Three and Nine Months Ended September 30, 2012 and 2011

(Expressed in Thousands of United States Dollars)

ENDEAVOUR MINING CORPORATION

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

	September 30, 2012	December 31, 2011
ASSETS		
Current		
Cash and cash equivalents	$ 122,648	$ 115,279
Cash - restricted (Note 4)	4,517	-
Marketable securities	7,938	17,227
Trade and other receivables	17,383	15,184
Income taxes receivable	-	78
Inventories (Note 5)	41,813	40,517
Prepaid expenses and other (Note 5)	21,910	10,005
Exchangeable Loan (Note 6)	20,195	-
Assets held for sale (Note 18)	3,587	-
	239,991	198,290
Mining interests (Note 7)	688,465	688,608
Reclamation deposit	-	157
Goodwill (Note 8)	69,539	69,539
Investment in associate (Note 9)	9,966	11,747
Promissory note and other assets (Note 17)	10,918	10,095
	$ 1,018,879	$ 978,436
LIABILITIES		
Current		
Trade and other payables	$ 43,751	$ 39,244
Current portion of derivative financial liabilities (Note 11)	7,355	4,899
Income taxes payable	6,347	-
	57,453	44,143
Long-term debt (Note 10)	100,000	100,000
Derivative financial liabilities (Note 11)	77,119	70,166
Finance lease obligations	-	238
Provisions (Note 12)	9,295	9,100
Deferred income taxes	93,627	87,189
	337,494	310,836
EQUITY		
Share capital (Note 13 (a))	560,913	559,605
Equity reserve	27,007	27,346
Retained earnings	61,993	54,414
Equity attributable to shareholders of the Corporation	649,913	641,365
Non-controlling interests (Note 14)	31,472	26,235
Total equity	681,385	667,600
	$ 1,018,879	$ 978,436

COMMITMENTS & CONTINGENCIES (NOTE 24)
SUBSEQUENT EVENT (NOTE 3(a))

Approved by the Board: November 14, 2012

"Neil Woodyer" Director *"Wayne McManus"* Director

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

ENDEAVOUR MINING CORPORATION

Condensed Interim Consolidated Statements of Comprehensive Earnings
(Expressed in Thousands of United States Dollars, except per share amounts)
(Unaudited)

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Revenues				
Gold revenue	$ 79,165	$ 37,960	$ 235,727	$ 100,076
Cost of sales				
Operating expenses	32,234	13,629	104,645	44,307
Depreciation and depletion	17,330	4,989	51,438	13,159
Earnings from mine operations	29,601	19,342	79,644	42,610
Corporate costs	7,544	3,907	16,756	9,968
Exploration	1,853	876	7,029	2,332
Earnings from operations	20,204	14,559	55,859	30,310
Other (expenses) income				
Losses on financial instruments (Note 15)	(15,576)	(1,668)	(21,276)	(5,601)
Endeavour Capital loss (Note 16)	(1,598)	(588)	(2,916)	(3,201)
Share of loss of associate, net of taxes (Note 9)	(259)	(2,097)	(1,781)	(2,359)
Gain on change of ownership of associate (Note 9)	-	-	-	22,068
Finance costs	(1,090)	(998)	(3,570)	(2,074)
	(18,523)	(5,351)	(29,543)	8,833
Earnings from continuing operations before taxes	1,681	9,208	26,316	39,143
Current income taxes (Note 19)	(3,184)	(362)	(7,062)	(425)
Deferred income taxes (Note 19)	1,370	635	(6,438)	1,908
Net (loss) earnings and total comprehensive (loss) earnings from continuing operations	$ (133)	$ 9,481	$ 12,816	$ 40,626
Discontinued operations				
Net earnings and total comprehensive earnings from discontinued operations (Note 17)	-	144	-	1,661
Net (loss) earnings and total comprehensive earnings	(133)	9,625	12,816	42,287

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

Condensed Interim Consolidated Statements of Comprehensive Earnings
(Expressed in Thousands of United States Dollars, except per share amounts)
(Unaudited)

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Attributable to:				
Shareholders of Endeavour Mining Corporation				
Net (loss) earnings and total comprehensive (loss) earnings continuing operations	(1,102)	9,481	7,579	40,686
Net earnings and total comprehensive earnings from discontinued operations	-	144	-	1,661
	(1,102)	9,625	7,579	42,347
Non-controlling interests (Note 14)				
Net earnings (loss) and total comprehensive earnings (loss) from continuing operations	969	-	5,237	(60)
Net earnings (loss) and total comprehensive loss earnings (loss) discontinued operations	-	-	-	-
	969	-	5,237	(60)
	(133)	9,625	12,816	42,287
Net earnings per share (Note 13 (d))				
From continuing and discontinued operations				
Basic earnings per share	$ 0.00	$ 0.08	$ 0.03	$ 0.37
Diluted earnings per share	$ 0.00	$ 0.08	$ 0.03	$ 0.36
From continuing operations				
Basic earnings per share	$ 0.00	$ 0.08	$ 0.03	$ 0.36
Diluted earnings per share	$ 0.00	$ 0.08	$ 0.03	$ 0.35

The accompanying notes are an integral part of these unaudited 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, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Operating Activities				
Cash generated from operating activities (Note 20)	$ 25,600	$ 14,070	$ 82,901	$ 19,214
Investing Activities				
Expenditures on mining interests	(18,729)	(5,218)	(54,886)	(12,384)
Disposal of mining interests	11	-	442	-
Purchases of marketable securities	-	(1,467)	(302)	(6,482)
Proceeds from sale of marketable securities	-	507	508	11,732
Working capital loan facility to former debt advisory busines (Note 17)	-	-	(1,000)	-
Proceeds from distribution of promissory note and other assets (Note 17)	177	-	177	-
Issuance of exchangeable loan (Note 6)	(20,195)	-	(20,195)	-
Cash used in investing activities	(38,736)	(6,178)	(75,256)	(7,134)
Financing Activities				
Received from the issue of common shares	-	66	579	2,127
Finance lease obligation	(167)	-	(449)	-
Cash (used in) generated from financing activities	(167)	66	130	2,127
Effect of exchange rate changes on cash and cash equivalents	(159)	(811)	(406)	(210)
(Decrease) increase in cash and cash equivalents	(13,462)	7,147	7,369	13,997
Cash and cash equivalents, beginning of period	136,110	174,150	115,279	167,300
Cash and cash equivalents, end of period	$ 122,648	$ 181,297	$ 122,648	$ 181,297
Cash and cash equivalents is comprised of:				
Cash at bank	$ 107,640	$ 43,816	$ 107,640	$ 43,816
Short-term money-market instruments	15,008	137,481	15,008	137,481
	$ 122,648	$ 181,297	$ 122,648	$ 181,297

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

ENDEAVOUR MINING CORPORATION

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

	Share Capital								
	Number of Shares	Par Value	Additional Paid in Capital	Total Share Capital	Equity Reserve	Retained Earnings	Total Attributable to Shareholders	Non-Controlling Interests	Total
At January 1, 2011	113,482,507	$ 1,131	$ 238,884	$ 240,015	$ 22,879	$ 78,361	$ 341,255	$ 2,365	343,620
Stock options exercised	904,716	9	2,591	2,600	(717)	-	1,883	-	1,883
Warrants exercised	287,723	3	786	789	(466)	-	323	-	323
Share based payments	-	-	-	-	394	-	394	-	394
Change in ownership of Namibia Rare Earths Inc.	-	-	-	-	-	(170)	(170)	(2,305)	(2,475)
Net earnings and total comprehensive earnings	-	-	-	-	-	42,347	42,347	(60)	42,287
At September 30, 2011	114,674,946	$ 1,143	$ 242,261	$ 243,404	$ 22,090	$ 120,538	$ 386,032	$ -	$ 386,032
At January 1, 2012	244,609,949	$ 2,441	$ 557,164	$ 559,605	$ 27,346	$ 54,414	$ 641,365	$ 26,235	667,600
Stock options exercised	411,920	4	1,111	1,115	(611)	-	504	-	504
Warrants exercised	69,900	-	193	193	(118)	-	75	-	75
Share based payments	-	-	-	-	390	-	390	-	390
Net earnings and total comprehensive earnings	-	-	-	-	-	7,579	7,579	5,237	12,816
At September 30, 2012	245,091,769	$ 2,445	$ 558,468	$ 560,913	$ 27,007	$ 61,993	$ 649,913	$ 31,472	$ 681,385

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

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Endeavour Mining Corporation ("Endeavour" or the "Corporation") is a growth focused West African gold production and exploration company. Endeavour has a global strategy, supported by financial resources and management's company building expertise, to grow into an intermediate gold producer through organic growth from internal development projects and exploration success, supplemented by a disciplined acquisition strategy.

Endeavour is a publicly listed company incorporated in the Cayman Islands. The Corporation's shares are listed on the Toronto Stock Exchange, under the symbol EDV and the Australian Stock Exchange, under the symbol EVR.

The Corporation's registered office is located at Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, Cayman Islands.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

(a) *Statement of compliance*

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2011.

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, 2011, and have been consistently applied in the preparation of these interim financial statements.

(b) *Newly adopted accounting standards*

In October 2010, the International Accounting Standards Board ("IASB") issued amendments to IFRS 7 - *Financial Instruments: Disclosures* that enhance the disclosure requirements in relation to transferred financial assets. The amendments became effective for annual periods beginning on or after July 1, 2011, with earlier application permitted. The Corporation adopted this amendment and it had no significant impact on its unaudited condensed interim consolidated financial statements.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Accounting Standards issued but not yet effective

The Corporation has not early adopted the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective. The Corporation is currently assessing the impact they will have on the consolidated financial statements.

The following standards are effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

- *IFRS 10, Consolidated Financial Statements:* IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, *Consolidated and Separate Financial Statements,* and *SIC-12, Consolidation – Special Purpose Entities*.

- *IFRS 11, Joint Arrangements:* IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities-Non – Monetary Contributions by Venturers.*

- *IFRS 12, Disclosure of Interests in Other Entities:* IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

- *IFRS 13, Fair Value Measurements:* IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances.

- *IAS 27, Separate Financial Statements:* IAS 27 has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with *IFRS 9 Financial Instruments*. The new IAS 27 excludes the guidance on the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent, which is within the scope of the current IAS 27 Consolidated and Separate Financial Statements, and is replaced by IFRS 10.

- *IAS 28, Investments in Associates and Joint Ventures:* IAS 28 has been updated and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of the current IAS 28 Investments in Associates does not include joint ventures. Early application is permitted.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Accounting Standards issued but not yet effective (continued)

- *IFRIC 20 – Stripping Costs in the Production Phase of a Mine:* In October 2011, the IASB issued IFRIC 20 which clarifies the requirements for accounting for the costs of stripping activity in the production phase when two benefits accrue: (i) usable ore that can be used to produce inventory and (ii) improved access to further quantities of material that will be mined in future periods.

- *IAS 19 – Employee Benefits:* On June 16, 2011 the IASB issued amendments to IAS 19. The amendments will improve the recognition and disclosure requirements for defined benefit plans.

- *Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7):* On December 16, 2011 the IASB published new disclosure requirements jointly with the Financial Accounting Standards Board ("FASB") that enables users of financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles.

IFRS 9, Financial Instruments: IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities as at fair value through profit and loss.. The amendments are effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IAS 1, Presentation of Financial Statements: In June 2011, the IAS issued amendments to IAS 1 that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoptions permitted. The Corporation does not anticipate the application of the amendments to IAS 1 to have a material impact on its consolidated financial statements.

IAS 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32): On December 16, 2011 the IASB published amendments to IAS 32, Financial Instruments: Presentation to clarify the application of the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

3. ACQUISITION AND MERGER OF MINING INTERESTS

(a) Acquisition of Avion Gold Corporation ("Avion")

Avion Acquisition

On August 7, 2012, Endeavour announced it had entered into a definitive arrangement agreement with Avion Gold Corporation ("Avion"), a TSX listed junior gold producer, pursuant to which Endeavour would acquire all of the issued and outstanding common shares of Avion in an all share transaction with each Avion common share exchanged for 0.365 of an Endeavour ordinary share. Certain eligible Avion shareholders could elect to receive their consideration in the form of Exchangeable Shares in lieu of Endeavour ordinary shares. On October 18, 2012, Endeavour completed the Avion acquisition via a court-approved plan of arrangement and issued 162,055,600 shares to the Avion shareholders, which is inclusive of 22,083,653 Endeavour shares underlying the Exchangeable Shares issued on closing.

As at September 30, 2012 the Corporation has incurred $3.1 million in one-off transaction costs, which are included in corporate costs.

(b) Merger with Adamus Resources Limited ("Adamus")

Adamus Merger

Adamus was a single mine West African gold producer with its primary focus on expanding the economic potential of the Nzema Gold Mine in Ghana, West Africa. First gold production was achieved in January 2011 and commercial production was declared on April 1, 2011. The Nzema Gold Mine encompasses approximately 665km² of tenure in the Ashanti Gold Belt in Ghana. Adamus also holds three Mineral Reconnaissance Licenses in the Republic of Liberia, covering an area of 3,107km² making Adamus one of the largest exploration property holders in Liberia.

On December 5, 2011, Endeavour and Adamus combined in an all stock merger of equals whereby the Corporation acquired 100% of Adamus' common shares through a Scheme of Arrangement. Endeavour has accounted for the merger as a business combination under IFRS 3 using the acquisition method.

The consideration and final allocation of the fair value of assets acquired and liabilities assumed, including the allocation of property, plant and equipment to depletable and non-depletable properties is as follows:

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

3. ACQUISITION AND MERGER OF MINING INTERESTS (continued)

(b) Merger with Adamus Resources Limited ("Adamus") (continued)

Adamus Merger (continued)

Purchase price:		
Fair value 129,340,958 shares issued as consideration	$	314,640
	$	314,640
Net assets acquired:		
Net working capital acquired, (including cash of $23.4 million)	$	37,335
Mining interests		533,048
Goodwill		67,475
Reclamation deposits		157
Fair value of gold contracts		(67,155)
Due to Endeavour Mining Corporation		(152,472)
Finance lease obligations		(893)
Provisions for reclamation		(6,716)
Deferred income and mining taxes		(73,503)
Non-controlling interest		(22,636)
	$	314,640

An income approach (being the net present value of expected future cash flows) was used to determine the fair values of mining interests. Estimates of expected future cash flows are based on estimates of projected future revenues, expected conversions of resources to reserves, expected future productions costs and capital expenditures based on a finalize life of mine plan. The excess of acquisition cost over the net identifiable assets acquired represents goodwill.

Due to Endeavour Mining Corporation of $152.5 million relates to funds advanced on December 2, 2011 (one business day before the effective date of the merger), after the final court approval of the scheme of arrangement, in order for Adamus to repay the $57.0 million Nzema project facility and settle 139,000 ounces of the Nzema gold hedge (Refer to Note 10 (a) & Note 11 (a)).

The funds provided was a separate transaction and not part of the business combination. This payable to the Corporation is eliminated on consolidation.

Goodwill arose on this acquisition principally because of the requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed at amounts that do not reflect fair value. The goodwill is not deductible for income tax purposes.

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

4. CASH - RESTRICTED

On July 31, 2012 the Corporation and CAL Bank Limited ("CAL") entered into a facility agreement whereby CAL is to provide a bank guarantee (the "Bank Guarantee") to enable the Corporation to fulfill its reclamation obligations with the Environmental Protection Agency of Ghana ("EPA") in respect of disturbed mining lands at Nzema in the Western Region of Ghana. Under the Bank Guarantee the Corporation has provided $3.3 million in cash collateral to CAL plus $1.2 million by way of security to the EPA. The Bank Guarantee with CAL shall remain in effect for an initial period of twelve months and may be renewed thereafter.

5. INVENTORIES

		September 30, 2012		December 31, 2011
Dore bars	$	1,557	$	803
Gold in circuit		6,379		8,276
Ore stockpiles		10,291		10,482
Spare parts and supplies		23,586		20,956
	$	41,813	$	40,517

The Corporation has made payments to secure supplies at both the Nzema and Youga gold mines. Until the consumables are received by the Corporation the amounts are included in prepaid expenses and other (September 30, 2012 $17.0 million; December 31, 2011 $7.8 million).

6. EXCHANGEABLE LOAN

On August 7, 2012, Endeavour entered into a loan agreement with Avion, whereby Endeavour provided a $20.0 million exchangeable loan (the "Loan") to a wholly-owned subsidiary of Avion. The Exchangeable Loan is for an initial term of six months, bears interest at the rate of LIBOR plus 6% and is secured against the common shares in the capital of two wholly-owned subsidiaries of Avion. In addition, Avion has agreed to guarantee the Loan.

On October 18, 2012 Avion became a wholly-owned subsidiary of the Corporation, and on October 22, 2012 the common shares of Avion were delisted from the Toronto Stock Exchange, with the result that the Loan became an intra-group debt obligation. The two Avion subsidiaries, whose shares were charged as security for the Loan, also became wholly-owned by the Corporation.

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

7. MINING INTERESTS

	Mining Properties				
	Depletable	Non depletable	Plant and equipment	Corporate assets	Total
Cost					
Balance as at December 31, 2011	$ 368,355	$ 197,994	$ 147,569	$ 1,706	$ 715,624
Expenditures/additions	16,287	27,548	10,922	129	54,886
Disposals	(442)	-	-	-	(442)
Assets held for sale (Note 18)	-	(3,587)	-	-	(3,587)
Balance as at September 30, 2012	$ 384,200	$ 221,955	$ 158,491	$ 1,835	$ 766,481
Accumulated depreciation and impairment losses					
Balance as at December 31, 2011	$ 13,677	$ -	$ 12,654	$ 685	$ 27,016
Depreciation/depletion	38,222	-	13,109	108	51,439
Disposals	(439)	-	-	-	(439)
Balance as at September 30, 2012	$ 51,460	$ -	$ 25,763	$ 793	$ 78,016
Carrying amounts					
At December 31, 2011	$ 354,678	$ 197,994	$ 134,915	$ 1,021	$ 688,608
At September 30, 2012	$ 332,740	$ 221,955	$ 132,728	$ 1,042	$ 688,465

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

	Youga Mine	Nzema Mine	Agbaou Project	Finkolo Project	Corporate assets	Total
Cost						
Balance as at December 31, 2011	$ 156,326	$ 537,046	$ 16,959	$ 3,587	$ 1,706	$ 715,624
Expenditures	11,036	25,778	17,943	-	129	54,886
Disposals	(1)	(441)	-	-	-	(442)
Assets held for sale (Note 18)	-	-	-	(3,587)	-	(3,587)
Balance as at September 30, 2012	$ 167,361	$ 562,383	$ 34,902	$ -	$ 1,835	$ 766,481
Accumulated depreciation and impairment losses						
Balance as at December 31, 2011	$ 23,354	$ 2,977	$ -	$ -	$ 685	$ 27,016
Depreciation/depletion	11,886	39,445	-	-	108	51,439
Disposals	(1)	(438)	-	-	-	(439)
Balance as at September 30, 2012	$ 35,239	$ 41,984	$ -	$ -	$ 793	$ 78,016
Carrying amounts						
At December 31, 2011	$ 132,972	$ 534,069	$ 16,959	$ 3,587	$ 1,021	$ 688,608
At September 30, 2012	$ 132,122	$ 520,399	$ 34,902	$ -	$ 1,042	$ 688,465

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

8. GOODWILL

In connection with the merger with Adamus on December 5, 2011 (Note 3 (b)) and the acquisition of Etruscan on October 23, 2009 goodwill arose in the amount of $67.4 million and $2.1 million, respectively.

9. INVESTMENT IN ASSOCIATE

Details of the Corporation's investment in associate are as follows;

			Proportion of ownership interest and voting	
Name of associate	Principal activity	Country of incorporation	September 30, 2012	December 31, 2011
Namibia Rare Earth Inc.	Mining	Canada	38.5%	38.5%

As at September 30, 2012 the fair value of the Corporation's interest in Namibia Rare Earth Inc., ("NREI") based on the publicly quoted share price was $9.1 million (December 31, 2011 - $11.7 million).

Share of loss of associate, net of taxes is as follows:

	Namibia Rare Earths Inc.
December 31, 2011	$ 11,747
Share of loss of associate, net of taxes	(1,781)
September 30, 2012	$ 9,966

The following table summarizes the total assets and liabilities of NREI:

	September 30, 2012	December 31, 2011
Total assets	$ 19,880	$ 25,143
Total liabilities	665	910
Net assets	$ 19,215	$ 24,233
Corporation's share of net assets of Namibia Rare Earth Inc.	$ 7,398	$ 9,330

On April 14, 2011, NREI completed its initial public offering which raised gross proceeds of C$25.0 million and subsequently on April 27, 2011 closed at C$3.8 million over-allotment option, reducing Endeavour's ownership from 71.6% to 38.5%. The change in ownership percentage resulted in the interest in NREI being accounted for as an investment in associate. The reduction in ownership resulted in the Corporation losing control and triggering a recognition of a gain on the entire interest in NREI. A gain in the amount of $22.1 million was recognized in the statement of comprehensive earnings during the second quarter of 2011, resulting from the portion that has

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

9. INVESTMENT IN ASSOCIATE (continued)

been entirely disposed of and from re-measurement of the interest retained from its carrying value to fair value.

10. LONG-TERM DEBT

On November 28, 2011 the Corporation and UniCredit entered into a $200.0 million four year revolving corporate loan facility (the "Corporate Facility") and novation agreement for metal price risk management contracts in respect of 116,161 ounces of gold for the period 2012 to 2016 (the "Hedging Contracts"). The Corporate Facility is for general corporate purposes, including working capital, capital expenditure and any acquisition of an asset or assets that are engaged in the exploitation of precious metals ores. The Corporate Facility matures four years from the closing date with a mandatory reduction in availability of $75.0 million on December 31, 2014 and is subject to an interest rate of LIBOR plus a variable margin of between 2.5% and 4.25%. The Corporate Facility is secured by shares of Endeavour's material gold mining subsidiaries and the material assets of those subsidiaries.

On December 5, 2011 Endeavour drew down $100.0 million of the Corporate Facility to fully repay the $57.0 million Nzema Gold Mine project loan and for general working capital purposes.

11. DERIVATIVE FINANCIAL INSTRUMENTS

		September 30, 2012		December 31, 2011
Gold price protection program	$	67,904	$	52,538
Share purchase warrants		16,570		22,527
Derivative liability		84,474		75,065
Less: current portion		(7,355)		(4,899)
Long-term derivative liability	$	77,119	$	70,166

	Three months ended September 30,				Nine months ended September 30,			
		2012		2011		2012		2011
Change in fair value of gold price protection program (a)	$	(14,864)	$	(5,502)	$	(19,644)	$	(9,419)
Change in fair value of share purchase warrants (b)		(1,857)		7,764		5,957		16,582
(Loss) gain on derivative financial instruments (Note 15)	$	(16,721)	$	2,262	$	(13,687)	$	7,163

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

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	Three months ended September 30,				Nine months ended September 30,			
		2012		2011		2012		2011
Realized loss - gold price protection program	$	(1,440)	$	(9,353)	$	(4,278)	$	(23,070)
Change in unrealized loss - gold price protection program		(13,424)		3,851		(15,366)		13,651
Total loss on financial derivatives	$	(14,864)	$	(5,502)	$	(19,644)	$	(9,419)

(a) Gold price protection programs

(i) Nzema Gold Mine, Ghana

During the nine month period ended September 30, 2012, forward contracts (ounces) totaling 7,649 ounces were delivered resulting in a realized loss of $4.3 million.

On December 2, 2011 Endeavour reduced the hedge book by 139,000 ounces for a cash settlement of $96.7 million. The remaining hedge book of 116,161 ounces of gold has been re-profiled with deliveries of approximately 10,000 ounces during each of 2012 and 2013, and 32,000 ounces during each of 2014, 2015, and 2016 (ounces to be delivered on a quarterly basis) based on forward gold contracts at a price of $1,061.75 per ounce.

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 $1,075.00 per ounce and subsequently amended to $1,061.75 per ounce. The program required no cash or other margin.

The following table details the forward contracts as at September 30, 2012:

Period	Forward contracts (ounces)		Price per Ounce		Fair Value
2012	2,349	$	1,061.75	$	1,647
2013	10,000		1,061.75		6,792
2014	32,000		1,061.75		20,684
2015	32,000		1,061.75		19,734
2016	32,163		1,061.75		19,047
	108,512	$	1,061.75	$	67,904

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

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) *Gold price protection programs* (continued)

(i) *Youga Gold Mine, Burkina Faso*

During the year ended December 31, 2011, call options totaling 56,620 ounces were settled with delivery of 33,088 ounces of gold production and 23,532 ounces were settled for a cash payment of $24.0 million. In addition, put options totaling 141,880 ounces expired unexercised or were cancelled upon the repayment of the hedge.

On November 28, 2011, the remaining call options totaling 23,532 ounces of gold were settled with a cash payment of $24.0 million to close out the hedge book.

During the three months ended March 31, 2011 call options totaling 9,068 ounces were settled with delivery of gold production, and put options totaling 22,716 ounces expired unexercised, resulting in a realized loss of $6.0 million.

In October 2009, following the Acquisition of Etruscan Resources Limited, the Corporation used $23.0 million of cash to reduce the hedge book.

The following table details the total unrealized (loss)/gain on the options and forward contracts for both Nzema and Youga;

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Change in unrealized (loss) gain - gold price protection program	(13,424)	3,851	(15,366)	13,651
Change in fair value of share purchase warrants	(1,857)	7,764	5,957	16,582
Total unrealized (loss) gain on financial derivatives	$ (15,281)	$ 11,615	$ (9,409)	$ 30,233

(b) *Share purchase warrants*

The Corporation's share purchase warrants have exercise prices denominated in currencies other than the Corporation's US Dollar functional currency, which requires that they be classified and accounted for as derivative financial liabilities at fair value, with changes in fair value being included in the consolidated statement of comprehensive earnings. The share purchase warrants are valued using the Black-Scholes option pricing model. Details of share purchase warrants are disclosed in Note 13(b).

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

12. PROVISIONS

(a) *Environmental rehabilitation provision*

The present value of the Corporation's reclamation liability for the Youga Gold Mine at September 30, 2012 is $2.4 million, calculated using a discount rate of 5.4%. The liability will be amortized over the projected life of the mine to 2016.

The present value of the Corporation's reclamation liability for the Nzema Gold Mine at September 30, 2012 is $6.8 million, calculated using a discount rate of 5.75%**.** The liability will be amortized over the projected life of the mine to 2021.

	September 30, 2012	December 31, 2011
Balance beginning of period	$ 9,100	$ 2,296
Assumed on acquisition of Adamus (Note 3 (b))	-	6,716
Accretion	195	88
Balance end of period	$ 9,295	$ 9,100

(b) *Bonuses*

In conjunction with Endeavour's gold asset acquisition strategy, Endeavour implemented a deferred bonus policy to enhance the profitability and growth of Endeavour's gold business by attracting, retaining and motivating qualified employees. The bonus is accrued upon the sale of gold assets by Endeavour, upon the acquisition of Endeavour, or other change of control events involving Endeavour, and when a reliable estimate of the bonus can be made. The bonus amount is calculated as 10% of the increase in value of Endeavour's gold assets. In the case that the realization event is the sale of Endeavour, the bonus amount calculation is expected to require the allocation of the consideration value to Endeavour's gold assets and to its other non-gold assets in order to determine the increase in value of Endeavour's gold assets. In order to align the interests of Endeavour's shareholders and employees, bonuses are deferred and payable upon realization. No bonuses pertaining to the deferred bonus policy have been accrued or expensed for the three and nine month period ended September 30, 2012.

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

13. SHARE CAPITAL

(a) Voting shares

Authorized
1,000,000,000 voting shares of $0.01 par value
1,000,000,000 undesignated shares

(b) Warrants

A summary of the changes in warrants is presented below:

	Warrants outstanding	Net Weighted average exercise price (C$)
At December 31, 2010	34,902,157	$ 2.71
Exercised	(715,458)	1.76
Expired	(949,561)	12.17
At December 31, 2011	33,237,138	$ 2.46
Exercised	(69,900)	1.08
At September 30, 2012	33,167,238	$ 2.46

The following table summarizes the outstanding and exercisable warrants as at September 30, 2012:

Outstanding and Exercisable	Net Weighted average exercise price (C$)	Weighted average remaining contractual life
135,347	2.49	0.17 years
544,390	0.34	1.23 years
32,487,501	2.50	1.35 years
33,167,238	$ 2.46	1.34 years

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

13. SHARE CAPITAL (continued)

(c) Share based payments

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

	Options outstanding	Weighted average exercise price (C$)
At December 31, 2010	11,572,546	$ 3.24
Granted	7,595,000	2.65
Exercised	(1,071,026)	1.93
Expired	(570,732)	7.73
At December 31, 2011	17,525,788	2.92
Granted	540,000	2.24
Exercised	(411,920)	1.88
Expired	(370,592)	6.30
At September 30, 2012	17,283,276	$ 2.85

The following table summarizes information about the exercisable share options outstanding as at September 30, 2012:

Exercise Prices (C$)	Outstanding	Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
$0 - $1.94	7,600,890	7,600,890	$ 1.92	1.69 years
$1.95 - $2.04	188,980	72,313	2.04	4.33 years
$2.05 - $2.33	365,000	121,667	2.33	4.72 years
$2.34 - $2.50	548,240	548,240	2.46	3.92 years
$2.51 - $2.64	7,115,000	7,115,000	2.64	4.22 years
$2.65 - $3.00	755,000	755,000	2.92	3.20 years
$3.01 - $44.96	710,166	710,166	15.55	0.45 years
	17,283,276	16,923,276	$ 2.86	2.91 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, 2012, there were 24,509,177 (December 31, 2011 – 24,460,995) options available for grant under the plan, of which 7,225,901 (December 31, 2011 – 6,935,207) are still available to be granted.

During the three and nine month periods ended September 30, 2012, 15,000 and 540,000 share options, respectively, were granted with an average grant date fair value per option of $0.73. A share based payments expense of $0.01 million and $0.4 million

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

13. SHARE CAPITAL (continued)

(c) Share based payments (continued)

for the three and nine month periods ended September 30, 2012 was recorded (September 30, 2011 - $nil and $0.4 million for the three and nine month periods).

The following weighted average assumptions were used for the Black-Scholes valuation of share options for the nine month period ended September 30, 2012:

	September 30, 2012	September 30, 2011
Risk-free interest rate	1.1%	1.9%
Expected life	3.0 years	3.0 years
Annualized volatility	47.1%	58.2%
Dividend rate	0.0%	0.0%
Forfeiture rate	10.9%	10.9%

The annualized volatility is based on the Corporation's historical three year daily volatility.

(d) Diluted earnings per share

The following summarizes the stock options and share purchase warrants excluded from the computation of diluted earnings per share because the exercise prices exceeded the daily weighted average market values of the common shares for the three and nine months ended September 30, 2012, of C$2.11 and C$2.23 (three months and nine months ended September 30, 2011 – C$2.40 and C$2.49).

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Stock options	9,250,073	8,951,278	9,250,073	8,635,617
Share purchase warrants	32,622,848	32,791,091	32,622,848	32,784,738

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

13. SHARE CAPITAL (continued)

(d) *Diluted earnings per share* (continued)

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

	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Basic weighted average number of shares outstanding	245,091,769	114,667,024	244,998,854	114,230,165
Effect of dilutive securities				
Stock options	693,208	1,660,732	1,074,355	1,976,498
Share purchase warrants	457,157	873,782	468,639	880,030
Diluted weighted average number of shares outstanding	246,242,134	117,201,538	246,541,848	117,086,693

14. NON-CONTROLLING INTERESTS

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

	Adamus Resources Limited	Nambia Rare Earths Inc	Etruscan Resources Inc	Total
At December 31, 2010	$ -	$ 2,365	$ -	$ 2,365
Change of ownership (Note 9)	-	(2,305)	-	(2,305)
Net loss	-	(60)	-	(60)
At September 30, 2011	-	-	-	-
Acquisition of Adamus (Note 3(b))	22,636	-	-	22,636
Net earnings	654	-	2,945	3,599
At December 31, 2011	23,290	-	2,945	26,235
Net (loss) earnings	(1,720)	-	6,957	5,237
At September 30, 2012	$ 21,570	$ -	$ 9,902	$ 31,472

15. LOSSES ON FINANCIAL INSTRUMENTS

	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Loss on marketable securities	$ (24)	$ (3,979)	$ (9,157)	$ (13,625)
Interest income on loans	417	326	887	782
(Loss) gain on derivative financial instruments (Note 11)	(16,721)	2,262	(13,687)	7,163
Gain (loss) on foreign currency	752	(277)	681	79
	$ (15,576)	$ (1,668)	$ (21,276)	$ (5,601)

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

16. ENDEAVOUR CAPITAL

Endeavour Capital provides management and administrative services, including accounting support and public company regulatory filing, for a number of junior public companies. Following the disposal of the debt advisory business in December 2011 (refer to note 17), Endeavour limited the scope of this legacy service business to a select group of clients associated with Fiore Financial Corporation and providing services to support the gold mining business.

Included in the current quarter operating results is a C$1.5 million payment to Gold Reserve Inc., for a full and final settlement of all claims between the parties. (Refer to note 24 (c)).

17. DISCONTINUED OPERATIONS

Disposal of debt advisory business

The disposal of the debt advisory business in December 2011, was completed by way of selling the client mandates and use of the Endeavour Financial brand name from its wholly-owned subsidiary, Endeavour Management Services (Cayman) (formerly Endeavour Financial International Corporation), for future consideration of $20.0 million. The $20.0 million of consideration consists of the aggregate of a $10.1 million non-interest bearing promissory note and receipt of future earnings after expenses, including bonuses.

An income approach (being the net present value of expected future cash flows) was used to determine the fair values of the three different payment streams making up the consideration; $10.0 million promissory note, $2.5 million intellectual property assignment fee related to the Endeavour Financial brand name and the $7.5 million service fee related to future earnings. Estimates of expected future cash flows were based on estimates of projected future earnings, over a ten year period using a risk adjusted discount rate to reflect the perceived risk in achieving the cash flows to be generated from the newly independent debt advisory business.

On January 1, 2012 the Corporation provided a $1.0 million working capital loan facility to the purchaser of the debt advisory business to satisfy general working capital needs. The working capital facility is interest free, unsecured and may be repaid any time without penalty. However, it must be repaid from debt advisory business profits after Endeavour has received full repayment of the $10.0 million promissory note.

18. ASSETS HELD FOR SALE

	September 30, 2012	December 31, 2011
Assets		
Mineral interests (Note 7)	3,587	-
	$ 3,587	$ -

On March 6, 2012 the Corporation entered into a definitive agreement with Resolute Mining Limited ("Resolute") for the sale and transfer of the licenses and associated property comprising the Finkolo joint venture in Mali for total consideration of $20.0 million in cash. Endeavour holds a 40% interest in the Finkolo joint venture, which was formed in 2003 by Endeavour's Etruscan subsidiary and Resolute is the operator. The transaction is subject to a number of conditions, including approval from the Government of Mali for the transfer of the exploration permits.

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

19. INCOME TAXES

Endeavour is not subject to corporate taxation in the Cayman Islands. The taxable profits of the corporate entities in Australia, Burkina Faso, Canada, Ghana, Monaco and the United Kingdom are subject to the tax under the tax law of the respective jurisdiction.

The following is a summary of the tax rates in the various taxable jurisdictions:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Australia	30.0%	N/A	30.0%	N/A
Burkina Faso	17.5%	17.5%	17.5%	17.5%
Canada	25.0%	26.5%	25.0%	26.5%
Ghana	35.0%	N/A	35.0%	N/A
Monaco	33.3%	33.3%	33.3%	33.3%
United Kingdom	N/A	26.5%	N/A	26.5%

Tax rules and regulations

The Corporation operates in numerous countries around the world and accordingly it is subject to, and pays annual income taxes under the various income tax regimes in the countries in which it operates. Some of these tax regimes are defined by contractual agreements with the local government, and others are defined by the general corporate income tax laws of the country. The Corporation has historically filed, and continues to file, all required income tax returns and to pay the taxes reasonably determined to be due. The tax rules and regulations in many countries are highly complex and subject to interpretation. 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.

The Corporation's Ghanaian subsidiary, Adamus Resources Limited, was audited by the Ghana Revenue Authority ("GRA") for its fiscal taxation years June 30, 2007 to June 30, 2011. The GRA audit has resulted in the Corporation being assessed $7.2 million, of which $4.7 million relates primarily to withholding taxes for the pre-commercial production period, remains outstanding and is included in operating costs for the nine month period ended September 30, 2012. In addition, the audit also resulted in the reduction of the Corporation's capital allowance for income tax purposes.

In the first quarter of 2012, Ghana passed new tax laws that raised the statutory rate from 25% to 35%. This tax change had a $39.4 million impact on the first quarter deferred tax expense relating to the temporary difference at Nzema arising from prior periods. The expense was offset from losses arising from a realized hedge loss.

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

20. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Operating activities				
Earnings from continuing operations before taxes	$ 1,681	$ 9,208	$ 26,316	$ 39,143
Net earnings from discontinued operations	-	144	-	1,661
Adjust for:				
Depreciation and depletion	17,330	4,989	51,438	13,159
Loss on marketable securities (Note 15)	24	3,979	9,157	13,625
Accretion of reclamation and other closure obligations (Note 12)	67	18	195	158
Amortization of intangible assets	-	416	-	1,251
Share-based payments (Note 13 (c))	12	-	390	394
Unrealized gain (loss) on derivative financial liabilities	15,281	(11,615)	9,409	(30,233)
Share of loss of associate, net of taxes	259	2,097	1,781	2,359
Change in working capital of associate	-	-	-	(2,399)
Gain on dilution of ownership of associate	-	-	-	(22,068)
Interest income (Note 15)	(417)	(326)	(887)	(782)
Interest received	91	326	123	782
Interest paid	(751)	-	(1,930)	-
Income tax paid	(545)	-	(456)	-
Reclamation deposit	(4,517)	-	(4,517)	-
Changes in non-cash working capital:				
Trade and other receivables	(985)	(411)	(2,199)	(508)
Prepaid expenses and other	(4,793)	(1,481)	(11,905)	(2,165)
Inventories	(1,092)	(649)	(1,296)	3,140
Trade and other payables	3,955	7,375	7,282	1,697
	$ 25,600	$ 14,070	$ 82,901	$ 19,214

21. SEGMENTED INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker ("CODM") to allocate resources to the segments and to assess their performance.

Following the merger with Adamus, as disclosed in Note 3(b), the CODM regularly reviews the following operations, the operating segments of the Corporation under IFRS 8:

(i) Youga – the operation involved in the production of gold through the Corporation's integrated processes – mining, extraction, production and selling of gold to external clients.
(ii) Nzema – the operation involved in the production of gold through the Corporation's integrated processes – mining, extraction, production and selling of gold to external clients.
(iii) Exploration – operations involved in mineral exploration in West Africa.

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

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

21. SEGMENTED INFORMATION (continued)

	Nine months ended September 30, 2012				
	Youga Mine	Nzema Mine	Exploration	Corporate	Total
Revenue					
Gold revenue	$ 106,305	$ 129,422	$ -	$ -	$ 235,727
Cost of sales					
Operating expenses	41,406	63,239	-	-	104,645
Depreciation and depletion	11,900	39,444	-	94	51,438
Earnings from mine operations	52,999	26,739	-	(94)	79,644
Corporate costs	-	-	-	16,756	16,756
Exploration	-	-	7,029	-	7,029
Earnings (loss) from operations	52,999	26,739	(7,029)	(16,850)	55,859
Other (expenses) income					
Losses on financial instruments (Note 15)	(313)	(19,465)	-	(1,498)	(21,276)
Endeavour Capital loss (Note 16)	-	-	-	(2,916)	(2,916)
Share of loss of associate, net of taxes (Note 9)	-	-	-	(1,781)	(1,781)
Finance costs	(119)	(142)	-	(3,309)	(3,570)
	(432)	(19,607)	-	(9,504)	(29,543)
Earnings (loss) from continuing operations before taxes	52,567	7,132	(7,029)	(26,354)	26,316
Current income taxes (Note 19)	(6,651)	-		(411)	(7,062)
Deferred income taxes (Note 19)	960	(7,599)	-	200	(6,438)
Net earnings (loss) and total comprehensive earnings (loss) from continuing operations	$ 46,876	$ (467)	$ (7,029)	$ (26,565)	$ 12,816

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

21. SEGMENTED INFORMATION (continued)

	Nine months ended September 30, 2011				
	Youga Mine	Nzema Mine	Exploration	Corporate	Total
Revenue					
Gold revenue	$ 100,076	$ -	$ -	$ -	$ 100,076
Cost of sales					
Operating expenses	44,307	-	-	-	44,307
Depreciation and depletion	13,159	-	-	-	13,159
Earnings from mine operations	42,610	-	-	-	42,610
Corporate costs	-	-	-	9,968	9,968
Exploration	-	-	2,332	-	2,332
Earnings (loss) from operations	42,610	-	(2,332)	(9,968)	30,310
Other (expenses) income					
(Losses) gains on financial instruments (Note 15)	(9,419)	-	-	3,818	(5,601)
Endeavour Capital loss (Note 16)	-	-	-	(3,201)	(3,201)
Share of loss of associate, net of taxes (Note 9)	-	-	-	(2,359)	(2,359)
Gain on change of ownership of associate (Note 9)	-	-	-	22,068	22,068
Finance costs	-	-	-	(2,074)	(2,074)
	(9,419)	-	-	18,252	8,833
Earnings (loss) from continuing operations before taxes	33,191	-	(2,332)	8,284	39,143
Current income taxes	-	-	-	(425)	(425)
Deferred income taxes	429	-	-	1,479	1,908
Net earnings (loss) and total comprehensive earnings (loss) from continuing operations	$ 33,620	$ -	$ (2,332)	$ 9,338	$ 40,626

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

21. SEGMENTED INFORMATION (continued)

	Three months ended September 30, 2012				
	Youga Mine	Nzema Mine	Exploration	Corporate	Total
Revenue					
Gold revenue	$ 37,164	$ 42,001	$ -	$ -	$ 79,165
Cost of sales					
Operating expenses	13,328	18,906	-	-	32,234
Depreciation and depletion	4,280	13,023	-	27	17,330
Earnings from mine operations	19,556	10,072	-	(27)	29,601
Corporate costs	-	-	-	7,544	7,544
Exploration	-	-	1,853	-	1,853
Earnings (loss) from operations	19,556	10,072	(1,853)	(7,571)	20,204
Other (expenses) income					
Losses on financial instruments (Note 15)	(43)	(14,723)	-	(810)	(15,576)
Endeavour Capital loss (Note 16)	-	-	-	(1,598)	(1,598)
Share of loss of associate, net of taxes (Note 9)	-	-	-	(259)	(259)
Finance costs	(29)	(49)	-	(1,012)	(1,090)
	(72)	(14,772)	-	(3,679)	(18,523)
Earnings (loss) from continuing operations before taxes	19,484	(4,700)	(1,853)	(11,250)	1,681
Curreint income taxes (Note 19)	(3,175)	-		(9)	(3,184)
Deferred income taxes (Note 19)	(540)	1,883	-	26	1,370
Net earnings (loss) and total comprehensive earnings (loss) from continuing operations	$ 15,769	$ (2,817)	$ (1,853)	$ (11,233)	$ (133)

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

21. SEGMENTED INFORMATION (continued)

	Three months ended September 30, 2011				
	Youga Mine	Nzema Mine	Exploration	Corporate	Total
Revenue					
Gold revenue	$ 37,960	$ -	$ -	$ -	$ 37,960
Cost of sales					
Operating expenses	13,629	-	-	-	13,629
Depreciation and depletion	4,989	-	-	-	4,989
Earnings from mine operations	19,342	-	-	-	19,342
Corporate costs	-	-	-	3,907	3,907
Exploration	-	-	876	-	876
Earnings (loss) from operations	19,342	-	(876)	(3,907)	14,559
Other (expenses) income					
(Losses) gains on financial instruments (Note 15)	(5,502)	-	-	3,834	(1,668)
Endeavour Capital loss (Note 16)	-	-	-	(588)	(588)
Share of loss of associate, net of taxes (Note 9)	-	-	-	(2,097)	(2,097)
Gain on change of ownership of associate (Note 9)	-	-	-	-	-
Finance costs	-	-	-	(998)	(998)
	(5,502)	-	-	151	(5,351)
Earnings (loss) from continuing operations before taxes	13,840	-	(876)	(3,756)	9,208
Current income taxes (Note 19)	-	-	-	(362)	(362)
Deferred income taxes (Note 19)	89	-	-	546	635
Net earnings (loss) and total comprehensive earnings (loss) from continuing operations	$ 13,929	$ -	$ (876)	$ (3,572)	$ 9,481

The debt advisory business was discontinued during the year ended December 31, 2011. The segment information reported on does not include any amounts for the debt advisory business, which is described in Note 17.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales in the three months or nine months ended September 30, 2012, (September 30, 2011 – nil and nil).

The accounting policies of the reportable segments are the same as the Corporation's accounting policies described in Note 2 of the December 31, 2011 audited consolidated financial statements.

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

21. SEGMENTED INFORMATION (continued)

Geographical information

The Corporation operates in three principal geographical areas, Burkina Faso, Côte d'Ivoire and Ghana.

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

	Revenue from external customers							
	Three months ended September 30,				Nine months ended September 30,			
		2012		2011		2012		2011
Burkina Faso	$	37,164	$	37,960	$	106,305	$	100,076
Ghana		42,001		-		129,422		-
	$	79,165	$	37,960	$	235,727	$	100,076

	Non-current assets			
	September 30,		December 31,	
		2012		2011
Burkina Faso	$	146,526	$	133,061
Ghana		525,539		534,800
Other		106,823		112,285
	$	778,888	$	780,146

Information about major customers

Revenue from major customers which accounts for 10% or more of the Corporation's revenue are as follows:

	Three months ended September 30,				Nine months ended September 30,			
		2012		2011		2012		2011
Revenues from one customer in Youga segment	$	37,164		37,960	$	106,305		100,076
Revenues from one customer in Nzema segment		42,001		-		129,422		-
	$	79,165	$	37,960	$	235,727	$	100,076

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

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

21. SEGMENTED INFORMATION (continued)

Total assets and liabilities from continuing operations

	September 30, 2012		December 31, 2011	
	Total assets[1]	Total liabilities	Total assets[1]	Total liabilities
Youga Mine	$ 184,115	$ 10,099	$ 180,449	$ 7,213
Nzema Mine	222,352	865	557,608	76,421
Corporate	556,180	325,899	198,009	225,984
Exploration	56,232	631	42,370	1,218
	$ 1,018,879	$ 337,494	$ 978,436	$ 310,836

[1]Included in Corporate is $67.4 million of goodwill and $2.1 million of goodwill associated with the merger of Adamus (Note 3) and the acquisition of Etruscan.

22. 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. The Corporation defines capital that it manages as net worth, which is comprised of total shareholders' equity and debt obligations (net of cash and cash equivalents and marketable securities).

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

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

	September 30, 2012	December 31, 2011
Equity	$ 681,385	$ 667,600
Current and long-term debt	100,000	100,000
	781,385	767,600
Less:		
Cash and cash equivalents	(122,648)	(115,279)
Cash - restricted	(4,517)	-
Marketable securities	(7,938)	(17,227)
	$ 646,282	$ 635,094

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.

23. FINANCIAL INSTRUMENTS

Financial instrument risk exposure

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

(i) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Corporation by failing to discharge its obligations. Credit risk arises from cash and cash equivalents, marketable securities held with investment dealers, marketable securities made in the form of a loan and trade and other receivables. Although it is intended that the marketable securities the Corporation makes in the form of loans will normally be secured, there can be no assurance that such security will completely protect the value of the Corporation's investments. As the assets securing the Corporation's loans will occasionally be subject to senior indebtedness, the Corporation's security may have second or third priority.

The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk. The Corporation invests its cash and cash equivalents in highly rated corporations and government issuances of which the credit risk is considered to be low. The Corporation sells its gold to large international refineries. The Corporation's gold revenue is comprised of gold sales primarily to two customers.

The historical level of customer defaults is minimal and, as a result, the credit risk associated with trade and other receivables at September 30, 2012 is considered to be negligible. The Corporation does not rely entirely on ratings issued by credit rating agencies in evaluating counterparties' related credit risk.

All transactions executed by the Corporation in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Trade and other receivables include amounts that are past due at the end of the reporting period but against which the Corporation has not recognized an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Corporation does not have any collateral or other credit enhancements over these balances nor does it have a legal right to offset any of the amounts owed by the Corporation to the counterparty.

In determining the recoverability of a trade receivable, the Corporation considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

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

23. FINANCIAL INSTRUMENTS (continued)

Financial instrument risk exposure (continued)

(i) *Credit risk* (continued)

The Corporation's maximum exposure to credit risk before taking into account any collateral held or other credit enhancements is the carrying amount of the financial instruments, except cash and cash equivalents, at the reporting date as follows:

	September 30, 2012	December 31, 2011
Cash and cash equivalents	$ 122,648	$ 115,279
Cash - restricted	4,517	-
Marketable securities	7,938	17,227
Trade and other receivables	17,383	15,184
Exchangeable loan	20,195	-
Promissory note and other assets	10,918	10,095
	$ 183,599	$ 157,785

(ii) *Liquidity risk*

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

The following table summarizes the contractual obligations at September 30, 2012:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 43,751	$ -	$ -	$ -	$ 43,751
Long-term debt	-	-	100,000	-	100,000
Gold price protection program	7,355	36,188	24,361	-	67,904
Service contract obligations	26,828	5,289	751	-	32,868
Engineering and construction	27,160	2,199	-	-	29,359
Purchased ore obligations	6,220	2,743	-	-	8,963
Minimum operating lease payments	1,358	1,296	230	-	2,884
Environmental rehabilitation provision	-	-	-	12,216	12,216
	$ 112,672	$ 47,715	$ 125,342	$ 12,216	$ 297,945

In the opinion of management, the working capital at September 30, 2012, together with future cash flows from operations, is sufficient to support the Corporation's commitments.

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

23. FINANCIAL INSTRUMENTS (continued)

Financial instrument risk exposure (continued)

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. Gold is sold in US dollars and the Corporation's costs are incurred principally in Australian dollars, Burkina Faso CFA Franc, Canadian dollars, Euros, Ghana Cedi, Liberian dollars, Malian CRA franc, South African Rand and US dollars.

The appreciation of non-US dollar currencies against the US dollar can increase the cost of gold production and capital expenditures in US dollar terms. The Corporation also holds cash and cash equivalents, marketable securities, and trade and other receivables that are denominated in non-US dollar currencies which are subject to currency risk.

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

The table below highlights the net assets held in foreign currencies:

	September 30, 2012	December 31, 2011
Canadian dollar	$ (7,229)	$ (7,185)
Euro	8,044	647
Other currencies	8,942	5,303
	$ 9,757	$ (1,235)

The effect on earnings and other comprehensive earnings before tax as at September 30, 2012 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 $1.0 million (December 31, 2011 – $0.1 million) assuming that all other variables remained constant. This calculation is based on the Corporation's statement of financial position as at September 30, 2012.

23. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

(i) Interest rate risk

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

(iii) Price risk

Price risk is the risk that the fair value of or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market prices. Profitability of the Corporation depends on metal prices, primarily gold. Metal prices are affected by numerous factors such as the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the US dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major producing countries through the world.

The Corporation is also exposed to other price risk or equity price risk in trading its marketable securities and unfavorable market conditions could result in dispositions of marketable securities at less than favorable prices. Additionally, the Corporation fair values its investments at each reporting period. This process could result in significant write downs of the Corporation's investments over one or more reporting periods, particularly during periods of declining resource equity markets.

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

24. COMMITMENTS AND CONTINGENCIES

Commitments

Contracts and Leases

The Corporation has a commitment in place at Youga with a contractor to provide drilling and blasting, and load and hauling services. The term expires on December 31, 2012 and requires the contractor to drill and blast a minimum agreed amount of bank cubic meters ("BCM") per annum that equates to an annual commitment of approximately $19.2 million. The Corporation provided a guarantee to BNP Paribas guaranteeing the obligations of the contractor, which were used to purchase drill equipment for the purposes of the drilling and blasting at Youga.

The Corporation has commitments in place at Nzema with several contractors to provide drill and blasting services, load and haul services and supply of explosives and supply of hydrocarbon services. The terms extend through the period January 1, 2012 to February 4, 2016 and require the contractors to drill and blast a minimum agreed amount of BCM per annum that equated to an annual commitment of approximately $22.0 million.

Effective July 1, 2012, Nzema formally agreed on terms for a two year contract to purchase on average 4,000 tonnes of higher grade ore per month.

The Corporation is subject to operating lease commitments in connection with the purchase of light duty vehicles and workshop from several suppliers totaling $0.9 million. The commitments expire in April, May and October 2013.

Endeavour selected its Engineering, Procurement and Construction Manager ("ECPM") for the Agbaou Gold Mine processing plant and certain other facilities in June 2012. The Corporation has commitments with the EPCM contractor and other service providers for the Agbaou Gold Mine from 2012 through to the final completion of the project.

The Corporation is subject to operating lease commitments in connection with rented office premises.

The table below summarizes the commitments for the service contracts and operating lease commitments:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Operating leases	$ 1,358	$ 1,296	$ 230	$ -	$ 2,884
Engineering and construction	27,160	2,199	-	-	29,359
Drill and blasting contract	5,809	3,787	751	-	10,347
Load and hauling contract	21,019	1,502	-	-	22,521
	$ 55,346	$ 8,784	$ 981	$ -	$ 65,111

24. COMMITMENTS AND CONTINGENCIES (continued)

Contingencies

(a) On May 17, 2010 the Corporation received a notice of arbitration from Burkina Faso Mines Services S.A. ("BFMS) relating to the termination of a drill blast contract at the Youga Gold Mine in December 2009. The arbitration hearing took place in London England in March 2012 and post-hearing briefs were filed on April 5, 2012. BFMS is claiming payments and damages totaling $9.3 million plus accrued interest, exchange rate adjustments and cost. BFMS has also requested the arbitrator to grant injunctive relief to prevent the Corporation and Burkina Mining Company from claiming under a performance guarantee provided by BFMS' parent company, EPC Groupe. The Corporation has submitted a counter-claim totaling $1.7 million plus interest plus costs relating to additional costs incurred by the Corporation to have the drill blast contract completed by another contractor. The Corporation is of the view that BFMS' claim is without merit. No accrual for this contingency has been made in the financial statements.

(b) The Corporation is subject to a claim from Hightime Investments Pty Ltd ("Hightime") which alleges that, in or about early 2003, the Corporation entered into an arrangement with Hightime under which Hightime asserts that it allowed the Corporation to apply for, and obtain, a prospecting license over ground near the Southern Ashanti geological belt in Ghana in exchange for the Corporation paying Hightime the fair market value of the ground after the Corporation had completed its feasibility study. Hightime withdrew its claim for restitution of the benefit (the prospecting license) that the Corporation obtained allegedly to the detriment of Hightime. The claim was heard by the Supreme Court of Western Australia in April and June 2012. The court rendered its judgment on August 21, 2012, and ordered that Hightime's action be dismissed with Hightime to pay Endeavour's costs in connection with the action. On September 10, 2012, Hightime lodged an appeal against the decision of the Supreme Court of Western Australia, which was subsequently discontinued on October 10, 2012.

(c) On September 20, 2012 the Corporation reached a settlement agreement with Gold Reserve Inc., whereby, in exchange for a full and final settlement of all the claims between the parties and without any admission as to liability, Endeavour paid C$1.5 million to Gold Reserve Inc.