CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended December 31, 2018 and 2017

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Independent Auditor’s Report

To the Shareholders of Endeavour Mining Corporation

Opinion

We have audited the consolidated financial statements of Endeavour Mining Corporation (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management’s Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Joanna Pearson.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, Canada
March 5, 2019

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

In thousands of US$	Note	As at December 31, 2018	As at December 31, 2017
ASSETS			
Current			
Cash		124,022	122,702
Cash - restricted		1,073	1,327
Trade and other receivables	9	57,782	50,698
Income taxes receivable	20	-	627
Inventories	7	126,353	134,766
Current portion of derivative financial assets	19	1,636	-
Prepaid expenses and other	8	16,975	44,514
		327,841	**354,634**
Non-current			
Mining interests	10	1,543,842	1,310,638
Deferred income taxes	20	4,186	6,267
Other long term assets	11	46,174	14,658
Total assets		**$ 1,922,043**	**$ 1,686,197**
LIABILITIES			
Current			
Trade and other payables	12	177,322	213,467
Current portion of finance obligations	13	24,034	17,658
Income taxes payable	20	47,064	2,746
		248,420	**233,871**
Non-current			
Finance obligations	13	76,347	36,744
Long-term debt	14	542,248	286,440
Other long-term liabilities	15	41,877	52,615
Deferred income taxes	20	68,818	75,906
Total liabilities		**$ 977,710**	**$ 685,576**
EQUITY			
Share capital		1,743,661	1,735,074
Equity reserve	16	65,452	56,041
Deficit		(951,107)	(806,251)
Equity attributable to shareholders of the Corporation		**858,006**	**984,864**
Non-controlling interests	17	86,327	15,757
Total equity		**944,333**	**1,000,621**
Total equity and liabilities		**$ 1,922,043**	**$ 1,686,197**

COMMITMENTS AND CONTINGENCIES (NOTE 25)

SUBSEQUENT EVENTS (NOTE 26)

Approved by the Board: March 5, 2019

"Sebastien de Montessus" Director "Wayne McManus" Director

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

In thousands of US$	Note	TWELVE MONTHS ENDED DECEMBER 31, 2018	2017
Revenues			
Gold revenue		751,957	470,643
Cost of sales			
Operating expenses		(386,926)	(224,270)
Depreciation and depletion	10	(169,069)	(88,752)
Royalties		(41,068)	(23,270)
Earnings from mine operations		**154,894**	**134,351**
Corporate costs		(26,573)	(23,126)
Acquisition and restructuring costs	5	-	(14,132)
Share-based compensation	16	(24,931)	(23,137)
Exploration costs		(7,621)	(5,284)
Earnings from operations		**95,769**	**68,672**
Other income/(expenses)			
Gain/(loss) on financial instruments	18	8,035	(3,327)
Finance costs	14	(23,671)	(17,623)
Other expenses		(1,558)	(2,242)
Earnings from continuing operations before taxes		**78,575**	**45,480**
Current income tax recovery/(expense)	20	(66,522)	(10,086)
Deferred income tax recovery/(expense)	20	5,007	4,775
Net and comprehensive earnings from continuing operations		**17,060**	**40,169**
Net loss from discontinued operations	6	(154,795)	(217,553)
Total net and comprehensive loss		**(137,735)**	**(177,384)**
Net earnings/(loss) from continuing operations attributable to:			
Shareholders of Endeavour Mining Corporation		(65)	26,520
Non-controlling interests	17	17,125	13,649
Net earnings/(loss) from continuing operations		**17,060**	**40,169**
Total net earnings/(loss) attributable to:			
Shareholders of Endeavour Mining Corporation		(144,856)	(191,033)
Non-controlling interests	17	7,121	13,649
Total net loss		**$ (137,735)**	**$ (177,384)**
Net earnings/(loss) per share from continuing operations			
Basic earnings/(loss) per share	16	$ (0.00)	$ 0.27
Diluted earnings/(loss) per share	16	$ (0.00)	$ 0.27
Net loss per share			
Basic loss per share	16	$ (1.34)	$ (1.94)
Diluted loss per share	16	$ (1.34)	$ (1.94)

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

ENDEAVOUR MINING CORPORATION
Consolidated Statements of Cash Flows
(Expressed in Thousands of United States Dollars)

In thousands of US$	Note	TWELVE MONTHS ENDED DECEMBER 31, 2018	2017
Operating Activities			
Earnings from continuing operations before taxes [1]		78,575	45,480
Adjustments for:			
Depreciation and depletion	10	169,069	88,584
Financing costs	14	23,671	17,623
Share based compensation	16	24,931	23,137
(Gain)/loss on financial instruments	18	(8,035)	3,327
Cash paid on settlement of share appreciation rights, DSUs and PSUs	16	(8,355)	(3,509)
Income taxes paid		(24,018)	(14,192)
Net cash movement from gold collar settlements	19	5,795	(3,658)
Net non-cash inventory adjustments		18,413	4,335
Foreign exchange loss		(18,724)	(2,258)
Operating cash flows before non-cash working capital		261,322	158,869
Trade and other receivables		(4,730)	(23,817)
Inventories		(17,199)	(49,564)
Prepaid expenses and other		5,318	(17,156)
Trade and other payables		6,524	88,937
Changes in non-cash working capital		(10,087)	(1,600)
Operating cash flows generated from continuing operations [1]		251,235	157,269
Operating cash flows(used by)/generated from discontinued operations	6	(315)	66,146
Cash generated from operating activities		**$ 250,920**	**$ 223,415**
Investing Activities			
Expenditures and prepayments on mining interests - Mining interests		(135,271)	(94,704)
Expenditures and prepayments on mining interests - Assets under construction		(266,932)	(317,313)
Cash paid for additional interest of Ity mine	17	-	(53,915)
Cash acquired on acquisitions	5	-	7,982
Changes in long-term inventories	11	(30,248)	-
Changes in long-term assets	11	(13,322)	-
Net proceeds from sale of mining interests	6	33,179	8,601
Investing cash flows used by continuing operations [1]		(412,594)	(449,349)
Investing cashflows used by discontinued operations	6	(40,725)	(29,379)
Cash used in investing activities		**$ (453,319)**	**$ (478,728)**
Financing Activities			
Proceeds received from the issue of common shares	16	600	112,932
Dividends paid	17	(1,956)	(5,177)
Payment of financing and other fees		(2,300)	(3,276)
Interest paid		(24,434)	(11,146)
Proceeds of long-term debt	14	210,000	420,000
Repayment of long-term debt	14	(280,000)	(260,000)
Proceeds from convertible senior bond	14	330,000	-
Repayment of finance lease obligation		(21,203)	-
Deposit/(refund) paid on reclamation liability bond		(157)	(530)
Financing cash flows used by continuing operations [1]		210,550	252,803
Financing cashflows used by discontinued operations	6	(6,083)	(1,062)
Cash generated from financing activities		**$ 204,467**	**$ 251,741**
Effect of exchange rate changes on cash		(748)	3,604
Increase/(decrease) in cash		1,320	(1,592)
Cash, beginning of year		122,702	124,294
Cash, end of year		**$ 124,022**	**$ 122,702**

1. *For the year ended December 31, 2018 and comparative periods, Tabakoto Mines has been classified as a discontinued operation and adjusted accordingly in the statement of comprehensive loss and cash flows. The Corporation has changed its presentation to present the discontinued operations as a seperate line item in these consolidated financial statements for the years ended December 31, 2018 and 2017*

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

ENDEAVOUR MINING CORPORATION
Consolidated Statements of Changes in Equity
(Expressed in Thousands of United States Dollars, except per share amounts)

In thousands of US$	Note	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	Deficit	Total Attributable to Shareholders	Non-Controlling Interests	Total
At January 1, 2017		**93,521,217**	**9,348**	**1,474,723**	**25,132**	**2**	**662**	**93,546,349**	**1,484,735**	**39,727**	**(615,673)**	**908,789**	**51,872**	**960,661**
Acquistion of non-controlling interest of the Ity mine		-	-	-	-	-	-	-	-	-	(34,241)	(34,241)	(22,974)	(57,215)
Consideration on the acquisition of Avnel	5	7,218,964	722	133,294	-	-	-	7,218,964	134,016	-	-	134,016	522	134,538
Exchangeable shares exchanged into common shares		25,132	2	662	(25,132)	(2)	(662)	-	-	-	-	-	-	-
Shares issued on exercise of options, RSU's & PSU's		860,527	86	8,545	-	-	-	860,527	8,631	(4,475)	-	4,156	-	4,156
PSU/RSUs reclassified into equity		-	-	-	-	-	-	-	-	15,570	-	15,570	-	15,570
Share based compensation	16	-	-	-	-	-	-	-	-	5,219	-	5,219	-	5,219
Dividends to non-controlling interests	17	-	-	-	-	-	-	-	-	-	-	-	(5,647)	(5,647)
Shares issued in private placements	16	5,907,167	591	107,101	-	-	-	5,907,167	107,692	-	-	107,692	-	107,692
Disposal of the Nzema mine		-	-	-	-	-	-	-	-	-	-	-	12,716	12,716
Total and net comprehensive earnings/(loss)		-	-	-	-	-	-	-	-	-	(156,337)	(156,337)	(20,731)	(177,068)
At December 31, 2017		**107,533,007**	**$ 10,749**	**$ 1,724,325**	**-**	**$ -**	**$ 0**	**107,533,007**	**$ 1,735,074**	**$ 56,041**	**$ (806,251)**	**$ 984,864**	**$ 15,758**	**$ 1,000,622**
At January 1, 2018		**107,533,007**	**10,749**	**1,724,325**	**-**	**-**	**-**	**107,533,007**	**1,735,074**	**56,041**	**(806,251)**	**984,864**	**15,757**	**1,000,621**
Shares issued on exercise of options and PSU's		548,589	55	8,532	-	-	-	548,589	8,587	(8,801)	-	(214)	-	(214)
Reclassification of RSU's to liability		-	-	-	-	-	-	-	-	(3,909)	-	(3,909)	-	(3,909)
Share based compensation	16	-	-	-	-	-	-	-	-	22,121	-	22,121	-	22,121
Dividends to non-controlling interests	17	-	-	-	-	-	-	-	-	-	-	-	(3,636)	(3,636)
Disposal of the Tabakoto mine	6	-	-	-	-	-	-	-	-	-	-	-	67,085	67,085
Total and net comprehensive earnings/(loss)		-	-	-	-	-	-	-	-	-	(144,856)	(144,856)	7,121	(137,735)
At December 31, 2018		**108,081,596**	**$ 10,804**	**$ 1,732,857**	**-**	**$ -**	**$ -**	**108,081,596**	**$ 1,743,661**	**$ 65,452**	**$ (951,107)**	**$ 858,006**	**$ 86,327**	**$ 944,333**

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

1 DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

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

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

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS').

These consolidated financial statements were approved by the Board of Directors of the Corporation on March 5, 2019.

2.2 BASIS OF PREPARATION

These 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 as explained in the accounting policies below. The Corporation's accounting policies have been applied consistently to all periods in the preparation of these consolidated financial statements, except for the adoption of new accounting standards described below.

2.3 BASIS OF CONSOLIDATION

These consolidated financial statements incorporate the financial statements of the Corporation and entities controlled by the Corporation ("Subsidiaries").

Control is achieved when the Corporation has (i) power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee and (iii) has the ability to use its power to affect its returns. Subsidiaries are included in the consolidated financial results of the Corporation from the effective date of acquisition up to the effective date of disposition or loss of control. The Corporation reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

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

Details of the Corporation's material subsidiaries at the end of the reporting period are as follows:

Entities	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			December 31, 2018	December 31, 2017
Agbaou Gold Operations S.A.	Gold Operations	Côte d' Ivoire	85%	85%
Avion Gold Corporation	Holding	Canada	100%	100%
Société des Mines d'Ity S.A.	Gold Operations	Côte d' Ivoire	80%	80%
Avion Gold (Burkina Faso) S.à r.l.	Exploration	Burkina Faso	100%	100%
Hounde Gold Operations S.A.	Gold Operations	Burkina Faso	90%	90%
Bouere Dohoun Gold Operations S/	Gold Operations	Burkina Faso	90%	90%
Riverstone Karma S.A.	Gold Operations	Burkina Faso	90%	90%
Société des Mines d'Or de Kalana	Project	Mali	80%	80%

i. Foreign currency translation

› The presentation and functional currency of the Corporation is the US dollar. The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the entity operates (its functional currency). In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates at the date of the transaction.

ii. Business combinations

› A business combination is defined as an acquisition of assets and liabilities that constitute a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to the Corporation and its shareholders in the form of dividends, lower costs or other economic benefits. A business consists of inputs, including non-current assets, and processes, including operational processes, that when applied to those inputs, have the ability to create outputs that provide a return to the Corporation and its shareholders. A business also includes those assets and liabilities that do not necessarily have all the inputs and processes required to produce outputs but can be integrated with the inputs and processes of the Corporation to create outputs. When acquiring a set of activities or assets in the exploration and development stage, which may not have outputs, the Corporation considers other factors to determine whether the set of activities or assets is a business. Those factors include, but are not limited to, whether the set of activities or assets:
(i) has commenced planned principal activities;
(ii) has employees, intellectual property and other inputs and processes that could be applied to those inputs;
(iii) is pursuing a plan to produce outputs; and
(iv) will be able to obtain access to customers that will purchase the outputs.

› Not all the above factors need to be present for an integrated set of activities or assets in the exploration and development stage to qualify as a business.

- The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Corporation, the liabilities, including contingent consideration, incurred and payable by the Corporation to former owners of the acquiree and the equity interests issued by the Corporation. The measurement date for equity interests issued by the Corporation is the acquisition date. The acquisition date is the date the Corporation obtains control over the acquiree, which is generally the date that consideration is transferred, and the Corporation acquires the assets and assumes the liabilities of the acquiree. The Corporation considers all relevant facts and circumstances in determining the acquisition date.

- Acquisition-related costs, other than costs to issue equity securities, of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees, severance costs and change of control payments and other professional or consulting fees are expensed as incurred. The costs to issue equity securities of the Corporation as consideration for the acquisition are reduced from share capital as share issue costs.

- It generally requires time to obtain the information necessary to complete the purchase price accounting following an acquisition. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation reports in its financial statements provisional amounts for the items for which the accounting is incomplete.

- During the measurement period, the Corporation will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Corporation will also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Corporation receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable and shall not exceed one year from the acquisition date.

- Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Corporation's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. All other components of non-controlling interests are measured at acquisition date fair values or, when applicable on the basis specified in another IFRS.

- The excess of (i) total consideration transferred by the Corporation, measured at fair value, including contingent consideration, and (ii) the non-controlling interests in the acquiree, over the acquisition-date fair value of net assets acquired, is recorded as goodwill.

- Goodwill is not amortized; rather it is tested annually for impairment or at any time during the year that an indicator of impairment is identified.

iii. Cash and cash equivalents

- Cash and cash equivalents consist of cash on hand, cash balances held with banks and brokers and highly liquid short-term investments with terms of three months or less. There were no cash equivalents at December 31, 2018 and 2017.

iv. Restricted cash

- Cash and cash equivalents unavailable for use by the Corporation or its subsidiaries due to certain restrictions that may be in place are classified as restricted cash.

v. Inventories

- Finished goods, work-in-process, and stockpiled ore are valued at the lower of average production cost and net realizable value. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and depreciation and depletion of mining interests. Net realizable value is calculated as the estimated price at the time of sale based on prevailing metal prices less estimated future production costs to convert the inventories into saleable form.

- Ore extracted from the mines is stockpiled and subsequently processed into finished goods in the form of doré bars. Production costs are capitalized and included in work-in-process inventory based on the current mining costs incurred up to the point prior to the refining process, including applicable overhead, depreciation and depletion relating to mining interests, and removed at the average production cost per recoverable ounce of gold. The average production costs of finished goods represent the average costs of work-in-process inventories incurred prior to the refining process, plus applicable refining costs and associated royalties. Stockpiles are segregated between current and non-current inventories in the consolidated statement of financial position based on the period of planned usage.

- Supplies are valued at the lower of weighted average cost and net realizable value.

vi. Mining interests

- Mining interests include interests in mining properties and related plant and equipment.

- Mineral deposits in the reserve category are classified as depletable mining properties when operating levels intended by management have been reached and a plan to mine those reserves is in place. Prior to this, they are classified as non-depletable mining properties.

- Resources not categorized as reserves and exploration potential are classified as non-depletable mining properties. The value associated with resources and exploration potential is often referred to as value beyond proven and probable reserves, which includes amounts assigned from costs of property acquisitions. At least annually or when otherwise appropriate and subsequent to a review and evaluation for impairment, carrying amounts of non-depletable mining properties are reclassified to depletable mining properties as a result of the conversion into reserves that have reached operating levels intended by management.

vii. Recognition

- Capitalized costs associated with mining properties include the following:
  (i) Costs of direct acquisitions of production, development and exploration stage properties;
  (ii) Costs attributed to mining properties acquired in connection with business combinations;
  (iii) Expenditures related to the development of mining properties;
  (iv) Expenditures related to economically recoverable exploration;
  (v) Borrowing costs incurred directly attributable to qualifying assets;
  (vi) Certain costs incurred during production, net of proceeds from sales prior to reaching operating levels intended by management; and
  (vii) Estimates of reclamation and closure costs.

- Capitalization ceases when an asset can operate in the manner intended by management.

viii. Acquisitions

- The cost of a property acquired as an individual asset purchase or as part of a business combination represents the property's fair value at the date of acquisition. This cost is capitalized until the viability of the mining property is determined. When it is determined that a property is not economically viable, the amount capitalized is written off, which includes expenditures which were capitalized to the carrying amount of the property subsequent to its acquisition.

ix. Borrowing costs

› Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale. Borrowing costs are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, or if construction is interrupted for an extended period. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of the rates applicable to the relevant borrowings during the period. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

x. Development expenditures

› Drilling and related costs incurred to define and delineate a mineral deposit that has not been classified as proven and probable reserves at a development stage or production stage mine are capitalized as part of the carrying amount of the related property in the period incurred, when management determines that there is sufficient evidence that the expenditure will result in a future economic benefit to the Corporation.

› Drilling and related costs incurred on sites without an existing mine and on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are exploration expenditures and are expensed as incurred to the date of establishing that costs incurred are economically recoverable. Further exploration expenditures, subsequent to the establishment of economic recoverability, are capitalized and included in the carrying amount of the related property.

› Management uses the following criteria in its assessments of economic recoverability and probability of future economic benefit:

- Geology: there is sufficient geologic and economic certainty of converting a residual mineral deposit into a proven and probable reserve at a development stage or production stage mine, based on the known geology and metallurgy. There is history of conversion of resources to reserves at operating mines to support the likelihood of conversion.
- Scoping: there is a scoping study or preliminary feasibility study that demonstrates the additional resources will generate a positive commercial outcome. Known metallurgy provides a basis for concluding there is a significant likelihood of being able to recoup the incremental costs of extraction and production.
- Accessible facilities: the mining property can be processed economically at accessible mining and processing facilities where applicable.
- Life of mine plans: an overall life of mine plan and economic model to support the mine and the economic extraction of resources/reserves exists. A long-term life of mine plan, and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body.
- Authorizations: operating permits and feasible environmental programs exist or are obtainable.

xi. Costs incurred during production

› Mine development costs incurred to maintain current production are included in profit or loss. The distinction between mining expenditures incurred to develop new ore bodies and to develop mine areas in advance of current production is mainly the production timeframe of the mining area. For those areas being developed, which will be mined in future periods, the costs incurred are capitalized and depleted when the related mining area is mined as compared to current production areas where development costs are considered as costs of sales and included in operating expenses given that the short-term nature of these expenditures matches the economic benefit of the ore being mined.

- Capitalization of costs incurred ceases when an asset can operate in the manner intended by management. Production costs incurred, and revenue earned subsequent to this point are recognized in profit or loss.
- Mining properties are recorded at cost less accumulated depletion and impairment losses.

xii. Capitalization of waste in open pit operations

- Capitalization of waste stripping requires the Corporation to make judgments and estimates in determining the amounts to be capitalized. In open pit mining operations, it is necessary to incur costs to remove overburden and other mine waste materials in order to access the ore body ("stripping costs"). During the development of a mine, stripping costs are capitalized and included in the carrying amount of the related mining property and depleted over the productive life of the mine using the unit-of-production method. During the production phase of a mine, stripping costs incurred to provide access to sources of reserves that will be produced in future periods that would not have otherwise been accessible are capitalized and included in the carrying amount of the related mining property. Stripping costs incurred and capitalized during the production phase are depleted using the unit-of-production method over the reserves and a portion of resources that directly benefit from the specific stripping activity. Costs incurred for regular waste removal that do not give rise to future economic benefits are considered as costs of sales and included in operating expenses.

xiii. Depletion

- The carrying amounts of mining properties are depleted using the unit-of-production method over the estimated recoverable ounces, when operating levels intended by management for the mining properties have been reached. Under this method, depletable costs are multiplied by the number of ounces extracted divided by the estimated total ounces to be extracted in current and future periods based on proven and probable reserves and a portion of resources.
- Management reviews the estimated total recoverable ounces contained in depletable reserves and resources each financial year and when events and circumstances indicate that such a review should be made. Changes to estimated total recoverable ounces contained in depletable reserves and resources are accounted for prospectively.

xiv. Plant and equipment

- Plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Plant and equipment are depreciated using the unit- of production method based on ounces produced, or the straight-line method over the estimated useful lives of the related assets using the following rates:

– Plant	Shorter of useful life or life of mine
– Mobile equipment	3 - 5 years
– Office and computer equipment	3 - 5 years

- Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

- Where parts (components) of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment. Each asset or parts estimated useful life is determined considering its physical life limitations. This physical life of each asset cannot exceed the life of the mine at which the asset is utilized. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

- Amounts expended on assets under construction are capitalized until the asset becomes available for its intended use, at which time depreciation commences on the assets over its useful life. Repairs and maintenance of plant and equipment are expensed as incurred. Costs incurred to enhance the service potential of plant and equipment are capitalized and depreciated over the remaining useful life of the improved asset.

xv. Derecognition

- Upon disposal or abandonment, the carrying amounts of mining properties and plant and equipment and accumulated depreciation and depletion are removed from the accounts and any associated gains or losses are recorded in profit or loss.

xvi. Commencement of commercial production

- Commercial production is deemed to have commenced when a mining interest can operate at levels intended by management. This is achieved when management determines that the operational commissioning of major mine and plant components is complete, operating results are being achieved consistently for a period of time and that there are indications that these operating results will continue.
- The Corporation determines commencement of commercial production based on the following factors:

  - All major capital expenditures to bring the mine to the condition necessary for it to be capable for operating in the manner intended by management have been completed;
  - The completion of a reasonable period of testing of the mine plant and equipment;
  - The mine or mill has reached a pre-determined percentage of design capacity; and
  - The ability to sustain ongoing production of ore.

- The list is not exhaustive, and each specific circumstance is considered before making the decision.

xvii. Impairment of mining interests and goodwill

- At each reporting date, the Corporation gives consideration whether any indicators of impairment exist. If any such indicators exist, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

- Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

- If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or a cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

- Impairment losses reverse in some circumstances. When an impairment loss subsequently reverses, it is recognized immediately in profit or loss. The carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

- The Corporation performs goodwill impairment tests annually or when events and circumstances indicate that the carrying amounts may no longer be recoverable. In performing the impairment tests, the Corporation estimates the recoverable amount of its cash-generating units that include goodwill and compares recoverable amounts to the cash-generating unit's carrying amount. If a cash-generating unit's carrying amount exceeds its recoverable amount, the Corporation reduces the carrying value of the cash-generating unit or group of cash-generating units by first reducing the carrying amount of the goodwill and then reducing the carrying amount of the remaining assets on a pro-rata basis. Impairment of goodwill cannot be reversed.

xviii. Leases

- Leases in which the Corporation assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized at the lower of the fair value and the present value of minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

- All other leases are classified as operating leases. Operating lease payments are recognized as an operating cost in profit or loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which benefits from the leased asset are consumed.

xix. Income and deferred taxes

- The Corporation uses the liability method of accounting for income and mining taxes. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for unused tax losses and other income tax deductions. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply if the related assets are realized or the liabilities are settled. To the extent that it is probable that taxable profit will not be available against which deductible temporary differences can be utilized a deferred tax asset may not be recognized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period in which the change is substantively enacted. Deferred tax assets and liabilities are considered monetary assets. Deferred tax balances denominated in other than US dollars are translated into US dollars using current exchange rates at the reporting date.

- Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

xx. Financial instruments

- Financial assets and financial liabilities are recognized in the Corporation's statement of financial position when the Corporation becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

- Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

xxi. Financial assets at amortised cost

- Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are classified and measured subsequently at amortized cost.
- The Corporation's financial assets at amortized cost primarily include trade and other receivables included in current financial assets in the consolidated statement of financial position.

xxii. Financial instruments at fair value through other comprehensive income (FVTOCI)

- Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are classified and measured at FVTOCI. The Corporation's financial assets at FVTOCI include its equity securities designated as FVTOCI.
- On initial recognition, the Corporation may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings.

xxiii. Financial instruments at fair value through profit or loss ("FVTPL")

- By default, all other financial assets are measured subsequently at FVTPL. Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The Corporation's financial assets at FVTPL include cash, restricted cash, and certain receivables arising from sales of metal and the sale of its Tabakoto and Nzema mines (Note 6).

xxiv. Financial liabilities and equity

- Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.
- An equity instrument is any contract that evidences a residual interest in the assets of the Corporation after deducting all its liabilities. Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs. Repurchase of the Corporation's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.
- Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using effective interest method.

xxv. ***Derivatives***

- Derivative instruments are recorded at fair value with changes in fair value recognized in net earnings.

xxvi. ***Impairment***

- The Corporation recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

xxvii. ***Derecognition of financial assets and liabilities***

- The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Corporation neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

- The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire. The difference between carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

xxviii. ***Derivative financial instruments***

- Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

xxix. ***Embedded derivatives***

- Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and a separate instrument with the same terms as the embedded derivative would also meet the definition of a derivative.

xxx. ***Environmental rehabilitation provisions***

- The Corporation's mining and exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing. The Corporation has made, and intends to make in the future, expenditures to comply with such laws and regulations or constructive obligations. The Corporation records a liability for the estimated future rehabilitation costs and decommissioning of its operating mines and development projects at the time the environmental disturbance occurs, or a constructive obligation is determined.

- Environmental rehabilitation provisions are measured at the expected value of future cash flows including expected inflation and discounted to their present value using the current market assessment of the time value of money. The unwinding of the discount, referred to as accretion expense, is included in finance costs and results in an increase in the amount of the provision.

- When provisions for closure and environmental rehabilitation are initially recognized, the corresponding cost is capitalized as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalized cost of closure and environmental rehabilitation activities is recognized in mining interests and depreciated over the expected useful life of the operation to which it relates.

- Environmental rehabilitation provisions are updated annually for changes to expected cash flows and for the effect of changes in the discount rate, and the change in estimate is added or deducted from the related asset and depreciated over the expected useful life of the operation to which it relates.

- Increases or decreases to the provision also arise due to changes in legal or regulatory requirements, the extent of environmental remediation required and cost estimates. The net present value of the estimated costs of these changes is recorded in the period which the change is identified and quantifiable.

xxxi. Share capital

- Common and exchangeable shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

xxxii. Earnings per share

- Earnings per share calculations are based on the weighted average number of common and exchangeable shares issued and outstanding during the period. The rights of the common and exchangeable shares are the same and therefore economically equivalent. As such, common and exchangeable shares are treated as one class of shares for the earnings per share calculation. Diluted earnings per share is calculated using the treasury stock method, whereby the proceeds from the exercise of potentially dilutive common shares with exercise prices that are below the average market price of the underlying shares are assumed to be used in purchasing the Corporation's common shares at their average market price for the period.

xxxiii. Revenue recognition

- Revenue from the sale of gold in doré bar form is recognized when the Corporation has transferred control of the gold in doré bar form to the customer at an amount reflecting the consideration the Corporation expects to receive in exchange for those products. In determining whether the Corporation has satisfied a performance obligation, it considers the indicators of the transfer of control, which include, but are not limited to, whether: the Corporation has a present right to payment; the customer has legal title to the asset; the Corporation has transferred physical possession of the asset to the customer; and the customer has the significant risks and rewards of ownership of the asset. The Corporation receives sales proceeds from its refiners, net of refining and treatment charges. Revenue is gross of royalties but net of refining and treatment charges.

xxxiv. Share-based payment arrangements

- Equity settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 16.

- Performance share units ("PSUs") are settled in shares of the Corporation. The fair value of the estimated number of PSUs that will eventually vest, determined at the date of grant, is recognized as share-based compensation expense over the vesting period, with a corresponding amount recorded as equity. The fair value of the PSUs is estimated using the market value of the underlying shares as well as assumptions related to the market and non-market conditions at the grant date.

- Equity settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Corporation obtains the goods or the counterparty renders the service.

- The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded basis over the vesting period, based on the Corporation's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Corporation revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity reserve.

- Cash settled share-based payments to employees and other providing similar services are measured at the fair value of the instrument at the grant date and every reporting period, with changes in fair value recognized through profit or loss and a corresponding amount recorded as a liability.

- Exchanges of share options or other share-based payment awards in conjunction with a business combination are accounted for as modifications of the share-based payments awards. Where the Corporation is obliged to replace the acquiree awards, either all or a portion of the market-based measure of the Corporation's replacement awards is included in measuring the consideration transferred in the business combination. In determining the portion of the replacement award that is part of the consideration transferred for the acquiree, both the replacement awards and the acquiree awards are measured at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognized as remuneration cost for post transaction service.

xxxv. Provisions

- Provisions are recorded when a present legal or constructive obligation arises as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

- Provisions are reviewed at the end of each reporting period and adjusted to reflect management's current best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

- Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance expense and included in finance costs in the statement of comprehensive earnings.

xxxvi. Application of new accounting standards

The Corporation has adopted the following new IFRS standards for the annual period beginning on January 1, 2018.

- *IFRS 9, Financial Instruments:* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities replacing IAS39 – Financial Instruments: Recognition and measurement ("IAS39"). The Corporation elected to apply this standard retrospectively without retroactively restating comparative periods. In July 2014, IFRS 9 Financial Instruments was issued as a complete standard, including the requirements previously issued related to classification and measurement of financial assets and liabilities, and additional amendments to introduce a new expected loss impairment model for financial assets including credit losses. IFRS 9 replaced the multiple classification and measurement models for financial assets that currently exist under IAS 39, and the basis on which financial assets are measured will determine their classification as either, at amortized cost, fair value through profit and loss, or fair value through other comprehensive income. The impact of this change in accounting policy:

- None of the Corporation's classification of financial instruments have changed significantly as a result of the adoption of the new standards. Financial assets previously classified as loans and receivables were classified as financial assets at amortised cost;
- The Corporation assessed the impact of its receivables using the expected credit loss model, however, there is no material difference as a result, and no additional impairment has been recognized upon transition; and
- There are no transitional impacts regarding currently classified financial liabilities in regard to classification and measurement. Trade and other payables, finance obligations and the revolving credit facility are classified as financial liabilities at amortised cost on the consolidated statement of financial position at amortised cost.

› *IFRS 15 Revenue:* The Corporation has adopted the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018 on a modified retrospective basis. The principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. Specifically, IFRS 15 introduces a five-step approach to revenue recognition with an entity recognizing revenues when a performance obligation is satisfied, which is when "control" of the goods has transferred to the customer. Upon evaluating the transfer of control, the Corporation concluded there is no material change in the timing of revenue recognized under the new standard. The point of transfer of risks and rewards for goods and services under IAS 18 compared to the transfer of control under IFRS 15 occur at the same time based on contractual terms, the delivery of gold doré. For the purposes of evaluating variable consideration, the Corporation reviewed historical assay results and adjustments. All these factors were considered insignificant and therefore no changes to revenue were recorded upon the adoption of IFRS 15.

  The Corporation has determined that there is no significant impact of the change in the accounting policy in the accounting for revenue at January 1, 2018.

The Corporation has not applied the following revised or new IFRS that have been issued but were not yet effective at December 31, 2018.

› *IFRS 16 Leases* (effective January 1, 2019), was issued in January 2016, which replaces IAS 17 "Leases" and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases, with exemptions for lease terms 12 months or less, or the underlying asset has a low value.
› The Corporation will adopt IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach. Under the modified retrospective approach, the Corporation will not restate the financial statements on a retrospective basis, but in retained earnings as of the date of adoption.
› Upon adoption, the Corporation will elect not to recognize assets and lease liabilities for short-term leases which have a lease term of 12 months or less, and leases of low value assets. Lease payments for these leases will be recognized as an expense over the lease term
› The Corporation expects to recognize upon adoption right of use assets and lease liabilities related to the Corporation's contracts with equipment, building rentals, and mining service contracts. Based on the current assessment of the expected impact of IFRS 16, the Corporation expects that the new standard will result in the recognition of right of use assets and liabilities at the transition date. The nature of the expenses related to these leases will change resulting in a depreciation charge for assets and interest expense on the lease liabilities. The Corporation is currently finalizing the impact of this standard on its consolidated statements of comprehensive earnings/(loss) or the consolidated statements of cash flows.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The critical judgements that the Corporation's management has made in the process of applying the Corporation's accounting polices, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Corporation's consolidated financial statements are as follows:

3.1 COMMENCEMENT OF COMMERCIAL PRODUCTION

Prior to a mine being capable of operating at levels intended by management, costs incurred are capitalized as part of the costs of related mining properties and proceeds from mineral sales are offset against costs capitalized. The Corporation defines the commencement of commercial production as the date that a mine operates at the levels intended by management. Management considers several factors (Note 2 (xvi)) in determining when commercial production has been reached. Depletion of capitalized costs for mining properties begins when the mine is capable of operating at levels intended by management.

The Corporation determined that the Houndé gold project entered commercial production on November 1, 2017.

3.2 DETERMINATION OF ECONOMIC VIABILITY

Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

3.3 FUNCTIONAL CURRENCY

The functional currency for each of the Corporation's subsidiaries is the currency of the primary economic environment in which the entity operates. The Corporation has determined the functional currency of each entity is the US dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

3.4 BUSINESS COMBINATIONS

Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Corporation to make certain judgements, taking into account all facts and circumstances.

3.5 CAPITALIZATION OF WASTE STRIPPING

Capitalization of waste stripping requires the Corporation to make judgments and estimates in determining the amounts to be capitalized. These judgments and estimates include and rely on the expected stripping ratio for each separate open pit, the determination of what defines separate pits, and the expected ounces to be extracted from each component of a pit, amongst others.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation's management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Corporation's assets and liabilities are as follows:

4.1 VALUE ADDED TAX ("VAT")

Included in trade and other receivables are recoverable VAT balances owing by the fiscal authorities in Burkina Faso, and Côte d'Ivoire. The Corporation is following the relevant process in each country to recoup the VAT balances owing and continues to engage with authorities to estimate if all amounts are recoverable and to accelerate the repayment of the outstanding VAT balances.

4.2 IMPAIRMENT OF MINING INTERESTS

The Corporation considers both external and internal sources of information in assessing whether there are any indications that mining interests are impaired. External sources of information the Corporation considers include changes in the market, economic and legal environment in which the Corporation operates that are not within its control and affect the recoverable amount of mining interests. Internal sources of information the Corporation considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

In determining the recoverable amounts of the Corporation's mining interests, the Corporation's management makes estimates of the discounted future cash flows expected to be derived from the Corporation's mining properties, costs to sell the mining properties and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions about gold's selling price, future capital expenditures, changes in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Reductions in gold price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Corporation's mining interests.

4.3 ESTIMATED RECOVERABLE OUNCES

The carrying amounts of the Corporation's mining interests are depleted based on the estimated recoverable ounces for each mine. Changes to estimates of recoverable ounces due to revisions to the Corporation's mine plans and changes in gold price forecasts can results in a change to future depletion rates.

4.4 MINERAL RESERVES

Mineral reserves and mineral resources are determined in accordance with Canadian Securities Administrator's National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mineral reserve and resource estimates include numerous estimates. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is dependent on the quantity and quality of available data and on the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as gold prices and market conditions could have a material effect in the future on the Corporation's financial position and results of operation.

4.5 ENVIRONMENTAL REHABILITATION COSTS

The provisions for rehabilitation are based on the expected costs of environmental rehabilitation and inputs used to determine the present value of such provisions and the related accretion expense using the information available at the reporting date. To the extent the actual costs differ from these estimates, adjustments will be recorded and the profit or loss and future cash flows may be impacted.

4.6 DEFERRED INCOME TAX ASSETS

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Corporation's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Corporation reassesses unrecognized and recognized income tax assets.

4.7 SHARE-BASED PAYMENTS

Numerous assumptions are made when accounting for share-based payments including the expected life of the contract, the volatility, the number of awards that are expected to vest, and the likelihood of the market and non-market conditions being met. Changes to these assumptions may alter the value of the share-based payment and ultimately the amount charged to profit or loss.

4.8 CONTINGENCIES

Due to the nature and complexity of the Corporation's operations, various legal and tax matters are ongoing at any given time and require estimation of amount and probability of outcome. In the event that the circumstances surrounding these matters change or the Corporation's outlook for the outcomes of these matters changes, the effects will be recognized in the consolidated financial statements.

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

5 ACQUISITION AND RESTRUCTURING

5.1 ACQUISITION OF AVNEL GOLD MINING LIMITED

On September 18, 2017, the Corporation completed the acquisition of Avnel Gold Mining Ltd ("Avnel"). The Corporation acquired 100% of the share capital of Avnel in exchange for an issuance of 7,218,964 common shares. Avnel owns 80% of the Kalana gold project in Mali and the Corporation has initiated pre-development activities to optimize the Kalana gold project.

Upon finalization of the purchase price allocation, there was an adjustment to increase net working capital by $5.0 million, and a corresponding decrease to mineral interests of $7.0 million and an offsetting decrease to deferred tax liabilities of $2.0 million. Non-controlling interest is measured at the proportionate share of the fair value of net assets.

		Fair value at acquistion date
Purchase price:		
Fair value of 7,218,964 Endeavour common shares issued		134,016
	$	**134,016**
Net assets/(liabilities) acquired		
Mining interests		164,682
Cash		7,982
Provision for reclamation		(2,104)
Non-controlling interest		(522)
Net working capital acquired (excluding cash)		(10,081)
Deferred income and mining taxes		(25,941)
Net Assets	**$**	**134,016**

5.2 ACQUISITION, DISPOSAL AND RESTRUCTURING COSTS

The Corporation incurred a $3.3 million and $12.9 million of acquisitions and restructuring expenses respectively in the year ended December 31, 2017, relating to the relocation of offices, including termination of office leases, change in management costs and the costs associated with the abandoned corporate transactions.

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

6 DISPOSALS OF MINING INTERESTS AND ASSETS HELD FOR SALE

6.1 DISPOSAL OF THE TABAKOTO MINE

On December 24, 2018, the Corporation completed the sale for interest in the Tabakoto mine to Algom Resources Limited, a subsidiary of BCM Investments Ltd, for a total consideration of up to $70.0 million. The total consideration is composed of an upfront cash consideration of $35.0 million, a deferred cash consideration of $10.0 million in 2019, and a 10% net smelter royalty (NSR) of up to a maximum of 200,000 ounces of gold from the Dar Salaam deposit.

The Corporation recognized a loss on disposal of $68.7 million, net of tax, calculated as follows:

		December 24, 2018
Cash proceeds		35,000
Cash consideration receivable		8,804
Net smelter royalty		13,322
Transaction Costs		(2,478)
Total proceeds	**$**	**54,648**
Cash and short-term deposits		1,821
Restricted cash		142
Trade and other receivables		245
Prepaid expenses and other		7,135
Inventory[1]		19,528
Mining interests		92,661
Taxes Receivable		4,059
Total Assets		**125,591**
Accounts payable and accrued liabilities		(41,940)
Environmental rehabilitation provision		(17,181)
Total liabilities		**(59,121)**
Net Assets		**66,470**
Non-controlling interest		(56,896)
Net assets attributable to Endeavour	**$**	**123,366**
Loss on disposition	**$**	**(68,718)**

[1] Includes an increase to the inventory provision of $18.9 million to adjust spare parts and supplies inventory to net realizable value following an assessment of inventory balances due to new equipment acquired in the 2018 year.

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

The components of net loss from discontinued operations for the year ended December 31, 2018 and 2017, were as follows:

		YEAR ENDED DECEMBER 31,	
	Note	2018	2017
Gold revenue		142,764	181,436
Operating costs		(141,798)	(141,295)
Impairment of mining interests	(a)	(31,957)	(130,413)
Depreciation and depletion		(13,131)	(42,035)
Royalties		(8,747)	(10,847)
Other gains/(losses)		(26,039)	(3,236)
Loss on disposal	(a)	(68,718)	-
Loss before taxes		**$ (147,626)**	**$ (146,390)**
Current income tax expense		(7,169)	(3,682)
Deferred income tax recovery (expense)		-	(23,952)
Net loss from discontinued operations		**$ (154,795)**	**$ (174,024)**
Shareholders of Endeavour Mining Corporation		(144,790)	(139,644)
Non-controlling interest		(10,004)	(34,380)
Total loss from discontinued operations		**$ (154,795)**	**$ (174,024)**
Net loss per share from discontinued operations			
Basic		$ (1.44)	$ (1.77)
Diluted		$ (1.44)	$ (1.77)

(a) The Corporation recognized an impairment of the mining interest at September 30, 2018 based on the fair value less costs to sell at that date. Upon finalization of the disposal, and amendment to the agreement, a loss on disposal of $68.7 million was recognized.

The cash flows from discontinued operations for the year ended December 31, 2018 and 2017, were as follows:

	YEAR ENDED DECEMBER 31,	
	2018	2017
Cash generated (used in)/generated from operating activities	(315)	66,146
Cash generated (used in)/generated from investing activities	(40,725)	(29,379)
Cash generated (used in)/generated from financing activities	(6,083)	(1,062)
Total	**$ (47,122)**	**$ 35,705**

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

6.2 DISPOSAL OF THE NZEMA MINE

On December 29, 2017, the Corporation completed the sale of its 90% interest in the Nzema Mine to BCM International Ltd ("BCM") for total cash consideration of $63.5 million. The cash consideration consists of a $38.5 million payment upon completion of the transaction with additional deferred payments of up to $25.0 million contingent on the future cash flows of the Nzema Mine between January 30, 2018 and December 31, 2019. The contingent consideration was recognised at a fair value of $19.6 million at disposition. The change in fair value in the year ended December 31, 2018 was a gain of $2.7 million. The Corporation recognized a loss on disposal of $26.4 million in the year ended December 31, 2017.

The results from Nzema in the prior year are included in the consolidated statements of comprehensive earnings/(loss) within discontinued operations.

		TWELVE MONTHS ENDED DECEMBER 31, 2017
Gold revenue		147,496
Operating costs		(87,268)
Depreciation and depletion		(17,663)
Impairment of mineral properties		(53,599)
Royalties		(8,515)
Other income		2,685
Loss on disposal		(26,445)
Loss before taxes	**$**	**(43,309)**
Current income tax expense		(220)
Net loss from discontinued operations	**$**	**(43,529)**
Shareholders of Endeavour Mining Corporation		(46,490)
Non-controlling interest		2,961
Total loss from discontinued operations	**$**	**(43,529)**
Net loss per share from discontinued operations		
Basic	$	(0.44)
Diluted	$	(0.44)

The net cash flows from discontinued operations for the year end December 31, 2017 were:

		TWELVE MONTHS ENDED DECEMBER 31, 2017
Cash generated from operating activities		33,441
Cash received (used) in investing activities		(3,111)
Cash generated from financing activities		-
Total	**$**	**30,330**

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

7 INVENTORIES

	December 31, 2018	December 31, 2017
Doré bars	10,878	9,526
Gold in circuit	24,488	30,554
Ore stockpiles	39,508	31,212
Spare parts and supplies	51,479	63,474
Total inventory [1]	**$ 126,353**	**$ 134,766**

As of December 31, 2018, the amount includes a provision of $7.3 million to adjust spare parts and supplies inventory to net realizable value (December 31, 2017 – $14.8 million) and a provision of $2.8 million to adjust stockpiles, gold in circuit, and finished goods at Karma to net realizable value (December 31, 2017 - $nil). In 2018, the Corporation reclassified $5.6 million spare parts and supplies and $10.8 million of stockpiles to long-term inventories following an assessment on the timing of consumption (Note 11).

The cost of inventories recognized as expense in the year ended December 31, 2018 was $556.0 million and was included in operating expenses (year ended December 31, 2017- $313.0).

8 PREPAID EXPENSES AND OTHER

	December 31, 2018	December 31, 2017
Deposits	1,784	1,967
Insurance	222	965
Supplier prepayments	13,627	39,961
Other	1,342	1,621
Total	**$ 16,975**	**$ 44,514**

9 TRADE AND OTHER RECEIVABLES

		December 31, 2018	December 31, 2017
Receivable for sale of Nzema mine	6	22,577	19,600
Receivable for sale of Tabakoto mine	6	8,804	-
VAT Receivable		20,377	15,034
Trade and other receivables		6,024	16,063
Total		**$ 57,782**	**$ 50,698**

10 MINING INTERESTS

In thousands of US$	Note	MINING PROPERTIES Depletable	Non depletable	Plant and equipment	Assets under construction	Non mining	Total
Cost							
Balance as at January 1, 2016		1,001,306	327,279	699,109	212,144	2,578	2,242,416
Acquisition of mining interest	5	-	169,888	-	-	-	169,888
Additions/expenditures		52,391	37,753	87,312	299,421	6,541	483,418
Transfers related to Houndé upon commercial production		223,256	-	201,682	(424,938)	-	-
Transfers (to) from inventory		-	-	-	(16,923)	-	(16,923)
Reclamation liability change in estimate		4,231	-	-	-	-	4,231
Disposal of the Nzema mine	6	(368,335)	(176,237)	(109,928)	-	-	(654,500)
Balance as at December 31, 2017		912,849	358,683	878,175	69,704	9,119	2,228,530
Additions/expenditures		65,631	30,899	80,614	371,508	727	549,379
Transfers		-	-	43,982	(43,982)	-	-
Change in estimate of environmental rehabilitation provision		3,776	-	-	-	-	3,776
Disposals		-	-	(10,334)	-	-	(10,334)
Disposal of the Tabakoto mine	6	(433,199)	(128,474)	(281,245)	-	-	(842,918)
Balance as at December 31, 2018		**$ 549,057**	**$ 261,108**	**$ 711,192**	**$ 397,230**	**$ 9,846**	**$ 1,928,433**
Accumulated depreciation and impairment							
Balance as at January 1, 2016		630,846	222,064	348,315	-	1,661	1,202,886
Depreciation/depletion		84,529	-	63,367	-	1,285	149,181
Depreciation captured in inventory		3,660	-	1,272	-	-	4,932
Impairment		82,814	51,848	49,350	-	-	184,012
Disposal of the Nzema mine	6	(360,943)	(161,001)	(101,175)	-	-	(623,119)
Balance as at December 31, 2017		440,906	112,911	361,129	-	2,946	917,892
Depreciation/depletion		83,829	-	95,795	-	1,407	181,031
Depreciation captured in inventory		6,829	-	7,300	-	-	14,129
Impairment	6	16,478	3,775	11,704	-	-	31,957
Disposals		-	-	(10,161)	-	-	(10,161)
Disposal of the Tabakoto mine	6	(377,155)	(116,264)	(256,838)	-	-	(750,257)
Balance as at December 31, 2018		**$ 170,887**	**$ 422**	**$ 208,929**	**$ -**	**$ 4,353**	**$ 384,591**
Carrying amounts							
At December 31, 2017		**$ 471,943**	**$ 245,772**	**$ 517,046**	**$ 69,704**	**$ 6,173**	**$ 1,310,638**
At December 31, 2018		**$ 378,170**	**$ 260,686**	**$ 502,263**	**$ 397,230**	**$ 5,493**	**$ 1,543,842**

At December 31, 2018, the additions to assets under construction included $71.3 million of long-term financing equipment obligations (December 31, 2017 - $23.2 million) and $15.3 million of capitalized borrowing costs (December 31, 2017 – $10.7 million). The average capitalization rate was 1.8% (December 31, 2017 – 1.42%) for the year.

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

In thousands of US$	Note	Agbaou Mine	Ity Mine	Karma Mine	Houndé Mine	Kalana Project	Exploration Properties	Non mining	Total (Excluding Assets held for sale)	Tabakoto Mine	Nzema Mine	Total
Cost												
Balance as at January 1, 2016		241,598	58,628	275,752	240,633	-	3,169	2,578	822,358	770,788	649,270	2,242,416
Acquisition of mining interest		-	-	-	-	164,682	-	-	164,682	5,206	-	169,888
Additions/expenditures		15,167	94,328	72,699	253,206	4,203	-	6,537	446,140	32,048	5,230	483,418
Transfers (to) from inventory		-	-	-	(16,923)	-	-	-	(16,923)	-	-	(16,923)
Reclamation liability change in estimate		315	-	-	3,916	-	-	-	4,231	-	-	4,231
Disposal of the Nzema Mine	6	-	-	-	-	-	-	-	-	-	(654,500)	(654,500)
Balance as at December 31, 2017		257,080	152,956	348,451	480,832	168,885	3,169	9,115	1,420,488	808,042	-	2,228,530
Additions/expenditures [1]		30,320	333,539	25,015	63,150	24,214	3,481	27,642	507,361	42,018	-	549,379
Transfers (to) from inventory		-	-	-	-	-	-	-	-	-	-	-
Transfers [2]		-	-	-	-	-	7,142	-	7,142	(7,142)	-	-
Reclamation liability change in estimate		3,776	-	-	-	-	-	-	3,776	-	-	3,776
Disposals		-	(10,334)	-	-	-	-	-	(10,334)	-	-	(10,334)
Disposal of the Tabakoto Mine	6	-	-	-	-	-	-	-	-	(842,918)	-	(842,918)
Balance as at December 31, 2018		**$ 291,176**	**$ 476,161**	**$ 373,466**	**$ 543,982**	**$ 193,099**	**$ 13,792**	**$ 36,757**	**$ 1,928,433**	**$ -**	**$ -**	**$ 1,928,433**
Accumulated depreciation and impairment												
Balance as at January 1, 2016		86,279	20,928	5,754	-	-	3,169	1,587	117,717	534,945	550,225	1,202,887
Depreciation/depletion		32,536	19,107	24,236	12,516	-	-	356	88,751	42,035	18,394	149,181
Depreciation captured in inventory		807	3,933	253	-	-	-	-	4,993	(962)	901	4,932
Impairment		-	-	-	-	-	-	-	-	130,413	53,599	184,012
Disposal of the Nzema Mine	6	-	-	-	-	-	-	-	-	-	(623,119)	(623,119)
Balance as at December 31, 2017		119,622	43,968	30,243	12,516	-	3,169	1,943	211,461	706,431	-	917,892
Depreciation/depletion		33,419	29,315	39,869	65,330	-	-	1,229	169,162	11,869	-	181,031
Depreciation captured in inventory		2,021	(195)	6,861	5,442	-	-	-	14,129	-	-	14,129
Impairment	6	-	-	-	-	-	-	-	-	31,957	-	31,957
Disposals		-	(10,161)	-	-	-	-	-	(10,161)	-	-	(10,161)
Disposal of the Tabakoto Mine	6	-	-	-	-	-	-	-	-	(750,257)	-	(750,257)
Balance as at December 31, 2018		**155,062**	**62,927**	**76,973**	**83,288**	**-**	**3,169**	**3,172**	**384,591**	**-**	**-**	**384,591**
Carrying amounts												
At December 31, 2017		**137,458**	**108,988**	**318,208**	**468,316**	**168,885**	**-**	**7,172**	**1,209,027**	**101,611**	**-**	**1,310,638**
At December 31, 2018		**136,114**	**413,234**	**296,493**	**460,694**	**193,099**	**10,623**	**33,585**	**1,543,842**	**-**	**-**	**1,543,842**

[1] Additions to mining interests of $549.4 million, net of leased additions and working capital changes, result in $402.2 million of cash outflows, as found on the consolidated statement of cash flows.

[2] As part of the disposal of the Tabakoto Mine (Note 6), certain mining interests were transferred to Exploration Properties as they were not included as part of the sale agreement.

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

11 OTHER LONG-TERM ASSETS

Other long-term assets are comprised of:

	Note	December 31, 2018		December 31, 2017
Working capital loan receivable		491		1,062
Long-term stockpiles[i]		23,951		6,256
Long-term critical spare parts and supplies[ii]		8,286		7,132
Long-term receivable[iii]	6	13,446		208
Total	**$**	**46,174**	**$**	**14,658**

i. 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.

ii. Long-term critical spare parts and supplies

Certain items of inventory that are considered critical for the continuation of production but are not deemed to be consumed in the current period are classified as long-term assets. In 2018, the Corporation reclassified $7.1 million of inventories as at December 31, 2017 from current assets to long-term critical spare parts and supplies following an assessment on the timing of consumption.

iii. Long-term receivable

Long-term receivables consist primarily of the NSR surrounding the sale of the Tabakoto mine. This royalty is not expected to be received in the current period and has been classified as long-term as at December 31, 2018.

12 TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

		December 31, 2018		December 31, 2017
Trade accounts payable		152,164		197,817
Royalties payable		2,187		1,934
Taxes - direct and indirect		12,388		4,039
Payroll and social charges		4,240		1,225
Other payables		6,343		8,452
Total	**$**	**177,322**	**$**	**213,467**

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

13 FINANCE OBLIGATIONS

The Corporation has entered into the following finance obligations:

	December 31, 2018	December 31, 2017
Finance obligations	100,381	54,402
Less: current portion	(24,034)	(17,658)
Long-term finance obligations	**$ 76,347**	**$ 36,744**

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

	MINIMUM LEASE PAYMENTS	
	December 31, 2018	December 31, 2017
Not later than one year	30,482	18,513
Later than one year and not later than five years	86,108	44,741
	116,590	63,254
Less future finance charges	(16,209)	(8,852)
Present value of minimum finance payments	**$ 100,381**	**$ 54,402**

	MINIMUM LEASE PAYMENTS	
	December 31, 2018	December 31, 2017
Houndé Mine (i)	50,378	48,142
Ity Mine (ii)	50,003	-
Tabakoto Mine (iii)	-	6,260
Present value of minimum finance payments	**$ 100,381**	**$ 54,402**

i. Houndé Financing Arrangements

On June 9, 2016, the Corporation entered into a financing arrangement with the Komatsu Group to acquire mining fleet equipment for the Houndé project. The Corporation made an initial down-payment of $7.7 million on July 1, 2016 with the remaining $46.8 million of payments to be made between the first quarter of 2018 and 2022.

On March 13, 2017, Houndé Gold Operation SA, Endeavour's main operating subsidiary for the Houndé project, entered into an equipment financing facility with Caterpillar Financial Services Corporation. The $12.3 million facility will finance the purchase of backup power gensets for the Houndé project. The facility will mature five years from the date of first drawdown, which occurred October 10, 2017. Availability of the facility is subject to the satisfaction of customary conditions precedent, including the provision of an equipment pledge.

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

ii. Ity CIL Financing Arrangements

On May 9, 2017, the Corporation entered into a financing arrangement with the Komatsu Group to acquire mining fleet equipment for the Ity CIL project within the Ity mine. The Corporation made an initial down-payment of $4.9 million on May 25, 2017 and the remaining $28.2 million of payments are to be made between the first quarter of 2019 and 2022.

On February 27, 2018, the Corporation entered into batch two of the financing arrangement with the Komatsu Group to acquire mining fleet equipment for the Ity CIL project within the Ity mine. The Corporation made an initial down-payment of $2.9 million on April 10, 2018 and the remaining $19.6 million of payments are to be made between the first quarter of 2019 and 2023.

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

14 LONG-TERM DEBT

	Note	December 31, 2018	December 31, 2017
Corporate loan facility	14.1	230,000	300,000
Deferred financing costs		(6,721)	(13,560)
Revolving credit facility		**$ 223,279**	**$ 286,440**
Convertible senior bond	14.2	293,893	-
Conversion option	14.2	25,076	-
Convertible senior bond		**$ 318,969**	**$ -**
Total long term debt		**$ 542,248**	**$ 286,440**

The Corporation incurred the following finance costs in the period:

		TWELVE MONTHS ENDED DECEMBER 31,	
	Note	2018	2017
Interest expense		26,078	9,598
Amortisation of deferred facility fees		7,101	10,261
Commitment, structuring and other fees		5,746	8,438
Less: Capitalised borrowing costs	10	(15,254)	(10,674)
Total finance costs		**$ 23,671**	**$ 17,623**

i. Corporate Loan Facility

On September 19, 2017, the Corporation signed a $500.0 million revolving credit facility ("the new RCF") with a syndicate of leading international banks.

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

The Corporation completed a private placement of $330.0 million convertible senior notes (Note 14 ii), on March 9, 2018. As a result, the Corporation reduced the principal available of the RCF to $350.0 million and made a repayment of $280.0 million on the new RCF. To align with the reduction in the amount available under the new RCF, $3.6 million of deferred financing charges were expensed in the year ended December 31, 2018.

The key terms of the new RCF include:

- Principal amount of $350.0 million.
- Interest accrues on a sliding scale of between LIBOR plus 2.95% to 3.95% based on the Corporation's leverage ratio.
- Commitment fees for the undrawn portion of the new RCF of 1.03%.
- The term of the new RCF is four years, maturing in September 2021.
- The principal outstanding on the new RCF is repayable as a single bullet payment on the maturity date.
- Banking syndicate includes Société Générale, ING, Citibank N.A., Investec Bank Plc, Macquarie Bank Ltd, Barclays Bank Ltd, HSBC and BMO.
- The new RCF can be repaid at any time without penalty.

ii. Convertible Senior Notes

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

The Notes bear interest at a coupon rate of 3% payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2018. The Notes mature on February 15, 2023, unless earlier redeemed, repurchased or converted in accordance with the terms of the Notes. The Corporation may, subject to certain conditions, elect to satisfy the principal amount due at maturity or upon redemption through the payment or delivery of any combination of Shares and cash.

The key terms of the Convertible Senior Notes include:

- Principal amount of $330.0 million.
- Coupon rate of 3% payable on a semi-annual basis.
- The term of the notes is 5 years, maturing in February 2023.
- The notes are reimbursable through the payment or delivery of shares or, and cash.
- The initial conversion price is $23.90 (CAD $29.47) per share.
- The reference share price of the notes is $18.04 (CAD $22.24) per share.

For accounting purposes, the Corporation measures the Notes at amortized cost, accreted to maturity over the term of the Notes. The conversion option is an embedded derivative and is accounted for as a financial liability measured at fair value through the profit or loss, as the Corporation has the ability to settle the option at fair value in cash, common shares, or a combination of cash and common shares in certain circumstances.

At the date of issue, the Notes were measured at fair value:

	December 31, 2018
Proceeds from issue	330,000
Liability component at date of issue	(287,975)
Conversion option	**$ 42,025**

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

The liability component for the Notes at December 31, 2018 has an effective interest rate of 6.2% and was as follows:

	December 31, 2018
Liability component at issue date	287,975
Less: Deferred finance costs	(5,159)
Interest expense in the period	16,302
Less: Interest payments in the period	(5,225)
Balance at December 31, 2018	**$ 293,893**

The conversion option related to the Notes is recorded at fair value, and the value at December 31, 2018 is determined using a valuation model, with the following assumptions; volatility of 26%, risk free rate of 2.6%, term of the conversion option 4.4 years, and a share price of $15.57.

	December 31, 2018
Conversion option at issue date	42,025
Fair value adjustment	(16,949)
Balance at December 31, 2018	**$ 25,076**

15 OTHER LONG-TERM LIABILITIES

	December 31, 2018	December 31, 2017
Environmental rehabilitation provision	38,572	49,179
Share based liabilities	3,110	3,153
Net pension obligation	195	283
Total	**$ 41,877**	**$ 52,615**

i. Environmental Rehabilitation Provision

	Note	December 31, 2018	December 31, 2017
Balance beginning of year		49,179	38,864
Initial recognition of provision		2,588	11,429
Assumed on acquisition of mining interests	5	-	2,104
Derecognized on disposal of mining interests	6	(17,181)	(7,841)
Revisions in estimates and obligations incurred		3,116	4,091
Accretion		1,027	863
Rehabilitation work performed		(157)	(331)
Balance end of year		**$ 38,572**	**$ 49,179**

The provisions of each mine will be accreted over the projected life of each mine.

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

The Corporation measures the provision at the expected value of future cash flows including US based nominal inflation of 1.90%, discounted to the present value of the inflated values using a current US dollar risk free discount rate of 2.90%. The undiscounted cash flows related to the environmental rehabilitation obligation as of December 31, 2018 was $35.4 million (2017 - $48.0 million).

16 SHARE CAPITAL

16.1 VOTING SHARES

Authorized

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

16.2 SHARE CAPITAL

On April 17, 2017, the Corporation announced that its largest shareholder, La Mancha Holding S.A R.L ("La Mancha") exercised its anti-dilution right to increase its stake from the current 28.1% interest to the initial 29.9% ownership position, by means of a $47.5 million (CAD $63.4 million) private placement for 2,573,372 shares on April 25, 2017.

Following the acquisition of Avnel in September 2017, La Mancha exercised its anti-dilution right to maintain its 30% interest in the Corporation. This resulted in an initial $30.1 million placement (CAD $37.7 million) for 1,666,897 shares, paid on September 29, 2017, and an additional $29.5 million (CAD $37.7 million) for 1,666,898 shares received on November 8, 2017, resulting in La Mancha maintaining its 30% interest in the Corporation.

16.3 SHARE-BASED COMPENSATION

The following table summarizes the share-based compensation expense:

	TWELVE MONTHS ENDED DECEMBER 31,	
	2018	2017
Amortization of option grants	19	263
Amortization and change in fair value of DSUs	(43)	2,096
Amortization and change in fair value of PSUs	23,295	14,742
Amortization and change in fair value of RSUs	1,660	6,036
Total share-based expenses	**$ 24,931**	**$ 23,137**

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

i. Options

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

	Options outstanding	Weighted average exercise price (C$)
At December 31, 2016	1,072,622	14.08
Exercised	(630,005)	11.71
Forfeited	(83,994)	9.47
Expired	(213,746)	26.07
At December 31, 2017	144,877	12.47
Exercised	(89,158)	8.66
Forfeited	(4,485)	10.94
Expired	(699)	233.91
At December 31, 2018	**50,535**	**16.26**

The following table summarizes information about the exercisable share options outstanding as at December 31, 2018:

Exercise Prices (C$)	Outstanding	Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
$5.20 - $14.99	50,069	50,069	$10.97	2.11 years
$15.00 - $24.68	466	466	$24.68	0.84 years
	50,535	**50,535**	**$16.26**	**2.10 years**

The Corporation has 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 set at the higher of (i) the volume weighted average trading price of the shares traded on the exchange for the five trading days immediately preceding the grant date and (ii) the closing trading price on the grant date. At the annual general meeting on June 26, 2018, the Corporation elected not to renew the shareholder approval for the stock option plan; as such no new stock options may be granted unless further shareholder approval is sought and obtained.

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

16.4 SHARE UNIT PLANS

A summary of the changes in share unit plans is presented below:

	DSUs outstanding	Weighted average grant price (C$)	PSUs outstanding	Weighted average grant price (C$)	RSUs outstanding	Weighted average grant price (C$)
At December 31, 2016	173,401	6.82	1,310,056	12.58	398,446	21.12
Granted	31,120	24.75	1,289,094	18.47	52,645	20.06
Exercised	(50,444)	9.15	(511,166)	10.56	(254,918)	21.00
Forfeited	-	-	(45,839)	18.91	-	-
At December 31, 2017	154,077	9.68	2,042,145	16.66	196,173	20.99
Granted	37,629	22.50	1,441,198	21.71	52,644	20.06
Exercised	-	0.00	(511,426)	15.86	(248,817)	20.80
Forfeited	-	0.00	(126,037)	19.20	-	-
At December 31, 2018	**191,706**	**12.20**	**2,845,880**	**19.25**	**-**	**-**

16.5 DEFERRED SHARE UNITS

On January 26, 2013, the Corporation established a deferred share unit plan ("DSU") for the purposes of strengthening the alignment of interests between non-executive directors of the Corporation and shareholders by linking a portion of the annual director compensation to the future value of the Corporation's common shares. Upon establishing the DSU plan for non-executive directors, the Corporation no longer grants options to non-executive directors.

The DSU plan allows each non-executive director to choose to receive, in the form of DSUs, all or a percentage of their director's fees, which would otherwise be payable in cash. Compensation for serving on committees must be paid in the form of DSUs. The plan also provides for discretionary grants of additional DSUs by the Board. Each DSU vests upon award but is distributed only when the director has ceased to be a member of the Board. Vested units are settled in cash based on the common share price at the date of settlement.

The total fair value of DSUs at December 31, 2018 was $3.1 million (December 31, 2017 – $3.2 million). The total DSU share-based compensation expense recognized in the consolidated statement of comprehensive loss was $0.04 million for the year ended December 31, 2018 (December 31, 2017, $2.1 million).

16.6 PERFORMANCE SHARE UNITS

In March 2014, following a review of its executive compensation programs and pay practices, the Corporation introduced a change in its long-term incentive plan ("LTI Plan") to include a portion of performance-linked share unit awards ("PSUs"). The PSU program is intended to increase the pay mix in favor of long-term equity-based compensation with three-year cliff-vesting to serve as an employee retention mechanism.

The fair value of the PSUs is determined based on Total Shareholder Return ("TSR") relative to peer companies and achieving certain operational performance measures (key future operational indicators – All in Sustaining Cost "AISC", resource and project targets). The fair value related to the TSR portion is determined using a multi-asset Monte Carlo simulation model while the fair value related to the achievement of operational performance measures is determined based the probability of reaching the operational targets.

The total PSU share-based expense recognized in the consolidated statements of comprehensive loss was $23.3 million for the year ended December 31, 2018 (December 31, 2017, $14.7 million).

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

16.7 RESTRICTED SHARE UNITS

In November 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 executives. The RSU program is intended to increase the pay mix in favor of long-term equity-based compensation to serve as an employee retention mechanism.

The total RSU share-based expense recognized in the consolidated statement of comprehensive loss was $1.6 million for the year ended December 31, 2018 (December 31, 2017 - $6.0 million). At December 31, 2018, the Corporation has settled all the outstanding RSUs. The fair value of the RSU at December 31, 2017 was $2.2 million.

16.8 BASIC AND DILUTED EARNINGS PER SHARE

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

	TWELVE MONTHS ENDED DECEMBER 31,	
	2018	2017
Basic weighted average number of shares outstanding	107,741,182	98,520,420
Effect of dilutive securities[1]		
Stock options and RSU's	179,710	597,154
Diluted weighted average number of shares outstanding	107,920,892	99,117,574
Total common shares outstanding	**108,081,596**	**107,533,007**
Total potential diluted common shares	**112,316,713**	**109,916,202**

[1] Diluted income per share was determined using the basic weighted average shares outstanding rather than the diluted weighted average shares outstanding as the effects of dilutive securities would have been anti-dilutive in periods where the Corporation has a net loss. The securities noted above would have been dilutive had the Corporation had earnings in the period.

17 NON-CONTROLLING INTERESTS

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

	Note	Agbaou Gold Operations SA (Agbaou Mine) 15%	Segala Mining Co SA/Kofi Mining S.à r.l. (Tabakoto Mine) 20%/10%	Burkina Mining Company SA (Youga Mine) 10%	Societe des Mines d'Ity (Ity Mine) 20%	Riverstone Karma SA (Karma Mine) 10%	Houndé Gold Operations 10%	Societe des Mines d'Or de Kalana (Kalana Project) 20%	Total (before discontinued operations)	Segala Mining Co SA/Kofi Mining S.à r.l. (Tabakoto Mine) 20%/10%	Adamus Resources Limited (Nzema Mine) 10%	Total
At December 31, 2016		38,339		-	40,614	10,641	-	-	89,594	(22,045)	(15,677)	51,872
Acquistion of NCI		-		-	(22,975)	-	-	522	(22,453)	-	-	(22,453)
Net earnings (loss)		14,125		-	(208)	213	(3,441)	-	10,689	(34,381)	2,961	(20,731)
Dividend distribution		(5,177)		-	-	-	-	-	(5,177)	(470)	-	(5,647)
Disposal of the Nzema Mine		-		-	-	-	-	-	-	-	12,716	12,716
At December 31, 2017		**47,287**		**-**	**17,431**	**10,854**	**(3,441)**	**522**	**72,653**	**(56,896)**	**-**	**15,757**
Net earnings attributable		6,637	-	-	(1,026)	1,129	10,385	-	17,125	(10,004)	-	7,121
Dividend distribution		(3,451)	-	-	-	-	-	-	(3,451)	(185)	-	(3,636)
Disposal of the Tabakoto Mine		-		-	-	-	-	-	-	67,085	-	67,085
At December 31, 2018		**$ 50,473**			**$ 16,405**	**$ 11,983**	**$ 6,944**	**$ 522**	**$ 86,327**	**$ -**	**$ -**	**$ 86,327**

For summarized information related to these subsidiaries, refer to Note 22, Segmented Information.

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

18 GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

	Note	TWELVE MONTHS ENDED DECEMBER 31, 2018	2017
Gain (loss) on marketable securities and investments		(346)	
Imputed interest on promissory note and other assets		38	
Interest income		150	
Other (losses)/gains on other financial instruments		(158)	375
Change in value of receivable at FVTPL	6	2,977	-
Gain/(loss) on gold revenue protection program	19	7,658	(10,281)
Unrealized gain on convertible senior bond derivative	14	16,949	-
(Loss)/gain on foreign exchange		(19,391)	6,579
Total gain/(loss) on financial instruments		**$ 8,035**	**$ (3,327)**

19 DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the derivative financial assets:

	December 31, 2018	December 31, 2017
Gold revenue protection strategy	1,636	-
Derivative financial assets, current portion	**$ 1,636**	**$ -**

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

	TWELVE MONTHS ENDED DECEMBER 31, 2018	2017
Realized gain/(loss) on gold revenue protection strategy premium	6,022	(3,658)
Unrealized gain/(loss) on gold and fuel price protection strategy	1,636	(6,623)
Gain/(loss) on derivative financial instruments	**$ 7,658**	**$ (10,281)**

19.1 GOLD REVENUE PROTECTION STRATEGY

In year ended December 31, 2018, the Corporation implemented a deferred premium collar strategy (“Collar”) using written call options and bought put options for the 15-month period from February 2018 to April 2019. 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 $1,300 per ounce and ceiling price of $1,500 per ounce.

The Collar was not designated as a hedge by the Corporation and was recorded at its fair value at the end of each reporting period with changes in fair value recorded in the consolidated statement of comprehensive earnings/(loss).

As at December 31, 2018, 133,238 ounces remain outstanding under the Collar derivative liability.

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

The total premium payable for entering into the Collar of $8.7 million is included as part of the Collar fair value and will be cash-settled on a net basis as monthly contracts mature. In the year ended December 31, 2018, the Corporation received $6.0 million for settlements of the Collar, included in realized gains on derivative financial instruments.

20 INCOME TAXES

20.1 INCOME TAX RECOGNIZED IN NET INCOME (LOSS) AND TOTAL COMPREHENSIVE INCOME (LOSS)

Details of the income tax expense (recovery) are as follows:

	2018	2017
Current income and other tax (expense) recovery	(66,522)	(10,086)
Deferred income tax expense	5,007	4,775
Total income tax expense recognized in operations	**$ (61,515)**	**$ (5,311)**

The Corporation is not subject to corporate taxation in the Cayman Islands. However, the taxable earnings of the corporate entities in Australia, Barbados, Burkina Faso, Canada, Côte d'Ivoire, Mali, Monaco, France, Luxembourg and the United Kingdom are subject to tax under the tax law of the respective jurisdiction. The Corporation is using a weighted average of the domestic tax rate applicable to its West African Mining operations to reconcile earnings to the income tax expense.

	December 31, 2018	December 31, 2017
Profit (loss) from continuing operations	78,575	45,480
Weighted average domestic tax rate	18.3%	25.0%
Income tax (recovery) expense based on weighted average domestic tax rates	14,379	11,370
Reconciling items:		
Rate differential	15,311	13,219
Effect of foreign exchange rate changes on deferred taxes	6,326	(6,479)
Non-deductible (non-taxable) expenses	9,130	(896)
Mining convention benefits	(13,850)	(27,871)
Effect of alternative minimum taxes and withholding taxes	21,173	12,920
Accruals for tax and statutory audits	4,886	(727)
Effect of changes in deferred tax assets not recognized	3,654	2,622
Other	506	1,153
Income tax expense	**$ 61,515**	**$ 5,311**

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

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

	2018	2017
Australia	30.0%	30.0%
Barbados	2.5%	2.5%
Burkina Faso	17.5/27.5%	17.5/27.5%
Canada	26.0%	26.0%
Cayman Islands	0.0%	0.0%
Côte d'Ivoire	25.0%	25.0%
Ghana	35.0%	35.0%
Mali	30.0%	30.0%
Monaco	33.3%	33.3%
France	33.3%	33.3%
Luxembourg	19.0%	19.0%
United Kingdom	19.3%	19.3%

20.2 INCOME TAXES PAYABLE AND RECEIVABLES

	December 31, 2018	December 31, 2017
Current income taxes receivable		627
Income tax receivable	**$ -**	**$ 627**
Income taxes payable related to current year taxable profits	42,178	2,746
Provision for income taxes	4,886	-
Income taxes payable	**$ 47,064**	**$ 2,746**

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

20.3 DEFERRED TAX BALANCES

	December 31, 2018	December 31, 2017
Deferred income tax assets		
Tax losses not utilized	$ 5,443	$ 7,585
Unrealized foreign exchange and other timing differences	-	445
Mining interests, and property, plant and equipment	2,725	12,325
Inventory	3,158	602
Trade receivables and other assets	8,143	31
Reclamation and closure cost obligations	5,919	5,214
	$ 25,388	**$ 26,202**
Deferred income tax liabilities		
Inventory	(1,987)	(1,079)
Current liabilities	(1,665)	(10,867)
Long term liabilities	(1,661)	(3,691)
Mining interests	(84,708)	(80,204)
Deferred income tax liability, net	**$ (64,632)**	**$ (69,639)**

	December 31, 2018	December 31, 2017
Net deferred income tax asset (liability) at beginning of	$ (69,639)	$ (22,326)
Acquisitions and disposals of subsidiaries and operations	-	(28,134)
Income tax expense charge to earnings during the year	5,007	(19,179)
Net deferred income tax liability at end of year	**$ (64,632)**	**$ (69,639)**

	December 31, 2018	December 31, 2017
Net deferred income tax asset, as reported in the consolidated statements of financial position	$ 4,186	$ 6,267
Net deferred income tax liability, as reported in the consolidated statements of financial position	(68,818)	(75,906)
Total	**$ (64,632)**	**$ (69,639)**

20.4 UNRECOGNIZED DEDUCTIBLE TEMPORARY DIFFERENCES

At December 31, 2018, the Corporation had deductible temporary differences for which deferred tax assets have not been recognized because it is not probable that future profits will be available against which the Corporation can utilize the benefit. The major components of the deductible temporary differences were comprised as follows:

(i) in Burkina Faso, Mali and Cote d'Ivoire arising from mine closure liabilities of $24.7 million (December 31, 2016 - $24.7 million), and other deductible temporary differences of $1.9 million.

20.5 TAX RULES, REGULATIONS, AND ASSESSMENTS

The Corporation operates in numerous countries and, accordingly, it is subject to, and pays annual income taxes under, the various income tax regimes in the countries in which it operates. From time to time the Corporation is subject to a review of its income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Corporation's business conducted within the country involved. If the Corporation is unable to resolve any of these matters favorably, there may be a material adverse impact on the Corporation's financial performance, cash flows or results of operations. In the event that management's estimate of the future resolution of these matters changes, the Corporation will recognize the effects of the changes in its consolidated financial statements in the period that such changes occur.

21 RELATED PARTY TRANSACTIONS

21.1 COMPENSATION OF KEY MANAGEMENT PERSONNEL AND DIRECTORS

The remuneration of directors and a number of other members of key management personnel responsible for planning, directing and controlling the activities of the Corporation during the year were as follows:

	TWELVE MONTHS ENDED DECEMBER 31,	
	2018	2017
Short-term benefits	10,105	22,379
Share-based payments	13,261	18,759
Total	**$ 23,366**	**$ 41,138**

22 SEGMENTED INFORMATION

The Corporation operates in three principal countries, Burkina Faso (Karma and Houndé mines), Côte d'Ivoire (Agbaou and Ity mines), and Mali (Kalana Project). The Tabakoto mine had previously been in its own segment and has been classified a discontinued operation at December 31, 2018 with a restatement of 2017. The following table provides the Corporation's revenue and results by reportable segment.

TWELVE MONTHS ENDED DECEMBER 31 2018

In thousands of US$	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
Revenue						
Gold revenue	180,256	107,511	113,061	351,129	-	751,957
Cost of sales						
Operating expenses	(97,875)	(58,051)	(102,956)	(127,974)	(70)	(386,926)
Depreciation and depletion	(33,419)	(29,028)	(39,852)	(65,541)	(1,229)	(169,069)
Royalties	(6,761)	(4,161)	(8,335)	(21,811)	-	(41,068)
Earnings/(loss) from mine operations	**42,201**	**16,271**	**(38,082)**	**135,803**	**(1,299)**	**154,894**
Corporate costs	-	-	-	-	(26,573)	(26,573)
Share-based payments	-	-	-	-	(24,931)	(24,931)
Exploration	-	-	-	-	(7,621)	(7,621)
Earnings/(loss) from operations	**42,201**	**16,271**	**(38,082)**	**135,803**	**(60,424)**	**95,769**
Other income/(expenses)						
Gain/(loss) on financial instruments	(2,620)	1,044	(3,001)	(11,006)	23,618	8,035
Finance costs	(379)	298	(275)	(3,166)	(20,149)	(23,671)
Other expense	-	-	-	-	(1,558)	(1,558)
Earnings/(loss) before taxes	**39,202**	**17,613**	**(41,358)**	**121,631**	**(58,513)**	**78,575**
Current income tax recovery/(expense)	(2,934)	(15,863)	-	(39,864)	(7,861)	(66,522)
Deferred income tax recovery/(expense)	5,177	(4,158)	288	(397)	4,097	5,007
Net earnings/(loss) from continuing operations	**$ 41,445**	**$ (2,408)**	**$ (41,070)**	**$ 81,370**	**$ (62,277)**	**$ 17,060**

TWELVE MONTHS ENDED DECEMBER 31, 2017

In thousands of US$	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Project Burkina Faso	Other	Total
Revenue						
Gold revenue	219,748	75,137	98,570	77,188	-	470,643
Cost of sales						
Operating expenses	(97,400)	(44,262)	(70,466)	(12,142)	-	(224,270)
Depreciation and depletion	(32,536)	(19,107)	(24,236)	(12,517)	(356)	(88,752)
Royalties	(8,186)	(2,896)	(7,593)	(4,595)	-	(23,270)
Earnings (loss) from mine operations	**81,626**	**8,872**	**(3,725)**	**47,934**	**(356)**	**134,351**
Corporate costs	-	-	-	-	(23,126)	(23,126)
Acquisition costs	-	-	-	-	(14,132)	(14,132)
Share-based payments	-	-	-	-	(23,137)	(23,137)
Exploration	-	-	-	-	(5,284)	(5,284)
Earnings/(loss) from operations	**81,626**	**8,872**	**(3,725)**	**47,934**	**(66,035)**	**68,672**
Other income/(expenses)						
Gain/(loss) on financial instruments	-	-	-	-	(3,327)	(3,327)
Finance costs	(428)	139	(254)	7,603	(24,683)	(17,623)
Other income	-	-	-	-	(2,242)	(2,242)
Earnings/(loss) before taxes	**81,198**	**9,011**	**(3,979)**	**55,537**	**(96,287)**	**45,480**
Income tax recovery/(expense)	(7,017)	(2,504)	-	-	(565)	(10,086)
Deferred income tax recovery/(expense)	6,440	241	1,037	(1,260)	(1,683)	4,775
Net earnings/(loss) from continuing operations	**80,621**	**6,748**	**(2,942)**	**54,277**	**(98,535)**	**40,169**

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the years ended December 31, 2018 or December 31, 2017.

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)

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

AS AT DECEMBER 31, 2018

	Agbaou Mine Côte d'Ivoire	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Mine Burkina Faso	Other	Total
Mining interests	136,114	413,234	296,493	460,694	237,307	1,543,842
Current assets	55,163	37,505	51,683	107,186	76,304	327,841
Long-term assets	1,584	12,934	6,069	8,494	17,093	46,174
Deferred income taxes	2,382	(786)	-	-	2,590	4,186
Total assets	**$ 195,243**	**$ 462,887**	**$ 354,245**	**$ 576,374**	**$ 333,294**	**$ 1,922,043**
Current liabilities	21,909	73,986	30,069	93,515	28,941	248,420
Long-term liabilities	9,420	44,349	5,668	53,573	547,462	660,472
Deferred tax liabilities	-	-	24,501	18,598	25,719	68,818
Total liabilities	**$ 31,329**	**$ 118,335**	**$ 60,238**	**$ 165,686**	**$ 602,122**	**$ 977,710**

AS AT DECEMBER 31, 2017

	Agbaou Mine Côte d'Ivoire	Tabakoto Mine Mali	Ity Mine Côte d'Ivoire	Karma Mine Burkina Faso	Houndé Project Burkina Faso	Other	Total
Mining interests	137,457	101,611	108,988	318,208	468,315	176,059	1,310,638
Current assets	57,200	40,576	62,900	64,279	59,235	70,444	354,634
Long-term assets	-	4,402	4,829	4,304	1,123	-	14,658
Deferred income taxes	-	-	6,267	-	-	-	6,267
Total assets	**$ 194,657**	**$ 146,589**	**$ 182,984**	**$ 386,791**	**$ 528,673**	**$ 246,503**	**$ 1,686,197**
Current liabilities	36,623	35,509	48,375	37,918	35,327	40,119	233,871
Long-term liabilities	8,841	18,875	9,108	4,319	48,163	286,493	375,799
Deferred income taxes	3,100	-	-	24,789	18,200	29,817	75,906
Total liabilities	**$ 48,564**	**$ 54,384**	**$ 57,483**	**$ 67,026**	**$ 101,690**	**$ 356,429**	**$ 685,576**

23 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.

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

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

	December 31, 2018	December 31, 2017
Equity	944,333	1,000,621
Long-term debt	542,248	286,440
	1,486,581	1,287,061
Less:		
Cash	(124,022)	(122,702)
Cash - restricted	(1,073)	(1,327)
Derivative financial assets	(1,636)	-
Marketable securities	(497)	(981)
Total	**$ 1,359,353**	**$ 1,162,051**

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

24 FINANCIAL INSTRUMENTS

24.1 FINANCIAL ASSETS AND LIABILITIES

The Corporation's financial instruments consist of cash, restricted cash, marketable securities, trade and other receivables, working capital loan, long term receivable, trade and other payables, derivative financial assets/liabilities, finance obligations and current and long-term debt. The fair value of these financial instruments approximates their carrying value, unless otherwise noted below, except for the convertible note, which has a fair value of approximately $319.1 million.

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

Classification of financial assets and liabilities

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at each of December 31, 2018 and December 31, 2017, 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:

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

DECEMBER 31, 2018

	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		124,022	-	-	124,022
Cash - restricted		1,073	-	-	1,073
Gold revenue protection	19	-	1,636	-	1,636
Receivable for sale of Nzema mine	9	-	-	22,577	22,577
Receivable for sale of Tabakoto mine	9	-	8,804	13,322	22,126
Marketable securities		497	-	-	497
Total		**$ 125,592**	**$ 10,440**	**$ 35,899**	**$ 171,931**
Liabilities:					
Conversion option on Notes	14	-	(25,076)	-	(25,076)
Total		**$ -**	**$ (25,076)**	**$ -**	**$ (25,076)**

DECEMBER 31, 2017

	Note	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:					
Cash		122,702	-	-	122,702
Cash - restricted		1,327	-	-	1,327
Marketable securities		981	-	-	981
Total		**$ 125,010**	**$ -**	**$ -**	**$ 125,010**

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

24.2 FINANCIAL INSTRUMENT RISK EXPOSURE

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

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, cash-restricted, marketable securities, trade and other receivables, long-term receivable and other assets.

The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk other than receivable balances owed from the governments in the countries the Corporation operates in. Other receivables include $22.6 million related to the disposal of Nzema (Note 5) on December 29, 2017 which remains outstanding at December 31, 2018, and a $8.8 million deferred cash consideration related to the disposal of Tabakoto (Note 6). These receivables are held with a private company and at this time there have been no significant events or financial difficulty which would raise the level of credit risk. The Corporation sells its gold to large international organizations with strong credit ratings, and the historical level of customer defaults is minimal. As a result, the credit risk associated with gold trade receivables at December 31, 2018 is considered to be negligible. The Corporation does not rely on ratings issued by credit rating agencies in evaluating counterparties' related credit risk.

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

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

	December 31, 2018	December 31, 2017
Cash	124,022	122,702
Cash - restricted	1,073	1,327
Trade and other receivables	57,782	50,698
Working capital loan	491	1,062
Derivative financial assets	1,636	-
Marketable securities	497	981
Long-term receivable	13,446	208
Total	**$ 198,947**	**$ 176,978**

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 Corporation's liabilities that have contractual maturities as at December 31, 2018:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	177,322	-	-	-	177,322
Corporate loan facility	-	-	230,000	-	230,000
Convertible senior bond	9,900	19,800	344,850	-	374,550
Finance obligations	30,638	59,065	24,032	2,855	116,590
Total	**$ 217,860**	**$ 78,865**	**$ 598,882**	**$ 2,855**	**$ 898,462**

24.3 MARKET RISKS

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 period ended December 31, 2018.

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

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

	December 31, 2018	December 31, 2017
Canadian dollar	309	107
CFA Francs	26,615	(696)
Euro	919	-
Other currencies	2,707	2,843
Total	**$ 30,550**	**$ 2,254**

The effect on earnings before taxes as at December 31, 2018, 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 $3.1 million (December 31, 2017, $0.2 million), if all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at December 31, 2018.

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 loss before tax as at December 31, 2018, of a 10% change in the LIBOR rate on the RCF is estimated to be $0.1 million (December 31, 2017 - $0.1 million).

iii. Price Risk

Price risk is the risk that the fair value or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market prices. There has been no change in the Corporation's objectives and policies for managing this risk and no significant changes to the Corporation's exposure to price risk during the period ended December 31, 2018.

25 COMMITMENTS AND CONTINGENCIES

- The Corporation has commitments in place at all four of its mines and other key projects for drill and blasting services, load and haul services, supply of explosives and supply of hydrocarbon services.
- The Corporation is subject to operating and finance lease commitments in connection with the purchase of mining equipment, light duty vehicles and workshop and rented office premises.
- The Corporation is, from time to time, involved in various claims, legal proceedings, tax assessments and complaints arising in the ordinary course of business from third parties. The Corporation cannot reasonably predict the likelihood or outcome of these actions. The Corporation does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations.
- The Corporation was recently served in the Cayman Islands with notice of a claim by a former service provider. The Corporation is taking legal advice on the merits of the claim and the probable outcome but intends to vigorously defend against the claims. The Corporation does not believe that the outcome of the claim will have a material impact.
- The Corporation's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Corporation believes its operations are materially in compliance with all applicable laws and regulations. The Corporation has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- The Corporation is obligated to deliver 100,000 ounces of gold (20,000 ounces per year) to Franco-Nevada Corporation and Sandstorm Gold Inc. (the "Syndicate") over a five period in exchange for 20% of the spot price of gold for each ounce of gold delivered (the "ongoing payment"). The amount that was previously advanced for this agreement of $100 million is reduced on each delivery by the excess of the spot price of the gold delivered over the ongoing payment. Following the five-year period, which commenced on March 31, 2016, the Corporation is committed to deliver refined gold equal to 6.5% of the gold production at the Karma Mine for the life of the mine in exchange for ongoing payments. The Corporation must deliver an additional 7,500 ounces between July 2017 and April 2019 in exchange for the additional deposit of $5 million received in 2017. The Corporation assumed the gold stream when it acquired the Karma Mine on April 26, 2016. Gold ounces sold to the Syndicate under the

stream agreement are recognized as revenue only on the actual proceeds received, which per the agreement is 20% of the spot gold price.

26 SUBSEQUENT EVENTS

26.1 INCREASE IN ITY MINE OWNERSHIP

On January 11, 2019, the Corporation increased its ownership stake in the Ity Mine from 80% to 85%. In exchange for the additional 5% interest in the Ity mine (relating to the Société des Mines d'Ity and Société des Mines de Daapleu entities), the Corporation granted the minority shareholder 1,072,305 common shares amounting to a total consideration of approximately $15 million (CAD$20 million).

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