Three and nine months ended September 30, 2014 and 2013

(Expressed in Thousands of United States Dollars)

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

	September 30, 2014	December 31, 2013
ASSETS		
Current		
Cash	$ 55,358	73,324
Cash - restricted (Note 3)	4,517	4,517
Marketable securities	1,195	1,731
Trade and other receivables	53,437	38,662
Income taxes receivable	116	218
Inventories (Note 4)	97,206	62,354
Prepaid expenses and other	20,072	24,251
Current portion of derivative financial asset (Note 8)	56	1,658
	231,957	206,715
Mining interests (Notes 5)	1,033,198	1,037,249
Long-term receivable	4,274	4,274
Deferred income taxes	15,583	15,328
Promissory note and other assets	9,123	10,197
Derivative financial asset (Note 8)	-	230
	$ 1,294,135	$ 1,273,993
LIABILITIES		
Current		
Trade and other payables	98,492	94,180
Current portion of finance lease obligations (Note 6)	2,938	1,148
Current portion of derivative financial liabilities (Note 8)	7,729	8,850
Income taxes payable (Note 12)	9,175	12,214
	118,334	116,392
Finance lease obligations (Note 6)	12,275	70
Long-term debt (Note 7)	289,923	286,855
Derivative financial liabilities (Note 8)	6,929	12,019
Provisions	29,759	28,315
Deferred and performance share unit liability (Note 9)	572	152
Deferred income taxes	53,227	58,684
	511,019	502,487
EQUITY		
Share capital (Note 9)	991,569	991,320
Equity reserve	39,550	39,265
Retained earnings	(286,602)	(293,528)
Equity attributable to shareholders of the Corporation	744,517	737,057
Non-controlling interests (Note 10)	38,599	34,449
Total equity	783,116	771,506
	$ 1,294,135	$ 1,273,993

COMMITMENTS AND CONTINGENCIES (NOTE 16)

Approved by the Board: November 3, 2014

"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, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Revenues				
Gold revenue	$ 145,223	$ 121,054	$ 435,832	$ 339,082
Cost of sales				
Operating expenses	95,872	85,440	284,924	219,827
Depreciation and depletion	27,278	21,779	67,628	70,038
Royalties	6,817	6,600	21,650	18,315
Earnings from mine operations	15,256	7,235	61,630	30,902
Corporate costs	4,120	3,917	14,220	13,778
Impairment of mining interests and goodwill	-	-	-	432,307
Share-based payments (Note 9 (c))	487	756	929	4,172
Exploration	323	1,106	1,215	3,194
Earnings (loss) earnings from operations	10,326	1,456	45,266	(422,549)
Other income (expense)				
Gains (losses) on financial instruments (Note 11)	4,724	(14,763)	(10,302)	34,522
Finance costs	(7,557)	(3,932)	(21,261)	(8,609)
Other income (expense)	(2,093)	15,504	(1,107)	6,035
	(4,926)	(3,191)	(32,670)	31,948
Earnings (loss) earnings before taxes	5,400	(1,735)	12,596	(390,601)
Current income tax expense	(1,665)	(3,148)	(6,351)	(8,170)
Deferred income tax (expense) recovery	(1,679)	(12,504)	5,712	113,282
Net earnings (loss) and total comprehensive earnings (loss)	2,056	(17,387)	11,957	(285,489)
Attributable to:				
Shareholders of Endeavour Mining Corporation	1,859	(15,266)	6,926	(257,737)
Non-controlling interests (Note 10)	197	(2,121)	5,031	(27,752)
Net earnings (loss) and total comprehensive earnings (loss)	$ 2,056	$ (17,387)	$ 11,957	$ (285,489)
Net earnings (loss) per share (Note 9 (d))				
Basic earnings (loss) per share	$ 0.00	$ (0.04)	$ 0.02	$ (0.62)
Diluted earnings (loss) per share	$ 0.00	$ (0.04)	$ 0.02	$ (0.62)

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, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Operating Activities				
Earnings (loss) before taxes	$ 5,400	$ (1,735)	$ 12,596	$ (390,601)
Adjustments for:				
Depreciation and depletion	27,278	21,779	67,628	70,038
Impairment of mining interests and goodwill	-	-	-	432,307
Accretion of reclamation and other closure	481	140	1,444	450
Amortization of financing costs	1,071	686	3,177	686
Loss on marketable securities	1,074	137	972	6,281
Imputed interest on promissory note	(460)	(601)	(1,379)	(1,807)
Share-based payments	487	756	929	4,172
Unrealized (gain) loss on derivative financial instruments	(10,925)	44,211	(4,380)	(12,385)
Realized (gain) loss on derivative financial instruments	2,610	(29,259)	10,189	(29,259)
Loss on sale and write-down of gold bullion	-	-	-	7,551
Loss (gain) on sale of joint venture and subsidiaries	2,093	(15,504)	1,107	(15,504)
Loss on associates, net of taxes	-	-	-	1,943
Interest expense	3,697	2,661	10,568	5,779
Income and other taxes paid	(1,441)	(4,002)	(8,404)	(14,542)
Operating cash flows before non-cash working capital	31,365	19,270	94,447	65,110
Changes in non-cash working capital:				
Trade and other receivables	(1,060)	(4,801)	(17,322)	(3,631)
Prepaid expenses and other	(7,597)	(3,872)	6,029	(13,483)
Inventories	155	13,764	(14,107)	20,232
Trade and other payables	1,282	(4,352)	2,157	(18,708)
Long-term receivable and other	(1,558)	5,107	(1,783)	6,051
Cash generated from operating activities	22,587	25,116	69,421	55,571
Investing Activities				
Expenditures and prepayments on mining interests	(24,350)	(50,346)	(74,162)	(165,774)
Cash flows from sale and disposal of marketable securities	-	54	(436)	894
Proceeds from sale of gold bullion, assets held for sale and subsidiaries	-	703	-	43,696
Proceeds from distribution of promissory note	3,381	3,265	3,381	3,317
Proceeds from insurance and disposal of mining interests	1,000	-	1,288	-
Cash (used in) investing activities	(19,969)	(46,324)	(69,929)	(117,867)
Financing Activities				
Received from the issue of common shares	-	6	73	2,541
Settlement of gold hedge program (Note 8)	(2,610)	-	(10,189)	-
Proceeds from long term debt	-	100,000	-	100,000
Payment of financing and other fees	-	(15,415)	-	(15,415)
Purchase of gold put options	-	(3,481)	-	(3,481)
Dividends paid to minority shareholders	-	(1,248)	(881)	(1,248)
Finance lease proceeds (Note 6)	-	-	2,035	-
Interest paid	(380)	(1,213)	(7,184)	(4,739)
Repayment of finance lease obligation	(846)	(318)	(1,281)	(1,571)
Cash (used in) generated from financing activities	(3,836)	78,331	(17,427)	76,087
Effect of exchange rate changes on cash	(515)	42	(31)	(341)
Increase (decrease) in cash	(1,733)	57,164	(17,966)	13,449
Cash, beginning of period	57,091	62,188	73,324	105,902
Cash, end of period	$ 55,358	$ 119,351	$ 55,358	$ 119,351

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	Retained Earnings	Total Attributable to Shareholders	Non-Controlling Interests	Total
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)	-	-	-	-	-	-	-
Shares issued to purchase concessions	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	-	-	-	-	-	-	-	-	-	-	-	(1,248.49)	(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	$ 45,955	$ 857,094
At January 1, 2014	412,341,795	$ 4,118	$ 985,409	701,498	$ 7	$ 1,786	413,043,293	$ 991,320	$ 39,265	$ (293,528)	$ 737,057	$ 34,449	771,506
Exchangeable shares exchanged into common shares	34,839	-	89	(34,839)	-	(89)	-	-	-	-	-	-	-
Share options exercised	100,375	1	248	-	-	-	100,375	249	(176)	-	73	-	73
Share based payments	-	-	-	-	-	-	-	-	461	-	461	-	461
Dividends (Note 10)	-	-	-	-	-	-	-	-	-	-	-	(881)	(881)
Net earnings and total comprehensive earnings	-	-	-	-	-	-	-	-	-	6,926	6,926	5,031	11,957
At September 30, 2014	412,477,009	$ 4,119	$ 985,746	666,659	$ 7	$ 1,697	413,143,668	$ 991,569	$ 39,550	$ (286,602)	$ 744,517	$ 38,599	$ 783,116

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

Endeavour's corporate office is in Vancouver, Canada and its shares are listed on the Toronto Stock Exchange ("TSX") (symbol EDV) and the Australian Securities Exchange ("ASX") (symbol EVR) and quoted in the United States on the OTCQX International under the symbol 'EDVMF'. The Corporation is incorporated in the Cayman Islands and its registered office is located at 190 Elgin Avenue, George Town, 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, 2013, and have been consistently applied in the preparation of these interim financial statements, except as noted below.

(b) Basis of preparation

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at revalued amounts or fair value at the end of each reporting period, as explained in the accounting policies below. The Corporation's accounting policies have been applied consistently in preparing these condensed interim consolidated financial statements; with the exception of certain comparative figures that have been adjusted to correct the presentation of revenue and royalties to a gross basis. In 2013, the Corporation had netted royalties against revenues and is now presenting gross revenues of $121.1 million and $339.1 million and royalties of $6.6 million and $18.3 million for the three and nine months ended September 30, 2013, comparative statements of comprehensive earnings, respectively. The Company has presented, for the three and nine months ended September 30, 2013, respectively, its loss on the sale of gold bullion (nil and $5.5 million), write-down of gold bullion ($nil and $2.1 million), write down of investment in associate on reclassification to asset held for sale ($nil and $0.9 million), losses related to Endeavour Capital (nil and $1.1 million, in total), gain on sale of a joint venture ($13.4 million and $13.4 million), and gain on sale of subsidiaries ($2.1 million and $2.1 million), as Other Income (Expense). There is no net impact on the consolidated statement of comprehensive earnings or earnings from mine operations and no impact on the consolidated statements of financial position, the consolidated statements of cash flows or basic or diluted earnings per share in 2013.

(c) 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. Commercial production at the Agbaou Mine was declared on January 27, 2014 (accounting for commercial production commenced on February 1, 2014).

Commercial production is deemed to have commenced when a mining interest is capable of operating at levels intended by management. This is achieved when management determines that the operational commissioning of major mine and plant components is complete, operating results are being achieved consistently for a period of time and that there are indications that these operating results will continue.

The Corporation determines commencement of commercial production based on the following factors:

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

The list is not exhaustive and each specific circumstance is taken into account before making the decision.

(d) Capitalization of waste in open pit operations

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

(e) Share-based payment arrangements

Performance share units (“PSUs”) can be settled in cash or, upon shareholder approval, in shares of the Corporation. The fair value of the estimated number of PSUs that will eventually vest, determined at the date of grant, is recognized as share-based compensation expense over the vesting period, with a corresponding amount recorded as a liability. Until the liability is settled, the fair value of the PSUs is re-measured at the end of each reporting period and at the date of settlement, with changes in fair value recognized as share-based compensation expense or recovery over the vesting period. The fair value of the PSUs is estimated using the market value of the underlying shares at the date of grant and at the end of each reporting period.

(f) Newly adopted accounting standards

The following standards became effective for annual periods beginning on or after January 1, 2014, with earlier application permitted. The Corporation adopted these standards and they did not have a material impact on its consolidated financial statements.

- *IAS 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)*: On December 16, 2011, the IASB published amendments to IAS 32, *Financial Instruments: Presentation* to clarify the application of the offsetting requirements. The Corporation adopted this standard as of January 1, 2014, and determined its impact not to be significant.
- IFRIC 21 Levies: In May 2013, the IASB issued IFRIC 21 on the accounting for levies imposed by governments. The Corporation adopted this standard as of January 1, 2014, and determined its impact not to be significant.

(g) 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 15, Revenue from Contracts with Customers:* IFRS 15 introduces a new framework for determining the nature, amount, timing and uncertainty of revenues and cash flows arising from a contract with a customer. The standard is effective for annual period beginning on or after January 1, 2017, with early adoption permitted. The Corporation is currently evaluating the potential impact of the new standard on its consolidated financial statements.

- *IFRS 9, Financial Instrument*s: 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. In July 2014, the IASB issued the final version of *IFRS 9 Financial Instruments* bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace *IAS 39 Financial Instruments: Recognition and Measurement.* The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 9 on its consolidated financial statements.

3. CASH - RESTRICTED

The Corporation has a facility agreement that provides a bank guarantee to enable the Corporation to fulfill certain reclamation obligations in respect of disturbed mining lands at its operations. Under the guarantee the Corporation has provided $3.3 million in cash collateral plus $1.2 million by way of security to satisfy the mandated requirements, comprising its restricted cash balance of $4.5 million.

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

4. INVENTORIES

	September 30, 2014	December 31, 2013
Doré bars[(1)]	$ 7,287	$ 2,728
Gold in circuit[(2)]	10,852	8,670
Ore stockpiles[(3)]	23,856	14,296
Spare parts and supplies	55,211	36,660
	$ 97,206	$ 62,354

(1) Includes a charge of $0.2 million to reduce the costs of inventory to net realizable value at the Tabakoto mine (December 31, 2013, $nil) and $0.5 million at the Nzema mine (December 31, 2013, $nil).
(2) Includes a charge of $0.2 million to reduce the costs of inventory to net realizable value at the Tabakoto mine (December 31, 2013, $nil) and $1.4 million at the Nzema mine (December 31, 2013, $nil).
(3) Includes a charge of $1.6 million to reduce the costs of inventory to net realizable value at the Tabakoto mine (December 31, 2013, $11 million).

5. MINING INTERESTS

	Mining Properties					
	Depletable	Non depletable	Assets under construction	Plant and equipment	Corporate assets	Total
Cost						
Balance as at January 1, 2014	$ 710,585	$ 590,728	$ 910	$ 382,286	$ 1,867	$ 1,686,376
Expenditures/additions	31,982	8,318	-	47,099	-	87,399
Transfer	62,465	(189,743)	(910)	128,188	-	-
Transfer to inventory recognized on commercial production	(13,866)	-	-	-	-	(13,866)
Disposals	(2,757)	-	-	(316)	(4)	(3,077)
Balance as at September 30, 2014	$ 788,409	$ 409,303	$ -	$ 557,257	$ 1,863	$ 1,756,832
Accumulated depreciation						
Balance as at January 1, 2014	$ 365,739	$ 126,383	$ -	$ 155,529	$ 1,476	$ 649,127
Depreciation/depletion	36,286	-	-	31,265	77	67,628
Depreciation charge captured in inventory	3,397	-	-	3,482	-	6,879
Balance as at September 30, 2014	$ 405,422	$ 126,383	$ -	$ 190,276	$ 1,553	$ 723,634
Carrying amounts						
At December 31, 2013	$ 344,847	$ 464,344	$ 910	$ 226,757	$ 391	$ 1,037,249
At September 30, 2014	$ 382,987	$ 282,920	$ -	$ 366,981	$ 310	$ 1,033,198

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

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

					Development Projects					
	Tabakoto Mine	Nzema Mine	Youga Mine	Agbaou Mine[1]	Houndé Project	Ouaré Project	Exploration Properties	Assets under construction	Corporate assets	Total
Cost										
Balance as at January 1, 2014	$ 589,699	$ 604,174	$ 161,936	$ 190,804	$ 122,394	$ 11,422	$ 3,170	$ 910	$ 1,867	$ 1,686,376
Expenditures/additions	62,319	13,047	1,059	5,834	5,052	88	-	-	-	87,399
Transfer to inventory recognized on commercial production	910	-	-	(13,866)	-	-	-	(910)	-	(13,866)
Disposals	(27)	(2,757)	-	(289)	-	-	-	-	(4)	(3,077)
Balance as at September 30, 2014	$ 652,901	$ 614,464	$ 162,995	$ 182,483	$ 127,446	$ 11,510	$ 3,170	$ -	$ 1,863	$ 1,756,832
Accumulated depreciation										
Balance as at January 1, 2014	106,429	418,234	115,944	-	-	3,874	3,170	-	1,476	649,127
Depreciation/depletion	27,310	13,030	10,494	16,717	-	-	-	-	77	67,628
Depreciation charge captured in inventory	2,654	702	729	2,794	-	-	-	-	-	6,879
Balance as at September 30, 2014	$ 136,393	$ 431,966	$ 127,167	$ 19,511	$ -	$ 3,874	$ 3,170	$ -	$ 1,553	$ 723,634
Carrying amounts										
At December 31, 2013	$ 483,270	$ 185,940	$ 45,991	$ 190,805	$ 122,394	$ 7,548	$ -	$ 910	$ 391	$ 1,037,249
At September 30, 2014	$ 516,508	$ 182,498	$ 35,828	$ 162,972	$ 127,446	$ 7,636	$ -	$ -	$ 310	$ 1,033,198

[1] Commercial production at the Agbaou Mine was declared on January 27, 2014 (accounting for commercial production commenced on February 1, 2014).

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

6. FINANCE LEASE OBLIGATIONS

On March 7, 2014, the Corporation's Malian subsidiary entered into a five year, $18 million equipment lease financing facility. The equipment lease was used to purchase a portion of the owner-operated mining equipment for the Tabakoto and Segala underground developments. The lease terms have a fixed rate of 9.5% per annum to amortize the principal and there exists a purchase option to buy the equipment outright at the end of the lease life for 0.5% of cost. The equipment lease is treated as a finance lease.

The finance leases were composed of the following obligations:

	September 30, 2014	December 31, 2013
Equipment lease obligations	$ 15,213	$ 1,218
Less: current portion	(2,938)	(1,148)
Long-term equipment lease obligations	$ 12,275	$ 70

	Minimum lease payments		Present value of minimum lease payments	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Not later than one year	$ 4,246	$ 1,198	$ 2,938	$ 1,148
Later than one year and not later than five years	14,621	70	12,275	70
	18,867	1,268	15,213	1,218
Less future finance charges	(3,653)	(50)	-	-
Present value of minimum lease payments	$ 15,214	$ 1,218	$ 15,213	$ 1,218

7. LONG-TERM DEBT

	September 30, 2014	December 31, 2013
Corporate loan facility (a)	$ 300,000	$ 300,000
Deferred financing costs (a)	(10,634)	(13,811)
Corporate loan facility	289,366	286,189
Mali Government interest bearing loan (b)	557	666
Total debt	289,923	286,855

(a) 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. The full $350 million is available for general corporate purposes. During the second quarter of 2014, the lenders made the remaining $50 million of the Facility available for general corporate purposes and it is no longer subject to conditions precedent. The Facility is secured by shares of Endeavour's material gold mining subsidiaries and certain material assets of those subsidiaries.

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

The key terms of the Facility include:

- Maturity date is five years from signing, 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).

(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, 2014 is $0.6 million or CFA 280.5 million (December 31, 2013, was $0.7 million or CFA 371.1 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.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial assets

On July 11, 2013, the Corporation purchased, for $3.5 million, 54,000 ounces of 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 the Agbaou mine construction and ramp up was being completed and the Segala underground mine at Tabakoto is being brought into commercial production. As at September 30, 2014, 12,000 ounces (9,000 in 2014 and 3,000 in 2015) of gold put options remain outstanding with a fair value of $0.06 million (December 31, 2013, $1.9 million). During the nine-month period, 27,000 ounces of gold put options expired, and an unrealized loss of $1.8 million was incurred on the mark to market of the outstanding put options ($2.2M in 2013).

Derivative financial liabilities

The following table summarizes the derivative financial liabilities:

	September 30, 2014	December 31, 2013
Gold price protection programs (a)	$ 14,658	$ 20,869
Less: current portion	(7,729)	(8,850)
Derivative financial liabilities	$ 6,929	$ 12,019

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Realized (loss) gain - gold price protection programs	$ (2,610)	$ 29,259	$ (10,189)	$ 29,259
Change in unrealized gain (loss) gold price protection programs	10,909	(42,196)	6,211	2,292
Change in fair value of share purchase warrants (b)	-	224	-	12,332
Total gain (loss) on the gold price protection programs and share purchase warrants	$ 8,299	$ (12,713)	$ (3,978)	$ 43,883

(a) Gold price protection programs

(i) Options

Prior to Endeavour's acquisition, Avion sold twelve call options that entitle the buyer to purchase 36,396 ounces of gold (3,033 ounces per call option) at strike price of $900 over twelve consecutive quarters from September 1, 2012 to June 1, 2015. In exchange, Avion received cash consideration of $25.0 million.

The settlement of the call options are in cash as there is no exchange of physical gold. During the three and nine months ended September 30, 2014, the Corporation settled 3,033 ounces and 9,099 ounces of gold resulting in a realized loss of $1.2 million and $3.6 million, respectively.

As at September 30, 2014, 9,099 ounces (3,033 ounces in 2014 and 6,066 ounces in 2015) of gold call options remain outstanding with a fair value of $2.8 million (December 31, 2013, $5.3 million).

(ii) Forward contracts

Prior to Endeavour's acquisition, 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 per ounce and subsequently amended to $1,061 per ounce. The program required no cash or other margin.

On July 29, 2013 Endeavour re-distributed a portion of the 96,163 ounces of remaining forward contracts to several new lenders. The amended strike price has increased from $1,061 per ounce to a weighted average strike price $1,332 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 allocated and paid over the remaining hedge deliveries, resulting in the net proceeds to be received of $1,032 per ounce ($1,332 per ounce less the loss of $300 per ounce). Other terms and conditions remain the same.

The settlements of the forward contracts are in cash as there is no exchange of physical gold between the Corporation and the buyer. During the three and nine months ended September 30, 2014, the Corporation settled 7,813 and 26,651 ounces of gold resulting in a realized loss of $ 1.4 million and $6.6 million, respectively.

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

As at September 30, 2014, 69,512 ounces (5,349 ounces in 2014, 32,000 in 2015 and 32,163 in 2016) of gold forward contracts remain outstanding with a fair value of $11.9 million (December 31, 2013, $15.6 million).

(b) Share purchase warrants

The 32,487,501 Endeavour warrants with an exercise price of C$2.50 (Note 10(b)) expired on February 24, 2014.

9. 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, 2012	33,031,891	$	2.46
Exercised	(544,390)		0.34
At December 31, 2013	32,487,501	$	2.46
Expired	(32,487,501)		2.46
At September 30, 2014	-	$	-

(c) Share-based compensation

The following table summarizes the share-based compensation:

	Three months ended September 30,				Nine months ended September 30,			
		2014		2013		2014		2013
Amortization of option grants	$	335	$	672	$	461	$	3,896
Total expense recognized on grant and change in fair value of DSUs	$	25		84		341		276
Total expense recognized on grant and change in fair value of PSUs	$	127		-		127		-
Total share-based expense	$	487	$	756	$	929	$	4,172

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

(i) Options

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

	Options outstanding		Weighted average exercise price (C$)
At December 31, 2012	25,874,818		2.46
Granted	4,214,969		2.26
Cancelled	(183,333)		2.26
Exercised	(1,776,159)		1.42
Expired	(3,569,943)		3.29
At December 31, 2013	24,560,352	$	2.38
Granted	7,155,000		0.93
Exercised	(100,375)		0.80
Expired	(813,542)		2.00
At September 30, 2014	30,801,435	$	2.06

On May 13, 2014, the Corporation issued 900,000 options with a strike price of $0.81 and a fair value of $0.3 million, to be expensed over the 2-year vesting period. The options were valued using the Black-Scholes option pricing model. Assumptions used were a dividend yield of nil, expected volatility of 68.0%, risk free rate of 1.16% and expected life of 3 years.

On July 18, 2014, the Corporation issued 6,255,000 options with a strike price of $0.95 and a fair value of $2.0 million, to be expensed over the 2-year vesting period. The options were valued using the Black-Scholes option pricing model. Assumptions used were a dividend yield of nil, expected volatility of 75.8%, risk free rate of 1.08% and expected life of 2 years.

The following table summarizes information about the outstanding and exercisable share options outstanding as at September 30, 2014:

Exercise Prices (C$)	Outstanding	Exercisable		Weighted average exercise price (C$)	Weighted average remaining contractual life
$0.80 - $1.50	7,622,920	767,921	$	1.15	3.55 years
$1.51 - $2.00	10,411,350	10,411,350		1.76	1.01 years
$2.01 - $2.50	4,645,716	4,037,383		2.29	3.17 years
$2.51 - $3.00	5,814,312	5,814,312		2.67	2.10 years
$3.01 - $4.00	80,300	80,300		3.70	1.62 years
$4.01 - $44.96	2,226,837	2,226,837		5.05	1.72 years
	30,801,435	23,338,103	$	2.38	1.81 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, 2014, there were 41,314,367 (December 31, 2013 – 41,304,329) options available for grant under the plan, of which 10,512,932 (December 31, 2013 – 16,743,977) are still available to be granted.

(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. Upon establishing the DSU plan for non-executive directors, the Corporation no longer grants options to non-executive directors.

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 must 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.

In the nine months period ended September 30, 2014, 411,388 DSUs were granted and 53,333 DSUs were exercised.

At September 30, 2014, 695,049 (December 31, 2013 - 336,994) DSUs were held by participating directors with a fair value of $0.4 million (December 31, 2013 – $0.2 million). The fair value of the DSUs was recognized as share-based payments totaling $0.02 million and $0.3 million for the three and nine months ended September 30, 2014 (a recovery of $0.1 million and expense of $0.3 million for the three and nine months ended September 30, 2013, respectively) with a corresponding amount recorded as a deferred share unit liability in the consolidated statement of financial position.

(iii) Performance share units

In March 2014, following a comprehensive review of its executive compensation programs and pay practices, the Corporation introduced a change in its long term incentive plan ("LTI Plan") to include a portion of performance-linked share unit awards ("PSUs"). The new PSU program is intended to increase the pay mix in favour of long-term equity-based compensation with 3 year cliff-vesting to serve as an employee retention mechanism. On July 18, 2014, 2,627,000 PSUs were granted under this LTI Plan to certain employees of the Corporation. The fair value of the PSUs was recognized as share-based payment expense totaling $0.1 million for the three and nine months ended September 30, 2014 (2013: $nil), with a corresponding amount recorded as a preferred share unit liability in the consolidated statement of financial position.

(d) Diluted earnings per share

The following table summarizes the stock options and share purchase warrants excluded from the computation of diluted 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, 2014, of C$0.86 and C$0.81, respectively (C$0.68 and C$1.03 for the three and nine months ended September 30, 2013).

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

	Three months ended September 30, 2014	2013
Stock options	28,877,450	30,719,030
Share purchase warrants	-	32,487,501

	Nine months ended September 30, 2014	2013
Stock options	25,745,400	30,475,138
Share purchase warrants	-	32,487,501

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

	Three months ended September 30, 2014	2013	Nine months ended September 30 2014	2013
Basic and diluted weighted average number of shares outstanding	413,143,668	412,493,944	413,110,978	412,406,360
Effect of dilutive securities				
Stock options	49,614	4,078	2,157	-
Share purchase warrants	-	275,337	-	-
Diluted weighted average number of shares outstanding	413,193,282	412,773,359	413,113,135	412,406,360

10. NON-CONTROLLING INTERESTS

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

	Segala Mining Corporation SA (Tabakoto Mine)	Adamus Resources Limited (Nzema Mine)	Burkina Mining Company SA (Youga Mine)	Agbaou Gold Operations SA (Agbaou Mine)	Total
At January 1, 2013	$ 41,204	$ 22,992	$ 10,760	$ -	$ 74,956
Net loss	(9,154)	(26,615)	(3,490)	-	(39,259)
Dividend distribution	-	-	(1,248)	-	(1,248)
At January 1, 2014	32,050	(3,623)	6,022	-	34,449
Net earnings (loss)	(3,702)	473	1,329	6,931	5,031
Dividend distribution	-	-	(881)	-	(881)
At September 30, 2014	$ 28,348	$ (3,150)	$ 6,470	$ 6,931	$ 38,599

During 2013, Endeavour's 90% owned Burkina Faso subsidiary, Burkina Mining Corporation, 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.

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

During the period ended September 30, 2014, Burkina Mining Corporation declared an $8.8 million dividend based on its 2013 results. The payment of the dividend resulted in a cash payment of $0.9 million (inclusive of withholding taxes) to the Burkina Faso Government.

11. GAINS (LOSSES) ON FINANCIAL INSTRUMENTS, NET

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Gain (loss) on marketable securities	$ (1,074)	$ (137)	$ (972)	$ (6,281)
Imputed interest on promissory note	$ 460	601	1,379	1,807
Interest income	$ 46	7	66	94
Gain (loss) on derivative financial assets (Note 8)	$ 17	(2,239)	(1,831)	(2,239)
Gain (loss) on derivative financial liabilities (Note 8)	$ 8,299	(12,713)	(3,978)	43,883
Gain (loss) on foreign exchange	$ (3,024)	(282)	(4,966)	(2,742)
	$ 4,724	$ (14,763)	$ (10,302)	$ 34,522

12. INCOME TAXES

The Corporation operates in numerous countries and, accordingly, it is subject to, and pays annual income taxes under, the various income tax regimes in the countries in which it operates. From time to time the Corporation is subject to a review of its income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Corporation's business conducted within the country involved.

The Corporation's Burkina Faso subsidiary, Burkina Mining Corporation SA ("BMC"), was audited by the Direction Générálé Des Impots ("DGI") for its fiscal taxation years December 31, 2010 and December 31, 2011, and received a final tax assessment amounting to approximately $7.5 million, a reduction from the initial amount assessed of approximately $27.9 million. During the fourth quarter of 2013 the Corporation paid installments totaling approximately $3.1 million towards the assessed amount. As at September 30, 2014, $3.4 million (December 31, 2013 - $4.4 million) of the remaining assessed amount has been accrued in the financial statements and BMC and the DGI have agreed on a payment schedule, which will result in BMC paying approximately $1.8 million in 2014 and $2.6 million in 2015. In the three and nine months period ended September 30, 2014, BMC made a payment of $0.5 million and $1 million, respectively, in accordance with the schedule.

13. 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 to allocate resources to the segments, as disclosed in the table below, and to assess their performance.

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

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

	Three months ended September 30, 2014						
	Tabakoto Mine Mali	Nzema Mine Ghana	Youga Mine Burkina Faso	Agbaou Mine Côte d'Ivoire	Exploration	Non-Mining	Total
Revenue							
Gold revenue	$ 37,614	$ 31,050	$ 23,385	$ 53,174	$ -	$ -	$ 145,223
Cost of sales							
Operating expenses	38,742	24,072	13,490	19,568	-	-	$ 95,872
Depreciation and depletion	10,340	5,264	3,232	8,416	-	26	$ 27,278
Royalties	2,254	1,706	1,002	1,855	-	-	$ 6,817
Earnings (loss) from mine operations	(13,722)	8	5,661	23,335	-	(26)	15,256
Corporate costs	-	-	-	-	-	4,120	$ 4,120
Share-based payments	-	-	-	-	-	487	$ 487
Exploration	-	-	-	-	323	-	$ 323
Earnings (loss) from operations	(13,722)	8	5,661	23,335	(323)	(4,633)	10,326
Other income (expense)							
Gains (losses) on financial instruments	(3,461)	516	80	47	(30)	7,572	4,724
Finance costs	(385)	(248)	(39)	(48)	-	(6,837)	(7,557)
Other income (expense)	-	(2,754)	-	-	661	-	(2,093)
	(3,846)	(2,486)	41	(1)	631	735	(4,926)
Earnings (loss) before taxes	(17,568)	(2,478)	5,702	23,334	308	(3,898)	5,400
Current income taxes expense	(292)	(22)	(959)	-	-	(392)	(1,665)
Deferred income taxes (expense) recovery	(3,926)	2,389	499	(586)	-	(55)	(1,679)
Net earnings (loss) and total comprehensive earnings (loss)	$ (21,786)	$ (111)	$ 5,242	$ 22,748	$ 308	$ (4,345)	$ 2,056

	Three months ended September 30, 2013					
	Tabakoto Mine Mali	Nzema Mine Ghana	Youga Mine Burkina Faso	Exploration	Non-Mining	Total
Revenue						
Gold revenue	$ 54,399	$ 36,805	$ 29,850	$ -	$ -	$ 121,054
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
Royalties	3,265	1,842	1,493	-	-	6,600
Earnings from mine operations	(2,099)	3,837	5,558	-	(61)	7,236
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)
Finance costs	(59)	(400)	(10)	-	(3,463)	(3,932)
Other income (expense)	-	-	-	15,504	-	15,504
	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)

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

	Nine months ended September 30, 2014						
	Tabakoto Mine Mali	Nzema Mine Ghana	Youga Mine Burkina Faso	Agbaou Mine Côte d'Ivoire	Exploration	Non-Mining	Total
Revenue							
Gold revenue	$ 128,452	$ 114,331	$ 72,969	$ 120,080	$ -	$ -	$ 435,832
Cost of sales							
Operating expenses	114,366	76,485	41,723	52,350	-	-	284,924
Depreciation and depletion	27,310	13,030	10,493	16,718	-	77	67,628
Royalties	7,686	6,351	3,275	4,338	-	-	21,650
Earnings (loss) from mine operations	(20,910)	18,465	17,478	46,674	-	(77)	61,630
Corporate costs	-	-	-	-	-	14,220	14,220
Impairment of mining interests and goodwill	-	-	-	-	-	-	-
Acquisition costs	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	929	929
Exploration	-	-	-	-	1,215	-	1,215
Earnings (loss) from operations	(20,910)	18,465	17,478	46,674	(1,215)	(15,226)	45,266
Other income (expense)							
Gains (losses) on financial instruments	(5,057)	278	302	(76)	(781)	(4,968)	(10,302)
Finance costs	(702)	(745)	(117)	(145)	-	(19,552)	(21,261)
Other income (expense)	-	(2,754)	-	-	1,647	-	(1,107)
	(5,759)	(3,221)	185	(221)	866	(24,520)	(32,670)
Earnings (loss) before taxes	(26,669)	15,244	17,663	46,453	(349)	(39,746)	12,596
Current income and other taxes (expense) recc	(1,197)	(51)	(3,838)	-	-	(1,265)	(6,351)
Deferred income taxes (expense) recovery	5,729	40	352	(478)	-	69	5,712
Net earnings (loss) and total comprehensive earnings (loss)	$ (22,137)	$ 15,233	$ 14,177	$ 45,975	$ (349)	$ (40,942)	$ 11,957

	Nine months ended September 30, 2013					
	Tabakoto Mine Mali	Nzema Mine Ghana	Youga Mine Burkina Faso	Exploration	Non-Mining	Total
Revenue						
Gold revenue	$ 137,148	$ 104,245	$ 97,689	$ -	$ -	$ 339,082
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
Royalties	8,219	5,220	4,876	-	-	18,316
Earnings from mine operations	(191)	(636)	31,907	-	(178)	30,902
Corporate costs	-	-	-	-	13,778	13,778
Impairment of mining interests and goodwil	-	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
Finance costs	(551)	(560)	(31)	-	(7,467)	(8,609)
Other income (expense)	-	-	-	15,504	(9,469)	6,035
	(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)

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

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the three and nine months ended September 30, 2014 and 2013.

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 is presented above and information about its non-current assets by location is detailed below:

Non-current Assets	September 30, 2014	December 31, 2013
Burkina Faso	$ 170,910	$ 175,933
Côte d'Ivoire	162,972	190,805
Ghana	198,081	201,268
Mali	520,782	488,454
Other	9,434	10,818
	$ 1,062,179	$ 1,067,278

Information about major customers

Each segment has only one customer which accounts for all of its revenues.

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

	September 30, 2014		December 31, 2013	
	Total assets	Total liabilities	Total assets	Total liabilities
Tabakoto Mine	$ 629,134	$ 101,844	$ 571,563	$ 111,411
Nzema Mine	231,811	39,418	243,411	41,683
Youga Mine	80,484	17,505	78,327	19,101
Agbaou Mine	197,177	19,784	195,311	10,356
Houndé Project	127,446	-	122,394	-
Ouaré Project	7,636	-	7,548	-
Exploration	1,245	20,751	1,004	6,983
Non-mining	19,202	311,718	54,435	312,953
	$ 1,294,135	$ 511,020	$ 1,273,993	$ 502,487

14. 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.

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

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

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

	September 30, 2014	December 31, 2013
Equity	$ 783,116	$ 771,506
Current and long-term debt	289,923	286,855
	1,073,039	1,058,361
Less:		
Cash	(55,358)	(73,324)
Cash - restricted	(4,517)	(4,517)
Marketable securities	(1,195)	(1,731)
	$ 1,011,969	$ 978,789

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.

15. FINANCIAL INSTRUMENTS

Financial assets and liabilities

The Corporation's financial instruments consist of cash, 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.

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

Classification of financial assets and liabilities

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

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

At September 30, 2014, 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, 2014			
	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Cash	$ 55,358	$ -	$ -	$ 55,358
Cash - restricted	4,517	-	-	4,517
Marketable securities	1,089	106	-	1,195
Derivative financial asset	-	56	-	56
	$ 60,964	$ 162	$ -	$ 61,126
Liabilities:				
Derivative financial liabilities	-	14,658	-	14,658
	$ -	$ 14,658	$ -	$ 14,658

At December 31, 2013, 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, 2013			
	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Cash	$ 73,324	$ -	$ -	$ 73,324
Cash - restricted	4,517	-	-	4,517
Marketable securities	1,552	179	-	1,731
Derivative financial asset	-	1,888	-	1,888
	$ 79,393	$ 2,067	$ -	$ 81,460
Liabilities:				
Derivative financial liabilities	-	20,869	-	20,869
	$ -	$ 20,869	$ -	$ 20,869

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

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.

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

(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. There has been no change in the Corporation's objectives and policies for managing this risk in the three and nine months ended September 30, 2014.

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

	September 30, 2014	December 31, 2013
Cash	$ 55,358	$ 73,324
Cash - restricted	4,517	4,517
Marketable securities	1,195	1,731
Trade and other receivables	53,437	38,662
Long-term receivable	4,274	4,274
Promissory note and other assets	9,123	10,197
Derivative financial asset	56	1,888
	$ 127,960	$ 134,593

(ii) Liquidity risk

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

The following table summarizes the contractual obligations at September 30, 2014:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 98,492	$ -	$ -	$ -	$ 98,492
Long-term debt	-	116,600	183,400	-	300,000
Finance lease obligations	4,246	14,621	-	-	18,867
Minimum operating lease payments	338	45	-	-	383
Derivative financial liabilities	7,729	6,929			14,658
	$ 110,805	$ 138,195	$ 183,400	$ -	$ 432,400

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. There has been no change in the Corporation's objectives and policies for managing this risk during the three and nine months ended September 30, 2014.

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

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

The table below highlights the monetary net assets denominated in foreign currencies (in $US):

	September 30, 2014	December 31, 2013
Canadian dollar	$ 816	$ 3,153
CFA Francs	25,109	15,460
Other currencies	(3,035)	4,433
	$ 22,890	$ 23,046

(ii) *Interest rate risk*

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

(iii) *Price risk*

Price risk is the risk that the fair value or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market prices. There has been no change in the Corporation's objectives and policies for managing this risk and no significant changes to the Corporation's exposure to price risk during the three and nine months ended September 30, 2014.

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.

16. COMMITMENTS AND CONTINGENCIES

Contracts and Leases

(i) The Corporation has commitments in place at all four of its mines for drill and blasting services, load and haul services and supply of explosives and supply of hydrocarbon services.

(ii) The Corporation has various contracts in place at Nzema mine to purchase higher grade ore from third parties for processing that typically do not extend to more than one year.

(iii) The Corporation is subject to operating and finance lease commitments in connection with the purchase of mining equipment, light duty vehicles and workshop and rented office premises.

(iv) 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.

(v) 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.