

APPENDIX 2: FINANCIAL STATEMENTS

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

Please consult Financial Statements for notes and more information.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE EARNINGS/(LOSS)

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

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

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

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