ENDEAVOUR MINING

Nine months ended September 30, 2013 and 2012

(Expressed in Thousands of United States Dollars)

This Management's Discussion and Analysis should be read in conjunction with Endeavour Mining Corporation's ("Endeavour" or the "Corporation") unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2013 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board. This Management's Discussion and Analysis contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. The reader is cautioned not to place undue reliance on forward-looking statements. All figures are in United States Dollars, unless otherwise indicated. Tabular amounts are in thousands of United States Dollars, except per share amounts. This Management's Discussion and Analysis is prepared as of November 12, 2013. Additional information relating to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com.

OVERVIEW

Endeavour is a growing, mid-tier West African gold producer with three operating mines and the Agbaou mine which is in the final stages of construction and will be operational early in 2014. While historically the Corporation has expanded through a series of acquisitions, the current focus is optimizing its present operations and building low cost capacity in order to lower overall costs and improve cash flows.

At September 30, 2013, Endeavour's producing gold mining properties were comprised of the Nzema gold mine in Ghana, the Youga gold mine in Burkina Faso, and the Tabakoto gold mine in Mali. The Corporation's significant development projects at September 30, 2013 were comprised of the Agbaou gold project ("Agbaou") in Côte d'Ivoire which has commenced mining operations and the Houndé project in Burkina Faso, for which results of a feasibility study ("Feasibility Study") were announced on November 6, 2013 along with filing of the ESIA and the Feasibility Study with the government of Burkina Faso on November 7, 2013. The Feasibility Study is scheduled to be filed on www.sedar.com within 45 days of the announcement.

The decline in the gold price has intensified Endeavour's review of discretionary investment and exploration spending, as well as ongoing operating costs and working capital levels. Management believes that in the current gold market it is prudent to focus spending on core operations and key near term growth projects, namely Agbaou, and minimize the use of cash in other areas. During the past nine months Endeavour has focused and continues to focus on reducing costs and de-risking the Corporation, as evidenced by the cost reductions made at Tabakoto since its acquisition in late 2012, reducing the number of employees at all of its mine sites and delivering on targets that include the Tabakoto mill expansion, the Agbaou construction, debt re-financing, completion of the sale of the Finkolo joint venture, the sale of non-core assets and the continued comprehensive review of working capital at all of its mine sites.

Endeavour is expanding its production to over 400,000 ounces per year in 2014 through the following:

- The Tabakoto mill expansion has increased the mill processing rate from 2,000 to 4,000 tonnes per day ("tpd"), which is expected to increase the annual production rate from just over 100,000 to approximately 150,000 ounces per year. The mill has been operating above the 4,000 tpd nameplate capacity and management has been using the excess capacity to process historical, lower grade stockpiles to maximize ounces produced and cash flows. Plans are being reviewed to maximize throughput using the lower grade supplemental stockpiles until full tonnage high grade production ore from Segala is available during the second quarter of 2014. The third quarter results are starting to show the positive effects of the mill expansion, as evidenced by Tabakoto's 40,301 ounces of gold produced in the quarter; and

- Completion of the construction of the Agbaou gold mine, which is on schedule and is expected to begin production in the first quarter of 2014 providing an additional 100,000 ounces per year. Mining commenced in mid-October 2013.

OVERVIEW (CONTINUED)

Endeavour's shares are listed on the Toronto Stock Exchange (symbol EDV) and the Australian Securities Exchange (symbol EVR).

On October 18, 2012 Endeavour acquired Avion Gold Corporation ("Avion"), which owned the Tabakoto gold mine in Mali, ("Tabakoto" or the "Tabakoto gold mine"). As a result, Endeavour's comparative operational and financial results for the three and nine months ended September 30, 2012 do not include the operating results from Tabakoto.

Figure 1: Endeavour's West African mines, Agbaou construction project and Houndé feasibility study project.

OPERATIONAL HIGHLIGHTS FOR THE THIRD QUARTER OF 2013

- Gold production increased to 88,445 ounces compared to 49,468 ounces for the same period in 2012 due to the inclusion of Tabakoto in 2013. The 88,445 ounces is a 17% increase on second quarter 2013 production due to the Tabakoto mill expansion and improved production at Nzema.

- The completion of the Tabakoto mill expansion during the second quarter of 2013 has improved Tabakoto production significantly, increasing ounces produced by 13,117 ounces or 48% from the second quarter of 2013 to the third quarter of 2013.

- Gold sales increased to 90,997 ounces compared to 50,129 ounces for the same period in 2012 due to the inclusion of Tabakoto in 2013.

- Total cash costs[1] (excluding royalties) per gold ounce produced for the third quarter of 2013 were $855 compared to $644 for the same period in 2012. The third quarter of 2013 includes Tabakoto which is not included in the comparative third quarter 2012 cash cost.

- All-in sustaining costs per gold ounce sold were $1,057 compared to guidance of $1,055 to $1,155 for the full year of 2013.

- Cash margin, which is revenues less royalties and cash costs per gold ounce sold, was $389 per ounce of gold sold from Nzema, Youga and Tabakoto, or $35.4 million for the third quarter of 2013. This compares to $939 per ounce of gold sold or $47.1 million in the third quarter of 2012.

- Based on operating results for the nine months of 2013, Endeavour reiterates its full year 2013 production and cost guidance to produce between 315,000 and 330,000 ounces (which is within guidance of 310,000 and 345,000 ounces) at an all-in sustaining cost of between $1,055 and $1,155 per ounce.

- Endeavour continues to review each operation's long-term plans with the goal of targeting significant and sustainable cost savings. To date, the review has successfully resulted in the conversion to owner-mining for the open pit at the Tabakoto gold mine. Endeavour is now evaluating additional opportunities to convert contractor-mining to owner-mining in other areas of its operations and expects lower costs in the future due to lower cost owner mining or re-tendered (lower cost) contractor mining. For further discussion on cost reductions see the Outlook section.

- Endeavour's 2013 capital programs remain on plan, with the Tabakoto mill expansion complete and now operating in excess of design capacity and Agbaou remaining on schedule with commercial production expected in the first quarter of 2014.

- The Agbaou gold project in Côte d'Ivoire expects to be in full production in early 2014. Key milestones recently achieved include the completed installation of the 91kV overhead power line and the commencement of mining activities. In addition, detailed, late stage negotiations of the Agbaou mining convention with the government have been on-going in October and November 2013.

- Endeavour has strengthened and streamlined its Board of Directors by integrating its three member Strategic Advisory Board into the Board of Directors. These three highly experienced executives in the gold industry and international finance are expected to help execute the Corporation's strategy. The three new members include Ian Cockerill, former CEO of Gold Fields Ltd. and a seasoned senior gold mining executive with African expertise; Frank Giustra, a successful company financier with a track record of building natural resource companies; and Miguel Rodriguez, an economist with international finance and policy decision making experience with the Central Bank of Venezuela, the IMF and the World Bank.

[1]Total cash costs are a non-GAAP financial performance measure with no standard meaning under IFRS. Refer to non GAAP Measures on page 52.

OPERATIONAL HIGHLIGHTS FOR THE THIRD QUARTER OF 2013 (CONTINUED)

- The results of the Feasibility Study for the Houndé gold project in Burkina Faso were announced on November 6, 2013. This follows on the positive Preliminary Economic Assessment ("PEA") announced in January 2013. The Feasibility Study demonstrates the viability of a project producing 178,000 ounces per year over eight years.

The following table summarizes the consolidated operating results of the Nzema, Tabakoto and Youga gold mines for the three and nine months ended September 30, 2013 and 2012 that are included in Endeavour's financial results:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Operating Data:	2013	2012[3]	2013	2012[3]
Gold ounces produced[4]:	88,445	49,468	237,520	152,159
Gold ounces sold:	90,997	50,129	235,927	150,103
Realized price (before royalties)				
Gold ($/ounce)[2]	1,330	1,663	1,360	1,570
Total cash cost per gold ounce produced (excluding royalties) ($/ounce)[1]	855	644	876	667
Total cash cost per gold ounce sold (excluding royalties) ($/ounce)[1]	869	640	885	661
Financial Data (US dollars in thousands)				
Revenues (Net of royalties)	114,454	79,165	320,767	235,727
Royalties	6,600	4,182	18,315	12,429
Earnings from mine operations	7,296	29,628	31,080	79,738

[1] Total cash costs are a non-GAAP financial performance measure with no standard meaning under IFRS. Refer to Non-GAAP Measures on page 52.
[2] The realized price is the realized average gold price received for all ounces sold including sales at the gold hedge price.
[3] Includes only the operations of the Youga and Nzema Gold Mines.
[4] Includes purchased ore.

FINANCIAL HIGHLIGHTS FOR THE THIRD QUARTER OF 2013

- Revenue increased by $35.3 million to $114.5 million from $79.2 million for the same period in 2012. The increase was a result of higher gold sales volume compared to the third quarter of 2012 due to the inclusion of Tabakoto. Endeavour realized an average gold price (before royalties) of $1,330 per ounce compared to $1,663 per ounce in the same period in 2012.

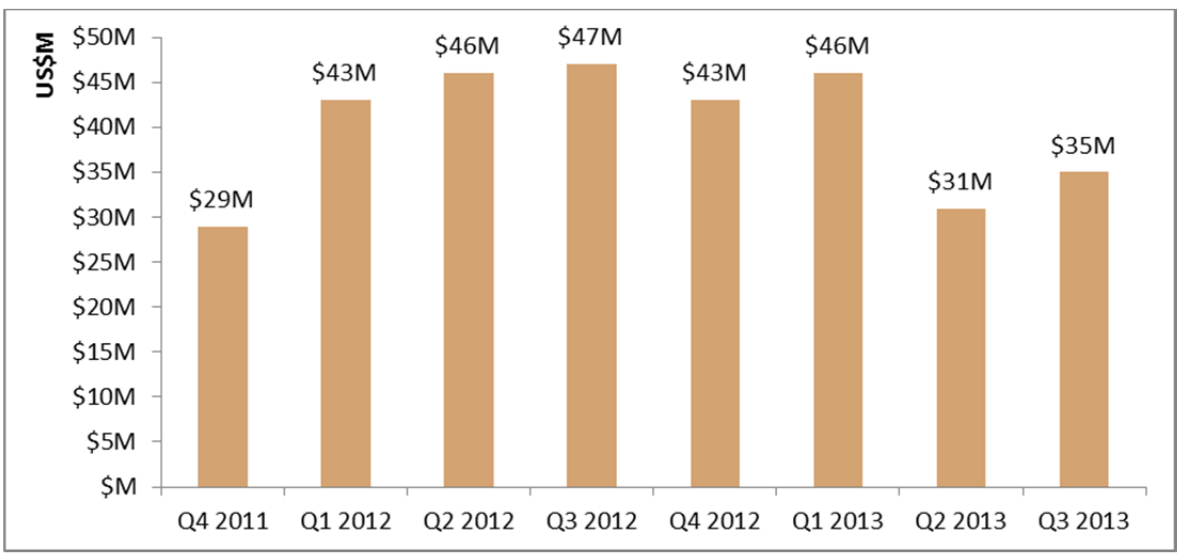
- Earnings from mine operations decreased by $22.3 million to $7.3 million from $29.6 million for the same period in 2012. The decrease is attributable to the lower gold price, higher operating costs from Nzema and inclusion of Tabakoto, with a higher cost base, as well as a higher level of acquisition related depreciation and depletion of mineral properties for the third quarter of 2013 compared to the same period in 2012.

- Net loss attributable to shareholders of Endeavour of $15.3 million, or ($0.04) per share, compared to a net loss of $1.1 million, or $0.00 per share, for the same period in 2012. The most significant factors contributing to the loss were lower gold prices, higher operating expenses, increased depreciation and depletion, finance costs and current income and other taxes and deferred income tax. The loss is also comprised of a non-cash loss on the derivative financial instruments of $14.9 million that was related to the mark to market of the share purchase warrants, the gold price protection programs as a result of a lower gold price at quarter end, coupled with 6,000 gold put options expiring along with the mark to market of the remaining gold put options. The loss was mitigated by a $13.4 million gain from the sale of the Finkolo joint venture and a $2.1 million gain from the sale of exploration subsidiaries in Mali.

- Adjusted net loss was $2.1 million or ($0.00) per share for the third quarter of 2013. See Non-GAAP Measures section which provides a reconciliation of net loss to adjusted net loss.

- Cash margin from mine operations decreased by $11.7 million to $35.4 million from $47.1 million for the same period in 2012. The decrease in quarterly cash margin is a direct result of a lower gold price, coupled with higher costs at Tabakoto and Nzema in the quarter, as described above.

The following table illustrates the quarterly cash margin[1] in millions of dollars for the last eight quarters;



FINANCIAL HIGHLIGHTS FOR THE THIRD QUARTER OF 2013 (CONTINUED)

- Cash and cash equivalents were $119.4 million at September 30, 2013, which includes $300 million drawn down from the amended senior secured revolving corporate loan facility, compared to $105.9 million at December 31, 2012. Subsequent to September 30, 2013 the Corporation received $17.0 million of cash from the sale of the Finkolo joint venture (this amount is not included in the $119.4 million of cash). Endeavour is in compliance with its financial covenants.

- On September 26, 2013 the Corporation completed part of the sale and transfer of the licenses and associated property comprising the Finkolo joint venture in Mali. This resulted in a realized gain of $13.4 million, and net cash proceeds of $16.0 million after the payment of $1.0 million of capital gains tax (which was paid in September prior to the end of the quarter). As of November 12, 2013 the $17.0 million of cash has been received (after quarter end); the remaining $3.0 million of cash is to be received upon the completion of a number of conditions.

- On September 5, 2013, the Corporation completed the sale of several of its non-material, exploration-stage properties located in Mali, for proceeds of C$3.8 million comprised of C$0.75 million cash and 10 million shares of Legend Gold Corp ("Legend"). The Corporation received C$0.7 million of cash (net of advisory fees) and 5 million common shares of Legend during the quarter resulting in a $2.1 million realized gain. The remaining 5 million common shares of Legend will be received upon the completion of the transfer registration for a permit, which is currently in process. The dispositions were previously announced on July 26, 2013.

- On September 5, 2013 the Corporation entered into a share purchase agreement to dispose of a non-material, exploration subsidiary in Ghana, for proceeds of $1.0 million cash. Proceeds will be received upon closing of this transaction, which is expected to occur during the fourth quarter of 2013.

- On July 24, 2013 the Corporation signed a $350 million amended senior secured revolving corporate loan facility (the "Facility") with UniCredit Bank AG, BNP Paribas, ING Bank NV, Société Générale and Deutsche Bank AG. Up to $300 million of the Facility can be used for general corporate purposes including working capital and capital expenditures. As Endeavour had previously drawn $200 million under the original facility provided by UniCredit, the new facility provided $100 million of immediately available additional credit. The remaining $50 million of the Facility will be available after the construction of the Agbaou gold mine and can be used to fund expansions and other potential capital projects.

- In the current, challenging gold price environment Endeavour decided to implement risk management measures to protect against a significant decrease in the gold price, particularly while Agbaou is being constructed and ramped up. On July 11, 2013, as a gold price risk management instrument, the Corporation purchased, for $3.5 million, 54,000 gold put options at a strike price of $1,150 with eighteen equal monthly settlements from August 2013 to January 2015. This period corresponds to the higher capital expenditure timeframe while Agbaou construction and ramp up are being completed and Endeavour moves to forecast production of over 400,000 per annum at improved cash costs. Endeavour believes the best long term risk management is achieved through lower, sustainable costs.

- During the quarter Endeavour's 90% owned Burkina Faso subsidiary, Burkina Mining Company paid a $1.2 million dividend to the Burkina Faso Government.

OUTLOOK

Corporate Objectives

Endeavour is focused on optimizing and building low cost capacity in order to lower overall costs and improve cash flows at its three producing gold mines. Agbaou, with its access to low cost grid power and free dig ore during the first few years, is positioned to become a strong cash flow generating gold mine for the Corporation. Endeavour's 2014 targets, which include i) producing over 400,000 gold ounces; and ii) improved cash costs and all-in sustaining costs; will be assisted by the mill expansion at Tabakoto, the completion of construction of the lower cost Agbaou mine, the cost reduction program and increased owner-mining (if implemented after full evaluation is completed). In addition, Tabakoto will benefit from access to ore from the higher grade Segala underground mine in the second quarter of 2014 after full production has been ramped up. In the meantime the expanded mill, which is operating above nameplate capacity, will process some historically mined, supplemental lower grade stockpiles (in addition to the current ore mined from the open pit and underground mines).

The price of gold has been challenging during the first nine months of 2013 which has seen the price close from a high of $1,694 to a low of $1,192 per ounce. In light of the decrease in the gold price, management has reviewed (and will continue to review and monitor) its short-term operating plans with a focus on improving cash flow. The Corporation continues to take proactive steps to mitigate the impact of the decrease in the gold price and prepare for any potential future volatility in order to allow Endeavour to focus on delivering its near term objectives for 2013 and beyond, which include the following:

- Tabakoto mill expansion (achieved in the second quarter of 2013)
    - Evidenced by strong production in the third quarter;
- Completion of the access and ramp development for the Segala deposit at the Tabakoto mine in 2014;
- Completion of Agbaou construction (anticipated during in the fourth quarter of 2013);
- Lowering risk through diversification of the operating asset base with the addition of Agbaou in early 2014;
- Filing of the Houndé Feasibility Study on SEDAR in the fourth quarter of 2013 (results of Feasibility Study announced on November 6, 2013);
- Increasing financial flexibility through
    - Increased revolving corporate loan facility from $200 million to $350 million, with the term extended to 2018 (achieved in the third quarter of 2013);
    - Optimization of cash flow at the three operating mines and corporate offices through a reduction in costs, working capital and capital expenditure; and
    - Monetization of non-core assets that includes NREI shares, marketable securities, Finkolo joint venture and other non-core properties with the sale of early-stage Mali properties (achieved during the first three quarters of 2013).

Cost Reduction and Cash Flow Optimization Program

Endeavour continues with its comprehensive review of each of its operation's mid-term plans with the goal of targeting significant and sustainable cost savings. These targets will be achieved by:

- Continued cost savings - Endeavour has reduced corporate overhead and exploration has been restricted to programs with potential to enhance the cash flow from its existing mines. Other optimizations include significant reductions in expat and casual labour work force at the mine sites;
- Reduced use of contractors and subcontractors at all mines – the successful conversion to owner-mining for the open pit at Tabakoto mine. Additional opportunities to convert contractor mining to owner-mining in other areas of its operations are now being evaluated and decisions are expected to be taken during the next few months; and

OUTLOOK (CONTINUED)

- Working capital reductions - Endeavour is actively targeting a reduction in working capital levels through supplier renegotiations, implementing group purchasing, inventory management and consignment stocks and the rundown of nonessential stockpiles. The Corporation hired a specialist consulting firm to assist in identifying opportunities to decrease working capital and improve the efficiency of purchasing, logistics and warehousing at all of its operations.

Production, Cost and Investment Guidance for 2013

During the nine months of 2013, Endeavour produced over 237,000 ounces of gold and the fourth quarter production is forecast between 80,000 and 90,000 ounces. All-in sustaining cost per ounce of gold produced for the first nine months of 2013 was $1,086 and is forecast to be in line with guidance for the full year 2013.

The following table summarizes Endeavour's cash cost guidance for 2013:

Mine		Q1/2013 3 months Actual	Q2/2013 3 months Actual	Q3/2013 3 months Actual	2013 9 months Actual[2]	2013 12 months Forecast
Tabakoto, Mali	ozs	28,159	27,405	40,522	96,086	126 - 131,000
Nzema, Ghana[1]	ozs	22,456	24,053	27,894	74,403	102 - 107,000
Youga, Burkina Faso	ozs	23,039	23,963	20,029	67,031	87 - 92,000
Total Production	ozs	73,654	75,421	88,445	237,520	315 - 330,000
Cash cost per ounce produced	$/oz	$899	$897	$855	$876	$840 - $880

[1] Includes purchased ore.
[2] In June and September 2013 Nzema received a load and haul credit of $5.9 million as a result of an overcharge by the mining contractor that related to costs from previous years and the first and second quarters of 2013. These credits have been accounted for in the second and third quarters of 2013. The first quarter of 2013 cash costs have not been restated and both the second and third quarter cash costs have been adjusted to reflect the adjustments. Refer to Non-GAAP Measures section (Total cash costs).

The approximate 18% increase in gold production during the third quarter relative to the first half of 2013 was in line with expectations and was a result of the following:

- The expanded mill at the Tabakoto gold mine, which achieved design capacity throughput in excess of name plate. The mill processing rate operated at over 4,000 tpd during the quarter, an increase from 2,000 tpd during the first half of 2013; and
- Increased production at Nzema due to improving mining and initial access to higher grade ore at the Adamus pits, as well as strong contribution from purchased ore.

OPERATIONS REVIEW

Nzema Gold Mine, Ghana

The following table summarizes the operating results of the Nzema gold mine for the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Operating Data:	2013	2012	2013	2012
Tonnes of ore mined (000's)	462	535	1,723	1,508
Average gold grade mined (grams/tonne)	1.31	1.62	1.30	1.56
Tonnes of ore milled (000's)	496	555	1,533	1,616
Average gold grade milled (grams/tonne)	2.00	1.78	1.75	1.78
Gold ounces produced[3]:	27,894	26,942	74,403	82,780
Gold ounces sold:	27,640	26,757	72,382	82,569
Realized price (before royalties) Gold ($/ounce)[2,4]	1,332	1,652	1,440	1,650
Total cash cost per gold ounce produced (excluding royalties) ($/ounce)[1]	853	710	980	709
Financial Data (US dollars in thousands)				
Revenues (Net of royalties)	34,963	42,001	99,025	129,422
Royalties	1,842	2,214	5,220	6,821
Earnings (loss) from mine operations	3,837	10,072	(636)	26,739

[1] Total cash costs are a non-GAAP financial performance measure with no standard meaning under IFRS. Refer to Non-GAAP Measures on page 52.
[2] The realized price is the average price received for all ounces sold including sales at the gold hedge price.
[3] Includes purchased ore of 8,343 and 17,020 ounces for the three and nine months ended June 30, 2013 respectively. For the three and nine months ended June 30, 2012 it includes 2,381 and 4,813 ounces respectively.
[4] In June and September 2013 Nzema received a load and haul credit of $5.9 million as a result of an overcharge by the mining contractor that related to costs from previous years and the first and second quarters of 2013. These credits have been accounted for in the second and third quarters of 2013. The first quarter of 2013 cash costs have not been restated and both the second and third quarter cash costs have been adjusted to reflect the adjustments. Refer to Non-GAAP Measures section (Total cash costs).

The highlights for the third quarter of 2013 for Nzema are as follows:

- Gold production was 27,894 ounces in the third quarter of 2013 compared to gold production of 26,942 ounces for the same period in 2012. Production continued to be affected by lower than expected grade in the upper portions of the deposit. However, gold grades processed and production is expected to improve in the fourth quarter of 2013. During the month of October 2013, the mined grade improved to 1.67g/t;
- The process plant treated 496,000 tonnes of ore in the third quarter of 2013 compared to 555,000 tonnes for the same period in 2012;
- Revenue (net of royalties) was $35.0 million in the third quarter of 2013 compared to $42.0 million for the same period in 2012. The decrease in revenue is a combination of a lower gold price and lower grade which has been offset by more purchased ore (8,343 ounces) during the third quarter of 2013;
- Gold ounces sold were 27,640 at a realized average gold price[2] (before royalties) of $1,332 per ounce compared to 26,757 ounces at a realized average gold price[2] (before royalties) of $1,652 per ounce for the same period in 2012. During the third quarter of 2012, 2,366 ounces were delivered into the hedge (no ounces were delivered in 2013);

OPERATIONS REVIEW (CONTINUED)

Nzema Gold Mine, Ghana *(continued)*

- Total cash costs[1] (excluding royalties) per ounce produced for the third quarter of 2013 were $853. The development of the Adamus open pit ramped up slowly and this together with lower than expected grade and recovery of ore as a result of blending Adamus pit ore with transitional materials from the Salman pit resulted in lower gold production and a higher cost (extra tonnage mined, increased cyanide usage and additional fuel and power costs), however purchased ore has supplemented the Adamus ore during this interim period;
- Nzema production generated an operating margin (revenue, net of royalties, less operating costs) of $7.4 million compared to $23.1 million for the same period in 2012;
- Nzema generated $16.0 million of operating cash flow from mine operations compared to $18.5 million for the same period in 2012;
- Nzema generated $3.8 million of earnings from mine operations compared to income of $10.1 million for the same period in 2012 due to lower gold prices and volumes, higher costs and significant depreciation as a result of the purchase price accounting; and

The highlights for the nine month period ended September 30, 2013 for Nzema are as follows:

- Gold production was 74,403 ounces compared to gold production of 82,780 ounces for the same period in 2012. Production continued to be affected by lower than expected grade in the upper portions of the deposit, which is now close to being fully mined and October and November are demonstrating improved grades with October at 1.67g/t;
- The process plant treated 1,533,000 tonnes of ore compared to 1,616,000 tonnes for the same period in 2012 mainly due to the harder rock from the Adamus pit;
- Revenue (net of royalties) was $99.0 million compared to $129.4 million for the same period in 2012. The decrease in revenue is a combination of a lower gold price and lower grade which has been offset by more purchased ore (17,020 ounces) during the nine months ended September 30 2013;
- Gold ounces sold were 72,382 at a realized average gold price[2] (before royalties) of $1,440 compared to 82,569 ounces at a realized average gold price[2] (before royalties) of $1,650 per ounce for the same period in 2012. During the nine months ended September 30 2012, 7,649 ounces were delivered into the hedge (no ounces were delivered in 2013);
- Total cash costs[1] (excluding royalties) per ounce produced were $980 compared to $709 in the same period in 2012 mainly due to higher power, and fuel and reagent costs at lower ounces produced;
- Nzema production generated an operating margin (revenue, net of royalties, less operating costs) of $24.8 million compared to $66.2 million for the same period in 2012;
- Nzema generated $22.5 million of operating cash flow from mine operations compared to $66.1 million for the same period in 2012. The decrease in operating cash flow is a direct result of the decrease in the volumes mined and processed and a lower gold price;
- Mine management is taking proactive steps to increase production and reduce costs in order to improve cash flows during this challenging gold price environment. Employee numbers have been reduced by 24% during 2013, lower service fees and prices were negotiated and additional purchased ore agreements were negotiated at favourable prices. Purchase ore volumes are being reduced as greater ore volumes are expected from the Adamus pit; and
- Nzema incurred a $0.6 million loss from mine operations compared to income of $26.7 million for the same period in 2012 due to lower gold prices and volumes, higher costs and significant depreciation as a result of purchase price accounting.

OPERATIONS REVIEW (CONTINUED)

Nzema Gold Mine, Ghana *(continued)*

The Corporation holds a 90% interest in the Nzema gold mine with the Government of Ghana holding the remaining 10%. The Nzema mining licences are valid for 10 years with the right to apply for an extension of the licenses. Commencement of commercial production was achieved on April 1, 2011.

Nzema is situated in southwestern Ghana, approximately 280 kilometres west of Ghana's capital city, Accra. The four Nzema mining licenses are located within a contiguous block of tenements and options covering approximately 665 square kilometres, located at the southern end of Ghana's Ashanti Gold Belt.

Nzema includes a series of shallow oxide pits along the Salman Trend, together with the Adamus and Bokrobo deposits located eight kilometres west of the Salman Trend. The mine is accessible via 80 kilometres of sealed road from the major port city of Takoradi, and is in close proximity to the substantial mining centre at Tarkwa.

Mining during the nine months ended September 30, 2013 was primarily from Salman South 02, Salman South 1A, Salman South 1B/1C and Adamus pits. A total of approximately 1,289,600 and 3,979,400 bank cubic metres ("BCM") of material were mined in three and nine months ended September 30, 2013. This includes 462,000 and 1,723,000 tonnes of ore mined in three and nine months ended September 30, 2013. Initial mining began at the Adamus pits in December 2012, which currently account for approximately 66% of the total Nzema reserves. ROM ore grade in the oxide and upper transitional material is low but is expected to improve significantly at depth. The lower grade near surface has resulted in lower ounces produced and higher costs during the nine months ended September 30, 2013. Meanwhile, mining from the Salman South pits primarily took place only in the oxide and upper transitional zones; low mineral recoveries preclude mining in the lower transition and fresh zones.

Gold extracted from Nzema is processed at a rate of 1.6 million tonnes per annum to 2.1 million tonnes per annum (depending on ore type) in a conventional carbon-in leach ("CIL") gold plant with a 3.5 megawatt semi-autogenous grinding ("SAG") mill, CIL and two tailings counter current decant thickeners.

The processing plant is located to the west of the Salman Central pits and is connected to the national power grid via a dedicated 33.5 kV, 12.2 kilometre power line that connects the process plant site to the Volta River Authority ("VRA") substation at Essiama, which is owned by the Corporation. Water is supplied by the Corporation's Ankobra River pipeline and stored in a water storage dam, however Nzema has been self-reliant in terms of water supply since the middle of 2011.

The process flow is based on single stage crushing, single stage SAG milling, gravity recovery of free gold from a portion of cyclone underflow and a nine stage CIL circuit. Run of mine ("ROM") ore is loaded onto a single toggle jaw crusher via a static grizzly and hopper. The crusher discharge feeds the SAG mill via a transfer point where material can be scalped to a crushed ore stockpile to maintain feed while the crusher is non-operational.

Nzema employs approximately 765 workers, including 220 full time Endeavour employees and 545 contractors, a reduction of 24% since the beginning of 2013 as operations reached steady state and cost reduction programs were initiated. Only three expatriates are employed at the mine, with most of the workers coming from local communities. There is extensive training provided for the local work force for both unskilled and skilled positions.

OPERATIONS REVIEW (CONTINUED)

Youga Gold Mine, Burkina Faso

The following table summarizes the operating results of the Youga Gold Mine for the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Operating Data:	2013	2012	2013	2012
Tonnes of ore mined (000's)	256	232	763	808
Average gold grade mined (grams/tonne)	3.08	2.39	3.10	3.07
Tonnes of ore milled (000's)	239	261	748	772
Average gold grade milled (grams/tonne)	2.64	2.90	2.99	2.90
Gold ounces produced:	20,029	22,526	67,031	69,379
Gold ounces sold:	22,330	23,372	67,484	67,534
Realized price (before royalties)				
Gold ($/ounce)[2]	1,337	1,674	1,448	1,657
Total cash cost per gold ounce produced[1] (excluding royalties) ($/ounce)	869	565	725	616
Financial Data (US dollars in thousands)				
Revenues (Net of royalties)	28,357	37,164	92,813	106,305
Royalties	1,493	1,968	4,876	5,608
Earnings from mine operations	5,558	19,556	31,907	52,999

[1] Total cash costs are a non-GAAP financial performance measure with no standard meaning under IFRS. Refer to Non-GAAP Measures on page 52.
[2] The realized price is the average price received for all ounces sold.

The highlights for the third quarter of 2013 for Youga are as follows:

- A strong performance was maintained with gold production of 20,029 ounces in the third quarter of 2013 compared to 22,526 ounces for the same period in 2012. The decline in gold production was due to adverse weather in September (including heavy rains and water draining in to the main pit) which resulted in interruptions to grade control and mining activities in the main pit restricting access to higher grade feed for the mill and an emergency primary crusher repair resulting in a mill shut down for a few days in late September;
- The process plant treated 239,000 tonnes of ore at an average grade of 2.64 g/t in the third quarter of 2013 compared to 261,000 tonnes of ore at an average grade of 2.90 g/t for the same period in 2012. The reduction in throughput resulted from the primary crusher repair whilst the lower feed grade reflects the reduction in mining in the main pit due to heavy rains;
- Revenue (net of royalties) was $28.4 million in the third quarter of 2013 compared to $37.2 million for the same period in 2012. The decline in revenue is largely due to a $337 per ounce difference in the realized gold price and a slightly lower volume of gold sold (1,042 ounces) compared to the same period in 2012;
- Gold ounces sold were 22,330 ounces at a realized average gold price[2] (before royalties) of $1,337 compared to 23,372 ounces at a realized average gold price[2] (before royalties) of $1,674 for the same period in 2012;
- Total cash costs[1] (excluding royalties) per gold ounce produced for the third quarter of 2013 were below guidance at $869 compared to $565 for the same period in 2012. The comparative period increase in unit cash costs reflects the difference in gold produced as well as an overall increase in operating costs principally relating to processing consumables prices, a wet September, crusher repairs, slightly lower grade, local land taxes and insurance;

OPERATIONS REVIEW (CONTINUED)

Youga Gold Mine, Burkina Faso *(continued)*

- Despite lower gold prices and heavy rainfall in September which impacted production by approximately 2,000 ounces, Youga had another quarter of strong operational performance and generated an operating margin (revenue, net of royalties, less operating costs) of $8.5 million compared to $23.8 in the same period in 2012;
- Youga generated $11.1 million of operating cash flow from mine operations compared to $22.2 million for the same period in 2012. The decrease is a net result of a lower gold price, increased production, changes in working capital and corporate taxes paid for fiscal 2012; and
- Youga generated $5.6 million of earnings from mine operations compared to $19.6 million for the same period in 2012. The decrease primarily relates to a lower gold price and increased operating costs.

The highlights for the nine month period ended September 30, 2013 for Youga are as follows:

- Youga had a strong performance with gold production of 67,031 ounces compared to 69,379 ounces for the same period in 2012. Gold production for the nine months is at the top end of our guidance and reflects slightly higher than expected grades arising from the deposits being mined;
- The process plant treated 748,000 tonnes of ore at an average grade of 2.99 g/t compared to 772,000 tonnes of ore at an average grade of 2.90 g/t for the same period in 2012. The decrease in tonnage was due to lower production in the first quarter of 2013 when the mill throughput rate was reduced to batch treat accumulated scats material coupled with the adverse weather and a crusher shut down for inspection and emergency repairs during the third quarter of 2013;
- Revenue (net of royalties) was $92.8 million compared to $106.3 million for the same period in 2012. There was a slight decrease in gold sales revenue which declined primarily due to the lower realized gold price;
- Gold ounces sold were 67,484 at a realized average gold price[2] (before royalties) of $1,448 compared to 67,534 ounces at a realized average gold price[2] (before royalties) of $1,657 in the same period in 2012;
- Mine management introduced a number of continuous improvement initiatives targeting manpower and operational productivities, supply chain management and working capital application in order to contain costs. The number of employees has been reduced by approximately 6% in 2013;
- Total cash costs[1] (excluding royalties) per gold ounce produced for the nine months ended September 30, 2013 were below guidance at $725 compared to $616 for the same period in 2012. This reflects a strong performance in 2013 and the slight increase in unit cash costs reflects increased operating costs principally related to consumables prices, local land taxes and insurance;
- Despite lower gold prices Youga had another quarter and nine months of strong operational performance and generated an operating margin (revenue, net of royalties, less operating costs) of $43.3 million compared to $64.9 million for the same period in 2012;
- Youga generated $45.4 million of operating cash flow from mine operations compared to $55.1 million for the same period in 2012; and
- Youga generated $31.9 million of earnings from mine operations compared to $53.0 million for the same period in 2013. The decline in earnings primarily relates to the lower gold price and increased operating costs.

Mining during the three and nine months ended September 30, 2013 was primarily from Main, East and West 3 pits. A total of approximately 688,000 BCM and 1,957,000 BCM of material were respectively mined during the three and nine months ended September 30, 2013 delivering 256,000 tonnes and 763,000 tonnes of ore to the ROM pad respectively. At end of the third quarter of 2013 the ROM stockpile closed at 392,000 tonnes

OPERATIONS REVIEW (CONTINUED)

Youga Gold Mine, Burkina Faso *(continued)*

containing 19,200 ounces compared to 311,000 tonnes containing 18,100 ounces at the beginning of the year.

Youga is situated in the province of Boulgou, Burkina Faso approximately 180 kilometres southeast of Ouagadougou, the capital city of Burkina Faso and is accessible by paved and laterite roads. Endeavour holds a 90% interest in Burkina Mining Company SA ("BMC"), which in turn holds the Youga gold mine mining permit (the "Youga Mining Permit"). The Government of Burkina Faso holds the remaining 10% of BMC. The Youga Mining Permit covers 29 square kilometres, is valid until April 7, 2023 and is renewable for additional five year periods.

Youga is a hard rock, drill and blast mining operation and commenced commercial production in mid-2008. Drilling and blasting, and loading and hauling are carried out under contract by PW Mining International Limited. During the nine month period, mining focused on the Main Pit, West Pit 3 and East pit pushback. Drilling continues to test the extension of mineralization at depth around the Main pit, East pit and West 3 pits and the data is presently being incorporated into the mineral resource model. In January 2013, results from the Ouaré PEA showed potential to add three years to the Youga mine life by trucking ore from Ouaré to the Youga plant, some 40 kilometres away.

The ore is processed through a conventional gravity-CIL (carbon-in-leach) processing plant with a design capacity of one million tonnes per annum.

Grid power is delivered to site from Ghana via a 21 kilometre transmission line. A complete backup diesel generated power supply capable of delivering 8 megawatts is available on site and is synchronized to the grid in order to improve quality and availability of power. A year round supply of water is obtained from the Nakambe River via an 11 kilometre long pipeline to a raw water storage pond. The tailings storage facility is designed to maximize water recovery in an effort to minimize the primary water demand.

Youga employs approximately 760 workers in total, including 380 full time Endeavour employees and 380 contractors, a reduction of 6% since the beginning of 2013. Most of the work force is local, with less than 4% of the total being expatriate workers. The Corporation is focused on training and development of the local employees for management and supervisory roles across the entire spectrum of its operational and commercial activities.

OPERATIONS REVIEW (CONTINUED)

Tabakoto Gold Mine, Mali

The Tabakoto gold mine was added to Endeavour's operations on October 18, 2012 through the acquisition of Avion.

The following table summarizes the operating results of the Tabakoto Gold Mine for the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Operating Data:	2013	2012[3]	2013	2012[3]
Tonnes of ore milled Open pit & Underground combined(000's)	406	-	872	
Average gold grade milled Open pit & Underground (grams/tonne)	3.35	-	3.75	-
Tonnes of ore mined - Open pit (000's)	113		409	-
Average gold grade mined - Open pit (grams/tonne)	3.11	-	3.15	-
Tonnes of ore mined - Underground (000's)	142	-	354	-
Average gold grade mined - Underground (grams/tonne)	4.74	-	4.71	-
Gold ounces produced:	40,522	-	96,086	-
Gold ounces sold:	41,027	-	96,061	-
Realized price (before royalties)				
Gold ($/ounce)[2]	1,326	-	1,428	-
Total cash cost per gold ounce produced[1]				
(excluding royalties) ($/ounce)	850	-	900	-
Financial Data (US dollars in thousands)				
Revenues (Net of royalties)	51,134	-	128,929	-
Royalties	3,265	-	8,219	-
Earnings from mine operations	(2,099)	-	(191)	-

[1] Total cash cost is a non-GAAP financial performance measure with no standard meaning under IFRS. Refer to Non-GAAP Measures on page 52.
[2] The realized price is the average price received for all ounces sold.
[3] The Tabakoto Gold Mine was added to Endeavour's operations on October 18, 2012 through the acquisition of Avion.

The highlights for third quarter of 2013 for Tabakoto are as follows:

- Gold production of 40,522 ounces achieved following the successful mill expansion that was completed in the second quarter of 2013, representing a 48% increase in production from the second quarter of 2013;
- The process plant treated 406,000 tonnes of ore at an average grade of 3.35 g/t, which is lower than expected due to a shortfall in open pit mining in September (due to heavy rains and water in the pit, as well as less than expected availability of the mining fleet). As a result of less production from the open pit and the mill operating at levels significantly above nameplate of 4,000 tpd, historically mined lower grade stockpiles were processed with a grade of approximately 1.5g/t, which impacted the average grade for the month of September and the third quarter;
- Gold ounces sold were 41,027 at a realized average gold price[2] (before royalties) of $1,326;
- Revenue (net of royalties) was $51.1 million;
- Total cash costs[1] (excluding royalties) per gold ounce produced were $850 which is an improvement on the high costs in late 2012;
- Tabakoto production generated an operating margin (revenue, net of royalties, less operating costs) of $13.2 million;
- Tabakoto generated $4.2 million of operating cash flow from mine operations;
- Tabakoto incurred a $2.1 million loss from mine operations due to high depreciation from purchase price accounting; and

OPERATIONS REVIEW (CONTINUED)

Tabakoto Gold Mine, Mali (continued)

- The Segala main decline is progressing well and now extends over 900 metres from the portal, with 219 meteres completed in the third quarter of 2013. The Segala underground development ore production is scheduled to begin during the fourth quarter of 2013 with stoping ore commencing to increase production during the second quarter of 2014. In the interim period the expanded mill, which is operating above nameplate capacity, will process some historically mined, supplemental lower grade stockpiles (in addition to the current ore mined from the open pit and underground mines).

The highlights for the nine month period ended September 30, 2013 for Tabakoto are as follows:

- Strong gold production of 96,086 ounces as a result of the mill expansion which has increased mill throughput from 2,000 tpd to approximately 4,500 tpd;
- The process plant treated 872,000 tonnes of ore at an average grade of 3.75 g/t;
- Gold ounces sold were 96,061 at a realized average gold price[2] (before royalties) of $1,428;
- Revenue (net of royalties) was $128.9 million;
- Total cash costs[1] (excluding royalties) per gold ounce produced were $900 which is an improvement on the high costs in late 2012;
- Tabakoto production generated an operating margin (revenue, net of royalties, less operating costs) of $32.8 million;
- Tabakoto generated $15.4 million of operating cash flow from mine operations;
- Tabakoto incurred a loss of $0.2 million from mine operations due to high depreciation due to purchase price accounting;
- The mill expansion was completed during the second quarter which increased nameplate capacity from 2,000 tpd to 4,000 tpd with the expectation that the gold production rate should be at approximately 150,000 ounces on an annualized basis. The mill expansion included the addition of a SAG mill, additional CIL tanks, an additional thickener, a new gravity tower, an in-line leach reactor and a new gold room; and
- A major business systems upgrade has been completed which is designed to ensure that mine operations have timely access to production and cost information, as part of the workforce and cost reduction programs and productivity improvement initiatives currently being implemented. Endeavour is also strengthening cost budgeting, reporting and follow-up through standardization of systems and reports. The replacement of the legacy system is complete. Refer to Controls and Procedures section of this Management's Discussion and Analysis for a review of management's assessment of Avion's controls for 2012.

The Tabakoto property is 155 square kilometres and is located 360 kilometres west of Bamako in southwestern Mali near the border with Senegal. Endeavour holds an 80% interest in the Tabakoto Gold Mine with the Government of Mali holding the remaining 20%. Power is produced on site with diesel generators and access is either by local airstrip or a five hour drive from Bamako, the capital of Mali. It is also a twelve hour drive from Dakar, the capital of Senegal.

During the nine months ended September 30 2013, mining was from the Djambaye open pit and the Tabakoto underground mine. In January 2013 Endeavour took over the entire open pit mining operation at Djambaye and improvements have been implemented. A total of approximately 5,606,000 tonnes of material was mined from Djambaye, including 412,000 tonnes of ore. Open pit mining was impacted by heavy rains in September and water in the pit which decreased production, as well as by less than expected availability of the mining fleet. A total of approximately 560,000 tonnes of material was mined from underground of which approximately 353,795 tonnes of ore was mined from the Tabakoto underground mine. For 2013, production

OPERATIONS REVIEW (CONTINUED)

Tabakoto Gold Mine, Mali (continued)

is split approximately 50/50 between underground and open pit. Underground mining of the Tabakoto deposit is by long-hole open stoping with access to several mining areas from two portals at the bottom of the Tabakoto pit. Underground development is on-going at the Segala deposit, which forms approximately half of the total resources at Tabakoto. Segala is located five kilometres north of Tabakoto.

In June the expanded mill began operating at design capacity with throughput averaging approximately 4,000 tpd (third quarter throughput averaged approximately 4,500 tpd) with the expectation that the gold production rate should be at approximately 150,000 ounces on an annualized basis.

Tabakoto employs approximately 1,585 workers in total at September 30, 2013, including 1,029 full time Endeavour employees and 555 contractors. As part of a cost reduction and profit improvement plan at Tabakoto the workforce has been reduced from a total of approximately 1,950 in November 2012 to 1,585 at September 30, 2013, which is a reduction of approximately 19%.

DEVELOPMENT PROJECTS REVIEW

Agbaou Gold Project,* Côte *d'Ivoire

Endeavour received its mining permit for Agbaou from the government of Côte d'Ivoire in 2012. Construction of the mine began late in the second quarter of 2012 with gold production expected to be achieved during the first quarter of 2014. Endeavour will hold an 85% interest in Agbaou Gold Operations S.A., its subsidiary which is developing Agbaou, while the State of Côte d'Ivoire and SODEMI (the State owned mining company) will hold a 10% and a 5% free carried interest, respectively. During the past several weeks discussions regarding a mining convention progressed with the government of Côte d'Ivoire and management believes a convention will be agreed during the fourth quarter of 2013.

Construction of the Agbaou gold mine is now close to 100% physically complete and remains on schedule for production during the first quarter of 2014. Recent progress has been made in mining, power line installation, process plant infrastructure and recruitment. Power line tower construction and stringing of the 15 km 91kV line is complete and the high voltage transformer has been installed and tested within the substation. This power line is now installed. Delivery of mining equipment is on schedule including two D9 dozers, seven of the trucks in the 777 haul truck fleet, and both Liebherr 9350 excavators. Mining of the South Pit began in mid-October and mining in the North Pit commenced in late October. Prior to initiation of mining, the ROM starter pad and Mine Services Area construction was completed.

Process plant construction is complete and milling of ore is scheduled to commence in the process plant in the near term. Major reagents have arrived on-site. In addition, commissioning, operational and insurance spares are on-hand. Recruitment of the workforce is progressing well and includes a focused effort towards hiring from local communities. All management positions have been secured. Recent community projects include construction of a local primary school and teachers' quarters (completed in August) and rehabilitation of the maternity health center and midwife housing.

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

Agbaou Gold Project Côte *d'Ivoire* *(continued)*

Figure 2: Clearing for Agbaou process plant, September 2012

Figure 3: Agbaou Gold Mine process plant aerial, October 2013

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

Agbaou Gold Project* Côte *d'Ivoire *(continued)*

Figure 4: 91kV substation

Figure 5: Mining commences on South Pit, October 2013

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

Agbaou Gold Project Côte *d'Ivoire* *(continued)*

Figure 6: Crushing vault and conveyor with first ore, October 2013

Figure 7: Agbaou Primary School, constructed by Endeavour, handover during the third quarter of 2013

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

Agbaou Gold Project* Côte *d'Ivoire *(continued)*

Agbaou is situated approximately 200 kilometres northwest of the port city of Abidjan. The property covers 334 square kilometres, giving Endeavour control of the 40 kilometre strike length of the Agbaou gold belt. The concession is reached by paved highway and gravel roads and is within 10 kilometres of the national power grid. Electrical power will be supplied from the national grid (91kV), and a 1.6 MW diesel power plant has been installed at site for backup purposes.

On July 12, 2012 Endeavour announced an updated NI 43-101 compliant technical report (the "SENET Report") had been completed on the Agbaou Gold Project summarizing the geology, mineral resources and reserves estimate, mining and mine production schedule, metallurgy, process plant design, infrastructure design, updated capital and operating cost estimates and financial evaluation, which is available on www.sedar.com.

Endeavour selected Lycopodium Minerals Pty Ltd ("Lycopodium") as the Engineering, Procurement and Construction Manager ("EPCM") for the Agbaou Gold Mine processing plant and certain other facilities. Lycopodium is working closely with Endeavour's engineering team, many of whom worked together on the successful construction of the Nzema Gold Mine processing plant.

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

Houndé Project, Burkina Faso, Feasibility Stage

The Houndé Project, which was acquired as part of the Avion transaction on October 18, 2012, is situated in the southwestern region of Burkina Faso just south of Semafo's Mana mine and the property totals approximately 1,000 square kilometres. Ownership is currently 100%; however, upon achieving production Endeavour's ownership would decrease to 90% with the remaining 10% ownership held by the government of Burkina Faso.

On November 7, 2013 Endeavour announced the results of a positive NI 43-101 Feasibility Study of Houndé. The Houndé Project Feasibility Study ("FS") focuses on the Vindaloo group of deposits that are located approximately 250 kilometres and a three hour drive southwest of Ouagadougou, the capital city of Burkina Faso. The deposits are approximately 2.7 kilometres from a paved highway and as close as 100 metres from a 225 kV power line that extends from Côte d'Ivoire through to Ouagadougou. The nearby town of Houndé contains approximately 22,000 people. A rail line that extends to the port of Abidjan, Côte d'Ivoire, lies approximately 25 kilometres east of the deposit area. The project will benefit from Endeavour's experience operating at the Youga Gold Mine, also located in Burkina Faso.

The FS considered the owner operated development of two open pit mines over the Vindaloo and Madras Northwest zones. The Vindaloo pit would mine a series of closely spaced gold zones along an approximate 4.8 kilometre strike length. The Madras northwest pit would be approximately 900 metres long and would only mine oxide mineralization.

The highlights of the Houndé FS, on a 100% basis, include:

- Estimated average annual production of 178,000 ounces of gold per year over an 8 year mine life, with a total life of mine production of 1.44 million ounces;
- An average 93.3% process recovery at a milling rate of 9,000 tpd (nameplate) through a SAG/ball mill, gravity, CIL circuit;
- Owner operated open pit mining with reserves of 25 million tonnes grading 1.95 g/t Au;
- Initial start-up capital is estimated at $315 million (including working capital, import duties and contingency) with Life-of-Mine sustaining capital estimated at $62 million and $26 million of rehabilitation and closure costs;
- Forecast life of mine direct cash cost of $636 per ounces (excluding royalties) and all-in sustaining cost of $775 per ounce (including royalties, rehabilitation and closure costs);
- Based on a gold price of $1,300/oz the poject yields after-tax;
    - Internal rate of return 22.4%
    - Net present value of 0% $364 million
    - Net present value of 5% $230 million

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

Houndé Project, Burkina Faso, Feasibility Stage *(continued)*

Lycopodium Minerals Pty Ltd. was the FS study lead consultant with a focus on study coordination, metallurgy, infrastructure design and process plant design. Cube Consulting completed an updated Mineral Resource estimate. Knight Piésold Pty. Ltd. carried out pit and site geotechnical reviews, completed a water balance study and designed the tailings storage facility, water harvest dam and the water storage dam along with mine site drainage control elements. Orelogy Group Pty Ltd completed the mine plan and Mineral Reserve.

Mine environmental and social impact assessments ("ESIA") were completed under the lead of Genivar Inc. with SOCREGE and INGRID collecting social and environmental data, respectively. INGRID also completed an additional environmental and social study on the project's water supply. Knight Piésold provided high level oversight over all of these studies.

Copies of the FS and ESIA were presented to the government of Burkina Faso on November 7, 2013.

The Vindaloo zones are hosted by Proterozoic-age, Birimian Group, intensely sericite- and silica-altered mafic intrusions and similarly-altered, strongly foliated and altered intermediate to mafic volcaniclastics and occasionally sediments. The mineralization is often quartz stockwork-style and is weakly to moderately pyritic. The Vindaloo trend has been drill tested for a distance of approximately 7.7 kilometres along strike and up to 350 metres depth. The intrusion-hosted zones range up to 70 metres in true thickness and average close to 20 metres true thickness along a 1.2 km section of the zone called Vindaloo Main. Volcanic- and sediment-hosted zones are generally less than 5 m wide. The entire mineralized package strikes north-northeast and dips steeply to the west to vertical. The mineralization remains open both along strike and to depth.

During the fourth quarter of 2012 and the first quarter of 2013, Endeavour completed 40,534 metres of drilling in 358 holes with a specific goal of upgrading the Inferred in-pit Mineral Resources to Indicated Mineral Resources and some Indicated Mineral Resources to Measured Mineral Resources. Endeavour's drilling in conjunction with previous drilling comprise a drill database of 751 core and RC holes totalling 103,677 metres that supported the creation of an updated, in-pit Mineral Resources statement, which is summarized in Table 1.

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

***Houndé Project, Burkina Faso, Feasibility Stage** (continued)*

Table 1: Houndé Mineral Resources[1] (Cube, 2013)

Resource Classification	Weathering Zone	Tonnage Mt	Grade g/t Au	Contained Gold (koz)
Measured	Saprolite	0.45	2.08	30
	Transitional	1.56	2.64	133
	Fresh	1.74	2.51	140
	Total	**3.75**	**2.51**	**303**
Indicated	Saprolite	1.64	1.45	77
	Transitional	1.40	1.93	87
	Fresh	22.62	1.94	1,407
	Total	**25.66**	**1.90**	**1,571**
Measured & Indicated	Saprolite	2.09	1.59	107
	Transitional	2.96	2.31	220
	Fresh	24.36	1.98	1,547
	Total	**29.41**	**1.98**	**1,874**
Inferred	Saprolite	0.28	1.40	13
	Transitional	0.29	1.60	15
	Fresh	1.27	2.57	105
	Total	**1.84**	**2.24**	**133**

Note: Mineral Resources are constrained by a pit shell at $1,600/oz and are reported at a cut-off grade of 0.35 g/t Au
[1]Houndé Press Release dated November 6, 2013: "Endeavour Mining announces positive feasibility study for Houndé Gold Project in Burkina Faso". Qualified persons: Mark Zammit (Cube), Ross Malcolm Cheyne (ORELOGY), Michael Warren (Lycopodium), David Morgan (Knight Piésold), Peter O'Bryan (Peter O'Bryan and Associates) and Don Dudek (Endeavour, SVP Technical Services).

The FS considered the owner operated development of five open pits in the Vindaloo and Madras NW zones over an 8.1 year time period, including 3 months of pre-strip. The Vindaloo pits would mine a series of closely spaced gold zones along an approximate 4.8 km strike length. The Madras NW pits would be mined along an approximately 900 metres long zone and would only mine saprolite and transition mineralization.

Diluted Proven and Probable Mineral Reserves[1] total 24.64 million tonnes grading 1.95 g/t Au totalling 1.55 million ounces (see Table 3), reported at a range of cut-off grades from 0.35 g/t Au to 0.62 g/t Au depending on the zone and oxidation type. In addition, 660,000 tonnes of Inferred Mineral Resources grading 1.61 g/t Au lie within the pit envelope. However, only Measured and Indicated Mineral Resources were considered in the mine design and production schedule. The key FS parameters are summarized in Table 2 and the Mineral Reserves are summarized in Table 3.

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

Houndé Project, Burkina Faso, Feasibility Stage *(continued)*

Table 2: FS Parameters

Item	Unit	FS
Revenue, Smelting & Refining		
Gold Price	US$/oz	$1,300
Payable Metal	%Au	99.95%
Refining/Transport	US$/oz	$3.35
Royalties @ 4% of NSR	US$/oz	$51.84
Royalties @ 2% of NSR	US$/oz	$25.92
Net Gold Price	US$/oz	$1,218.24
	US$/g	$39.17
OPEX Estimates		
Average Mining Cost	US$/mined	$2.03
Strip Ratio	t:t	8.48
OP Mining Cost	US$/t milled	$19.25
Processing Cost	US$/t milled	$14.31
G&A	US$/t milled	$3.53
Total OPEX	US$/t milled	$37.09
Process and Mining Losses		
Process Recovery	Variable	92.4% to 95.4%
Dilution / Ore Loss	%	6.5% / 5.2%
Geotechnical Parameters		
Slope Angles (overall)		
Saprolite	degrees	28 to 41
Transition	degrees	38 to 43
Fresh	degrees	43 to 50
Mill Throughput	Mtpa	3.0

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

Houndé Project, Burkina Faso, Feasibility Stage *(continued)*

Table 3: FS Mineral Reserves by Classification and by Rock Type (Orelogy, 2013)

Mineral Reserves by Classification

	Ore			Waste		Total Material
Reserve Classification	Tonnage	Grade	Contained Gold	Tonnage	Strip Ratio	Tonnage
	Mt	Au (g/t)	Moz	Mt		Mt
Proven	3.8	2.43	0.30	209.0	8.48	233.6
Probable	20.9	1.87	1.25			
Total	24.6	1.95	1.55			

Mineral Reserves by Rock Type

	Ore			Waste		Total Material
	Tonnage	Grade	Contained Gold	Tonnage	Strip Ratio	Tonnage
Rock-Type	Mt	Au (g/t)	Moz	Mt		Mt
Saprolite	1.9	1.52	0.09	209.0	8.48	233.6
Transition	2.8	2.25	0.20			
Fresh	20.0	1.96	1.25			
Total	24.6	1.95	1.55			

Studies of 22 metallurgical samples from the Vindaloo and Madras NW zones indicated average assumed mill recoveries of 93.37%. Recoveries of 93.5% for the Vindaloo Main zone fresh mineralization were achieved by fine grinding of gravity concentrates to 80% passing 10 micron from an initial grind of 80% passing 90 micron. More than 70% of the gold is contained in a 2.5% mass pull gravity concentrate. The processing plant consists of a 3.0 million tonne per year primary crushing with SABC milling circuit to feed a gravity / CIL plant. Ground ore will feed continuous centrifugal gravity concentrators to recover free and occluded gold in heavy particles (pyrite) to the gravity concentrate. This concentrate will be reground and will feed a concentrate leach circuit. The gravity concentration tails will be thickened and feed a standard CIL circuit, with leach tails passing into a cyanide destruction process before being pumped to tailings storage. Average production of 178,000 ozs/year over a period of 8.1 years is anticipated with a high of 215,300 ozs in year 2 and low of 136,900 ozs in year 7.

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

Houndé Project, Burkina Faso, Feasibility Stage *(continued)*

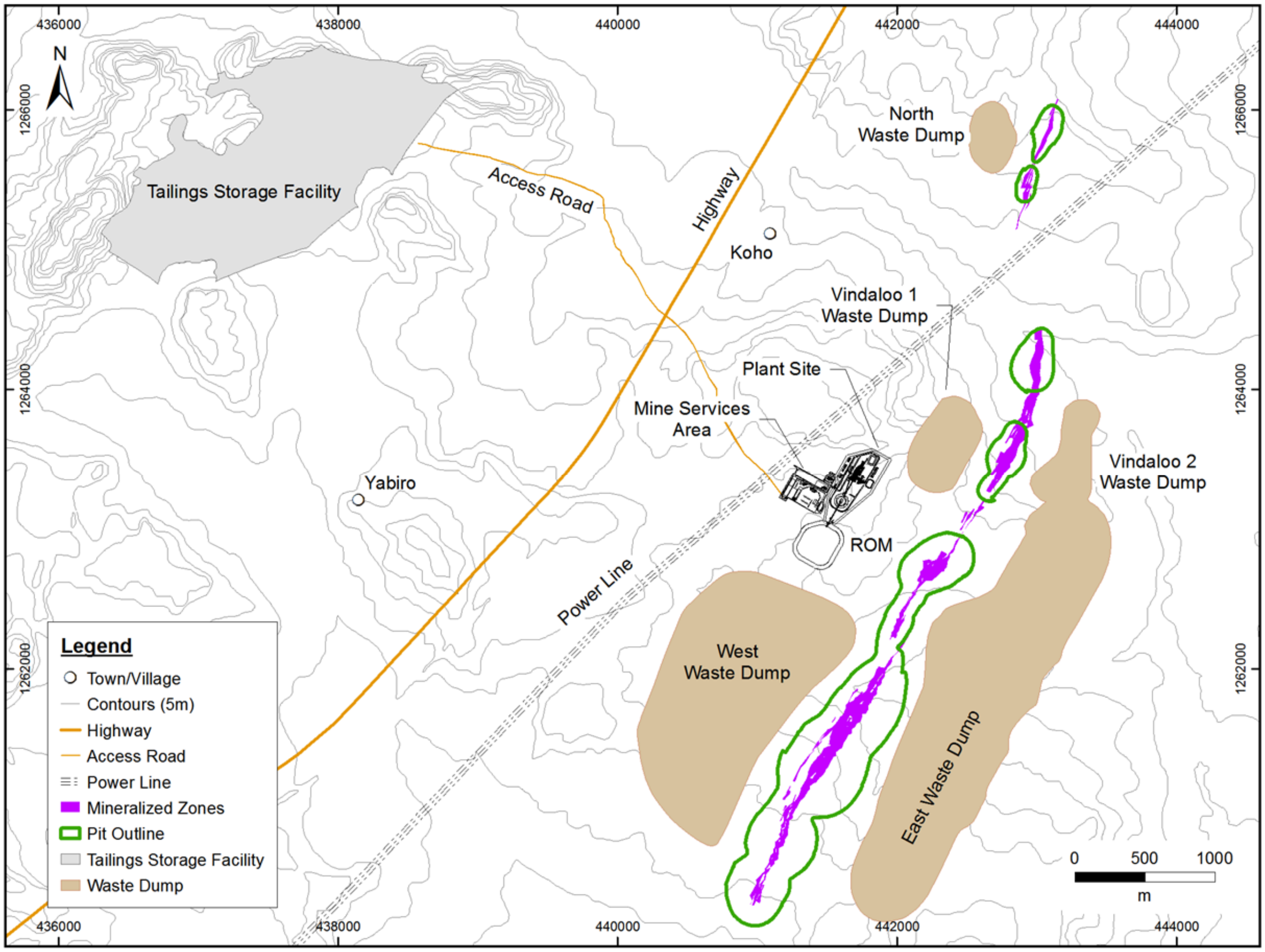
Table 4: Houndé LOM Production Profile

	Year	-1	1	2	3	4	5	6	7	8	9	Total
Mining												
Ore Mined	kt	146	3,264	3,064	3,003	3,301	2,501	3,001	3,201	3,102	63	24,644
Grade	g/t Au	1.77	2.07	2.32	2.08	1.89	2.39	1.86	1.49	1.67	1.35	1.95
Waste Mined	kt	3,077	29,407	31,168	28,145	38,328	36,200	20,087	17,593	4,938	26	208,968
Total Mined	kt	3,223	32,670	34,232	31,148	41,629	38,701	23,087	20,793	8,040	88	233,612
Strip Ratio	Ratio	21.1	9.0	10.2	9.4	11.6	14.5	6.7	5.5	1.6	0.4	8.5
Processing												
Saprolite	kt		773	207	13	0	21	0	732	135	46	1,928
Grade	g/t Au		1.85	2.48	2.42	0.00	2.21	0.00	0.97	1.07	1.06	1.52
Transition	kt		941	1,053	174	0	204	0	142	52	199	2,765
Grade	g/t Au		2.01	2.64	2.56	0.00	2.54	0.00	2.06	1.14	1.17	2.25
Fresh	kt		1,419	1,843	2,813	3,000	2,775	3,000	2,194	2,813	95	19,951
Grade	kt		2.13	2.10	2.08	1.87	2.33	1.86	1.63	1.75	1.50	1.96
Total Ore	kt		3,133	3,103	3,000	3,000	3,000	3,000	3,069	3,000	340	24,644
Grade	g/t Au		2.03	2.31	2.11	1.87	2.35	1.86	1.49	1.71	1.25	1.95
Contained Gold	k ozs		204.0	230.2	203.3	180.2	226.2	179.3	147.1	164.8	13.6	1,548.7
Recovery	%		93.8%	93.6%	93.4%	93.5%	93.3%	93.6%	93.1%	92.8%	87.7%	93.3%
Recovered Gold	k ozs		191.3	215.3	189.9	168.4	211.1	167.8	136.9	152.9	11.9	1,445.5

Notes: Stockpiling strategies for various mineralization types will cause slight annual variations compared to this high-level summary. A further payables factor of 99.5% has been applied to gold production for preliminary economic modelling.

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

Houndé Project, Burkina Faso, Feasibility Stage *(continued)*



The tailings storage facility is located 4 km west of the plant in a natural valley. Studies indicate that the tailings storage does not need to be lined as the near-surface, clay-rich substrate would limit migration of tailings fluids away from the site. Decant fluids, though, are not suitable for release to the environment and will be pumped back to the plant. An impact assessment, including a dam break scenario, indicates a high consequence in the event of a wall failure and the tailings embankments were designed to reduce this risk. Closure will require covering the surface with 0.8 metres of broken rock and saprolite. The facility has the potential to hold up to 100% more than is currently designed.

A water balance study indicated that a water harvest dam and separate water storage dam having combined storage of just over 3 million cubic metres would easily fill in one wet season and would contain sufficient water for plant operations demand during a 1:100 year dry season. Camp water would be sourced from nearby wells.

Power for the processing plant will come from the adjacent 225 kV power line that extends from Côte d'Ivoire to Ouagadougou. Sonabel, the state power entity, have agreed, in principle, to sell power to the project; however, the terms and conditions of this sale have not been defined.

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

***Houndé Project, Burkina Faso, Feasibility Stage** (continued)*

Project staff will include approximately 470 people, not including catering and cleaning staff and miscellaneous contractors with 41 international and African expatriates and 430 Burkinabe employees. A camp to house 130 senior staff will be installed with the remaining employees living in the nearby communities.

The ESIA, which has a goal of being IFC compliant, outlines Endeavour's responsibilities to the well-being of the people and the environment during the development, operation and closure of the Houndé gold project. The project will require the acquisition of 2,096 ha of land. Several major land owners own the bulk of the land, however, numerous subsistence farmers rent portions of the land from the land owners. Compensation mechanisms for the land, buildings, trees and crops are part of the ongoing permitting process. Typical concerns, as a result of the project development include changes to quality of life, loss of livelihood, environmental degradation, potential for jobs, potential health issues, increase in traffic etc. Permitting is expected to take between six to nine months to complete.

Houndé Capital Cost Estimate and Financial Summary

The total estimated cost to bring the Houndé Gold Project into production is $315 million, inclusive of contingency, working capital, and import duties, as summarized in Table 5. The FS shows that the Houndé Project generates the financial results shown in Table 6.

Table 5: Houndé Capital Cost Estimate

Houndé Capital Cost	US$ Million
Mining Equipment	69.8
Mine Pre-Production Stripping	5.4
Process Plant	78.7
Reagents and Plant Services	7.7
Tailings Storage Facility	5.6
High Voltage Power Line	13.1
Infrastructure (Water, Roads, Buildings)	16.5
Construction Indirects	14.9
EPCM	20.3
Owner Project Costs	23.1
Owner Costs (Land, Light Vehicles, Other)	16.7
Sub-Total	**271.9**
Working Capital	15.1
Import Duties	4.5
Sub-Total	**291.5**
Contingency	23.4
Grand Total	**314.9**

DEVELOPMENT PROJECTS REVIEW (CONTINUED)

Houndé Project, Burkina Faso, Feasibility Stage *(continued)*

Table 6: Houndé FS Financial Results

		At $1,300/oz Gold Price (Base Case)	**At $1,500/oz Gold Price (Sensitivity)**
Pre-Tax			
NPV 0%	$ million	$449	$721
NPV 5%	$ million	$293	$504
IRR		26.0%	38.3%
After-Tax			
NPV 0%	$ million	$364	$593
NPV 5%	$ million	$230	$408
IRR		22.4%	33.4%
Cash Cost excluding. Royalties	$/oz	$636	$636
Cash Cost including Royalties	$/oz	$714	$726
All-in Sustaining Cost	$/oz	$775	$787
Life of Mine Gold Production	koz	1,445	1,445

Project Schedule

The project permitting process has been started and is anticipated to take 6 to 9 months. Engineering, procurement and construction is estimated at 21 months from Board approval to first gold.

EXPLORATION REVIEW

Endeavour's exploration programs are focused on activities that add value in the near to mid-term and during the second quarter included mine site and near mine exploration at Tabakoto/Segala and Nzema, and the Feasibility Study for Houndé. Endeavour is also exploring the advanced stage Kofi project in Mali and is working towards converting the Kofi Nord permit into a mining permit. Subsequent to the end of the second quarter, the Corporation disposed of several of its non-material, exploration-stage properties located in Mali for proceeds of C$3.8 million in a combination of cash and shares of Legend Gold Corp. Proceeds will be received upon closing of this transaction and other related Legend transactions, which is expected to occur during the second half of 2013. The Liberia grassroots exploration properties were relinquished during the quarter.

During the nine months ended September 30, 2013, the exploration budget was reduced to approximately $15.0 million from an original budget of $20.0 million. Over 70 % or $11.0 million of this reduced program is directed towards Tabakoto and Kofi in Mali. Approximately $1.3 million is focused on increasing resources and reserves at Nzema and the balance is allocated to regional programs, of which the majority has already been committed.

Kofi North Project, Mali

The Kofi project is located on the north side of Randgold's Loulo Mine and Endeavour's Tabakoto Gold Mine in southwestern Mali, approximately 400 kilometres by paved highway west of Bamako. The Kofi properties, which hold the Kofi North project, cover approximately 449 square kilometres (230 km^2 granted and 219 km^2 under application) and contain nine deposits with mineral resources estimated at 500,000 ounces of Indicated (6.9 million tonnes at 2.25 g/t gold) and 702,000 ounces of Inferred (12.4 million tonnes at 1.77 g/t gold)[1]. Endeavour holds an 83.75% ownership in the Kofi North project, the Mali government has 10% and the remaining 6.25% held by a private party. Deposits identified to date are within 10 to 40 kilometres from the Tabakoto mill.

The Kofi budget was revised to $3.3 million of which $1.6 million was spent by the end of the third quarter of 2013. Additional metallurgical and geotechnical assessments were performed on the Kofi C deposit, which is holding the largest resource in the Kofi North project. The results of the metallurgical tests have been received and show an excellent 93% gold recovery while the geotechnical review is still in progress. Baseline environmental studies are ongoing for the Kofi C deposit.

A mining permit application was submitted September 24th to the government for the Kofi North permit. The application is under review by the DNGM and final approval is not expected before the first Quarter 2014.

Exploration to date has focused on the southern section of the Kofi property, within trucking distance of the Tabakoto plant. However, there is significant potential in the northern portion of the property given that the two major structures that host more than 11 million ounces of resources on Randgold's Loulo property continue for 19 kilometres onto the Kofi property. A number of soil geochemistry targets along the trend of these structures have never been tested.

Tabakoto Near Mine and Underground Exploration Program, Mali

The revised 2013 budget for the Tabakoto exploration program is approximately $8.0 million and is directed towards increasing resources and reserves to extend the mine life at Tabakoto. Approximately $5.9 million was spent by during the nine months ended September 30, 2013. The exploration at Tabakoto has two components:

[1]"Technical Report and Update Resource Estimate on the Kofi Project, Mali, Africa" effective December 21, 2011. Prepared by P&E Mining Consultants Inc., Reports 235.

EXPLORATION REVIEW (CONTINUED)

Tabakoto Near Mine and Underground Exploration Program, Mali (continued)

- The underground drilling program consists of 25,000 metres for direct exploration and 39,000 metres for resources/reserves conversion at both Tabakoto and Segala.
- The surface drilling program consists of approximately 14,000 metres of near mine RC drilling. An auger survey program is in progress to facilitate the development of new exploration targets.

During the third quarter of 2013 a total of 17,927 metres of underground diamond drilling was completed in the Tabakoto mine and resulted in extending mineralization at depth and along strike at Tabakoto North and South as well as converting the Indicated into Measured resources.

The first pass drilling program at Segala is now completed. A total of 2,879 meters were drilled during this quarter. The second phase of drilling at Segala is to start in the next quarter. The Segala drilling has confirmed and has improved resource classification as well as our geological interpretations. Channel sampling along the underground decline at Segala showed encouraging results and potential exploration targets, north of the main ore zones.

Infill drilling was conducted mainly at Djambaye to convert the remaining Inferred resources into Indicated resources. Update of the resources model was completed resulting in an increase of the Measured and Indicated resources by 52,800 ounces. Re-optimization of the pit was also completed and resulted in the extension of the LOM for the Djambaye pit.

Nzema Mine & Near Mine Exploration, Ghana

The revised 2013 budget for Nzema exploration is approximately $1.3 million, however management increased its activity at Nzema resulting in the total spend of approximately $1.9 million for the nine months ended September 30, 2013. The program includes RC drilling, and auger drilling and the exploration program objectives are:

- Drill and convert remaining Inferred resources into Indicated resources at the Adamus pit and
- Development of new targets through an auger survey program.

Finkolo Project, Mali South

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

On September 26, 2013 the Corporation completed part of the sale of and transfer of the licenses and associated property comprising the Finkolo joint venture in Mali. This resulted in a realized gain of $12.4 million, net of the payment of $1.0 million of capital gains tax that was paid in September prior to the end of the quarter. Subsequent to September 30, 2013, the Corporation received $17.0 million of cash; the remaining $3.0 million of cash will be received upon the completion of a number of conditions.

The transaction was subject to a number of conditions, including approval from the Government of Mali for the transfer of the Finkolo permits. On May 9, 2013 a mining permit in respect of a key area (the "Mining Permit") was issued to Endeavour's Etruscan subsidiary and on July 4, 2013 an application was lodged with the Ministry of Mines for the transfer to a subsidiary of Resolute of the Mining Permit. To accommodate the parties' desire to close the sale of the main portion of the Finkolo permits (including the Mining Permit)

EXPLORATION REVIEW (CONTINUED)

Finkolo Project, Mali South (continued)

expediently, on August 7, 2013 Endeavour and Resolute agreed to accelerate the closing of the main body of permits ahead of others, for which further procedural formalities will be necessary in Mali. On August 27, 2013 the executed transfer decree was received from the State of Mali in respect to the Mining Permit. This allowed the parties to advance to closing on the main portion of the transaction. As of November 12, 2013 the Corporation had received the $17 million of gross cash proceeds. Endeavour expects that it should receive an additional $3 million from Resolute upon transfer of one remaining area.

Ouaré Project, Burkina Faso

A preliminary economic assessment on the Ouaré project was completed during the first quarter of 2013. The project is located 42 km northeast of the Youga mine and may provide additional source of feed for the Youga plant. Additional work is underway for this deposit to be added to the Youga production plan and obtain a mining permit.

HEALTH AND SAFETY

Endeavour places people first on the Corporation's value list. The Corporation puts the highest priority on safe, healthy and environmentally sound work practices and systems. The Corporation's business principles and policies are based on targeting the achievement of "zero harm" performance. The Corporation's values and business principles on safety and health underpin its safety and health policy and represent the minimum guidelines for the Corporation and its employees in this respect.

CORPORATE SOCIAL RESPONSIBILITY

Endeavour sees itself as an integral part of the communities in which it operates, as well as a responsible development partner. Endeavour works in collaboration with and engages government, local communities and outside organizations to ensure it supports economic sustainability and social development, with projects including skills training and educational scholarship, healthcare, water and sanitation, public infrastructure maintenance, institutional capacity building and livelihood programs.

During the second quarter of 2013 Endeavour and the Monaco Red-Cross ("MRC"), along with MRC's local affiliates in West Africa, teamed up to undertake a review of the corporate social responsibility status in the local areas around Endeavour's mines and to identify potential sustainable development projects that both organizations could promote. MRC visited the various mines, completed the review and prepared a report on the findings. The two parties are presently in discussions with the objective of identifying suitable projects and collaborating on how to bring them to fruition.

In Ghana, the Corporation has provided training for more than 198 young people from local communities in a wide range of skills. This ongoing initiative within 15 communities has resulted in the majority of participants moving into work, either as self-employed tradespeople, or into positions within organizations including Endeavour and its contractors. Endeavour is continuing with a water sanitation and hygiene campaign in the local schools to create an improved learning environment and personal hygiene. During the second quarter of 2013, construction was completed on sanitation facilities for the Anwia and Aluku communities to improve sanitation in the project area. In addition a number of donations were made that included funding to provide roofing structures, books for schools, sporting equipment, and technical support to maintain water systems and other public infrastructure for local communities and schools. Endeavour continues to assist the local communities in maintaining water systems and other public infrastructure.

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Endeavour has been activity involved in the local communities in Burkina Faso since 2006. Its major contributions to the local communities have included: construction of a maternity clinic, expansion of an elementary school, renovation of a medical clinic and most recently construction of the community's first high school. Ongoing programs include provision of medical, school and recreational supplies for the local community as well as maintenance of key facilities such as the schools and clinics. During the third quarter of 2013 rainy season emergency repairs were carried out on the Zabre to Youga road and bridges whilst repair works to the Youga maternity ward and clinic roofs was completed. Endeavour also financed and oversaw the installation and commissioning of grid power supplies between Youga village and the high school complex providing reliable electricity directly to the school and also the off take infrastructure for Sonabel (the Burkina Faso National power authority) to install meters and arrange commercial deliveries to the local population around Youga.

On April 11, 2013 Endeavour announced, in conjunction with an industry group comprising AngloGold Ashanti, Avnel Gold Mining, IAMGOLD, Randgold Resources and Resolute Mining, that it had contributed $0.5 million to Malian humanitarian initiatives to be coordinated by the Ministry of Finance. The aggregate contribution of the industry group was $3.15 million and a cheque for that amount was presented to President Dioncounda Traore and the Minister of Mines at a ceremony in Bamako on April 13, 2013. The industry group agreed to the terms of a funding structure with the Ministry of Finance. Under this structure, contributions will be administered by the Ministry of Finance through a special account for humanitarian initiatives in the areas of healthcare, education and agriculture, and the Ministry will provide regular reporting to the industry group concerning the usage and progress of those initiatives.

The Agbaou gold mine is expected to generate several positive impacts on the social and local environment including;

- Creation of up to 900 jobs during construction and 650 during operations (including employees and contractors);
- Local infrastructure development and increased standard of living;
- Economic growth in local areas and Côte d'Ivoire through the provisions of services, construction and manufacturing sectors;
- Increased national income through taxes, royalties and fees;
- Training and essential skills to develop and promote local community members to be considered for employment opportunities; and
- Social and community development projects.

Endeavour has maintained its community engagement program since the start of its exploration activities in Côte d'Ivoire. In 2013, the most significant developments in the village of Agbaou have been the construction of a new community centre, the drilling of two water boreholes, refurbishment of three primary classrooms and the clearing of the new market place. The community centre is located in the centre of Agbaou Village and can accommodate up to 400 attendees for cultural or public events.

QUARTERLY FINANCIAL AND OPERATING RESULTS

The following tables summarize the Corporation's financial and operational information for the last eight quarters.

(US dollars in thousands except per share amounts)	September 30, 2013	June 30,[2] 2013	March 31,[2] 2013	December 31,[1] 2012
Gold revenues	$ 114,454	$ 95,660	$ 110,653	$ 110,370
Gold ounces produced	88,445	75,421	73,654	68,299
Gold ounces sold	90,997	73,004	71,926	68,721
Cash flows from mine operations	31,300	13,900	38,100	53,100
Net (loss) earnings attributable to shareholders of Endeavour Mining Corporation	(15,266)	(257,609)	15,138	(23,065)
Basic earnings (loss) per share	(0.04)	(0.69)	0.04	(0.01)
Diluted earnings (loss) per share	(0.04)	(0.69)	0.03	(0.01)
Cash and cash equivalents	119,351	62,188	84,880	105,902
Total assets	1,396,041	1,290,235	1,765,996	1,755,813

[1] Results include the operations of the Tabakoto Gold Mine for the period October 18, 2012 to December 31, 2012.
[2] Cash flows from mine operations have been revised to exclude certain non-operating items that were previously included as operating.

(US dollars in thousands except per share amounts)	September 30, 2012	June 30,[2] 2012	March 31,[2] 2012	December 31,[3] 2011
Gold revenues	$ 79,165	$ 79,919	$ 76,643	$ 47,151
Gold ounces produced	49,472	50,728	51,963	26,631
Gold ounces sold	50,192	52,415	47,559	30,440
Cash flows from mine operations	40,700	56,100	24,400	25,320
Net earnings (loss) attributable to shareholders of Endeavour Mining Corporation	(1,102)	26,641	(17,960)	(66,124)
Basic earnings (loss) per share	-	0.11	(0.07)	(0.48)
Diluted earnings (loss) per share	-	0.11	(0.07)	(0.48)
Cash and cash equivalents	122,648	136,110	110,831	115,279
Total assets	1,018,879	999,862	994,320	978,436

[2] The cash flow includes approximately $8.5 million of gold proceeds (related to three lots from March production) received in the first few days of April 2012
[3] Results include the operations of the Nzema Gold Mine for the period December 6 to December 31, 2011.

QUARTERLY FINANCIAL AND OPERATING RESULTS (CONTINUED)

Three months ended September 30, 2013 compared to the three months ended September 30, 2012

- Revenue for the third quarter of 2013 increased $35.3 million to $114.5 million from $79.2 million for the same period in 2012. The increase is attributable to an additional 40,868 ounces sold during the quarter, of which 41,027 ounces were sold from Tabakoto in addition to an increase of 883 ounces sold from Nzema, offsetting a decline of 1,042 ounces sold from Youga. Although the number of gold ounces sold during the quarter increased, the realized average gold price (before royalties) per ounce of $1,330 for the third quarter of 2013 was below the realized average gold price (before royalties) of $1,663 per ounce for the same period in 2012. The impact of the gold price decline totals approximately $13.6 million.

- Operating expenses for the third quarter of 2013 increased by $53.2 million to $85.4 million from $32.2 million for the same period in 2012 due to a full quarter of inclusion of operations from Tabakoto, the expanded mill at Tabakoto and the higher costs incurred at Nzema due to slower than planned access to the Adamus pits and lower grade.

- Depreciation and depletion for the third quarter of 2013 was $21.8 million compared to $17.3 million for the same period in 2012 due to additional depreciation and depletion related to the fair value increase of the mining interests acquired from the Avion acquisition in the fourth quarter of 2012.

- Earnings from mine operations for the third quarter of 2013 were $7.3 million compared to $29.6 million for the same period in 2012. The decrease was a result of lower gold prices and higher operating costs at Nzema and Youga.

- Corporate costs for the third quarter of 2013 were $3.9 million compared to $7.5 million for the same period in 2012. The corporate costs for the third quarter of 2012 included $3.1 million of transaction costs incurred for the Avion acquisition.

- Share-based payments for the third quarter of 2013 were $0.8 million compared to $0.01 million for the same period in 2012. The stock-based payments for the third quarter of 2013 arise from the expense of the vesting stock options issued in the first quarter of 2013, coupled with the issuance of 28,656 deferred share units and the change in the revaluation of the 407,686 deferred share units at September 30, 2013.

- Losses on financial instruments for the third quarter of 2013 were $14.8 million compared to losses of $15.6 million for the same period in 2012. The losses arise primarily from a $42.2 million unrealized loss on the fair value change of the Nzema and Tabakoto gold hedges due to the increase in the gold price and a higher strike price. In addition a $2.2 million unrealized loss on the fair value change of the gold put option program was incurred as a result of 6,000 gold put options expiring and mark to market valuations. These losses were offset by a $0.2 million unrealized gain on the fair value change of the share purchase warrants due to the decrease in the Corporation's share price, a $29.3 million realized gain on the novation of the Nzema gold hedge, and $0.2 million of net income from imputed interest on the promissory note, foreign currency and loss on marketable securities.

- Gain on sale of the Finkolo joint venture for the third quarter of 2013 was $13.4 million ($12.4 million net of capital gains tax). During the third quarter of 2013, the Corporation completed part of the sale of and transfer of the licenses and associated property comprising the Finkolo joint venture in Mali. The Corporation paid $1.0 million of capital gains during the quarter and subsequent to September 30, 2013,

QUARTERLY FINANCIAL AND OPERATING RESULTS (CONTINUED)

Three months ended September 30, 2013 compared to the three months ended September 30, 2012 (continued)

the Corporation received $17.0 million of cash; the remaining $3.0 million of cash is to be received upon the completion of a number of conditions.

- Gain on sale of subsidiaries for the third quarter of 2013 was $2.1 million. The gain arises from the Corporation's sale of several non-material, exploration-stage companies located in Mali. The Corporation received proceeds of C$3.8 million comprised of C$0.7 million cash (net of advisory fees) and 10 million shares of Legend Gold Corp ("Legend"). During the quarter the Corporation received C$0.7 million of cash and 5 million common shares of Legend. An additional 5 million common shares of Legend will be received upon the completion of the transfer registration for a permit, which is currently in process.

- Finance costs for the third quarter of 2013 were $3.9 million compared to $1.1 million for the same period in 2012. The increase in the finance costs is attributable to costs incurred (financing, legal, consulting, insurance and interest costs) to amend the Facility; re-profile the gold hedges and the purchase of 54,000 put options. During the third quarter of 2013, the Corporation incurred (cash spend) $7.0 million of financing fees, $3.2 million of legal, consulting and registration fees and $5.3 million in advisory fees (the Corporation received back $3.3 million in distributions, out of the $5.3 million paid, as a repayment of the promissory note) to amend the Facility. These costs are being amortized over the five year term of the Facility. With an additional $100 million drawn down during the third quarter of 2013, $2.7 million of interest was incurred on the Facility.

- The current income and other tax expense for the third quarter of 2013 was $3.1 million compared to $3.2 million for the same period in 2012. The current income and other tax expense incurred during the third quarter of 2013 is comprised of $1.0 million of capital gains tax incurred on the Finkolo sale, $0.7 million of withholding taxes incurred for the dividend paid by the Corporation's subsidiary and $1.4 million of corporate tax incurred for the Youga and Tabakoto gold mine operations. The Tabakoto gold mine operations in Mali are required to pay the greater of a minimum tax calculated at 1% of gross revenue and 30% of taxable income. At present the Tabakoto gold mine is incurring a minimum tax expense and Youga is subject to a 17.5% corporate tax rate.

- The deferred income tax expense for the third quarter of 2013 was $12.5 million compared to a $1.4 million recovery for the same prior year period.

- Net loss attributable to shareholders of Endeavour was $15.3 million, or ($0.04) per share, compared to a net loss of $1.1 million, or $0.00 per share, for the same period in 2012. The most significant factors contributing to the loss was a net non-cash loss on the derivative financial instruments of $14.9 million that was related to mark to market of the share purchase warrants, the mark to market and novation of the gold price protection programs and the mark to mark on the gold put option program, in addition to a deferred tax expense of $12.5 million. These losses were offset by a gain of $13.4 million from the sale of the Finkolo joint venture and a $2.1 million from the sale of non-material exploration-stage companies in Mali.

YEAR TO DATE FINANCIAL AND OPERATING RESULTS

Nine months ended September 30, 2013 compared to the nine months ended September 30, 2012

- Revenue for the nine months ended September 30, 2013 increased $85.1 million to $320.8 million from $235.7 million for the same period in 2012. The increase is attributable to an additional 85,824 ounces sold during the nine months ended September 30, 2013, of which 96,061 ounces were sold from Tabakoto in addition to an increase of 50 ounces from Youga, offsetting a decline of 10,187 ounces from Nzema. Although the number of gold ounces sold during nine months ended September 30, 2013 increased, the realized price of gold (before royalties) per ounce of $1,360 for the nine months was well below the realized price of gold (before royalties) of $1,570 per ounce for the same period in 2012. The impact of the gold price decline totals approximately $49.3 million.

- Operating expenses for the nine months ended September 30, 2013 increased by $115.2 million to $219.8 from $104.6 million for the same period in 2012 due to a full nine months inclusion of operations from Tabakoto, higher costs incurred at Nzema due to slower than planned access to the Adamus pits as the operating costs at Tabakoto.

- Depreciation and depletion was $70.0 million compared to $51.4 million for the same prior year period in 2012, due to additional depreciation and depletion related to the fair value increase of the mining interests acquired from the Avion acquisition in the fourth quarter of 2012.

- Earnings from mine operations for the nine months ended September 30, 2013 were $31.1 million compared to $79.7 million for the same period in 2012. The decrease was a result of a lower gold price, higher costs to access the Adamus pits as well as the operating costs at Tabakoto.

- Corporate costs were $13.8 million compared to $16.4 million for the same period in 2012. The corporate costs for the nine months ended September 30, 2012 included $3.1 million of transaction costs incurred for the Avion acquisition.

- During the second quarter of 2013, Endeavour recognized non-cash, $308.5 million (net of $123.8 million of deferred tax recoveries) impairment charges from an assessment carried out on its goodwill, mining properties and plant and equipment due to the sharp decline in the gold price (to a low of approximately $1,180 per ounce in late June) seen during the second quarter of 2013 and the decline in Endeavour's share price along with many precious metal companies' share prices, which acted as indicators of potential impairment of the carrying value of its mineral property assets. For further details of the non-cash $308.5 million impairment charges, refer to the Impairment Charges section below .

- Share-based payments for the nine months ended September 30, 2013 were $4.2 million compared to $0.4 million for the same period in 2012. The stock-based payments arise from the expense of the vesting stock options issued in the first quarter of 2013, coupled with the issuance of 407,686 deferred share units and the change in the revaluation of the 407,686 deferred share units at September 30, 2013.

- Gains on financial instruments were $34.5 million compared to losses of $21.3 million for the same period in 2012. The gains arise primarily from a $2.3 million unrealized gain on the fair value change of the Nzema and Tabakoto gold hedges due to the increase in the gold price and a higher strike price, a $29.3 million gain on the novation of the Nzema gold hedge and a $12.3 million unrealized gain on the fair value change of the share purchase warrants due to the decrease in the Corporation's share price.

YEAR TO DATE FINANCIAL AND OPERATING RESULTS (CONTINUED)

Nine months ended September 30, 2013 compared to the nine months ended September 30, 2012 (continued)

These gains were offset by a $2.2 million unrealized loss on the fair value change of the gold put option and a $7.5 million net loss from imputed interest, foreign currency and loss on marketable securities.

- Gain on sale of the Finkolo joint venture for the third quarter of 2013 was $13.4 million ($12.4 million net of capital gains tax). During the third quarter the Corporation completed part of the sale of and transfer of the licenses and associated property comprising the Finkolo joint venture in Mali. The Corporation paid $1.0 million of capital gains during the quarter and subsequent to September 30, 2013, the Corporation received $17.0 million of cash; the remaining $3.0 million of cash is to be received upon the completion of a number of conditions.

- Gain on sale of subsidiaries for the third quarter of 2013 was $2.1 million. The gain arises from the Corporation's sale of several non-material, exploration-stage companies located in Mali. The Corporation received proceeds of C$3.8 million comprised of C$0.7 million cash (net of advisory fees) and 10 million shares of Legend Gold Corp ("Legend"). During the quarter the Corporation received C$0.7 million of cash and 5 million common shares of Legend. An additional 5 million common shares of Legend will be received upon the completion of the transfer registration for a permit, which is currently in process.

- During the first half of 2013 the Corporation sold its accumulated holdings of 27,000 ounces of gold bullion at a realized price of $1,396 per ounce for cash of $37.7 million, realizing a loss of $5.5 million. During the first quarter of 2013 the Corporation wrote-down its holdings to net realizable value, incurring a write-down of $2.1 million.

- Endeavour Capital generated income for the first half of 2013 of $0.03 million compared to a loss of $1.3 million for the same period in 2012. On May 1, 2013 the Corporation's ownership was diluted from 100% to 19.9%, resulting in a loss of $0.6 million. As a result of the dilution in ownership, the Corporation will account for its investment FVTPL and will no longer consolidate Endeavour Capital's operations.

- On April 29, 2013 the Corporation sold its 38.5% interest in NREI for cash proceeds of $5.3 million. During the first quarter of 2013, the interest in NREI was reclassified to assets held for sale written-down to its net realizable value, resulting in a $0.8 million write-down of investment in associate on reclassification to asset held for sale.

- Finance costs for nine months ended September 30, 2013 were $8.6 million compared to $3.6 million for the same period in 2012. The increase in the finance costs is attributable to costs incurred (financing, legal, consulting, insurance and interest costs) to amend the Facility; re-profile the gold hedges and the purchase of 54,000 put options. During the third quarter of 2013, the Corporation incurred (cash spend) $7.0 million of financing fees, $3.2 million of legal, consulting and registration fees and $5.3 million in advisory fees (the Corporation received back $3.3 million in distributions, out of the $5.3 million paid, as a repayment of the promissory note) to amend the Facility. These costs are being amortized over the five year term of the Facility. With an additional $100 million drawn down during the third quarter of 2013, $2.7 million of interest was incurred on the Facility.

- The current income and other tax expense for the nine months ended September 30, 2013 were $8.2 million compared to $7.1 million for the same period in 2012. The current income tax expense incurred is comprised of $1.0 million of capital gains tax incurred on the Finkolo sale, $0.7 million of withholding taxes incurred for the dividend paid by the Corporation's subsidiary and $6.5 million of corporate tax

YEAR TO DATE FINANCIAL AND OPERATING RESULTS (CONTINUED)

Nine months ended September 30, 2013 compared to the nine months ended September 30, 2012 (continued)

incurred for the Youga and Tabakoto gold mine operations. The Tabakoto gold mine operations in Mali are required to pay the greater of a minimum tax calculated at 1% of gross revenue and 30% of taxable income. At present the Tabakoto gold mine is incurring a minimum tax expense and Youga is subject to a 17.5% corporate tax rate.

- The deferred income tax recovery for the nine months ended September 30, 2013 was $113.3 million compared to a $6.4 million expense for the same period in 2012. Due to the pre-tax non-cash impairment charges of $432.3 million recorded during the quarter, $123.8 million of deferred income tax was recovered. For further details of the non-cash $432.3 million impairment charges, refer to the Impairment Charges section below.

- Net loss attributable to shareholders of Endeavour of $257.7 million, or ($0.62) per share, compared to net earnings of $7.6 million, or $0.03 per share, for the same period in 2012. The most significant factor contributing to the loss was the non-cash, $308.5 million (net of $123.8 million of deferred tax recoveries) impairment of goodwill, mining properties and plant and equipment primarily due to the significant decline in the gold price and the decline in the Corporation's share price during the second quarter. The loss was offset by a non-cash gain on the derivative financial instruments of $34.5 million that was related to mark to market of the share purchase warrants and the gold price protection programs that were a result of a lower gold price at quarter end. The losses were also offset by a gain of $13.4 million from the sale of the Finkolo joint venture and a $2.1 million from the sale of non-material exploration-stage companies in Mali.

STATEMENT OF FINANCIAL POSITION REVIEW

Assets

Cash

At September 30, 2013, Endeavour had cash and cash equivalents of $119.4 million, (December 31, 2012 – $105.9 million). Subsequent to September 30, 2013 the Corporation received $17 million of cash for the completion of the Finkolo joint venture transaction.

Cash - restricted

On July 31, 2012 the Corporation and CAL Bank Limited ("CAL") entered into a facility agreement whereby CAL is to provide a bank guarantee (the "Bank Guarantee") to enable the Corporation to fulfill its reclamation obligations with the Environmental Protection Agency of Ghana ("EPA") in respect of disturbed mining lands at Nzema in the Western Region of Ghana. Under the Bank Guarantee the Corporation has provided $3.3 million in cash collateral to CAL plus $1.2 million by way of security to the EPA. On August 31, 2013, the Bank Guarantee with CAL was renewed for another year. The Bank Guarantee is renewable annually subject to agreement between the parties.

Gold bullion

During the second quarter of 2013 the Corporation sold its accumulated holdings of 27,000 ounces of gold bullion at a realized price of $1,396 per ounce for cash of $37.7 million, realizing a loss of $5.5 million. At December 31, 2012 the Corporation held 27,000 ounce of gold bullion with a fair value of $45.2 million.

Marketable Securities

The fair value of marketable securities has decreased from $7.8 million as at December 31, 2012 to $1.9 million at September 30, 2013 due to a decrease in current valuations of marketable securities held, in line with the overall market performance for junior resource company share prices during 2013 and the disposition of some of its positions and the dilution of Endeavour Capital. As part of the Legend's sale, the Corporation received 4.8 million common shares of Legend with a four month hold and is expected to receive an additional 5 million common shares of Legend upon the completion of the transfer registration for a permit, which is currently in process.

Trade and other receivables

Trade and other receivables have increased $20.7 million to $47.2 million as at September 30, 2013. The primary reason for the increase in trade and other payments is the $17.0 million receivable for the Finkolo joint venture transaction, which was subsequently received after quarter end. As part of the working capital review process, initiatives are underway to obtain VAT reimbursement and potentially to sell a portion of these receivables, which make up a majority of the balance of receivables.

Inventories

Inventories have decreased $20.3 million from $82.2 million at December 31, 2012 to $61.9 million at September 30, 2013. The decrease is due to lower levels of inventories, including a reduction of $3.9 million of gold in circuit, $7.9 million in ore stockpiles and $7.8 million spare parts and supplies. Endeavour is working on

STATEMENT OF FINANCIAL POSITION REVIEW (CONTINUED)

Inventories (continued)

improving working capital efficiencies through joint purchasing and sharing parts and supplies at all of its mines, as well as selling inventory that is redundant or not required at the mine sites.

Prepaid expenses and other

Prepaid expenses and other increased from $21.2 million at December 31, 2012 to $34.7 million at September 30, 2013 primarily due to prepaying suppliers for reagents, specifically for cyanide, insurance and prepayments for commitments relating to the construction of the Agbaou Project. As part of the working capital review process, management is focusing on joint purchasing, better terms to reduce requirement for prepayments and a general reduction in levels of reagents and supplies held across the group.

Financial derivative asset

On July 11, 2013, as a gold price risk management instrument, the Corporation purchased, for $3.5 million, 54,000 gold put options at a strike price of $1,150 with eighteen equal monthly settlements from August 2013 to January 2015. This period corresponds to the higher capital expenditure timeframe while Agbaou construction and ramp up are being completed and Endeavour moves to forecast production of over 400,000 per annum at cash costs below current levels. Endeavour believes the best long term risk management is achieved through lower, sustainable cost management activities. As at September 30, 2013 48,000 put options remain outstanding with a fair value of $1.2 million. During the quarter 6,000 gold put options expired, and an unrealized loss of $2.2 million was incurred on the mark to market of the outstanding put options at September 30, 2013.

Assets held for sale

During the third quarter of 2013 the Corporation completed part of the sale of and transfer of the licenses and associated property comprising the Finkolo joint venture in Mali. This resulted in a realized gain of $13.4 million ($12.4 million net of capital gains tax), and net cash proceeds of $16.0 million (net of a $1 million of capital gains tax payment). As a result there are no longer any assets held for sale at September 30, 2013.

Goodwill

During the second quarter of 2013, Endeavour recognized a non-cash impairment charge of $53.3 million related to goodwill, as discussed in the Impairment Charges section. The non-cash impairment charge is comprised of $51.2 million of goodwill relating to the Adamus Resources Ltd. merger and $2.1 million related to the Etruscan Resources Inc. acquisition.

Goodwill had arisen because of the requirement to record a deferred tax liability for the difference between the assigned accounting values and the tax bases of assets acquired and the liabilities assumed at amounts that do not reflect fair value.

Long-term receivable

The long-term receivable of $2.3 million refers to the fuel duty that is recoverable from the Government of Mali. During the first half of 2013 the Corporation received $2.4 million of proceeds from the Government of Mali pertaining to the fuel duty recoverable.

STATEMENT OF FINANCIAL POSITION REVIEW (CONTINUED)

Investment in associate

The decrease in the investment in associate is a result of the Corporation having sold its 38.5% interest in NREI, during the second quarter of 2013 for cash proceeds of $5.3 million.

Promissory note and other assets

The promissory note and other assets of $11.6 million at September 30, 2013 (December 31, 2012 - $13.1 million) pertains to the fair value of the $20.0 million consideration for the sale of the Advisory Business comprised of; a $10 million promissory note, the $2.5 million intellectual property assignment fee related to Endeavour Financial brand name and the $7.5 million service fee related to future earnings and the investment in Fiore Management & Advisory Corp (formerly Endeavour Capital & Advisory (Canada) Ltd). The consideration will be received out of the Advisory Business' future profits which are uncertain and therefore have been valued on a discounted cash flow basis. During nine months ended September 30 2013, the Corporation received a distribution of $3.3 million. The Corporation also recognized $1.8 million of imputed interest income on the promissory note and accretion toward par value of $20.0 million.

Trade and other payables

Trade and other payables have decreased from $105.7 million at December 31, 2012 to $88.1 million at September 30, 2013, due to processing of payments processed at Agbaou and Houndé and significant activity related to the completion of the mill expansion at Tabakoto.

Credit facilities

On July 24, 2013 the Corporation signed a $350 million amended senior secured revolving corporate loan facility (the "Facility") with UniCredit Bank AG, BNP Paribas, ING Bank NV, Société Générale and Deutsche Bank AG. Up to $300 million of the Facility can be used for general corporate purposes including working capital and capital expenditures. As Endeavour had previously drawn $200 million, the amended facility provided $100 million of immediately available additional credit. The remaining $50 million of the Facility will be available after the construction of the Agbaou Gold Mine and can be used to fund expansions and other potential capital projects. The Facility is
secured by shares of Endeavour's material gold mining subsidiaries and certain material assets of those subsidiaries.

The key terms of the Facility include:

- Maturity date is five years from signing or July 24, 2018, and the available Facility amount declines with nine equal semi-annual reductions of $58.3 million commencing January 1, 2016;
- The Facility requires standard corporate financial covenants, including:
    - Interest Cover shall not be less than 3 to 1, calculated on a rolling 12 month basis
    - Net Debt to EBITDA shall not exceed 3.25 times, calculated on a rolling 12 month basis
    - Minimum tangible net worth of $600 million; and
- Interest is based on LIBOR plus a margin ranging between 3.75% and 5.5% per annum (sliding scale based on the actual Net Debt to EBITDA ratio)

STATEMENT OF FINANCIAL POSITION REVIEW (CONTINUED)

Credit facilities (continued)

On July 26, 2013 Endeavour drew down the additional $100 million of the Facility for general working capital purposes.

During the third quarter the Corporation incurred $15.4 million of finance fees specifically related to the amendment of the Facility which have been netted against the $300 million drawn down. These costs are being amortized over the five year term of the Facility.

On November 28, 2011 the Corporation and UniCredit entered into the original $200.0 million four year revolving corporate loan facility (the "Corporate Facility"), as well as the novation of forward contracts in respect of 116,161 ounces of gold linked to the Nzema project financing and covering the period 2012 to 2016.

On December 5, 2011 Endeavour drew down the first installment of $100.0 million under the Corporate Facility to fully repay the $57.0 million Nzema project financing and for general working capital purposes. On December 3, 2012 Endeavour drew down a second installment of $100.0 million under the Corporate Facility to fund gold bullion, settle the Nzema and Tabakoto 2013 gold hedge programs, repay Avion's credit facility with Banque Atlantique Mali S.A. and maintain a high level of cash liquidity.

Derivative financial liabilities

At September 30, 2013, derivative financial liabilities of $34.1 million (December 31, 2012 - $78.0 million) were comprised of the fair value of the outstanding gold price protection programs and the share purchase warrants.

In the current, challenging gold price environment Endeavour decided to implement risk management measures to protect against a significant decrease in the gold price, particularly while Agbaou is being constructed and ramped up. Endeavour put in place the put option program below and also re-distributed the historical Nzema hedges within its banking group. This redistribution of the hedges does not have a material impact on future cash proceeds to be received from delivering gold in to the hedges. On July 29, 2013 (in connection with the completion of the Facility) Endeavour re-distributed a portion of the 96,163 ounces of remaining forward contracts (originally linked to the former Nzema project financing), from UniCredit to several of the new lenders. The amended strike price has increased from $1,061.75 per ounce to a weighted average strike price $1,331.87 per ounce. On the close out of the former hedge under the Nzema project financing a $300 per ounce increase in the strike price gave rise to a crystallized loss; this crystallized loss will be spread and paid over the remaining hedge deliveries, resulting in the net proceeds to be received of $1,031.87 per ounce ($1,331.87 per ounce less the loss of $300 per ounce). As a result, the cost of the re-striking the hedge is approximately $2.87 million and will be paid proportionately with the hedge deliveries during 2014 to 2016.

In December 2012, the Corporation reduced its gold hedge program by closing out the 2013 gold hedge positions at Tabakoto (12,132 ounces: 6,066 ounces at $700 per ounce and 6,066 ounces at $900 per ounce) and Nzema (10,000 ounces at $1,061.75 per ounce) for a total cash settlement of $17.3 million. The close out of the 2013 hedge deliveries means that all of Endeavour's 2013 gold production will be sold into the spot market.

The Corporation's subsidiary, Adamus Resources Limited, implemented a gold price protection program as part of the initial financing of the Nzema Gold Mine. The gold price protection program consisted of gold forward contracts initially covering 290,000 ounces at a strike price of $1,075.00 per ounce and subsequently amended to $1,061.75. The program required no cash or other margin.

STATEMENT OF FINANCIAL POSITION REVIEW (CONTINUED)

Derivative financial liabilities (continued)

The traded share purchase warrants are valued by taking the publicly traded market price and the non-traded share purchase warrants are fair valued using the Black-Scholes methodology. At September 30, 2013 the derivative liability pertaining to the share purchase warrants was $0.5 million (December 31, 2012 - $12.8 million). At September 30, 2013 the derivative liability pertaining to the gold price protection programs was $33.6 (December 31, 2012 - $65.1 million)

Provisions

Provisions refer to the reclamation and closure cost obligations that are asset retirement obligations from the acquisition, development, construction and normal operations of mining property, plant and equipment, due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. Endeavour has future obligations to retire its mining assets, including dismantling, remediation and ongoing treatment and monitoring of sites. The provisions for rehabilitation are based on expected costs and inputs used to determine the present value of such provisions and the related accretion expense using the information available at the reporting date. The exact nature of environmental issues and costs, if any, which the Corporation may encounter in the future are subject to change, primarily because of the changing character of environmental requirements that may be enacted by governmental agencies. During the third quarter of 2013 the Corporation recorded a $3.6 million provision for the asset retirement obligation for the Agbaou project.

The Corporation's asset retirement obligations consist of reclamation and closure costs for Nzema, Tabakoto, Youga and the Agbaou project.

Current and deferred income taxes

The current income tax liability decreased by $6.5 million during the nine months ended September 30, 2013 from $12.0 million at December 31, 2012 to $5.5 million at September 30, 2013. The decrease in the current income tax liability is a net result of paying the year ended December 31, 2012 taxes in Burkina for the Youga operations; paying the required minimum corporate tax in Mali for the Tabakoto operations and accruing income taxes for the fiscal year ended December 31, 2013 pertaining to both Youga and Tabakoto.

The deferred income tax liability decreased by $99.7 million from $188.3 million at December 31, 2012 to $88.6 million at September 30, 2013. In addition a deferred tax asset arose during the second quarter of $25.1 million which at September had decreased to $13.5 million. The changes to the deferred income tax liability and deferred income tax asset is due to the pre-tax non-cash impairment charges of $432.3 million related to the mining properties and plant and equipment recorded during the second quarter of 2013; $123.8 million of deferred income tax was recovered. For further details of the pre-tax non-cash $432.3 million impairment charges, refer to the Impairment Charges section.

The deferred income tax liability and asset arise as a result of 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, primarily from the acquisitions of Avion and Etruscan and the merger of Adamus.

STATEMENT OF FINANCIAL POSITION REVIEW (CONTINUED)

Dividends

During the third quarter of 2013 Endeavour's 90% owned Burkina Faso subsidiary, BMC, declared a $12.4 million dividend based on its 2012 results. The payment of the dividend resulted in a cash payment of $1.2 million (including $0.7 million in withholding taxes) to the Burkina Faso Government.

IMPAIRMENT CHARGE

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Goodwill	$ -	$ -	$ 53,318	$ -
Depletable mining properties	-	-	199,723	-
Non-depletable mining properties	-	-	116,330	-
Plant & equipment	-	-	62,936	-
Total impairment	$ -	$ -	$ 432,307	$ -

During the nine months ended September 30, 2013, the Corporation recognized a pre-tax non-cash, $432.3 million impairment charge from an assessment carried out on its mineral interests due to the sharp decline in the gold price (to a low of approximately $1,180 per ounce in late June) seen during the second quarter of 2013 and the decline in Endeavour's share price along with many precious metal companies' share prices, which acted as indicators of potential impairment of the carrying value of its mineral interests. The $308.5 million post-tax non-cash impairment charge is comprised of $53.3 million of goodwill, $316.1 million of mining properties, $62.9 million of plant and equipment and a deferred income tax recovery of $123.8 million.

The following table summarizes the impairment charges related to goodwill, mining properties, plant and equipment and the related deferred tax recovery by CGU:

CGU	Goodwill	Mining properties	Plant & equipment	Deferred tax recovery	Total after-tax impairment
Nzema	$ 51,254	$ 280,648	$ 54,966	$ (117,465)	$ 269,403
Youga	2,064	28,362	7,970	(6,358)	32,038
Ouaré	-	3,874	-	-	3,874
Exploration	-	3,169	-	-	3,169
Total impairment	$ 53,318	$ 316,053	$ 62,936	$ (123,823)	$ 308,484

IMPAIRMENT CHARGE (CONTINUED)

The presentation of the condensed consolidated financial statements as at and for the three and six months ended June 30, 2013 have been amended (for comparative purposes) to record to the impairment charge on a post-tax basis instead of on a pre-tax basis. The amendment has no impact on cash or the current or previously reported cash flows. The Corporation's assumptions and estimates used in determining future cash flows, net present values and recoverable amounts for the cash generating units have not changed. The effect of the amendment is summarized as follows:

	As reported June 30, 2013	As amended June 30, 2013
Statement of financial position		
Mining interests	$ 1,193,164	$ 1,069,341
Deferred income taxes	(111,945)	(62,648)

	As reported	As amended	As reported	As amended
	Three months ended June 30,		Six months ended June 30,	
	2013	2013	2013	2013
Statement of comprehensive loss				
Impairment of mining interests and goodwill	$ 308,484	$ 432,307	$ 308,484	$ 432,307
Loss from operations	313,271	437,094	300,182	424,005
Loss before tax	288,888	412,711	265,043	388,866
Deferred income taxes recovery	(79,571)	(128,868)	(76,489)	(125,786)
Net loss and total comprehensive loss	210,260	284,786	193,576	268,102
Attributable to shareholders of Endeavour Mining Corporation	196,755	257,609	181,618	242,471
Attributable to Non-controlling interests	13,505	27,177	11,958	25,631
Basic and diluted loss per share	$ (0.48)	$ (0.69)	$ (0.44)	$ (0.65)

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2013, Endeavour had cash and cash equivalents of $119.4 million, (December 31, 2012 – $105.9 million). Subsequent to September 30, 2013 the Corporation received $17.0 million of cash for the completion of the Finkolo joint venture transaction. In addition, at September 30, 2013, Endeavour had $1.9million of marketable securities (December 31, 2012 $7.8 million). Working capital at September 30, 2013 was $163.8 million (December 31, 2012 - $177.4 million).

The change in cash during the first nine months 2013 is primarily attributable to the following key items:

- $112.0 million cash margin from the three operating mines;
- $100 million drawn on amended corporate facility;
- $37.7 million proceeds from sale of gold bullion;
- $5.3 million proceeds from sale of NREI;
- $162 million investment in capital projects and capitalized exploration;
- $19.3 million of interest and taxes;
- $13.8 million of corporate costs incurred;

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

- $7.0 million of financing fees to amend the Facility;
- $5.3 million in advisory fees (the Corporation received back $3.3 million in distributions, out of the $5.3 million paid, as a repayment of the promissory note);
- $3.5 million purchase of gold price protection through the purchase of put options;
- $3.4 million change in working capital;
- $3.2 million of exploration expenditure; and
- $3.2 million of legal, consulting and registration fees to amend the Facility;

During the third quarter ending September 30, 2013, the Corporation invested $47.8 million from its operating cash margin into its operations and exploration programs. Of this amount, a net $46.7 million was capitalized and $1.1 million was expensed as exploration. For the nine months ended September 30, 2013 the Corporation invested $165.3 million from its operating cash margin into its operations and exploration programs. Of this amount, a net $162.1 million was capitalized and $3.2 million was expensed as exploration. These investments in operational improvements and growth include:

o Agbaou project	$100.5 million
o Tabakoto development	$14.0 million
o Tabakoto mill expansion	$7.8 million
o Sustaining capital at Nzema	$8.1 million
o Sustaining capital at Youga	$1.2 million
o Sustaining capital at Tabakoto	$1.5 million
o Development capital at Nzema	$10.5 million
o Nzema, Youga & Tabakoto "near-mine" exploration	$8.0 million
o Houndé project	$7.7 million
o Ouaré project	$0.6 million
o Kofi project	$2.2 million
o Regional exploration	$3.2 million

Subsequent to the third quarter the Corporation received cash from the following;

- $17.0 million from the sale of the Finkolo joint venture in Mali;
- $0.2 million from the exercise of warrants; and
- $0.1 million from the sale of marketable securities

At September 30, 2013, the Corporation had a working capital position of $163.8 million. In the opinion of management, Endeavour's cash position at September 30, 2013, together with anticipated cash flows, are sufficient to support the Corporation's on-going operational requirements and the construction of Agbaou.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Derivative instrument liability

The following tables detail the call options and forward contracts pertaining to the derivative instrument liability of the gold price protection programs for the Tabakoto and Nzema Gold Mines as at September 30, 2013.

Nzema hedging includes:

(US dollars in thousands except price per ounce) Period	Forward contracts (ounces)	Price Per Ounce	Fair Value
2014	32,000	$ 1,331.87	$ 9,012
2015	32,000	1,331.87	8,670
2016	32,163	1,331.87	8,590
Total	96,163	$ 1,331.87	$ 26,272

On July 29, 2013 (in connection with the completion of the Facility) Endeavour re-distributed a portion of the 96,163 ounces of remaining forward contracts (originally linked to the former Nzema project financing), from UniCredit to several of the new lenders. The amended strike price has increased from $1,061.75 per ounce to a weighted average strike price $1,331.87 per ounce. On the close out of the former hedge under the Nzema project financing a $300 per ounce increase in the strike price gave rise to a crystallized loss; this crystallized loss will be spread and paid over the remaining hedge deliveries, resulting in the net proceeds to be received of $1,031.87 per ounce ($1,331.87 per ounce less the loss of $300 per ounce). As a result, the cost of the re-striking the hedge is approximately $2.87 million and will be paid proportionately with the hedge deliveries during 2014 to 2016.

Tabakoto hedging includes:

(US dollars in thousands except price per ounce) Period	Call options (ounces)	Price Per Ounce	Fair Value
2014	12,132	$ 900.00	$ 4,942
2015	6,066	900.00	2,377
Total	18,198	$ 900.00	$ 7,319

Contracts and Leases

The Corporation has commitments in place at its three mines as well as its Agbaou Project that is currently under construction, for drill and blasting services, load and haul services and supply of explosives and supply of hydrocarbon services. The terms extend through the period July 1, 2013 to February 2016 and require the contractors to drill and blast a minimum agreed amount of BCM.

Effective July 1, 2012, Nzema formally agreed on terms for a two year contract to purchase on average 4,000 tonnes of material per month (less than 2% of overall throughput at Nzema) at a minimum grade of 6 g/t. Ore purchase cost ranges from 58.5% to 68.5% of the recoverable gold depending on volumes of contained gold, the incremental processing costs are negligible and the ore supplier pays 50% of the 5% royalty on recovered ounces.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS (CONTINUED)

Contracts and Leases (continued)

Endeavour selected its Engineering, Procurement and Construction Manager ("EPCM") for the Agbaou Gold Mine processing plant and certain other facilities in June 2012. The Corporation has commitments with the EPCM contractor and other service providers for the Agbaou Gold Mine from 2013 through to the final completion of the project.

The Corporation is subject to operating and finance lease commitments in connection with the purchase of mining equipment and light duty vehicles and workshop from several suppliers totaling $1.8 million. The terms extend through the period July 1, 2013 to February 2015. The Corporation is also subject to operating lease commitments in connection with rented office premises.

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

(US dollars in thousands)	Within 1 year	2-3 years	4-5 years	After 5 years	Total
Finance lease obligations	$ 1,212	$ 310	$ -	$ -	$1,522
Minimium operating lease payments	408	183	120	-	710
Engineering and construction	21,967	-	-	-	21,967
	$ 23,587	$ 493	$ 120	$ -	$ 24,200

OUTSTANDING SHARE DATA

Endeavour's authorized capital is US$20,000,000 divided into 1,000,000,000 ordinary shares with a par value of US $0.01 each and 1,000,000,000 undesignated shares; no undesignated shares have been issued. The table below summarizes Endeavour's share structure at November 12, 2013.

Shares issued and outstanding	413,043,293
Stock options	30,565,597
Warrants	32,487,501

NON-GAAP MEASURES

Cash margin

The Corporation reports cash margin as revenues less cash costs per gold ounce sold and royalties.

The following table provides a reconciliation of cash margin per ounce of gold sold for the Nzema, Tabakoto and Youga gold mines, which includes the ounces sold from ore purchased from an independent producer, for the three and nine months September 30, 2013 and 2012:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
(US dollars in thousands except ounces)				
Revenues	$ 121,054	$ 83,347	$ 339,082	$ 248,156
Less: royalties	(6,600)	(4,182)	(18,315)	(12,429)
Less: cash cost for sold ounces (excluding royalties)[1]	(79,039)	(32,099)	(208,777)	(99,227)
Total cash margin	35,415	47,066	111,990	136,500

[1] Total cash costs are a non-GAAP financial performance measure with no standard meaning under IFRS. Refer to Non-GAAP Measures on page 52.

Total cash costs

The Corporation reports total cash costs on the basis of ounces produced. In the gold mining industry, these are common performance measures but do not have any standardized meanings. The Corporation follows the recommendation of the Gold Institute Production Cost Standard. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Corporation's performance and ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

The following table provides a reconciliation of total cash costs per ounce of gold sold for the Nzema, Tabakoto and Youga gold mines, which includes the ounces sold from ore purchased from an independent producer, for the three and nine months ended September 30, 2013 and 2012:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012[1]	2013	2012[1]
(US dollars in thousands except ounces)				
Operating expenses from continuing mining operations	$ 85,440	$ 32,234	$ 219,827	$ 104,645
Less: non-cash adjustments included in operating expenses	1,302	(135)	(4,649)	(705)
Less: Stockpile valuation adjustment	(10,642)		(10,642)	
Less: Ghanaian tax audit assessment	-	-	-	(4,713)
Add: load & haul price adjustment	2,939	-	4,241	-
Total cash cost (excluding royalties)	79,039	32,099	208,777	99,227
Divided by ounces of gold sold	90,997	50,129	235,927	150,103
Total cash cost per ounce of gold sold[1] (excluding royalties)	$ 869	$ 640	$ 885	$ 661

[1] Includes only the operations of the Youga and Nzema gold mines.

NON-GAAP MEASURES (CONTINUED)

All-in sustaining costs

The Corporation is reporting all-in sustaining costs per ounce. The methodology for calculating all-in sustaining costs per ounce was developed internally and is calculated below. However, as recommended by the World Gold Council, effective from January 1, 2014 the Corporation will conform its all-in sustaining costs definition to the measure as set out in the guidance note released by the World Gold Council on June 27, 2013. This non-IFRS measure provides investors transparency to the total period-attributable cash cost of producing an ounce of gold, and may aid in the comparison with other gold mining peers.

All-in sustaining costs are the sum of total cash costs for gold ounces sold, royalties, corporate costs, sustaining capital and near-mine exploration.

	Three months ended September 30, 2013	Nine months ended September 30, 2013
(US dollars in thousands except ounces)		
Cash cost for ounces sold (excluding royalities)	$ 79,076	$ 208,795
Royalties	6,600	18,315
Corporate G&A (attributable to operations)[1]	2,938	10,334
Sustaining capital	5,375	10,758
Near-mine exploration	2,238	8,013
All-in sustaining costs sold	$ 96,227	$ 256,215
Divided by gold ounced sold	90,997	235,927
All-in sustaining cost per ounce sold	**$ 1,057**	**$ 1,086**

[1] 75% of the corporate costs have been attributed to operations.

NON-GAAP MEASURES (CONTINUED)

Adjusted net earnings and adjusted net earnings per share

"Adjusted net earnings" and adjusted net earnings per share are financial measures with no standard meaning under IFRS which excluded the following from net earnings:

- Impairment charge (impairment of mining interests and goodwill)
- Impairment charge (Non-controlling interest)
- Realized gain – gold price protection program
- Change in unrealized loss (gain) – gold price protection program
- Change in unrealized gain – C$ share purchase warrants
- Change in unrealized loss – gold put option program
- Loss on marketable securities
- Imputed interest on promissory note
- Loss on foreign currency
- Gain on sale of Finkolo joint venture
- Gain on sale of subsidiaries
- Loss on sale of gold bullion
- Write-down of gold bullion
- Write-down of investment in associate due to reclassification to assets held for sale (NREI)
- Loss on change of ownership
- Share of loss of associate, net of taxes (NREI)
- Stock-based payments
- Finance costs (incurred for the amended Facility)
- Deferred income taxes (recovery)

Net earnings have been adjusted for items considered exceptional and non-operating in nature. Endeavour uses this measure for its own internal purposes. Consequently, the presentation of adjusted net earnings enables investors and analysts to better understand the underlying operating performance of our core mining business through the eyes of management. Management periodically evaluates the components of adjusted net earnings based on an internal assessment of performance measures that are useful for evaluating the operating performance of our business and a review of the non-GAAP measures used by mining industry analysts and other mining companies.

Adjusted net earnings are intended to provide additional information only and do not have any standardized definition under IFRS; they should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently.

The following table reconciles these non-GAAP measures to the most directly comparable IFRS measure. The reconciliation of net earnings to adjusted net earnings is below.

NON-GAAP MEASURES (CONTINUED)

Adjusted net earnings and adjusted net earnings per share (continued)

(US dollars in millions except per share and share amounts)		Three months ended September 30, 2013		Nine months ended September 30, 2013
Net loss attributable to shareholders of Endeavour	**$**	**(15,266)**	**$**	**(257,737)**
Non-cash impairment charge		-		432,307
Non-cash impairment charge attributable to non-controlling interests		-		(30,326)
Realized gain - gold price protection program		(29,259)		(29,259)
Change in unrealized loss (gain) - gold price protection program		42,196		(2,292)
Change in fair value of C$ currency share purchase warrants		(224)		(12,332)
Change in unrealized loss - gold put option program		2,239		2,239
Loss on marketable securities		137		6,281
Imputed interest on promissory note		(601)		(1,807)
Loss on foreign currency		282		2,742
Gain on sale of Finkolo joint venture		(13,412)		(13,412)
Gain on sale of subisidiaries		(2,092)		(2,092)
Loss on gold bullion		-		5,463
Write-down of gold bullion		-		2,088
Write-down of investment in associate due to reclassification to assets held for sale (NREI)		-		858
Loss on change of ownership		-		620
Share of loss of associate, net of taxes (NREI)		-		465
Stock-based payments		756		4,172
Amortized financing costs		686		686
Deferred income taxes (recovery)		12,504		(113,282)
Adjusted net loss after tax	**$**	**(2,054)**		**(4,618)**
Weighted average number of outstanding shares		412,773,359		412,839,610
Adjusted net loss per share (basic)	**$**	**(0.00)**	**$**	**(0.01)**

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The critical judgments that the Corporation's management has made in the process of applying the Corporation's accounting policies, apart from those involving estimations (Note 4) to the consolidated financial statements that have the most significant effect on the amounts recognized in the Corporation's consolidated financial statements are as follows:

(a) 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 has achieved a consistent level of production. Management considers several factors in determining when a mining interest is capable of operating at levels intended by management. Depletion of capitalized costs for mining properties begins when the mine is capable of operating at levels intended by management.

(b) 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.

(c) Functional currency

The functional currency for each of the Corporation's subsidiaries, and investments in associates, 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 judgements to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

(d) Business combinations

Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgements, taking into account all facts and circumstances. If an acquired set of assets and liabilities includes goodwill, the set is presumed to be a business.

(e) Exchangeable shares

As part of the acquisition of Avion Gold Corporation certain eligible Avion shareholders could elect to receive their consideration in the form of exchangeable shares in lieu of Endeavour common shares. These exchangeable shares participate equally in voting and dividends with the shareholders of Endeavour and the exchangeable shares are considered the economic equivalent of the common shares. The Corporation has presented these exchangeable shares as a part of shareholders' equity within these consolidated financial statements due to (1) the fact that they are economically equivalent to the common shares and (2) the holders of the exchangeable shares can only dispose of the exchangeable shares by exchanging them for common shares of the Corporation. Changes in these

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(e) *Exchangeable shares* (continued)

assumptions would affect the presentation of the exchangeable shares from shareholders' equity to non-controlling interests, however there would be no impact on earnings per share.

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:

(a) *Impairment of mining interests and goodwill*

The Corporation considers both external and internal sources of information in assessing whether there are any indications that mining interests and goodwill 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 and goodwill. 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 and goodwill, the Corporation's management makes estimates of the discounted future pre-tax 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, reductions 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 and/or goodwill.

Mining interests and goodwill are tested for impairment annually; however during the second quarter of 2013 Endeavour identified an indicator for potential impairment, which was the significant decline in the gold price to a low of approximately $1,180 per ounce in late June 2013. As a result, forecast revenues and cash flows are estimated to be lower and an impairment charge has been taken against goodwill, mining properties and plant and equipment.

(b) *Estimated recoverable ounces*

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

KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(c) *Fair values of assets and liabilities acquired in business combinations*

In a business combination, it generally takes time to obtain the information necessary to measure the fair values of assets acquired and liabilities assumed and the resulting goodwill, if any. Changes to the provisional measurements of assets and liabilities acquired including the associated deferred income taxes and resulting goodwill may be retrospectively adjusted when new information is obtained until the final measurements are determined (within one year of acquisition date). The determination of fair value as of the acquisition date requires management to make certain judgments and estimates about future events, including, but not restricted to, estimates of mineral reserves and resources acquired, exploration potential, future operating costs and capital expenditures, future metal prices, long-term foreign exchange rates, and discount rates.

In determining the amount for goodwill, the Corporation's management makes estimates of the discounted future after-tax cash flows expected to be derived from the acquired business based on estimates of future revenues, expected conversions of resources to reserves, future production costs and capital expenditures, based on a life of mine plan. To estimate the fair value of the exploration potential, a market approach is used which evaluates recent comparable gold property transactions. The excess of acquisition cost over the net identifiable assets acquired represents goodwill.

(d) *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 included numerous estimates. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is a dependent on the quantity and quality of available data and of 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.

(e) *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 may be impacted.

(f) *Deferred income taxes*

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

KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(f) *Deferred income taxes* (continued)

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.

(g) *Share-based payments*

Significant assumptions are made when accounting for share-based payments. Changes to these assumptions may alter the resulting accounting and ultimately the amount charged to profit or loss.

RISK FACTORS

Readers of this Management's Discussion and Analysis should give careful consideration to the information included or incorporated by reference in this document and the Corporation's audited consolidated financial statements and related notes for the year ended December 31, 2012. Significant risk factors for the Corporation are metal prices, government regulations, foreign operations, environmental compliance, dependence on management, title to the Corporation's mineral properties and litigation. For details of risk factors, please refer to the 2012 year-end audited consolidated financial statements, Management's Discussion and Analysis and Annual Information Form filed on SEDAR at www.sedar.com.

FINANCIAL INSTRUMENTS AND RELATED RISKS

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

(i) *Credit risk*

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

The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk other than cash on deposit with global financial institutions. The Corporation invests its cash and cash equivalents in corporations meeting its investment criteria. The Corporation sells its gold to large international financial institutions and internationally recognized refiners. The Corporation's gold revenue is comprised of gold sales to primarily two customers, however the Corporation is not economically dependent on a limited number of customers for the sale of its gold because gold can be sold through numerous commodity market traders worldwide.

FINANCIAL INSTRUMENTS AND RELATED RISKS (CONTINUED)

(i) *Credit risk* (continued)

The historical level of customer defaults is minimal and, as a result, the credit risk associated with accounts receivable and other assets at September 30, 2013 is considered to be negligible. The Corporation does not rely entirely on ratings issues by credit rating agencies in evaluating counterparties' related credit risk.

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

The Corporation's maximum exposure to credit risk before taking into account any collateral held or other credit enhancements is the carrying amount of the financial instruments at the consolidated statement of financial position date as follows:

	September 30, 2013	December 31, 2012
Cash and cash equivalents	$ 119,351	$ 105,902
Cash - restricted	4,517	4,517
Marketable securities	1,893	7,766
Trade and other receivables	47,154	26,523
Long-term receivable	2,275	4,694
Promissory note and other assets	11,578	13,084
	$ 186,768	$ 162,486

(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 or another financial asset. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements.

The following table summarizes the contractual maturities of the Corporation's financial liabilities and operating and capital commitments at September 30, 2013:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 88,077	$ -	$ -	$ -	$ 88,077
Long-term debt	-	116,600	169,342	-	285,942
Engineering and construction	21,967	-	-	-	21,967
Finance lease obligations	1,212	310	-	-	1,522
Minimium operating lease payments	408	183	120	-	711
Environmental rehabilitation provison	-	-	-	39,318	39,318
	$ 111,664	$ 117,093	$ 169,462	$39,318	$437,537

FINANCIAL INSTRUMENTS AND RELATED RISKS (CONTINUED)

(ii) *Liquidity risk* (continued)

In the opinion of management, the working capital at September 30, 2013, together with future cash flows from operations, is sufficient to support the Corporation's commitments.

(iii) Currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. Gold is sold in US dollars and the Corporation's costs are incurred principally in Australian dollars, Canadian dollars, CFA Franc, Euros, Ghana Cedi, Liberian dollars, South African Rand and US dollars.

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

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

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

	September 30, 2013	December 31, 2012
Canadian dollar	$ 3,654	$ (1,896)
Euro	31,881	(40,253)
Other currencies	14,613	2,548
	$ 50,148	$ (39,601)

The effect on earnings and other comprehensive earnings before tax at September 30, 2013 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 $5.0 million December 31, 2012 - $3.9 million) assuming that all other variables remained constant. This calculation is based on the Corporation's statement of financial position as at September 30, 2013.

(iv) *Interest rate risk*

Interest rate risk is the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk on its cash and cash equivalents. The Corporation holds convertible loans, debentures and short term government treasury securities that have the potential to be affected by changes in interest rates. There is minimal fair value sensitivity to changes in interest rates, since convertible loans and debentures are short term in nature and are usually held to maturity. The Corporation monitors its exposure to interest rates and is comfortable with its exposure given the relatively low short-term US dollar rates. The Corporation bears interest rate risk in relation to amounts drawn under the Corporate Facility and the interest bearing loans due to the Malian Government as the interest rate payable is the US dollar LIBOR floating-rate plus a margin. The Corporation has not hedged its exposure to interest rate risk.

FINANCIAL INSTRUMENTS AND RELATED RISKS (CONTINUED)

(v) *Price risk*

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

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

CONTROLS AND PROCEDURES

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian Securities Law.

Based on that evaluation, the CEO and CFO have concluded, that as of the end of the periods covered by this Management's Discussion and Analysis, the disclosure controls and procedures were designed to provide reasonable assurance that information required to be disclosed in the Corporation's annual and interim filings (as such terms are defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) and other reports filed or submitted under Canadian securities law is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management including the CEO and CFO as appropriate to allow timely decisions regarding required disclosure.

Internal controls and procedures

The Corporation's management, with the participation of its CEO and CFO, is responsible for establishing and maintaining adequate internal controls over financial reporting. Under the supervision of the CFO, the Corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. As at the end of the period covered by this Management's Discussion and Analysis, management evaluated the effectiveness of the Corporation's internal control over financial reporting as required by Canadian securities laws.

Based on that evaluation, the CEO and CFO have concluded that, as of the end of the three month periods covered by this Management's Discussion and Analysis, the internal controls over financial reporting were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

As a result of a further review of the second quarter of 2013 management has amended the second quarter 2013 financial results as previously reported (refer to Note 19, Impairment Charge, to the condensed interim consolidated financial statements). As a result of this amendment, management will be re-evaluating the controls over its financial close and reporting process during the fourth quarter of 2013.

As a result of the Corporation's acquisition of Avion and the merger, the Corporation has adopted new controls and procedures pertaining to the gold producing activities.

Except for the recent acquisition of gold producing activities as noted above, there have been no material changes in the Corporation's internal controls over financial reporting during the three and nine months ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting. Management of Endeavour acting reasonably and carefully considered the scope of their evaluation of internal controls over financial reporting ("ICFR") taking into consideration guidance in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and

CONTROLS AND PROCEDURES

Internal controls and procedures (continued)

Interim Filings when a business is acquired not more than 365 days before year end. Management concluded that it would be impractical to complete an evaluation of the design and operational effectiveness of the controls over the Avion business, other than the controls over the period-end financial close process, at September 30, 2013. Accordingly management excluded from its assessment the internal controls over financial reporting concerning the former Avion business, other than the controls over the period-end financial close process, from their evaluation of the design and operational effectiveness of ICFR at September 30, 2013.

Additional information relating to the Corporation is available on the Corporation's web site at www.endeavourmining.com and in the Corporation's Annual Information Form for the year ended December 31, 2012 on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A and certain information incorporated herein by reference constitute forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to the Corporation's plans or future financial or operating performance, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "will continue" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". The material factors or assumptions used to develop material forward-looking statements are disclosed throughout this document. Forward-looking statements, while based on management's best estimates and assumptions, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Endeavour to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the successful integration of acquisitions; risks related to international operations; risks related to joint venture operations; risks related to general economic conditions and credit availability, actual results of current exploration activities, unanticipated reclamation expenses; changes in project parameters as plans continue to be refined; fluctuations in prices of metals including gold; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Corporation operates, actual resolutions of legal and tax matters, as well as those factors discussed in the section entitled "Description of the Business – Risk Factors" in Endeavour's annual information form for the year ended December 31, 2012, available on SEDAR at www.sedar.com. Although Endeavour has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation's management reviews periodically information reflected in forward-looking statements. The Corporation has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

CAUTIONARY NOTE REGARDING RESERVES AND RESOURCES

Readers should refer to the annual information form of Endeavour for the year ended December 31, 2012, dated April 2, 2013, and other continuous disclosure documents filed by Endeavour available at www.sedar.com, for further information on mineral reserves and resources, which is subject to the qualifications and notes set forth therein.

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

	September 30, 2013	December 31, 2012
ASSETS		
Current		
Cash and cash equivalents	$ 119,351	$ 105,902
Cash - restricted (Note 4)	4,517	4,517
Gold bullion (Note 5)	-	45,234
Marketable securities	1,893	7,766
Trade and other receivables (Note 6)	47,154	26,523
Inventories (Note 7)	61,935	82,167
Prepaid expenses and other	34,709	21,226
Current portion of derivative financial asset (Note 16)	789	-
Assets held for sale (Note 8)	-	3,587
	270,348	296,922
Mining interests (Note 9)	1,097,908	1,381,161
Long-term receivable (Note 10)	2,275	4,694
Goodwill (Note 11)	-	53,318
Investment in associate (Note 12)	-	6,634
Deferred income taxes	13,479	-
Promissory note and other assets (Note 13)	11,578	13,084
Derivative financial asset (Note 16)	453	-
	$ 1,396,041	$ 1,755,813
LIABILITIES		
Current		
Trade and other payables	88,077	105,745
Current portion of finance lease obligations (Note 14)	1,212	1,807
Current portion of derivative financial liabilities (Note 16)	11,767	-
Income taxes payable (Note 22)	5,536	12,004
	106,592	119,556
Finance lease obligations (Note 14)	310	1,286
Long-term debt (Note 15)	285,942	200,547
Derivative financial liabilities (Note 16)	22,326	77,975
Provisions (Note 17)	34,874	30,792
Deferred share unit liability (Note 18 (c)(ii))	270	-
Deferred income taxes (Note 22)	88,632	188,262
	538,946	618,418
EQUITY		
Share capital (Note 18 (a))	989,869	984,834
Equity reserve	40,079	38,677
Retained earnings	(218,809)	38,928
Equity attributable to shareholders of the Corporation	811,139	1,062,439
Non-controlling interests (Note 20)	45,956	74,956
Total equity	857,095	1,137,395
	$ 1,396,041	$ 1,755,813

SUBSEQUENT EVENTS (NOTES 8 & 18)
COMMITMENTS & CONTINGENCIES (NOTE 27)
Approved by the Board: November 12, 2013

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

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

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

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013 (Note 19)	Nine months ended September 30, 2012
Revenues				
Gold revenue	$ 114,454	$ 79,165	$ 320,767	$ 235,727
Cost of sales				
Operating expenses	85,440	32,234	219,827	104,645
Depreciation and depletion	21,779	17,330	70,038	51,438
Earnings from mine operations	7,235	29,601	30,902	79,644
Corporate costs	3,917	7,533	13,778	16,366
Impairment of mining interests and goodwill (Note 19)	-	-	432,307	-
Share-based payments (Note 18 (c))	756	11	4,172	390
Exploration	1,106	1,853	3,194	7,029
Earnings (loss) earnings from operations	1,456	20,204	(422,549)	55,859
Other income (expenses)				
Gains (losses) on financial instruments (Note 21)	(14,763)	(15,576)	34,522	(21,276)
Gain on sale of the Finkolo joint venture (Note 8)	13,412	-	13,412	-
Gain on sale of subsidiaries (Note 9)	2,092	-	2,092	-
Loss on the sale of gold bullion (Note 5)	-	-	(5,463)	-
Write-down of gold bullion (Note 5)	-	-	(2,088)	-
Write-down of investment in associate on reclassification to asset held for sale (Note 12)	-	-	(858)	-
Loss on dilution of Endeavour Capital (Note 13)	-	-	(620)	-
Share of loss of associate, net of taxes (Note 12)	-	(259)	(465)	(1,781)
Endeavour Capital (loss) income	-	(1,598)	25	(2,916)
Finance costs	(3,932)	(1,090)	(8,609)	(3,570)
	(3,191)	(18,523)	31,948	(29,543)
Earnings (loss) earnings before taxes	(1,735)	1,681	(390,601)	26,316
Current income and other taxes (Note 22)	(3,148)	(3,184)	(8,170)	(7,062)
Deferred income (taxes) recovery (Note 22)	(12,504)	1,370	113,282	(6,438)
Net earnings (loss) and total comprehensive earnings (loss)	(17,387)	(133)	(285,489)	12,816
Attributable to:				
Shareholders of Endeavour Mining Corporation	(15,266)	(1,102)	(257,737)	7,579
Non-controlling interests (Note 20)	(2,121)	969	(27,752)	5,237
Net earnings (loss) and total comprehensive earnings (loss)	$ (17,387)	$ (133)	$ (285,489)	$ 12,816
Net earnings (loss) per share (Note 18 (d))				
Basic earnings (loss) per share	$ (0.04)	$ (0.00)	$ (0.62)	$ 0.03
Diluted earnings (loss) per share	$ (0.04)	$ (0.00)	$ (0.62)	$ 0.03

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

ENDEAVOUR MINING CORPORATION

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

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Operating Activities				
Cash generated from operating activities (Note 23)	$ 23,901	$ 25,599	$ 50,831	$ 82,901
Investing Activities				
Expenditures on mining interests and prepayments (Note 9)	(50,346)	(18,718)	(165,774)	(54,444)
Proceeds from sale of marketable securities	54	-	894	508
Proceeds from sale of gold bullion (Note 5)	-	-	37,683	-
Proceeds from sale of assets held for sale (Note 8)	-	-	5,310	-
Proceeds from sale of subsidiaries (Note 9)	703	-	703	-
Proceeds from distribution of promissory note and other assets (Note 13)	3,265	177	3,317	177
Purchases of marketable securities	-	-	-	(302)
Working capital loan facility to former debt advisory busines (Note 13)	-	-	-	(1,000)
Issuance of Avion exchangeable loan pre-acquisition (Note 3)	-	(20,195)	-	(20,195)
Cash used in investing activities	(46,324)	(38,736)	(117,867)	(75,256)
Financing Activities				
Received from the issue of common shares	6	-	2,541	579
Proceeds from corporate loan facility (Note 15 (a))	100,000	-	100,000	-
Payment of financing fees (Note 15 (a))	(7,000)	-	(7,000)	-
Payment of legal, consulting, registration and other fees (Note 15 (a))	(3,165)	-	(3,165)	-
Payment of advisory fees (Note 15 (a))	(5,250)	-	(5,250)	-
Purchase of gold put options (Note 16)	(3,481)	-	(3,481)	-
Dividends paid (Note 20)	(1,248)	-	(1,248)	-
Repayment of finance lease obligation	(318)	(167)	(1,571)	(449)
Cash (used in) generated from financing activities	79,544	(167)	80,826	130
Effect of exchange rate changes on cash and cash equivalents	42	(158)	(341)	(406)
Increase (decrease) in cash and cash equivalents	57,163	(13,462)	13,449	7,369
Cash and cash equivalents, beginning of period	62,188	136,110	105,902	115,279
Cash and cash equivalents, end of period	$ 119,351	$ 122,648	$ 119,351	$ 122,648
Cash and cash equivalents is comprised of:				
Cash at bank	$ 69,374	$ 107,640	$ 69,374	$ 107,640
Short-term money-market instruments	49,977	15,008	49,977	15,008
Cash and cash equivalents	$ 119,351	$ 122,648	$ 119,351	$ 122,648

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

ENDEAVOUR MINING CORPORATION

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

	Share Capital												
	Number of Common Shares	Par Value	Additional Paid in Capital	Number of Exchangeable Shares	Par Value	Additional Paid in Capital	Total Number of Shares	Total Share Capital	Equity Reserve Shares	Retained Earnings	Total Attributable to Shareholders	Non-Controlling Interests	Total
At January 1, 2012	244,609,949	$ 2,441	$ 557,164	-	$ -	$ -	244,609,949	$ 559,605	$ 27,346	$ 54,414	$ 641,365	$ 26,235	667,600
Share options exercised	411,920	4	1,111	-	-	-	411,920	1,115	(611)	-	504	-	504
Warrants exercised	69,900	-	193	-	-	-	69,900	193	(118)	-	75	-	75
Share based payments	-	-	-	-	-	-	-	-	390	-	390	-	390
Net earnings and total comprehensive earnings	-	-	-	-	-	-	-	-	-	7,579	7,579	5,237	12,816
At September 30, 2012	245,091,769	$ 2,445	$ 558,468	-	$ -	$ -	245,091,769	$ 560,913	$ 27,007	$ 61,993	$ 649,913	$ 31,472	$ 681,385
At January 1, 2013	391,355,765	$ 3,908	$ 931,410	19,366,979	$ 194	$ 49,322	410,722,744	$ 984,834	$ 38,677	$ 38,928	$ 1,062,439	$ 74,956	1,137,395
Exchangeable shares exchanged into common shares	18,653,997	187	47,507	(18,653,997)	(187)	(47,507)	-	-	-	-	-	-	-
Share options exercised	1,776,159	18	5,017	-	-	-	1,776,159	5,035	(2,494)	-	2,541	-	2,541
Share based payments	-	-	-	-	-	-	-	-	3,896	-	3,896	-	3,896
Dividends	-	-	-	-	-	-	-	-	-	-	-	(1,248)	(1,248)
Net loss and total comprehensive loss	-	-	-	-	-	-	-	-	-	(257,737)	(257,737)	(27,752)	(285,489)
At September 30, 2013	411,785,921	$ 4,113	$ 983,934	712,982	$ 7	$ 1,815	412,498,903	$ 989,869	$ 40,079	$ (218,809)	$ 811,139	$ 45,956	$ 857,095

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

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Endeavour Mining Corporation ("Endeavour" or the "Corporation") is a growth focused West African gold production and exploration company. Endeavour has a global strategy, supported by financial resources and management's company building expertise, to grow into an intermediate gold producer.

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

The Corporation's registered office is located at Regatta Office Park, Windward 3 Suite 240, West Bay Road, Grand Cayman, Cayman Islands.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* using the accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Boards.

These condensed interim consolidated financial statements should be read in conjunction with the most recently issued annual consolidated financial statements of the Corporation, which include information necessary or useful to understanding the Corporation's business and financial statement presentation. In particular, the Corporation's significant accounting policies were presented as Note 2 to the consolidated financial statements for the fiscal year ended December 31, 2012, and have been consistently applied in the preparation of these interim financial statements, except as noted below.

(b) Newly adopted accounting standards

The following standards became effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Corporation adopted these standards and they did not have a material impact on its consolidated financial statements.

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

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

- *IFRS 12, Disclosure of Interests in Other Entities:* IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. Adoption of this standard did not have an impact on the condensed interim consolidated financial statements, but will impact disclosure in the year end consolidated financial statements.

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

(b) Newly adopted accounting standards (continued)

- *IFRS 13, Fair Value Measurements:* IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. Adoption of this standard has resulted in additional disclosures in relation to fair value measurements in the condensed interim consolidated financial statements.

- *IAS 1, Presentation of Financial Statements:* In June 2011, the IASB issued amendments to IAS 1 that require an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments were effective for annual periods beginning on or after July 1, 2012, with earlier adoption permitted.

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

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

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

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

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

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

(c) Accounting Standards issued but not yet effective

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

IFRS 9, Financial Instruments: IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities measured at fair value through profit and loss. A mandatory effective date will be added when all phases of IFRS 9 are complete with sufficient lead time for implementation.

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

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

3. ACQUISITION OF MINING INTERESTS

Acquisition of Avion Gold Corporation ("Avion")

Avion Acquisition

Avion was a single mine West African gold producer with its primary focus on expanding the economic potential of the Tabakoto and Segala properties of the Tabakoto Gold Mine, located in Mali, West Africa. The Tabakoto Gold Mine area totals approximately 156 km^2 in the western part of Mali. Avion also owns the Kofi Project located in Mali, and the Houndé Project located in the south-western region of Burkina Faso, West Africa.

On August 7, 2012, Endeavour announced it had entered into a definitive arrangement agreement with Avion, a TSX listed junior gold producer, pursuant to which Endeavour would acquire all of the issued and outstanding common shares of Avion in an all share transaction with each Avion common share exchanged for 0.365 of an Endeavour common share. Certain eligible Avion shareholders could elect to receive their consideration in the form of Exchangeable Shares in lieu of Endeavour common shares. In addition, the Corporation issued 12,713,707 options to effect the acquisition of Avion. The Avion option holders received 0.365 of an Endeavour option for each Avion option and their options vested immediately without any changes to the terms of expiry.

On October 18, 2012, Endeavour completed the Avion acquisition via a court-approved plan of arrangement and issued 162,055,600 shares to the Avion shareholders, which is inclusive of 22,083,653 shares underlying the Exchangeable Shares issued on closing. As at September 30, 2013, 712,982 Exchangeable Shares remained outstanding.

The consideration and preliminary allocation of the fair value of assets acquired and liabilities assumed including the allocation of mining properties to depletable and non-depletable properties is as follows:

Purchase price:		
Fair value of 139,971,947 common shares issued as consideration	$	357,873
Fair value of 22,083,653 exchangeable shares as consideration		56,462
Fair value of 12,713,707 replacement options issued as consideration		15,008
	$	429,343
Net assets acquired:		
Net working capital acquired, (including cash of $7.6 million)	$	(6,687)
Non-current receivable		8,284
Mining interests		648,821
Fair value of gold contracts		(28,181)
Finance lease obligations		(3,193)
Credit facility and financing arrangement		(27,950)
Long-term debt		(533)
Exchangeable loan due to Endeavour		(20,179)
Provisions for reclamation		(12,314)
Deferred income and mining taxes		(86,934)
Non-controlling interest		(41,791)
	$	429,343

An income approach (being the net present value of expected future cash flows) was used to determine the fair values of mining interests. Estimates of expected future cash flows are based on estimates of projected future

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

3. ACQUISITION AND MERGER OF MINING INTERESTS (continued)

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

Avion Acquisition (continued)

revenues, expected conversions of resources to reserves, expected future productions costs and capital expenditures based on a finalize life of mine plan.

The options were valued using the Black-Scholes option pricing model using the following assumptions:

Risk-free interest rate	1.1%
Expected life	3.0 years
Annualized volatility	47.7%
Dividend rate	0.0%
Forfeiture rate	13.7%

On August 7, 2012, Endeavour entered into a loan agreement with Avion, whereby Endeavour provided a $20.0 million exchangeable loan (the "Loan") to a wholly-owned subsidiary of Avion. The Loan is for an initial term of six months, bears interest at the rate of the London Interbank Offered Rate for United States dollars ("LIBOR") plus 6% and is secured against the common shares in the capital of two wholly-owned subsidiaries of Avion. In addition, Avion has agreed to guarantee the Loan. On October 18, 2012 Avion became a wholly-owned subsidiary of the Corporation, and on October 22, 2012 the common shares of Avion were delisted from the TSX, with the result that the Loan became an intra-group debt obligation. The two Avion subsidiaries, whose shares were charged as security for the Loan, also became wholly-owned by the Corporation.

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

The primary reasons for the business combination include; (i) creates a growth focused West African gold producer, with an enhanced suite of production, development and exploration assets in Burkina Faso, Côte d'Ivoire, Ghana, Liberia and Mali (ii) combines experienced management teams and board of directors and (iii) results in strong cash generation from three operating gold mines and de-risks the standalone companies.

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

4. CASH - RESTRICTED

On July 31, 2012 the Corporation and CAL Bank Limited ("CAL") entered into a facility agreement whereby CAL is to provide a bank guarantee (the "Bank Guarantee") to enable the Corporation to fulfill its reclamation obligations with the Environmental Protection Agency of Ghana ("EPA") in respect of disturbed mining lands at Nzema in the Western Region of Ghana. Under the Bank Guarantee the Corporation has provided $3.3 million in cash collateral to CAL plus $1.2 million by way of security to the EPA. On August 31, 2013, the Bank Guarantee with CAL was renewed for another year. The Bank Guarantee is renewable annually subject to agreement between the parties.

5. GOLD BULLION

	September 30, 2013	December 31, 2012
Ounces held	-	27,000
Weighted average acquisition cost per ounce	$ -	$ 1,710
Acquisiton cost	$ -	$ 46,180
Write-down of gold bullion	$ -	$ (946)
End of period market value	$ -	$ 45,234
End of period spot price for gold per ounce	$ -	$ 1,675

During the second quarter of 2013, the Corporation sold its accumulated holdings of 27,000 ounces of gold bullion at a realized price of $1,396 per ounce for cash of $37.7 million, resulting in a loss of $5.5 million for the nine months ended September 30, 2013. At March 31, 2013 the Corporation wrote-down its gold bullion to the net realizable value incurring a write- down of $2.1 million.

6. TRADE AND OTHER RECEIVABLES

	September 30, 2013	December 31, 2012
Trade receivables	$ 30,154	$ 26,523
Finkolo joint venture proceeds (Note 8)	17,000	-
	$ 47,154	$ 26,523

7. INVENTORIES

	September 30, 2013	December 31, 2012
Doré bars	$ 3,443	$ 4,151
Gold in circuit	6,655	10,514
Ore stockpiles	10,702	18,581
Spare parts and supplies	41,135	48,921
	$ 61,935	$ 82,167

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

8. ASSETS HELD FOR SALE

	September 30, 2013	December 31, 2012
Assets		
Mineral interests (a)	$ -	$ 3,587
	$ -	$ 3,587

a) Endeavour holds a 40% interest in the Finkolo joint venture, which was formed in 2003, by Etruscan Resources Inc., (a subsidiary of Endeavour) and Resolute Mining Limited ("Resolute"), which is also the Finkolo joint venture operator. On March 6, 2012 the Corporation entered into a definitive agreement (the "Agreement") with Resolute for the sale and transfer of the licenses and associated property comprising the Finkolo joint venture in Mali for total consideration of $20.0 million in cash.

On September 26, 2013 the Corporation completed part of the sale and transfer of the licenses and associated property comprising the Finkolo joint venture in Mali for total consideration of $17.0 million in cash. This transaction resulted in a realized gain of $13.4 million and the payment of a $1.0 million capital gains tax payment. Subsequent to September 30, 2013, the Corporation received the $17.0 million in cash in respect of the sale. Due to the uncertainty of the transfer of a permit the remaining $3.0 million due from Resolute has not been recorded as a receivable.

The transaction was subject to a number of conditions, including approval from the Government of Mali for the transfer of the Finkolo permits. On May 9, 2013 a mining permit in respect of a key area (the "Mining Permit") was issued to Endeavour's Etruscan subsidiary and on July 4, 2013 an application was lodged with the Ministry of Mines for the transfer to a subsidiary of Resolute of the Mining Permit. To accommodate the parties' desire to close the sale of the main portion of the Finkolo permits (including the Mining Permit) expediently, on August 7, 2013 Endeavour and Resolute agreed to accelerate the closing of the main body of permits ahead of others, for which further procedural formalities will be necessary in Mali. On August 27, 2013 the executed transfer decree was received from the State of Mali in respect to the Mining Permit. This allowed the parties to advance to closing on the main portion of the transaction.

b) On April 29, 2013 the Corporation sold its 38.5% interest in Namibia Rare Earth Inc., ("NREI") comprising 30,000,000 shares at C$0.18 per share for cash proceeds of $5.3 million. At March 31, 2013 the investment in associate was $5.3 million.

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

9. MINING INTERESTS

	Mining Properties					
	Depletable	Non depletable	Assets under construction	Plant and equipment	Corporate assets	Total
Cost						
Balance as at December 31, 2012	$ 624,629	$ 499,778	$ 56,867	$ 297,200	$ 2,735	$ 1,481,209
Expenditures/additions	26,885	115,044	7,955	15,837	53	165,774
Transfer	-	-	(64,522)	64,522	-	-
Balance as at September 30, 2013	$ 651,514	$ 614,822	$ 300	$ 377,559	$ 2,788	$ 1,646,983
Accumulated depreciation						
Balance as at December 31, 2012	$ 68,021	$ -	$ -	$ 30,730	$ 1,297	$ 100,048
Depreciation/depletion	32,850	-	-	37,010	178	70,038
Impairment charges (Note 18)	199,723	116,330	-	62,936	-	378,989
Balance as at September 30, 2013	$ 300,594	$ 116,330	$ -	$ 130,676	$ 1,475	$ 549,075
Carrying amounts						
At December 31, 2012	$ 556,608	$ 499,778	$ 56,867	$ 266,470	$ 1,438	$ 1,381,161
At September 30, 2013	$ 350,920	$ 498,492	$ 300	$ 246,883	$ 1,313	$ 1,097,908

During the second quarter of 2013 the Corporation incurred a non-cash impairment charge of $379.0 million on mining properties and plant and equipment (Note 19).

The carrying value of plant and equipment under finance lease at September 30, 2013 was $12.4 million (December 31, 2012 - $12.0 million).

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

9. MINING INTERESTS (continued)

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

				Development Projects							
	Tabakoto Mine	Nzema Mine	Youga Mine	Agbaou Project	Houndé Project	Kofi Project	Ouaré Project	Exploration Properties	Assets under construction	Corporate assets	Total
Cost											
Balance as at December 31, 2012	$ 435,072	$ 580,715	$ 159,012	$ 57,377	$ 115,668	$ 60,085	$ 10,548	$ 3,130	$ 56,867	$ 2,735	$ 1,481,209
Reclass	-	-	-	-	-	-					-
Expenditures/additions	21,391	19,060	2,806	104,069	7,687	2,230	484	39	7,955	53	165,774
Transfers	64,522	-	-	-	-	-	-	-	(64,522)	-	-
Balance as at September 30, 2013	$ 520,985	$ 599,775	$ 161,818	$ 161,446	$ 123,355	$ 62,315	$ 11,032	$ 3,169	$ 300	$ 2,788	$ 1,646,983
Accumulated depreciation											
Balance as at December 31, 2012	$ 6,009	$ 53,660	$ 39,082	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,297	100,048
Depreciation/depletion	32,959	25,464	11,437	-	-	-	-	-	-	178	70,038
Impairment charges (Note 19)	-	335,614	36,332	-	-	-	3,874	3,169	-	-	378,989
Balance as at September 30, 2013	$ 38,968	$ 414,738	$ 86,851	$ -	$ -	$ -	$ 3,874	$ 3,169	$ -	$ 1,475	$ 549,075
Carrying amounts											
At December 31, 2012	$ 429,063	$ 527,055	$ 119,930	$ 57,377	$ 115,668	$ 60,085	$ 10,548	$ 3,130	$ 56,867	$ 1,438	$ 1,381,161
At September 30, 2013	$ 482,017	$ 185,037	$ 74,967	$ 161,446	$ 123,355	$ 62,315	$ 7,158	$ -	$ 300	$ 1,313	$ 1,097,908

On September 5, 2013, the Corporation completed the sale of several of its non-material, exploration-stage properties located in Mali, for proceeds of $3.7 million comprised of $0.7 million cash (net of advisory fees) and 10 million shares of Legend Gold Corp ("Legend"). The Corporation received $0.7 million of cash and 5 million common shares of Legend resulting in a realized gain of $2.1 million. An additional 5 million common shares of Legend will be received upon the completion of the transfer registration for a permit, which is currently in process.

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

10. LONG-TERM RECEIVABLE

The long-term receivable pertains to fuel duty that is recoverable from the Government of Mali. During the nine month period ended September 30, 2013 the Corporation received $2.4 million from the Government of Mali pertaining to fuel duty.

11. GOODWILL

	September 30, 2013	December 31, 2012
Etruscan - Youga	-	2,064
Adamus - Nzema	-	51,254
Balance, end of period	$ -	$ 53,318

Goodwill is assessed for impairment annually at the beginning of the fourth quarter, or when circumstances indicate there may be impairment, and is allocated to cash-generating units ("CGUs") on the basis of management's internal review.

During the second quarter of 2013 the Corporation incurred an impairment charge of $53.3 million on goodwill (Note 19).

12. INVESTMENT IN ASSOCIATE

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

				Proportion of ownership interest and voting power held	
Name of associate	Principal activity	Principal place of business	Country of incorporation	September 30, 2013	December 31, 2012
Namibia Rare Earths Inc.	Mining	Namibia	Canada	0.0%	38.5%

On April 29, 2013 the Corporation sold its 38.5% interest in Namibia Rare Earth Inc., comprising 30,000,000 shares at C$0.18 per share for cash proceeds of $5.3 million.

The reporting date of NREI is November 30. For the purposes of applying the equity method of accounting, the financial statements of NREI for the period ended February 28, 2013 have been used and appropriate adjustments have been made for the effects of significant transactions between February 28, 2013 and April 29, 2013.

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

12. INVESTMENT IN ASSOCIATE (continued)

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

	Namibia Rare Earths Inc.
At December 31, 2011	$ 11,747
Share of loss of associate, net of taxes	(1,781)
At September 30, 2012	9,966
Share of loss of associate, net of taxes	232
Write-down of investment	(3,564)
At December 31, 2012	6,634
Share of loss of associate, net of taxes	(465)
Write-down of investment in associate on reclassification to asset held for sale	(858)
Reclassification to assets held for sale (Note 8 (b))	(5,311)
At September 30, 2013	$ -

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

	September 30, 2013	December 31, 2012
Total assets	$ -	$ 17,819
Total liabilities	-	1,162
Net assets	$ -	$ 16,657
Corporation's share of net assets of Namibia Rare Earths Inc.	$ -	$ 6,413

13. PROMISSORY NOTE AND OTHER ASSETS

Promissory note and working capital loan

The Corporation disposed of its debt advisory business in December 2011, for future consideration of $20.0 million. The $20.0 million of consideration consists of the aggregate of a $10.1 million non-interest bearing promissory note and receipt of future earnings after expenses, including bonuses. During the nine months ended September 30, 2013 the Corporation received $3.3 million of distributions.

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

Endeavour Capital

On May 1, 2013 the Corporation's ownership percentage was diluted from 100% to 19.9%. On the date of the dilution of ownership, the investment in Endeavour Capital was treated as a financial asset classified as fair value through profit or loss ("FVTPL") with any gains or losses arising on re-measurement recognized in profit or loss.

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

13. PROMISSORY NOTE AND OTHER ASSETS (continued)

Endeavour Capital (continued)

The reduction in ownership has resulted in the Corporation losing control and triggering recognition of a loss on the entire interest in Endeavour Capital. A loss in the amount of $0.6 million has been recognized in the statement of comprehensive earnings resulting from the portion that has been entirely disposed of and from re-measurement of the interest retained from its carrying value to fair value.

Fair value of residual interest 129,999 shares @ C$0.03 per share	$	4
Summary of assets and liabilities derecognized		
Cash		(205)
Non-cash working capital		(419)
Net assets derecognized		(624)
Loss on dilution of ownership of subsidiary	$	(620)

14. FINANCE LEASE OBLIGATIONS

Finance leases relate to mining equipment with remaining lease terms of one to two years. The Corporation has the option to purchase the equipment for a nominal amount at the conclusion of the lease agreements. The Corporation's obligations under finance leases are secured by the lessors' title to the leased assets.

The finance leases were composed of the following obligations:

	September 30, 2013	December 31, 2012
Equipment lease obligations	$ 1,522	$ 3,093
Less: current portion	(1,212)	(1,807)
Long-term equipment lease obligations	$ 310	$ 1,286

	Minimum lease payments		Present value of minimum lease payments	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Not later than one year	$ 1,285	$ 2,003	$ 1,212	$ 1,807
Later than one year and not later than five years	314	1,336	310	1,286
	1,599	3,339	1,522	3,093
Less future finance charges	(77)	(246)	-	-
Present value of minimum lease payments	$ 1,522	$ 3,093	$ 1,522	$ 3,093

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

15. LONG-TERM DEBT

	September 30, 2013	December 31, 2012
Corporate loan facility (a)	$ 300,000	$ 200,000
Deferred financing costs (a)	(14,729)	-
Corporate loan facility	285,271	200,000
Mali Government interest bearing loan (b)	672	547
Total debt	285,942	200,547
Less: current portion	-	-
	$ 285,942	$ 200,547

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

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

On December 3, 2012 Endeavour drew down the remaining $100.0 million of the Corporate Facility to fund the gold bullion position, settle the Nzema and Tabakoto 2013 gold hedge programs (Note 15(a)), repay Avion's credit facility and financing arrangement with Banque Atlantique Mali S.A. ($27.9 million) and maintain a high level of cash liquidity.

On July 24, 2013 the Corporation signed a $350 million amended senior secured revolving corporate loan facility (the "Facility") with UniCredit Bank AG, BNP Paribas, ING Bank NV, Société Générale and Deutsche Bank AG. Up to $300 million of the Facility can be used for general corporate purposes including working capital and capital expenditures. As Endeavour had previously drawn $200 million, the amended facility provided $100 million of immediately available additional credit. The remaining $50 million of the Facility will be available after the construction of the Agbaou Gold Mine and can be used to fund expansions and other potential capital projects. The Facility is secured by shares of Endeavour's material gold mining subsidiaries and certain material assets of those subsidiaries.

The key terms of the Facility include:

- Maturity date is five years from signing or July 24, 2018, and the available Facility amount declines with six equal semi-annual reductions of $58.3 million commencing January 1, 2016;
- The Facility requires standard corporate financial covenants, including:
    - Interest Cover shall not be less than 3 to 1, calculated on a rolling 12 month basis
    - Net Debt to EBITDA shall not exceed 3.25 times, calculated on a rolling 12 month basis
    - Minimum tangible net worth of $600 million; and
- Interest is based on LIBOR plus a margin ranging between 3.75% and 5.5% per annum (sliding scale based on the actual Net Debt to EBITDA ratio).

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

15. LONG-TERM DEBT (continued)

On July 26, 2013 Endeavour drew down the additional $100.0 million of the Facility for general working capital purposes.

The Corporation incurred $7.0 million of financing fees, $3.2 million of legal, consulting, registration and other fees and $5.3 million in advisory fees (the Corporation received back $3.3 million in distributions, out of the $5.3 million paid, as a repayment of the promissory note, refer to Note 13 for further details) for the Facility for the three and nine months ended September 30, 2013, which are being amortized over the five year term of the Facility.

(b) The Corporation, through its Malian subsidiaries, carries a liability payable to the Government of Mali in relation to their 20% ownership of Segala Mining Co S.A. The balance of this liability at September 30, 2013 is $0.7 million or CFA 288 million, (December 31, 2012 is $0.5 million or CFA 283 million), including accrued interest. This loan bears an interest rate at LIBOR plus 2%, and is calculated semi-annually. This loan will be paid with priority over shareholder dividends from the Malian subsidiaries.

16. DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the derivative financial assets:

	September 30, 2013	December 31, 2012
Gold put option program	$ 1,242	$ -
Less: current portion	(789)	-
Derivative financial assets	$ 453	$ -

On July 11, 2013 the Corporation bought put options at a strike price of $1,150 per ounce covering 54,000 ounces of gold. The gold put option program includes 3,000 ounces per month over the 18 month period from August 2013 to January 2015 and is designed to provide some operating margin protection without limiting the ability to benefit from a rise in the gold price. During the three and nine months ended 6,000 put options expired. The total put option program purchase price was $3.5 million.

The following table reflects the fair value of the put options as at September 30, 2013:

Period	Put options (ounces)	Price per Ounce	Fair Value
2013	9,000	$ 1,150.00	$ 24
2014	36,000	1,150.00	1,098
2015	3,000	1,150.00	120
	48,000	$ 1,150.00	$ 1,242

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

16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The following table summarizes the loss on the gold put protection program that has been recognized through the consolidated statements of comprehensive (loss) earnings:

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Change in unrealized (loss) - gold put option protection program	(2,239)	-	(2,239)	-
Total loss on the gold put option program	$ (2,239)	$ -	$ (2,239)	$ -

The following table summarizes the derivative financial liabilities:

	September 30, 2013	December 31, 2012
Gold price protection programs	$ 33,591	$ 65,141
Share purchase warrants	502	12,834
Derivative financial liabilites	$ 34,093	77,975
Less: current portion	(11,767)	-
Derivative financial liabilities	$ 22,326	$ 77,975

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

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Change in fair value of gold price protection programs (a)	$ (12,937)	$ (14,864)	$ 31,551	$ (19,644)
Change in fair value of share purchase warrants	224	(1,857)	12,332	5,957
Gain (loss) on derivative financial instruments (Note 21)	$ (12,713)	$ (16,721)	$ 43,883	$ (13,687)

(a) Gold price protection programs

The following table summarizes the gain (loss) on the gold price protection programs that have been recognized through the consolidated statements of comprehensive (loss) earnings:

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Realized gain (loss) - gold price protection programs	$ 29,259	$ (1,440)	$ 29,259	$ (4,278)
Change in unrealized gain (loss) gold price protection programs	(42,196)	(13,424)	2,292	(15,366)
Total gain (loss) on the gold price protection programs	$ (12,937)	$ (14,864)	$ 31,551	$ (19,644)

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

16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

a) *Gold price protection programs* (continued)

(i) Tabakoto Gold Mine, Mali

Avion sold twelve call options that entitle the buyer to purchase 36,396 ounces of gold over 12 consecutive quarters starting on September 1, 2012 and ending on June 1, 2015. In exchange, Avion received cash consideration of $25.0 million. Each call option entitles the buyer to purchase 3,033 ounces of gold at a set price. During 2012, the Corporation settled the 2013 call options.

The settlement of the call options are in cash as there is no exchange of physical gold between the Corporation and the buyer.

The following table reflects the fair value of the call options as at September 30, 2013:

Period	Call options (ounces)	Price per Ounce	Fair Value
2014	12,132	$ 900.00	$ 4,942
2015	6,066	900.00	2,377
	18,198	$ 900.00	$ 7,319

(ii) Nzema Gold Mine, Ghana

Adamus implemented a gold price protection program as part of the initial project financing of the Nzema Gold Mine. The gold price protection program consisted of gold forward contracts initially covering 290,000 ounces at a forward price of $1,075.00 per ounce and subsequently amended to $1,061.75 per ounce. The program required no cash or other margin. During 2012, the Corporation settled the 2013 call options.

On July 29, 2013 (in connection with the completion of the Amended Facility, Note 15 (a)), Endeavour re-distributed a portion of the 96,163 ounces of remaining forward contracts (originally linked to the former Nzema project financing), from UniCredit to several of the new lenders. The amended strike price has increased from $1,061.75 per ounce to a weighted average strike price $1,331.87 per ounce. On the close out of the former hedge under the Nzema project financing a $300 per ounce increase in the strike price gave rise to a crystallized loss; this crystallized loss will be spread and paid over the remaining hedge deliveries, resulting in the net proceeds to be received of $1,031.87 per ounce ($1,331.87 per ounce less the loss of $300 per ounce). As a result, the cost of re-striking the hedge is approximately $2.87 million and will be paid proportionately with the hedge deliveries during 2014 to 2016. Other terms and conditions remain the same.

The following table details the forward contracts as at September 30, 2013:

Period	Forward contracts (ounces)	Price per Ounce	Fair Value
2014	32,000	$ 1,331.87	$ 9,012
2015	32,000	1,331.87	8,670
2016	32,163	1,331.87	8,590
	96,163	$ 1,331.87	$ 26,272

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

16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(b) Share purchase warrants (continued)

The Corporation's share purchase warrants have exercise prices denominated in currencies other than the Corporation's US Dollar functional currency, which requires that they be classified and accounted for as derivative financial liabilities at fair value, with changes in fair value being included in the consolidated statement of comprehensive earnings. The share purchase warrants are valued using the Black-Scholes option pricing model. Details of share purchase warrants are disclosed in Note 18(b).

The 32,487,501 Endeavour warrants with an exercise price of C$2.50 (Note 18(b)) are fair valued using the market price. The 544,390 Etruscan replacement warrants, (December 31, 2012 – 544,390), (Note 18 (b)) are valued using the Black-Scholes valuation. The following assumptions were used for the Black-Scholes for the following periods;

	September 30, 2013	December 31, 2012
Risk-free interest rate	1.3%	1.3%
Expected life	0.2 years	0.9 years
Annualized volatility	103.6%	54.1%
Dividend rate	0.0%	0.0%
Forfeiture rate	0.0%	0.0%

The following table summarizes the change in the unrealized gain on the gold price protection programs and the change in the fair value of share purchase warrants that have been recognized through the consolidated statements of cash flows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Change in unrealized gain (loss) - gold price protection programs	$ (12,937)	$ (13,424)	$ 31,551	$ (15,366)
Change in fair value of share purchase warrants	224	(1,857)	12,332	5,957
Total unrealized gain (loss) on financial derivatives	$ (12,713)	$ (15,281)	$ 43,883	$ (9,409)

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

17. PROVISIONS

Environmental rehabilitation provision

	September 30, 2013	December 31, 2012
Balance beginning of period	$ 30,792	$ 9,100
Assumed on acquisition of Avion (Note 3)	-	12,314
Revisions in estimates and obligations incurred	3,632	9,059
Accretion	450	319
Balance end of period	$ 34,874	$ 30,792

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

The Corporation's undiscounted reclamation liability for the Tabakoto, Nzema and Youga gold mines as well as the Agbaou project at September 30, 2013 is summarized as follows;

Gold Mine	Undiscounted reclamation liability	Risk Free Rate	Inflation Rate	Country Risk Rate	Projected Life of Mine
Nzema	$ 18,792	1.80%	8.50%	5.00%	2020
Tabakoto	14,295	1.80%	2.80%	3.00%	2023
Agbaou	3,639	2.70%	2.30%	3.00%	2024
Youga	2,592	1.80%	2.80%	3.00%	2019
	$ 39,318				

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

18. SHARE CAPITAL

(a) *Voting shares*

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

(b) *Warrants*

A summary of the changes in warrants is presented below:

	Warrants outstanding	Weighted average exercise price (C$)
At December 31, 2011	33,237,138	$ 2.46
Exercised	(69,900)	1.08
Expired	(135,347)	2.49
At September 30, 2013 and December 31, 2012	33,031,891	$ 2.46

The following table summarizes the outstanding and exercisable warrants as at September 30, 2013:

Outstanding and Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
544,390	0.34	0.23 years
32,487,501	2.50	0.35 years
33,031,891	$ 2.46	0.35 years

Subsequent to September 30, 2013, the 544,390 warrants at a weighted average exercise price of C$0.34 were exercised for cash proceeds of $0.2 million

(c) *Share-based payments*

The following table summarizes the share-based payments:

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Expense on granting of options	$ 672	$ 11	$ 3,896	$ 390
Total expense recognized on grant of DSUs	20	-	738	-
Change in fair valuation of DSUs	64	-	(462)	-
Total share-based payments	$ 756	$ 11	$ 4,172	$ 390

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

18. SHARE CAPITAL (continued)

(c) Share-based payments (continued)

(i) Options

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

	Options outstanding	Weighted average exercise price (C$)
At December 31, 2011	17,525,788	$ 2.92
Issued on Avion Plan of Arrangement (Note 3)	12,713,707	2.06
Granted	615,000	2.24
Exercised	(3,658,795)	1.68
Forfeited	(50,000)	2.04
Expired	(1,270,882)	7.04
At December 31, 2012	25,874,818	2.46
Granted	8,794,908	2.26
Exercised	(1,776,159)	1.42
Forfeited	(66,667)	2.04
Expired	(2,214,703)	3.93
At September 30, 2013	30,612,197	$ 2.36

The following table summarizes information about the exercisable share options outstanding as at September 30, 2013:

Exercise Prices (C$)	Outstanding	Exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
$0.80 - $1.50	705,170	705,170	$ 1.18	2.78 years
$1.51 - $2.00	11,327,350	11,327,350	1.77	1.89 years
$2.01 - $2.50	9,873,228	3,838,289	2.28	4.08 years
$2.51 - $3.00	6,399,312	6,399,312	2.68	2.87 years
$3.51 - $4.00	80,300	80,300	3.70	2.61 years
$4.01 - $44.96	2,226,837	2,226,837	5.05	2.72 years
	30,612,197	24,577,258	$ 2.37	2.59 years

The Corporation has established a share option plan whereby the Corporation's directors may from time to time grant options to directors, employees or consultants. The maximum term of any option is ten years. The exercise price of an option is not less than the volume weighted average trading price of the shares traded on the exchange for the five trading days immediately preceding the grant date. At September 30, 2013, there were 41,249,890 (December 31, 2012 – 41,072,274) options available for grant under the plan, of which 10,637,693 (December 31, 2012 – 15,197,456) are still available to be granted.

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

18. SHARE CAPITAL (continued)

(c) Share-based payments (continued)

(i) *Options* (continued)

During the nine months ended September 30, 2013, 8,794,908 share options were granted with an average grant date fair value per option of C$2.26. No options where granted during the three month period ended September 30, 2013. Share-based payments of $0.8 million and $4.2 million for the three and nine months ended September 30, 2013 were recorded, respectively (September 30, 2012 - $nil and $0.4 million for the three and nine months ended).

On October 17, 2012, the Corporation issued 12,713,707 options to effect the acquisition of Avion, as described in Note 3. The Avion option holders received 0.365 of an Endeavour option for each Avion option and their options vested immediately without any changes to the terms of expiry. The options were valued at $15.0 million as part of the purchase allocation price (Note 3).

The following weighted average assumptions were used for the Black-Scholes valuation of share options for the three and nine months ended September 30, 2013:

	September 30, 2013	December 31, 2012
Risk-free interest rate	1.2%	1.1%
Expected life	3.0 years	3.0 years
Annualized volatility	51.3%	47.2%
Dividend rate	0.0%	0.0%
Forfeiture rate	11.6%	10.9%

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

(ii) Deferred share units

On January 26, 2013 the Corporation established a deferred share unit plan ("DSU") for the purposes of strengthening the alignment of interests between non-executive directors of the Corporation and shareholders by linking a portion of the annual director compensation to the future value of the Corporation's common shares.

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

At September 30, 2013, 407,686 DSUs were held by participating directors with a fair value of $0.3 million (December 31, 2012 – nil). The fair value of the DSUs was recognized as share-based payments totaling $0.1 million and $0.3 million for the three and nine months ended September 30, 2013 ($nil for the three and nine months ended September 30, 2012) with a corresponding amount recorded as a deferred share unit liability in the consolidated statement of financial position.

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

18. SHARE CAPITAL (continued)

(c) Share-based payments (continued)

(ii) *Deferred share units* (continued)

A summary of the changes in DSUs is presented below:

	Deferred Units outstanding
At December 31, 2012	-
Granted	416,575
Exercised	(8,889)
At September 30, 2013	407,686

(d) Diluted earnings (loss) per share

The following summarizes the stock options and share purchase warrants excluded from the computation of diluted earnings (loss) per share because the exercise prices exceeded the daily weighted average market values of the common shares for the three and nine months ended September 30, 2013, of C$0.68 and C$1.03 (September 30, 2012 – C$2.11 and C$2.23).

	Three months ended September 30, 2013	2012
Stock options	30,719,030	9,250,073
Share purchase warrants	32,487,501	32,622,848

	Nine months ended September 30, 2013	2012
Stock options	30,475,138	9,250,073
Share purchase warrants	32,487,501	32,622,848

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

	Three months ended September 30, 2013	2012
Basic and diluted weighted average number of shares outstanding	412,493,944	245,091,769

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

18. SHARE CAPITAL (continued)

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

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Basic weighted average number of shares outstanding	412,406,360	244,998,854
Effect of dilutive securities		
Stock options	-	1,074,355
Share purchase warrants	-	468,639
Diluted weighted average number of shares outstanding	412,406,360	246,541,848

19. IMPAIRMENT CHARGE

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Goodwill	$ -	$ -	$ 53,318	$ -
Depletable mining properties	-	-	199,723	-
Non-depletable mining properties	-	-	116,330	-
Plant & equipment	-	-	62,936	-
Total impairment	$ -	$ -	$ 432,307	$ -

During the nine months ended September 30, 2013, the Corporation recognized a non-cash, $432.3 million impairment charge from an assessment carried out on its mineral interests due to the sharp decline in the gold price (to a low of approximately $1,180 per ounce in late June) seen during the second quarter of 2013 and the decline in Endeavour's share price along with many precious metal companies' share prices, which acted as indicators of potential impairment of the carrying value of its mineral interests. The non-cash impairment charge is comprised of $53.3 million of goodwill, $316.1 million of mining properties, $62.9 million of plant and equipment and a deferred income tax recovery of $123.8 million.

The following table summarizes the impairment charges related to goodwill, mining properties, plant and equipment and the related deferred tax recovery by CGU:

CGU	Goodwill	Mining properties	Plant & equipment	Deferred tax recovery	Total after-tax impairment
Nzema	$ 51,254	$ 280,648	$ 54,966	$ (117,465)	$ 269,403
Youga	2,064	28,362	7,970	(6,358)	32,038
Ouaré	-	3,874	-	-	3,874
Exploration	-	3,169	-	-	3,169
Total impairment	$ 53,318	$ 316,053	$ 62,936	$ (123,823)	$ 308,484

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

19. IMPAIRMENT CHARGE (continued)

The presentation of the condensed consolidated financial statements as at and for the three and six months ended June 30, 2013 have been amended (for comparative purposes) to record the impairment charge on a post-tax basis instead of on a pre-tax basis. The amendment has no impact on cash or the current or previously reported cash flows. The Corporation's assumptions and estimates used in determining future cash flows, net present values and recoverable amounts for the cash generating units have not changed. The effect of the amendment is summarized as follows:

	As reported June 30, 2013	As amended June 30, 2013
Statement of financial position		
Mining interests	$ 1,193,164	$ 1,069,341
Deferred income taxes	(111,945)	(62,648)

	As reported	As amended	As reported	As amended
	Three months ended June 30,		Six months ended June 30,	
	2013	2013	2013	2013
Statement of comprehensive loss				
Impairment of mining interests and goodwill	$ 308,484	$ 432,307	$ 308,484	$ 432,307
Loss from operations	313,271	437,094	300,182	424,005
Loss before tax	288,888	412,711	265,043	388,866
Deferred income taxes recovery	(79,571)	(128,868)	(76,489)	(125,786)
Net loss and total comprehensive loss	210,260	284,786	193,576	268,102
Attributable to shareholders of Endeavour Mining Corporation	196,755	257,609	181,618	242,471
Attributable to Non-controlling interests	13,505	27,177	11,958	25,631
Basic and diluted loss per share	$ (0.48)	$ (0.69)	$ (0.44)	$ (0.65)

Key assumptions

The key assumptions used in determining the recoverable amount for each CGU are long-term commodity prices, discount rates, cash costs of production, capital expenditures, foreign exchange rates and net asset value multiples.

The Corporation's estimates of future metal prices are determined based on current prices, forward prices and forecasts of future prices prepared by industry analysts. For the impairment analysis, estimated 2013, 2014 and long-term gold prices used were $1,300 per ounce.

The Corporation's estimates of future cash costs of production and capital expenditures are based on the life of mine plans for each CGU.

For the impairment analysis discount rates of between 5.0% and 10.0% were used depending upon risk and stage of development of the project or mine (2012 annual goodwill impairment analysis used the same range of rates).

Impairment charges recognized against mining properties and plant and equipment (excluding goodwill) may be reversed if there are changes in the assumptions or estimates used in determining the recoverable amounts of

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19. IMPAIRMENT CHARGE (continued)

Sensitivity

the CGUs which indicate that a previously recognized impairment loss may no longer exist or may have decreased.

The Corporation performed a sensitivity analysis on all key assumptions and determined that a reasonably possible change in the key assumptions would not cause the carrying value of any CGU to exceed its recoverable amount.

20. NON-CONTROLLING INTERESTS

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

	Segala Mining Corporation SA	Adamus Resources Limited	Burkina Mining Company SA	Total
At December 31, 2011	$ -	$ 23,290	$ 2,945	$ 26,235
Net earnings (loss)	-	(1,720)	6,957	5,237
At September 30, 2012	-	21,570	9,902	31,472
Acquisition of Avion (Note 3)	41,791	-	-	41,791
Net earnings (loss)	(587)	1,422	858	1,693
At December 31, 2012	41,204	22,992	10,760	74,956
Net earnings (loss)	(575)	(26,346)	(831)	(27,752)
Dividend distribution	-	-	(1,248)	(1,248)
At September 30, 2013	$ 40,629	$ (3,354)	$ 8,681	$ 45,956

During the third quarter of 2013 Endeavour's 90% owned Burkina Faso subsidiary, Burkina Mining Company, declared a $12.4 million dividend based on its 2012 results. The payment of the dividend resulted in a cash payment of $1.2 million (inclusive of withholding taxes) to the Burkina Faso Government.

21. GAINS (LOSSES) ON FINANCIAL INSTRUMENTS, NET

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Gain (loss) on marketable securities	$ (137)	$ (24)	$ (6,281)	$ (9,157)
Imputed interest on promissory note	601	-	1,807	-
Interest income	7	417	94	887
(Loss) on derivative financial assets (Note 16)	(2,239)	-	(2,239)	-
Gain (loss) on derivative financial liabilities (Note 16)	(12,713)	(16,721)	43,883	(13,687)
Gain (loss) on foreign currency	(282)	752	(2,742)	681
	$ (14,763)	$ (15,576)	$ 34,522	$ (21,276)

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

22. INCOME TAXES

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, Ghana, Liberia, Mali, Monaco and Namibia 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, except in the Cayman Islands, to reconcile earnings to the income tax expense.

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Current income taxes	$ (1,458)	$ (3,184)	$ (6,480)	$ (7,062)
Capital gains taxes	(988)	-	(988)	-
Withholding taxes	(702)	-	(702)	-
	$ (3,148)	$ (3,184)	$ (8,170)	$ (7,062)

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

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Australia	30.0%	30.0%	30.0%	30.0%
Barbados	2.5%	2.5%	2.5%	2.5%
Burkina Faso	17.5%	17.5%	17.5%	17.5%
Canada	25.0%	25.0%	25.0%	25.0%
Cayman Islands	0.0%	0.0%	0.0%	0.0%
Côte d'Ivoire	25.0%	25.0%	25.0%	25.0%
Ghana	35.0%	35.0%	35.0%	35.0%
Liberia	25.0%	25.0%	25.0%	25.0%
Mali	30.0%	30.0%	30.0%	30.0%
Monaco	33.3%	33.3%	33.3%	33.3%
Namibia	37.5%	37.5%	37.5%	37.5%

The Corporation operates in numerous countries around the world and accordingly it is subject to, and pays annual income taxes under the various income tax regimes in the countries in which it operates. Some of these tax regimes are defined by contractual agreements with the local government, and others are defined by the general corporate income tax laws of the country (or a combination of both). The Corporation has historically filed, and continues to file, all required income tax returns and to pay the taxes reasonably determined to be due. The tax rules and regulations in many countries are highly complex and subject to interpretation. From time to time the Corporation is subject to a review of its income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Corporation's business conducted within the country involved.

The Corporation's Ghanaian subsidiary, Adamus Resources Limited, was audited by the Ghana Revenue Authority ("GRA") for its fiscal taxation years June 30, 2007 to June 30, 2011. The GRA audit resulted in the Corporation being assessed $7.2 million, of which $4.7 million related primarily to withholding taxes for the pre-commercial production period. The $4.7 million was paid during the fourth quarter of 2012, and is included in operating costs for the year ended December 31, 2012. In addition, the audit also resulted in the reduction of the Corporation's capital allowance for income tax purposes.

22. INCOME TAXES (continued)

In the first quarter of 2012, Ghana passed new tax laws that raised the statutory rate from 25% to 35%. This tax change had a $23.1 million impact on the first quarter deferred tax expense relating to the temporary difference at Nzema arising from prior periods. The expense was offset from losses arising from a realized hedge loss.

The Corporation's Burkina Faso subsidiary, Burkina Mining Company SA, ("BMC") was audited by the Direction Généralé Des Impots ("DGI") for its fiscal taxation years December 31, 2010 and December 31, 2011 and has received a tax assessment amounting to approximately $18.3 million. The Corporation is continuing to work with its local tax and legal advisers, as well as the Burkina Faso Chamber of Mines to finalize the audit and is hopeful that the matter will be resolved in the near future. 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. Due to the uncertainty of the amount of the tax assessment, no accrual has been made in the financial statements. On July 25, 2013, the Bank of Africa ("BoA") opened a bank guarantee facility (the "Bank Guarantee") in favour of BMC for an amount in CFA representing 25% of BMC's $18.3 million tax assessment.

The Bank Guarantee from BoA shall remain in effect for an initial period of twelve months and may be renewed thereafter.

During 2011 the Corporation's Malian subsidiary, Segala Mining Corporation SA, received a final tax assessment from the Malian government of approximately $4.2 million for the fiscal years ended 2005, 2006 and 2007. The Corporation has paid the above noted amounts owed in respect of such final tax. The Corporation has received further assessments for amounts totaling approximately $5.0 million (including penalties) pertaining to the fiscal years ended 2008, 2009 and 2010. These amounts have not been accrued for, as the Corporation believes its provision for taxes is sufficient to cover this assessment, and in addition, the Corporation has challenged these assessments, as well as the earlier assessment, as it believes they are both without merit.

The Corporation's Burkina Faso subsidiary, Avion Gold (Burkina Faso) SARL, ("AGBFS") was audited by the DGI for its fiscal taxation years December 31, 2010 and December 31, 2011 and has received a tax assessment amounting to approximately $3.4 million. The Corporation is continuing to work with its local tax and legal advisers to finalize the audit and is hopeful that the matter will be resolved in the near future. 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. Due to the uncertainty of the amount of the tax assessment, no accrual has been made in the financial statements.

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23. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30, 2013	2012	Nine months ended September 2013	2012
			(Note 19)	
Operating activities				
Earnings before taxes	$ (1,735)	$ 1,681	$ (390,601)	$ 26,316
Adjust for:				
Depreciation and depletion	21,779	17,330	70,038	51,438
Accretion of reclamation and other closure obligations (Note 16)	140	67	450	195
Amortization of finacing costs	686	-	686	-
Loss on marketable securities (Note 21)	137	24	6,281	9,157
Revisions in estimates and obligations incurred for the environmental rehabilitation provision (Note 16)	3,632	-	3,632	-
Impairment of mining interests and goodwill (Note 19)	-	-	432,307	-
Imputed interest on promissory note	(601)	-	(1,807)	-
Share-based payments (Note 18 (c))	756	11	4,172	390
Unrealized (gain) loss on derivative financial assets (Note 16)	2,239	-	2,239	-
Unrealized (gain) loss on derivative financial liabilities (Note 16)	12,713	15,281	(43,883)	9,409
Loss of sale on gold bullion (Note 5)	-	-	5,463	-
Write-down of gold bullion (Note 5)	-	-	2,088	-
Share of loss of associate, net of taxes (Note 12)	-	259	465	1,781
Write-down of investment in associate on reclassification to asset held for sale (Note 12)	-	-	858	-
Loss on change of ownership (Note 13)	-	-	620	-
Gain on sale of Finkolo joint venture (Note 8)	(13,412)	-	(13,412)	-
Gain on sale of subsidiaries (Note 9)	(2,092)	-	(2,092)	-
Change in long-term receivable	1,475	-	2,419	-
Interest income	(7)	(417)	(94)	(887)
Interest received	7	91	94	123
Interest paid	(1,213)	(751)	(4,739)	(1,930)
Income and other taxes paid	(4,002)	(545)	(14,542)	(456)
Reclamation deposit	-	(4,517)	-	(4,517)
Changes in non-cash working capital:				
Trade and other receivables	(4,801)	(985)	(3,631)	(2,199)
Prepaid expenses and other	(3,872)	(4,793)	(13,483)	(11,905)
Inventories	13,764	(1,092)	20,232	(1,296)
Trade and other payables	(1,691)	3,955	(12,929)	7,282
	$ 23,901	$ 25,599	$ 50,831	$ 82,901

24. SEGMENTED INFORMATION

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

Following the acquisition of Avion, as disclosed in Note 3, the CODM regularly reviews the following operations, the operating segments of the Corporation under IFRS 8:

(i) Tabakoto – the operation in Mali involved in the production of gold through the Corporation's integrated processes – mining, extraction, production and selling of gold to external clients
(ii) Nzema – the operation in Ghana involved in the production of gold through the Corporation's integrated processes – mining, extraction, production and selling of gold to external clients.
(iii) Youga – the operation in Burkina Faso involved in the production of gold through the Corporation's integrated processes – mining, extraction, production and selling of gold to external clients.
(iv) Development projects – operations involved in the construction of a mine and operations that have undergone a preliminary economic assessment.
(v) Exploration – operations involved in mineral exploration in West Africa.

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

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

24. SEGMENTED INFORMATION (continued)

	Three months ended September 30, 2013					
	Tabakoto Mine	Nzema Mine	Youga Mine	Exploration	Corporate	Total
Revenue						
Gold revenue	$ 51,134	$ 34,963	$ 28,357	$ -	$ -	$ 114,454
Cost of sales						
Operating expenses	37,978	27,602	19,860	-	-	85,440
Depreciation and depletion	15,255	3,524	2,939	-	61	21,779
Earnings from mine operations	(2,099)	3,837	5,558	-	(61)	7,235
Corporate costs	-	-	-	-	3,917	3,917
Share-based payments	-	-	-	-	756	756
Exploration	-	-	-	1,106	-	1,106
Earnings (loss) from operations	(2,099)	3,837	5,558	(1,106)	(4,734)	1,456
Other (expenses) income						
Gains (losses) on financial instruments	388	(8,904)	447	4	(6,698)	(14,763)
Gain on sale of Finkolo joint venture	-	-	-	13,412	-	13,412
Gain on sale of subsidiaries	-	-	-	2,092	-	2,092
Finance costs	(59)	(400)	(10)	-	(3,463)	(3,932)
	329	(9,304)	437	15,508	(10,161)	(3,191)
Earnings (loss) before taxes	(1,770)	(5,467)	5,995	14,402	(14,895)	(1,735)
Current income recovery (taxes)	223	-	(2,386)	(988)	3	(3,148)
Deferred income recovery (taxes)	1,999	(11,562)	(2,920)	(21)	-	(12,504)
Net earnings (loss) and total comprehensive earnings (loss)	$ 452	$ (17,029)	$ 689	$ 13,393	$ (14,892)	$ (17,387)

[1]There is no segmented statements of comprehensive earnings (loss) for development projects as all costs have been capitalized.

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24. SEGMENTED INFORMATION (continued)

	Three months ended September 30, 2012				
	Nzema Mine	Youga Mine	Exploration	Corporate	Total
Revenue					
Gold revenue	$ 42,001	$ 37,164	$ -	$ -	$ 79,165
Cost of sales					
Operating expenses	18,906	13,328	-	-	32,234
Depreciation and depletion	13,023	4,280	-	27	17,330
Earnings from mine operations	10,072	19,556	-	(27)	29,601
Corporate costs	-	-		7,533	7,533
Share-based payments	-	-		11	11
Exploration	-	-	1,853	-	1,853
Earnings (loss) from operations	10,072	19,556	(1,853)	(7,571)	20,204
Other (expenses) income					
Gains (losses) on financial instruments	(14,723)	(43)	-	(810)	(15,576)
Share of loss of associate, net of taxes	-	-	-	(259)	(259)
Endeavour Capital loss	-	-	-	(1,598)	(1,598)
Finance costs	(49)	(29)	-	(1,012)	(1,090)
	(14,772)	(72)	-	(3,679)	(18,523)
Earnings (loss) before taxes	(4,700)	19,484	(1,853)	(11,250)	1,681
Current income taxes	-	(3,175)	-	(9)	(3,184)
Deferred income taxes	1,883	(540)	-	27	1,370
Net earnings (loss) and total comprehensive earnings (loss)	$ (2,817)	$ 15,769	$ (1,853)	$ (11,232)	$ (133)

[1]There is no segmented statements of comprehensive earnings (loss) for development projects as all costs have been capitalized.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the three and nine months ended September 30, 2013 or September 30, 2012.

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24. SEGMENTED INFORMATION (continued)

	Nine months ended September 30, 2013					
	Tabakoto Mine	Nzema Mine	Youga Mine	Exploration	Corporate	Total
Revenue						
Gold revenue	$ 128,929	$ 99,025	$ 92,813	$ -	$ -	$ 320,767
Cost of sales						
Operating expenses	96,161	74,197	49,469	-	-	219,827
Depreciation and depletion	32,959	25,464	11,437	-	178	70,038
Earnings from mine operations	(191)	(636)	31,907	-	(178)	30,902
Corporate costs	-	-	-	-	13,778	13,778
Impairment of mining interests and goodwill	-	386,868	38,396	7,043	-	432,307
Share-based payments	-	-	-	-	4,172	4,172
Exploration	-	-	-	3,194	-	3,194
Earnings (loss) from operations	(191)	(387,504)	(6,489)	(10,237)	(18,128)	(422,549)
Other (expenses) income						
Gains (losses) on financial instruments	(1,153)	27,418	(166)	(231)	8,654	34,522
Gain on sale of Finkolo joint venture	-	-	-	13,412	-	13,412
Gain on sale of subsidiaries	-	-	-	2,092	-	2,092
Loss on sale of gold bullion	-	-	-	-	(5,463)	(5,463)
Write-down of gold bullion	-	-	-	-	(2,088)	(2,088)
Write-down of investment in associate					-	
on reclassification to asset held for sale	-	-	-	-	(858)	(858)
Loss on dilution of Endeavour Capital				-	(620)	(620)
Share of loss of associate, net						
of taxes	-	-	-	-	(465)	(465)
Endeavour Capital income	-	-	-	-	25	25
Finance costs	(551)	(560)	(31)	-	(7,467)	(8,609)
	(1,704)	26,858	(197)	15,273	(8,282)	31,948
Earnings (loss) before taxes	(1,895)	(360,646)	(6,686)	5,036	(26,410)	(390,601)
Current income (taxes) recovery	(221)	-	(7,377)	(988)	416	(8,170)
Deferred income recovery	4,561	101,416	5,853	1,450	2	113,282
Net earnings (loss) and total comprehensive earnings (loss)	$ 2,445	$ (259,230)	$ (8,210)	$ 5,498	$ (25,992)	$ (285,489)

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24. SEGMENTED INFORMATION (continued)

	Nine months ended September 30, 2012				
	Nzema Mine	Youga Mine	Exploration	Corporate	Total
Revenue					
Gold revenue	$ 129,422	$ 106,305	$ -	$ -	$ 235,727
Cost of sales					
Operating expenses	63,239	41,406	-	-	104,645
Depreciation and depletion	39,444	11,900	-	94	51,438
Earnings from mine operations	26,739	52,999	-	(94)	79,644
Corporate costs	-	-	-	16,366	16,366
Share-based payments	-	-	-	390	390
Acquisition costs	-	-	-	-	-
Exploration	-	-	7,029	-	7,029
Earnings (loss) from operations	26,739	52,999	(7,029)	(16,850)	55,859
Other (expenses) income					
Gains (losses) on financial instruments	(19,465)	(313)	-	(1,498)	(21,276)
Share of loss of associate, net of taxes	-	-	-	(1,781)	(1,781)
Endeavour Capital loss	-	-	-	(2,916)	(2,916)
Finance costs	(142)	(119)	-	(3,309)	(3,570)
	(19,607)	(432)	-	(9,504)	(29,543)
Earnings (loss) before taxes	7,132	52,567	(7,029)	(26,354)	26,316
Current income taxes	-	(6,651)	-	(411)	(7,062)
Deferred income taxes	(7,599)	960	-	201	(6,438)
Net earnings (loss) and total comprehensive earnings (loss)	$ (467)	$ 46,876	$ (7,029)	$ (26,564)	$ 12,816

Geographical information

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

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

	Revenue from external customers			
	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Burkina Faso	$ 28,357	$ 37,164	$ 92,813	$ 106,305
Ghana	34,963	42,001	99,025	129,422
Mali	51,134	-	128,929	-
	$ 114,454	$ 79,165	$ 320,767	$ 235,727

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

24. SEGMENTED INFORMATION (continued)

Geographical information (continued)

Non-current Assets

	September 30, 2013	December 31, 2012
Burkina Faso	$ 205,480	$ 246,146
Côte d'Ivoire	161,446	57,377
Ghana	198,516	527,055
Mali	546,907	550,709
Other	13,344	77,604
	$ 1,125,693	$ 1,458,891

Information about major customers

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

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Revenue from one customer in Youga segment	$ 28,357	37,164	$ 92,813	$ 106,305
Revenue from one customer in Nzema segment	34,963	42,001	99,025	129,422
Revenue from one customer in Tabakoto segment	51,134	-	128,929	-
	$ 114,454	$ 79,165	$ 320,767	$ 235,727

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.

Total assets and liabilities from continuing operations

	September 30, 2013		December 31, 2012	
	Total assets	Total liabilities	Total assets[1]	Total liabilities
Tabakoto Mine	$ 557,189	$ 137,407	$ 550,219	$ 177,827
Nzema Mine	243,129	35,294	581,697	177,484
Youga Mine	113,578	21,939	188,554	34,891
Agbaou Project	165,389	13,202	57,377	6,544
Houndé Project	123,355	-	115,668	-
Ouaré Project	7,158	-	10,548	115
Kofi Project	62,315	-	60,085	-
Corporate	105,842	326,867	184,493	220,874
Exploration	18,086	4,237	7,172	683
	$ 1,396,041	$ 538,946	$ 1,755,813	$ 618,418

[1]Included in Corporate is $53.3 million of goodwill associated with the merger of Adamus Resources Ltd ($51.2 million) and the acquisition of Etruscan Resources Inc. ($2.1 million).

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25. CAPITAL MANAGEMENT

The Corporation's objectives of capital management are to safeguard the entity's ability to support the Corporation's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans. The Corporation defines capital that it manages as net worth, which is comprised of total shareholders' equity and debt obligations (net of cash and cash equivalents and marketable securities).

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

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

	September 30, 2013	December 31, 2012
Equity	$ 857,095	$ 1,137,395
Current and long-term debt	285,942	200,547
	1,143,037	1,337,942
Less:		
Cash and cash equivalents	(119,351)	(105,902)
Cash - restricted	(4,517)	(4,517)
Gold bullion	-	(45,234)
Marketable securities	(1,893)	(7,766)
	$ 1,017,276	$ 1,174,523

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

26. FINANCIAL INSTRUMENTS

Financial assets and liabilities

The Corporation's financial instruments consist of cash and cash equivalents, marketable securities, trade and other receivables, promissory note and other assets, long-term receivable, derivative financial assets, trade and other payables, derivative financial liabilities and current and long-term debt. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Classification of financial assets and liabilities

Cash and cash equivalents, marketable securities and investment in Endeavour Capital (Note 13) are classified as FVTPL. Trade and other receivables and the promissory note and other assets are classified as loans and receivables and trade payables and long term debt and credit facilities are classified as other financial liabilities and derivative financial liabilities are classified as FVTPL.

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26. FINANCIAL INSTRUMENTS (continued)

Financial assets and liabilities (continued)

Classification of financial assets and liabilities (continued)

The Corporation assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives which would be required to be accounted for separately at fair value and to ensure that any embedded derivatives are accounted for in accordance with the Corporation's policy.

Fair value measurements of financial assets and liabilities recognized in the statement of financial position

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:

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);
Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

At September 30, 2013 the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities measured and recognized in the statement of financial position at fair value are categorized are as follows:

	September 30, 2013			
	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Cash and cash equivalents	$ 119,351	$ -	$ -	$ 119,351
Cash - restricted	4,517	-	-	4,517
Marketable securities	1,686	207	-	1,893
Derivative financial asset	-	1,242	-	1,242
	$ 125,554	$ 1,449	$ -	$ 127,003
Liabilities:				
Derivative financial liabilities	-	34,093	-	34,093
	$ -	$ 34,093	$ -	$ 34,093

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

26. FINANCIAL INSTRUMENTS (continued)

Financial assets and liabilities (continued)

At December 31, 2012 the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities are measured and recognized in the statement of financial position at fair value are categorized as follows:

	December 31, 2012			
	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Cash and cash equivalents	$ 105,902	$ -	$ -	$ 105,902
Cash - restricted	4,517	-	-	4,517
Marketable securities	1,166	2,000	4,600	7,766
	$ 111,585	$ 2,000	$ 4,600	$ 118,185
Liabilities:				
Derivative financial liabilities	-	77,975	-	77,975
	$ -	$ 77,975	$ -	$ 77,975

There were no transfers between level 1 and 2 in the period.

The following table reconciles the Corporation's level 3 fair value measurements (for example non-listed warrants and private companies) from December 31, 2012 to September 30, 2013:

	Private Equity
Balance at December 31, 2012	$ 4,600
Realized & unrealized losses included in net income	(4,600)
Balance at September 30, 2013	$ -

Included in level 3 are certain marketable securities that are fair valued as follows; options and warrants for both publicly traded companies and privately held companies are fair valued using the Black-Scholes pricing model, that uses assumptions supported by persuasive and objective evidence which include the risk-free interest rate, the expected life, annualized volatility, dividend and forfeiture rates.

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 and cash equivalents,

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

26. FINANCIAL INSTRUMENTS (continued)

Financial instrument risk exposure (continued)

(i) *Credit risk* (continued)

cash-restricted, marketable securities held with investment dealers, marketable securities, trade and other receivables, long-term receivable and promissory note and other assets.

The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk. The Corporation sells its gold to large international organizations with strong credit ratings. The Corporation's gold revenue is comprised of gold sales primarily to two customers.

The historical level of customer defaults is minimal and, as a result, the credit risk associated with gold trade receivables at September 30, 2013 is considered to be negligible. The Corporation does not rely entirely on ratings issued by credit rating agencies in evaluating counterparties' related credit risk.

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

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

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

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

	September 30, 2013	December 31, 2012
Cash and cash equivalents	$ 119,351	$ 105,902
Cash - restricted	4,517	4,517
Marketable securities	1,893	7,766
Trade and other receivables	47,154	26,523
Long-term receivable	2,275	4,694
Promissory note and other assets	11,578	13,084
	$ 186,768	$ 162,486

(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.

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

26. FINANCIAL INSTRUMENTS (continued)

Financial instrument risk exposure (continued)

(ii) Liquidity risk (continued)

The following table summarizes the contractual obligations at September 30, 2013:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 88,077	$ -	$ -	$ -	$ 88,077
Long-term debt	-	116,600	169,342	-	285,942
Engineering and construction	21,967	-	-	-	21,967
Finance lease obligations	1,212	310	-	-	1,522
Minimum operating lease payments	408	183	120	-	711
Environmental rehabilitation provision	-	-	-	39,318	39,318
	$ 111,664	$ 117,093	$ 169,462	$ 39,318	$ 437,537

Market risk

(i) Currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. Gold is sold in US dollars and the Corporation's costs are incurred principally in Australian dollars, CFA Franc, Canadian dollars, Euros, Ghana Cedi, Liberian dollars, South African Rand and US dollars.

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

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

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

	September 30, 2013	December 31, 2012
Canadian dollar	$ 3,654	$ (1,896)
Euro	31,881	(40,253)
Other currencies	14,613	2,548
	$ 50,148	$ (39,601)

26. FINANCIAL INSTRUMENTS (continued)

Financial instrument risk exposure (continued)

Market risk (continued)

(i) Currency risk (continued)

The effect on earnings and other comprehensive earnings before tax as at September 30, 2013 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 $5.0 million (December 31, 2012 – $3.9 million) assuming that all other variables remained constant. This calculation is based on the Corporation's statement of financial position as at September 30, 2013.

(ii) Interest rate risk

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

(iii) Price risk

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

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

27. COMMITMENTS AND CONTINGENCIES

Commitments

Contracts and Leases

(i) The Corporation has commitments in place at all three of its mines and its Agbaou project that is currently under construction for drill and blasting services, load and haul services and supply of explosives and supply of hydrocarbon services. The terms extend through the period October 1, 2013 to February 2016 and require the contractors to drill and blast a minimum agreed amount of bank cubic meters ("BCM") per annum.

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

(iii) The Corporation is subject to operating and finance lease commitments in connection with the purchase of mining equipment and light duty vehicles and workshop from several suppliers totaling $1.8 million. The terms extend through the period October 1, 2013 to February 2015. The Corporation is also subject to operating lease commitments in connection with rented office premises.

(iv) Endeavour selected its Engineering, Procurement and Construction Manager ("EPCM") for the Agbaou Gold Mine processing plant and certain other facilities in June 2012. The Corporation has commitments with the EPCM contractor and other service providers for the Agbaou Gold Mine from 2013 through to the final completion of the project.

(v) The Corporation is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Corporation cannot reasonably predict the likelihood or outcome of these actions. The Corporation does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations.

(vi) The Corporation's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Corporation believes its operations are materially in compliance with all applicable laws and regulations. The Corporation has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Contingencies

(i) On May 17, 2010 the Corporation received a notice of arbitration from Burkina Faso Mines Services S.A. ("BFMS) relating to the termination of a drill blast contract at the Youga Gold Mine in December 2009. BFMS claimed payments and damages totaling $9.3 million plus accrued interest, exchange rate adjustments and cost.

On January 17, 2013 the arbitrator rendered a decision which dismissed BFMS's claim against BMC but also rejected BMC's counterclaim against BFMS. Total historical payables of BMC together with interest due amounted to $3.9 million and were paid during the first quarter of 2013. On June 1, 2013 the arbitrator rendered a decision on the recoverable costs of the arbitration and legal proceedings which awarded the Corporation CDN $0.3 million. No costs were awarded to BFMS.