

APPENDIX 2: FINANCIAL STATEMENTS

BALANCE SHEET

| In thousands of US\$ | AS AT DECEMBER 31, 2017 | AS AT DECEMBER 31, 2016 |
|---|-------------------------------|-------------------------------|
| ASSETS | | |
| Current | | |
| Cash | 122,702 | 124,294 |
| Cash - restricted | 1,327 | 5,270 |
| Trade and other receivables | 50,698 | 12,274 |
| Income taxes receivable | 627 | 373 |
| Inventories | 141,898 | 110,404 |
| Current portion of derivative financial assets | - | 6,623 |
| Prepaid expenses and other | 44,514 | 24,298 |
| | 361,766 | 283,536 |
| Mining interests | 1,317,952 | 1,039,529 |
| Deferred income taxes | 6,267 | 29,978 |
| Other long term assets | 7,526 | 4,055 |
| Total assets | \$ 1,693,511 | \$ 1,357,098 |
| LIABILITIES | | |
| Current | | |
| Trade and other payables | 220,781 | 128,860 |
| Current portion of equipment finance obligations | 17,658 | 4,315 |
| Income taxes payable | 2,746 | 16,451 |
| | 241,185 | 149,626 |
| Equipment finance obligations | 36,744 | 5,694 |
| Long-term debt | 286,440 | 140,957 |
| Other long term liabilities | 52,615 | 47,854 |
| Deferred income taxes | 75,906 | 52,306 |
| Total liabilities | \$ 692,890 | \$ 396,437 |
| EQUITY | | |
| Share capital | 1,735,074 | 1,484,735 |
| Equity reserve | 56,041 | 39,727 |
| Deficit | (806,251) | (615,673) |
| Equity attributable to shareholders of the Corporation | 984,864 | 908,789 |
| Non-controlling interests | 15,757 | 51,872 |
| Total equity | 1,000,621 | 960,661 |
| | \$ 1,693,511 | \$ 1,357,098 |

Please consult Financial Statements for notes and more information.

PROFIT AND LOSS STATEMENT

| | YEAR ENDED DECEMBER 31, | |
|---|----------------------------|-----------------|
| | 2017 | 2016 |
| In thousands of US\$ | | |
| Revenues | | |
| Gold revenue | 652,079 | 566,486 |
| Cost of sales | | |
| Operating expenses | (365,249) | (283,804) |
| Depreciation and depletion | (130,787) | (85,935) |
| Royalties | (34,117) | (26,137) |
| Earnings from mine operations | 121,926 | 170,610 |
| Corporate costs | (23,126) | (27,479) |
| Impairment of mining interests | (130,413) | - |
| Acquisition and restructuring costs | (16,202) | (24,224) |
| Share-based compensation | (23,137) | (8,542) |
| Exploration costs | (5,284) | (6,608) |
| (Loss)/earnings from operations | (76,236) | 103,757 |
| Other income (expenses) | | |
| Loss on financial instruments | (3,327) | (12,048) |
| Finance costs | (18,789) | (24,593) |
| Other expenses | (2,242) | (1,989) |
| (Loss)/earnings from continuing operations before taxes | (100,594) | 65,127 |
| Current income tax (expense)/recovery | (13,768) | 3,621 |
| Deferred income tax expense | (19,177) | (31,264) |
| Net and comprehensive (loss)/earnings from continuing operations | (133,539) | 37,484 |
| Net loss from discontinued operations | (43,529) | (89,907) |
| Total net and comprehensive loss | (177,068) | (52,423) |
| Net (loss)/earnings from continuing operations attributable to: | | |
| Shareholders of Endeavour Mining Corporation | (112,808) | 23,185 |
| Non-controlling interests | (20,731) | 14,299 |
| Net (loss)/earnings from continuing operations | (133,539) | 37,484 |
| Total net (loss)/earnings attributable to: | | |
| Shareholders of Endeavour Mining Corporation | (156,337) | (66,722) |
| Non-controlling interests | (20,731) | 14,299 |
| Total net loss | (177,068) | (52,423) |
| Net (loss)/earnings per share from continuing operations | | |
| Basic (loss)/earnings per share | \$ (1.15) | \$ 0.29 |
| Diluted (loss)/earnings per share | \$ (1.15) | \$ 0.29 |
| Net (loss)/earnings per share | | |
| Basic loss per share | \$ (1.59) | \$ (0.83) |
| Diluted loss per share | \$ (1.59) | \$ (0.83) |

Please consult Financial Statements for notes and more information.

CASH FLOW STATEMENT

| In thousands of US\$ | YEAR ENDED DECEMBER 31, | |
|---|-------------------------|---------------------|
| | 2017 | 2016 |
| Operating Activities | | |
| (Loss)/earnings before taxes | (143,903) | (7,882) |
| Adjustments for: | | |
| Depreciation and depletion | 149,181 | 104,281 |
| Financing costs | 18,989 | 24,820 |
| Share based compensation | 23,137 | 8,542 |
| Loss on financial instruments | 3,327 | 12,048 |
| Impairment of mining interests | 184,012 | 71,035 |
| Loss on disposal of mining interest | 26,445 | 1,025 |
| Cash paid on settlement of share appreciation rights, DSUs and PSUs | (3,509) | (5,811) |
| Income taxes paid | (22,301) | (10,625) |
| Payment of gold collar premium | (3,658) | (4,930) |
| Net non-cash inventory adjustments | 9,092 | (3,460) |
| Foreign exchange loss | (5,358) | (1,088) |
| Other | - | 2,239 |
| Operating cash flows before non-cash working capital | 235,454 | 190,194 |
| Trade and other receivables | (23,443) | (2,727) |
| Inventories | (43,984) | (18,189) |
| Prepaid expenses and other | (17,574) | (4,547) |
| Change in working capital related to assets under construction | 29,743 | (5,814) |
| Trade and other payables | 41,595 | (5,020) |
| Changes in non-cash working capital | (13,663) | (36,297) |
| Cash generated from operating activities | \$ 221,791 | \$ 153,897 |
| Investing Activities | | |
| Expenditures and prepayments on mining interests - Continued operations | (124,083) | (96,202) |
| Expenditures and prepayments on mining interests - Growth projects | (317,313) | (135,219) |
| Cash paid for additional interest of Ity mine | (53,915) | - |
| Cash acquired on acquisitions | 7,982 | 10,031 |
| Proceeds from pre-production gold sales | - | 34,146 |
| Bridge loan advanced to True Gold | - | (15,000) |
| Net proceeds from sale of mining interests | 8,601 | 22,067 |
| Cash used in investing activities | \$ (478,728) | \$ (180,177) |
| Financing Activities | | |
| Proceeds received from the issue of common shares | 112,932 | 185,285 |
| Cash settlement of hedge programs | - | (9,639) |
| Dividends paid | (5,177) | (2,612) |
| Payment of financing and other fees | (3,276) | (8,194) |
| Interest paid | (11,936) | (11,432) |
| Proceeds of long-term debt | 420,000 | 10,000 |
| Repayment of long-term debt | (260,000) | (110,000) |
| Repayment of the Auramet Loan | - | (6,213) |
| Repayment of finance lease obligation | (3,749) | (3,411) |
| Deposit (paid) refunded of reclamation liability bond | 2,947 | (1,785) |
| Cash generated from financing activities | \$ 251,741 | \$ 41,999 |
| Effect of exchange rate changes on cash | 3,604 | (944) |
| Increase in cash | (1,592) | 14,775 |
| Cash, beginning of year | 124,294 | 109,519 |
| Cash, end of year | \$ 122,702 | \$ 124,294 |

Please consult Financial Statements for notes and more information.