbaou mine.

On March 10, 2015, the Corporation renewed its Facility with UniCredit Bank AG, BNP Paribas, ING Bank NV, Société Générale and Investec Bank Plc. The renewed Facility’s key terms include the following:

- The maturity date is five years from signing, March 9, 2020, and the available Facility amount declines with four equal semi-annual reductions of $87.5 million commencing September 2018;
- The Facility includes standard corporate financial covenants, including:
  - Interest Cover shall not be less than 3 to 1, calculated on a rolling 12 month basis;
  - Net Debt to EBITDA shall not exceed 3.5 times, calculated on a rolling 12 month basis;
  - Minimum Tangible Net Worth shall not be less than US$350 million.
  - The Corporation was in compliance with these covenants at September 30, 2016.
- The interest is based on LIBOR plus a margin ranging between 3.75% and 5.75% per annum (sliding scale based on the actual Net Debt to EBITDA ratio). At September 30, 2016, the interest rate was 4.46%.
- The Facility is secured by shares of Endeavour’s material gold mining subsidiaries and certain material assets of those subsidiaries.

On April 28 and August 4, 2016, the Corporation made principal payments of $40.0 million and $60.0 million, respectively, to reduce the drawn amount on the Facility to $140.0 million.

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

(b) Auramet loan

In January 2016, True Gold entered into an equipment refinancing facility with Auramet for $10.0 million. The term of the facility is from January 2016 to June 30, 2017, with early repayment option. The facility has an interest rate of LIBOR + 9.75%, commitment for 200,000 gold ounces at a $5 per ounce discount to the spot gold price, and security against the Company's mobile equipment and a parent company guarantee. The number of ounces at the $5 per ounce discount to the spot gold price will be prorated to the total amount of the $10 million drawn. The facility is flexible with no restrictive financial covenants or hedging requirements, no penalty on early repayment and is repaid over 16 months, starting in March 2016. The Corporation assumed the outstanding loan of $6.2 million on acquisition of the Karma Mine (Note 3).

On July 26, 2016, the Corporation repaid the outstanding amount of the loan. The commitment of gold ounces remains outstanding.

11. OTHER LONG TERM LIABILITIES

Provisions are comprised of:

		September 30, 2016		December 31, 2015
Environmental rehabilitation provision[(1)]	$	32,834	$	35,893
Deferred, performance and restricted share liability and SARs (Note 12)		9,160		2,608
Net pension obligation		237		361
Total	$	42,231	$	38,862

(1) The $32.8 million environmental rehabilitation provision balance at September 30, 2016, does not include the provision related to the disposed Youga Mine ($4.8 million at the date of disposition (Note 4) and includes $1.9 million current provision related to the Karma Mine acquired on April 26, 2016 (Note 3 (b)).

12. SHARE CAPITAL

(a) Voting shares

Authorized
100,000,000 voting shares of $0.10 par value
100,000,000 undesignated shares

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

(b) Share-based expenses

The following table summarizes the share-based expenses:

	Three months ended September 30		Nine months ended September 30,	
	2016	2015	2016	2015
Amortization of option grants	$ 76	$ 473	$ 656	$ 1,609
Grant and change in fair value of DSUs	(149)	16	2,243	349
Grant and change in fair value of PSUs	1,958	171	4,062	942
Grant and change in fair value of RSUs	314	-	314	-
Settlement of PSUs and DSUs	687	-	1,328	-
Total share-based expenses	$ 2,886	$ 660	$ 8,603	$ 2,900

(i) Options

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

	Options outstanding	Weighted average exercise price (C$)
At December 31, 2014	2,514,127	$ 20.61
Granted	699,374	6.02
Expired	(479,097)	17.33
At December 31, 2015	2,734,404	17.45
Granted	1,700,213	9.23
Exercised	(1,928,759)	10.04
Expired	(715,181)	22.61
At September 30, 2016	1,790,677	$ 15.58

On March 11, 2016, the Corporation issued 346,790 options with a strike price of C$10.94 and a fair value of $1.16 million (C$1.8 million), to be expensed over 2 years. The options were valued using the Black-Scholes option pricing model. Assumptions used were a dividend yield of nil, expected volatility of 71.3%, risk free rate of 0.9% and expected life of 3.24 years.

On April 26, 2016, the Corporation issued 1,353,423 replacement options to former employees of True Gold, with an average strike price of C$8.79 and a fair value of $8.8 million (C$11.1 million), included as part of purchase consideration (Note 3). Assumptions used were a dividend yield of nil, expected volatility of 66.30 – 68.63%, risk free rate of 0.5% and expected life of 0.75 years.

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

The following table summarizes information about the outstanding and exercisable share options outstanding as at September 30, 2016:

Exercise Prices (C$)	Outstanding	Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
$4.77 - $7.99	487,846	282,938	$ 5.22	0.65 years
$8.00 - $14.99	557,586	303,660	10.48	1.40 years
$15.00 - $19.99	193,561	193,561	15.25	0.77 years
$20.00 - $24.99	175,051	175,051	23.43	0.89 years
$25.00 - $29.99	270,692	270,692	26.44	0.17 years
$30.00 - $84.99	103,285	103,285	39.85	0.19 years
$85.00 - $449.57	2,656	2,656	336.85	0.64 years
	1,790,677	1,331,843	$ 17.93	0.73 years

The Corporation has established a share option plan whereby the Corporation's directors may from time to time grant options to directors, employees or consultants. The maximum term of any option is ten years. The exercise price of an option is not less than the volume weighted average trading price of the shares traded on the exchange for the five trading days immediately preceding the grant date. At September 30, 2016, there were 9,328,396 (December 31, 2015 – 5,902,031) options eligible to be granted under the plan, of which 7,537,719 (December 31, 2015 – 3,167,627) are still available for future grants.

(ii) *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 allows each non-executive director to choose to receive, in the form of DSUs, all or a percentage of the 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 fully 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 that time.

A summary of the changes in DSUs is presented below:

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

	DSUs outstanding		Weighted average grant price (C$)
At December 31, 2014	96,763	$	4.54
Granted	81,321		6.36
At December 31, 2015	178,084		5.37
Granted	26,819		16.76
Exercised/Released	(39,199)		7.05
At September 30, 2016	165,704	$	6.82

The total fair value of DSUs at September 30, 2016, was $3.2 million (December 31, 2015 – $1.0 million). The fair value of the DSUs was recognized as share-based payments totaling $0.1 million recovery and $2.2 million expense for the three and nine months ended September 30, 2016 (September 30, 2015, $0.01 million and $0.3 million, respectively), with a corresponding amount recorded as a deferred share unit liability in the consolidated statement of financial position (Note 11).

Following the resignation of two of the Corporation's directors in the three months period ended September 30, 2016, the Corporation settled $0.7 million in outstanding DSUs (2015 - $Nil).

(iii) Performance share units

In March 2014, following a comprehensive 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 favour of long-term equity-based compensation with 3 year cliff-vesting to serve as an employee retention mechanism.

A summary of the changes in PSUs is presented below:

	PSUs outstanding		Weighted average exercise price (C$)
At December 31, 2014	262,700	$	9.50
Granted	298,000		6.10
Exercised/Released	(1,888)		9.50
Expired	(41,012)		8.02
At December 31, 2015	517,800		7.61
Granted	363,364		15.72
Exercised/Released	(141,201)		7.91
Expired	(188,769)		8.48
At September 30, 2016	551,194	$	12.58

The total fair value of outstanding PSUs at September 30, 2016, was $5.7 million (December 31, 2015 - $1.6 million). The fair value of the PSUs was recognized as share-based payment expense totaling $1.0 million and $4.0 million for the three and nine months ended September 30, 2016, (September 30, 2015, $0.2 million and $0.9 million), and reflects additional expense of $Nil and $0.6 million for certain PSUs exercised in the three and nine months periods ended September 30, 2016.

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

Subsequent to September 30, 2016, 758,865 PSUs were granted on October 7, 2016, with a fair value of $2.8 million. The new grant has a 2.2-year vesting period.

(iv) Stock appreciation rights

As part of the Karma Mine acquisition, the Corporation acquired 5,295,000 stock appreciation rights ("SARs") from True Gold. Each SAR is converted to cash based on the closing price of Endeavour on the day prior to exercise multiplied by the ratio of 0.044, less C$0.19, until February 7, 2017.

In the nine months ended September 30, 2016, 3,505,000 SARs were exercised for total proceeds of $1.7 million (2015 - $nil) and 200,000 SARs expired.

As at September 30, 2016, 510,000 SARs remain outstanding with a fair value of $0.5 million (December 31, 2015 - $Nil).

(v) Restricted share units

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

As at September 30, 2016, 157,934 RSUs were outstanding with a fair value of $0.3 million (December 31, 2015, $Nil). Share-based payment expense of $0.3 million was recognized in the three and nine months ended September 30, 2016, with a corresponding amount recorded as a restricted share unit liability in the consolidated statement of financial position.

(c) Diluted earnings per share

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Basic weighted average number of shares outstanding	92,063,075	41,314,367	76,324,976	41,314,367
Effect of dilutive securities				
Stock options	798,712	2,646	-	1,360
Diluted weighted average number of shares outstanding	92,861,787	41,317,013	76,324,976	41,315,727

Due to the loss attributable to the shareholders of the Corporation in the three months ended September 30, 2016, 552,270 stock options were excluded from the computation of diluted earnings per share.

(d) Bought deal

On July 11, 2016, the Corporation closed the bought deal financing announced on June 13, 2016. The Company issued a total of 7,187,500 ordinary shares at a price of C$20.00 per Share, which includes the exercise of the underwriters' over-allotment option in full, for aggregate gross proceeds of $109.7 million (C$143.8 million) and net proceeds of $104.0 million (C$136.4 million) (the "Offering").

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

As part of the Offering, La Mancha Holding S.àr.l. purchased 1 million shares of the total shares issued, on the same terms and conditions, for $14.0 million (C$20 million).

13. NON-CONTROLLING INTERESTS

The composition of the non-controlling interests is as follows:

	Agbaou Gold Operations SA (Agbaou Mine)	Adamus Resources Limited (Nzema Mine)	Segala Mining Corporation SA (Tabakoto Mine)	Burkina Mining Company SA (Youga Mine)	Societe des Mines d'Ity (Ity Mine)	Riverstone Karma SA (Karma Mine)	Total
At December 31, 2014	$ 8,958	$ (4,772)	$ (29,601)	$ 4,433	$ -	$ -	$ (20,982)
Net earnings (loss)	10,384	159	3,191	613	-	-	14,347
Dividend distribution	-	-	-	(485)	-	-	(485)
At September 30, 2015	19,342	(4,613)	(26,410)	4,561	-	-	(7,120)
Arising on acquisition of the Ity Mine	-	-	-	-	37,102	-	37,102
Net earnings (loss)	3,321	68	(641)	(256)	535	-	3,027
At December 31, 2015	22,663	(4,545)	(27,051)	4,305	37,637	-	33,009
Arising on acquisition of the Karma Mine	-	-	-	-	-	11,530	11,530
Net earnings (loss)	12,090	(693)	3,358	-	7,538	(275)	22,018
Dividend distribution	(1,310)	-	-	-	(1,287)	-	(2,597)
New share issuance	22	-	-	-	-	-	22
Disposal of the Youga Mine (Note 4)	-	-	-	(4,305)	-	-	(4,305)
At September 30, 2016	$ 33,465	$ (5,238)	$ (23,693)	$ -	$ 43,888	$ 11,255	$ 59,677

14. (LOSSES) GAINS ON FINANCIAL INSTRUMENTS, NET

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
(Loss) gain on marketable securities	$ (55)	$ (93)	$ 261	$ (427)
Imputed interest on promissory note and other assets	13	220	38	659
Interest income (loss)	457	(27)	1,308	(199)
Loss on derivative financial assets	-	-	-	(35)
Gain (loss) on derivative financial liabilities (Note 9)	2,466	1,610	(16,560)	1,426
Gain (loss) on foreign currency	727	(2,579)	(5,450)	1,564
	$ 3,608	$ (869)	$ (20,403)	$ 2,988

15. 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.

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

If the Corporation is unable to resolve any of these matters favorably, there may be a material adverse impact on the Corporation's financial performance, cash flows or results of operations. In the event that management's estimate of the future resolution of these matters changes, the Corporation will recognize the effects of the changes in its consolidated financial statements in the period that such changes occur.

In the fourth quarter of 2014, the Corporation's Malian subsidiary, Segala Mining Corporation SA ("Semico"), received a tax assessment from the Malian tax authority of $40.6 million related to the fiscal years 2011 to 2013 and to various taxes. The Corporation and its advisors believe that a significant portion of the assessment's tax claims are wholly without merit and as such have engaged with the tax authority actively since receiving the assessment in the fourth quarter of 2014 to resolve this matter. The Corporation continues to engage with the highest levels of Malian authorities together with its advisors to resolve this matter and given the response presented

to the authorities as well as advice received from its advisors, a vigorous process is underway to refute the notified amounts as well as avoid any additional payments.

If the Corporation is unable to resolve these matters favorably, there may be a material adverse impact on the Corporation's financial performance, cash flows and results of operations. In the event that management's estimate of the future resolution of these matters changes, the Corporation will recognize the effects of the changes in its consolidated financial statements in the period that such changes occur.

As at September 30, 2016, there has been no update on any of the ongoing taxation matters discussed above.

16. SUPPLEMENTAL CASH FLOW INFORMATION

(a) The earnings before income taxes were determined as:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Earnings before taxes from continuing operations	31,255	6,524	29,364	44,604
Net earnings from discontinued operations and loss on disposal (Note 4)	-	1,761	(3,273)	9,444
Deferred and current income taxes on discontinued operations	-	308	871	1,711
Earnings before income taxes	31,255	8,593	26,962	55,759

(b) Proceeds from issue of common shares are composed of:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Share proceeds from bought deal (Note 12 (d))	89,542	-	89,542	-
Share proceeds from private placement to La Mancha Holding S.à.r.l	-	-	79,580	-
Share proceeds from exercise of share options (Note 12 (b)(i))	21,488	-	14,705	-
Total proceeds received from the issue of common shares	111,030	-	183,827	-

Share proceeds as presented here from La Mancha are an aggregate of La Mancha's participation in the True Gold and Bough Deal transactions.

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17. SEGMENTED INFORMATION

The following is an analysis of the Corporation's revenue and results by reportable segment.

The Youga Mine is no longer included in the Corporation's operating segments due to its disposition by the Corporation on February 29, 2016, as discussed in Note 4.

	Three months ended September 30, 2016							
	Agbaou Mine Côte d'Ivoire	Nzema Mine Ghana	Tabakoto Mine Mali	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Exploration	Non-Mining	Total
Revenue								
Gold revenue	$ 68,068	$ 31,391	$ 49,482	$ 20,372	$ -	$ -	$ -	$ 169,313
Cost of sales								
Operating expenses	22,795	24,380	33,409	7,272	-	-	-	87,856
Depreciation and depletion	7,276	2,805	7,419	3,944	-	-	163	21,607
Royalties	2,761	1,651	2,962	832	-	-	-	8,206
Earnings (loss) from mine operations	35,236	2,555	5,692	8,324	-	-	(163)	51,644
Corporate costs	-	-	-	-	-	-	5,984	5,984
Acquisition and restructuring costs (Note 3)	-	-	-	-	-	-	6,558	6,558
Share-based payments	-	-	-	-	-	-	2,886	2,886
Exploration	-	-	-	-	-	2,520	-	2,520
Earnings (loss) from operations	35,236	2,555	5,692	8,324	-	(2,520)	(15,591)	33,696
Other (expenses) income								
(Losses) gains on financial instruments	(1,455)	127	(553)	3,628	(461)	(4)	2,326	3,608
Finance costs	(186)	(119)	(353)	(10)	-	-	(5,381)	(6,049)
Other income	-	-	-	-	-	-	-	-
	(1,641)	8	(906)	3,618	(461)	(4)	(3,055)	(2,441)
Earnings (loss) before taxes	33,595	2,563	4,786	11,942	(461)	(2,524)	(18,646)	31,255
Income taxes expense	1,704	(1,291)	(2,519)	(3,689)	(973)	-	(234)	(7,002)
Net earnings (loss) from continuing operations	35,299	1,272	2,267	8,253	(1,434)	(2,524)	(18,880)	24,253

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	Three months ended September 30, 2015					
	Agbaou Mine Côte d'Ivoire	Nzema Mine Ghana	Tabakoto Mine Mali	Exploration	Non-Mining	Total
Revenue						
Gold revenue	$ 48,592	$ 31,454	$ 41,780	$ -	$ -	$ 121,826
Cost of sales						
Operating expenses	22,295	27,589	25,660	721	-	76,265
Depreciation and depletion	7,192	5,151	6,690		24	19,057
Royalties	1,748	1,768	2,493	-	-	6,009
Earnings (loss) from mine operations	17,357	(3,054)	6,937	(721)	(24)	20,495
Corporate costs	-	-	-	-	4,744	4,744
Share-based payments	-	-	-	-	660	660
Exploration	-	-	-	106	-	106
Earnings (loss) from operations	17,357	(3,054)	6,937	(827)	(5,428)	14,985
Other income (expenses)						
(Losses) gains on financial instruments	(179)	(827)	(1,652)	12	1,777	(869)
Finance costs	(66)	(70)	(417)	-	(6,524)	(7,077)
Other (expense) income	-	-	(157)	(358)	-	(515)
	(245)	(897)	(2,226)	(346)	(4,747)	(8,461)
Earnings (loss) before taxes	17,112	(3,951)	4,711	(1,173)	(10,175)	6,524
Income taxes recovery (expense)	(409)	2,721	(3,629)	(1)	(261)	(1,579)
Net earnings (loss) from continuing operations	$ 16,703	$ (1,230)	$ 1,082	$ (1,174)	$ (10,436)	$ 4,945

	Nine months ended September 30, 2016							
	Agbaou Mine Côte d'Ivoire	Nzema Mine Ghana	Tabakoto Mine Mali	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Exploration	Non-Mining	Total
Revenue								
Gold revenue	$ 176,483	$ 79,987	$ 143,815	$ 73,359	$ -	$ -	$ -	$ 473,644
Cost of sales								
Operating expenses	60,610	66,250	98,845	33,632	-	-	-	259,337
Depreciation and depletion	20,481	12,007	22,248	14,440		-	436	69,612
Royalties	6,531	4,198	8,613	2,683	-	-	-	22,025
Earnings (loss) from mine operations	88,861	(2,468)	14,109	22,604	-	-	(436)	122,670
Corporate costs	-	-	-	-	-	-	16,405	16,405
Acquisition and restructuring costs (Note 3)	-	-	-	-	-	-	24,580	24,580
Share-based payments	-	-	-	-	-	-	8,603	8,603
Exploration	-	-	-	-	-	4,388	-	4,388
Earnings (loss) from operations	88,861	(2,468)	14,109	22,604	-	(4,388)	(50,024)	68,694
Other (expenses) income								
(Losses) gains on financial instruments	(3,300)	(128)	(3,171)	3,704	(1,119)	87	(16,476)	(20,403)
Finance costs	(263)	(438)	(1,124)	(31)	-	-	(17,341)	(19,197)
Other income	-	-	-	-	-	-	270	270
	(3,563)	(566)	(4,295)	3,673	(1,119)	87	(33,547)	(39,330)
Earnings (loss) before taxes	85,298	(3,034)	9,814	26,277	(1,119)	(4,301)	(83,571)	29,364
Income taxes recovery (expense)	2,313	2,717	(5,108)	(7,921)	(1,521)	811	(689)	(9,398)
Net earnings (loss) from continuing operations	87,611	(317)	4,706	18,356	(2,640)	(3,490)	(84,260)	19,965

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	Nine months ended September 30, 2015					
	Agbaou Mine Côte d'Ivoire	Nzema Mine Ghana	Tabakoto Mine Mali	Exploration	Non-Mining	Total
Revenue						
Gold revenue	$ 152,299	$ 103,407	$ 129,367	$ -	$ -	$ 385,073
Cost of sales						
Operating expenses	60,866	80,553	87,011	721	-	229,151
Depreciation and depletion	20,413	12,213	21,223		74	53,923
Royalties	5,431	5,890	7,731	-	-	19,052
Earnings (loss) from mine operations	65,589	4,751	13,402	(721)	(74)	82,947
Corporate costs	-	-	-	-	13,177	13,177
Share-based payments	-	-	-	-	2,900	2,900
Exploration	-	-	-	1,171	-	1,171
Earnings (loss) from operations	65,589	4,751	13,402	(1,892)	(16,151)	65,699
Other income (expenses)						
(Losses) gains on financial instruments	(174)	(658)	1,982	316	1,522	2,988
Finance costs	(213)	(209)	(1,306)	-	(21,976)	(23,704)
Other income (expense)	-	-	-	(379)	-	(379)
	(387)	(867)	676	(63)	(20,454)	(21,095)
Earnings (loss) before taxes	65,202	3,884	14,078	(1,955)	(36,605)	44,604
Income taxes recovery (expense)	2,786	5,665	(4,157)	(53)	(1,045)	3,196
Net earnings (loss) from continuing operations	$ 67,988	$ 9,549	$ 9,921	$ (2,008)	$ (37,650)	$ 47,800

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the three and nine months ended September 30, 2016.

Geographical information

The Corporation's revenue from continuing operations from external customers by location of operations is presented above and information about its non-current assets by location is detailed below:

Non-current assets	September 30, 2016	December 31, 2015
Côte d'Ivoire	$ 197,839	$ 192,529
Ghana	185,963	180,338
Mali	288,121	290,055
Burkina Faso	465,509	150,127
Other	4,293	4,132
	$ 1,141,725	$ 817,181

Information about major customers

The Corporation's segments have two major customers – Metalor and INTL. The Corporation is not economically dependent on a limited number of customers for the sale of gold because gold can be sold through numerous commodity market traders worldwide.

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Total assets and liabilities

	September 30, 2016		December 31, 2015	
	Total assets	Total liabilities	Total assets	Total liabilities
Agbaou Mine	$ 219,521	$ 38,162	$ 197,977	$ 37,063
Nzema Mine	209,094	35,156	204,185	31,831
Tabakoto Mine	340,113	83,133	342,597	75,465
Youga Mine (Note 4)	-	-	51,646	20,760
Ity Mine (Note 3)	83,324	20,898	104,739	21,274
Karma Mine (Note 3)	310,294	37,281	-	-
Houndé Project	204,844	21,806	138,440	-
Exploration	1,558	823	857	19,887
Non-Mining	51,946	155,288	13,653	250,702
	$ 1,420,694	$ 392,547	$ 1,054,094	$ 456,982

18. CAPITAL MANAGEMENT

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

components of equity, short-term borrowings and long-term debt, net of cash and cash equivalents, restricted cash and marketable securities.

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

	September 30, 2016	December 31, 2015
Equity	$ 1,028,147	$ 597,112
Current and long-term debt	128,402	225,582
	1,156,549	822,694
Less:		
Cash	(137,094)	(109,519)
Cash - restricted	(5,222)	(4,824)
Marketable securities	(691)	375
	$ 1,013,542	$ 708,726

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

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19. FINANCIAL INSTRUMENTS

Financial assets and liabilities

The Corporation's financial instruments consist of cash, cash-restricted, marketable securities, trade and other receivables, other assets, working capital loan, long-term receivable, trade and other payables, derivative financial liabilities and long-term debt. The fair value of these financial instruments approximates their carrying value, unless otherwise noted below.

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).

At September 30, 2016, the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities measured and recognized in the statement of financial position at fair value are categorized are as follows:

	September 30, 2016			
	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Cash	$ 137,094	$ -	$ -	$ 137,094
Cash - restricted	5,222	-	-	5,222
Marketable securities	691	-	-	691
	$ 143,007	$ -	$ -	$ 143,007
Liabilities:				
Derivative financial liabilities (Note 9)	-	8,671	-	8,671
	$ -	$ 8,671	$ -	$ 8,671

At December 31, 2015, 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:

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	December 31, 2015			
	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Cash	$ 109,519	$ -	$ -	$ 109,519
Cash - restricted	4,824	-	-	$ 4,824
Marketable securities	375	-	-	$ 375
	$ 114,718	$ -	$ -	$ 114,718
Liabilities:				
Derivative financial liabilities (Note 9)	-	5,463	-	5,463
	$ -	$ 5,463	$ -	$ 5,463

There were no transfers between any of the levels in the periods.

Financial instrument risk exposure

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

(i) *Credit risk*

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Corporation by failing to discharge its obligations. There has been no change in the Corporation's objectives and policies for managing this risk in the three and nine months ended September 30, 2016.

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

	September 30, 2016	December 31, 2015
Cash	$ 137,094	$ 109,519
Cash - restricted	5,222	4,824
Marketable securities	691	375
Trade and other receivables	13,844	13,045
Working capital loan	1,050	1,017
Long-term receivable	294	246
	$ 158,195	$ 129,026

(ii) *Liquidity risk*

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

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The following table summarizes the contractual obligations at September 30, 2016:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 145,667	$ -	$ -	$ -	$ 145,667
Long-term debt	-	130,000	10,000	-	140,000
Finance lease obligations	4,540	29,893	21,441	4,840	60,714
Minimum operating lease payments	2,341	4,137	2,846	273	9,597
Derivative financial liabilities	8,671	-	-	-	8,671
	$ 161,219	$ 164,030	$ 34,287	$ 5,113	$ 364,649

Market risk

(i) Currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. There has been no change in the Corporation's objectives and policies for managing this risk during the three and nine months ended September 30, 2016. The Corporation has not hedged its exposure to foreign currency exchange risk.

The table below highlights the monetary net assets denominated in foreign currencies (in $US):

	September 30, 2016	December 31, 2015
Canadian dollar	$ (1,887)	$ (2,961)
CFA Francs	39,330	60,530
Other currencies	(989)	(687)
	$ 36,454	$ 56,882

The effect on earnings and other comprehensive earnings before tax as at September 30, 2016, 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 $3.6 million (December 31, 2015, $5.7 million), assuming that all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at September 30, 2016.

(ii) Interest rate risk

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

The effect on earnings and other comprehensive earnings before tax as at September 30, 2016, of a 10% change in interest rate on the Facility is estimated to be $0.1 million (December 31, 2015 - $0.1 million).

20. COMMITMENTS AND CONTINGENCIES

Contracts and Leases

(i) The Corporation has commitments in place at all four of its mines for drill and blasting services, load and haul services, and supply of explosives and hydrocarbon services.

(ii) The Corporation has various contracts in place at Nzema mine to purchase higher grade ore from third parties for processing that typically do not extend to more than one year.

(iii) The Corporation has various contracts in place for the construction of the Hounde mine.

(iv) The Corporation is subject to operating and finance lease commitments in connection with the purchase of mining equipment, light duty vehicles, operational building facilities and rented office premises.

(v) The Corporation is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. 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.

(vi) 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.

Long-term compensation award – Gold Strategy

In early 2009, Endeavour launched its gold investment strategy ("Gold Strategy"), which is the basis of the Corporation's gold mining business. In order to retain, attract, and motivate a group of specialist professional employees with the skills and experience necessary to significantly enhance the profitability and growth of Endeavour's gold business, a long term bonus policy (the "Gold LTI Policy") was established concurrently with the implementation of the Gold Strategy. An award under the Gold LTI Policy (a "Gold LTI Award") is crystalized and becomes payable upon the sale of a material gold asset, completion of a corporate transaction, and certain other events. The Gold LTI Award is calculated as 10% of the difference between the market value of the transaction and the equity cost base of the Corporation. The equity cost base is the accumulation of the values at which the shares were issued by Endeavour to build the gold company. As of September 30, 2016, the equity cost base was equivalent to approximately C$16.93 per issued share.

The Gold LTI Award payable on a crystallization event would be determined based on the nature of the crystallization event at the date of the transaction and may vary significantly from an estimate derived from Endeavour's market capitalization at September 30, 2016. No crystallization event has occurred at September 30, 2016.