UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

Commission file number: 001-33153

ENDEAVOUR SILVER CORP.

(Exact Name of Registrant as Specified in its Charter)

British Columbia	**1040**	**N/A**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code)	(I.R.S. Employer Identification No.)

#1130-609 Granville Street
Vancouver, British Columbia, Canada V7Y 1G5
(604) 685-9775

(Address and Telephone Number of Registrant's Principal Executive Offices)

DL Services Inc.
Columbia Center, 701 Fifth Avenue, Suite 6100
Seattle, Washington 98104
(206) 903-8800
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Copies to:
Jason K. Brenkert
Dorsey & Whitney LLP
1400 Wewatta Street, Suite 400
Denver, Colorado 80202-5549
(303) 629-3400

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Trading Symbol(s)	Name of Each Exchange On Which Registered:
Common Shares, no par value	**EXK**	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this form:

☒ Annual Information Form ☒ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: As at December 31, 2021, **170,537,307** common shares of the Registrant were issued and outstanding.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act. ☐ Emerging growth company.

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report: ☒

EXPLANATORY NOTE

Endeavour Silver Corp. (the “Company” or the “Registrant”) is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), on Form 40-F pursuant to the multi-jurisdictional disclosure system of the Exchange Act (the “MJDS”). The Company is a “foreign private issuer” as defined in Rule 3b-4 under the Exchange Act. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3 thereunder.

FORWARD-LOOKING STATEMENTS

This annual report on Form 40-F and the exhibits attached hereto contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” (or the negative and grammatical variations of any of these terms and similar expressions) be taken, occur or be achieved,) are not statements of historical fact and may be forward-looking statements. Such forward-looking statements concern the Company’s anticipated results and developments in the Company’s operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future.

Forward looking statements are made based upon certain assumptions and other important factors that, while considered reasonable by the Company, are inherently subject to significant business economic, competitive, political and social uncertainties and contingencies. The Company has made assumptions based on many of these factors which include, without limitation, present and future business strategies, the environment in which the Company will operate in the future, including the price of silver and gold, anticipated cost and the ability to achieve goals.

Statements concerning reserves and mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the Company’s property is developed, and in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that a mineral deposit can be economically exploited. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- risks related to precious and base metal price fluctuations;
- risks related to fluctuations in the currency markets (particularly the Mexican peso, Canadian dollar and United States dollar);
- uncertainty as to duration and impact of the current novel coronavirus (“COVID-19”) pandemic;
- risks related to the inherently dangerous activity of mining, including conditions or events beyond our control, and operating or technical difficulties in mineral exploration, development and mining activities;
- uncertainty in our ability to fund the development of our mineral properties or the completion of further exploration programs;
- uncertainty as to actual capital costs, operating costs, production and economic returns, and uncertainty that our development activities will result in profitable mining operations;
- risks related to our reserves and mineral resource figures being estimates based on interpretations and assumptions which may result in less mineral production under actual conditions than is currently estimated and to diminishing quantities or grades of mineral reserves as properties are mined;

- risks related to changes in governmental regulations, tax and labour laws and obtaining necessary licenses and permits;
- risks related to our business being subject to environmental laws and regulations which may increase our costs of doing business and restrict our operations;
- risks related to our mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- risks relating to inadequate insurance or inability to obtain insurance;
- risks related to our ability to successfully integrate acquisitions;
- uncertainty in our ability to obtain necessary financing;
- risks related to increased competition that could adversely affect our ability to attract necessary capital funding or acquire suitable producing properties for mineral exploration in the future;
- risks related to many of our primary properties being located in Mexico, including political, economic, and regulatory instability;
- risks related to our officers and directors becoming associated with other natural resource companies which may give rise to conflicts of interests
- risks relating to financial instruments; and
- risks relating to our securities

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further in the exhibits attached to this annual report on Form 40-F, including in the Annual Information Form ("AIF") of the Company filed as Exhibit 99.1 to this annual report on Form 40-F and are incorporated by reference herein. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

NOTE TO UNITED STATES READERS- DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted, under the multi-jurisdictional disclosure system adopted by the United States Securities and Exchange Commission (the "SEC"), to prepare this annual report on Form 40-F in accordance with Canadian disclosure requirements, which differ from those of the United States. The Company has prepared its consolidated financial statements, which are filed as Exhibit 99.2 to this annual report on Form 40-F, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and they are not comparable to financial statements of United States companies.

MINERAL RESOURCE AND RESERVE ESTIMATES

The Company's AIF filed as Exhibit 99.1 to this annual report on Form 40-F and management's discussion and analysis for the fiscal year ended December 31,2021 filed as Exhibit 99.3 have been prepared in accordance with the requirements of Canadian provincial securities laws, which differ from the requirements of United States securities laws.

As a result, the Company reports the mineral reserves and resources of the projects it has an interest in according to Canadian standards. Canadian reporting requirements for disclosure of mineral properties are governed by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("**NI 43-101**"). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. These standards differ from the requirements of the SEC that are applicable to domestic United States reporting companies under subpart 1300 of Regulation S-K ("**S-K 1300**") under the Exchange Act. As an issuer that prepares and files its reports with the SEC pursuant to the MJDS, the Company is not subject to the requirements of S-K 1300. Any mineral reserves and mineral resources reported by the Company in accordance with NI 43-101 may not qualify as such under or differ from those prepared in accordance with S-K 1300. Accordingly, information included or incorporated by reference in the Company's AIF filed as Exhibit 99.1 to this annual report on Form 40-F and management's discussion and analysis for the fiscal year ended December 31, 2021 filed as Exhibit 99.3 concerning descriptions of mineralization and estimates of mineral reserves and resources under Canadian standards may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of S-K 1300.

CURRENCY

Unless otherwise indicated, all dollar amounts in this annual report on Form 40-F are in United States dollars. The exchange rate of Canadian dollars into United States dollars, on December 31, 2021, based upon the closing exchange rate as quoted by the Bank of Canada, was Cdn.$1.00 = US.$0.7888.

ANNUAL INFORMATION FORM

The Company's AIF for the fiscal year ended December 31, 2021 is filed as Exhibit 99.1 to this annual report on Form 40-F and is incorporated by reference herein.

AUDITED ANNUAL FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the years ended December 31, 2021 and 2020, including the report of the independent auditor with respect thereto, are filed as Exhibit 99.2 to this annual report on Form 40-F and are incorporated by reference herein.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's management's discussion and analysis for the fiscal year ended December 31, 2021 ("MD&A") is filed as Exhibit 99.3 to this annual report on Form 40-F and is incorporated by reference herein.

TAX MATTERS

Purchasing, holding, or disposing of the Company's securities may have tax consequences under the laws of the United States and Canada that are not described in this annual report on Form 40-F or the documents incorporated by reference herein.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

At the end of the period covered by this annual report on Form 40-F for the fiscal year ended December 31, 2021, an evaluation was carried out under the supervision of, and with the participation of, the Company's management, including its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, the Company's CEO and CFO have concluded that the Company's disclosure controls and procedures were effective to give reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) of the Exchange Act. A company'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 generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.

Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management, including the CEO and CFO, assessed the effectiveness of the Company's internal control over financial reporting as of December 31,2021. In making this assessment, management used the criteria set forth in the Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment, management has concluded that, as of December 31, 2021, the Company's internal control over financial reporting was effective and no material weaknesses in the Company's internal control over financial reporting were discovered.

The Company is required to provide an auditor's attestation report on its internal control over financial reporting for the fiscal year ended December 31, 2021. In this annual report on Form 40-F, the Company's independent registered public accounting firm, KPMG LLP ("KPMG"), has provided its opinion as to the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. KPMG has also audited the Company's financial statements included in this annual report on Form 40-F and issued a report thereon.

Auditor's Attestation Report

KPMG's attestation report on the Company's internal control over financial reporting is included in the Audited Consolidated Financial Statements filed in Exhibit 99.2 of this annual report on Form 40-F and is incorporated by reference herein.

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting that occurred during the fiscal year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CORPORATE GOVERNANCE

The Company's Board of Directors (the "Board of Directors") is responsible for the Company's Corporate Governance policies and has separately designated standing Compensation, Corporate Governance and Nominating, and Audit Committees. The Board of Directors has determined that all the members of the Compensation, Corporate Governance and Nominating, and Audit Committees are independent, based on the criteria for independence prescribed by section 303A.02 of the NYSE Listed Company Manual.

Compensation Committee

Compensation of the Company's CEO and all other officers is recommended by management to the Compensation Committee, established in accordance with section 303A.05 of the NYSE Listed Company Manual, for evaluation and recommendation to the Board of Directors.

The Compensation Committee develops, reviews and monitors director and executive compensation and policies. The Compensation Committee is also responsible for annually reviewing the adequacy of compensation for directors and others and the composition of compensation packages. The Company's CEO cannot be present during the Committee's deliberations or vote. The Compensation Committee is composed of four independent directors (as determined under section 303A.02 and section 303A.05 of the NYSE Listed Company Manual): Ricardo Campoy (Chair), Geoffrey Handley, Ken Pickering and Mario Szotlender. The Company's Compensation Committee Charter is available on the Company's website at www.edrsilver.com.

Corporate Governance and Nominating Committee

The Company's Corporate Governance and Nominating Committee, established in accordance with section 303A.04 of the NYSE Listed Company Manual, is tasked with (a) developing and recommending to the Board of Directors corporate governance principles applicable to the Company; (b) identifying and recommending qualified individuals for nomination to the Board of Directors; and (c) providing such assistance as the Chair of the Board of Directors, if independent, or alternatively the lead director of the Board of Directors, may require. The Corporate Governance and Nominating Committee is composed of three independent directors (as determined under Section 303A.02 of the NYSE Listed Company Manual): Rex McLennan (Chair), Geoffrey Handley, Mario Szotlender and Margaret Beck. The Corporate Governance and Nominating Committee Charter is available on the Company's website at www.edrsilver.com.

The principal corporate governance responsibilities of the Corporate Governance and Nominating Committee include the following:

a) reviewing and reassessing at least annually the adequacy of the Company's corporate governance procedures and recommending any proposed changes to the Board of Directors for approval;

b) reviewing and recommending changes to the Board of Directors of the Company's Code of Conduct and considering any requests for waivers from the Company's Code of Conduct;

c) receiving comments from all directors and reporting annually to the Board of Directors with an assessment of the Board of Director's performance to be discussed with the full Board of Directors following the end of each fiscal year.

The principal responsibilities of the Corporate Governance and Nominating Committee for selection and nomination of director nominees include the following:

a) in making recommendations to the Board of Directors regarding director nominees, the Corporate Governance and Nominating Committee shall consider the appropriate size of the Board of Directors; the competencies and skills that the Board of Directors considers to be necessary for the Board of Directors, as a whole, to possess; the competencies and skills that the Board of Directors considers each existing director to possess; the competencies and skills each new nominee will bring to the Board of Directors; and whether or not each new nominee can devote sufficient time and resources to the nominee's duties as a director of the Company;

b) developing qualification criteria for directors for recommendation to the Board of Directors and, in conjunction with the Chair of the Board of Directors (or, if the Chair is not an independent director, any lead director of the Board of Directors), the Corporate Governance and Nominating Committee shall appoint directors to the various committees of the Board of Directors;

c) having the sole authority to retain and terminate any search firm to be used to identify director candidates or any other outside advisors considered necessary to carry out its duties and to determine the terms of such retainer;

d) in conjunction with the Chair of the Board of Directors (or, if the Chair of the Board of Directors is not an independent director, any lead director of the Board of Directors), overseeing the evaluation of the Board of Directors and of the Company and making recommendations to the Board of Directors as appropriate.

AUDIT COMMITTEE

The Company's Board of Directors has a separately designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the Exchange Act and section 303A.06 and 303A.07 of the NYSE Listed Company Manual. The Company's Audit Committee is comprised of:

- Margaret Beck (Chair)
- Rex McLennan
- Ken Pickering
- Ricardo Campoy

In the opinion of the Company's Board of Directors, all members of the Audit Committee are independent (as determined under Rule 10A-3 of the Exchange Act and section 303A.02 of the NYSE Listed Company Manual) and are financially literate. The members of the Audit Committee do not have fixed terms and are appointed and replaced from time to time by resolution of the Board of Directors.

The Audit Committee meets with the Company's President, the CEO, the CFO and the Company's independent auditors to review and inquire into matters affecting financial reporting, the system of internal accounting and financial controls, as well as audit procedures and audit plans. The Audit Committee also recommends to the Board of Directors which independent registered public auditing firm should be appointed by the Company. In addition, the Audit Committee reviews and recommends to the Board of Directors for approval the annual financial statements, the MD&A, and undertakes other activities required by exchanges on which the Company's securities are listed and by regulatory authorities to which the Company is held responsible. The Company's Audit Committee Charter is available on the Company's website at www.edrsilver.com.

Audit Committee Financial Expert

The Company's Board of Directors has determined that Margaret Beck qualifies as a financial expert (as defined in Item 407 (d)(5)(ii) of Regulation S-K under the Exchange Act), has financial management expertise (pursuant to section 303A.07 of the NYSE Listed Company Manual) and is independent (as determined under Exchange Act Rule 10A-3 and section 303A.02 of the NYSE Listed Company Manual).

PRINCIPAL ACCOUNTING FEES AND SERVICES – INDEPENDENT AUDITORS

The following table shows the aggregate fees billed to the Company by KPMG LLP, Chartered Professional Accountants, the Company's independent registered public auditing firm, and its affiliates in each of the last two years.

	2021	**2020**
Audit Fees (1)	$708,584	$822,922
Tax Fees (2)	$0	$0
All other fees (3)	$0	$0
Total*	**$708,584**	**$822,922**

* All amounts are expressed in Canadian dollars

(1) The aggregate fees billed in each of the last two fiscal years for audit services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements.
(2) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the company's external auditor for tax compliance and tax advice.
(3) The aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than the services reported under clauses 1and 2 above.

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITORS

The Audit Committee pre-approves all audit services to be provided to the Company by its independent auditors. Non-audit services that are prohibited to be provided to the Company by its independent auditors may not be pre-approved. In addition, prior to the granting of any pre-approval, the Audit Committee must be satisfied that the performance of the services in question will not compromise the independence of the independent auditors. All non-audit services performed by the Company's auditor for the fiscal year ended December 31, 2021 were pre-approved by the Audit Committee of the Company. No non-audit services were approved pursuant to the *de minimis* exemption to the pre-approval requirement.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet financing arrangements or relationships with unconsolidated special purpose entities.

CODE OF ETHICS

The Company has adopted a Code of Business Conduct and Ethics (the "Code") that applies to all the Company's directors, executive officers and employees, which is available on the Company's website at www.edrsilver.com and in print to any shareholder who requests it. The Code meets the requirements for a "code of ethics" within the meaning of that term in General Instruction 9(b) of Form 40-F.

All amendments to the Code, and all waivers of the Code with respect to any of the officers covered by it, will be posted on the Company's website, www.edrsilver.com within five business days of the amendment or waiver and will remain available for a twelve-month period and provided in print to any shareholder who requests them. During the fiscal year ended December 31, 2021, the Company did not substantively amend, waive or implicitly waive any provision of the Code with respect to any of the directors, executive officers or employees subject to it.

CASH REQUIREMENTS

The Company's material cash requirements are discussed in management's discussion and analysis for the fiscal year ended December 31,2021 filed as <u>Exhibit 99.3 under the headings "Capital Requirements" and "Contractual Obligations".</u>

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Registrant sent during the year ended December 31, 2021 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

NYSE CORPORATE GOVERNANCE

The Company's common shares are listed on the NYSE. Sections 103.00 and 303A.11 of the NYSE Listed Company Manual permit foreign private issuers to follow home country practices in lieu of certain provisions of the NYSE Listed Company Manual. A foreign private issuer that follows home country practices in lieu of certain provision of the NYSE Listed Company Manual must disclose any significant ways in which its corporate governance practices differ from those followed by domestic companies either on the its website or in the annual report that it distributes to shareholders in the United States. A description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to NYSE standards is as follows:

Shareholder Meeting Quorum Requirement: The NYSE is of the opinion that the quorum required for any meeting of shareholders should be sufficiently high to insure a representative vote. The Company's quorum requirement is set forth in its Memorandum and Articles. A quorum for a meeting of members of the Company is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the shares entitled to be voted at the meeting.

Proxy Delivery Requirement: The NYSE requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to SEC proxy rules. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

Shareholder Approval Requirement: The Company will follow Toronto Stock Exchange rules for shareholder approval of new issuances of its common shares and for the approval of equity plans. Following Toronto Stock Exchange rules, shareholder approval is required for certain issuances of shares that: (i) materially affect control of the Company; or (ii) provide consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer and have not been negotiated at arm's length. Shareholder approval is also required, pursuant to Toronto Stock Exchange rules, in the case of private placements: (x) for an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price; or (y) that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the closing of the first private placement to an insider during the six month period. The Company will also follow Toronto Stock Exchange rules for shareholder approval of the Company's equity compensation plans rather than NYSE requirements. Under NYSE rules, shareholder approval is required for all equity compensation plans and any material revisions thereto. For "Rolling" or "evergreen" equity plans, like the Company's, which reserve a set percentage of the Company's issued and outstanding shares under the plan, each increase pursuant to such formula is subject to shareholder approval unless the plan has a term of not more than ten years. TSX rules provide that all security based compensation arrangements must be approved by a listed issuer's security holders at a meeting. This applies not only to plans, but also to individual stock options and entitlements not granted pursuant to an arrangement. Security holder approval is also required for any amendment to an arrangement or entitlement (e.g. an individual option or award), unless the plan permits such amendment without security holder approval. For evergreen plans, the TSX requires shareholder approval within three years after institution and within every three years thereafter.

The foregoing are consistent with the laws, customs and practices in Canada.

In addition, the Company may from time-to-time seek relief from the NYSE corporate governance requirements on specific transactions under the NYSE Listed Company Guide, in which case, the Company shall make the disclosure of such transactions available on the Company's website at www.edrsilver.com. Information contained on the Company's website is not part of this annual report on Form 40-F.

MINE SAFETY DISCLOSURE

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities under the regulation of the Federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). During the fiscal year ended December 31, 2021, the Company had no mines in the United States subject to regulation by MSHA under the Mine Act.

UNDERTAKING

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Company filed an Appointment of Agent for Service of Process and Undertaking on Form F-X/A with the SEC on February 25, 2021, with respect to the class of securities in relation to which the obligation to file this annual report on Form 40-F arises. Any change to the name or address of the agent for service of process will be communicated promptly to the SEC by amendment to Form F-X/A referencing the Company's file number.

EXHIBIT INDEX

The following exhibits have been filed as part of this annual report on Form 40-F:

Exhibit	Description
Annual Information	
99.1.	Annual Information Form of the Company for the year ended December 31, 2021
99.2.	The following audited consolidated financial statements of the Company, are exhibits to and form a part of this annual report: Independent Registered Public Accounting Firm's Reports on Consolidated Financial Statements and Effectiveness of Internal Control Over Financial Reporting (KPMG LLP, Vancouver, BC, Canada, Auditor Firm ID:85) Consolidated Statements of Financial Position as of December 31, 2021 and 2020 Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2021 and December 31, 2020 Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2021 and December 31, 2020 Consolidated Statements of Cash Flow for the years ended December 31, 2021 and December 31, 2020 Notes to Consolidated Financial Statements
99.3.	Management's Discussion and Analysis
Certifications	
99.4.	Certificate of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Exchange Act
99.5.	Certificate of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Exchange Act
99.6.	Certificate of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7.	Certificate of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Consents	
99.8	Consent of Wood Canada Limited
99.9	Consents of Dale Mah, P. Geo. of Endeavour Silver Corp.
99.10	Consent of KPMG LLP
101	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

ENDEAVOUR SILVER CORP.

By: /s/ *Daniel Dickson*
Name: Daniel Dickson
Title: Chief Executive Officer

Date: March 10, 2022

ANNUAL INFORMATION FORM

of

ENDEAVOUR SILVER CORP.

(the “Company” or “Endeavour”)

Suite 1130 - 609 Granville Street
Vancouver, British Columbia
Canada, V7Y 1G5
Phone: (604) 685-9775
Fax: (604) 685-9744

Dated as of March 8, 2022

TABLE OF CONTENTS

ITEM 1: PRELIMINARY NOTES

1.1 Incorporation of Documents by Reference

Except as otherwise disclosed herein, all financial information in this Annual Information Form ("**AIF**") has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as prescribed by the International Accounting Standards Board.

The information provided in the AIF is supplemented by disclosure contained in the technical reports listed below. The detailed disclosure in each of the technical reports below is incorporated by reference into this AIF. The technical reports listed below are not contained within, nor attached to, this document but may be accessed at www.sedar.com or on the Company's website at www.edrsilver.com.

Type of Document	Report Date / Effective Date	Date Filed / Posted	Document name which may be viewed at the SEDAR website at www.sedar.com
NI 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Guanaceví Project, Durango State, Mexico	Dated January 2, 2022 (Effective date: December 31, 2020)	January 19, 2022	Technical Report (NI 43-101) – English Qualification Certificate(s) and Consent(s)
NI 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Bolañitos Project, Guanajuato State, Mexico	Dated January 2, 2022 (Effective date: December 31, 2020)	January 19, 2022	Technical Report (NI 43-101) – English Qualification Certificate(s) and Consent(s)
NI 43-101 Technical Report on the Feasibility Study of the Terronera Project, Jalisco State, Mexico	Dated October 21, 2021 (Effective date: September 9, 2021)	October 25, 2021	Technical Report (NI 43-101) – English Qualification Certificate(s) and Consent(s)

References to "the Company" or "Endeavour" are to Endeavour Silver Corp. and where applicable and as the context requires, include its subsidiaries.

1.2 Date of Information

All information in this AIF is as of December 31, 2021 unless otherwise indicated.

1.3 Forward-Looking Statements

This AIF contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, forecasts, objectives, assumptions or future events or performance are not statements of historical fact and may be forward-looking statements. Such forward-looking statements concern the Company's anticipated results and developments in the Company's operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on expectations of future performance, including silver and gold production and planned work programs.

Statements concerning reserves and mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed and, in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited.

Forward-looking statements are made based upon certain assumptions and other important factors that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. The Company has made assumptions based on many of these factors which include, without limitation, present and future business strategies, the environment in which the Company will operate in the future, including the price of silver and gold, anticipated cost and the ability to achieve goals.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation, the following and those disclosed in this AIF under "Description of the Business – Risk Factors":

- uncertainty as to duration and impact of the current novel coronavirus ("**COVID-19**") pandemic;
- precious and base metal price fluctuations;
- fluctuations in the price of consumed commodities;
- risks related to fluctuations in the currency markets (particularly the Mexican peso, Chilean peso, Canadian dollar and United States dollar);
- risks related to increased competition that could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties for mineral exploration in the future;
- risks related to the inherently dangerous activity of mining, including conditions or events beyond the Company's control, and operating or technical difficulties in mineral exploration, development and mining activities;
- uncertainty as to actual capital costs, operating costs, production and economic returns, and uncertainty that the Company's development activities will result in profitable mining operations;
- risks related to the adequacy or availability of infrastructure to support current or future mining developments;
- uncertainty in the Company's ability to fund the development of its mineral properties or the completion of further exploration programs;
- risks related to the Company's reserves and mineral resource figures being estimates based on interpretations and assumptions which may result in less mineral production under actual conditions than is currently estimated and to diminishing quantities or grades of mineral reserves as properties are mined;
- uncertainty as to the market price of silver or gold;
- volatility of global financial markets and the Company's share price;
- uncertainty in the Company's ability to obtain necessary financing;
- risks related to the Company's ability to acquire new projects and to successfully integrate the acquisitions;
- risks related to the Company operating in foreign jurisdictions, including political, economic, and regulatory instability;
- risks related to changes in governmental regulations, including environmental, tax and labour laws and obtaining necessary licenses and permits;
- risks related to mine closure and reclamation;
- risks related to climate change;
- risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers, indigenous peoples' claims and other defects in title;
- risks related to recruiting and retaining qualified personnel;

- risks relating to inadequate insurance or inability to obtain insurance;
- risks related to the Company's officers and directors becoming associated with other natural resource companies which may give rise to conflicts of interests; and
- risks relating to financial instruments.

This list is not exhaustive of the factors that may affect the Company's forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

1.4 Conversion Table

All data and information is presented in metric units. In this AIF, the following conversion factors were used:

2.47 acres	=	1 hectare	1%	=	10,000 ppm
3.28 feet	=	1 metre	0.4047 hectares	=	1 acre
0.62 miles	=	1 kilometre	0.3048 metres	=	1 foot
0.032 ounces (troy)	=	1 gram	1.609 kilometres	=	1 mile
1.102 tons (short)	=	1 tonne	31.103 grams	=	1 ounce (troy)
0.029 ounces/ton	=	1 gram/tonne	0.907 tonnes	=	1 ton
1 ppm	=	1 gram/tonne	34.286 grams/tonne	=	1 ounce/ton
1 ounce/ton	=	34.286 ppm			

1.5 Technical Abbreviations

Ag	silver	m	metres
Ag Eq.	silver equivalent	NI 43-101	National Instrument 43-101 Standards of Disclosure for Mineral Projects
Au	gold	NSR	net smelter returns
Au Eq.	gold equivalent	opt	ounces per ton
aver.	average	oz	ounce(s)
cm	centimetres	Pb	lead
g	grams	RC	reverse circulation
gpt or g/t	grams per tonne	t	tonne
ha	hectares	tpd	tonnes per day
km	kilometres	tr	trench
lb	pound	Zn	zinc

1.6 Currency and Exchange Rates

All dollar amounts in this AIF are expressed in U.S. dollars ("**$**") unless otherwise indicated. References to "Cdn.$" are to Canadian dollars.

The high, low, average and closing rates for the United States dollar in terms of Canadian dollars for each of the financial periods of the Company ended December 31, 2021, December 31, 2020 and December 31, 2019, as quoted by the Bank of Canada, were as follows:

	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
High	1.2942	1.4496	1.3600
Low	1.2040	1. 2718	1.2988
Average	1.2535	1.3415	1.3269
Closing	1.2678	1.2732	1.2988

On December 31, 2021, the closing exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was U.S.$1.00 = Cdn.$1.2678 (Cdn.$1.00 = U.S.$0.7888). On March 8, 2022, the daily average exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was U.S.$1.00 = Cdn.$1.2867 (Cdn.$1.00 = U.S.$0.7772).

1.7 Classification of Mineral Reserves and Resources

In this AIF, the definitions of proven and probable mineral reserves, and measured, indicated and inferred mineral resources are those used by the Canadian provincial securities regulatory authorities and conform to the definitions utilized by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council, as amended.

1.8 Cautionary Note to U.S. Investors concerning Estimates of Mineral Reserves and Measured, Indicated and Inferred Mineral Resources

This AIF has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. As a result, the Company reports the mineral reserves and resources of the projects it has an interest in according to Canadian standards. Canadian reporting requirements for disclosure of mineral properties are governed by National Instrument 43 101 - Standards of Disclosure for Mineral Projects ("**NI 43 101**"). NI 43 101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. These standards differ from the requirements of the SEC that are applicable to domestic United States reporting companies under subpart 1300 of Regulation S-K ("S K 1300") under the Exchange Act. As an issuer that prepares and files its reports with the SEC pursuant to the MJDS, the Company is not subject to the requirements of S K 1300. Any mineral reserves and mineral resources reported by the Company in accordance with NI 43 101 may not qualify as such under or differ from those prepared in accordance with S K 1300. Accordingly, information included or incorporated by reference in this AIF concerning descriptions of mineralization and estimates of mineral reserves and resources under Canadian standards may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of S K 1300.

ITEM 2: CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

The Company was incorporated under the laws of the Province of British Columbia on March 11, 1981 under the name, "Levelland Energy & Resources Ltd". Effective August 27, 2002, the Company changed its name to "Endeavour Gold Corp.", consolidated its share capital on the basis of four old common shares for one new common share and increased its share capital to 100,000,000 common shares without par value. On September 13, 2004, the Company changed its name to "Endeavour Silver Corp.", transitioned from the *Company Act* (British Columbia) to the *Business Corporations Act* (British Columbia) and increased its authorized share capital to unlimited common shares without par value.

The Company's principal business office is located at:

Suite 1130 - 609 Granville Street
Vancouver, British Columbia
Canada, V7Y 1G5

and its registered and records office is located at:

19th Floor, 885 West Georgia Street
Vancouver, British Columbia
Canada, V6C 3H4

2.2 Subsidiaries

The Company conducts its business primarily in Mexico through subsidiary companies. The following table lists the Company's material direct and indirect subsidiaries, their jurisdiction of incorporation, and percentage owned by the Company directly, indirectly or beneficially.

Name of Company	Incorporated	Percentage owned directly or indirectly
Endeavour Gold Corporation, S.A. de C.V.	Mexico	100%
EDR Silver de Mexico S.A. de C.V. SOFOM ENR	Mexico	100%
Minera Plata Adelante, S.A. de C.V.	Mexico	100%
Minera Santa Cruz Garibaldi S.A. de C.V.	Mexico	100%
Refinadora Plata Guanaceví, S.A. de C.V.	Mexico	100%
Mina Bolañitos S.A de C.V.	Mexico	100%
Compania Minera del Cubo S.A. de C.V.	Mexico	100%
Minas Lupycal S.A. de C.V.	Mexico	100%
Minera Oro Silver de Mexico S.A. de C.V.	Mexico	100%
Terronera Precious Metals S.A. de C.V.	Mexico	100%
Minera Plata Carina S.P.A.	Chile	100%
Endeavour USA Holdings	USA	100%
Endeavour USA Corp	USA	100%
Oro Silver Resources Ltd.	British Columbia, Canada	100%

ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

The Company is a Canadian mineral company engaged in the evaluation, acquisition, exploration, development and exploitation of precious metal properties in Mexico and Chile. The Company has two producing silver-gold mines in Mexico: the Guanaceví Mine in Durango acquired in 2004 and the Bolañitos Mine in Guanajuato acquired in 2007. In addition to operating these two mines, the Company is advancing two exploration and development projects in Mexico: the Terronera property in Jalisco acquired in 2010 that is now in the feasibility stage, and the prospective Parral properties in Chihuahua acquired in 2016.

Over the past six years, the Company has acquired and advanced three exploration projects in northern Chile: Aida project (silver), Paloma project (gold) and the Cerro Marquez project (copper-molybdenum-gold).

3.1 Three Year History

Financial Year ended December 31, 2021

On March 17, 2021, the Company signed a definitive agreement to sell the El Cubo Mine in Guanajuato, Mexico to Guanajuato Silver Company Ltd. (formerly VanGold Mining Corp.) ("**GSilver**") for $15 million in cash and share payments plus up to $3 million in future contingent payments (the "**El Cubo Transaction**"). On April 9, 2021, the purchase was completed for the following gross consideration:

- $7.5 million cash on closing.
- $9.8 million (Cdn.$12,372,014) in GSilver common shares ("**GSilver Shares**") on closing, priced at $0.4617 (Cdn.$0.58) per GSilver Share for a total of 21,331,058 GSilver Shares representing approximately 10.9% of the issued and outstanding GSilver Shares. The total fair value of the shares at the time of the definitive agreement was $5 million (Cdn.$6,399,317.40), priced at $0.2344 (Cdn.$0.30)
- $2.5 million promissory note due 12 months from closing, which note has since been discharged following GSilver's payment of the amount due.

GSilver has also agreed to pay the Company up to an additional $3 million in contingent payments based on the following:

- $1 million upon GSilver producing 3,000,000 Ag Eq. oz from the El Cubo mill, derived from either the El Cubo or El Pinguico project, $500,000 of which may, in GSilver's discretion, be paid in GSilver Shares.
- $1 million if the price of gold closes at or above $2,000 per oz for 20 consecutive trading days within two years after the closing date of the El Cubo Transaction.
- A further $1 million if the price of gold closes at or above $2,200 per oz for 20 consecutive trading days within three years after the closing date of the El Cubo Transaction.

In mid-August 2021, the Company suspended mining and milling operations at El Compas. Mining assets and key talent were transferred within the Company to Bolañitos and Terronera. Management is currently evaluating its alternatives for the assets.

On August 31, 2021, the Company acquired the Bruner Property, located in Nye County, Nevada, from Canamex Gold Corp. ("**Canamex**"). The Company paid $10 million in cash for 100% of the Bruner Gold Project which includes mineral claims, mining rights, property assets, water rights, and government authorizations and permits.

The Bruner Gold Project is an exploration and development stage project located approximately 180 km southeast of Reno, Nevada. Gold was originally discovered in the district in 1906 and saw intermittent historic mining between 1906 and 1998. Recent exploration activities by previous operators included mapping, drilling, geophysical surveys and sampling culminating in a mineral resource estimate in 2015 and a preliminary economic assessment in 2017 outlining a low capital cost, open pit, heap leach operation.

A historic resource estimate of 342,000 oz of gold contained in 17.5 million tonnes grading 0.61 gpt Au in three zones, Paymaster, HRA and Penelas, was prepared for Canamex in a technical report dated January 22, 2018 titled "NI 43-101 Technical Report on the Bruner Gold Project, Updated Preliminary Economic Assessment, Nye County, Nevada, USA" by Welsh Hagen Associates. A "qualified person" (as defined in NI 43-101) has not done sufficient work for the Company to classify the historical estimate as a current mineral resource or mineral reserve. The Company is not treating the historical estimate as a current mineral resource or mineral reserve, has not verified the historical resource estimate and is not relying on it.

On September 9, 2021, the Company announced positive results from a feasibility study (the "**2021 Feasibility Study**") on its 100% owned Terronera Project in Jalisco state, Mexico. Details of the 2021 Feasibility Study, including updated mineral resource and mineral reserve estimates, are provided in the technical report titled "NI 43-101 Technical Report on the Feasibility Study of the Terronera Project, Jalisco State, Mexico" dated October 21, 2021 with an effective date of September 9, 2021 (the "**2021 Terronera Technical Report**"). The 2021 Terronera Technical Report was prepared by Wood Canada Limited together with the Company.

The 2021 Feasibility Study supports a high grade, silver-gold underground mining operation at Terronera producing an average of 3.3 million payable oz Ag and 32.8 thousand payable oz Au per year over a 12-year mine life. The Company has commenced initial earthworks and intends to make a formal construction decision, subject to completion of a financing and receipt of additional amended permits in 2022.

Financial Year ended December 31, 2020

On March 31, 2020, the Mexican government declared a national health emergency with extraordinary measures due to the COVID-19 pandemic. Numerous health precautions were decreed, including the suspension of non-essential businesses, with only essential services to remain open. At March 31, 2020, mining did not qualify as an essential service so for the protection of the Company's staff, employees, contractors and communities, the Company suspended its three mining operations in Mexico as of April 1, 2020 as mandated by the Mexican government. The Company retained essential personnel at each mine site during the suspension period to maintain safety protocols, environmental monitoring, security measures and equipment maintenance. Essential personnel followed the Company's strict COVID-19 safety protocols and non-essential employees were sent home to self-isolate and stay healthy, while continuing to receive their base pay. The suspension of activities ceased in May 2020 as mining was declared an essential business.

The Company implemented plans to minimize the risks of the COVID-19 virus, both to employees and to the business. At each site, the Company is following government health protocols and is closely monitoring the pandemic with local health authorities. The Company has posted health advisories to educate employees about COVID-19 symptoms, best practices to avoid contracting and spreading the virus, and procedures to follow if symptoms are experienced.

In April 2020, the Company filed a short form base shelf prospectus ("**Base Shelf**") to qualify the distribution of up to Cdn$150 million of various securities of the Company, including common shares. The distribution of such securities of the Company may be effected from time to time in one or more transactions at a fixed price or prices, which may vary with market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying prospectus supplement, including transactions that are deemed to be at the market distributions. The Base Shelf also provides the Company with the ability to conduct an "At-The-Market" ("**ATM**") offering through an ATM facility equity distribution agreement.

On May 14, 2020, the Company entered into an ATM equity facility (the "**May 2020 ATM Facility**") with a syndicate of agents. Under the terms of the 2020 ATM Facility, the Company could, from time to time, sell common shares having an aggregate offering value of up to $23 million on the NYSE. The Company determined, at its sole discretion, the timing and number of shares to be sold under the May 2020 ATM Facility.

From May 14, 2020 to August 17, 2020, the Company issued 11,640,411 common shares under the 2020 ATM Facility at an average price of $1.97 per share for gross proceeds of $23.0 million less commission of $0.6 million and and deferred financing costs of $0.3 million which has been presented net of share capital. The May 2020 ATM Facility was completed in August 2020.

On October 1, 2020, the Company entered into an ATM equity facility (the "**October 2020 ATM Facility**") with a syndicate of agents. Under the terms of the October 2020 ATM Facility, the Company may, from time to time, sell common shares having an aggregate offering value of up to $60 million on the NYSE. The Company determined, at its sole discretion, the timing and number of shares to be sold under the October 2020 ATM Facility during the 20 month sales agreement term.

From October 1, 2020 to July 20, 2021, when the ATM facility was completed, the Company issued 10,060,398 common shares under the October 2020 ATM Facility at an average price of $5.96 per share for gross proceeds of approximately $60 million, less commission of $1.23 million and recognized $0.379 million of other transaction costs related to the October 2020 ATM Facility as share issuance costs, which have been presented net within share capital.

The Company completed an updated NI 43-101 Technical Report for the Terronera Project, Jalisco State Mexico dated July 31, 2020, with effect July 14, 2020 (the "**2020 Terronera PFS**"). Endeavour management worked with Ausenco Engineering Canada Inc. (Ausenco) on the re-conceptualization and re-engineering of the project to generate the significantly improved 2020 pre-feasibility study economics. This 2020 Terronera PFS has been superseded by the 2021 Feasibility Study as described above.

In April 2018, the Company filed a short form base shelf prospectus that qualifies the distribution of up to Cdn$150 million of common shares, debt securities, warrants or units of the Company comprising any combination of common shares and warrants (the "**Securities**"). The Company filed a corresponding registration statement in the United States registering the Securities under United States federal securities laws. The distribution of Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying prospectus supplement, including transactions that are deemed to be "At-The-Market" ("**ATM**") distributions.

On June 13, 2018, the Company entered into an ATM equity facility (the "**2018 ATM Facility**") with BMO Capital Markets (the lead agent), CIBC Capital Markets, H.C. Wainwright & Co., HSBC and TD Securities (together, the "**Agents**"). Under the terms of the 2018 ATM Facility, the Company could, from time to time, sell common stock having an aggregate offering value of up to $35.7 million on the NYSE. The Company determined, at its sole discretion, the timing and number of shares to be sold under the 2018 ATM Facility. From January 1 to April 21, 2020, the Company issued the final 2,164,119 common shares under the 2018 ATM Facility at an average price of $1.56 per share for gross proceeds of $3.4 million, less commissions of $76,000. The 2018 ATM Facility was completed in April 2020.

In total, during 2020, the Company issued 13,804,530 common shares under the combined ATM facilities at an average price of $1.91 per share for gross proceeds of $26.4 million, less commission of $0.64 million and recognized $0.52 million of transaction costs related to the ATM financings as share issuance costs, which have been presented net of share capital.

On December 18, 2020, the Company announced that it had signed a binding letter agreement to sell its El Cubo Mine and related assets to GSilver, which completed on April 9, 2021 as described above.

Financial Year ended December 31, 2019

In March 2019, the Company achieved commercial production at the El Compas mine in Zacatecas, Mexico. Since commercial production the mine approached planned throughput for the remainder of 2019, while ore grades were in-line with plan.

In July 2019, the Company acquired the exploration and exploitation rights to two concessions adjacent to the Guanaceví Mine in Durango State, Mexico. Both concessions cover possible extensions of Endeavour orebodies.

The El Porvenir concession (15 ha) sits adjacent to the operating Porvenir Norte mine and covers the up dip extension of the Porvenir Norte orebody. Endeavor had a similar exploration and exploitation right on this property between 2006 and 2008, during which time the Company conducted exploration drilling and small-scale mining.

The El Curso property (40 ha) lies adjacent to the now closed Porvenir Cuatro mine and covers any possible northwest extension of the Porvenir Cuatro orebody. Porvenir Cuatro was previously Endeavour's highest grade mine in the district. Mining at Porvenir Cuatro ended at the boundary with the El Curso property. The current mine access ramp from Porvenir Cuatro ore body to Milache ore body crosses the entire El Curso property providing existing underground access and infrastructure to facilitate the exploration, development and production of El Curso.

The Company completed an updated NI 43-101 Technical Report for the Terronera Project titled the "Updated Technical Report for the Terronera Project, Jalisco State Mexico" dated April 30, 2019, with effect February 12, 2019 (the "**2019 Terronera PFS**"). The 2019 Terronera PFS has been superseded by the 2021 Feasibility Study as described above.

The Company proceeded with recommended activities to further optimize the Terronera project and improve the economics, including:

- Received final permits to develop the Terronera project
- Continued exploration of nearby veins to expand resources and extend mine life
- Continued investigation of crushing alternatives to provide the lowest cost energy requirement
- Optimization of the grinding circuits to produce an increased particle size
- Continued evaluation of power alternatives to reduce capital costs
- Exploration adit to test geotechnical structure
- Mined bulk sample for increased metallurgical testing

On November 30, 2019 the Company suspended operations at the El Cubo underground mine in Guanajuato, Mexico. All operational employees were laid off and the mine, plant and tailings facilities were placed on short term care and maintenance while management conducted an evaluation of the alternatives including final closure. During October and November 2019, the mine processed 39,206 tonnes grading 106 Ag g/t and 1.16 Au g/t producing 122,780 silver oz and 1,161 gold oz, a significant decrease from both the prior year and the previous quarter. Silver and gold production did not meet revised 2019 guidance, missing by 9% and 13%, respectively. Suspension costs in 2019 were $4.6 million, the bulk of which was final severance payments for most of the employees.

During the year ended December 31, 2019, the Company issued 10,717,126 common shares under the 2018 ATM Facility at an average price of $2.20 per share for gross proceeds of $23.6 million, less commission of $0.5 million. During the year ended December 31, 2019, the Company also recognized $0.48 million of additional transaction costs related to the 2018 ATM Facility as share issuance costs, which have been presented net of share capital.

3.2 Significant Acquisitions

No significant acquisitions for which disclosure is required under Part 8 of National Instrument 51-102 were completed by the Company during its most recently completed financial year.

ITEM 4: DESCRIPTION OF THE BUSINESS

4.1 General Description

Business of the Company

The Company's principal business activities are the evaluation, acquisition, exploration, development and exploitation of mineral properties. The Company produces silver and gold from its underground mines at Guanaceví and Bolañitos, and is advancing the Terronera project in Mexico. The Company also has interests and is advancing in certain exploration properties in Mexico and in Chile.

Since 2002, the Company's business strategy has been to focus on acquiring advanced-stage silver mining properties in Mexico. Mexico, despite its long and prolific history of metal production, appears to be relatively under-explored using modern exploration techniques and offers promising geological potential for precious metals exploration and production.

The Company's Guanaceví and Bolañitos mines acquired in 2004 and 2007, respectively, demonstrate its business model of acquiring fully built and permitted silver mines that were about to close for lack of ore. By bringing the money and expertise needed to find new silver ore-bodies, Endeavour successfully re-opened and expanded these mines to develop their full potential. In 2012, the Company acquired the El Cubo silver-gold mine which operated until November 2019 and in 2016 the Company acquired the El Compas gold-silver mine which was subsequently sold in April 2021. The benefit of acquiring fully built and permitted mining and milling infrastructure is that, if new exploration efforts are successful, the mine development cycle from discovery to production only takes a matter of months instead of the several years normally required in the traditional mining business model.

In addition to operating the Guanaceví and Bolañitos mines, the Company is advancing its Terronera project to a construction decision. The Company is also exploring a number of other properties in both Mexico and Chile towards achieving its goal to become a premier senior producer in the silver mining sector.

Production

The Guanaceví and Bolañitos mines produce silver and gold which are sold as bullion or in the form of metal concentrates. The Guanaceví mine produces silver doré delivered to the Penoles Torreon refinery, in Chihuahua state. After the doré is refined to bullion, the silver and gold bullion is sold by an agent through commodity exchanges. The Guanaceví mine accounted for 88% of silver revenue (2020- 88%), 32% of gold revenue (2020-27%) and 65% of total consolidated revenue (2020- 59%).

The Bolañitos mine produces a concentrate that contains high grade gold and silver. The concentrate is shipped to Manzanillo and sold to various metal traders for blending with other metal concentrate and shipped globally for smelting and refining. The high grade precious metal contents of the Bolañitos concentrate are highly conducive for concentrate blending and therefore highly marketable. Annually, the mine renews sales contracts through a competitive bid process. During 2021, Bolañitos annual sales to four customers accounted for 100% of concentrate sales (2020- two customers).

The Bolañitos mine accounted for 10% of silver revenue (2020- 10%), 55% of gold revenue (2020- 52%) and 29% of total consolidated revenue (2020- 30%).

On a consolidated basis, silver attributed 58% of total revenue (2020- 53%) and gold attributed 42% (2020- 47%) of total revenue.

The market prices of gold and silver are key drivers of the Company's profitability. The prices of gold and silver can fluctuate widely and are affected by a number of macroeconomic factors, including global or regional consumption patterns, the supply of, and demand for gold and silver, interest rates, exchange rates, inflation or deflation, global economic conditions resulting from the COVID-19 pandemic, and the political and economic conditions of major gold and silver producing and gold and silver consuming countries throughout the world. Importantly, the price of gold and silver can be impacted by their role as safe havens during periods of market turmoil and as defense against the perceived inflationary impacts and currency depreciation caused by the responses of governments and central banking authorities to the economic threats caused by the COVID-19 pandemic.

During 2021, the average price of silver was $25.14 per ounce, with silver trading between $21.53 and $29.59 per ounce based on the London Fix silver price. This compares to an average of $20.53 per ounce during 2020, with a low of $12.01 and a high of $28.89 per ounce.

During 2021, the average price of gold was $1,799 per ounce, with gold trading between $1,684 and $1,943 per ounce based on the London Fix PM gold price. This compares to an average of $1,771 per ounce during 2020, with a low of $1,474 and a high of $2,067 per ounce.

Specialized Skill and Knowledge

Most aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, exploration, development, technology, financing and accounting. The Company has executive officers and employees with extensive experience in geology, exploration and mine development in Mexico and other parts of North and South America. As well, the Company's executive officers, directors and employees have significant experience in mining, processing technologies, international finance, mergers and acquisitions and accounting. They provide a strong foundation of advanced skills and knowledge and specialized mineral exploration experience, complemented by their demonstrated ability to succeed in the management and administration of a mining company.

Competitive Conditions

The Company competes with other mining companies and smaller natural resource companies in the acquisition, exploration, development and financing of new properties and projects in Mexico. Many of these companies are more experienced, larger and have greater financial resources for, among other things, financing and the recruitment and retention of qualified personnel. See "Risk Factors – Competitive Conditions".

Environmental Protection

The Company's environmental permits require that it reclaim certain lands it disturbs during mining operations. Significant reclamation and closure activities include land rehabilitation, decommissioning of buildings and mine facilities, ongoing care and maintenance and other costs. Although the ultimate amount of the reclamation and rehabilitation costs to be incurred cannot be predicted with certainty, the total undiscounted amount of probability weighted estimated cash flows required to settle the Company's estimated obligations is $6.2 million for the Guanaceví mine operations and $4.6 million for the Bolañitos mine operations and $0.2 million for the El Compas mine operations.

Employees

As at December 31, 2021, the Company had approximately 15 employees based in its Vancouver corporate office and employed through its Mexican subsidiaries over 1,100 full and part-time employees in Mexico. Consultants and contractors are also retained from time to time to assist with or conduct specific corporate activities, development and exploration programs.

Foreign Operations

As the Company's producing mines and mineral exploration interests are principally located in Mexico, the Company's business is dependent on foreign operations. As a developing economy, operating in Mexico has certain risks. See "Risk Factors – Foreign Operations".

Intangibles, Cycles and Changes to Contracts

The Company's business is not materially affected by intangibles such as licences, patents and trademarks, nor is it significantly affected by seasonal changes. Other than as disclosed in this AIF, the Company is not aware of any aspect of its business which may be affected in the current financial year by renegotiation or termination of contracts.

Community, Environmental and Corporate Safety Policies

Endeavour is focused on the development of sustainability programs for all stakeholders and understands that such programs contribute to the long-term benefit of the Company and society at large. Sustainability programs implemented by the Company range from improving the Company's safety policies and practices; supporting health programs for the Company's employees and the local communities; enhancing environmental stewardship and reclamation; sponsoring educational scholarships and job skills training programs; sponsoring community cultural events and infrastructure improvements; and supporting charitable causes.

4.2 Risk Factors

Investment in securities of the Company should be considered a speculative investment due to the high-risk nature of the Company's business and the present stage of the Company's development. The following risk factors, as well as risks currently unknown to the Company, could materially adversely affect the future business, operations and financial condition of the Company and could cause them to differ materially from the Company's current business, property or financial results, each of which could cause investors to lose part or all of their investment in the Company's securities.

The following factors are those which are the most applicable to the Company. The discussion which follows is not inclusive of all potential risks. Risk management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all of the risks inherent to the mining business, the Company strives to manage these risks, to the greatest extent possible, to ensure that its assets are protected.

Impact of COVID-19 Pandemic

The Company's business could be significantly adversely affected by the effects of a widespread global outbreak of contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. Global reactions to the spread of COVID-19 have led to, among other things, significant restrictions in many jurisdictions on travel and gatherings of individuals, quarantines, temporary business closures and a general reduction in consumer activity. Although quarantines have been lifted in many jurisdictions and vaccination programs have been initiated, certain jurisdictions that have previously lifted quarantines have been required to re-impose them and vaccination programs may be implemented slower than expected or may not be as effective as expected due to a variety of factors including delays in distribution or the emergence of new strains which are resistant to vaccines. While these effects are expected to be temporary, the duration of the disruptions to business internationally and the related financial impact on the Company and the economy in general cannot be estimated with any degree of certainty at this time. In addition, the increasing number of individuals infected with COVID-19 or experiencing "long COVID" as a result of prior COVID-19 infection has resulted in a widespread global health crisis that has adversely affected global economies and financial markets and could result in a protracted economic downturn that could have an adverse effect on the demand for precious metals and the Company's operating results, future prospects and the ability to raise capital.

In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business, including without limitation, employee health, workforce availability and productivity, limitations on travel, supply chain disruptions, increased insurance premiums, increased costs and reduced efficiencies, the availability of industry experts and personnel, restrictions on the Company's exploration and drilling programs and/or the timing to process drill and other metallurgical testing and the slowdown or temporary suspension of operations at some or all of the Company's properties, resulting in reduced production volumes. Although the Company has the capacity to continue certain administrative functions remotely, many other functions, including mining operations, cannot be conducted remotely.

The Company also cannot accurately predict the impact COVID-19 will have on third parties' ability to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries.

As the COVID-19 global pandemic is dynamic and, given that the ultimate duration and severity of the pandemic remains uncertain, the impact on the Company's 2022 production and costs has greater uncertainty. Globally, and in Mexico, COVID-19 continues to spread at a significant rate, while the duration of vaccine distributions remains uncertain. A local outbreak, the occurrence of new variants or changes in government health orders remains a significant risk.

Precious and Base Metal Price Fluctuations

The Company's revenue is primarily dependent on the sale of silver and gold and movements in the spot price of silver or gold may have a direct and immediate impact on the Company's income and the value of related financial instruments. The Company's sales are directly dependent on commodity prices. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control including international economic and political trends, expectations for inflation, currency exchange rate fluctuations, interest rates, global and regional supply and demand, consumption patterns, speculative market activities, worldwide production and inventory levels, and sales programs by central banks. The exact effect of these factors on metal prices cannot be accurately predicted. Declining market prices for these metals could materially adversely affect the Company's operations and profitability and could affect the Company's ability to finance the exploration and development of any of the Company's other mineral properties.

Fluctuations in the Price of Consumed Commodities

Prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, electricity, cyanide and other re-agents, fluctuate and affect the Company's operations and financial condition. These fluctuations can be unpredictable, can occur over short periods of time and may have a materially adverse impact on the Company's operating costs or the timing and costs of various projects. The Company's general policy is not to hedge its exposure to changes in prices of the commodities that its uses in its operations.

Foreign Exchange Rate Fluctuations

Operations in Mexico, Chile, USA and Canada are subject to foreign currency exchange fluctuations. The Company raises its funds through equity issuances which are priced in Canadian or United States dollars, and the majority of the exploration costs of the Company are denominated in United States dollars, Mexican pesos and Chilean pesos. The Company may suffer losses due to adverse foreign currency fluctuations.

Competitive Conditions

Significant competition exists for natural resource acquisition opportunities. As a result of this competition, some of which is with large, well established mining companies with substantial capabilities and significant financial and technical resources, the Company may be unable to either compete for or acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will be able to acquire any interest in additional projects that would yield resources, reserves or results for commercial mining operations and failure to do so could have a material adverse effect on the Company's business, financial condition or results of operations.

Operating Hazards and Risks

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, but are not limited to, the following: environmental hazards and catastrophes, industrial accidents and explosions, third party accidents, unusual or unexpected geological structures or formations, failure of engineered structures, inaccurate mineral modelling, metallurgical and other processing problems, remote locations and inadequate infrastructure, equipment failure, changes in the costs of consumables, power outages, fires, power outages, labour shortages and disruptions (including due to public health issues or strikes), floods, cave-ins, land-slides, acts of God, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, war, rebellion, organized crime, revolution, delays in transportation, inaccessibility to property, restrictions of courts and/or government authorities, other restrictive matters beyond the reasonable control of the Company, and the inability to obtain suitable or adequate machinery, equipment or labour and other risks involved in the operation of mines.

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, delayed production and resultant losses, increased production costs, asset write downs, monetary losses, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

The Company's property, business interruption and liability insurance may not provide sufficient coverage for losses related to these or other hazards. Insurance against certain risks, including certain liabilities for environmental pollution, may not be available to the Company or to other companies within the industry at reasonable terms or at all. In addition, the Company's insurance coverage may not continue to be available at economically feasible premiums, or at all. Any such event could have a material adverse effect on the Company's business.

Mining Operations

The capital costs required by the Company's projects may be significantly higher than anticipated. Capital and operating costs, production and economic returns, and other estimates contained in the Company's current technical reports, may differ significantly from those provided for in future studies and estimates and from management guidance, and there can be no assurance that the Company's actual capital and operating costs will not be higher than currently anticipated. In addition, delays to construction and exploration schedules may negatively impact the net present value and internal rates of return of the Company's mineral properties as set forth in the applicable technical report. Similarly, there can be no assurance that historical rates of production, grades of ore processed, rates of recoveries or mining cash costs will not experience fluctuations or differ significantly from current levels over the course of the mining operations conducted by the Company. Failure to achieve production or cost estimates, or increases in costs, could have a material adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. There can be no assurance that the Company will be able to continue to extend the production from its current operations through exploration and drilling programs.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration, exploitation or development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation or development of the Company's projects will be commenced or completed on a timely basis, if at all or that the resulting operations will achieve the anticipated production volume, or that the construction costs and ongoing operating costs associated with the exploitation and/or development of the Company's advanced projects will not be higher than anticipated. In addition, unusual or infrequent weather phenomena, sabotage, vandalism, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.

While the Company believes that it has adequate infrastructure to support current operations, future developments could limit the availability of certain aspects of the infrastructure. The Company could be adversely affected by the need for new infrastructure. There can be no guarantee that the Company will be successful in maintaining adequate infrastructure for its operations which could adversely affect the Company's business, operations and profitability.

Future increases in metal prices may lead to renewed increases in demand for exploration, development and construction services and equipment used in mineral exploration and development activities. Such increases could result in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability and may cause delays due to the need to coordinate the availability of services or equipment, any of which could materially decrease project exploration and development and/or increase production costs and limit profits.

Exploration and Development

There is no assurance that the Company's exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body or yield new reserves to replace or expand current reserves.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At this time, other than the mineral reserves on the Company's Guanaceví Mines Project, Bolañitos Mines Project and Terronera property, none of the Company's properties have any defined ore-bodies with reserves.

Substantial expenditures are required to discover an ore-body, to establish reserves, to identify the appropriate metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure. The economics of developing silver, gold and other mineral properties are affected by many factors including the accuracy of mineral resource and resource estimates, metal recoveries, capital and operating costs, variations of the tonnage and grade of ore mined, fluctuating mineral markets, the proximity and capacity of milling and smelting facilities, the availability and cost of skilled labour, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The Company is also subject to the risks associated with establishing mining operations including the potential for labour unrest, potential increases in cost structures due to changes in the cost of consumables, and construction and development costs exceeding the Company's forecasted costs. Development projects are also subject to the successful completion of economic evaluations or feasibility studies, issuance of necessary governmental permits and availability of adequate financing. Depending on the prices of silver, gold or other minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for an exploitation concession. There can be no guarantee that such a concession will be granted. Unsuccessful exploration or development programs could have a material adverse impact on the Company's operations and profitability.

Estimation of Mineral Reserves and Resources and Precious Metal Recoveries

There is a degree of uncertainty attributable to the calculation and estimation of mineral reserves and resources and their corresponding metal grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material change in the quantity of mineral reserves, mineral resources, grades and recoveries may affect the economic viability of the Company's properties. Mineral reserves with respect to the Company's properties have been calculated on the basis of economic factors at the time of calculation. Any subsequent variations in such factors may have an impact on the amount of the Company's mineral reserves. In addition, there can be no assurance that silver and gold recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production, or that the existing known and experienced recoveries will continue.

Decreases in the Market Price of Silver or Gold may render the Mining of Reserves Uneconomic

The mineral resource and reserve figures included in this AIF and the documents incorporated by reference have been estimated on the basis of economic factors at the time of estimation and no assurance can be given that the indicated level of silver and gold will be produced. Factors such as metal price fluctuations, increased production costs and reduced recovery rates may render the present proven and probable reserves unprofitable to develop at a particular site or sites for periods of time. Depending on metal prices, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue operations or development at some of its properties or may be forced to sell some of its properties. Future production from the Company's mining properties is dependent on metal prices that are adequate to make these properties economic. Furthermore, mineral reserve and resource estimations and life-of-mine plans using significantly lower metal prices could result in material write-downs of the Company's investment in mineral properties and increased amortization, reclamation and closure charges. In addition, declining metal prices may impact operations by requiring a reassessment of the feasibility of a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Economic Conditions for Mining

Global financial markets are experiencing extreme volatility as a result of the ongoing COVID-19 pandemic. Events in global financial markets, and the volatility of global financial conditions, will continue to have an impact on the global economy. Many industries, including the mining sector, are impacted by market conditions. Some of the key impacts of financial market turmoil include devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. Financial institutions and large corporations may be forced into bankruptcy or need to be rescued by government authorities. Access to financing may also be negatively impacted by future liquidity crises throughout the world. These factors may impact the Company's ability to obtain equity or debt financing and, where available, to obtain such financing on terms favorable to the Company.

Increased levels of volatility and market turmoil could have an adverse impact on the Company's operations and planned growth and the trading price of the securities of the Company may be adversely affected.

The Company assesses the carrying values of its mineral properties on a quarterly basis.

Substantial Volatility of Share Price

The market prices for the securities of mining companies, including the Company's securities, have historically been highly volatile. The market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of any particular company. In addition, because of the nature of the Company's business, certain factors such as announcements and the public's reaction, the Company's operating performance and the performance of competitors and other similar companies, fluctuations in the market prices of resources, government regulations, changes in earnings estimates or recommendations by research analysts who track the Company's securities or securities of other companies in the resource sector, general market conditions, announcements relating to litigation, acquisitions or sales, equity financings by the Company, the arrival or departure of key personnel and the risk factors described in this AIF can have an adverse impact on the market price of the Company's common shares.

Any negative change in the public's perception of Endeavour's prospects could cause the price of the Company's securities, including the price of its common shares, to decrease dramatically. Furthermore, any negative change in the public's perception of the prospects of mining companies in general could depress the price of the Company's securities, including the price of the its common shares, regardless of the Company's results. Following declines in the market price of a company's securities, securities class-action litigation is often instituted. Litigation of this type, if instituted, could result in substantial costs and a diversion of management's attention and resources.

Need for Additional Financing

The Company's current cash and cash-flows may not be sufficient to pursue additional exploration, development or discovery of additional reserves, extension to life-of-mines or new acquisitions and, the Company may require additional financing. Additional financing may not be available on acceptable terms, if at all. The Company may need additional financing by way of private or public offerings of equity or debt or the sale of project or property interests in order to have sufficient working capital for its business objectives, as well as for general working capital purposes.

The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time. There can be no assurance that financing will be available to the Company or, if it is available, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities of the Company, this may negatively impact the price of the Company's common shares and could result in dilution to shareholders and the interests of shareholders in the net assets of the Company may be diluted.

Replacement of Reserves and Resources

The Guanaceví and Bolañitos mines are the Company's only current sources of mineral production. Current life-of-mine plans provide for a defined production life for mining at the Company's mines. The Company's operating mines have expected lives of three to four years based on current proven and probable reserves, current production levels and managements estimated conversion of resources to reserves. If the Company's mineral reserves and resources are not replaced either by the development or discovery of additional reserves and/or extension of the life-of-mine at its current operating mines or through the acquisition or development of an additional producing mine, this could have an adverse impact on the Company's future cash flows, earnings, financial performance and financial condition, including as a result of requirements to expend funds for reclamation and decommissioning.

Acquisition Strategy

As part of the Company's business strategy, it has sought and will continue to seek new exploration, mining and development opportunities in the mining industry with a focus on silver and gold. In pursuit of such opportunities, it may fail to select appropriate acquisition candidates, negotiate appropriate acquisition terms, conduct sufficient due diligence to determine all related liabilities or to negotiate favourable financing terms. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit its business.

Any future acquisitions would be accompanied by risks, such as a significant decline in the relevant metal price after the Company commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of its ongoing business; the inability of management to realize anticipated synergies and maximize its financial and strategic position; the failure to maintain uniform standards, controls, procedures and policies; and the potential for unknown or unanticipated liabilities associated with acquired assets and businesses, including tax, environmental or other liabilities. The attention required from the Company's management team may detract from the Company's day-to-day operations. There can be no assurance that any business or assets acquired in the future will prove to be profitable, that the Company will be able to integrate the acquired businesses or assets successfully or that the Company will identify all potential liabilities during the course of due diligence. Any of these factors could have a material adverse effect on its business, expansion, results of operations and financial condition.

Future acquisitions by the Company may be completed through the issuance of equity, in which case the interests of shareholders in the net assets of the Company may be diluted.

Foreign Operations

The Company's operations are currently conducted through subsidiaries principally in Mexico and secondarily in Chile and the USA. As such, its operations are exposed to various levels of political, economic and other risks and uncertainties which could result in work stoppages, blockades of the Company's mining operations and appropriation of assets. Some of the Company's operations are located in areas where Mexican drug cartels operate. These risks and uncertainties vary from region to region and include, but are not limited to, terrorism; hostage taking; local drug gang activities; military repression; expropriation; extreme fluctuations in currency exchange rates; changes in royalty regimes, including the elimination of tax exemptions; underdeveloped industrial and economic infrastructure; unenforceability of judgements; high rates of inflation; labour unrest; the risks of war or civil unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions arising from changes in government and otherwise, currency controls, import and export regulations and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Local opposition to mine development projects could arise in Mexico, and such opposition could be violent. If the Company were to experience resistance or unrest in connection with its Mexican operations, it could have a material adverse effect on its operations and profitability. To the extent the Company acquires mineral properties in jurisdictions other than Mexico, it may be subject to similar and additional risks with respect to its operations in those jurisdictions.

Government Regulation

The Company's operations, exploration and development activities are subject to extensive foreign federal, state and local laws and regulations governing such matters as environmental protection, management and use of toxic substances and explosives, management of natural resources, health, exploration and development of mines, production and post-closure reclamation, safety and labour, mining law reform, price controls, import and export laws, taxation, maintenance of claims, land use, land claims of local people, tenure, government royalties and expropriation of property.

Such laws and regulations may require the Company to obtain licenses and permits from various governmental authorities. The costs associated with compliance with these laws and regulations are substantial. Failure to comply with applicable laws and regulations, including licensing and permitting requirements, may result in civil or criminal fines, penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations, requiring corrective measures, requiring the installation of additional equipment, requiring remedial actions or imposing additional local or foreign parties as joint venture partners, any of which could result in significant expenditures or loss of income by the Company.

Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety practices of the Company's past and current operations, or possibly even those actions of parties from whom the Company acquired its mines or properties, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The Company retains competent and well trained individuals and consultants in jurisdictions in which it does business, however, even with the application of considerable skill the Company may inadvertently fail to comply with certain laws. Such events can lead to financial restatements, fines, penalties and other material negative impacts on the Company.

The Company's income and its mining, exploration and development projects, could be adversely affected by amendments to such laws and regulations, by future laws and regulations, by more stringent enforcement of current laws and regulations, by changes in the policies of Mexico and other applicable jurisdictions affecting investment, mining and repatriation of financial assets, by shifts in political attitudes in Mexico and by exchange controls and currency fluctuations. To the extent the Company acquires mineral properties in jurisdictions other than Mexico, it may be subject to similar and additional risks with respect to its operations in those jurisdictions. The effect, if any, of these factors cannot be accurately predicted.

The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing the Company's mining, exploration and development activities and operations in compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance with such laws and regulations, and new taxes, could become such that the Company would not proceed with mining, exploration and development at one or more of its properties. Moreover, it is possible that future regulatory developments, such as increasingly strict environmental protection laws, regulations and enforcement policies thereunder, and claims for damages to property and persons resulting from the Company's mining, exploration and development projects could result in substantial costs and liabilities for the Company, such that the Company would halt or not proceed with mining, exploration and development at one or more of its properties

Taxation in Multiple Jurisdictions

In the normal course of business, the Company is subject to assessment by taxation authorities in various jurisdictions. Income tax provisions and income tax filing positions require estimates and interpretations of income tax rules and regulations of the various jurisdictions in which the Company operates and judgments as to their interpretation and application to the Company's specific situation. The Company's business and operations of the business and operations of its subsidiaries is complex, and the Company has, historically, undertaken a number of significant financings, acquisitions and other material transactions. The computation of income taxes payable as a result of these transactions involves many complex factors as well as the Company's interpretation of, and compliance with, relevant tax legislation and regulations. While the Company's management believes that the provision for income tax is appropriate and in accordance with IFRS and applicable legislation and regulations, tax filing positions are subject to review and adjustment by taxation authorities, which may challenge the Company's interpretation of the applicable tax legislation and regulations. Any review or adjustment may have a material adverse effect on the Company's financial condition.

The introduction of new tax laws, tax reforms, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in Canada, the USA, México, or Chile or any other countries in which the Company's subsidiaries may be located, or to which shipments of products are made, could result in an increase in the Company's taxes payable, or other governmental charges, interest and penalties, duties or impositions. No assurance can be given that new tax laws, tax reforms, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted or applied in a manner which could result in the Company's profits being subject to additional taxation, interest and penalties, or which could otherwise have a material adverse effect on the Company.

Obtaining and Renewing Government Permits

In the ordinary course of business, the Company is required to obtain and renew government permits for the operation and expansion of existing operations or for the development, construction and commencement of new operations. Obtaining or renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and possibly involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control including the interpretation of applicable requirements implemented by the permitting authority. Further, there can be no assurance that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at the Company's projects.

The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

Environmental, Health and Safety Regulations

The Company's operations are subject to extensive laws and regulations governing the protection of the environment, natural resources and human health. These laws address, among other things, emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species, reclamation of lands disturbed by mining operations, and employee safety and health. The Company is required to obtain governmental permits and, in some instances, provide bonding requirements under federal, state or provincial air, water quality, and mine reclamation rules and permits. Although the Company makes provisions for reclamation costs, it cannot be assured that these provisions will be adequate to discharge the Company's future obligations for these costs. Violations of environmental, health and safety laws may be subject to civil sanctions and, in some cases, criminal sanctions, including the suspension or revocation of permits. While responsible environmental, health and safety stewardship is one of the Company's core values, there can be no assurance that it has been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental laws and permits will not materially and adversely affect the Company's business, results of operations or financial condition.

Under certain environmental laws, the Company could be held jointly and severally liable for removal or remediation of any hazardous substance contamination at its current, former and future properties, at nearby properties, or at other third-party sites where the Company's wastes may have migrated or been disposed. The Company could also be held liable for damages to natural resources resulting from hazardous substance contamination. Additionally, environmental laws in some of the countries in which the Company operates require that the Company periodically perform environmental impact studies at the Company's mines. The Company cannot guarantee that these studies will not reveal environmental impacts that would require the Company to make significant capital outlays or cause material changes or delays in its intended activities, any of which could adversely affect the Company's business.

There has also been increased global attention and the introduction of regulations restricting or prohibiting the use of cyanide and other hazardous substances in mineral processing activities. If legislation restricting or prohibiting the use of cyanide were to be adopted in a region in which the Company relies on the use of cyanide, it would have a significant adverse impact on the Company's results of operations and financial condition as there are few, if any, substitutes for cyanide in extracting metals from certain types of ore.

The failure to comply with environmental laws and regulations or liabilities related to hazardous substance contamination could result in project development delays, material financial impacts or other material impacts to the Company's projects and activities, fines, penalties, lawsuits by the government or private parties, or material capital expenditures. Environmental legislation in many countries is evolving and the trend has been towards stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects, and increasing responsibility for companies and their officers, directors and employees. Future changes in these laws or regulations could have a significant adverse impact on some portion of the Company's business, causing the Company to re-evaluate those activities at that time.

Environmental hazards that may have been caused by previous or existing owners or operators may exist on the Company's mineral properties, but are unknown to the Company at present.

Mine Closure and Reclamation

Mine closure and reclamation involves long-term management of permanent engineered structures, achievement of environmental closure standards, orderly termination of employees and contractors and ultimately relinquishment of the site. The successful completion of these and other associated tasks is dependent on sufficient financial resources and the ability to successfully implement negotiated agreements with relevant governmental authorities, communities, unions, employees and other stakeholders. Over the last several years, such requirements have been changing, with increasing obligations imposed in many jurisdictions.

In order to carry out reclamation and mine closure obligations imposed on the Company in connection with its exploration, potential development and production activities, the Company must allocate financial resources that might otherwise be spent on further exploration and development programs, including providing the appropriate regulatory authorities with reclamation financial assurance. The amount and nature of the financial assurance are dependent upon a number of factors, including the Company's financial condition and reclamation cost estimates. Changes to these amounts, as well as the nature of the collateral to be provided, could significantly increase the Company's costs, making the maintenance and development of existing and new mines less economically feasible. To the extent that the value of the collateral provided to the regulatory authorities is or becomes insufficient to cover the amount of financial assurance the Company is required to post, the Company would be required to replace or supplement the existing security with more expensive forms of security, which might include cash deposits, which would reduce the Company's cash available for operations and financing activities. There can be no guarantee that the Company will be able to maintain or add to the Company's current level of financial assurance. The Company may not have sufficient capital resources to further supplement the Company's existing security.

Certain of the Company's mineral properties have been subject to historic mining operations and certain of the mineral properties that were historically mined by the Company are subject to remediation obligations. In addition, the actual costs of reclamation and mine closure are uncertain and planned expenditures may differ from the actual expenditures required. Therefore, the amount that the Company is required to spend could be materially higher than current estimates. Any additional amounts required to be spent on reclamation and mine closure may have an adverse effect on the Company's financial position and results of operations and may cause the Company to alter the Company's operations.

Climate Change

A number of governments have introduced or are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent.

Currently, a number of international and national measures to address or limit emissions are in various phases of discussion or implementation in the countries in which the Company operates. These or future measures could require the Company to reduce its direct emissions or energy use or to incur significant costs for emissions permits or taxes or have these costs or taxes passed on by electricity utilities which supply the Company's operations. The cost of compliance with environmental regulation and changes in environmental regulation have the potential to result in increased cost of operations, reducing the profitability of the Company's operations. The Company could also incur significant costs associated with capital equipment, emission monitoring and reporting and other obligations to comply with applicable requirements. If the current regulatory trend continues, this may result in increased costs at some or all of the Company's operations.

The Company's operations could also be exposed to a number of physical risks from climate change, such as changes in rainfall rates, reduced water availability, higher temperatures and extreme weather events. Events or conditions such as flooding or inadequate water supplies could disrupt mining and transport operations, mineral processing and rehabilitation efforts, could create resource shortages and could damage the Company's property or equipment and increase health and safety risks on site. Such events or conditions could have other adverse effects on the Company's workforce and on the communities around the Company's mines, such as an increased risk of food insecurity, water scarcity and prevalence of disease. There can be no assurance that efforts to mitigate the risks of climate change will be effective and that the physical risks of climate change will not have an adverse effect on the Company's operations and profitability.

Health and Safety Hazards

Workers involved in mining operations are subject to many inherent health and safety risks and hazards, including, but not limited to, contraction of COVID-19, rock bursts, cave-ins, floods, falls of ground, tailings dam failures, chemical hazards, mineral dust and gases, use of explosives, noise, electricity and moving equipment (especially heavy equipment) and slips and falls, which could result in occupational illness or health issues, personal injury, and loss of life, and/or facility and workforce evacuation. These risks cannot be eliminated and may adversely affect the Company's reputation, business and future operations.

Title to Assets

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by unidentified or unknown defects.

The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed, it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

Indigenous Peoples' Title Claims

Some of the Company's properties may be subject to the rights or the asserted rights of various community stakeholders, including indigenous peoples. The presence of community stakeholders may impact the Company's ability to develop or operate its mining properties and projects or to conduct exploration activities. Accordingly, the Company is subject to the risk that one or more groups may oppose the continued operation, further development, or new development or exploration of the Company's current or future mining properties and projects. Such opposition may be directed through legal or administrative proceedings, or through protests or other campaigns against the Company's activities. Governments in many jurisdictions must consult with, or require the Company to consult with, indigenous peoples with respect to grants of mineral rights and the issuance or amendment of project authorizations and permits, pursuant to various international and national laws, codes, resolutions, conventions and guidelines.

Consultation and other rights of indigenous peoples may require accommodation including undertakings regarding employment, royalty payments and other matters. This may affect the Company's ability to acquire within a reasonable time effective mineral titles, permits or licenses in these jurisdictions, including in some parts of the United States, Mexico and Chile in which title or other rights are claimed by indigenous peoples, and may affect the timetable and costs of development and operation of the Company's mineral properties in these jurisdictions. In addition, the risk of unforeseen title claims by indigenous peoples could affect existing operations and development projects. These legal requirements may also affect the Company's ability to expand or transfer existing operations or to develop new projects.

Employee Recruitment and Retention

Recruiting and retaining qualified personnel is critical to the Company's success. The Company is dependent on the services of key executives including the Company's Chief Executive Officer, President, Chief Financial Officer and other highly skilled and experienced executives and personnel focused on managing the Company's interests. The number of persons skilled in acquisition, exploration, development and operation of mining properties are limited and competition for such persons is intense. As the Company's business activity grows, the Company will require additional key financial, administrative and mining personnel as well as additional operations staff. There can be no assurance that the Company will be successful in attracting, training and retaining qualified personnel. If the Company is not able to attract, hire and retain qualified personnel, the efficiency of the Company's operations could be impaired, which could have an adverse impact on the Company's future cash flows, earnings, financial performance and financial condition. The lack of availability of qualified personnel may also cause the Company to experience increases in recruiting and training costs and decreases in operating efficiency, productivity and profit margins.

Community Relations

The Company's relationships with the communities in which the Company operates are critical to ensuring the future success of existing operations and the construction and development of future projects. There is an increasing level of public interest worldwide relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain non-governmental organizations ("**NGO**"), some of which oppose globalization and resource development, are often vocal critics and attempt to interfere with the mining industry and its practices, including the use of cyanide and other hazardous substances in processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally, or their operations specifically, could have an adverse effect on the Company's reputation or financial condition and may impact the Company's relationship with the communities in which it operates. While the Company believes that it operates in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

Potential Conflicts of Interest

The directors and officers of the Company may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest.

To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict of interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

There is no assurance that the needs of the Company will receive priority in all cases. From time to time, several companies may participate together in the acquisition, exploration and development of natural resource properties, thereby allowing these companies to: (i) participate in larger properties and programs; (ii) acquire an interest in a greater number of properties and programs; and (iii) reduce their financial exposure to any one property or program. A particular company may assign, at its cost, all or a portion of its interests in a particular program to another affiliated company due to the financial position of the company making the assignment.

In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, it is expected that the directors and officers of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. If a conflict of interest arises, any director in a conflict is required to disclose his or her interest and abstain from voting on such matter. Such conflicts of the Company's directors and officers may result in a material and adverse effect on the Company's profitability, results of operation and financial condition. As a result of these conflicts of interest, the Company may miss the opportunity to participate in certain transactions, which may have a material adverse effect on the Company's financial position.

Third Party Reliance

The Company's rights to acquire interests in certain mineral properties have been granted by third parties who themselves may hold only an option to acquire such properties. As a result, the Company may have no direct contractual relationship with the underlying property holder.

Dilution

The Company may issue and sell additional securities of the Company from time to time. The Company cannot predict the size of future issuances of securities of the Company or the effect, if any, that future issuances and sales of securities will have on the market price of any securities of the Company that are issued and outstanding from time to time. Sales or issuances of substantial amounts of securities of the Company, or the perception that such sales could occur, may adversely affect prevailing market prices for the securities of the Company that are issued and outstanding from time to time. With any additional sale or issuance of securities of the Company, holders will suffer dilution with respect to voting power and may experience dilution in the Company's earnings per share.

Differences in U.S. and Canadian reporting of mineral reserves and resources

The Company's mineral reserve and resource estimates are not directly comparable to those made in filings subject to SEC reporting and disclosure requirements as the Company generally reports mineral reserves and resources in accordance with Canadian practices. These practices are different from those used to report mineral reserve and resource estimates in reports and other materials filed with the SEC.

Accordingly, information concerning descriptions of mineralization, reserves and resources contained in this AIF, or in the documents incorporated herein by reference, may not be comparable to information made public by United States companies subject to the reporting and disclosure requirements of the SEC.

Financial Reporting Standards

The Company prepares its financial reports in accordance with IFRS. In preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

Material weaknesses in the internal control over financial reporting

The Company documented and tested, during its most recent fiscal year, its internal control procedures in order to satisfy the requirements of Section 404 of the U.S. Sarbanes-Oxley Act ("**SOX**") which requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting and an attestation report by the Company's independent auditor addressing this assessment. The Company may fail to achieve and maintain the adequacy of its internal control over financial reporting as such standards are modified, supplemented, or amended from time to time, and the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal control over financial reporting in accordance with Section 404 of SOX. The Company's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of the Company's financial statements, which in turn could harm the business and negatively affect the trading price of the Company's common shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause us to fail to meet reporting obligations.

Future acquisitions of companies may also provide the Company with challenges in implementing the required processes, procedures and controls in its acquired operations. Acquired companies may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

No evaluation can provide complete assurance that the internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information required to be reported. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company expands, the challenges involved in implementing appropriate internal control over financial reporting will increase and will require that it continue to improve the internal control over financial reporting. Although the Company intends to devote substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, it cannot be certain that it will be successful in complying with Section 404 of SOX.

As a "foreign private issuer", the Company is exempt from Section 14 proxy rules and Section 16 of the Securities Exchange Act of 1934

The Company is a "foreign private issuer" as defined in Rule 3b-4 under the United States Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the U.S. Exchange Act pursuant to Rule 3a12-3 of the U.S. Exchange Act. Therefore, the Company is not required to file a Schedule 14A proxy statement in relation to the annual meeting of shareholders. The submission of proxy and annual meeting of shareholder information on Form 6-K may result in shareholders having less complete and timely information in connection with shareholder actions. The exemption from Section 16 rules regarding reports of beneficial ownership and purchases and sales of common shares by insiders and restrictions on insider trading in the Company's securities may result in shareholders having less data and there being fewer restrictions on insiders' activities in the Company's securities.

Claims under U.S. Securities Laws

The enforcement by investors of civil liabilities under the federal securities laws of the United States may be affected adversely by the fact that the Company is incorporated under the laws of British Columbia, Canada, that the independent chartered public accountants who have audited the Company's financial statements and some or all of the Company's directors and officers may be residents of Canada or elsewhere, and that all or a substantial portion of the Company's assets and said persons are located outside the United States. As a result, it may be difficult for holders of the Company's common shares to effect service of process within the United States upon people who are not residents of the United States or to realize in the United States upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States.

Lack of Dividends

The Company has never declared or paid any dividends on the common shares. Endeavour intends, for the foreseeable future, to retain its future earnings, if any, to finance its exploration activities and further development and the expansion of the business. The payment of future dividends, if any, will be reviewed periodically by the Board of Directors of Endeavour and will depend upon, among other things, conditions then existing including earnings, financial conditions, cash on hand, financial requirements to fund the Company's exploration activities, development and growth, and other factors that the Board may consider appropriate in the circumstances.

Financial Instruments

From time to time, the Company may use certain financial instruments to manage the risks associated with changes in silver prices, interest rates and foreign currency exchange rates. The use of financial instruments involves certain inherent risks including, among other things: (i) credit risk, the risk of default on amounts owing to the Company by the counterparties with which Company has entered into such transaction; (ii) market liquidity risk, the risk that the Company has entered into a position that cannot be closed out quickly, either by liquidating such financial instrument or by establishing an offsetting position; and (iii) unrealized mark-to-market risk, the risk that, in respect of certain financial instruments, an adverse change in market prices for commodities, currencies or interest rates will result in the Company incurring an unrealized mark-to-market loss in respect of such derivative products. Volatility of external factors beyond the Company's control may result in substantial and permanent losses. Furthermore, to adequately reduce these risks to acceptable levels, available investment alternatives may result in limited or no return on these assets and any derivative which may be acquired in attempt to mitigate these risks may be ineffective.

Legal Proceedings

The Company is subject to various claims and legal proceedings, including adverse rulings in current or future litigation against the Company and/or its directors or officers, covering a wide range of matters that arise in the ordinary course of business activities. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavorably to the Company, which may result in a material adverse impact on the Company's financial performance, cash flow or results of operations. The Company carries liability insurance coverage and establishes reserves for matters that are probable and can be reasonably estimated; however, there can be no guarantee that the amount of such coverage is sufficient to protect against all potential liabilities. In addition, the Company may be involved in disputes with other parties in the future that may result in litigation, which may have a material adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

Anti-Corruption and Anti-Bribery Laws

The Company's operations are governed by, and involve interactions with, various levels of government in foreign countries. The Company is required to comply with anti-corruption and anti-bribery laws, including the *Corruption of Foreign Public Officials Act* (Canada) and the *Foreign Corrupt Practices Act* (US) and similar laws in México and other jurisdictions in which it operates. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. A company may be found liable for violations by not only its employees, but also by its contractors and third-party agents. The Company's internal procedures and programs may not always be effective in ensuring that it, its employees, contractors or third-party agents will comply strictly with all such applicable laws. If the Company becomes subject to an enforcement action or is found to be in violation of such laws, this may have a material adverse effect on the Company's reputation, result in significant penalties or sanctions, and have a material adverse effect on the Company's operations.

Compliance with Canada's Extractive Sector Transparency Measures Act

The *Extractive Sector Transparency Measures Act* (Canada) ("**ESTMA**") requires public disclosure of certain payments to governments by companies engaged in the commercial development of minerals which are publicly listed in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments, including aboriginal groups.

ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends and infrastructure improvements. If the Company becomes subject to an enforcement action or is in violation of ESTMA, this may result in significant penalties or sanctions which may also have a material adverse effect on the Company's reputation.

Information Systems and Cyber Security

Our operations depend, in part, upon information technology systems. The Company's information technology systems are subject to disruption, damage or failure from a number of sources, including, but not limited to, hacking, computer viruses, security breaches, natural disasters, power loss, vandalism, theft and defects in design. Any of these and other events could result in information technology systems failures, operational delays, production downtimes, destruction or corruption of data, security breaches or other manipulation or improper use of the Company's data, systems and networks, any of which could have adverse effects on the Company's reputation, business, results of operations, financial condition and share price.

Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect the Company's systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

4.3 Asset-Backed Securities Outstanding

The Company has not issued any asset-backed securities.

4.4 Mineral Projects – Recent Developments

Summary of Mineral Reserves and Mineral Resources Estimates

The following tables summarize as at December 31, 2021 the Company's estimated mineral reserves and mineral resources on its material mineral properties and select non-material mineral properties, all of which are wholly owned. Information in the following tables and the notes thereto are updated to December 31, 2021 from the respective technical reports on the material properties referred to under the description of each property below.

Silver-Gold Proven and Probable Reserves (as of December 31, 2021)							
Reserves	**Tonnes**	**Ag g/t**	**Au g/t**	**Ag Eq g/t**	**Ag oz**	**Au oz**	**Ag Eq Oz**
Guanaceví	127,000	344	0.91	417	1,409,000	3,700	1,709,000
Bolanitos	119,000	33	2.74	252	125,000	10,500	964,000
Total Proven	246,000	194	1.80	337	1,535,000	14,200	2,673,000
Guanacevi	1,008,000	400	1.02	482	12,971,000	33,200	15,624,000
Bolanitos	394,000	65	2.08	231	821,000	26,300	2,925,000
Terronera	7,380,000	197	2.25	374	46,707,000	534,000	88,834,000
Total Probable	8,782,000	214	2.10	382	60,498,000	593,500	107,975,000
Total Proven & Probable	**9,029,000**	**214**	**2.09**	**381**	**62,033,000**	**607,700**	**110,649,000**

Silver-Gold Measured and Indicated Mineral Resources (as of December 31, 2021)							
	Tonnes	**Ag g/t**	**Au g/t**	**Ag Eq g/t**	**Ag oz**	**Au oz**	**Ag Eq Oz**
Guanaceví	149,000	485	1.09	572	2,319,000	5,200	2,735,000
Bolañitos	58,000	99	2.73	317	183,000	5,100	587,000
Total Measured	206,000	377	1.54	500	2,501,000	10,300	3,321,000
Guanaceví	476,000	324	0.70	380	4,959,000	10,700	5,811,000
Bolañitos	759,000	135	2.03	297	3,296,000	49,500	7,254,000
El Compas	20,000	78	6.42	592	49,000	4,000	373,000
Guadalupe y calvo	1,861,000	119	2.38	309	7,120,000	142,400	18,512,000
Parral	433,000	271	-	271	3,700,000	-	3,700,000
Total Indicated	3,549,000	168	1.81	312	19,124,000	206,600	35,650,000
Total Measured & Indicated	**3,755,000**	**179**	**1.80**	**323**	**21,625,000**	**216,800**	**38,971,000**

Silver-Gold Inferred Mineral Resources (as of December 31, 2021)							
Reserves	**Tonnes**	**Ag g/t**	**Au g/t**	**Ag Eq g/t**	**Ag oz**	**Au oz**	**Ag Eq Oz**
Guanaceví	806,000	417	0.93	491	10,795,000	24,200	12,728,000
Bolañitos	974,000	112	2.23	290	3,510,000	69,900	9,099,000
El Compas	18,000	70	5.96	547	40,000	3,400	311,000
Terronera	1,058,000	212	2.50	400	7,214,000	85,000	13,601,000
Guadalupe y calvo	154,000	94	2.14	265	465,000	10,600	1,313,000
Parral	3,160,000	324	0.21	341	32,938,000	21,700	34,677,000
Total Inferred	**6,169,000**	**277**	**1.08**	**364**	**54,962,000**	**214,700**	**72,141,000**

Silver-Lead-Zinc Resources (as of December 31, 2021)										
Resources	**Tonnes**	**Ag g/t**	**Au g/t**		**Ag oz**	**Au oz**	**Ag Eq Oz**	**Pb%**	**Zn%**	**Cu%**
Guanaceví	363,000	208	0.26	229	2,421,000	3,100	2,669,000	0.78	1.32	-
Parral (Cometa)	180,000	55	1.17	149	320,000	6,800	864,000	3.20	3.30	-
Calicanto	360,000	146	0.97	224	1,690,000	11,000	2,570,000	3.19	4.17	0.11
Total Indicated	**903,000**	**153**	**0.72**	**210**	**4,431,000**	**20,900**	**6,103,000**	**2.23**	**2.85**	**0.04**
	-	-	-	-	-	-	-			
Guanaceví	488,000	132	0.16	145	2,076,000	2,500	2,276,000	1.36	2.54	-
Parral (Cometa)	880,000	74	1.45	190	2,100,000	41,000	5,380,000	3.27	3.24	-
Calicanto	268,000	111	1.01	192	960,000	9,000	1,680,000	2.65	3.73	0.09
Total Inferred	**1,636,000**	**98**	**1.00**	**177**	**5,136,000**	**52,500**	**9,336,000**	**2.60**	**3.11**	**0.02**

Notes to Mineral Resources and Reserves tables

1. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that any or all of the mineral resources will be converted into mineral reserves. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
2. The inferred mineral resource in this estimate has a lower level of confidence than that applied to an indicated mineral resource and must not be converted to a mineral reserve. It is reasonably expected that the majority of the inferred mineral resource could be upgraded to an indicated mineral resource with continued exploration.
3. The mineral resources in this estimate were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council (May 10, 2014).
4. Mineral resources are exclusive of and in addition to mineral reserves.
5. Key Inputs

OPERATIONS MINE	CUT OFF GRADE		PRICES		MILL RECOVERIES		MINING RECOVERY	MINIMUN	DILUTION	
	Ageq g/t	Aueq g/t	Ag $/Oz	Au $/Oz	Ag	Au		Mining Width	Cut & Fill	Longhole
GUANACEVI										
Santa Cruz Sur	201		US$ 23/oz	US$ 1725/oz	86.4%	91.0%	92.0%	0.80m	24.0%	40.0%
Santa Cruz	207		US$ 23/oz	US$ 1725/oz	86.4%	91.0%	92.0%	0.80m	24.0%	40.0%
El Curso Porvenir Norte	252		US$ 23/oz	US$ 1725/oz	86.4%	91.0%	92.0%	0.80m	24.0%	40.0%
Milache	207		US$ 23/oz	US$ 1725/oz	86.4%	91.0%	92.0%	0.80m	24.0%	40.0%
BOLAÑITOS										
La Luz	141		US$ 23/oz	US$ 1725/oz	85.7%	90.1%	92.0%	0.80m	24.0%	40.0%
Lucero	141		US$ 23/oz	US$ 1725/oz	85.7%	90.1%	92.0%	0.80m	24.0%	40.0%
San Miguel	141		US$ 23/oz	US$ 1725/oz	85.7%	90.1%	92.0%	0.80m	24.0%	40.0%
Belen	149		US$ 23/oz	US$ 1725/oz	85.7%	90.1%	92.0%	0.80m	24.0%	40.0%
COMPAS										
El orito		3.42	US$ 23/oz	US$ 1725/oz	67.0%	82.0%	92.0%	0.80m	25.0%	40.0%
Compas		3.42	US$ 23/oz	US$ 1725/oz	67.0%	82.0%	92.0%	0.80m	25.0%	40.0%
Ana Camila		3.42	US$ 23/oz	US$ 1725/oz	67.0%	82.0%	92.0%	0.80m	25.0%	40.0%
TERRONERA										
Terronera Reserves	156-200		US$ 19/oz	US$ 1,500/oz	84.9%	79.8%	90% Cut and Fill, 95% Longhole, 80% Shrinkage (La Luz)	1.3	21% Cut and Fill, 20% Shrinkage	41.0%
Terronera Resources	150		US$ 19/oz	US$ 1,500/oz						
La Luz	197		US$ 19/oz	US$ 1,500/oz			95.0%	0.80m		
Parral										
Veta Colorada	150		US$ 16.34/oz	US$ 1,279/oz	67.0%	82.0%	92.0%	0.80m	25.0%	40.0%

6. Mineral resource and reserve cut-off grades – refer to note 5.
7. Metallurgical recoveries – refer to note 5.
8. Mining recoveries – refer to note 5.
9. Minimum mining widths were 0.8 m for mineral reserve estimate calculations.
10. Dilution factors for mineral reserve estimate calculations – refer to note 5.
11. Silver equivalent grades are based on an 80:1 silver: gold ratio, with the exception of Terronera which uses 75:1 for Inferred Resources and 79:1 for Probable Reserves
12. Price assumptions for Guanaceví, Bolañitos and Compas are $23/oz for silver, $1,725/oz for gold.
13. Figures in the tables are rounded to reflect estimate precision; small differences generated by rounding are not material to the estimates.
14. The Veta Colorada structure (Parral Project) does not contain gold on an economic scale.
15. Silver equivalent calculation in Silver-Lead-Zinc Resources excludes base metals

Guanaceví Mines Project, Durango State, Mexico

The executive summary of the Guanaceví Mines Project attached hereto as Schedule "A" is extracted from a technical report titled "NI 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Guanaceví Project, Durango State, Mexico" prepared by the Company, with an effective date of December 31, 2020 and dated January 2, 2022 (the "**Guanaceví Technical Report**"). The detailed disclosure on the Guanaceví Project in the Guanaceví Technical Report is incorporated into this AIF by reference and the summary attached as Schedule "A" is subject to all the assumptions, qualifications and procedures set out in the Guanaceví Technical Report. The complete report can be viewed on SEDAR at www.sedar.com.

Guanaceví Exploration Update

During 2021, the Company drilled 15,360 m in 60 holes to delineate and test extensions of the El Curso and the Santa Cruz South ("**SCS**") orebodies. Drilling confirmed expectations and intersected significant silver-gold mineralization with similar grades and vein widths to historical intercepts and ore grades. The Company also invested $8.2 million to develop 3.6 km of underground ramps and access. These exploration results and development activities with previous information were considered and included in an internal updated mineral reserve and resource estimation as of December 31, 2021.

In 2022, management plans to invest $20.4 million in capital projects at the Guanaceví mine, including the development of 5.7 km of mine access at the Milache, SCS and the P4E orebodies for an estimated $10.3 million. The additional $10.1 million will go to upgrade the mining fleet, support site infrastructure and expand the tailings dam.

Guanaceví Mineral Resource Estimation Update

The estimation of the mineral resource for the Guanaceví mining operation is based on drill hole data constrained by geologic vein boundaries. Both, exploration and production data are used for modelling estimation and classification. The interpolation is assessed through Ordinary Kriging algorithm. The assay sample database cut-off date for mineral resource estimation was September 30, 2021.

The Company used criteria of distance from composites and the number of samples to classify the mineral resources into measured, indicated or inferred. Measured mineral resources are those blocks with at least 6 composites, laying within 1/3 of the variogram range (25m x 10m x vein width). Indicated mineral resources are those blocks estimated by at least 2 drill holes or 2 composites laying within 2/3 of the variogram range (50m x 20m x vein width). Inferred mineral resources are those blocks with at least one drill hole laying within 1.5x variogram range (75m x 50m x vein width).

Guanacevi Silver-Gold Mineral Resources (as of December 31, 2021)							
	Tonnes	Ag g/t	Au g/t	Ag Eq g/t	Ag oz	Au oz	Ag Eq oz
Measured	149,000	485	1.09	572	2,319,000	5,200	2,735,000
Indicated	476,000	324	0.70	380	4,959,000	10,700	5,811,000
Total Measured and Indicated	**625,000**	**362**	**0.79**	**425**	**7,278,000**	**15,900**	**8,546,000**
Inferred	**806,000**	**449**	**1.14**	**540**	**11,633,000**	**29,500**	**13,996,000**

Notes for Mineral Resource estimation

1. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that any or all of the mineral resources will be converted into mineral reserves.
2. Mineral resources are exclusive of and in addition to mineral reserves.
3. Guanaceví mineral resource cut-off grades are based on a 201 g/t silver equivalent for Santa Cruz Sur of Guanaceví, 207 g/t silver equivalent for Santa Cruz, 207 g/t silver equivalent for Milache of Guanaceví and 252 g/t silver equivalent for Porvenir Norte and the El Curso concession of Guanaceví.
4. Dilution factor and mining recovery for mineral resources are not applied.
5. Price assumptions are $23/oz for silver and $1,725/oz for gold

Guanaceví Mineral Reserve Estimation Update

The mineral reserve estimate includes the Santa Cruz, Porvenir Norte, Milache and Porvenir Cuatro areas of the mine.

The mining breakeven cut-off grade includes internal stope dilution and was utilized to generate the stope designs for defining the reserves. The cut-off is stated as silver equivalent since the ratio between gold and silver is variable and both commodities are sold. Silver equivalent grade is calculated as the silver grade plus gold grade multiplied by 80, taking into account gold and silver prices and expected mill recoveries.

Mineral reserves are derived from measured and indicated resources after applying the economic parameters as stated below, while utilizing Vulcan software to generate stope designs for the reserve mine plan. The Guanaceví Project mineral reserves are derived and classified according to the following criteria:

- Proven mineral reserves are the economically mineable part of the measured resource for which mining and processing / metallurgy information and other relevant factors demonstrate that economic extraction is feasible. For Guanaceví Project, this applies to blocks located within approximately 15 m of existing development and for which the Company has a mine plan in place.

- Probable mineral reserves are those measured or indicated mineral resource blocks which are considered economic and for which the Company has a mine plan in place. For the Guanaceví mine project, this is applicable to blocks located a maximum of 25 m to 40 m either vertically or horizontally from development and the drill hole data.

Guanacevi Silver-Gold Mineral Reserves (as of December 31, 2021)							
	Tonnes	Ag g/t	Au g/t	Ag Eq g/t	Ag oz	Au oz	Ag Eq oz
Proven	127,000	344	0.91	417	1,409,000	3,700	1,709,000
Probable	1,008,000	400	1.02	482	12,971,000	33,200	15,624,000
Total Proven & Probable	**1,135,000**	**394**	**1.01**	**475**	**14,380,000**	**36,900**	**17,333,000**

Notes for Mineral Reserve estimation

1. Guanaceví mineral reserve cut-off grades are based on a 201 g/t silver equivalent for Santa Cruz Sur of Guanaceví, 207 g/t silver equivalent for Santa Cruz, 207 g/t silver equivalent for Milache of Guanaceví and 252 g/t silver equivalent for Porvenir Norte and the El Curso concession of Guanaceví.
2. Guanaceví metallurgical recoveries are 86.4% silver and 91.0% gold.
3. Mining recoveries of 92% were applied for mineral reserve estimate calculations.
4. Minimum mining widths are 0.8 m for mineral reserve estimate calculations.
5. Dilution factor is 24.0% for cut and fill mining and 40.0% for longhole mining, the dilution factors are calculated based on estimates of internal dilution of cameras and external empirical factor dilution.
6. Price assumptions are $23/oz for silver and $1,725/oz for gold.

Bolañitos Mines Project, Guanajuato State, Mexico

The executive summary of the Bolañitos Mines Project attached hereto as Schedule "B" is extracted from the technical report titled "NI 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Bolañitos Project, Guanajuato State, Mexico" prepared by the Company, with an effective date of December 31, 2020 and dated January 2, 2022 (the "**Bolañitos Technical Report**"). The detailed disclosure on the Bolañitos Mines Project in the Bolañitos Technical Report is incorporated into this AIF by reference and the summary attached as Schedule "B" is subject to all the assumptions, qualifications and procedures set out in the Bolañitos Technical Report. The complete report can be viewed on SEDAR at www.sedar.com.

Bolañitos Exploration Update

During 2021, the Company drilled 15,227 m in 72 holes to delineate and test extensions of historical and current workings. Surface and underground drilling confirmed expectations and intersected significant silver-gold mineralization with similar grades and vein widths to historical intercepts and ore grades, including the expansion of Melladito and Belen ore bodies and a new area south of Bolañitos situated 1.7 km from the Company's historic Golondrinas Mine.

The Company invested $7.3 million to develop 5.3 km of underground ramps and access. These exploration results and development activities with previous information were considered and included in an internal updated mineral reserve and resource estimation as of December 31, 2021.

In 2022, the Company plans to invest $12.2 million in capital projects, including $8.4 million for 5.5 km of mine development to access resources in the Plateros- La Luz, Lucero-Karina, Bolanitos-San Miguel and Belen vein systems. The remaining $3.8 million will go to upgrade the mining fleet, support site infrastructure, raise the tailings dam and commence a new portal to access the Belen ore body.

Bolañitos Mineral Resource Estimation Update

The assay sample database cut-off date for mineral resource estimation was September 30, 2021.

The Company used criteria of distance from composites and the number of samples to classify the mineral resources into measured, indicated or inferred. Measured mineral resources are those blocks with at least 6 composites, laying within 1/3 of the variogram range (25m x 10m x vein width). Indicated mineral resources are those blocks estimated by at least 2 drill holes or 2 composites laying within 2/3 of the variogram range (50m x 20m x vein width). Inferred mineral resources are those blocks with at least one drill hole laying within 1.5x variogram range (75m x 50m x vein width).

Bolanitos Silver-Gold Mineral Resources (as of December 31, 2021)

	Tonnes	Ag g/t	Au g/t	Ag Eq g/t	Ag oz	Au oz	Ag Eq Oz
Measured	58,000	99	2.73	317	183,000	5,100	587,000
Indicated	759,000	135	2.03	297	3,296,000	49,500	7,254,000
Total Measured & Indicated	**817,000**	**132**	**2.08**	**299**	**3,479,000**	**54,600**	**7,841,000**

Notes for Mineral Resource estimation

1. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources will be converted into mineral reserves.
2. Mineral resources are exclusive of and in addition to mineral reserves.
3. Bolañitos mineral resource and mineral reserve cut-off grades are based on a 141 g/t silver equivalent for Lucero, 149 g/t silver equivalent for Belen, 141 g/t silver equivalent for the La Luz ramp and 141 g/t silver equivalent for San Miguel ramp area of Bolanitos.

4. Dilution factor and mining recovery for mineral resources are not applied.
5. Price assumptions are $23 /oz for silver and $1,725/oz for gold.

Bolañitos Mineral Reserve Estimation Update

The reserve calculation for the Bolañitos mining operation was completed with an effective date of December 31, 2021.

The mining breakeven cut-off grade, which includes internal stope dilution, was utilized to generate the stope designs for defining the reserves. The cut-off is stated as silver equivalent since the ratio between gold and silver is variable and both commodities are sold. The average cut-off grade used for the Bolañitos mineral resource and mineral reserve cut-off grades are based on a 141 g/t silver equivalent for the Lucero ramp, 149 g/t silver equivalent for Belen, 141 g/t silver equivalent for the La Luz ramp and 141 g/t silver equivalent for San Miguel ramp area of Bolanitos. Silver equivalent grade is calculated as the silver grade in addition to gold grade multiplied by 80, taking into account gold and silver prices and expected mill recoveries.

Mineral reserves are derived from measured and indicated resources after applying the economic parameters as previously stated, and utilizing program to generate stope designs for the reserve mine plan. The Bolañitos mineral reserves are derived and classified according to the following criteria:

- Proven mineral reserves are the economically mineable part of the measured resource for which mining and processing / metallurgy information and other relevant factors demonstrate that economic extraction is feasible. For Bolañitos Project, this applies to blocks located within approximately 15m of existing development and for which Endeavour has a mine plan in place.

- Probable mineral reserves are those measured or indicated mineral resource blocks which are considered economic and for which Endeavour has a mine plan in place. For the Bolañitos mine project, this is applicable to blocks located a maximum of 25 m to 40 m either vertically or horizontally from development and the drill hole data.

Bolanitos Silver-Gold Mineral Reserves (as of December 31, 2021)							
	Tonnes	Ag g/t	Au g/t	Ag Eq g/t	Ag oz	Au oz	Ag Eq Oz
Proven	119,000	33	2.74	252	125,000	10,500	964,000
Probable	394,000	65	2.08	231	821,000	26,300	2,925,000
Total Proven & Probable	**513,000**	**57**	**2.23**	**236**	**946,000**	**36,800**	**3,889,000**

Notes for Mineral Reserve estimation

1. Bolañitos mineral resource and mineral reserve cut-off grades are based on a 141 g/t silver equivalent for the Lucero ramp, 149 g/t silver equivalent for Belen, 141 g/t silver equivalent for the La Luz ramp and 141 g/t silver equivalent for San Miguel ramp area of Bolanitos.
2. Bolañitos metallurgical recoveries are 85.7% silver and 90.1% gold.
3. Mining recoveries of 92% were applied for mineral reserve estimate calculations.
4. Minimum mining widths are 0.8 m for mineral reserve estimate calculations.
5. Dilution factor is 24% for cut and fill mining, and 40% for longhole mining, the dilution factors are calculated based on estimates of internal dilution of cameras and external empirical factors dilution.
6. Price assumptions are $23/oz for silver and $1,725/oz for gold.

Terronera Project, Jalisco State, Mexico

On October 25, 2021, the Company filed the 2021 Terronera Technical Report prepared by Wood Canada Ltd. together with the Company and dated October 21, 2021 with an effective date of September 9, 2021. The executive summary of the Terronera Project attached hereto as Schedule "C" is extracted from the 2021 Terronera Technical Report. The detailed disclosure on the Terronera Project in the 2021 Terronera Technical Report is incorporated into this AIF by reference and the summary attached as Schedule "C" is subject to all the assumptions, qualifications and procedures set out in the 2021 Terronera Technical Report. The complete report can be viewed on SEDAR at www.sedar.com.

The following sections in the 2021 Terronera Technical Report have been identified as containing incorrect information. None of this information is material to the 2021 Terronera Technical Report:

- The third paragraph in Section 14.2.8 which reads as follows:

  "Blocks estimated with composites from at least two drill holes with a nominal drill hole spacing of 30 m x 30 m along strike and down dip are classified as Indicated Mineral Resources for the La Luz deposit and blocks estimated with composites from only one hole or holes spaced wider than the nominal 30m spacing are classified as Inferred."

  should be deleted and replaced by the following:

  "The classification criteria for La Luz deposit is as follows:
  Indicated – blocks estimated in Ag Pass 1. Also, blocks estimated in Ag Pass 2 with the closest sample distance to blocks less than or equal to 22.5m. Blocks estimated in Pass 1 required two drill holes while blocks estimated in Pass 2 could be estimated by a single drill hole (Table 14-5).
  Inferred – all remaining blocks within the vein wireframes"

- In Tables 1-2 and 14-8 titled La Luz Deposit Mineral Resource Estimate with Effective Date March 5, 2021, the Tonnes (000s) classified as Indicated should be 127 instead of 122. The tonnage used throughout correctly used the figure 127.

- In Sections 1.14 and 18.6, reference to "3.2 million m3 (5.3 million tonnes)" is incorrect and should be "4.4 million m3 (7.2 million tonnes)". The correct figures have been used elsewhere in the 2021 Terronera Technical Report.

Terronera Exploration Update

At Terronera, the 2021 drill program targeted the southeast area near the Terronera vein and regional area acquired in 2020. A total of 15,448 m were drilled in 54 holes at a total expense of $2.2 million intersecting high-grade silver-gold mineralization in a number of structures near the Terronera vein, highlighting the potential surrounding the current resource estimate. Four intercepted structures, the San Simon, Fresno, Pendencia and Lindero veins, are located immediately to the southeast of the Terronera vein, and the Los Cuates vein is located approximately 10 km to the northwest of the Terronera Project.

The drill results confirm management's projection to grow resources in the district. As the 2021 Feasibility Study is now complete, all 2021 drill results are not included as part of the initial development plan or the current mineral reserve and resource estimate.

During 2021, the Company continued work on final detailed engineering, early earthworks, critical contracts and procurement of long lead items. Final permitting processes are progressing. The Company intends on making a formal construction decision in 2022, subject to completion of a financing package and receipt of additional amended permits.

Pitarrilla Acquisition, Durango State, Mexico

On January 12, 2022, the Company entered into a definitive agreement to purchase the Pitarrilla project in Durango State, Mexico by acquiring all of the issued and outstanding shares of SSR Durango, S.A. de C.V. from SSR Mining Inc. ("**SSR Mining**") and Silver Standard Ventures Inc. for total consideration of U.S.$70 million and grant of a 1.25% NSR royalty (the "**Pitarrilla Acquisition**"). Closing is expected to occur in the first half of 2022 and is subject to Toronto Stock Exchange ("**TSX**") and New York Stock Exchange ("**NYSE**") approvals and receipt of Mexican Federal Economic Competition Commission approval, as well as customary closing conditions for a transaction of this kind.

Pitarrilla is a large undeveloped silver, lead, and zinc project located 160 km north of Durango City, in northern Mexico. The Pitarrilla property consists of 4,950 hectares across five concessions and has significant infrastructure in place with direct access to utilities. SSR Mining filed a technical report titled "NI 43-101 Technical Report on the Pitarrilla Project" dated December 14, 2012 (the "**2012 Technical Report**"). The 2012 Technical Report provided a feasibility study outlining a large, mainly open-pit operation and a mineral resource estimate, which has since been updated by SSR Mining for its Annual Information Form for the financial year ended December 31, 2020 (the "**SSR Mining 2020 AIF**") (together, the "**Historical Estimate**").

Total consideration payable on closing of the Pitarrilla Acquisition is $70 million, consisting of $35 million in common shares of the Company ("**Common Shares**") and a further $35 million in cash or in Common Shares at the election of SSR Mining and agreed to by Endeavour. The number of Common Shares to be issued will be based on a deemed price of $4.0805 per share, being the volume weighted average price of the Common Shares on NYSE for the 10 business days immediately preceding the date of signing the definitive agreement. The Common Shares will be subject to a hold period of four months and one day following the date of closing of the Pitarrilla Acquisition.

SSR Mining will retain the NSR Royalty on Pitarrilla. Endeavour will have matching rights to purchase the NSR Royalty if SSR Mining proposes to sell it.

As outlined in the 2012 Technical Report and updated in the SSR Mining 2020 AIF, Pitarrilla has the following mineral resource estimate which Endeavour is treating as a historical estimate (within the meaning of NI 43-101):

- a measured and indicated mineral resource (open-pit and underground) of 525.27 million oz Ag in 164.79 million t grading 99.1 gpt Ag.
- an open-pit inferred mineral resource of 21.21 million oz Ag in 8.52 million t at an average grade of 77.4 gpt and underground inferred mineral resource of 5.46 million oz Ag in 1.23 million t at a grade of 138.1 gpt.

Information on the Historical Estimate is available in the 2012 Technical Report and the SSR Mining 2020 AIF. The economic analysis presented in the 2012 Technical Report is not considered current, is not being relied upon by Endeavour and should not be considered as representing the expected economic outcome under Endeavour's ownership. A qualified person has not done sufficient work to classify the Historical Estimate as current mineral resources or mineral reserves. The Company is not treating this information as current mineral resources or reserves, has not verified this information and is not relying on it. Following closing of the Pitarrilla transaction, Endeavour plans to prepare a current mineral resource estimate for Pitarrilla, develop exploration targets and analyze the economics of various scales of production.

Non-Material Properties

The Company continually evaluates additional silver and gold prospects in Mexico, Chile and the USA, which includes acquiring and disposing of rights to greenfield and brownfield mineral concessions. Currently, four exploration projects are being advanced – Parral (Mexico), Bruner (USA), Paloma (Chile) and Aida (Chile) and one exploration project, Guadalupe y Calvo (Mexico) has been optioned to a third party. The following properties are presently in the exploration stage, with the exception of El Compas which has had mining operations suspended. These properties are not considered by the Company to be material for the purposes of this AIF.

El Compas Mine, Zacatecas State, Mexico

In mid-August 2021, the Company suspended operations at El Compas and transferred mining assets and key talent to Bolañitos and Terronera.

Parral Properties, Chihuahua State, Mexico

In October 2016, the Company acquired a 100% interest in the Parral properties located in the historic silver mining district of Hidalgo de Parral in southern Chihuahua state, Mexico. SGM, the Mexican Geological Survey, estimates historic production of approximately 250 million oz of silver from this district. The properties cover 3,432 ha, across three large properties, Veta Colorada, La Pamilla and San Patricio. These properties are accessible by paved highway and a well maintained gravel road only five km north of the city of Hidalgo Del Parral. The area has excellent infrastructure including grid power, water, labour, services and three nearby 500 tpd plants.

In 2019, the Company completed 25 surface and underground drill holes to test an area 600 m long by 500 m deep in and around the Sierra Plata mine workings in the Sierra Plata mine on the Veta Colorada vein system. The Veta Colorada (including the Sierra Plata and El Verde mines) was a past producing mining operation owned by Grupo Mexico that closed in 1991 due to the low silver price. The Veta Colorada is a major silver vein structure that ranges from 1 to 30 m thick (average 5-10 m), was mined on 7 levels down to 300 m depths below surface in places and has been traced for 7 km. Several drill holes intersected two mineralized zones, the Veta Colorada and the HW Veta Colorada in the hanging wall, with a total true width of mineralization up to 16.5 m in hole VCU-17.

Due to the COVID-19 pandemic, the Company suspended the Parral drill programs in early 2020 and resumed drilling in March 2021, completing 80 holes totaling 18,245 m, with a total cost of $2.6 million targeting various areas of the Colorada vein. Drilling confirmed expectations in a number of areas, intersecting significant mineralization with meaningful vein widths.

The current resource estimate consists of an indicated mineral resource of 433,000 tonnes grading 271 gpt silver for an estimated 3.8 million silver ounces and an inferred mineral resource of 3,160,000 tonnes grading 324 gpt silver and 0.21 gpt gold for an estimated 33.0 million silver ounces and 21,800 gold ounces. The 2021 drill results are not included as part the current mineral resource estimate.

Paloma Project, Chile

The Paloma project is a high-sulphidation, epithermal-style hydrothermal system located in the Chilean Miocene deposit belt, 180 km southeast of the city of Calama, 5,000 m above sea level. Endeavour has an option to acquire up to 70% ownership of 5,100 ha from Compañía Minera del Pacifico. The Company's

2021 drill program confirmed widespread alteration and low-grade gold mineralization at its Paloma project. The exploration team analyzed drill results and commenced a second drill program to test targets for higher grade mineralization. The second phase of drilling to test for the possibility of higher grade mineralization and interpretation is expected to be completed in the first half of 2022.

Aida Project, Chile

The Aida project is located in northern Chile Region II along the Argentina border, 180 km southeast of Calama and 60 km southwest of SSR's Pirquitas mine in northern Argentina, accessible by paved highway and dirt road. The town of San Pedro de Atacama is about 110 km west of Aida and has modern infrastructure with a natural gas pipeline that follows the highway, within 22 km of the property. The project concessions covers 7,900 ha total, consisting of three 100% optioned mineral concessions which cover a small historic mine, surrounded by 30 new mineral concessions staked by the Company. The project covers a 4 km long x 2 km wide, argillic-phyllic-silicic alteration zone within dacite-andesite tuffs, breccias, flows, siltstones, sandstones and conglomerates intruded by a Miocene rhyo-dacite dome.

Guadalupe y Calvo project, Chihuahua State, Mexico

On February 1, 2021, the Company granted an option to purchase a 100% interest in its Guadalupe y Calvo gold-silver exploration project in Chihuahua, Mexico to Ridgestone Mining Inc. ("**Ridgestone**"). Pursuant to the terms of the option agreement, Ridgestone has the right to acquire a 100% interest in the project through payments over a four-year period of $1.5 million in cash and $1.75 million in shares based on the 20-day volume weighted average price of the shares preceding each issuance, plus $0.75 million in exploration expenditures, for a total commitment of $4 million. Ridgestone will grant a 2% NSR royalty to the Company, with the option to buy back the royalty for $2 million prior to the commencement of commercial production.

ITEM 5: DIVIDENDS

5.1 Dividends

The Company has not declared any dividends during the past three fiscal years ended December 31, 2021. The Company otherwise has no present intention of paying dividends on its common shares as it anticipates that all available funds will be invested to finance further acquisition, exploration and development of its mineral properties.

ITEM 6: DESCRIPTION OF CAPITAL STRUCTURE

6.1 General Description of Capital Structure

The Company's authorized share capital is comprised of an unlimited number of common shares without par value. All common shares of the Company rank equally as to voting rights, dividends and participation in the distribution of assets upon dissolution, liquidation or winding-up and in all other respects. Each share carries one vote per share at meetings of the shareholders of the Company.

The following table provides a summary concerning the Company's share capital as of December 31, 2021:

	December 31, 2021
Authorized share capital	Unlimited number of common shares without par value
Number of shares issued and outstanding	170,537,307 common shares without par value

As at March 8, 2022, the Company has 170,601,507 common shares issued and outstanding.

6.2 Constraints

The Company is not aware of any constraints imposed on the ownership of its securities to ensure that the Company has a required level of Canadian ownership.

6.3 Ratings

The Company is not aware of any ratings, including provisional ratings, from rating organizations for the Company's securities that are outstanding and continue in effect.

ITEM 7: MARKET FOR SECURITIES

7.1 Trading Price and Volume

The Company's common shares are listed for trading on the TSX under the symbol "EDR" and on the NYSE under the symbol "EXK".

The following table sets forth the price ranges and volume traded of the common shares of the Company for each month in 2021 on the TSX, the Canadian marketplace on which the greatest volume of trading or quotation for the common shares generally occurs.

Month	High (Cdn.$)	Low (Cdn.$)	Volume Traded
December 2021	6.20	4.77	6,103,722
November 2021	7.49	5.90	8,916,563
October 2021	6.67	4.81	7,483,853
September 2021	6.47	5.03	7,623,707
August 2021	6.91	5.19	8,870,223
July 2021	7.85	5.96	8,007,739
June 2021	9.32	7.15	9,898,634
May 2021	9.22	6.63	10,823,330
April 2021	7.32	6.31	8,370,145
March 2021	8.07	5.87	22,443,008
February 2021	8.63	5.76	22,026,063
January 2021	7.43	5.08	18,398,869

The following table sets forth the price ranges and volume traded of the common shares of the Company for each month in 2021 as reported by the NYSE. The data includes common shares sold through certain quotation systems in the United States.

Month	High (U.S.$)	Low (U.S.$)	Volume Traded
December 2021	4.87	3.69	49,107,212
November 2021	5.95	4.61	58,947,104
October 2021	5.37	3.82	57,270,215
September 2021	5.17	3.93	49,134,979
August 2021	5.50	4.00	51,039,789
July 2021	6.34	4.69	50,984,475
June 2021	7.76	5.78	59,717,974
May 2021	7.45	5.39	77,171,049
April 2021	5.86	5.03	55,418,311
March 2021	6.47	4.64	113,473,814
February 2021	6.91	4.49	113,851,292
January 2021	5.85	3.96	95,449,299

ITEM 8: ESCROWED SECURITIES

8.1 Escrowed Securities

To the Company's knowledge, as at December 31, 2021, there were no escrowed common shares of the Company or common shares of the Company subject to contractual restriction on transfer.

ITEM 9: DIRECTORS AND OFFICERS

9.1 Name, Occupation and Security Holding

The following is a list of the current directors and executive officers of the Company, their province/state and country of residence, their current positions with the Company and their principal occupations during the five preceding years. Each director is elected to serve until the next annual general meeting of shareholders or until his successor is elected or appointed, or unless his office is earlier vacated under any of the relevant provisions of the articles of the Company or the *Business Corporations Act* (British Columbia).

Name and Province/State and Country of Residence	Position	Date of Appointment as Director	Principal Occupation During Five Preceding Years
Bradford J. Cooke British Columbia, Canada	Director and Executive Chairman	July 25, 2002	Chief Executive Officer of Endeavour
Rex McLennan(2)(3)(4) British Columbia, Canada	Lead Director	June 12, 2007	Independent Director of public mineral exploration and mining companies

Name and Province/State and Country of Residence	Position	Date of Appointment as Director	Principal Occupation During Five Preceding Years
Mario D. Szotlender(1)(2)(4) Caracas, Venezuela	Director	July 25, 2002	Independent Consultant and Director of several public mineral exploration and mining companies
Geoffrey Handley(1)(2) Sydney, Australia	Director	June 14, 2006	Independent Director of public mineral exploration and mining companies
Ricardo Campoy(1)(3) New York, USA	Director	July 9, 2010	Senior Advisor, Capstone Partners
Ken Pickering(1)(3)(4) British Columbia, Canada	Director	August 20, 2012	Independent Director of several public mineral exploration and mining companies
Margaret Beck (2)(3) Arizona, USA	Director	May 7, 2019	Retired since January 2019, Vice President Finance Minerals Australia, BHP Billiton from April 2016 to January 2019, VP Finance Iron Ore, BHP Billiton from October 2013 to March 2016.
Amy E. Jacobsen South Carolina, USA	Director	January 3, 2022	President of Windward Consulting LLC since 2007; Director of Behre Dolbear Group Inc from October 2016 to July 2019; Corporate Treasurer of Behre Dolbear Group. Since July 2019
Daniel Dickson British Columbia, Canada	Director and Chief Executive Officer	May 12, 2021	Chief Executive Officer of Endeavour since May 2021; Chief Financial Officer of Endeavour from February 2009 to May 2021.
Donald Gray Tennessee, USA	Chief Operating Officer	N/A	Chief Operating Officer of Endeavour since September 2020 and Chief Operating Officer of Continental Gold Inc from June 2015 to March 2020
Luis Castro Durango, Mexico	Vice President, Exploration	N/A	Vice President, Exploration of Endeavour
Nicholas Shakesby Texas, USA	Vice President, Operations, Mexico	N/A	Vice President, Operations, Mexico of Endeavour since October 2018;
Dale Mah British Columbia, Canada	Vice President of Corporate Development	N/A	Vice President of Corporate Development of Endeavour since June 2016; Vice President, Geology, Quintana Resources Capital from April 2014 to May 2016
Christine West British Columbia, Canada	Chief Financial Officer	N/A	Chief Financial Officer of Endeavour since May 2021, Vice President Controller of Endeavour from March 2017 to May 2021.

Name and Province/State and Country of Residence	Position	Date of Appointment as Director	Principal Occupation During Five Preceding Years
Galina Meleger British Columbia, Canada	Vice President, Investor Relations	N/A	Vice President of Investor Relations of Endeavour since July 2021, Director of Investor Relations of Endeavour October 2017 to July 2021.
Bernard Poznanski British Columbia, Canada	Corporate Secretary	N/A	Lawyer, Koffman Kalef LLP, Business Lawyers

(1) Member of Compensation Committee
(2) Member of Corporate Governance and Nominating Committee
(3) Member of Audit Committee
(4) Member of Sustainability Committee

As at March 8, 2022, the directors and executive officers of the Company as a group beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 1,305,039 common shares of the Company, representing approximately 0.8% of the issued and outstanding common shares of the Company.

9.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed herein, no director or executive officer of the Company is, as at the date of this AIF, or has been, within the ten years preceding the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, when such order was issued while the person was acting in the capacity of a director, chief executive officer or chief financial officer of the relevant company, or

(b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after such person ceased to be a director, chief executive officer or chief financial officer of the relevant company, and which resulted from an event that occurred while the person was acting in the capacity of a director, chief executive officer or chief financial officer of the relevant company.

Mario Szotlender is a director of Fortuna Silver Mines Inc. ("**Fortuna**") and was a director of Fortuna when a management cease trade order was issued by the British Columbia Securities Commission ("**BCSC**") on April 3, 2017 against the CEO and CFO of Fortuna in connection with Fortuna's failure to timely file financial statements, related management discussion and analysis and an annual information form for its financial year ended December 31, 2016. Fortuna reported that the delay in the filing of these documents was due to pending resolution of a regulatory review of certain of the Company's filings by the United States Securities and Exchange Commission. On May 25, 2017, the BCSC revoked this management cease trade order after Fortuna filed the required records.

Ricardo Campoy was Chairman and a director of General Moly, Inc. ("General Moly") and held such positions on November 20, 2020 when the Ontario Securities Commission issued a cease trade order ("CTO") in respect of the securities of General Moly as a result of General Moly's failure to file by the filing deadline its interim financial statements for the quarter ended September 30, 2020, the related management's discussion and analysis, and the required related certifications. The CTO was applicable in all jurisdictions in Canada in which General Moly is a reporting issuer with certain exemptions for beneficial holders of General Moly's securities. The TSX delisted General Moly's common stock effective at the close of market on December 29, 2020.

Other than as disclosed herein, no director or executive officer of the Company or any shareholder holding a sufficient number of common shares of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been, within the ten years preceding the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,

(b) has, within the ten years preceding the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person,

(c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or

(d) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision regarding the Company.

Geoffrey Handley was a director of Mirabela Nickel Limited ("**Mirabela**") until January 11, 2014. On February 25, 2014, within a year of Mr. Handley ceasing to be a director, Mirabela announced that it had entered into a legally binding plan support agreement ("**PSA**") which established a framework for a proposed recapitalization of Mirabela, subject to certain terms and conditions, as well as the appointment of certain persons of KordaMentha, a restructuring firm, as joint and several voluntary administrators under the Australian Corporations Act 2001. Mirabela also announced that, under the PSA, the proposed recapitalization was to be effected through a recapitalization and restructuring plan to be implemented through a deed of company arrangement in Australia and an extrajudicial reorganization proceeding to be filed by Mirabela Brazil before the competent Brazilian court. Trading in securities of Mirabela on the Australian Securities Exchange was suspended from October 7, 2013 to June 30, 2014.

Ricardo Campoy was Chairman and a director of General Moly and held such positions on November 18, 2020 when General Moly filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Colorado (the "Bankruptcy Court"). General Moly announced on October 1, 2020 that NYSE American had suspended the trading of General Moly's common stock. The OTC Pink Open Market in the United States also halted trading in General Moly's common stock on November 17, 2020. The TSX delisted General Moly's common stock effective at the close of market on December 29, 2020. On March 31, 2021, General Moly announced that, on March 30, 2021, the Bankruptcy Court issued an order confirming General Moly's Chapter 11 plan of reorganization and that, under the plan of reorganization, General Moly's assets would be transferred to a new venture and the existing equity interests in General Moly would be cancelled. In connection with that order, Mr. Campoy resigned as a director of General Moly effective March 31, 2021.

Margaret Beck was an alternate director of Samarco Mineração S.A's ("Samarco"), an entity in which BHP Billiton holds a 50% interest, when a dam failure occurred on November 5, 2015 at Samarco's iron ore operation in Minas Gerais, Brazil. The Ministerio Público Federal of Brazil (Federal Prosecutors Office) has filed criminal charges before the Federal Court of Ponte Nova against BHP Billiton Brasil Ltda ("BHP Billiton Brasil") as well as eight current or former employees of BHP or BHP Billiton Brasil, including Ms. Beck. On August 6, 2019 a habeas corpus petition filed on behalf of Ms. Beck was granted and the entire criminal case against her was dismissed. The Federal Prosecutors Office has appealed this decision and the appeal process is pending.

9.3 Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest in or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the *Business Corporations Act* (British Columbia) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

To the best of its knowledge, the Company is not aware of any such conflicts of interest.

ITEM 10: PROMOTERS

Since January 1, 2020, no person or company has acted as a promoter of the Company.

ITEM 11: LEGAL PROCEEDINGS

11.1 Legal Proceedings

Other than discussed below, there are no material legal proceedings in the Company's last fiscal year to which the Company is a party or to which any of its property is subject, and there are no such proceedings known to the Company to be contemplated.

Minera Santa Cruz y Garibaldi SA de CV ("**MSCG**"), a subsidiary of the Company, received a MXN 238 million assessment on October 12, 2010 by Mexican fiscal authorities for failure to provide the appropriate support for certain expense deductions taken in MSCG's 2006 tax return, failure to provide appropriate support for loans made to MSCG from affiliated companies, and deemed an unrecorded distribution of dividends to shareholders, among other individually immaterial items. MSCG immediately initiated a Nullity action and filed an administrative attachment to dispute the assessment.

In June 2015, the Superior Court ruled in favour of MSCG on a number of the matters under appeal; however, the Superior Court ruled against MSCG for failure to provide appropriate support for certain deductions taken in MSCG's 2006 tax return. In June 2016, the Company received a MXN 122.9 million ($6.0 million) tax assessment based on the June 2015 ruling. The 2016 tax assessment is comprised of MXN 41.8 million in taxes owed ($2.0 million), MXN 17.7 million ($0.9 million) in inflationary charges, MXN 40.4 million ($2.0 million) in interest and MXN 23.0 million ($1.1 million) in penalties. The 2016 tax assessment was issued for failure to provide the appropriate support for certain expense deductions taken in MSCG's 2006 tax return and failure to provide appropriate support for loans made to MSCG from affiliated companies and includes interest and penalties. If MSCG agrees to pay the tax assessment, or a lesser settled amount, it is eligible to apply for forgiveness of 100% of the penalties and 50% of the interest.

The Company filed an appeal against the June 2016 tax assessment on the basis that certain items rejected by the courts were included in the new tax assessment and a number of deficiencies exist within the assessment. Since issuance of the assessment interest charges of MXN 12.8 million ($0.6 million) and inflationary charges of MXN 19.1 million ($0.9 million) has accumulated.

Included in the Company's consolidated financial statements, are net assets of $595,000, held by MSCG. Following the Tax Court's rulings, MSCG is in discussions with the tax authorities with regards to the shortfall of assets within MSCG to settle its estimated tax liability. An alternative settlement option would be to transfer the shares and assets of MSCG to the tax authorities. The Company recognized an allowance for transferring the shares and assets of MSCG amounting to $595,000 in a prior year. The Company is currently assessing MSCG's settlement options based on ongoing court proceedings and discussion with the tax authorities. The Company has been advised that the appeal filed with the Federal Tax Court, against the June 2016 tax assessment has been rejected and the Company continues to assess MSCG's settlement options and has filed an appeal with the Supreme Court of Justice. The Company continues to assess that it is probable that an appeal should prevail, and the maximum exposure is the amount of the allowance above.

Compania Minera Del Cubo SA de CV ("**Cubo**"), a subsidiary of the Company, received an MXN 58.5 million ($2.9 million) assessment in 2019 by Mexican fiscal authorities for failure to provide the appropriate support for depreciation deductions taken in the Cubo 2016 tax return and denied deductions of certain suppliers. The tax assessment consists of MXN 24.1 million ($1.2 million) for taxes, MXN 21.0 million ($1.1 million) for penalties, 10.4 million ($0.5 million) for interest and MXN 3.0 million ($0.1 million) for inflation. At the time of the tax assessment the Cubo entity had and continues to have sufficient loss carry forwards which would be applied against the assessed difference of taxable income. The Mexican tax authorities did not consider these losses in the assessment.

Due to the denial of certain suppliers for income tax purposes, the invoices are deemed ineligible for refunds of IVA paid on the invoices. The assessment includes MXN 14.7 million ($0.7 million) for re-payment of IVA (value added taxes) refunded on these supplier payments. In the Company's judgement the suppliers and invoices meet the necessary requirements to be deductible for income tax purposes and the recovery of IVA.

The Company has filed an administrative appeal related to the 2016 Cubo Tax assessment. Cubo had previously provided a lien on certain El Cubo mining concessions during the appeal process. To facilitate the sale of the El Cubo mine and related assets, the Company elected to pay the assessed amount of $3.5 million during Q1, 2021. During the appeal process the amount paid has been classified as a non-current income tax recoverable. Since issuance of the assessment, interest charges of MXN 9.9 million ($0.5 million) and inflationary charges of MXN 1.6 million ($0.1 million) has accumulated.

11.2 Regulatory Actions

During the year ended December 31, 2021, there were no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority and there were no settlement agreements that the Company entered into before a court relating to securities legislation or with a securities regulatory authority. Except as described in item 11.1, there are no other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision.

ITEM 12: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

12.1 Interest of Management and Others in Material Transactions

None of the following persons or companies has had any material interest, direct or indirect in any transaction since January 1, 2019 that has materially affected or is reasonably expected to materially affect the Company:

(a) a director or executive officer of the Company;

(b) a person or company that beneficially owns, or controls or directs, directly or indirectly more than 10% of any class or series of the outstanding voting securities of the Company; and

(c) an associate or affiliate of any of the persons or companies referred to in the above paragraphs (a) or (b).

The Company's directors and officers may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The interests of these companies may differ from time to time. See "Risk Factors – Potential Conflicts of Interest" and "Directors and Officers - Conflicts of Interest".

ITEM 13: TRANSFER AGENT AND REGISTRAR

13.1 Transfer Agent and Registrar

The transfer agent and registrar for the common shares of the Company is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia and Toronto, Ontario.

ITEM 14: MATERIAL CONTRACTS

14.1 Material Contracts

There are no contracts that are material to the Company that were entered into during the financial year ended December 31, 2021 or prior thereto but which are still in effect, other than contracts entered into in the ordinary course of business of the Company.

ITEM 15: INTERESTS OF EXPERTS

15.1 Names of Experts

The Qualified Person who completed the reserves and resources for the Bolañitos Mines Project and Guanaceví Project is Dale Mah, P.Geo., of Endeavour. He is the author of the Bolañitos Technical Report and the Guanaceví Technical Report.

The technical report titled "NI 43-101 Technical Report on the Feasibility Study of the Terronera Project Jalisco State, Mexico" effective September 9, 2021, including thee Mineral Reserve Estimate for Terronera in the report, was prepared by Dale Mah, P.Geo., of Endeavour and by Wood Canada Limited under the direction of the following Independent Qualified Persons: Tatiana Alva, P. Geo.; William Bagnell, P.Eng.; Adam Coulson, P.Eng.; Alan Drake, P.Eng.; Kirk Hanson, P.E.; Paul Ivancie, C.P.G.; and Humberto Preciado, P.E.

Dale Mah, P.Geo., Vice President, Corporate Development of Endeavour, is the Qualified Person who reviewed and approved the technical information contained in Updated Company Mineral Reserve and Resource Estimates of the Guanaceví Mine, the Bolañitos Mine, the Terronera Project, the El Compas Mine, the Parral project, the Calicanto project and the Guadalupe y Calvo exploration project.

15.2 Interests of Experts

KPMG LLP is the auditor of the Company and has confirmed with respect to the Company that it is independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations under all relevant United States professional and regulatory standards.

To the best of the Company's knowledge, other than Mr. Mah, the other experts named in Item 15.1 did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Company when the experts prepared their respective reports or afterwards, nor will they receive any such interest. Mr. Mah holds, directly or indirectly, options to acquire 86,200 common shares of the Company and 117,000 performance share units (each convertible into common shares of the Company).

ITEM 16: ADDITIONAL INFORMATION

16.1 Additional Information

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's Information Circular for its most recent Annual General Meeting of shareholders held on May 12, 2021. Additional financial information is also provided in the Company's financial statements and management's discussion and analysis for its most recently completed financial year ended December 31, 2021.

16.2 Audit Committee

1. The Audit Committee's Charter

National Instrument 52-110 - Audit Committees ("**NI 52-110**") requires every issuer to disclose certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below. A copy of the Company's Audit Committee Charter is set out in Schedule "D" to this AIF.

2. Composition of the Audit Committee

The Company's audit committee is comprised of four directors, as set forth below:

Rex McLennan	Ricardo Campoy	Ken Pickering	Margaret Beck

As defined in NI 52-110, Rex McLennan, Ken Pickering, Ricardo Campoy and Margaret Beck are "independent" directors. The Company therefore meets the requirement in NI 52-110 that all audit committee members be independent directors.

All of the members of the audit committee are financially literate.

3. Relevant Education and Experience

Rex McLennan - Mr. McLennan holds a Master of Business Administration degree (Finance & Accounting) from McGill University and a Bachelor of Science degree (Mathematics & Economics) from the University of British Columbia. Mr. McLennan has an ICD.D designation with the Canadian Institute of Corporate Directors. Mr. McLennan was a past Chief Financial Officer of Viterra Inc., a major global agricultural commodity company, and from 1997 to 2005, he was the Executive Vice President and Chief Financial Officer of Placer Dome Inc., a major global mining company. In his earlier career in the oil and gas industry he held positions of increasing responsibility in business planning, finance and treasury for Imperial Oil, a publicly traded Canadian subsidiary of Exxon Corporation.

Ricardo Campoy – Mr. Campoy has a Bachelor of Science in Mine Engineering from the Colorado School of Mines and a Master of International Management (Finance) from the American Graduate School of International Management. Mr. Campoy has over 30 years of experience as a mine engineer, investment banker and financial advisor for the resource industry, financial institutions and investment funds.

Ken Pickering - Mr. Pickering is a professional engineer and mining executive with more than 45 years of experience working in the natural resource sector building and managing major mining operations in Canada, Chile, Australia, Peru and the United States.

Margaret Beck – Ms. Beck has a Bachelor of Science in Business Administration, Accounting from the University of Arizona, Tucson and has over 30 years of experience in the mining industry. Prior to retirement, Ms. Beck ascended the ranks with global conglomerate BHP, at different levels of the organization including executive, regional and operational levels across four countries. Ms. Beck held multiple senior executive positions with BHP including Vice President Finance Minerals Australia, Vice President Finance Iron Ore, Vice President Finance Mineral Exploration and Vice President Finance Base Metals.

4. Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the following exemptions or provisions under NI 52-110:

(a) the exemption in section 2.4 (*De Minimis Non-audit Services*),
(b) the exemption in section 3.2 (*Initial Public Offerings*),
(c) the exemption in subsection 3.3(2) (*Controlled Companies*)
(d) the exemption in section 3.4 (*Events Outside Control of Member*),
(e) the exemption in section 3.5 (*Death, Disability or Resignation of Audit Committee Member*), or
(f) the exemption in section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*)
(g) section 3.8 (*Acquisition of Financial Literacy*),
(h) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

5. Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has a recommendation of the audit committee to nominate or compensate an external auditor not been adopted by the Board of Directors.

6. Pre-Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board of Directors and, where applicable, by the audit committee, on a case-by-case basis.

7. External Auditor Service Fees (By Category)

Set forth below are details of certain service fees paid to the Company's external auditor in each of the last two fiscal years for audit services:

Financial Year End	**Audit Fees**(1)	**Audit-related Fees**(2)	**Tax Fees**(3)	**All Other Fees**(4)
December 31, 2021	Cdn.$708,584	Nil	Nil	Nil
December 31, 2020	Cdn.$822,922	Nil	Nil	Nil

(1) Relates to fees for audit services.
(2) Relates to fees for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees".
(3) Relates to fees for professional services rendered by the Company's external auditor for tax compliance, tax advice, and tax planning.
(4) Relates to fees for products and services provided by the Company's external auditor other than the services reported under the other categories.

1. EXECUTIVE SUMMARY

1.1 Introduction

Mr. Dale Mah, P.Geo., has prepared this Technical Report (the Report) on the Guanacevi Project (Guanacevi) for Endeavour Silver Corp. (EDR). Guanacevi is located northwest of the capital city of Durango, Durango State, Mexico.

This report provides updated information on the operation of the Guanacevi Project, including an updated Mineral Resource and Mineral Reserve estimate. The information will be used to support disclosures in Endeavour Silver's Annual Information Form (AIF). Units used in the report are metric units unless otherwise noted. Monetary units are in United States dollars (US$) unless otherwise stated. This report was prepared in accordance with the requirements and guidelines set forth in National Instrument 43-101 (NI43-101), Companion Policy 43-101CP and Form 43-101F1 (June 2011), and the mineral resources and reserves presented herein are classified according to Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards - For Mineral Resources and Mineral Reserves, prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on May 10, 2014. The mineral resource and mineral reserve estimates reported here are based on all available technical data and information as of December 31, 2020.

1.2 Property Description and Ownership

The Guanaceví Project is located in the northwest portion of the Mexican state of Durango, approximately 3.6 km west of the town of Guanaceví and 260 km northwest of the capital city of Durango. The approximate geographic center of the Project is 105°58'20"W longitude and 25°54'47"N latitude. At present, the Project is comprised of 51 mineral concessions for a total property area of 4,171.5546 ha.

EDR controls the Guanaceví Project through its 100% owned Mexican subsidiary, Endeavour Gold Corporation S.A. de C.V. (Endeavour Gold). Endeavour Gold holds the project through its two 100% owned subsidiaries, Minera Plata Adelante S.A. de C.V. (Minera Plata Adelante) and Refinadora Plata Guanaceví S.A. de C.V. (Refinadora Plata Guanaceví).

1.3 Geology and Mineralization

The Guanaceví silver-gold district hosts classic, high-grade silver-gold, epithermal vein deposits characterized by low sulphidation mineralization and adularia-sericite alteration. The Guanaceví veins are typical of many epithermal silver-gold vein deposits in Mexico in that they are primarily hosted in the Tertiary Lower Volcanic series of andesite flows, pyroclastics and epiclastics, overlain by the Upper Volcanic series of rhyolite pyroclastics and ignimbrites. Evidence is accumulating in the Guanaceví mining district that the mineralization is closely associated with a pulse of silicic eruptions that either signaled the end of Lower Volcanic Sequence magmatism or the onset of Upper Volcanic Sequence activity.

Mineralization at Guanaceví occurs in association with an epithermal low sulphidation, quartz-carbonate, fracture-filling vein hosted by a structure trending approximately N45°W, dipping 55° southwest. The Santa Cruz vein is the principal host of silver and gold mineralization at Guanaceví, and is located on the west side of the horst of the Guanaceví Formation. The mineralized vein is part of a major fault system that trends northwest and principally places the Guanaceví Formation in the footwall against andesite and/or rhyolite in the hanging wall. The fault and vein comprise a structural system referred to locally as the Santa Cruz vein structure or Santa Cruz vein fault. The Santa Cruz vein itself has been traced for 5 km along trend, and averages approximately 3.0 m in width. High-grade mineralization in the system is not continuous but occurs in steeply northwest-raking shoots up to 200 m in strike length. A secondary mineralized vein is located sub-parallel and subjacent to the Santa Cruz vein, in the footwall, and while less continuous is economically significant in the Porvenir Dos and North Porvenir portions of the Project.

1.4 Status of Exploration

In 2020, EDR spent US $916,935 (including property holding costs) on exploration activities, primarily in the El Curso Claim. Underground drilling program focused on exploring the Santa Cruz vein the El Curso property, and included a total of 7,200m in 24 holes, with a total of 1,205 samples submitted for assays. Field exploration activities over a third-party claim (Los Angeles), located northwest of Guanacevi town, and a total of 55 rock samples were collected.

Since acquisition of the Guanaceví Project in 2004, and prior to the 2020 exploration season, EDR had completed 793 diamond drill holes totaling 216,810 m and 22 reverse circulation drill holes totaling 2,977 m on the entire Guanaceví Project. Of this total, approximately 173,412 m of diamond drilling in 607 holes were completed on the Santa Cruz vein structure. Holes were drilled from both surface and underground drill stations, and 64,865 samples were collected and submitted for assay.

1.5 Development and Operations

Mining methods used at Guanacevi include long-hole stoping and conventional cut and fill mining. Cut and fill stopes are generally mined 15m along strike and in 1.5 - 1.8m high cuts, and long hole stopes are 15m long and 20m high (20m between levels floor to floor). Access to the stoping areas is provided by a series of primary and secondary ramps located in the footwall of the principal structure, the Santa Cruz vein. The ramps have grades from minus 15% to plus 12%, with plus or minus 12% as standard. The ramps and crosscuts are generally 4 m by 4 m.

In 2020, the total ore production was 329,892 tonnes at an average grade of 321 g/t Ag and 0.86 g/t Au. The 4 operating mine areas were Santa Cruz Sur (26% production), El Porvenir (14% production), El Curso (37% production) and Milache (22% production).

As of December 31, 2020, the Guanaceví mines project had a roster of 512 employees and an additional 413 contractors. The mine operates on two 10-hour shifts, 7 days per week, whereas the mill operates on a 24/7 schedule, two 10 hour shifts per day.

1.6 Mineral Resource Estimate

Dale Mah, P.Geo., of EDR is responsible for the mineral resource estimate presented in this report. Mr. Mah is a Qualified Person as defined by NI 43-101, and is not independent of EDR. The mineral resources and mineral reserves reported herein are classified as Measured, Indicated and Inferred according to CIM Definition Standards.

EDR estimated the mineral resource for the Guanaceví Project based on channel samples and drillhole data constrained by geologic vein boundaries with an Ordinary Krige ("OK") algorithm. Vulcan® V10.1.5 ("Datamine") software was used to complete the resource estimate. The metals of interest at Guanaceví are gold and silver.

The Guanaceví mineral resource is comprised of 13 individual models or veins. The veins are further subdivided by area and modeling method. The mineral resources have been estimated using either a Vertical Longitudinal Projection (VLP) polygonal method (4 veins) or as 3-dimensional ("3D") block model (9 veins).

The resources based on the 2D polygonal methods are estimated by using a fixed distance VLP from sample points. The VLPs are created by projecting vein geology and underground workings onto a vertical 2D long section. The 2D estimates were classified based on the distance to the nearest sample. Measured mineral resources are the area of the defined resource blocks within 10 meters of a sample. Indicated mineral resources are the area of the defined resource blocks within 20 meters of a sample. Inferred mineral resources are those blocks greater than 20 meters from a sample and have a value for estimated silver.

Vein wireframes were created using both implicit and explicit modeling methods. Explicit modeling involved using cross-sections orthogonal to the strike of the vein to select intervals from drillholes representing the vein material. Level sections were used to select vein material from channel samples. Points representing the hanging wall and footwall contacts were extracted by the software to interpolate hanging wall and footwall surfaces. These surfaces were used to delineate each vein solid. The surfaces were evaluated in 3-dimensions to ensure that both the down dip and along strike continuity was maintained throughout the model. Veins were clipped against younger veins, topography, and the concession boundaries. Implicit models were created initially in Leapfrog software, but then edited by the geological team to ensure boundaries are accurate.

The mineral resource estimate includes all data obtained as of December 31, 2020. Mineral resources are not mineral reserves and may be materially affected by environmental, permitting, legal, socio-economic, political, or other factors. Mineral resources are reported above a silver equivalent grade of 198 gpt, assuming a silver price of $16.51 and a gold price of $1465 per ounce. EDR used a cutoff grade to test for reasonable prospects for economic extraction.

The mineral resources for the Guanaceví mine as of December 31, 2020, are summarized in Table 1-1. The resources are exclusive of the mineral reserves.

Table 1-1 Mineral Resource Estimate, Effective Date December 31, 2020

Classification	Tonnes	Silver		Gold		Silver_Equivalent	
		g/t	oz.	g/t	oz.	g/t	oz.
Measured	95,360	405	1,240,207	0.88	2692	475	1,455,576
Indicated	565,975	363	6,603,002	0.82	14,920	428	7,796,568
Measured + Indicated	**661,335**	**369**	**7,843,209**	**0.83**	**17,612**	**435**	**9,252,143**
Inferred	865,804	495	13,765,421	1.18	32,737	589	16,384,411
TOTAL	**1,527,139**	**440**	**21,608,629**	**1.03**	**50,349**	**522**	**25,636,554**

1. Measured, Indicated and Inferred Mineral Resource cut-off grades are based on a 225 g/t silver equivalent for Santa Cruz Sur of Guanacevi and 222 g/t silver equivalent for Santa Cruz, 237 g/t silver equivalent for Milache and 280 g/t silver equivalent for Ocampo and Porvenir Norte of Guanaceví.
2. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.
3. Metallurgical recoveries were 84.6% silver and 85.7% gold.
4. Silver equivalents are based on a 80:1 silver: gold ratio
5. Price assumptions are $16.51 per ounce for silver and $1,465 per ounce for gold for resource cutoff calculations.
6. Mineral resources are estimated exclusive of and in addition to mineral reserves.

1.7 Mineral Reserve Estimate

Dale Mah, P.Geo., of EDR is responsible for the mineral reserve estimate presented in this report. Mr. Mah is a Qualified Person as defined by NI 43-101, and is not independent of EDR. The mineral reserves reported herein are classified as Proven and Probable according to CIM Definition Standards. The mineral reserve estimate for EDR's Guanaceví Project has an effective date of December 31st, 2020. The mineral reserve estimate includes the Santa Cruz and Milache areas of the mine and the ore stockpiles at the mill site. Stope designs for reporting the mineral reserves were created utilizing the updated resources and cutoffs established for 2020. All the stopes are within readily accessible areas of the active mining areas. Ore is processed in the on-site mill, leaching circuit and Merrill Crowe process capable of processing 1,300 tpd.

Measured and Indicated mineral resources within mineable areas have been converted to Proven and Probable mineral reserves as defined by CIM. Inferred mineral resources are classified as waste. Dilution is applied to Measured and Indicated resource blocks depending on the mining method chosen. Mining stopes were created based solely on Measured and Indicated resources above the calculated cutoff grade which have reasonable prospects of economic extraction after applying certain modifying factors:

- Cutoff Grades: 237 g/t AgEq for Milache; 225 g/t AgEq for Santa Cruz Sur and 280 g/t AgEq for El Curso and El Porvenir including the royalties payable
- Minimum Mining Width: 0.8m.
- External Dilution Cut and Fill: 15%
- External Dilution Long Hole: 30%

- Silver Equivalent: 80:1 silver to gold
- Gold Price: US $1,465/oz.
- Silver Price: US $16.51/oz.
- Gold Recovery: 85.7%
- Silver Recovery: 84.6%

The Guanaceví Project mineral reserves are derived and classified according to the following criteria:

- Proven mineral reserves are the economically mineable part of the Measured resource for which mining and processing / metallurgy information and other relevant factors demonstrate that economic extraction is feasible. For Guanaceví Project, this applies to blocks located within approximately 10m of existing development and for which EDR has a mine plan in place.
- Probable mineral reserves are those Measured or Indicated mineral resource blocks which are considered economic and for which EDR has a mine plan in place. For the Guanaceví mine project, this is applicable to blocks located a maximum of 35m either vertically or horizontally from development with one exception in the main lower Santa Cruz vein the maximum distance to development was extended to 110m as this area is currently being developed.

The Proven and Probable mineral reserves for the Guanaceví mine as of December 31, 2020 are summarized in Table 1-2. The reserves are exclusive of the mineral resources reported in Section 14 of this report.

Table 1-2 Mineral Reserve Estimate

Classification	Vein	Tonnes	Silver		Gold		Silver_Equivalent		Dilution
			g/t	oz.	g/t	oz.	g/t	oz.	%
Proven	El CURSO SUR	69,092	359	796,517	0.90	2009	431	957,227	38%
	MILACHE	6,333	242	49,204	0.69	141	297	60,486	35%
	MILACHE B1	5,770	407	75,561	1.04	193	491	91,005	35%
	SANTA CRUZ SUR	31,194	218	218,516	0.67	671	271	272,210	30%
	STOCK PILE	28,444	334	305,442	0.76	695	395	361,044	0%
Total Proven		**140,832**	**319**	**1,445,240**	**1**	**3,709**	**385**	**1,741,971**	**35%**
Probable	El CURSO SUR	525,763	426	7,200,253	1.08	18227	512	8,658,384	38%
	MILACHE	42,226	285	387,523	0.90	1222	357	485,271	35%
	MILACHE B1	29,491	286	271,557	0.77	727	348	329,712	35%
	SANTA CRUZ SUR	350,755	239	2,694,498	0.77	8643	300	3,385,922	30%
Total Probable		**948,236**	**346**	**10,553,831**	**0.95**	**28,818**	**422**	**12,859,288**	**35%**
Total Proven + Probable Reserves		**1,089,068**	**343**	**11,999,071**	**0.93**	**32,527**	**417**	**14,601,259**	**35%**

1. Cutoff Grades: 237 g/t AgEq for Milache; 225 g/t AgEq for Santa Cruz Sur and 280 g/t AgEq for El Curso and Porvenir Norte including the royalties payable.
2. Minimum Mining Width: 0.8m.
3. External Dilution Cut and Fill: 15%
4. External Dilution Long Hole: 30%

5. Silver Equivalent: 80:1 silver to gold
6. Gold Price: US $1,465/oz.
7. Silver Price: US $16.51/oz.
8. Recovery: 85.7% silver and 85.4% gold.
9. Mineral resources are estimated exclusive of and in addition to mineral reserves.
10. Figures in table are rounded to reflect estimate precision; small differences generated by rounding are not material to estimates.

1.8 Conclusions and Recommendations

The QP considers the Guanaceví resource and reserve estimates presented here to conform with the requirements and guidelines set forth in Companion Policy 43-101CP and Form 43-101F1 (June 2011), and the mineral resources and reserves presented herein are classified according to Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards - For Mineral Resources and Mineral Reserves, prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on May 10, 2014. These resources and reserves form the basis for EDR's ongoing mining operations at the Guanaceví Project.

The QP is unaware of any significant technical, legal, environmental or political considerations which would have an adverse effect on the extraction and processing of the resources and reserves located at the Guanaceví Mines Project. Mineral resources which have not been converted to mineral reserves, and do not demonstrate economic viability shall remain mineral resources. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.

The QP considers that the mineral concessions in the Guanaceví mining district controlled by EDR continue to be highly prospective both along strike and down dip of the existing mineralization.

EDR's Guanaceví Project has an extensive mining history with well-known silver and gold bearing vein systems. Ongoing exploration has continued to identify additional resources at the project and within the district surrounding the mine. Since EDR took control of the Guanaceví properties, new mining areas identified have enabled EDR to increase production by providing additional sources of mill feed. EDR's operation management teams continue improving efficiency, lowering costs and researching and applying low-cost mining techniques. This report demonstrates that the project has positive cash flow, and mineral reserve estimates can be supported.

For 2021, approved exploration budget for Guanaceví includes 11,500 meters of drilling, which is estimated to be approximately US $2,025,000.

The QP recommends that the continuation of the conversion of all resource models from 2D polygons to 3D block models be continued. Between 2017 and 2020, considerable progress was made in this regard. Additional modeling efforts should be made to define the mineralized brecciated areas as they have been an import source of economic material encountered in the current operation and could continue to provide additional tonnage to support the mine plan. Work programs should continue to focus on areas to explore for mine life extensions.

1. EXECUTIVE SUMMARY

1.1 Introduction

Mr. Dale Mah, P.Geo., has prepared this Technical Report (the Report) on the Bolanitos Project (Bolanitos) for Endeavour Silver Corp. (EDR). Bolanitos is located in the state of Guanajuato, Mexico. This report was prepared in accordance with the requirements and guidelines set forth in National Instrument 43-101 (NI43-101), Companion Policy 43-101CP and Form 43-101F1 (June 2011), and the mineral resources and reserves presented herein are classified according to Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards - For Mineral Resources and Mineral Reserves, prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on May 10, 2014. The mineral resource and mineral reserve estimates reported here are based on all available technical data and information as of December 31, 2020.

1.2 Property Description and Ownership

In 2007, EDR acquired the Bolañitos mine from Industrias Peñoles S.A. de C.V. (Peñoles), the owner at the time, and Minas de la Luz, S.A. de C.V. (Minas de la Luz), the operator at the time. The acquisition included the Mina Cebada, Mina Bolañitos, Mina Golondrinas and Mina Asunción (as well as a few other currently closed mines). Minas de la Luz continued as the operator of the mines until June, 2007, when EDR assumed control. The Mina Asunción is very close to the Mina Bolañitos and the two are currently connected underground.

The Bolañitos Project is located in the state of Guanajuato, Mexico. The mine consists of three operating mines: the Bolañitos, Lucero, and Asuncion mines, which are located near the town of La Luz, about 12 km to the northeast of Guanajuato. All of the mines are readily accessed by paved and gravel roads. EDR also owns the inactive Cebada mine, located about 5 km north of the city of Guanajuato, and the inactive Golondrinas mine, which is 3.5 km to the southwest of Cebada.

1.3 Geology and Mineralization

The Bolañitos mine is located in eastern part of the Guanajuato mining district, in the southeastern portion of the Sierra de Guanajuato, which is an anticlinal structure about 100 km long and 20 km wide. Bolañitos is located on the northeast side of this structure where typical primary bedding textures dip 10° to 20° to the north-northeast. Economic mineralization at Bolañitos is known to extend as much as 250 m vertically from 2300 m to 2050 m elevation with the exception of the La Luz vein that extends 400 m vertically from 2300 m to 1900 m.

The Guanajuato mining district is characterized by classic, high grade silver-gold, epithermal vein deposits with low sulfidation mineralization and adularia-sericite alteration. Veins in the Guanajuato district are typical of most epithermal silver-gold vein deposits in Mexico with respect to the volcanic or sedimentary host rocks and the paragenesis and tenor of mineralization. The Guanajuato mining district hosts three major mineralized fault systems, the La Luz, Veta Madre and Sierra systems.

Of the geological formations associated with the Guanajuato district, only the Esperanza and La Luz Formations occur in the Bolañitos mine area with mineralization residing primarily within the La Luz Formation. Mineralization is known to dissipate at the contact with the Esperanza Formation.

The Veta Madre historically was the most productive vein in the Guanajuato district, and is by far the most continuous, having been traced on the surface for nearly 25 km. The vein dips from 35° to 55° to the southwest with measured displacement of around 1,200m near the Las Torres mine and 1,700 m near La Valenciana mine. The most productive veins at Bolañitos strike parallel to the Veta Madre system.

Bolañitos mineralization is directly related to faulting. Mineralization occurs as open-space fillings in fracture zones or impregnations in locally porous wall rock. Veins which formed in relatively open spaces are the main targets for mining.

Mineralized veins at Bolañitos consist of the classic banded and brecciated epithermal variety. Silver occurs primarily in dark sulfide-rich bands within the veins, with little mineralization within the wall rocks. The major metallic minerals reported include pyrite, argentite, electrum and ruby silver, as well as some galena and sphalerite, generally deeper in the veins. Mineralization is generally associated with phyllic (sericite) and silicification alteration which forms haloes around the mineralizing structures. The vein textures are attributed to the brittle fracturing-healing cycle of the fault-hosted veins during and/or after faulting.

Economic concentrations of precious metals are present in "shoots" distributed vertically and laterally between non-mineralized segments of the veins. Overall, the style of mineralization is pinch-and-swell with some flexures resulting in closures and others generating wide sigmoidal breccia zones.

1.4 Status of Exploration

In 2020, EDR spent US $770,512 (including property holding costs) on exploration activities, including drilling, at the Bolañitos Project, focused on exploring the Bolañitos North (Melladito and San Bernabe veins), Plateros, Sangre de Cristo and Bolañitos South (Ave Maria vein) areas. A total of 45 drill holes completed with 10,458m and 2,404 samples submitted for analysis.

Field exploration conducted, mainly in the Bolañitos South and Sangre de Cristo area, and consisted of geological mapping and sampling.

1.5 Mineral Resource Estimate

The QP, Dale Mah, P.Geo. is responsible for the mineral resource estimate presented here. Mr. Mah is a Qualified Person as defined by NI 43-101 and is not independent of EDR. EDR estimated the mineral resource for the Bolañitos mine Project based on drillhole data constrained by geologic vein boundaries using Leapfrog software to audit the resource estimate in conjunction with Vulcan software. The metals of interest at Bolañitos are gold and silver.

The Bolañitos mineral resource is comprised of 37 individual veins. The mineral resources have been estimated using either a Vertical Longitudinal Projection (VLP) polygonal method (7 veins) or as 3-dimensional ("3D") block model (30 veins).

The resources based on the 2D polygonal methods are estimated by using a fixed distance Vertical Longitudinal Projection (VLP) from sample points. The VLPs are created by projecting vein geology and underground workings onto a vertical 2D long section. Resource blocks are constructed on the VLP based on the sample locations in the plane of the projection. EDR geologists review the data for sample trends and delineate areas with similar characteristics along the sample lines. The areas are then grouped based on mining requirements and the average grades and thicknesses of the samples are tabulated for each block. Resource volumes are calculated from the delineated area and the horizontal thickness of the vein, as recorded in the sample database. The volume and density are used to determine the overall resource tonnage for each area, and the grades are reported as a length weighted average of the samples inside each resource block

The mineral resource estimate for the Bolañitos Project as of December 31st, 2020, is summarized in Table 1-1. The mineral resources are exclusive of the mineral reserves.

Table 1-1 Mineral Resource Estimate, Effective Date December 31st, 2020

Classification	Tonnes	Silver Equivalent	Silver		Gold	
		g/t	g/t	oz	g/t	oz
Measured	34,737	265	76	84,678	2.37	2,645
Indicated	433,412	347	166	2,313,890	2.27	31,573
Measured + Indicated	468,149	341	159	2,398,568	2.27	34,218
Inferred	625,337	322	120	2,411,253	2.52	50,733

1. Measured, Indicated and Inferred resource cut-off grades were 177, 173 and 181 g/t silver equivalent at Bolañitos.
2. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.
3. Metallurgical recoveries were 84.7% silver and 88.9% gold.
4. Silver equivalents are based on a 80:1 silver:gold ratio
5. Price assumptions are $16.51 per ounce for silver and $1,465 per ounce for gold for resource cutoff calculations.
6. Mineral resources are estimated exclusive of and in addition to mineral reserves.

1.6 Mineral Reserve Estimate

Mr. Dale Mah, P.Geo, of EDR is responsible for the mineral reserve estimate presented in this report. Mr. Mah is Qualified Person as defined by NI 43-101 and is not independent of EDR. The reserve calculation for the Bolañitos Project was completed in accordance with NI 43-101 and has an effective date of December 31st, 2020. Stope designs for reporting the reserves were created utilizing the updated resources and cutoffs established for 2020. All of the stopes are within readily accessible areas of the active mining areas. Ore is processed in the on-site mill and floatation process capable of processing 1,600 tpd.

EDR utilized Vulcan program to generate the stopes for the reserve mine plan. The parameters used to create the stopes are listed below;

- Cutoff Grades: 177, 173 and 181 g/t silver equivalent

- Minimum Mining Width: 0.8 m.
- Cut and Fill Stope Size: 7m W x 4m H
- Long Hole Stope Size: 7m W x 20m H
- External Dilution Cut and Fill: 24%
- External Dilution Long Hole: 40%
- Silver Equivalent: 80:1 silver to gold
- Gold Price: US $1,465 /oz
- Silver Price: US $16.51 /oz
- Gold Recovery: 84.7%
- Silver Recovery: 88.9%

The stopes were only created with the updated Measured and Indicated resources including internal stope dilution above the calculated cutoff and have demonstrated to be economically viable, therefore Measured and Indicated mineral resources within the stopes have been converted to Proven and Probable reserves as defined by NI 43-101.

Table 1-2 Mineral Reserve Estimate

Classification	Tonnes (t x 1,000)	AgEq g/t	Ag g/t	Ag (oz) * 1,000	Au g/t	Au (oz) * 1,000	% Dilution
Proven	76.3	243	34	83.1	2.62	6.42	34.0%
Probable	236.6	254	53	405.0	2.51	19.1	33.9%
Total Proven and Probable Reserves	312.9	251	49	488.2	2.53	25.5	33.9%

1. Reserve cut-off grades are based on 177, 173 and 181 g/t silver equivalent.
2. Metallurgical Recoveries were 84.7% silver and 88.9% gold.
3. Mining Recoveries of 95% were applied.
4. Minimum mining widths were 0.8 meters.
5. Dilution factors averaged 21.0%. Dilution factors are calculated based on internal stope dilution calculations and external dilution factors of 15% for cutand fill and 30% for long hole.
6. Silver equivalents are based on a 80:1 silver:gold ratio.
7. Price assumptions are $16.51 per ounce for silver and $1,465 per ounce for gold.
8. Mineral resources are estimated exclusive of and in addition to mineral reserves.
9. Figures in table are rounded to reflect estimate precision; small differences generated by rounding are not material to estimates.

1.7 Conclusions and Recommendations

The QP considers the Bolañitos mineral resource and reserve estimates presented herein to conform with the requirements and guidelines set forth in Companion Policy 43-101CP and Form 43-101F1 (June 2011), and the mineral resources and reserves presented herein are classified according to Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards - For Mineral Resources and Mineral Reserves, prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on May 10,

2014. These mineral resources and reserves form the basis for EDR's ongoing mining operations at the Bolañitos Mines Project.

The QP is unaware of any significant technical, legal, environmental, or political considerations which would have an adverse effect on the extraction and processing of the resources and reserves located at the Bolañitos Mines Project. Mineral resources which have not been converted to mineral reserves, and do not demonstrate economic viability shall remain mineral resources. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.

The QP considers that the mineral concessions in the Bolañitos mining district controlled by EDR continue to be highly prospective both along strike and down dip of the existing mineralization.

EDR's Bolañitos Mines Project has an extensive mining history with well-known silver and gold bearing vein systems. Ongoing exploration has continued to demonstrate the potential for the discovery of additional resources at the project and within the district surrounding the mine. Outside of the currently known reserve/resource areas, the mineral exploration potential for the Bolañitos Project is considered to be very good. Parts of the known vein splays beyond the historically mined areas also represent good exploration targets for additional resource tonnage

Since EDR took control of the Bolañitos Mines Project, new mining areas have enabled EDR to increase production by providing additional sources of mill feed. EDR's operation management teams continue to search for improvements in efficiency, lowering costs and researching and applying low-cost mining techniques.

In 2021, EDR plans to drill 11,500 meters of both surface and underground drilling in the Bolañitos Project, at an estimated cost of US$1,925,000. Drilling campaigns mainly in the Bolañitos North (Melladito), San Miguel, Plateros, Belén and Bolañitos South areas.

The QP recommends that the process of converting mineral resources into reserves from 2D polygons to 3D block models be continued. During the last couple of years, considerable progress has been made on this process with only nine veins remaining to be converted to 3D. Additional modeling efforts should be made to define the mineralized brecciated areas as they have been an important source of economic material encountered in the current operation, and could provide additional tonnage to support the mine plan.

EDR currently utilizes the exploration drilling and chip and muck samples in their resource and reserve calculations. The QP recommends that future efforts focus on constructing block models for resource and reserve reporting utilizing only the exploration and underground drilling results. The chip and muck samples should be used to develop the production model. This will help keep data densities consistent in each modeling effort and will provide another level in the reconciliation process to compare modeling results.

Although the reconciliations conducted by EDR show good comparison between planned versus actual values, the reconciliation process should be improved to include the estimated tonnes and grade from the resource models. Because the LOM plan is compared to the plant production on a monthly basis, the actual physical location of the material mined may be different than the planned location. Due to the many stopes that are mined during a day this can only be completed on an average monthly basis due to blending of stope material into the mill. The monthly surveyed as mined areas should be created into triangulation solids and saved monthly for reporting the modeled tonnes for each month. The combination of the 3D block models and 2D and polygonal reserves makes this process difficult but considerable progress has been made during the last year to get all resources and reserves into 3D block models. The model-predicted results versus actual can then be used to determine if dilution factors need to be adjusted, or perhaps the resource modeling parameters may require adjustment if there are large variances. The mill production should be reconciled to the final concentrate shipments on a yearly basis and resulting adjustment factors should be explained and reported.

SCHEDULE "C"

1.0 SUMMARY

1.1 Introduction

Wood Canada Ltd. (Wood), together with Endeavour Silver Corp. (Endeavour Silver), prepared the Technical Report (Report) summarizing the results of a feasibility study (FS) on the Terronera Silver-Gold Project (Terronera Project). The Terronera Project is located 50 km northeast of Puerto Vallarta in Jalisco State, Mexico.

1.2 Terms of Reference

Mineral Resource and Mineral Reserve estimates were prepared in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (November 29, 2019) and followed the definitions in CIM Definition Standards for Mineral Resources and Mineral Reserves (May 10, 2014).

Measurement units used in this Report are metric unless otherwise noted. Currency is expressed in US dollars or unless specified as Mexican pesos (MXN).

1.3 Property Description and Location

The Terronera Project is located in the mountainous region of San Sebastián, a historical mining district in Mexico. The site can be accessed via Federal Highway No. 70 from Guadalajara, approximately 160 km southeast, and from Puerto Vallarta approximately 50 km southwest (Figure 1-1).

Endeavour Silver holds the Terronera Project through its 100% owned Mexican subsidiary, Endeavour Gold Corporation S.A. de C.V. (Endeavour Gold). Endeavour Gold holds the Terronera Project through its 100% owned subsidiaries Terronera Precious Metals S.A. de C.V. (TPM) and Minera Plata Adelante S.A. de C.V. (MPA).

The Terronera Project consists of 24 mineral concessions, totalling 17,369 ha all of which are valid and in good standing. Surface rights and access rights have been negotiated with various private ranch owners and three local three local Ejidos in support of exploration activities. Mexican Mining law provides the right to use water from the mine for exploration, exploitation, processing, and project personnel.

The Terronera Project is subject to three royalties. The Mexican government retains 0.5% royalty on any precious metals produced. Industrias Minera México S.A. de C.V. (IMMSA) and

Compañia Plata San Sebastian S.A. de C.V. (AGREMIN) retains 2% net smelter return (NSR) royalty on mineral production from the concessions each individually conveyed or optioned to Endeavour Silver (10 concessions totaling 3,388 ha from IMMSA; and 4 concessions totaling 9,752 ha from AGREMIN).

Figure 1-1: Terronera Project Location Map (Burga et al., 2020)

1.4 History

The Terronera Project is situated near the town of Sebastián del Oeste founded in 1605 during the Spanish colonial period. By 1785 the Sebastián del Oeste mining district consisted of more than 25 mines and a number of smelters and was considered one of the principal sources of gold, silver, and copper for New Spain. The main mines in the district included Real de Oxtotipan, Los Reyes, Santa Gertrudis, Terronera, and La Quiteria.

In 1979 Consejo de Recursos Minerales conducted regional and local semi-detailed mapping and exploration followed by prospecting activities in 1985 by Compañía Minera Bolaños, S.A. In the late 1980s IMMSA began exploring the historical mining district and continued with geological mapping and sampling of outcropping structures of a number of veins to the mid-1990s. Over the years, IMMSA drilled several holes intersecting widespread silver-gold mineralization, mainly at the Terronera Vein; however, a Mineral Resource estimate was not undertaken.

In 2010, Endeavour Silver acquired the option to purchase the San Sebastián properties from IMMSA and have conducted several exploration, and drilling campaigns that have resulted in Mineral Resource estimates, a preliminary economic assessment in 2015, a pre-feasibility study in 2017, and an updated pre-feasibility study in 2020.

There has reportedly been significant historical production from the San Sebastian del Oeste region spanning from 1566 through to the early 20th century; however, the amount of silver production is unknown.

1.5 Geology and Mineralization

The San Sebastián del Oeste mining district is situated at the southern end of the Sierra Madre Occidental metallogenic province, a north-northwesterly trending volcanic belt of mainly Tertiary age. This volcanic belt is more than 1,200 km long and 200 to 300 km wide and hosts most of Mexico's gold and silver deposits. The volcanic belt is one of the world's largest epithermal precious metal systems.

The San Sebastián del Oeste silver-gold district hosts high-grade silver-gold, epithermal vein deposits characterized by low-sulphidation mineralization and adularia-sericite alteration. The veins are typical of epithermal silver-gold vein deposits in Mexico in that they are primarily hosted in volcanic flows, pyroclastic, and epiclastic rocks, or sedimentary sequences of shale and its metamorphic counterparts.

The Terronera Project lies within the structurally and tectonically complex Jalisco Block at the western end of the younger (early Miocene to late Pliocene) Trans-Mexican Volcanic Belt. The more important mineralized veins in the San Sebastián del Oeste district are controlled by west-northwest to northwest striking structures related to a transcurrent fault system.

The Terronera Project is underlain by a volcano-sedimentary sequence which consists of shale, sandstone, and narrow calcareous-clayey interbeds overlain by tuffs, volcanic breccias, and lava flows of mainly andesitic composition. The volcano-sedimentary units crop out in the north-central part of the district. Further to the north, granitic to granodioritic intrusive rocks are present.

The principal Terronera Vein has been traced by drilling for 1.5 km on strike and from surface to the maximum depth of drilling at 546 m identifying its average true width to be 3.9 m. In addition to the main Terronera Vein, there are additional hanging wall and footwall veins. The veins are primarily hosted in volcanic flows, pyroclastic and epiclastic rocks, associated shales, and metamorphic counterparts.

1.6 Exploration

Endeavour Silver has conducted several exploration programs since 2010. Exploration activities include geological mapping, data compilation, rock chip sampling, trenching, soil geochemistry surveys, and topographical and geographical mapping using satellite photogrammetry.

Areas explored include: Real Alto, located in the southern part of the Terronera Project (including the Real, Tajo, Las Animas, Los Negros, La Escurana, Los Lodos, La Mora, Peña Gorda, El Maguey, Monte Obscuro and several other structures located in the area); Central part of the project (which includes the Terronera, La Luz and Quiteria West veins, in addition, several other structures in the area, highlighting El Padre, Los Espinos, Democrata, El Fraile, La Escondida, Vista Hermosa, La Atrevida, La Loma, Los Pajaros, Valentina, Jabalí, Lindero, San Simón, El Fresno, Zavala and Pendencia); North part of the project, around the Santiago de los Pinos town, including Los Reyes, La Ermita, Las Coloradas, La Plomosa and Los Encinos veins; La Unica area (La Unica vein and Julio-Camichina system); and more recently Los Cuates area (La Sanguijuela and San Sebastian 11 claims).

1.7 Drilling and Sampling

Drilling was initiated by IMMSA between 1995 and 2010, completing 17 diamond drill holes. Since 2011 Endeavour Silver completed 194 diamond drill holes and 40 channels totaling 66,076.6 m on the Terronera Vein and 41 diamond drill holes totaling 9,795.65 m on the La Luz Vein. Only holes drilled by Endeavour Silver were used to construct the Mineral Resource estimates.

Core logging recorded mineralization types, structure, density, recovery, rock quality designation (RQD), alteration, and geology. Core recovery is within acceptable levels with an average of 90% in the Terronera Vein, 100% in the La Luz Vein, and 100% in the host rock surrounding both.

Collar surveys are carried out with total station and a dual-band global positioning system (GPS), while surface holes are surveyed using a Reflex multi-shot down-hole survey instrument at 30 m intervals from the bottom of the hole and back up the collar.

Sampling is conducted in the Endeavour Silver core storage facilities, where it is geologically and geotechnically logged (RQD). Sampling is done in the mineralized structure with intervals between 20 and 100 cm and within the surrounding host rock with intervals between 20 and 150 cm. Photographs and density measurements are taken.

The whole core is cut in half with a diamond rotary saw, and broken core pieces are split with a pneumatic core splitter for sampling and are bagged and tagged. Samples are prepared at the ALS Chemex facility Guadalajara (ALS Guadalajara) which is independent of Endeavour Silver and holds an ISO/IEC 17025 accreditation. Independent laboratory ALS laboratory in Vancouver, Canada (ALS Canada) with ISO/IEC 17025 accreditation carried out the analytical process between 2012 and 2018. Samples from the 2020 campaign were sent to the SGS Durango-Mexico laboratory (SGS Durango) which is also independent of Endeavour Silver and accredited under ISO/IEC 17025. SGS Durango were also used as the secondary laboratory for the 2019 drilling campaign. Inspectorate laboratory in Hermosillo has been used as a secondary laboratory since 2012. They are independent of Endeavour Silver and hold global quality certifications under ISO9001:2008, Environmental Management under ISO14001, and Safety Management under OH SAS 18001 and AS4801.

Silver grades were determined by ALS Canada using inductively couple plasma atomic emission spectroscopy (ICP-AES) following aqua regia digestion. Gold was assayed by fire assay (FA) followed by atomic absorption (AA) analysis of the FA bead on a 30 g pulp sample. Assays reporting over the gold and silver limit is FA followed by gravimetric analysis on a 30 g pulp sample. Detection limits for high-grade gold assays are 0.5 to 1,000 ppm and 5 to 10,000 ppm for silver assays.

SGS Durango uses aqua regia digestion followed by ICP optical emission spectroscopy (OES) for silver and FA for gold. Overlimit silver and gold assays are by FA with a gravimetric finish.

Endeavour Silver employed a quality assurance quality control (QA/QC) program, including certified reference materials (CRMs), blanks, and duplicates inserted in the sample stream at a rate of approximately one control for every 20 samples. Check assaying was also conducted with a frequency of approximately 5%. A review of the QC data from drilling used for Mineral Resource estimation found potential low-level carry-through contamination in ALS Canada results that have been deemed minor and not material to the Mineral Resource estimate. The Qualified Person (QP) concludes that the sample preparation, security, and analytical procedures are adequate for use in Mineral Resource estimation.

1.8 Data Verification

The drill hole database was inspected and validated by the QP. Assay data was verified against the original laboratory certificates. Minor errors were found, addressed and discussed with Terronera’s team.

The QP performed verification and validation of drill hole collars, downhole surveys, geological logging, sampling, sample preparation, and assaying procedures during their site visit. Drilling practices were reviewed by visiting a rig, drilling an exploration drill hole, and checking downhole survey measurements. Core logging of drill holes from the Terronera and La Luz veins were reviewed. Sampling practices were reviewed together with the Terronera Project geologists. Witness samples were selected from the Terronera and La Luz veins, sent to ALS Canada, and a blank and standard for each vein. Results confirm the data to be reliable and suitable for use in updating the Mineral Resource.

1.9 Mineral Processing and Metallurgical Testing

Hazen Research completed initial comminution testing in 2016 and 2019. Samples were subjected to semi-autogenous grind mill comminution (SMC), Bond rod mill and ball mill work indexes (BWi and RWi, respectively), Bond abrasion index (Ai), and Bond impact work index (CWi) with results showing material classified as hard and highly abrasive. Additional comminution testing performed in 2021 supported these initial results with ore classified as very hard and highly abrasive.

ALS Metallurgy performed metallurgical test work in Kamloops, B.C., Canada. Testing before 2019 focused on evaluating flotation parameters from composite samples representative of materials with various precious metal grades, and reviewing the potential for deleterious elements.

The 2019/2020 metallurgical program included grind versus recovery, flash flotation, rougher and cleaner circuit confirmation testing with the aim to refine the process design parameters and flowsheet. Recovery models were generated from composites from current and previous testwork campaigns.

The 2021 testwork focused on assessing the metallurgical performance of both the Terronera and La Luz veins. Testwork completed includes Ai, BWi, flash flotation, rougher and batch cleaner flotation, and locked cycle tests. Additional comminution tests determined the hardness of the Terronera ore be 19.1 kWh/t and an Ai of 0.47. Results showed a two-stage flotation cleaning circuit is recommended to achieve a marketable concentrate grade. Additionally, recycling the cleaner scavenger tails should be implemented and maintained as an option in the current circuit. The final concentrate quality used in the lock cycle tests was analyzed for minor and deleterious elements and was deemed not to affect the extraction of gold and silver significantly.

Based on the projected LOM plan, overall recoveries of silver and gold are 87.7% and 76.3%, respectively.

1.10 Mineral Resource Estimate

Mineral Resources estimates were prepared for the Terronera and La Luz veins using drill holes completed by Endeavour Silver between 2010 and 2020. Estimation domains were constructed to include the mineralization portions of the veins and wall rock along the structural corridors responsible for vein emplacement and silver and gold deposition using a nominal 150 g/t silver equivalent (AgEq) cut-off grade.

Following the identification of a high-grade silver sample population, continuity of high-grade samples at the scale of the drill hole spacing and sampling interval was found. Based on these findings, a high-yield restriction was used to model the high-grade mineralization and prevent the over-projection of extreme silver grades.

An in-situ bulk density model used core recovery data to adjust the modeled density to reflect voids and open spaces and expected reduction in metal contained in the rock mass.

Estimation for both veins was performed in three passes using anisotropic search ellipsoids and inverse distance weighting to the third power. The models were validated by means of visual inspection and checked for global bias and local bias using swath plots. No areas of significant bias were noted.

Blocks in the Terronera Mineral Resource model have been assigned a resource confidence category based on drill hole spacing criteria selected that considers a visual assessment of the continuity of the mineralized zones width along strike and down dip, and a geostatistical drill hole spacing study. For the Terronera Zone, a 50 m drill spacing was used to define Indicated Mineral Resources with all remaining blocks inside the mineralized domain classified Inferred Mineral Resources. For the La Luz Zone, blocks estimated with composites from at least two drill holes with a nominal drill hole spacing of 30 m are classified as Indicated Mineral Resources. Holes spaced wider than the nominal 30 m spacing are classified as Inferred Mineral Resources.

A cut-off grade of 150 g/t silver equivalent (AgEq) is applied to identify blocks that will have reasonable prospects of eventual economic extraction.

The silver equivalent calculation and cut-off grades used for the 2021 Mineral Resource estimate are consistent with values used from the preliminary economic assessment and pre-feasibility studies. AgEq for the Terronera Project is Ag + 75 x Au. The AgEq value takes into account silver grade plus gold grade factored by the differential of gold and silver metal prices and metallurgical recoveries. The 150 g/t AgEq cut-off grade generates sufficient revenue assuming metallurgical recovery and long-range silver price to cover operating costs, including mining, processing, general and administrative (G&A), treatment, refining, and royalties.

The Mineral Resource estimates for the Terronera, and La Luz deposits are summarized in Table 1-1 and Table 1-2, respectively and are reported according to the 2014 CIM Definition Standards.

The majority of the Terronera Mineral Resources have been classified as Indicated, and it is possible that infill and grade control drilling and production sampling may result in local changes to the thickness and grade of the blocks currently drilled at nominally 50 m spacing. Additional drilling and production sampling are recommended to produce accurate forecasts for annual and short-range plans. Other factors that could affect the Mineral Resource estimate include changes to metal prices, mine, and process operating cost, variability in metallurgical performance, mine design, and mining method selection due to geotechnical stability.

Table 1-1: Terronera Deposit Mineral Resource Estimate with Effective Date March 5, 2021

Classification	Tonnes (000s)	Ag (g/t)	Ag (000s oz)	Au (g/t)	Au (000s oz)	AgEq (g/t)	AgEq (000s oz)
Indicated	5,181	256	42,707	2.49	415	443	73,755
Inferred	997	216	6,919	1.96	63	363	11,624

Notes:

1. Mineral Resources have an effective date of March 5, 2021. The Qualified Person responsible for the Mineral Resource estimate is Tatiana Alva, P. Geo, an employee of Wood Canada Ltd.
2. Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
3. AgEq is calculated as the sum of silver plus gold grades factored by the differential in gold and silver metal prices and metallurgical recoveries
4. Mineral Resources are constrained within a wireframe constructed at a nominal 150 g/t AgEq cut-off grade
5. A 150 g/t AgEq cut-off grade considers Wood’s guidance on industry consensus for long term silver and gold prices for Mineral Resource estimation, metallurgical performance, mining, processing, and site G&A operating costs, treatment and refining charges, and royalties
6. Mineral Resources are stated as in-situ with no consideration for planned or unplanned external mining dilution.
7. The silver and gold ouncesestimates presented in the Mineral Resource estimate table have not been adjusted for metallurgical recoveries.
8. Numbers have been rounded as required by reporting guidelines and may result in apparent summation differences.

Table 1-2: La Luz Deposit Mineral Resource Estimate with Effective Date March 5, 2021

Classification	Tonnes (000s)	Ag (g/t)	Ag (000s oz)	Au (g/t)	Au (000s oz)	AgEq (g/t)	AgEq (000s oz)
Indicated	122	182	745	13.11	54	1,165	4,774
Inferred	61	150	295	11.35	22	1,001	1,977

Notes:

1. Mineral Resources have an effective date of March 5, 2021. The Qualified Person responsible for the Mineral Resource estimate is Tatiana Alva, P. Geo, an employee of Wood Canada Ltd.
2. Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
3. AgEq is calculated as the sum of silver plus gold grades factored by the differential in gold and silver metal prices and metallurgical recoveries
4. Mineral Resources are constrained within a wireframe constructed at a nominal 150 g/t AgEq cut-off grade
5. A 150 g/t AgEq cut-off grade considers Wood's guidance on industry consensus for long-term silver and gold prices for Mineral Resource estimation, metallurgical performance, mining, processing, and site G&A operating costs, treatment and refining charges, and royalties
6. Mineral Resources are stated as in-situ with no consideration for planned or unplanned external mining dilution.
7. The silver and gold ounces presented in the Mineral Resource estimate table have not been adjusted for metallurgical recoveries.
8. Numbers have been rounded as required by reporting guidelines and may result in apparent summation differences.

1.11 Mineral Reserve Estimate

Mineral Reserves were classified in accordance with the 2014 CIM Definition Standards. All Mineral Reserves were converted from Indicated Mineral Resources and are classified as Probable.

The Probable Mineral Reserve estimates for the Terronera and La Luz deposits are provided in Table 1-3. There is no Proven Mineral Reserve for either zone.

Factors that could affect the Mineral Reserve estimate include but are not limited to dilution, recovery, metal prices, underground and site operating costs, and management of the operation and environmental or social impacts. Factors with the largest impacts to the Mineral Reserve estimates are the gold price for the La Luz Zone, silver prices for the Terronera Zone, and the ground conditions in the Terronera Zone during mining.

Table 1-3: Terronera and La Luz Probable Mineral Reserve

Zone	Tonnes (000s)	Ag (g/t)	Au (g/t)	AgEq (g/t)	Ag (000s oz)	Au (000s oz)	AgEq (000s oz)
Terronera	7,227	197	1.97	353	45,856	459	82,055
La Luz	153	173	15.00	1,378	851	75	6,780
Total	**7,380**	**197**	**2.25**	**374**	**46,707**	**534**	**88,834**

Note:

1. The Mineral Reserve estimate was prepared in accordance with the 2014 CIM Definition Standards by William Bagnell, P.Eng., an employee of Wood.
2. The Mineral Reserves have an effective date of June 30, 2021.
3. Mineral reserves are reported using a silver equivalency cut-off formula AgEq (g/t) = Ag (g/t) + (Au (g/t) x 78.9474). Cut-off grade varies between 156 g/t to 200 g/t AgEq depending on mining method. Metal prices used were $1,500/oz Au and $19.00/oz Ag. Metallurgical recovery of 84.9% for silver and 79.8% for gold, transport, treatment and refining charges of $0.75/oz Ag, and NSR royalties of 2.5%.
4. Mineral Reserves are reported based on mining costs of $30.00/t for sub-level open stoping, $49.18/t for cut and fill, and $48.00/t for shrinkage mining, and $28.46/t for process costs, and $8.49/t for G&A costs.
5. Figures in the table may not sum due to rounding.

1.12 Mining Methods

A geomechanical underground mine design study was performed on available core and review of previous studies. The study was used to determine location within the orebodies of the mining method, stability of openings, and requirements for ground support and dilution estimates.

Three declines from the surface will achieve underground access to Terronera and La Luz. The declines collar at the process plant pad, the mine dry, and the upper zone of the deposit. The La Luz access decline extends from the process plant decline to the La luz deposit.

Shrinkage mining methods will extract mineral Reserves at La Luz. Shrinkage is an amenable method given the narrow thickness and the vertical nature of the deposit. Broken ore will be extracted with scooptrams and hauled to remucks or direct loaded to 30-tonne haul trucks. The trucks will then haul the material to the process plant stockpile.

The Terronera deposit will be extracted by a combination of sub-level stoping (SLS) methods and cut and fill (CAF) mining. SLS accounts for approximately 59% of the extraction at Terronera. CAF mining accounts for approximately 23% of the extraction, and the remaining 11% is extracted as development ore. Primary transverse sub-level stopes and longitudinal sub-level stopes will be backfilled with cemented rockfill with an average of 5% binder content. Secondary transverse stopes will be backfilled with uncemented mine development rock.

Development of the declines will start in January 2022, and development ore extracted during this time will be stockpiled for later processing. The process plant is commissioned at the end of the third quarter of 2023. Between October and December 2023, the process plant will ramp up to 1,700 tpd sustained production rate on stockpiled material and development ore. Stoping commences in January 2024 from La Luz and Terronera. Mining is completed in La Luz in late 2025, and Terronera mining is complete at the end of the first half of 2035.

1.13 Recovery Methods

The process design was developed from the comminution and flotation testwork completed between 2017 and 2021. The process plant will operate continuously 365 days per annum with an assumed availability of 92% producing a high-grade concentrate.

Run-of-mine (ROM) material is transported to stockpiles, where a three-stage then processes it, closed crushing circuit with a designed capacity of 1,700 dry tpd in 16 hours of operation. Finely crushed product with a P80 of 6.7 mm will be conveyed to a fine ore bin and then to a primary grinding circuit to produce a product that is 80% minus 70 µm. Ground ores will be treated by flash flotation and conventional flotation with two stages of cleaning. Based on testwork results, overall recoveries of 87.7% for silver and 76.3% for gold are assumed for the LOM. Flotation tailings will be filtered and stored on the surface in a dry tailings storage facility (TSF).

Reagents used in the flotation of sulphide mineralization will be handled and stored on site. Freshwater will be provided by the Terronera and La Luz underground mining operations and used as make-up/firewater and process water. Annual power consumption required by the process is 43.3 GWh and will be supplied to the various process plant areas by the onsite power plant via overhead powerlines

1.14 Project Infrastructure

Onsite infrastructure and services required for the Terronera Project include road and air (helipad) access, a process plant, process, and mine ancillary buildings, mine portals and associated mine facilities, waste and tailings storage facilities, onsite power generation and distribution, sewage and potable water treatment facilities (Figure 1-2).

The site can be accessed by unpaved public roads that will require upgrading to a single-lane road of crushed gravel material. A helipad will provide additional access with its primary purpose for emergency use.

The majority of the process facilities will be open structures that are typically structural steel stick built. Ancillary buildings located in and around the process plant site and Portal 1 will include the gatehouse, mine emergency services, dining room, mine portal tag in/out building, truck shop and wash bay and a maintenance workshop and warehouse. Additional ancillary buildings around Portal 2/3 include a truck shop and mine portal tag in/out buildings and mine dry and administration buildings.

Tailings will be piped from the process plant to a filter plant, where a dry tailings material will be produced and trucked to the TSF located northwest of the process plant. The current footprint of the TSF occupies an area of approximately 89,760 m^2 and will accommodate approximately 3.2 million m^3 (5.3 million tonnes) of compacted filtered tailings over a 12-year mine life based on a process rate of 1,700 tpd.

A temporary waste rock storage facility (WRSF) will be constructed southeast and uphill from Portal 2 and will vary in size throughout the life-of-mine (LOM), reaching a maximum capacity of approximately 1.2 million tonnes.

Power will be provided by an onsite natural gas generator and will supply the 14.6 MW of connected load power required at the site. Power will be distributed by 13.8 kV overhead power lines from the primary power switchgear line up with two breakers. One breaker will supply for the process plant and ancillary buildings, while the second breaker will supply the surface ancillary loads at Portal 1, Portal 2, Portal 3, and the mine water management system. Electrical houses will be modular units and installed close to the main load points.

Freshwater will be piped from Portal 1 and Portal 2 to tanks located close by. Potable water will be distributed by a high-density polyethylene pipe (HDPE) pipeline to facilities around the process plant site and those around Portal 2.

An offsite construction camp facility adjacent to Santiago de Los Pinos will be converted to a permanent camp to provide personnel accommodation, meals, and ancillary services.

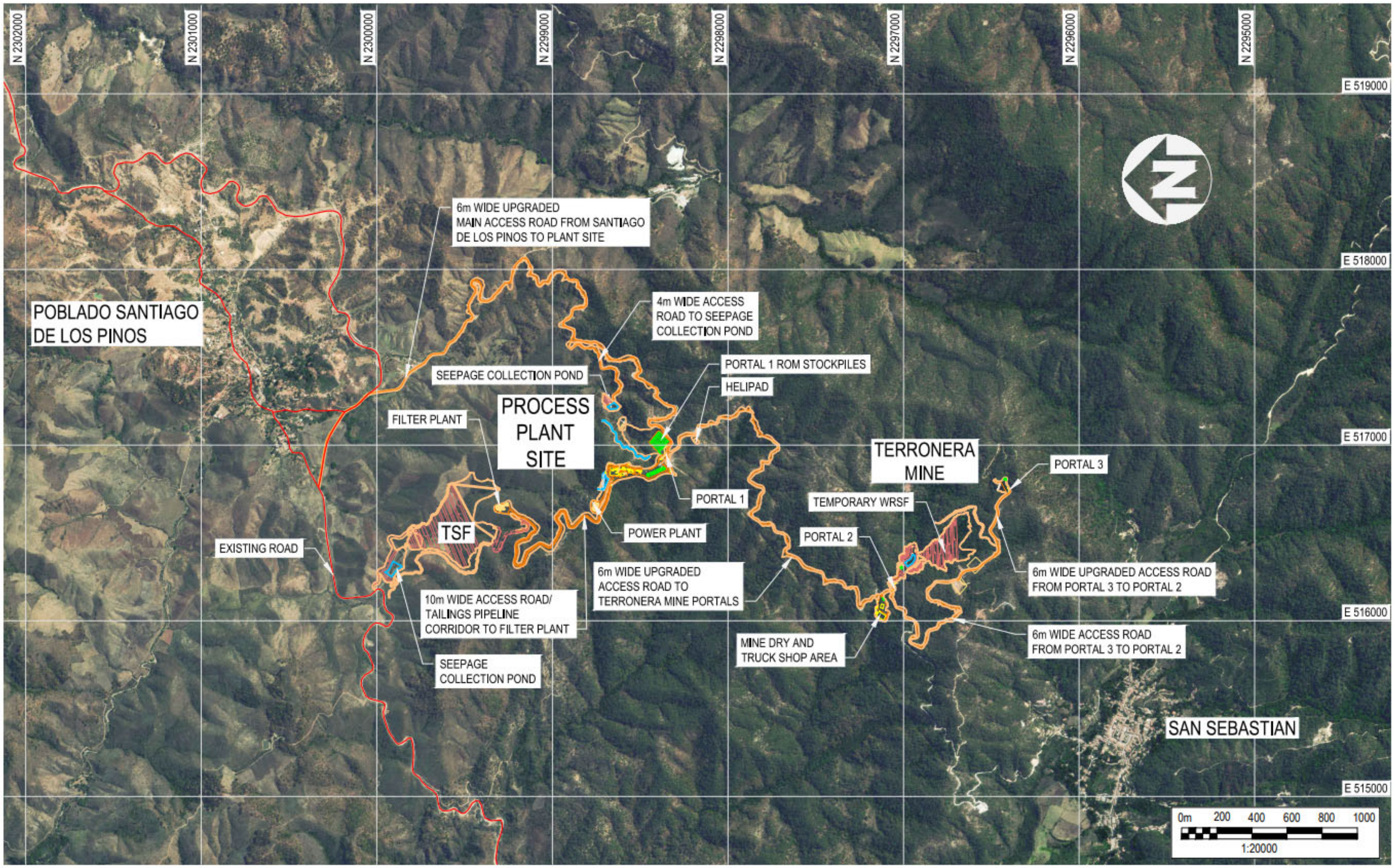


Figure 1-2: Terronera Site Layout (prepared by Wood, dated 2021)

1.15 Market Studies and Contracts

The long term silver price is assumed at $20.00/oz, and the long term gold price is assumed at $1,575/oz based on Wood's third-quarter 2021 guidelines derived from a survey of industry-consensus of forecast prices.

Endeavour Silver has not conducted any market studies, as gold and silver are commodities widely traded in world markets. Due to the size of the bullion market and the above-ground inventory of bullion, Endeavour Silver's activities will not influence gold or silver prices. Endeavour Silver produces a silver concentrate from its other current operating mines, which is then shipped to third parties for further refining before being sold. To a large extent, silver concentrate is sold at the spot price.

In its current operations, Endeavour Silver has no current contracts or agreements for mining, concentrating, smelting, refining, transportation, handling, or sales that are outside normal or generally accepted practices within the mining industry. No contracts or agreements are in place for the Terronera Project. Endeavour Silver's current hedge policy is to not enter into long-term hedge contracts or forward sales.

1.16 Environmental Studies, Permitting, and Social or Community Impact

Environmental baseline studies relating to meteorology and air quality, climatology, soil erosion and contamination, surface and subsurface hydrology, flora and fauna, and cultural, historical, and archaeological resources have been performed in support of the Manifest of Environmental Impact (MIA) initially submitted to SEMARNAT (Secretaria de Medio Ambiente y Recursos Naturales) in December 2013 for a 500 tpd operation. A modified MIA application was submitted to SEMARNAT in February 2017 with a proposed process rate of up to 1,500 tpd and a TSF developed as a filtered tailings storage facility. A further update to the MIA will be required to address the current production rate of 1,700 tpd. The QP does not consider this to be an issue.

A conceptual closure plan has been developed to ensure the post-mining landscape is safe and physically, geochemically, and ecologically stable. The plan ensures that the quality of water resources (possible effluents) in the area is protected and that communities and regulators welcome the restitution plan.

1.17 Capital and Operating Costs

1.17.1 Capital Cost

Terronera Project's initial capital cost (Table 1-4) is $175 M expressed in the second quarter of 2021 US dollars. This estimate falls under the AACE International Recommended Practice No. 47R-11 Class 3 Classification Guideline, with an expected accuracy to be within +15%/-10% of the Terronera Project's final cost, including contingency.

Sustaining capital is estimated to be $108.5 M and considers underground mining activities, mine surface facilities, tailings management, and filter plant standby requirements.

Table 1-4: Summary of Capital Costs

Area	Initial Capital ($M)	Sustaining Capital ($M)	Total Cost ($M)
Mining	54.2	105.4	159.6
Tailings management facility	2.6	1.1	3.7
Ore crushing and handling	6.6	-	6.6
Mineral processing	28.6	2.0	30.6
Onsite infrastructure	22.2	-	22.2
Offsite infrastructure	2.3	-	2.3
Project indirects and Owner costs	43.8	-	43.8
Contingency	14.6	-	14.6
Total	**175.0**	**108.5**	**283.5**

Note: Figures may not sum due to rounding.

1.17.1 Operating Cost

Total operating costs over the LOM is estimated at $494.1 M. Average operating costs are estimated at $66.96/t of processed ore and summarized in Table 1-5.

Mine operating costs account for all mining operations, excluding capital development and delineation drilling. Cost models are based on site-specific inputs provided from Endeavour Silver.

Process operating costs include labour, energy consumption, supplies (operating and maintenance), mobile equipment, laboratory, and TSF and were estimated using first principles, budget quotations for reagents, and experience with similar projects.

G&A operating costs average approximately $6.8 M/yr or $ 10.90/t of processed ore.

Table 1-5: Operating Cost Summary

Cost Area	Total ($M)	$/t	% of Total
Mining	225.7	30.58	46
Process	188.0	25.47	38
G&A	80.5	10.90	16
Total	**494.1**	**66.96**	**100**

Note: Figures may not sum due to rounding.

1.18 Economic Analysis

Certain information and statements contained in this section are forward-looking in nature and are subject to known and unknown risks, uncertainties, and other factors, many of which cannot be controlled or predicted and may cause actual results to differ materially from those presented here. Forward-looking statements include, but are not limited to, statements with respect to the economic and study parameters of the Terronera Project; mineral reserves; the cost and timing of any development of the Terronera Project; the proposed mine plan and mining strategy; dilution and extraction recoveries; processing method and rates and production rates; projected metallurgical recovery rates; infrastructure requirements; capital, operating and sustaining cost estimates; concentrate marketability and commercial terms; the projected LOM and other expected attributes of the project; the net present value (NPV), internal rate of return (IRR) and payback period of capital; future metal prices and currency exchange rates; government regulations and permitting timelines; estimates of reclamation obligations; requirements for additional capital; environmental risks; and general business and economic conditions.

The financial analysis was carried out using a discounted cash flow (DCF) methodology. Net annual cash flows were estimated to project yearly cash inflows (or revenues) and subtract projected cash outflows (such as capital and operating costs, royalties, and taxes). These annual cash flows were assumed to occur at year-end and were discounted back to the beginning of 2022 (Year -2), the start year of capital expenditure, and totalled to determine the NPV of the Terronera Project at a selected discount rate.

The financial evaluation of the Terronera Project generates positive before and after-tax results. The results show an after-tax NPV of $174.1 M at a 5% discount rate, an IRR of 21.3%, and a payback period of 3.6 years. A summary of the financial analysis results is presented in Table 1-6.

The Terronera Project is most sensitive to fluctuations in the silver price, then to silver feed grades, gold price, and gold feed grades. It is less sensitive to changes in operating costs. It is least sensitive to changes in initial capital cost. Spider graphs showing the Terronera Project's sensitivity to capital costs, operating costs, grade, and metal price are shown in Figure 1-3 and Figure 1-4.

Table 1-6: Summary of Economic Results

Description	Units	Value
Ag payable	000 oz	39,341
Au payable	000 oz	393
Ag payable equivalent	000 oz	70,310
After-Tax Valuation Indicators		
Undiscounted cash flow	$M	311.4
NPV @ 5%	**$M**	**174.1**
Payback period (from start of operations)	years	3.6
IRR	%	21.3%
Project capital (initial)	$M	175.0
Sustaining capital	$M	108.5
Closure cost	$M	7.1
Mining operating cost	$M	225.7
Processing operating cost	$M	188.0
G&A	$M	80.5

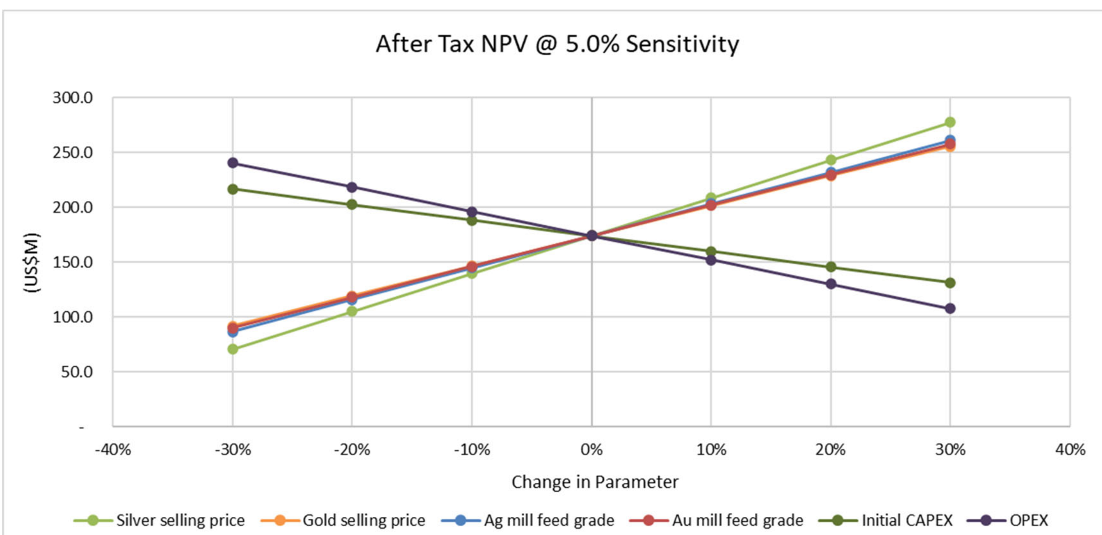


Figure 1-3: Sensitivity of After-Tax NPV Discounted at 5% (prepared by Wood, dated 2021)

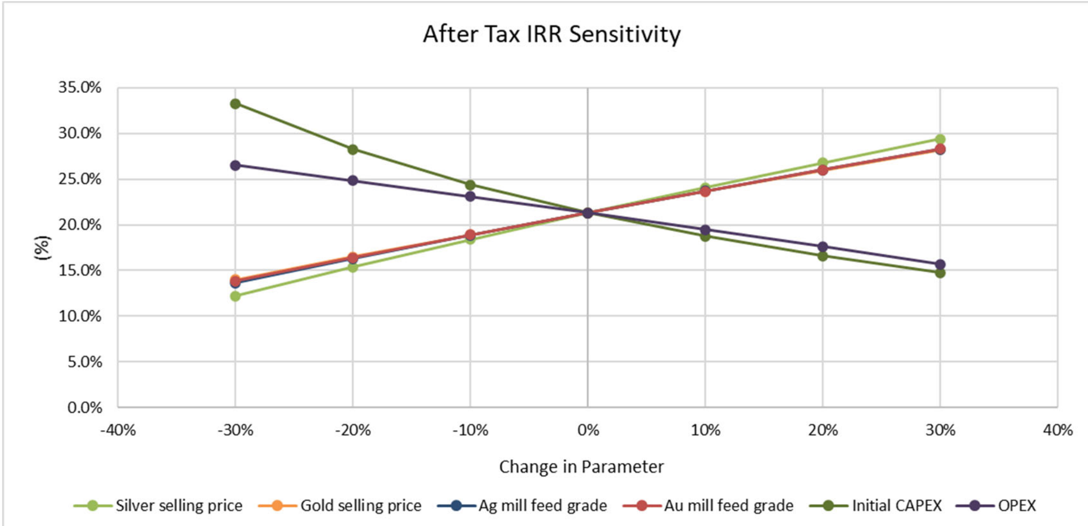


Figure 1-4: Sensitivity of After-Tax IRR Discounted at 5% (prepared by Wood, dated 2021)

1.19 Interpretation and Conclusions

Under the assumptions discussed in this Report, the Terronera Project is technically feasible and returns a positive economic outcome.

1.20 Opportunities and Risk

The following opportunities for the Terronera Project have been identified:

- A better understanding of the distribution of oxide, transition, and sulphide could improve the production and metallurgical performance forecast.
- Use mineralogical analysis to improve the understanding of the losses of gold and silver to tailings, which could identify how to reduce these losses.
- Rock mechanics conditions underground are better than currently modeled and actual conditions may allow more extensive use of SLS as the primary production method and a reduction in external dilution.
- Groundwater flows are lower than estimated, and the dewatering system requirements are less than currently designed
- If surface rights outside the property boundary can be negotiated, the filter plant could be relocated north (downhill) from its current location. This would result in cost savings of up to $1.5 M associated with access road infrastructure and filtered tailings transport.

The following risks have been identified for the Terronera Project:

- The presence of clays has potential of a negative impact on plant performance.

- Underground development, production costs and dilution may increase due to actual ground conditions being different from what was captured in the rock mechanics analysis.
- Operating costs estimates may increase as Endeavour Silver G&A costs are typically higher than those of similar-sized Mexican operations.
- The current mine plan does not optimize production from oxide, transition and sulphide ore zones. Ore blending may be required for optimal process plant performance, and this may impact mine production rate and operating costs.
- The drainage water quality at Terronera assumed to be similar to other Endeavour Silver mine sites of similar geological conditions. However, mine water quality is also influenced by site-specific factors, which could result in Terronera mine drainage requiring treatment.
- The current filtered TSF does not have an out-of-specification area for temporary filtered tailings disposal. This could result in the need for redundant filtering systems at the filter plant or an additional temporary tailings disposal site.

1.21 Recommendations

Recommended work programs provide opportunities for improvements to mitigate risks and have higher confidence in how the mine will behave in the first few years of mining. The program is estimated at $6.05 M and includes recommendations relating to rock mechanics, hydrogeological testing and modeling, testwork to support refinements to the processing plant, activities to support the TSF, investigations to support the design of site infrastructure, and water management.

SCHEDULE "D"

AUDIT COMMITTEE CHARTER

(revised November, 2020)

This Audit Committee Charter has been approved by the Board of Directors (the "**Board**") of Endeavour Silver Corp. (the "**Company**") as of the date set out above.

Purpose of Audit Committee

The Audit Committee has oversight responsibility for the adequacy and effectiveness of the Company's internal control and management information systems, including:

1. Oversight of senior management and the external auditor relating to:

    (a) maintaining necessary books, records and accounts to accurately and fairly reflect the Company's transactions for financial accounting and reporting process to shareholders and regulatory bodies;

    (b) maintaining effective internal control over financial reporting, including adequate control environment and processes for assessing the risk of material misstatements in the financial statements and for detecting control weaknesses or fraud;

    (c) financial and controls audit process, review and audit finding reports and other matters that may arise.

The Committee shall have the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the Committee;

(c) communicate directly with the internal and external auditors of the Company, or any persons of the Company as needed.

The Audit Committee provides assurance to the board that processes, controls and procedures are operating effectively, thus enabling the company to assume the necessary risks to successfully operate the business and meet objectives.

Meetings

The Committee will meet at least quarterly, with additional meetings as deemed necessary by the Committee. It is the responsibility of the Chair of the Committee to schedule all meetings of the Committee and provide the Committee with a written notice and agenda for all meetings. The Chair of the Committee shall report to the Board after each Committee meeting, including recommendations on any specific decisions or actions the Board should consider.

The Committee may invite external or internal advisor(s), including any member of the management team or other person, to attend part or all of any meetings of the Committee to make presentations, participate in discussions, or provide information and assistance to the Committee as required.

The Committee may call upon and have access to resources for additional information or advice, including engaging external consultants. The Committee shall have unrestricted access to employees and records of the Company to the fullest extent permitted by law and is authorized to take advice from external parties as appropriate at the Company's expense.

Composition

The Committee shall consist of a minimum of three directors of the Company, all of whom are "independent" within the meaning of National Instrument 52-110 - Audit Committees in Canada, subject to any further applicable requirements under United States securities laws and regulations and the policies of the New York Stock Exchange. The Committee shall be appointed annually by the Board immediately following the Annual General Meeting of the Company. Each member of the Committee shall be financially literate, meaning that each member must be able to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. One member of the Committee must have accounting and financial expertise, meaning that the member possesses financial or accounting credentials or has experience in finance or accounting.

Committee Responsibilities and Duties

The Committee's duty is to monitor and oversee the operations of management and the external auditor. Management is responsible for establishing and following the Company's internal controls and financial reporting processes and for compliance with applicable laws and policies. The external auditor is responsible for performing an independent audit of the Company's financial statements in accordance with generally accepted auditing standards, and for issuing its report on the statements. The Committee should review and evaluate this Charter on an annual basis.

The specific duties of the Committee are as follows:

1. Management Oversight:

(a) Review and evaluate the Company's processes for identifying, analyzing and managing financial risks that may prevent the Company from achieving its objectives;

(b) Review and evaluate the Company's internal controls, as established by management;

(c) Review and evaluate the status and adequacy of internal information systems and security;

(d) Meet with the external auditor at least once a year in the absence of management;

(e) Request the external auditor's assessment of the Company's financial and accounting personnel;

(f) Review and evaluate the adequacy of the Company's procedures and practices relating to currency exchange rates;

2. External Auditor Oversight

(a) Recommend to the Board the selection and, where applicable, the replacement of the external auditor to be appointed or nominated annually for shareholder approval;

(b) Recommend to the Board the compensation to be paid to the external auditor;

(c) Review and evaluate the external auditor's process for identifying and responding to key audit and internal control risks;

(d) Review the scope and approach of the annual audit;

(e) Inform the external auditor of the Committee's expectations;

(f) Meet with management at least once a year in the absence of the external auditor;

3. Review the independence of the external auditor on an annual basis;

(a) Review with the external auditor both the acceptability and the quality of the Company's financial reporting standards;

(b) Resolve any disagreements between management and the external auditor regarding financial reporting;

(c) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor. The authority to pre-approve non-audit services may be delegated by the Committee to one or more independent members of the Committee, provided that such pre-approval must be presented to the Committee's first scheduled meeting following such pre-approval. Pre-approval of non-audit services is satisfied if:

(i) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than 5% of the total amount of fees paid by the Company and subsidiaries to the Company's external auditor during the fiscal year in which the services are provided;

(ii) the Company or a subsidiary did not recognize the services as non-audit services at the time of the engagement; and

(iii) the services are promptly brought to the attention of the Committee and approved, prior to completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee; and

(d) Confirm with the external auditor that the external auditor is ultimately accountable to the Board and the Committee, as representatives of the shareholders.

4. Financial Reporting Oversight

(a) Review with management and the external auditor the Company's annual and interim financial statements, management's discussion and analysis, any annual and interim profit or loss press releases and any reports or other financial information to be submitted to any governmental and/or regulatory body, or the public, including any certification, report, opinion, or review rendered by the external auditor, for the purpose of approval or recommending their approval to the Board prior to their filing, issue or publication;

(b) Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (other than the public disclosure referred to in (a) above), as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures; and

(c) Discuss with the external auditor the quality and the acceptability of the International Financial Reporting Standards applied by management.

5. "Whistleblower" Procedures

(a) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(b) Establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Endeavour SILVER

Consolidated Financial Statements

PREPARED BY MANAGEMENT

Years ended December 31, 2021 and 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Endeavour Silver Corp. ("the Company") have been prepared by management in accordance with International Financial Reporting Standards (IFRS), and within the framework of the significant accounting policies disclosed in the notes to these consolidated financial statements.

Management, under the supervision and participation of the Chief Executive Officer and the Chief Financial Officer, have a process in place to evaluate disclosure controls and procedures and internal control over financial reporting as required by Canadian and United States securities regulations. We, as CEO and CFO, will certify our annual filings with Canadian Securities Administrators and the US Securities and Exchange Commission, as required in Canada by Multilateral Instrument 52-109 and in the United States as required by the Securities Exchange Act of 1934, respectively.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out its responsibility principally through its Audit Committee, which is independent from management.

The Audit Committee of the Board of Directors meets with management to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board of Directors for approval. The Audit Committee reviews the consolidated financial statements and management discussion and analysis; considers the report of the external auditor; assesses the adequacy of internal controls, including management's assessment; examines the fees and expenses for audit services; and recommends to the Board the independent auditors for appointment by the shareholders. The independent auditors have full and free access to the Audit Committee and meet with it to discuss the audit work, financial reporting matters and our internal control over financial reporting. The Audit Committee is appointed by the Board of Directors and all of its members are independent directors.

March 8, 2021

/s/ Daniel Dickson
Chief Executive Officer

/s/ Christine West
Chief Financial Officer

KPMG LLP
Chartered Professional Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Endeavour Silver Corp.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Endeavour Silver Corp. (the Company) as of December 31, 2021 and December 31, 2020, the related consolidated statements of comprehensive earnings (loss), cash flows, and changes in shareholders' equity for each of the years in the two-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission", and our report dated March 8, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the Audit Committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Indicators of Impairment

As discussed in Note 3h to the consolidated financial statements, mineral properties, plant and equipment are evaluated for impairment indicators at each financial statement date. If an indicator of impairment exists for a cash-generating unit ("CGU"), the recoverable amount of the CGU is estimated. An impairment loss is recognized when the carrying amount of an asset, or its CGU, exceeds its recoverable amount. A CGU is identified as the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flow from other assets or groups of assets. The Company has $122,197 thousand of mineral properties, plant and equipment as at December 31, 2021.

We identified the evaluation of indicators of impairment of mineral properties, plant and equipment as a critical audit matter. Significant auditor judgment was required to assess the Company's determination of whether factors such as changes in metal prices or changes to estimates of mineral reserves and resources or mine plans, resulted in an indicator of impairment.

The following are the primary procedures we performed to address the critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the evaluation of indicators of impairment of mineral properties, plant and equipment. We evaluated the Company's assessment of indicators of impairment of mineral properties, plant and equipment which included consideration of metal price forecasts and estimates of mineral reserves and resources and mine plans. We compared the Company's metal price forecasts to third party data. We evaluated the competence, experience, and objectivity of the qualified persons responsible for the estimates of the mineral reserves and resources, and the Company's mine plans.

/s/ KPMG LLP
Chartered Professional Accountants

We have served as the Company's auditor since 1994.

Vancouver, Canada
March 8, 2022

KPMG LLP
Chartered Professional Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Endeavour Silver Corp.

Opinion on Internal Control over Financial Reporting

We have audited Endeavour Silver Corp.'s (the Company) internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2021 and December 31, 2020, the related consolidated statements of comprehensive earnings (loss), cash flows, and changes in shareholders' equity for each of the years in the two-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements), and our report dated March 8, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Discussion and Analysis – Internal Controls over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company'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 generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
March 8, 2022

ENDEAVOUR SILVER CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of US dollars)

	Notes	**December 31, 2021**	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		**$ 103,303**	$ 61,083
Other investments	4	**11,200**	4,767
Accounts and other receivable	5	**14,462**	20,144
Income tax receivable		**177**	52
Inventories	6	**27,485**	16,640
Prepaid expenses		**5,135**	2,284
Total current assets		**161,762**	104,970
Non-current deposits		**599**	591
Deferred financing costs	15(b)	**-**	294
Income tax receivable	23	**3,570**	-
Non-current IVA receivable	5	**4,256**	2,676
Deferred income tax asset	23	**936**	12,753
Intangible assets	8	**40**	492
Right-of-use leased assets	9	**664**	861
Mineral properties, plant and equipment	10, 11	**122,197**	87,955
Total assets		**$ 294,024**	$ 210,592
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 31,991**	$ 27,764
Income taxes payable		**4,228**	3,038
Loans payable	12	**4,128**	3,578
Lease liabilities	13	**207**	173
Total current liabilities		**40,554**	34,553
Loans payable	12	**6,366**	6,094
Lease liabilities	13	**794**	921
Provision for reclamation and rehabilitation	14	**7,397**	8,876
Deferred income tax liability	23	**1,506**	1,077
Total liabilities		**56,617**	51,521
Shareholders' equity			
Common shares, unlimited shares authorized, no par value, issued and outstanding 170,537,307 shares (Dec 31, 2020 - 157,924,708 shares)	Page 9	**585,406**	517,711
Contributed surplus	Page 9	**6,331**	9,662
Retained earnings (deficit)		**(354,330)**	(368,302)
Total shareholders' equity		**237,407**	159,071
Total liabilities and shareholders' equity		**$ 294,024**	$ 210,592

Commitments and contingencies (Notes 10, 12, 13, 14, 23 and 24)

Subsequent events (Notes 10(d),10(e), 10(h), 12 and 15(c))

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

Approved on behalf of the Board:

/s/ *Margaret Beck*
Director

/s/ *Daniel Dickson*
Director

ENDEAVOUR SILVER CORP.

CONSOLIDATED STATEMENTS OFCOMPREHENSIVE EARNINGS (LOSS)

(expressed in thousands of US dollars, except for shares and per share amounts)

		Years ended	
	Notes	**December 31, 2021**	December 31, 2020
Revenue	16	**$ 165,320**	$ 138,461
Cost of sales:			
Direct production costs		**89,603**	74,101
Royalties	10 (a)(b)(d)	**13,783**	8,154
Share-based payments	15 (c)(d)	**421**	330
Depreciation, depletion and amortization		**23,977**	28,136
Write down of inventory to net realizable value	6	**1,168**	405
		128,952	111,126
Mine operating earnings		**36,368**	27,335
Expenses:			
Exploration and evaluation	17	**17,925**	9,756
General and administrative	18	**10,063**	12,715
Care and maintenance costs	19	**1,356**	5,233
Impairment (reversal of impairment) of non-current assets, net	10(e), 11	**(16,791)**	424
Severance costs		**870**	-
Write off of exploration properties	10(i)	**715**	-
		14,138	28,128
Operating earnings (loss)		**22,230**	(793)
Finance costs	20	**985**	1,357
Other income (expense):			
Foreign exchange		**(1,131)**	(1,553)
Gain on asset disposal		**5,841**	-
Investment and other		**3,733**	2,649
		8,443	1,096
Earnings (loss) before income taxes		**29,688**	(1,054)
Income tax expense (recovery):			
Current income tax expense	23	**3,481**	2,993
Deferred income tax expense (recovery)	23	**12,252**	(5,206)
		15,733	(2,213)
Net earnings and comprehensive earnings for the year		**$ 13,955**	$ 1,159
Basic earnings per share based on net earnings		**$ 0.08**	$ 0.01
Diluted earnings per share based on net earnings	15(g)	**$ 0.08**	$ 0.01
Basic weighted average number of shares outstanding		**167,289,732**	150,901,598
Diluted weighted average number of shares outstanding	15(g)	**170,663,883**	154,039,714

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

ENDEAVOUR SILVER CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(expressed in thousands of US dollars, except share amounts)

	Note	Number of shares	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance at December 31, 2019		141,668,178	$ 482,170	$ 11,482	$ (370,859)	$ 122,793
Public equity offerings, net of issuance costs	15 (b)	13,804,530	25,206	-	-	25,206
Exercise of options	15 (c)	2,452,000	10,335	(3,425)	-	6,910
Share-based compensation	15 (c)(d)	-	-	3,003	-	3,003
Expiry and forfeiture of options	15 (c)	-	-	(875)	875	-
Expiry and forfeiture of performance share units	15 (c)	-	-	(523)	523	-
Earnings for the year		-	-	-	1,159	1,159
Balance at December 31, 2020		157,924,708	$ 517,711	$ 9,662	$ (368,302)	$ 159,071
Public equity offerings, net of issuance costs	15 (b)	10,060,398	58,389	-	-	58,389
Exercise of options	15 (c)	2,172,861	8,745	(4,026)	-	4,719
Share-based compensation	15 (c)(d)	-	-	3,636	-	3,636
Expiry and forfeiture of options	15 (c)	-	-	(17)	17	-
Settlement of performance share units	15 (d)	379,340	561	(2,924)	-	(2,363)
Earnings for the year		-	-	-	13,955	13,955
Balance at December 31, 2021		170,537,307	$ 585,406	$ 6,331	$ (354,330)	$ 237,407

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

ENDEAVOUR SILVER CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in thousands of US dollars)

	Notes	Years ended December 31, 2021	December 31, 2020
Operating activities			
Net earnings for the year		**$ 13,955**	$ 1,159
Items not affecting cash:			
Share-based compensation	15(c)(d)	**3,636**	3,003
Depreciation, depletion and amortization	8,9,10	**24,527**	28,863
Impairment (reversal of impairment) of non-current assets, net	11	**(16,791)**	424
Deferred income tax expense (recovery)	23	**12,252**	(5,206)
Unrealized foreign exchange loss (gain)		**(176)**	(1,032)
Finance costs	20	**985**	1,357
Write off of mineral properties	10	**715**	-
Write down of warehouse inventory	6	**894**	-
Write down of inventory to net realizable value	6	**272**	405
Loss (gain) on asset disposal		**(5,914)**	86
Loss (gain) on other investments	4	**(2,117)**	(233)
Net changes in non-cash working capital	21	**(8,776)**	10,138
Cash from operating activities		**23,462**	38,964
Investing activities			
Proceeds on disposal of property, plant and equipment		**10,113**	190
Mineral property, plant and equipment	10	**(54,092)**	(25,539)
Purchase of short term investments		**(3,307)**	(5,497)
Proceeds from disposal of marketable securities	4	**9,288**	1,032
Redemption of (investment in) non-current deposits		**(8)**	-
Cash used in investing activities		**(38,006)**	(29,814)
Financing activities			
Repayment of loans payable	12	**(3,563)**	(3,229)
Repayment of lease liabilities	13	**(179)**	(183)
Interest paid	12,13	**(668)**	(918)
Public equity offerings	15(b)	**59,998**	26,367
Exercise of options	15(c)	**4,719**	6,910
Share issuance costs	15(b)	**(1,293)**	(1,112)
Deferred financing costs		**-**	(294)
Performance share unit redemption		**(2,363)**	-
Cash from financing activities		**56,651**	27,541
Effect of exchange rate change on cash and cash equivalents		**113**	1,024
Increase in cash and cash equivalents		**42,107**	36,691
Cash and cash equivalents, beginning of the year		**61,083**	23,368
Cash and cash equivalents, end of the year		**$ 103,303**	$ 61,083

Supplemental cash flow information (Note 21)

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

1. CORPORATE INFORMATION

Endeavour Silver Corp. (the "Company" or "Endeavour Silver") is a corporation governed by the Business Corporations Act (British Columbia). The Company is engaged in silver mining in Mexico and related activities including acquisition, exploration, development, extraction, processing, refining and reclamation. The Company is also engaged in exploration activities in Chile and United States. The address of the registered office is #1130 – 609 Granville Street, Vancouver, B.C., V7Y 1G5.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's year ended December 31, 2021.

The Board of Directors approved the consolidated financial statements for issue on March 8, 2022.

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates (Note 3b).

These consolidated financial statements are presented in the Company's functional currency of US dollars and include the accounts of the Company and its wholly owned subsidiaries: Endeavour Management Corp., Endeavour Gold Corporation S.A. de C.V., EDR Silver de Mexico S.A. de C.V. SOFOM , Minera Santa Cruz Y Garibaldi S.A de C.V., Metalurgica Guanaceví S.A. de C.V., Minera Plata Adelante S.A. de C.V., Refinadora Plata Guanaceví S.A. de C. V., Minas Bolañitos S. A. de C.V., Guanaceví Mining Services S.A. de C.V., Recursos Humanos Guanaceví S.A. de C.V., Recursos Villalpando S.A. de C.V., Servicios Administrativos Varal S.A. de C.V., Minera Plata Carina SPA, MXRT Holding Ltd., Compania Minera del Cubo S.A. de C.V., Minas Lupycal S.A. de C.V., Metales Interamericanos S.A. de C.V., Oro Silver Resources Ltd., Minera Oro Silver de Mexico S.A. de C.V., Terronera Precious Metals S.A. de C.V, Endeavour USA Holdings and Endeavour USA Corp. All intercompany transactions and balances have been eliminated upon consolidation of these subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies below have been applied consistently to all years presented and by all subsidiaries in the group and no material accounting standards were adopted during the year. The Company has changed its presentation of concentrate treatment and refining costs of sales to presenting as a reduction in revenue. The prior period amounts have also been reclassified.

(a) Currency Translation

The functional and reporting currency of the Company and its subsidiaries is the US dollar. Transactions in currencies other than an entity's functional currency are recorded at the rates of exchange prevailing on the transaction dates. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated. Foreign currency translation differences are recognized in comprehensive earnings (loss).

(b) **Use of estimates and judgments**

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

These estimates and judgments are based on management's knowledge of the relevant facts and circumstances at the time, having regard to prior experience, and are continually evaluated. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results could differ materially from those estimates.

The Company's estimates and judgements may be adversely affected by the effects of the COVID 19 pandemic. The Company cannot accurately predict the impact COVID 19 will have due uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of COVID 19 variants globally could materially and adversely impact the Company's business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, on-going restrictions to mining and processing operations and drill programs, and other factors that will depend on future developments beyond the Company's control.

Significant areas requiring the use of management judgment relate to the determination of mineralized reserves and resources, plant and equipment useful lives, estimating the fair values of financial instruments and derivatives, impairment of non-current assets, reclamation and rehabilitation provisions, recognition of deferred tax assets, valuations in business combinations and assumptions used in determining the fair value of share-based compensation.

Significant areas requiring the use of management estimates relate to the valuation of accounts receivable, inventory, mineral property, plant and equipment, impairment of non-current assets, provision for reclamation and rehabilitation, share capital and income taxes.

Critical judgments and estimates in applying policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

Determination of ore reserves and resources

Judgments about the amount of product that can be economically and legally extracted from the Company's properties are made by management using a range of geological, technical and economic factors, history of conversion of mineral deposits to proven and probable reserves as well as data regarding quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates. This process may require complex and difficult geological judgments to interpret the data. The Company uses qualified persons (as defined by the Canadian Securities Administrator's National Instrument 43-101) to compile this data.

Changes in the judgments surrounding reserves and resources may impact the carrying value of mineral properties, plant and equipment (Note 10), reclamation and rehabilitation provisions (Note 14), recognition of deferred income tax amounts (Note 23), and depreciation, depletion and amortization (Note 8,9,10).

Estimating the quantity and /or grade of reserves and resources requires the size, shape and depth of ore bodies or fields to be determined by analyzing geological data such as drilling samples. Following this, the quantity of ore that can be extracted in an economical manner is calculated using data regarding the life of mine plans and forecast sales prices (based on current and long-term historical average price trends). Changes in estimates can be the result of estimated future production differing from previous forecasts of future production, expansion of mineable ore through exploration activities, differences between estimated and actual costs of mining and differences in the commodity price used in the estimation of mineable ore.

Review of asset carrying values and assessment of impairment (accounting policy Note 3h and Note 3f)
Management applies significant judgment in assessing each cash-generating unit or assets for the existence of indicators of impairment or impairment reversal at the reporting date. Internal and external factors are considered in assessing whether indicators are present that would necessitate impairment testing. Significant assumptions regarding commodity prices, operating costs, capital expenditures and discount rates are used in determining whether there are any indicators of impairment. These assumptions are reviewed regularly by senior management and compared, when applicable, to relevant market consensus views.

If an indicator of impairment ore reversal exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of fair value less costs of disposal and value in use. The determination of fair value less costs of disposal and value in use requires management to make estimates and assumptions about expected production and sales volumes, metal prices, ore tonnage and grades, recoveries, operating costs, future capital expenditures and appropriate discount rate for future cash flows. The estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in earnings or loss.

Estimation of the amount and timing of reclamation and rehabilitation costs (accounting policy Note 3j)
Accounting for restoration requires management to make estimates of the future costs the Company will incur to complete the reclamation and rehabilitation work required to comply with existing laws, regulations and agreements in place at each mining operation and any environmental and social principles the Company is in compliance with. The calculation of the present value of these costs also includes assumptions regarding the timing of reclamation and rehabilitation work, applicable risk-free interest rate for discounting those future cash flows, inflation and foreign exchange rates and assumptions relating to probabilities of alternative estimates of future cash flows. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could increase the extent of reclamation and rehabilitation work required to be performed by the Company. Increase in future costs could materially impact the amounts charged to operations for reclamation and rehabilitation.

Taxes (Note 3m)
Judgment is required in determining the recognition and measurement of deferred income tax assets and liabilities on the balance sheet. In the normal course of business, the Company is subject to assessment by taxation authorities in various jurisdictions. These authorities may have different interpretations of tax legislation or tax agreements than those applied by the Company in computing current and deferred income taxes. These different interpretations may alter the timing or amounts of taxable income or deductions.

Final taxes payable and receivable are dependent on many factors, including outcomes of tax litigation and resolution of disputes. The resolution of these uncertainties may result in adjustments to the Company's tax assets and liabilities.

Management assesses the likelihood and timing of taxable earnings in future periods in recognizing deferred income tax assets. Estimates of future taxable income are based on forecasted cash flows using life of mine projections and the application of existing tax laws in each jurisdiction.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded at the balance sheet date could be impacted. In addition, future changes to tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income tax assets. Deferred income tax assets are disclosed in Note 23.

Inventory (Note 3e)
In valuing inventories at the lower of cost and net realizable value, the Company makes estimates in determining the net realizable price and in quantifying the contained metal in finished goods and work in progress.

(c) **Cash and cash equivalents**

Cash and cash equivalents consist of deposits in banks and highly liquid investments with an original maturity at the date of the purchase of no more than ninety days, or that are readily convertible into cash.

(d) **Marketable securities**

Marketable securities include investments in shares of companies and other investments capable of reasonably prompt liquidation. Share investments are measured at fair value through profit and loss and carried at fair value. Unrealized gains and losses are recognized in profit or loss.

(e) **Inventories**

Work-in-process inventories, including ore stockpiles, are valued at the lower of production cost and net realizable value, after an allowance for further processing costs. Finished goods inventory, characterized as doré bars or concentrate, is valued at the lower of production cost and net realizable value. Materials and supplies are valued at the lower of cost and replacement cost. Similar inventories within the consolidated group are measured using the same method, and the reversal of previous write-downs to net realizable value is required when there is a subsequent increase in the value of inventories.

(f) **Intangible assets**

Intangible assets are initially recognized at cost if acquired externally, or at fair value if acquired as part of a business combination and have a useful life of greater than one year. Intangible assets which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment. Intangible assets that are assessed as having a finite useful life are amortized over their useful life on a straight-line basis from the date they become available for use and are tested for impairment if indications exist that they may be impaired. The useful life is determined using the period of the underlying contract or the period over which the intangible asset can be expected to be used.

(g) **Mineral properties, plant and equipment**

Mineral properties, plant and equipment are stated at cost less accumulated depreciation, depletion and accumulated impairment losses. The cost of mineral properties, plant and equipment items consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Mineral properties include direct costs of acquiring properties (including option payments) and costs incurred directly in the development of properties once the technical feasibility and commercial viability has been established.

Development costs relating to specific properties are capitalized prospectively upon management's determination that a property will be developed. A development decision is made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs. Capitalization of costs incurred, ceases when the property is capable of operating in the manner intended by management.

Exploration and evaluation costs are those costs required to acquire a mineral property and determine commercial feasibility. These costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves. The Company recognizes acquisition costs for exploration and evaluation properties as assets when acquired as part of a business combination or asset purchase. All other exploration and evaluation costs are expensed as incurred until the technical feasibility and commercial viability of the property has been established and a development decision has been made.

Capitalized exploration and evaluation costs for a project are classified as such until the project demonstrates technical feasibility and commercial viability. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalized exploration and evaluation costs are transferred to mineral property costs within mineral properties, plant and equipment. Technical feasibility and commercial viability generally coincide with the establishment of proven and probable reserves; however, this determination may be impacted by management's assessment of certain modifying factors.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment and amortized separately over their useful lives.

Plant and equipment are recorded at cost and amortized using either the straight-line method at rates varying from 5% to 30% annually or amortized on a units of production method, based on proven and probable reserves. The accumulated costs of mineral properties are amortized using the units of production method, based on proven and probable reserves (as defined by National Instrument 43-101).

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for mineral properties, plant and equipment and any changes arising from the assessment are applied by the Company prospectively.

(h) **Impairment of Non-Current Assets**

The Company's tangible assets are reviewed for indications of impairment or reversal of a previous impairment at each financial statement date. If an indicator of impairment or reversal exists, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets or groups of assets. Impairment losses are recognized in earnings and loss for the period.

The recoverable amount is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount and the recoverable amount exceeds the carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Management periodically reviews the carrying values of its exploration and evaluation assets with internal and external mining related professionals. A decision to abandon, reduce or expand a specific project is based upon many factors including general and specific assessments of reserves, forecast future metal prices, forecast future costs of exploring, developing and operating a producing mine, expiration term and ongoing expense of maintaining leased mineral properties and the general likelihood that the Company will continue exploration. The Company does not set a pre-determined holding period for properties with unproven reserves. However, properties which have not demonstrated suitable mineral concentrations at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and their carrying values are recoverable.

If any area of interest is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are recognized in earnings or loss in the period of abandonment or determination that the carrying value exceeds its fair value. The amounts recorded as mineral properties represent costs incurred to date and do not necessarily reflect present or future values.

(i) **Leases**

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which is composed of:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date
- Any indirect costs incurred
- An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located
- Less any incentives received from the lessor

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are composed of:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease payments exclude variable payments which are dependent on external factors other than an index or a rate. These variable payments are recognized directly in earnings or loss. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimated amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in earnings or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are expensed on a straight-line basis over the lease term.

(j) **Provision for Reclamation and Rehabilitation**

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the decommissioning and reclamation of mineral properties, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. A liability is recognized at the time environmental disturbance occurs and the resulting costs are capitalized to the corresponding asset. The provision for reclamation and rehabilitation obligations is estimated using expected cash flows based on engineering and environmental reports prepared by third-party industry specialists and is discounted at a pre-tax rate specific to the liability. The capitalized amount is amortized on the same basis as the related asset.

In subsequent periods, the liability is adjusted for any changes in the amount or timing of the estimated future cash costs, changes in the discount or inflation rates and for the accretion of discounted underlying future cash flows. The unwinding of the effect of discounting the provision is recorded as a finance cost in earnings or loss for the period.

(k) **Revenue recognition**

Revenue is generated from the sale of refined silver and gold or from the sale of these metals contained in doré or concentrate. Revenue for doré is recorded in the consolidated statement of comprehensive earnings (loss) gross of treatment and refining costs paid to counterparties under the terms of the sales agreements. Revenue for concentrate is recorded in the consolidated statement of comprehensive earnings (loss) net of treatment and refining costs paid to counterparties under the terms of the sales agreements. Revenue is recognized when control of the metal is transferred to the customer in an amount that reflects the consideration the Company expects to receive in exchange for the metals. In determining whether the Company has satisfied its performance obligation, it considers the indicators of the transfer of control, which include but are not limited to, whether: the Company has a present right to payment; the customer has a legal title to the asset; the Company has transferred physical possession of the asset to the customer; and the customer controls the risks and rewards of ownership of the asset.

Revenue from metals in doré

The refiners who receive doré from the Company refine the materials on the Company's behalf. The refiners transfer the refined product to our customers according to the Company's instructions. Refined metals are sold at spot prices with sales proceeds collected upon or within several days of the completion of the sales transaction. Revenue from sale of doré is recognized at the time a metal sale is executed and the Company has irrevocably directed the refiner to deliver the refined metal to the customer.

Revenue from metals in concentrate

Metals in concentrate are sold under pricing arrangements where final prices are determined by market prices subsequent to the date of sale. Revenue from the sale of concentrates is provisionally priced at the date control transfers. On transfer, the Company recognizes revenue on a provisional basis based on current prices and at each period end, re-estimated prices based on forward market prices for the estimated month of settlement. The final selling price is subject to movements in metal prices up to the final settlement date. Revenue is initially recognized based on the estimated mineral content then adjusted to final settlement adjustments. Final settlement periods range from two to six months after delivery of the product.

Variations between the sales price recorded at the initial recognition date and the actual final sales price at the settlement date, caused by changes in market metal prices, results in an embedded derivative in the related trade accounts receivable. For each reporting period until final settlement, forward market prices are used to record revenue. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as an adjustment to revenue.

(l) **Share-based payments**

The Company has a share option plan and a share unit plan which are described in Note 15(c) and Note 15(d) respectively. Equity-settled share-based payment awards to employees are measured by reference to the fair value of the equity instruments granted and are charged over the vesting period using the graded vesting method. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and vesting conditions are met. Equity-settled share-based payment awards to non-employees are measured at the fair value of the goods or services received as the goods or services are received, unless that fair value cannot be measured reliably, in which case they are measured by reference to the fair value of the equity instrument. The offset is credited to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. For those options that expire or are forfeited after vesting, the amount previously recorded in contributed surplus is transferred to deficit.

Share-based compensation expense relating to cash-settled awards, including deferred share units and share appreciation rights which are described in Note 15(e) and Note 15(f), is recognized over the vesting period of the units based on the fair market value of the units. As these awards will be settled in cash, the expense and liability are adjusted each reporting period for changes in the fair value.

(m) **Income taxes**

Income tax expense (recovery) comprises current and deferred tax. It is recognized in earnings or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

The Company follows the asset and liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and tax losses carried forward. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized to the extent their recovery is considered probable based on their term to expiry and estimates of future taxable income. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable earnings improve.

(n) **Earnings per share**

Basic earnings per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the period. For all periods presented, net earnings available to common shareholders equals the reported net earnings. The Company uses the treasury stock method for calculating diluted earnings per share. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year.

(o) **Business combinations**

On a business combination, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) based on fair value at the date of acquisition. When the cost of acquisition exceeds the fair values attributable to the Company's share of identifiable net assets, the difference is treated as purchased goodwill. If the fair value attributable to the Company's share of the identifiable net assets exceeds the cost of acquisition, the difference is immediately recognized in earnings or loss. Incremental costs related to acquisitions are expensed as incurred.

Determination of the fair value of assets acquired and liabilities assumed and resulting goodwill, if any, requires that management make estimates based on the information provided by the acquiree. Changes to the provisional values of assets acquired and liabilities assumed, deferred income taxes and resulting goodwill, if any, will be adjusted when the final measurements are determined (within one year of the acquisition date).

When purchase consideration is contingent on future events, the initial cost of the acquisition recorded includes an estimate of the fair value of the contingent amounts expected to be payable in the future. Changes to the estimated fair value of contingent consideration subsequent to the acquisition date are recorded in earnings (loss).

(p) **Financial Instruments**

The Company recognizes financial assets and financial liabilities on the date the Company becomes party to the contractual provisions of the instruments. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"). Transaction costs of financial assets and liabilities classified as FVTPL are expensed in the period in which they are incurred. A financial asset is derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial assets or when cash flows expire. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

On initial recognition, the Company classifies and measures financial assets as either FVTPL, fair value through other comprehensive income ("FVTOCI") or amortized cost. Subsequent measurement of financial assets depends on the classifications of such assets. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset.

<u>Amortized cost</u>

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

<u>Fair value through other comprehensive income</u>

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Investments in equity instruments at FVTOCI are initially recognized at fair value. Subsequently, they are measured at fair value, with gains and losses arising from changes from initial recognition recognized in comprehensive earnings (loss). Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

<u>Fair value through profit and loss</u>

By default, all other financial assets are measured at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on a different basis. Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent that they are not part of a designated hedging relationship. Determination of fair value is further described in Note 24.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are measured at the proceeds received, net of direct issue costs.

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as FVTPL, are measured at amortized cost using the effective interest method.

The Company's financial instruments are recognized as:

Assets	
Cash and cash equivalents	Amortized cost
Trade and other receivables (other than derivatives)	Amortized cost
Trade receivables (derivative component)	FVTPL
Other investments	FVTPL
Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Share appreciation rights and Deferred share units	FVTPL

(q) **Accounting standards issued not yet adopted during the year**

On May 14, 2020, the International Accounting Standard Board (IASB) published a narrow scope amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use. The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, amounts received will be recognized as sales proceeds and the related costs in profit or loss. The effective date is for annual periods beginning on or after January 1, 2022. The Company is currently assessing the effects of this amendment on our consolidated financial statements. The Company expects this amendment to have a material effect related to the allocation of costs between stockpile inventory and deferred development costs during the development phase of our Terronera mine, with no anticipated impact on earnings in 2022.

(expressed in thousands of US dollars, unless otherwise stated)

4. OTHER INVESTMENTS

	Note		**December 31, 2021**		December 31, 2020
Balance at beginning of the year		**$**	**4,767**	$	69
Investment in marketable securities, at cost			**3,753**		5,497
FMV of investments received on asset disposal	10		**9,851**		-
Disposals			**(9,288)**		(1,032)
Gain (loss) on marketable securities			**2,117**		233
Balance at end of the year		**$**	**11,200**	$	4,767

The Company holds $11,151 in marketable securities that are classified as Level 1 and $49 in marketable securities that are classified as Level 3 in the fair value hierarchy (Note 24) and are classified as financial assets measured at FVTPL. The fair values of Level 1 marketable securities are determined based on a market approach reflecting the closing price of each particular security at the reporting date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, being the market with the greatest volume and level of activity for the assets. Marketable securities classified as Level 3 in the fair value hierarchy are share purchase warrants and the fair value of the warrants at each period end has been estimated using the Black-Scholes Option Pricing Model.

Changes in fair value of marketable securities are recognized in profit or loss.

5. ACCOUNTS AND OTHER RECEIVABLES

	Note		**December 31, 2021**		December 31, 2020
Trade receivables (1)		**$**	**4,751**	$	8,755
IVA receivables (2)			**8,863**		9,666
Other receivables			**847**		1,721
Due from related parties	8		**1**		2
		$	**14,462**	$	20,144

(1) At December 31, 2021 the trade receivables consist of receivables from provisional silver and gold sales from the Bolañitos mine and at December 31, 2020 for the Bolañitos and El Compas mines. The fair value of receivables arising from concentrate sales contracts that contain provisional pricing mechanisms is determined using the appropriate quoted forward price on the measurement date from the exchange that is the principal active market for the particular metal. As such, these receivables, which meet the definition of an embedded derivative, are classified within Level 2 of the fair value hierarchy (Note 24).

(2) The Company's Mexican subsidiaries pay value added tax, Impuesto al Valor Agregado ("IVA"), on the purchase and sale of goods and services. The net amount paid is recoverable but is subject to review and assessment by the tax authorities. The Company regularly files the required IVA returns and all supporting documentation with the tax authorities, however, the Company has been advised that certain IVA amounts receivable from the tax authorities are being withheld pending completion of the authorities' audit of certain of the Company's third-party suppliers. Under Mexican law the Company has legal rights to those IVA refunds and the results of the third-party audits should have no impact on refunds. A smaller portion of IVA refund requests are from time to time improperly denied based on the alleged lack of compliance of certain formal requirements and information returns by the Company's third-party suppliers. The Company takes necessary legal action on the delayed refunds as well as any improperly denied refunds.

(expressed in thousands of US dollars, unless otherwise stated)

These delays and denials have occurred within Compañia Minera del Cubo ("El Cubo") and Refinadora Plata Guanaceví S.A. de C.V. ("Guanaceví,"). At December 31, 2021, El Cubo holds $302 and Guanaceví holds $8,067 in IVA receivables which the Company and its advisors have determined to be recoverable from tax authorities (December 31, 2020 – $978 and $7,714 respectively). The Company is in regular contact with the tax authorities in respect of its IVA filings and believes the full amount of its IVA receivables will ultimately be received; however, the timing of recovery of these amounts and the nature and extent of any adjustments to the Company's IVA receivables remains uncertain.

As at December 31, 2021, the total IVA receivable of $13,119 (December 31, 2020 - $12,342) has been allocated between the current portion of $8,863, which is included in accounts receivable, and a non-current portion of $4,256 (December 31, 2020 - $9,666 and $2,676 respectively). The non-current portion is composed of El Cubo and Guanacevi of $165 and $1,434 respectively, which are currently under appeal and are unlikely to be received in 2021. The remaining $2,657 is IVA receivable for Terronera, which may not become recoverable until Terronera recognizes revenue for tax purposes.

6. INVENTORIES

	December 31, 2021	December 31, 2020
Warehouse inventory(1)	**$ 8,698**	$ 8,717
Stockpile inventory(2)	**2,335**	3,982
Finished Goods inventory(3)	**15,550**	3,580
Work in process inventory	**902**	361
	$ 27,485	$ 16,640

(1) The warehouse inventory balance at December 31, 2021 is net of a write down to net realizable value of $539 (December 31, 2020 - $Nil) at the Guanacevi and $357 (December 31, 2020 - $Nil) at the Bolañitos mine.

(2) The stockpile inventory balance at December 31, 2021 is net of a write down to net realizable value of $Nil- (December 31, 2020 - $254) for stockpile inventory held at the El Compas mine.

(3) The finished goods inventory balance at December 31, 2021 is net of a write down to net realizable value of $nil- (December 31, 2020 - $151) for finished goods inventory held at the El Compas mine.

7. RELATED PARTY TRANSACTIONS

The Company shares common administrative services and office space with a company related by virtue of a common director and from time to time will incur third party costs on behalf of related parties on a full cost recovery basis. The charges for these costs totaled $5 for the year ended December 31, 2021 (December 31, 2020 - $4). The Company has a $1 net receivable related to these costs as of December 31, 2021 (December 31, 2020 – $2).

The Company was charged $276 for legal services for the year ended December 31, 2021 by a legal firm in which the Company's corporate secretary is a partner (December 31, 2020 - $255). The Company has $5 payable to the legal firm as at December 31, 2021 (December 31, 2020 - $26).

(expressed in thousands of US dollars, unless otherwise stated)

Key management personnel

The key management of the Company comprises executive and non-executive directors, members of executive management and the Company's corporate secretary. Compensation of key management personnel was as follows:

	December 31, 2021	December 31, 2020
Salaries and short-term employee benefits	**$ 3,867**	$ 2,712
Non-executive directors' fees	**311**	185
Non-executive directors' deferred share units	**(707)**	4,251
Share-based payments	**3,408**	2,713
	$ 6,879	$ 9,861

The existing non-executive directors' deferred share units are cash settled. The recognized expense or recovery includes the fair value of new issuances of deferred share units during the period and the change in fair value of all outstanding deferred share units during the reporting period. During the year ended December 31, 2021, the Company granted 82,566 (December 31, 2020 – 376,814) deferred share units with a fair value of $449 (December 31, 2020 - $603) at the date of grant. At December 31, 2021, there were 1,348,765 cash settled deferred share units outstanding with a fair value of $5,682 (December 31, 2020 – 1,266,199 outstanding with a market value of $6,389).

The amount disclosed for share-based payments is the expense for the year calculated in accordance with IFRS 2, Share-based payments for share options, performance share units and deferred share units (Notes 15(c), (d) and (e)). The fair values of these share-based payments are recognized as an expense over the vesting period of the award. Therefore, the compensation expense in the current year comprises a portion of current year awards and those of preceding years that vested within the current year.

8. INTANGIBLE ASSETS

	December 31, 2021	December 31, 2020
Balance, beginning of the year	**$ 492**	$ 975
Additions	**-**	-
Amortization	**(452)**	(483)
Balance end of the year	**$ 40**	$ 492

Intangible assets represent computer software licenses, which are being amortized over their underlying contractual period of three years. The expense has been included in depreciation, depletion and amortization expense in profit or loss.

(expressed in thousands of US dollars, unless otherwise stated)

9. RIGHT-OF-USE LEASED ASSETS

The Company has entered into operating leases to use certain buildings and equipment for its operations.

The following table presents the right-of-use assets for the Company:

	Office premises	Plant	Total right-of-use assets
Balance December 31, 2019	$ 918	$ 419	$ 1,337
Additions	28	-	28
Adjustments	3	-	3
Depreciation	(197)	(310)	(507)
Balance December 31, 2020	$ 752	$ 109	$ 861
Additions	37	-	37
Adjustments	53	-	53
Depreciation	(178)	(109)	(287)
Balance December 31, 2021	$ 664	$ -	$ 664

10. MINERAL PROPERTIES, PLANT AND EQUIPMENT

(a) Mineral properties, plant and equipment comprise:

	Mineral properties	Plant	Machinery & equipment	Building	Transport & office equipment	Total
Cost						
Balance at December 31, 2019	534,222	104,010	76,476	12,956	13,335	740,999
Additions	18,656	2,506	7,762	358	808	30,090
Disposals	-	(71)	(3,235)	-	(1,366)	(4,672)
Balance at December 31, 2020	**$ 552,878**	**$ 106,445**	**$ 81,003**	**$ 13,314**	**$ 12,777**	**$ 766,417**
Additions	40,261	2,838	15,435	1,623	2,113	62,270
Disposals	(81,740)	(11,098)	(9,298)	(1,492)	(2,845)	(106,473)
Balance at December 31, 2021	**$ 511,399**	**$ 98,185**	**$ 87,140**	**$ 13,445**	**$ 12,045**	**$ 722,214**
Accumulated amortization and impairment						
Balance at December 31, 2019	489,763	92,196	50,765	9,860	10,082	652,666
Amortization	18,676	4,472	4,471	306	1,286	29,211
Impairments, net	1,896	(1,782)	310	-		424
Disposals	-	(71)	(2,424)	-	(1,344)	(3,839)
Balance at December 31, 2020	**$ 510,335**	**$ 94,815**	**$ 53,122**	**$ 10,166**	**$ 10,024**	**$ 678,462**
Amortization	15,614	3,393	4,947	352	1,202	25,508
Disposals	(81,180)	(10,000)	(8,624)	(1,324)	(2,825)	(103,953)
Balance at December 31, 2021	**$ 444,769**	**$ 88,208**	**$ 49,445**	**$ 9,194**	**$ 8,401**	**$ 600,017**
Net book value						
At December 31, 2020	**$ 42,543**	**$ 11,630**	**$ 27,881**	**$ 3,148**	**$ 2,753**	**$ 87,955**
At December 31, 2021	**$ 66,630**	**$ 9,977**	**$ 37,695**	**$ 4,251**	**$ 3,644**	**$ 122,197**

Included in Mineral properties is $19,063 in acquisition costs for exploration properties and $10,311 for development properties (December 31, 2020 – $9,073 and $5,431 respectively).

The Company's Mexican operations are subject to an Environmental Royalty Tax of 0.5% of gross sales and in 2021, the Company recognized $950 in royalty expense for the Environmental Royalty (2020 - $692).

As of December 31, 2021, the Company has $8,524 committed to capital equipment purchases.

(b) Guanaceví, Mexico

In 2005, the Company acquired mining properties and related assets to the Guanaceví silver-gold mines located in the state of Durango, Mexico. Certain concessions in the district retained a 3% net proceeds royalty on future production. In 2021, the Company had no royalty expense on these properties (2020 - $nil).

These properties and subsequently acquired property concessions in the Guanaceví district are maintained with nominal property tax payments to the Mexican government.

On July 5, 2019, the Company acquired a 10 year right to explore and exploit the El Porvenir and El Curso properties from Ocampo Mining S.A. de C.V. ("Ocampo"). The Company has agreed to meet certain minimum production targets from the properties, subject to various terms and conditions, and pay Ocampo a $12 dollar fixed per tonne production payment plus a floating net smelter return ("NSR") royalty based on the spot silver price as follows:

- 4% NSR when the silver price obtained is less than or equal to $15 dollars per oz
- 9% NSR when the silver price obtained is greater than $15 dollars and up to $20 dollars per oz
- 13% NSR when the silver price obtained is greater than $20 dollars and up to $25 dollars per oz
- 16% NSR when the silver obtained is greater than $25 dollars per oz

Both properties cover extensions of the Guanaceví ore bodies with the El Porvenir concession adjacent to the Company's operating Porvenir Norte mine and the El Curso concession adjacent to the Company's Porvenir Cuatro mine. On December 12, 2021, the Company executed an amendment to the agreement whereby two additional properties, adjacent to the existing and historic mine workings were included in the existing agreement. In 2021, the Company expensed $12,532 in per tonne production charges and royalties on these properties (2020 - $6,989).

(c) Bolañitos, Mexico

In 2007, the Company acquired the exploitation contracts, mining properties and related assets to the Bolañitos silver-gold mines located in the northern parts of the Guanajuato and La Luz silver districts in the state of Guanajuato, Mexico.

The Company holds various property concessions in the Guanajuato District that it maintains with nominal property tax payments to the Mexican government.

(d) El Compas, Mexico

In August, 2021, the Company suspended mining and milling operations at El Compas and mining equipment and key talent were transferred within the Company to Bolañitos and Terronera. The associated suspension costs were $1,367, including $870 in severance. Management is currently evaluating its alternatives for the asset.

Veta Grande Properties

On April 24, 2017, the Company entered into a definitive agreement with Impact Silver Corp. ("Impact Silver") to acquire a 100% interest in Impact Silver's Veta Grande properties, located in the Zacatecas state, Mexico ("the agreement"). On June 5, 2017, Endeavour paid $500 through the issuance of 154,321 common shares.

Calicanto Properties

On July 21, 2016, the Company entered into a definitive agreement with Compania Minera Estrella de Plata SA de CV. ("Compania Minera Estrella") to acquire a 100% interest, subject to a 3% NSR, in Compania Minera Estrella's Calicanto properties, located in the Zacatecas state, Mexico. On February 1, 2017, Endeavour completed the purchase with a payment of $400 and in 2018 exercised an option to purchase the 3% NSR for $45.

On September 8, 2017, the Company entered into a concession division agreement with Capstone Mining Corp. ("Capstone") whereby the Company has the right to explore and mine for precious metals above 2,000 metres above sea level on Capstone's Toro del Cobre concessions, which is adjacent to Calicanto. In return, the Company has granted Capstone the right to explore and mine for base metals below the elevation of 2,000 metres above sea level. Capstone has granted the Company a 1% NSR on all Capstone base metal production from on Endeavour property and Endeavour has granted Capstone a 1% NSR on all Endeavour precious metal production on Capstone property. During 2021, the Company earned $542 in royalties from Capstone.

(e) El Cubo, Mexico

On March 17, 2021, the Company signed a definitive agreement to sell its El Cubo mine and related assets to Guanajuato Silver Company Ltd. ("GSilver") (formerly known as VanGold Mining Corp. ("VanGold")) for $15.0 million in consideration composed of cash and share payments plus additional contingency payments. On April 9, 2021, GSilver purchased the El Cubo assets for the following consideration:

Per the terms of the agreement, GSilver agreed to pay $15.0 million for the El Cubo assets. The Company has received total gross consideration of $19.7 million as follows:

- $0.5 million cash down-payment
- $7.0 million cash on closing
- $9.8 million paid in shares with 21,331,058 shares of GSilver with fair value of CAN$0.58 per share on April 9, 2021. Total fair value of the shares at the time of agreement was $5.0 million priced at CAN$0.30
- $2.4 million paid by unsecured promissory note with face value $2.5 million due and payable April 9, 2022.

GSilver has also agreed to pay the Company up to an additional $3.0 million in contingent payments, for which the Company has not recorded any consideration, based on the following events:

- $1.0 million upon GSilver producing 3.0 million silver equivalent ounces from the El Cubo mill
- $1.0 million if the price of gold closes at or above $2,000 dollars per ounce for 20 consecutive days within two years after closing
- $1.0 million if the price of gold closes at or above $2,200 dollars per ounce for 20 consecutive days prior to April 9, 2023.

During the period ended March 31, 2021, the El Cubo mine project, consisting of the land rights, plant, buildings and the related reclamation liability were re-classified to current assets and liabilities as "assets held for sale" and "liabilities held for sale" . Immediately prior to the classification to assets and liabilities held for sale, the carrying amounts of the land rights, plant and building were remeasured and the historical gross impairments of $216.9 million net of depletion and depreciation of $200.1 million, were reversed resulting in a $16.8 million impairment reversal. The reclamation provision for the El Cubo mine of $4.6 million was transferred to GSilver upon acquisition of the related mining concessions. The Company has recognized a $5.8 million gain on the disposal of the El Cubo mine and related assets in the year ended December 31, 2021.

On November 16, 2021 the Company arranged for early payment of the $2.5 million promissory note. In consideration for the early payment, the Company has agreed to reduce the principal amount of the note by $25,000 and settle the Mexican value added tax payable on the purchase price for El Cubo represented by the note for 901,224 common shares of GSilver.

(f) Terronera, Mexico

In February 2013, the Company acquired an option to purchase a 100% interest in theTerronera properties located in Jalisco, Mexico, by paying a total of $2,750 over three years. The Company is required to pay a 2% NSR royalty on any production from the Terronera properties.

On September 23, 2020, the Company entered into an option agreement to acquire a 100% interest in the La Sanguijuela property, located adjacent to the existing Terronera properties. The agreement requires payments totaling $550 over a four-year period with the Company required to pay a 2% NSR on any production from the property.

These properties and subsequently acquired property concessions in the Terronera district are maintained with nominal property tax payments to the Mexican government.

During 2021, the Company completed a Feasibility Study on the Terronera Project and based on an assessment of the economic viability of extracting mineral resources at Terronera, it was reclassified from an exploration and evaluation asset to a development asset (See Note 22).

(g) Parral Properties

On September 13, 2016, the Company entered into a definitive agreement with SSR Mining Inc. ("SSR") formerly known as Silver Standard Resources Inc., to acquire a 100% interest in SSR's Parral properties, located in the historic silver mining district of Hidalgo de Parral in southern Chihuahua state, Mexico. On October 31, 2016, Endeavour paid $5,300 through the issuance of 1,198,083 common shares.

In addition, the Company committed to spending $2,000 (completed in 2018) in exploration on two of the properties (the San Patricio and La Palmilla properties) over the two-year period following the closing of the transaction. SSR also retained a 1% net smelter returns royalty on production from the San Patricio and La Palmilla properties. On November 18, 2021 the Company and SSR entered into an agreement whereby the Company purchased the royalties from SSR for $530.

(h) Guadalupe Y Calvo, Mexico

In 2012, the Company acquired the Guadalupe Y Calvo exploration project in Chihuahua, Mexico.

In 2014, the Company acquired the La Bufa exploration property, which is adjacent to the Guadalupe y Calvo exploration property in Chihuahua, Mexico. The property is subject to a 2% net smelter return royalty on mineral production.

On January 27, 2021, the Company granted an option to purchase the Guadalupe Y Calvo project to Ridgestone Mining Inc. ("Ridgestone") whereby Ridgestone has the right to acquire a 100% interest in the project through payments totaling $1.5 million over a 4 year period and issuing $1.75 million in shares, plus a requirement to spend $0.75 million in exploration expenditures. The Company will retain a 2% NSR with a provision for Ridgestone to buy back the 2% NSR for $2.0 million prior to the commencement of commercial production.

These properties and subsequently acquired property concessions acquired by the Company in the district are maintained with nominal property tax payments to the Mexican government.

(i) Exploration projects, Chile

<u>Cerro Marquez – Las Palcas</u>

In October 2016, the Company entered into an option agreement with Minera Cerro Marquez to acquire 100% interest in the Las Palcas project in Santiago, Chile for a total of $2.5 million to be paid over a four year period with the final payment of $2.3 million due in October 2020. The interest is subject to a net smelter return ("NSR") royalty of 2% with the Company entitled purchase the royalty for $1.2 million for each 1% of the NSR. In October 2020, the Company signed an addendum agreement and paid $0.2 to defer the final payment to October 2021. The addendum also extended by one year the Company's commitment to spend $1.5 million on exploration expenses in the property within forty-eight months from the date of the option agreement. In October 2021, the Company elected to not proceed with the final payment and the carrying value of $470 has been written off.

Aida Properties

In July 2018, the Company entered into an option agreement to acquire 100% interest in the Aida properties: Patricia II, Patricia III and SLM Ignacia located in Chile for a total of $3.2 million to be paid over a five-year period. The properties are subject to a 2% NSR with the right to buy the NSR for each of the properties for $2.0 million. Payments totaling $0.4 million for 2018 and 2019 have been made but the 2020 and 2021 payments totaling $0.8 million have been postponed until the Company receives certain environmental permits.

Paloma Properties

In December 2018, the Company signed an option agreement to acquire up to a 70% interest in the Paloma project in Antofagasta province, Chile. The Company can acquire its initial 51% interest by paying $0.75 million and spending $5.0 million over five years with the final payment due in 2023, followed by a second option to acquire 70% by completing a Preliminary Economic Assessment and a Preliminary Feasibility Study. The property is subject to a 2% NSR.

(j) Acquisition of Bruner Gold Project

On July 14, 2021, the Company entered into a definitive agreement with Canamex Gold Corp. ("Canamex") to acquire a 100% interest in Canamex's Bruner Gold Project, a gold exploration property, located in Nye County, Nevada, approximately 180 kilometers southeast of Reno. The property is subject to pre-existing royalties, some of which can be repurchased. The Company completed the acquisition on August 31, 2021. Under the terms of the agreement, the Company paid $10 million in cash for a 100% interest in the Bruner Gold project which includes mineral claims, mining rights, property assets, water rights and government authorization and permits. Management determined that the acquisition of Bruner Gold Project did not meet the definition of a business in accordance with IFRS 3 Business Combinations, as it did not have the inputs, processes and outputs required to meet the definition of a business. Accordingly, the acquisition has been accounted for as an asset acquisition resulting in the recognition of a mineral property asset with the fair market value of $10.1 million, including $0.1 million of acquisition costs.

(k) Acquisition of the Pitarrilla Project

Subsequent to December 31, 2021, on January 17, 2022, the Company has entered into a definitive agreement to purchase the Pitarrilla project in Durango State, Mexico, by acquiring all of the issued and outstanding shares of SSR Durango, S.A. de C.V. from SSR Mining Inc. for total consideration of US$70 million (consisting of $35 million in Company's shares and a further $35 million in cash or in the Company's shares at the election of SSR Mining and as agreed to by the Company) and a 1.25% net smelter returns royalty. SSR Mining retains a 1.25% NSR Royalty in Pitarrilla. Endeavour will have matching rights to purchase the NSR Royalty in the event SSR Mining proposes to sell it.

11. IMPAIRMENT OF NON-CURRENT ASSETS

The recoverable amounts of the Company's CGUs, which include mining properties, plant and equipment are determined at the end of each reporting period, if impairment indicators are identified. In previous years, commodity price declines, changes in tax legislation and a reduction in reserves and resources led the Company to determine there were impairment indicators and assessed the recoverable amounts of its CGUs. The recoverable amounts were based on each CGUs future cash flows expected to be derived from the Company's mining properties and represent each CGUs value in use. The cash flows were determined based on the life-of-mine after-tax cash flow forecast which incorporates management's best estimates of future metal prices, production based on current estimates of recoverable reserves and resources, exploration potential, future operating costs and non-expansionary capital expenditures discounted at risk adjusted rates based on the CGUs weighted average cost of capital.

At December 31, 2020, the Company recognized a $2,576 reversal of a previous impairment of the Guanaceví Mine. An increase in the reserve and resource estimate and increase in precious metal prices were considered to be indicators of an impairment reversal. The updated Guanaceví mine plan, with updated assumptions and estimates, calculated on a discounted cash flow basis using a 6.1% discount rate, resulted in significantly higher cash flows compared to the Company's previous estimates. Accordingly, the Company reversed the 2013 Guanaceví CGU impairment, limited to the carrying amount had no impairment been recognized in prior periods, net of depletion and amortization which would have been recognized in prior periods.

(expressed in thousands of US dollars, unless otherwise stated)

At December 31, 2020, the Company recognized an impairment of the El Compas Mine Project. A decrease in the resource estimate as at December 31, 2020 was considered to be an indicator of an impairment. The carrying value related to the El Compas CGU, excluding working capital and reclamation provision, was $5,972 which was greater than its estimated recoverable amount of $2,972, calculated on a discounted cash flow basis using a 6.1% discount rate. The Company considers use of its discounted cash flow economic models as a proxy for the calculation of value in use. Based on the above assessment, the Company recorded an impairment charge related to the El Compas CGU of $3,000.

12. LOANS PAYABLE

		December 31, 2021		December 31, 2020
Balance at the beginning of the year	**$**	**9,672**	$	8,875
Net proceeds from software and equipment financing		**4,399**		4,010
Finance cost		**650**		834
Repayments of principal		**(3,563)**		(3,229)
Repayments of finance costs		**(611)**		(834)
Effects of movements in exchange rates		**(53)**		16
Balance at the end of the year	**$**	**10,494**	$	9,672
Statements of Financial Position Presentation				
Current loans payable	**$**	**4,128**	$	3,578
Non-Current loans payable		**6,366**		6,094
Total	**$**	**10,494**	$	9,672

The Company has entered into financing arrangements for software licenses totaling $1,086 and equipment totaling $17,541, with terms ranging from 1 year to 4 years. The agreements require either monthly or quarterly payments of principal and interest with a weighted-average interest rate of 6.5%.

The equipment financing is secured by the underlying equipment purchased and is subject to various non-financial covenants and as at December 31, 2021 the Company was in compliance with these covenants. As at December 31, 2021, the net book value of equipment includes $16.1 million (December 31, 2020 - $12.3 million) of equipment pledged as security for the equipment financing.

Subsequent to December 31, 2021, the Company entered into financing arrangements for equipment, totalling $1,539. Term of the arrangement is 4 years. The agreements require monthly payments of principal and carries an interest rate of 4.9%.

13. LEASE LIABILITIES

The Company leases office space and the El Compas plant. These leases are for periods of five to ten years. Certain leases include an option to renew the lease after the end of the contract term and/ or provide for payments that are indexed to local inflation rates.

(expressed in thousands of US dollars, unless otherwise stated)

The following table presents the lease obligations of the Company:

	December 31, 2021	December 31, 2020
Balance at the beginning of the year	**$ 1,094**	$ 1,238
Additions	**89**	31
Interest	**73**	84
Payments	**(251)**	(267)
Effects of movement in exchange rates	**(4)**	8
Balance at the end of the year	**1,001**	1,094
Less: Current portion	**(207)**	(173)
Non-Current Lease Liabilities	**$ 794**	$ 921

The following table presents lease liability maturity – contractual undiscounted cash flows for the Company:

	December 31, 2021	December 31, 2020
Less than one year	**$ 263**	$ 238
One to five years	**637**	653
More than five years	**262**	425
Total at the end of the year	**$ 1,162**	$ 1,316

The following amounts have been recognized in Earnings or Loss:

	Years ended	
	December 31, 2021	December 31, 2020
Interest on lease liabilities	**$ (73)**	$ (84)
Expenses related to short-term leases	**$ (649)**	$ (388)

As at December 31, 2021, the lease liabilities have a weighted-average interest rate of 7.32%. For the year ended December 31, 2021, the Company recognized $73 in interest expense on the lease liabilities (December 31, 2020 - $84) and $649 related to short term rentals, primarily for rented mining equipment and employee housing (December 31, 2020 - $388).

14. PROVISION FOR RECLAMATION AND REHABILITATION

The Company's environmental permit requires that it reclaim certain land it disturbs during mining operations. Significant reclamation and closure activities include land rehabilitation, decommissioning of buildings and mine facilities, ongoing care and maintenance and other costs. Although the ultimate amount of the reclamation and rehabilitation costs to be incurred cannot be predicted with certainty, the total undiscounted amount of probability weighted estimated cash flows required to settle the Company's estimated obligations is $6,190 for the Guanaceví mine, $4,648 for the Bolañitos mine and $187 for the El Compas mine.

The timing of cash flows has been estimated based on the mine lives using current reserves and the present value of the probability weighted future cash flows. The model assumes a risk-free rate specific to the liability of 6.8% for Guanaceví, 6.5% for Bolañitos, and 6.2% for El Compas and with an estimated inflation rate of 4.2%, 4.7% and 5.5% respectively.

(expressed in thousands of US dollars, unless otherwise stated)

Changes to the reclamation and rehabilitation provision balance during the year are as follows:

	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Balance at December 31, 2019	$ 2,182	$ 1,848	$ 4,249	$ 124	$ 8,403
Accretion	39	30	296	9	374
Change in estimates during the year	-	99	-	-	99
Balance at December 31, 2020	**$ 2,221**	**$ 1,977**	**$ 4,545**	**$ 133**	**$ 8,876**
Accretion	100	83	70	9	262
Disposals	-	-	(4,615)	-	(4,615)
Change in estimates during the year	1,676	1,177	-	21	2,874
Balance at December 31, 2021	**$ 3,997**	**$ 3,237**	**$ -**	**$ 163**	**$ 7,397**

15. SHARE CAPITAL

(a) Management of Capital

The Company considers the items included in the consolidated statement of changes in equity as capital. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, convertible debentures, asset acquisitions or return capital to shareholders. As at December 31, 2021, the Company is not subject to externally imposed capital requirements.

(b) Public Offerings

In April 2018, the Company filed a short form base shelf prospectus that qualified for the distribution of up to CAN$150 million of common shares, debt securities, warrants or units of the Company comprising any combination of common shares and warrants (the "Securities") over a 25 month period. The Company filed a corresponding registration statement in the United States registering the Securities under United States federal securities laws. The distribution of Securities could be effected from time to time in one or more transactions at a fixed price or prices, which could be changed, at market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying prospectus supplement, including transactions that are "At-The-Market" ("ATM") distributions.

On June 13, 2018, the Company entered into an ATM equity facility with BMO Capital Markets (the lead agent), CIBC Capital Markets, H.C. Wainwright & Co., HSBC and TD Securities (together, the "Agents"). Under the terms of this ATM facility, the Company could, from time to time, sell common stock having an aggregate offering value of up to $35.7 million on the New York Stock Exchange. The Company determined, at its sole discretion, the timing and number of shares to be sold under the ATM facility.

During the year ended December 31, 2019, the Company issued 10,717,126 common shares under this ATM facility at an average price of $2.20 per share for gross proceeds of $23,557, less commission of $530. From January 1, 2020 to April 21, 2020, the Company issued the final 2,164,119 common shares under this ATM facility at an average price of $1.56 per share for gross proceeds of $3,367, less commission of $76. From January 1, 2020 to April 21, 2020, the Company also recognized $147 of additional transaction costs related to this ATM financing as share issuance costs, which have been presented net of share capital (year ended December 31, 2019 - $484).

In April 2020 the Company filed a short form base shelf prospectus that qualifies for the distribution of up to CAN$150 million of common shares, debt securities, warrants or units of the Company comprising any combination of common shares and warrants (the "Securities") over a 25 month period. The Company filed a corresponding registration statement in the United States registering the Securities under United States federal securities laws. The distribution of Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying prospectus supplement, including transactions that are ATM distributions.

On May 14, 2020, the Company entered into an ATM equity facility with BMO Capital Markets (the lead agent), CIBC Capital Markets, H.C. Wainwright & Co., TD Securities, Roth Capital Partners, B. Riley FBR, Inc. and A.G.P./Alliance Global Partners (together, the "Agents"). Under the terms of this ATM facility, the Company could, from time to time, sell common stock having an aggregate offering value of up to $23,000 on the New York Stock Exchange. The Company determined, at its sole discretion, the timing and number of shares to be sold under the ATM facility.

From May 14, 2020 to September 30, 2020, the Company issued 11,640,411 common shares under this ATM facility at an average price of $1.98 per share for gross proceeds of $23,000, less commission of $564 and recognized $374 of transaction costs related to this ATM financing as share issuance costs, which have been presented net of share capital.

In total, during the year ended December 31, 2020, the Company issued 13,804,530 common shares under the combined ATM facilities at an average price of $1.91 per share for gross proceeds of $26,367, less commission of $640 and recognized $521 of transaction costs related to the ATM financings as share issuance costs, which have been presented net of share capital.

On October 1, 2020, the Company entered into an ATM equity facility with BMO Capital Markets (the lead agent), CIBC Capital Markets, H.C. Wainwright & Co. LLC, TD Securities Inc., Roth Capital Partners, LLC, B. Riley Securities Inc. and A.G.P./Alliance Global Partners (together, the "Agents"). Under the terms of this ATM facility, the Company can, from time to time, sell common stock having an aggregate offering value of up to $60,000 on the New York Stock Exchange. The Company determined, at its sole discretion, the timing and number of shares sold under the ATM facility.

In the period from January 1, 2021 to July 20, 2021, when this ATM facility was completed, the Company issued 10,060,398 common shares under the ATM facility at an average price of $5.96 per share for gross proceeds of $59,998, less commission of $1,230 and recognized $379 of other transaction costs related to the ATM financing as share issuance costs, which have been presented net within share capital.

(c) Purchase Options

Options to purchase common shares have been granted to directors, officers, employees and consultants pursuant to the Company's current stock option plan, approved by the Company's shareholders in fiscal 2009 and amended and re-ratified in 2021, at exercise prices determined by reference to the market value on the date of grant. The stock option plan allows for, with approval by the Board, granting of options to its directors, officers, employees and consultants to acquire up to 5.0% of the issued and outstanding shares at any time. Prior to the 2021 amendment, the plan allowed for the granting of up to 7.0% of the issued and outstanding shares at any time.

(expressed in thousands of US dollars, unless otherwise stated)

The following table summarizes the status of the Company's stock option plan and changes during the 2021 and 2020 years:

Expressed in Canadian dollars	Years ended December 31, 2021		December 31, 2020	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of the year	**5,978,300**	**$3.29**	6,923,000	$3.74
Granted	**818,500**	**$6.90**	2,490,000	$2.22
Exercised	**(2,801,600)**	**$3.76**	(2,452,000)	$3.71
Expired and forfeited	**(147,000)**	**$4.29**	(982,700)	$2.73
Outstanding, end of the year	**3,848,200**	**$3.68**	5,978,300	$3.29
Options exercisable at the end of the year	**2,973,100**	**$3.40**	4,174,700	$3.67

During the year ended December 31, 2021, the weighted-average share price at the date of exercise was CAN$7.51 (December 31, 2020 - CAN$5.56)

Subsequent to December 31, 2021, an additional 64,200 common shares were issued on the exercise of 64,200 options, with a weighted average exercise price of CAN$2.40 and a weighted average share price at the date of exercise of CAN$5.31.

The following table summarizes the information about stock options outstanding at December 31, 2021:

Expressed in Canadian dollars	Options Outstanding			Options exercisable	
Price Intervals	Number Outstanding as at December 31, 2021	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Price	Number Exercisable as at December 31, 2021	Weighted Average Exercise Price
$2.00 - $2.99	1,556,400	3.2	$2.14	1,150,600	$2.15
$3.00 - $3.99	1,150,300	1.9	$3.44	1,146,300	$3.44
$4.00 - $4.99	361,000	0.3	$4.32	361,000	$4.32
$5.00 - $5.99	60,000	3.7	$5.60	36,000	$5.60
$6.00 - $6.99	720,500	4.2	$6.90	279,200	$6.90
	3,848,200	2.7	$3.68	2,973,100	$3.40

During the year ended December 31, 2021, the Company recognized share-based compensation expense of $1,973 (December 31, 2020 - $1,787) based on the fair value of the vested portion of options granted in the current and prior years.

The weighted-average fair values of stock options granted and the assumptions used to calculate the related compensation expense have been estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	Years ended December 31, 2021	December 31, 2020
Weighted-average fair value of options in CAN$	**$3.37**	$1.02
Risk-free interest rate	**0.66%**	1.08%
Expected dividend yield	**0%**	0%
Expected stock price volatility	**66%**	61%
Expected options life in years	**3.85**	3.82

Option pricing models require the input of highly subjective assumptions. The expected life of the options considered such factors as the average length of time similar option grants in the past have remained outstanding prior to exercise, expiry or cancellation and the vesting period of options granted. Volatility was estimated based on average daily volatility based on historical share price observations over the expected term of the option grant. Changes in the subjective input assumptions can materially affect the estimated fair value of the options. The Company amortizes the fair value of stock options on a graded basis over the respective vesting period of each tranche of stock options awarded. As at December 31, 2021, the unvested share option expense not yet recognized was $472 (December 31, 2020 - $478) which is expected to be recognized over the next 21 months.

(expressed in thousands of US dollars, unless otherwise stated)

(d) Share Units Plan

On March 23, 2021 the Company adopted an equity-based Share Unit Plan ("SUP"), which was approved by the Company's shareholders on May 12, 2021 The SUP allows for, with approval by the Board, granting of Performance Share Units ("PSU"s) and Deferred Share Units ("DSU"s), to its directors, officers, employees to acquire up to 1.5% of the issued and outstanding shares. The SUP incorporates all existing PSUs under the former PSU plan and any new DSUs granted and are to be subject to cash, share settlement or a combination of cash and share procedures at the discretion of the Board of Directors.

The PSUs granted are subject to a performance payout multiplier between 0% and 200% based on the Company's total shareholder return at the end of a three-year period, relative to the total shareholder return of the Company's peer group.

	Years ended	
	December 31, 2021	December 31, 2020
	Number of units	Number of units
Outstanding, beginning of year	**1,805,000**	1,219,000
Granted	**322,000**	882,000
Cancelled	**(100,000)**	(296,000)
Settled for shares	**(388,000)**	-
Outstanding, end of period	**1,639,000**	1,805,000

There were 322,000 PSUs granted during the year ended December 31, 2021 (December 31, 2020 – 882,000). The PSUs vest at the end of a three-year period if certain pre-determined performance and vesting criteria are achieved. Performance criteria are based on the Company's share price performance relative to a representative group of other mining companies. 535,000 PSUs vest on March 3, 2022, 806,000 PSUs vest on March 1, 2023 and 298,000 PSUs vest on March 4, 2024. There have not been Share Units granted for DSUs during the period under the SUP.

On May 2, 2021, PSUs granted in 2018 vested with a payout multiplier of 200% based on the Company's shareholder return, relative to the total shareholder return of the Company's peer group over the three year period and 388,000 PSUs were settled, on a net of tax basis, through the issuance of 379,340 common shares.

During the year ended December 31, 2021, the Company recognized share-based compensation expense of $1,663 related to the PSUs (December 31, 2020 –$1,216).

(e) Deferred Share Units – Cash settled

The Company previously had a Deferred Share Unit ("DSU") plan whereby deferred share units were granted to independent directors of the Company in lieu of compensation in cash or share purchase options. These DSUs vested immediately and are redeemable for cash, based on the market value of the units at the time of a director's retirement. Upon adoption of the SUP plan in March 2021, no new DSUs will be granted under this cash settled plan.

Expressed in Canadian dollars	Years ended			
	December 31, 2021		December 31, 2020	
	Number of units	**Average Grant Price**	Number of units	Weighted Average Grant Price
Outstanding, beginning of year	**1,266,199**	**$3.00**	889,385	$3.36
Granted	**82,566**	**$6.90**	376,814	$2.16
Redeemed	**-**	**$0.00**	-	-
Outstanding, end of period	**1,348,765**	**$3.24**	1,266,199	$3.00
Fair value at period end	**1,348,765**	**$5.35**	1,266,199	$6.43

(expressed in thousands of US dollars, unless otherwise stated)

During the year ended December 31, 2021, the Company recognized a recovery on director's compensation related to these DSUs, which is included in general and administrative salaries, wages and benefits, of $707 (December 31, 2020 – an expense of $4,251) based on the fair value of new grants and the change in the fair value of the DSUs granted in the current and prior years. As of December 31, 2021, there are 1,348,765 deferred share units outstanding (December 31, 2020 – 1,266,199) with a fair market value of $5,682 (December 31, 2020 - $6,389) recognized in accounts payable and accrued liabilities.

(f) Share Appreciation Rights

As part of the Company's bonus program, the Company may grant share appreciation rights ("SARs") to its employees in Mexico and Chile. The SARs are subject to vesting conditions and, when exercised, constitute a cash bonus based on the value of the appreciation of the Company's common shares between the SARs grant date and the exercise date.

	Years ended			
	December 31, 2021		December 31, 2020	
	Number of Units	**Weighted Average Grant Price**	Number of Units	Weighted Average Grant Price
Outstanding, beginning of year	**-**	**-**	312,000	$3.30
Granted	**115,930**	**$5.40**	-	-
Exercised	**(2,260)**	**$5.34**	-	-
Cancelled	**-**	**-**	(312,000)	$3.30
Outstanding, end of period	**113,670**	**$5.40**	-	-
Exercisable at the end of the period	**40,912**	**$5.39**	-	-

During the year ended December 31, 2021, the Company recognized an expense related to SARs, which is included in operation and exploration salaries, wages and benefits, of $113 (December 31, 2020 – an expense recovery $47) based on the change in the fair value of the SARs granted in prior years. As of December 31, 2021, there are 113,670 SARs outstanding (December 31, 2020 – nil) with a fair market value of $113 (December 31, 2020 - $nil).

The SARs were valued using an option pricing model, which requires the input of highly subjective assumptions. The expected life of the SARs considered such factors as the average length of time similar grants in the past have remained outstanding prior to exercise, expiry or cancellation and the vesting period of SARs granted. Volatility was estimated based on average daily volatility based on historical share price observations over the expected term of the SAR grant. Changes in the subjective input assumptions can materially affect the estimated fair value of the SARs. The Company amortized the fair value of SARs on a graded basis over the respective vesting period of each tranche of SARs awarded.

(g) Diluted Earnings per Share

	Years Ended	
	December 31, 2021	December 31, 2020
Net earnings	**$ 13,955**	$ 1,159
Basic weighted average number of shares outstanding	**167,289,732**	150,901,598
Effect of dilutive securities:		
Stock options	**1,735,151**	1,333,116
Performance share units	**1,639,000**	1,805,000
Diluted weighted average number of share outstanding	**170,663,883**	154,039,714
Diluted earnings per share	**$ 0.08**	$ 0.01

As of December 31, 2021, there are 2,113,049 anti-dilutive stock options (December 31, 2020 – 4,645,184 stock options).

(expressed in thousands of US dollars, unless otherwise stated)

16. REVENUE

	Years Ended December 31, 2021		December 31, 2020	
Silver Sales (1)	**$**	**97,257**	$	74,733
Gold Sales (1)		**70,022**		65,554
Less: smelting and refining costs		**(1,959)**		(1,826)
Revenue	**$**	**165,320**	$	138,461

(1) Changes in fair value from provisional pricing in the period are included in silver and gold sales.

Revenue by product	Years Ended December 31, 2021		December 31, 2020	
Concentrate sales	**$**	**57,011**	$	54,264
Provisional pricing adjustments		**(183)**		1,238
Total revenue from concentrate sales		**56,828**		55,502
Refined metal sales		**108,492**		82,959
Total revenue	**$**	**165,320**	$	138,461

Provisional pricing adjustments on sales of concentrate consist of provisional and final pricing adjustments made prior to the finalization of the sales contract. The Company's sales contracts are provisionally priced with provisional pricing periods lasting typically one to three months with provisional pricing adjustments recorded to revenue as market prices vary. As at December 31, 2021, a 10% change to the underlying metals prices would result in a change in revenue and accounts receivable of $470 (December 31, 2020 - $716) based on the total quantities of metals in sales contracts for which the provisional pricing periods were not yet closed.

17. EXPLORATION AND EVALUATION

	Years Ended December 31, 2021		December 31, 2020	
Depreciation and depletion	**$**	**330**	$	311
Share-based compensation		**293**		184
Exploration salaries, wages and benefits		**1,975**		2,918
Direct exploration expenditures		**7,335**		6,343
Evaluation salaries, wages and benefits		**1,677**		-
Direct evaluation expenditures		**6,315**		-
	$	**17,925**	$	9,756

(expressed in thousands of US dollars, unless otherwise stated)

18. GENERAL AND ADMINISTRATIVE

	Years ended December 31, 2021	Years ended December 31, 2020
Depreciation and depletion	**$ 165**	$ 202
Share-based compensation	**2,923**	2,489
Salaries, wages and benefits	**3,923**	2,998
Directors' DSU expense (recovery)	**(707)**	4,251
Direct general and administrative	**3,759**	2,775
	$ 10,063	$ 12,715

19. CARE AND MAINTENANCE

	Years ended December 31, 2021	Years ended December 31, 2020
Depreciation and depletion	**$ 55**	$ 214
Salaries, wages and benefits	**497**	2,473
Direct general and administrative	**804**	2,546
	$ 1,356	$ 5,233

In November 2019, the Company suspended mining operations at the El Cubo mine and subsequently sold the mine on April 9, 2021. For the year ended December 31, 2021, the Company recognized a care and maintenance expense of $860 (December 31, 2020 - $3,010). In August 2021, the Company suspended mining operations at the Compas mine. The mine has remained on care and maintenace and for the year ended December 31, 2021, the Company recognized a care and maintenance expense of $1,356 inclusive of $870 in severance costs (December 31, 2020 - $nil).

On March 31, 2020, the Mexican government declared a national health emergency with extraordinary measures due to the COVID 19 pandemic, which included the suspension of non-essential businesses, at which time mining was not considered to be essential. As of April 1, 2020, the Company temporarily suspended operations at the Guanacevi, Bolañitos and El Compas mines. The suspension of activities ceased in May 2020, when mining was declared an essential business. The Company recognized care and maintenance expense totaling $886 for the Guanacevi mine, $832 for the Bolañitos mine and $505 for El Compas mine during the suspension period, which are included in the care and maintenance expense for the year ended December 31, 2020.

(expressed in thousands of US dollars, unless otherwise stated)

20. FINANCE COSTS

		Years ended			
	Note		**December 31, 2021**		December 31, 2020
Accretion on provision for reclamation and rehabilitation	14	**$**	**262**	$	374
Interest on loans	12		**650**		834
Interest on lease liabilities	13		**73**		84
Other financing costs			**-**		65
		$	**985**	$	1,357

21. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Years ended			
		December 31, 2021		December 31, 2020
Net changes in non-cash working capital:				
Accounts receivable	**$**	**3,919**	$	(2,200)
Income tax receivable		**(3,695)**		4,326
Inventories		**(11,103)**		(2,003)
Prepaid expenses		**(2,873)**		969
Accounts payable and accrued liabilities		**3,786**		7,955
Income taxes payable		**1,190**		1,091
	$	**(8,776)**	$	10,138
Non-cash financing and investing activities:				
Reclamation included in mineral property, plant and equipment	**$**	**(1,741)**	$	99
Fair value of exercised options allocated to share capital	**$**	**4,026**	$	3,425
Fair value of capital assets acquired under finance leases	**$**	**90**	$	28
Other cash disbursements:				
Income taxes paid	**$**	**992**	$	1,643
Special mining duty paid	**$**	**1,331**	$	-

(expressed in thousands of US dollars, unless otherwise stated)

22. SEGMENT DISCLOSURES

The Company's operating segments are based on internal management reports that are reviewed by the Company's executives (the chief operating decision makers) in assessing performance. The Company has two operating mining segments which are located in Mexico, Guanaceví and Bolañitos, the El Compas mine which is on care and maintenance and , the El Cubo mine, which for the prior year included the mine and related assets that were sold in April 2021., The Company has one development project in Mexico, Terronera, as well as Exploration and Corporate segments. The Exploration segment consists of projects in the exploration and evaluation phases in Mexico, Chile and the USA. Exploration projects that are in the local district surrounding a mine are included in the mine's segments. Comparative period figures related to Terronera, previously reported as part of the exploration segment have been reclassified to conform with current period's presentation.

December 31, 2021								
	Corporate	Exploration	Guanaceví	Bolanitos	El Compas	El Cubo	Terronera	Total
Cash and cash equivalents	$ 67,913	$ 144	$ 27,060	$ 4,234	$ 3,349	$ 236	$ 367	$ 103,303
Other Investments	11,200	-	-	-	-	-	-	11,200
Accounts and other receivables	35	-	6,706	6,633	308	777	3	14,462
Income tax receivable	137	1	3	2	2	32	-	177
Inventories	-	-	19,852	7,057	195	351	30	27,485
Prepaid expenses	1,229	118	844	349	20	98	2,477	5,135
Non-current deposits	76	-	321	128	-	74	-	599
Non-current IVA receivable	-	-	1,434	-	-	164	2,658	4,256
Deferred income tax asset	-	-	-	936	-	-	-	936
Non-current Income tax receivable	-	-	-	-	-	3,570	-	3,570
Intangible assets	2	1	15	17	2	-	3	40
Right-of-use leased assets	564	-	100	-	-	-	-	664
Mineral property, plant and equipment	373	18,963	54,234	27,371	2,005	-	19,251	122,197
Total assets	$ 81,529	$ 19,227	$ 110,569	$ 46,727	$ 5,881	$ 5,302	$ 24,789	$ 294,024
Accounts payable and accrued liabilities	$ 9,788	$ 238	15,247	$ 4,667	$ 141	$ 333	$ 1,577	$ 31,991
Income taxes payable	29	-	3,563	636	-	-	-	4,228
Loans payable	43	-	2,005	4,048	-	-	4,398	10,494
Lease obligations	896	-		105	-	-	-	1,001
Provision for reclamation and rehabilitation	-	-	3,997	3,237	163	-	-	7,397
Deferred income tax liability	-	-	1,271	235	-	-	-	1,506
Total liabilities	$ 10,756	$ 238	$ 26,083	$ 12,928	$ 304	$ 333	$ 5,975	$ 56,617

(expressed in thousands of US dollars, unless otherwise stated)

	December 31, 2020							
	Corporate	Exploration	Guanaceví	Bolanitos	El Compas	El Cubo	Terronera	Total
Cash and cash equivalents	$ 23,370	$ 471	$ 25,456	$ 6,069	$ 4,579	$ 1,120	$ 18	$ 61,083
Other Investments	4,767	-	-	-	-	-	-	$ 4,767
Accounts and other receivables	1,475	-	6,573	9,321	1,949	642	184	$ 20,144
Income tax receivable	-	5	15	12	-	20	-	$ 52
Inventories	-	-	9,252	4,645	2,461	282	-	$ 16,640
Prepaid expenses	1,095	77	731	202	20	114	45	$ 2,284
Non-current deposits	76	-	306	135	-	74	-	$ 591
Deferred financing costs	294	-	-	-	-	-	-	$ 294
Non-current IVA receivable	-	-	1,475	-	-	347	854	$ 2,676
Deferred income tax asset	-	-	9,445	3,308	-	-	-	$ 12,753
Intangible assets	11	79	134	135	78	46	9	$ 492
Right-of-use leased assets	649	-	-	105	107	-	-	$ 861
Mineral property, plant and equipment	309	8,658	40,386	24,445	3,584	3,127	7,446	$ 87,955
Goodwill	-	-	-	-	-	-	-	-
Total assets	$ 32,046	$ 9,290	$ 93,773	$ 48,377	$ 12,778	$ 5,772	$ 8,556	$ 210,592
Accounts payable and accrued liabilities	$ 11,008	$ 610	$ 10,547	$ 3,809	$ 1,018	$ 580	$ 192	$ 27,764
Income taxes payable	4	-	2,367	667	-	-	-	$ 3,038
Loans payable	439	-	3,105	6,128	-	-	-	$ 9,672
Lease obligations	982	-	-	112	-	-	-	$ 1,094
Provision for reclamation and rehabilitation	-	-	2,221	1,978	132	4,545	-	$ 8,876
Deferred income tax liability	-	-	798	279	-	-	-	$ 1,077
Total liabilities	$ 12,433	$ 610	$ 19,038	$ 12,973	$ 1,150	$ 5,125	$ 192	$ 51,521

(expressed in thousands of US dollars, unless otherwise stated)

	Year ended December 31, 2021							
	Corporate	Exploration	Guanaceví	Bolanitos	El Compas	El Cubo	Terronera	Total
Silver sales	$ -	$ -	$ 85,854	$ 10,149	$ 1,254	$ -	$ -	$ 97,257
Gold sales	-	-	22,638	38,645	8,739	-	-	$ 70,022
Less: smelting and refining costs	-	-	-	(1,715)	(244)	-	-	$ (1,959)
Total revenue	$ -	$ -	$ 108,492	$ 47,079	$ 9,749	$ -	$ -	$ 165,320
Salaries, wages and benefits:								
mining	$ -	$ -	$ 8,352	$ 5,574	$ 1,314	$ -	$ -	$ 15,240
processing	-	-	3,303	1,799	614	-	-	5,716
administrative	-	-	5,406	3,331	823	-	-	9,560
stock based compensation	-	-	180	180	61	-	-	421
change in inventory	-	-	(2,946)	(764)	342	-	-	(3,368)
Total salaries, wages and benefits	-	-	14,295	10,120	3,154	-	-	27,569
Direct costs:								
mining	-	-	$ 25,253	$ 11,076	$ 2,746	-	-	39,075
processing	-	-	12,220	5,373	1,205	-	-	18,798
administrative	-	-	5,981	3,813	1,380	-	-	11,174
change in inventory	-	-	(5,808)	(1,306)	522	-	-	(6,592)
Total direct production costs	-	-	37,646	18,956	5,853	-	-	62,455
Depreciation and depletion:								
depreciation and depletion	-	-	11,842	13,696	1,436	-	-	26,974
change in inventory	-	-	(3,899)	(205)	1,107	-	-	(2,997)
Total depreciation and depletion	-	-	7,943	13,491	2,543	-	-	23,977
Royalties	-	-	13,165	265	350	3	-	13,783
Write down of inventory to NRV	-	-	539	357	272	-	-	1,168
Total cost of sales	$ -	$ -	$ 73,588	$ 43,189	$ 12,172	$ 3	$ -	$ 128,952
Care and maintenance costs	-	-	-	-	497	859	-	1,356
Severance costs	-	-	-	-	870	-	-	870
Impairment (reversal of impairment)	-	-	-	-	-	(16,791)	-	(16,791)
Earnings (loss) before taxes	$ (2,605)	$ (10,648)	$ 34,904	$ 3,890	$ (3,790)	$ 15,929	$ (7,992)	$ 29,688
Current income tax expense (recovery)	-	-	3,206	275	-	-	-	3,481
Deferred income tax expense (recovery)	-	-	9,924	2,328	-	-	-	12,252
Total income tax expense (recovery)	-	-	13,130	2,603	-	-	-	15,733
Net earnings (loss)	$ (2,605)	$ (10,648)	$ 21,774	$ 1,287	$ (3,790)	$ 15,929	$ (7,992)	$ 13,955

The Exploration segment included $2,178 of costs incurred in Chile for the year ended December 31, 2021 (December 31, 2020 - $1,799).

(expressed in thousands of US dollars, unless otherwise stated)

	Year ended December 31, 2020							
	Corporate	Exploration	Guanaceví	Bolanitos	El Compas	El Cubo	Terronera	Total
Silver sales	$ -	$ -	$ 65,501	$ 7,471	$ 1,761	$ -	$ -	$ 74,733
Gold sales	-	-	17,458	33,970	14,126	-	-	$ 65,554
Less: smelting and refining costs			-	(1,393)	(433)			$ (1,826)
Total revenue	$ -	$ -	$ 82,959	$ 40,048	$ 15,454	$ -	$ -	$ 138,461
Salaries, wages and benefits:								
mining	$ -	$ -	$ 5,825	$ 3,660	$ 1,430	$ -	$ -	$ 10,915
processing	-	-	1,846	1,275	916	-	-	4,037
administrative	-	-	2,721	2,434	1,142	-	-	6,297
stock based compensation	-	-	114	108	108	-	-	330
change in inventory	-	-	(239)	(172)	(219)	-	-	(630)
Total salaries, wages and benefits	-	-	10,267	7,305	3,377	-	-	20,949
Direct costs:								
mining	-	-	18,324	9,108	3,914	-	-	31,346
processing	-	-	9,549	3,427	2,204	-	-	15,180
administrative	-	-	3,461	2,484	1,835	-	-	7,780
change in inventory	-	-	(794)	(420)	390	-	-	(824)
Total direct production costs	-	-	30,540	14,599	8,343	-	-	53,482
Depreciation and depletion:								
depreciation and depletion	-	-	9,223	9,341	10,793	-	-	29,357
change in inventory	-	-	(438)	(394)	(389)	-	-	(1,221)
Total depreciation and depletion	-	-	8,785	8,947	10,404	-	-	28,136
Royalties	-	-	7,407	197	550	-	-	8,154
Write down of inventory to NRV	-	-	-	-	405	-	-	405
Total cost of sales	$ -	$ -	$ 56,999	$ 31,048	$ 23,079	$ -	$ -	$ 111,126
Care and maintenance costs	-	-	886	832	504	3,011	-	5,233
Impairment (reversal of impairment)	-	-	(2,576)	-	3,000	-	-	424
Earnings (loss) before taxes	$ (12,976)	$ (7,323)	$ 27,650	$ 8,168	$ (11,129)	$ (3,011)	$ (2,433)	$ (1,054)
Current income tax expense (recovery)	-	-	2,007	918	68	-	-	2,993
Deferred income tax expense (recovery)	-	-	(5,811)	774	(169)	-	-	(5,206)
Total income tax expense (recovery)	-	-	(3,804)	1,692	(101)	-	-	(2,213)
Net earnings (loss)	$ (12,976)	$ (7,323)	$ 31,454	$ 6,476	$ (11,028)	$ (3,011)	$ (2,433)	$ 1,159

Costs associated with the suspension of operation activities due to COVID-19 have been recognized as care and maintenance costs.

The exploration segment included $1,799 of costs incurred in Chile for the year ended December 31, 2020 (December 31, 2019 - $2,957).

23. INCOME TAXES

(a) Tax Assessments

Minera Santa Cruz y Garibaldi SA de CV ("MSCG"), a subsidiary of the Company, received a MXN 238 million assessment on October 12, 2010 by Mexican fiscal authorities for failure to provide the appropriate support for certain expense deductions taken in MSCG's 2006 tax return, failure to provide appropriate support for loans made to MSCG from affiliated companies, and deemed an unrecorded distribution of dividends to shareholders, among other individually immaterial items. MSCG immediately initiated a Nullity action and filed an administrative attachment to dispute the assessment.

In June 2015, the Superior Court ruled in favour of MSCG on a number of the matters under appeal; however, the Superior Court ruled against MSCG for failure to provide appropriate support for certain deductions taken in MSCG's 2006 tax return. In June 2016, the Company received an MXN 122.9 million ($6,000) tax assessment based on the June 2015 ruling. The 2016 tax assessment comprised of MXN 41.8 million owed ($2,000) in taxes, MXN 17.7 million ($900) in inflationary charges, MXN 40.4 million ($2,000) in interest and MXN 23.0 million ($1,100) in penalties. The 2016 tax assessment was issued for failure to provide the appropriate support for certain expense deductions taken in MSCG's 2006 tax return and failure to provide appropriate support for loans made to MSCG from affiliated companies. The MXN 122.9 million assessment includes interest and penalties. If MSCG agrees to pay the tax assessment, or a lesser settled amount, it is eligible to apply for forgiveness of 100% of the penalties and 50% of the interest.

The Company filed an appeal against the June 2016 tax assessment on the basis certain items rejected by the courts were included in the new tax assessment, and a number of deficiencies exist within the assessment. Since issuance of the assessment interest charges of MXN 12.8 million ($600) and inflationary charges of MXN 19.1 million ($900) have accumulated.

Included in the Company's consolidated financial statements are net assets of $595 held by MSCG. Following the Tax Court's rulings, MSCG is in discussions with the tax authorities with regards to the shortfall of assets within MSCG to settle its estimated tax liability. An alternative settlement option would be to transfer the shares and assets of MSCG to the tax authorities. As of December 31, 2021, the Company's income tax payable includes an allowance for transferring the shares and assets of MSCG amounting to $595. The Company is currently assessing MSCG's settlement options based on ongoing court proceedings and discussion with the tax authorities. The Company has been advised that the appeal filed with the Federal Tax Court, against the June 2016 tax assessment has been rejected and the Company continues to assess MSCG's settlement options and has filed an appeal with the Supreme Court of Justice.

Compania Minera Del Cubo SA de CV ("Cubo"), a subsidiary of the Company, received a MXN 58.5 million ($2,900) assessment in 2019 by Mexican fiscal authorities for alleged failure to provide the appropriate support for depreciation deductions taken in the Cubo 2016 tax return and denied eligibility of deductions of certain suppliers. The tax assessment consists of MXN 24.1 million ($1,200) for taxes, MXN 21.0 million ($1,100) for penalties, MXN 10.4 million ($500) for interest and MXN 3.0 million ($100) for inflation. At the time of the tax assessment the Cubo entity had and continues to have sufficient loss carry forwards which would be applied against the assessed difference of taxable income. The Mexican tax authorities did not consider these losses in the assessment.

Due to the denial of certain suppliers for income tax purposes in the Cubo assessment, the invoices from these suppliers have been assessed as ineligible for refunds of IVA paid on the invoices. The assessment includes MXN 14.7 million ($600) for re-payment of IVA (value added taxes) refunded on these supplier payments. In the Company's judgement the suppliers and invoices meet the necessary requirements to be deductible for income tax purposes and the recovery of IVA.

(expressed in thousands of US dollars, unless otherwise stated)

The Company has filed an administrative appeal related to the 2016 Cubo Tax assessment. The Company had previously provided a lien on certain El Cubo mining concessions during the appeal process. To facilitate the sale of the El Cubo mine and related assets, the Company elected to pay the assessed amount of $3.5 million during Q1, 2021. During the appeal process the amount paid has been classified as a non-current income tax recoverable. Since issuance of the assessment interest charges of MXN 9.9 million ($500) and inflationary charges of MXN 1.6 million ($100) had accumulated. The Company continues to assess that it is probable that its appeal will prevail, and no provision is recognized in respect of the Cubo tax assessment.

Deferred Income Tax Assets and Liabilities

Mexico operations Deferred tax derived from income tax	**December 31, 2021**	December 31, 2020
Deferred income tax assets:		
Tax loss carryforwards	**$ 8,893**	$ 18,412
Working capital	**11,287**	2,354
Deferred income tax liabilities:		
Inventories	**(7,146)**	(1,875)
Mineral properties, plant and equipment	**(12,177)**	(6,138)
Deferred income tax assets (liabilities), net	**$ 857**	$ 12,753

Mexico operations Deferred tax derived from special mining duty	**December 31, 2021**	December 31, 2020
Deferred income tax liabilities:		
Working capital	**$ 510**	$ (230)
Mineral properties, plant and equipment	**(1,937)**	(624)
Other	**-**	(223)
Deferred income tax assets (liabilities), net	**$ (1,427)**	$ (1,077)

(b) Income Tax Expense

	Years ended	
	December 31, 2021	December 31, 2020
Current income tax expense (recovery):		
Current income tax expense in respect of current year	**$ 754**	$ 1,053
Special mining duty	**2,726**	1,989
Adjustments recognized in the current year in relation to prior years	**-**	(49)
Deferred income tax expense (recovery):		
Deferred tax expense recognized in the current year	**19,641**	5,498
Special mining duty	**574**	1,646
Adjustments recognized in the current year in relation to prior years	**(7,962)**	(12,350)
Total income tax expense (recovery)	**$ 15,733**	$ (2,213)

(expressed in thousands of US dollars, unless otherwise stated)

The reconciliation of the income tax provision computed at statutory tax rates to the reported income tax provision is as follows:

	December 31, 2021	December 31, 2020
Canadian statutory tax rates	**27.00%**	27.00%
Income tax expense computed at Canadian statutory rates	**$ 8,015**	$ (284)
Foreign tax rates different from statutory rate	**986**	256
Withholding taxes, net of tax credits	**-**	9
Stock-based compensation	**545**	478
Foreign exchange	**2,279**	(153)
Inflationary adjustment	**4,836**	755
Other non-deductible items	**1,375**	1,451
Adjustments recognized in the current year in relation to prior years	**(468)**	92
Current year losses not recognized	**2,456**	3,990
Special mining duty Mexican tax	**3,203**	3,634
Recognition of previously unrecognized losses	**(7,494)**	(12,441)
Income tax expense	**$ 15,733**	$ (2,213)

(c) Unrecognized Deferred Tax Assets

Management believes that sufficient uncertainty exists regarding the realization of certain deferred tax assets such that they have not been fully recognized. The tax benefits not recognized reflect management's assessment regarding the future realization of Canadian, Chilean and certain Mexican tax assets and estimates of future earnings and taxable income in these jurisdictions as of December 31, 2021. When circumstances cause a change in management's judgement about the recoverability of deferred tax assets, the impact of the change will be reflected in current income.

	Loss Carry Forward Expiry	**December 31, 2021**	December 31, 2020
Unrecognizedd Mexico tax loss carry forward	2022-2031	**$ 118,810**	$ 129,680
Unrecognized Canada tax loss carry forward	2025-2031	**7,525**	6,752
Unrecognized Chile tax loss carry forward	2022-2031	**16,403**	13,817
Capital losses		**9,650**	12,561
Reclamation provision		**7,396**	8,876
Exploration pools		**13,569**	6,172
Other Canada temporary differences		**13,069**	13,918

(expressed in thousands of US dollars, unless otherwise stated)

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

(a) Financial assets and liabilities

As at December 31, 2021, the carrying and fair values of the Company's financial instruments by category are as follows:

	Fair value through profit or loss $	Amortized cost $	Carrying value $	Fair value $
Financial assets:				
Cash and cash equivalents	-	103,303	103,303	103,303
Other Investments	11,200	-	11,200	11,200
Trade and other receivables	4,751	9,711	14,462	14,462
Total financial assets	15,951	113,014	128,965	128,965
Financial liabilities:				
Accounts payable and accrued liabilites	5,795	26,196	31,991	31,991
Loans payable	-	10,494	10,494	10,494
Total financial liabilities	5,795	36,690	42,485	42,485

Fair value measurements

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Level 1:
Other investments are comprised of marketable securities. When there is an active market are determined based on a market approach reflecting the closing price of each particular security at the reporting date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security. As a result, $11,151 of these financial assets have been included in Level 1 of the fair value hierarchy.

Cash settled deferred share units are determined based on a market approach reflecting the Company's closing share price.

Level 2:
The Company determines the fair value of the embedded derivatives related to its trade receivables based on the quoted closing price obtained from the silver and gold metal exchanges and the fair value of the SARs liability is determined by using an option pricing model.

Level 3:
Included in other investments are share purchase warrants. Fair value of the warrants at each period end has been estimated using the Black-Scholes Option Pricing Model. As a result, $49 of these financial assets have been included in Level 3 of the fair value hierarchy.

(expressed in thousands of US dollars, unless otherwise stated)

During the year ended December 31, 2021, marketable securities included in Level 2 at December 31, 2020 with a fair market value of $497 were transferred to Level 1, as these securities began trading on an active market.

Assets and liabilities as at December 31, 2021 measured at fair value on a recurring basis include:

	Total $	Level 1 $	Level 2 $	Level 3 $
Financial assets:				
Investments	11,200	11,151	-	49
Trade receivables	14,462	9,711	4,751	-
Total financial assets	25,662	20,862	4,751	49
Financial liabilities:				
Deferred share units	5,682	5,682	-	-
Share appreciation rights	113	-	113	-
Total financial liabilities	5,795	5,682	113	-

(b) Financial Instrument Risk Exposure and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process. The types of risk exposure and the manner in which such exposures are managed is outlined as follows:

Credit Risk

The Company is exposed to credit risk on its bank accounts and accounts receivable. Credit risk exposure on bank accounts is limited through maintaining the Company's balances with high-credit quality financial institutions, maintaining investment policies, assessing institutional exposure and continual discussion with external advisors. Value added tax ("IVA") receivables are generated on the purchase of supplies and services to produce silver and gold, which are refundable from the Mexican government. Trade receivables are generated on the sale of concentrate inventory to reputable metal traders.

The carrying amount of financial assets represents the Company's maximum credit exposure.

Below is an aged analysis of the Company's receivables:

	Carrying amount	**Gross impairment**	Carrying amount	Gross impairment
	December 31, 2021		December 31, 2020	
Less than 1 month	**$ 7,531**	**$ -**	$ 10,629	$ -
1 to 3 months	**5,372**	**-**	7,491	-
4 to 6 months	**1,801**	**-**	239	-
Over 6 months	**7,798**	**-**	4,512	151
Total accounts receivable	**$ 22,502**	**$ -**	$ 22,871	$ 151

At December 31, 2021, 67% of the receivables that were outstanding greater than one month were comprised of IVA and tax receivables in Mexico (December 31, 2020 – 75%) and 4% of the receivables outstanding greater than one month are pending finalizations of concentrate sales.

(expressed in thousands of US dollars, unless otherwise stated)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. We manage our liquidity risk by continually monitoring forecasted and actual cash flows. We have in place a planning and budgeting process to help determine the funds required to support our normal operating requirement and development plans. We aim to maintain sufficient liquidity to meet our short term business requirements, taking into account our anticipated cash flows from operations, our holdings of cash and cash equivalents, and our committed and anticipated liabilities.

The following table summarizes the remaining contractual maturities of the Company's financial liabilities and operating and capital commitments at December 31, 2021:

	Less than 1 year $	1 to 3 years $	4 to 5 years $	Over 5 years $	Total $
Accounts payable and accrued liabilities	31,991	-	-	-	31,991
Loans payable	4,081	5,313	1,100	-	10,494
Lease liabilities	207	278	269	247	1,001
Provision for reclamation and rehabilitation	-	163	3,237	3,997	7,397
Capital expenditure commitments	8,524	-	-	-	8,524
Operating leases	170	220	220	174	784
Total contractual obligations	44,973	5,974	4,826	4,418	60,191

Market Risk

Significant market related risks to which the Company is exposed consist of foreign currency risk, commodity price risk and equity price risk.

Foreign Currency Risk – The Company's operations in Mexico and Canada make it subject to foreign currency fluctuations. Certain of the Company's operating expenses are incurred in Mexican pesos and Canadian dollars, therefore the fluctuation of the US dollar in relation to these currencies will consequently have an impact on the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

The US dollar equivalents of financial assets and liabilities denominated in currencies other than the US dollar as at December 31, 2021, are as follows:

	December 31, 2021		December 31, 2020	
	Canadian Dollar	**Mexican Peso**	Canadian Dollar	Mexican Peso
Financial assets	**$ 14,471**	**$ 22,710**	$ 9,383	$ 18,920
Financial liabilities	**(8,846)**	**(13,910)**	(8,512)	(14,036)
Net financial assets (liabilities)	**$ 5,625**	**$ 8,800**	$ 871	$ 4,884

Of the financial assets listed above, $2,315 (2020 – $3,192) represents cash and cash equivalents held in Canadian dollars and $5,208 (2020 - $4,590) represents cash held in Mexican Pesos. The remaining cash balance is held in US dollars.

As at December 31, 2021, with other variables unchanged, a 5% strengthening of the US dollar against the Canadian dollar would reduce net earnings by $267 due to these financial assets and liabilities.

As at December 31, 2021, with other variables unchanged, a 5% strengthening of the US dollar against the Mexican peso would decrease net earnings by $466 due to these financial assets and liabilities.

Commodity Price Risk – Gold and silver prices have historically fluctuated significantly and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand due to speculative hedging activities and certain other factors. The Company has not engaged in any hedging activities, other than short-term metal derivative transactions less than 90 days, to reduce its exposure to commodity price risk. Revenue from the sale of concentrates is based on prevailing market prices which is subject to adjustment upon final settlement. For each reporting period until final settlement, estimates of metal prices are used to record sales. At December 31, 2021 there are 51,250 ounces of silver and 1,935 ounces of gold which do not have a final settlement price and the estimated revenues have been recognized at current market prices. As at December 31, 2021, with other variables unchanged, a 10% decrease in the market value of silver and gold would result in a reduction of revenue of $470.

(expressed in thousands of US dollars, unless otherwise stated)

HEAD OFFICE	Suite #1130, 609 Granville Street	
	Vancouver, BC, Canada V7Y 1G5	
	Telephone:	(604) 685-9775
		1-877-685-9775
	Facsimile:	(604) 685-9744
	Website:	www.edrsilver.com

DIRECTORS

Margaret Beck
Ricardo Campoy
Bradford Cooke
Daniel Dickson
Geoff Handley
Amy Jacobsen
Rex McLennan
Kenneth Pickering
Mario Szotlender

OFFICERS

Daniel Dickson - Chief Executive Officer
Donald Gray – Chief Operating Officer
Christine West - Chief Financial Officer
Nicholas Shakesby – Vice President, Operations
Luis Castro - Vice-President, Exploration
Dale Mah - Vice-President, Corporate Development
Galina Meleger – Vice-President, Investor Relations
Bernard Poznanski - Corporate Secretary

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
3rd Floor - 510 Burrard Street
Vancouver, BC, V6C 3B9

AUDITORS

KPMG LLP
777 Dunsmuir Street
Vancouver, BC, V7Y 1K3

SOLICITORS

Koffman Kalef LLP
19th Floor – 885 West Georgia Street
Vancouver, BC, V6C 3H4

SHARES LISTED

Toronto Stock Exchange
Trading Symbol - EDR

New York Stock Exchange
Trading Symbol – EXK

Management's Discussion & Analysis

FOR THE YEAR ENDED DECEMBER 31, 2021

Endeavour SILVER

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of Endeavour Silver Corp. ("Endeavour" or "the Company") for the year ended December 31, 2021 and the related notes contained therein, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company uses certain non-IFRS financial measures in this MD&A as described under "Non-IFRS Measures". Additional information relating to the Company, including the most recent Annual Information Form (the "Annual Information Form"), is available on SEDAR at www.sedar.com, and the Company's most recent annual report on Form 40-F has been filed with the U.S. Securities and Exchange Commission (the "SEC"). This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. All dollar ($) amounts are expressed in United States ("$.") dollars and tabular amounts are expressed in thousands of U.S. dollars unless Canadian dollars (CAN$) are otherwise indicated. This MD&A is dated as of March 8, 2022 and all information contained is current as of March 8, 2022 unless otherwise stated.

Cautionary Note to U.S. Investors Regarding Mineral Reserves and Resources

This MD&A has been prepared in accordance with the requirements of Canadian provincial securities laws, which differ from the requirements of U.S. securities laws. As a result, the Company reports the mineral reserves and resources of the projects it has an interest in according to Canadian standards. Canadian reporting requirements for disclosure of mineral properties are governed by National Instrument 43 101 - Standards of Disclosure for Mineral Projects ("NI 43 101"). NI 43 101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. These standards differ from the requirements of the SEC that are applicable to domestic United States reporting companies under subpart 1300 of Regulation S-K ("S K 1300") under the Exchange Act. As an issuer that prepares and files its reports with the SEC pursuant to the MJDS, the Company is not subject to the requirements of S K 1300. Any mineral reserves and mineral resources reported by the Company in accordance with NI 43 101 may not qualify as such under or differ from those prepared in accordance with S K 1300. Accordingly, information included or incorporated by reference in this MD&A concerning descriptions of mineralization and estimates of mineral reserves and resources under Canadian standards may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of S K 130

Forward-Looking Statements

This MD&A contains "forward-looking statements" within the meaning of the U.S. Securities Litigation Reform Act of 1995, as amended and "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking statements and information include, but are not limited to, statements regarding Endeavour's anticipated performance in 2022, including silver and gold production, financial results, timing and expenditures to develop new silver mines and mineralized zones, silver and gold grades and recoveries, cash costs per ounce (oz), capital expenditures and sustaining capital and the impact of the COVID 19 pandemic on operations. Forward-looking statements are frequently characterized by words such as "plan", "expect", "forecast", "project", "intend", "believe", "anticipate", "outlook" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward- looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.

The Company does not intend to, and does not assume any obligation to, update such forward-looking statements or information, other than as required by applicable law. Forward-looking statements or information involve known and unknown risks, uncertainties and other factors and are based on assumptions that may cause the actual results, level of activity, performance or achievements of the Company and its operations to be materially different from those expressed or implied by such statements. Such factors and assumptions include, among others: the ultimate impact of the COVID 19 pandemic on operations and results, fluctuations in the prices of silver and gold, fluctuations in the currency markets (particularly the Mexican peso, Chilean peso, Canadian dollar and U.S. dollar); changes in national and local governments, legislation, taxation, controls, regulations and political or economic developments in Canada and Mexico; operating or technical difficulties in mineral exploration, development and mining activities; risks and hazards of mineral exploration, development and mining (including, but not limited to environmental hazards, industrial accidents, unusual or unexpected geological conditions, pressures, cave-ins and flooding); inadequate insurance, or inability to obtain insurance; availability of and costs associated with mining inputs and labour; the speculative nature of mineral exploration and development, diminishing quantities or grades of mineral reserves as properties are mined; the ability to successfully integrate acquisitions; risks in obtaining necessary licenses and permits, and challenges to the Company's title to properties; as well as those factors described under "Risk Factors" in the Company's Annual Information Form. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or information, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed or intended. There can be no assurance that any forward-looking statements or information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information.

Qualified Person

The scientific and technical information contained in this MD&A relating to the Company's mines and mineral projects has been reviewed and approved by Dale Mah, B.Sc., P.Geo., Vice President Corporate Development of Endeavour, a Qualified Person within the meaning of NI 43-101.

Table of Contents

OPERATING HIGHLIGHTS

Three Months Ended December 31			2021 Highlights	Year Ended December 31		
2021	2020	% Change		2021	2020	% Change
			Production			
1,443,564	1,117,289	29%	Silver ounces produced	4,870,787	3,513,767	39%
9,446	12,586	(25%)	Gold ounces produced	42,262	37,139	14%
1,432,578	1,108,848	29%	Payable silver ounces produced	4,826,681	3,482,094	39%
9,261	12,314	(25%)	Payable gold ounces produced	41,438	36,392	14%
2,199,244	2,124,169	4%	Silver equivalent ounces produced(1)	8,251,747	6,484,887	27%
8.65	6.83	27%	Cash costs per silver ounce(2)(3)	9.31	5.55	68%
11.99	14.58	(18%)	Total production costs per ounce(2)(4)	14.70	14.01	5%
19.48	18.52	5%	All-in sustaining costs per ounce(2)(5)	20.34	17.59	16%
213,492	237,389	(10%)	Processed tonnes	887,424	757,160	17%
112.91	105.07	7%	Direct operating costs per tonne(2)(6)	115.36	101.17	14%
136.62	129.66	5%	Direct costs per tonne(2)(6)	133.97	114.57	17%
13.41	14.83	(10%)	Silver co-product cash costs(7)	15.11	12.97	16%
1,038	1,129	(8%)	Gold co-product cash costs(7)	1,072	1,109	(3%)
			Financial			
48.5	60.7	(20%)	Revenue ($ millions)	165.3	138.4	19%
1,413,699	1,419,037	(0%)	Silver ounces sold	3,856,883	3,460,638	11%
8,715	13,850	(37%)	Gold ounces sold	39,113	35,519	10%
23.41	24.76	(5%)	Realized silver price per ounce	25.22	21.60	17%
1,811	1,885	(4%)	Realized gold price per ounce	1,790	1,846	(3%)
(0.5)	19.9	(102%)	Net earnings (loss) ($ millions)	14.0	1.2	1104%
(0.5)	20.3	(102%)	Adjusted net earnings (loss) (11) ($ millions)	(8.6)	1.6	(646%)
12.2	20.8	41%	Mine operating earnings (loss) ($ millions)	36.4	27.3	33%
18.2	30.2	(40%)	Mine operating cash flow before taxes ($ millions)(8)	61.9	56.2	10%
10.7	21.6	(51%)	Operating cash flow before working capital changes(9)	32.2	28.8	12%
10.7	24.3	(56%)	Earnings before ITDA(10) ($ millions)	54.9	29.4	87%
121.2	70.4	72%	Working capital (12) ($ millions)	121.2	70.4	72%
			Shareholders			
0.00	0.13	(100%)	Earnings (loss) per share – basic	0.08	0.01	700%
0.00	0.13	(98%)	Adjusted earnings (loss) per share – basic(8)	(0.05)	0.01	(593%)
0.06	0.14	(54%)	Operating cash flow before working capital changes per share(9)	0.19	0.19	1%
170,518,894	157,536,658	8%	Weighted average shares outstanding	167,289,732	150,901,598	11%

(1) Silver equivalents are calculated using an 80:1 (Ag/Au) ratio.

(2) The Company reports non-IFRS measures and ratios which include cash costs net of by-product revenue on a payable silver basis, total production costs per oz, all-in sustaining costs ("AISC") per oz, direct operating cost per tonne, direct cost per tonne, silver co-product cash costs and gold co-product cash costs in order to manage and evaluate operating performance at each of the Company's mines. These measures, some established by the Silver Institute (Production Cost Standards, June 2011), are widely used in the silver mining industry as a benchmark for performance, but do not have a standardized meaning. These measures are reported on a production basis. See Reconciliations to IFRS beginning on page 21.

(3) Cash costs net of by-product revenue per payable silver oz include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead, net of gold credits. See Reconciliation to IFRS on pages 23 and 24.

(4) Total production costs per oz include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, amortization, depletion and amortization at the operation sites net of by-product revenues. See Reconciliation to IFRS on pages 23 and 24.

(5) AISC per oz include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, corporate general and administration expenses, on-site exploration, share-based compensation, reclamation and sustaining capital net of gold credits. See Reconciliation to IFRS on pages 24 to 26.

(6) Direct operating costs per tonne include mining, processing (including smelting, refining, transportation and selling costs) and direct overhead at the operation sites. Direct cost per tonne include all direct operating costs, royalties and special mining duty. See Reconciliation to IFRS on pages 23 and 24.

(7) Silver co-product cash cost and gold co-product cash cost include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead allocated on pro-rated basis of realized metal value. See Reconciliation to IFRS on pages 26 and 27.

(8) Mine operating cash flow is calculated by adding back amortization, depletion, inventory write-downs and share-based compensation to mine operating earnings. Mine operating earnings and mine operating cash flow are before taxes. See Reconciliation to IFRS on page 22.

(9) See Reconciliation to IFRS on page 22 for the reconciliation of operating cash flow before working capital changes and for the operating cash flow before working capital changes per share.

(10) See Reconciliation of Earnings before interest, taxes, depreciation and amortization on pages 22 and 23.

(11) Adjusted net earnings is calculated by adding back reversals of impairment on non-current assets and the gain on asset disposal for the El Cubo mine, which had a significant effect on reported net earnings. See Reconciliation to IFRS on page 21.

(12) Working capital is calculated by deducting current liabilities from current assets. See Reconciliation to IFRS on page 21.

The above highlights are key measures used by management, however they should not be the sole measures used in determining the performance of the Company's operations.

HISTORY AND STRATEGY

The Company is engaged in silver mining in Mexico and related activities including property acquisition, exploration, development, mineral extraction, processing, refining and reclamation. The Company is also engaged in exploration activities in Chile and Nevada, USA. Since 2002, the Company's business strategy has been to focus on acquiring advanced-stage silver mining properties in Mexico. Mexico, despite its long and prolific history of metal production, appears to be relatively under-explored using modern exploration techniques and offers promising geological potential for precious metals exploration and production.

The Company's Guanaceví and Bolañitos mines acquired in 2004 and 2007, respectively, demonstrate its initial business model of acquiring fully built and permitted silver mines that were about to close for lack of ore. Investing resources expertise needed to discover new silver ore-bodies, the Company successfully re-opened and expanded these mines to realize their full potential. The benefit of acquiring fully built and permitted mining and milling infrastructure is that, if new exploration efforts are successful, the mine development cycle from discovery to production only takes a matter of months instead of the several years normally required in the traditional mining business model.

In addition to operating the Guanaceví and Bolañitos mines in 2021, the Company also operated the El Compas mine. The Company acquired the El Compas mine in 2016, which was commissioned in March 2019, and operated until August 2021, when the Company suspended mining and milling operations. Management is currently evaluating it alternatives for the asset.

In 2012, the Company acquired the El Cubo silver-gold mine located in Guanajuato, Mexico, which was operated until November 2019. On March 17, 2021, the Company signed a definitive agreement to sell the El Cubo mine and related assets to Guanajuato Silver Company Ltd. ("GSilver") (formerly known as VanGold Mining Corp.) for a combination of cash and share payments plus additional contingency payments with completion of the sale on April, 9, 2021.

The Company is advancing the Terronera development project and on September 9, 2021 released a positive feasibility study for the project. The Company intends to make a formal construction decision, subject to completion of a financing package and receipt of amended permits.

On August 31, 2021 the Company acquired the Bruner Property, a gold exploration project, located in Nye County, Nevada. The Company paid $10 million in cash for 100% of the Bruner Gold Project which includes mineral claims, mining rights, property assets, water rights, and government authorizations and permits.

On January 12, 2022, the Company entered into a definitive agreement to purchase the Pitarrilla project in Durango State, Mexico from SSR Mining Inc. ("SSR") for total consideration of US$70 million, consisting of US$35 million in common shares and a further $35 million in cash or in common shares at the election of SSR and agreed to by the Company, and a grant of a 1.25% NSR royalty. Closing is expected to occur in the first half of 2022 and is subject to TSX and NYSE approvals and receipt of Mexican Federal Economics Competition Commission approval, as well as customary closing conditions for a transaction of this kind.

The Company is advancing several other exploration projects in order to achieve its goal to become a premier senior producer in the silver mining sector.

The Company has historically funded its acquisition, exploration and development activities through equity financings, debt facilities and convertible debentures. In recent years, the Company has financed most of its acquisition, exploration, development and operating activities from production cash flows, treasury and equity financings. The Company may choose to undertake equity, debt, convertible debt or other financings, on an as-needed basis, in order to facilitate its growth.

As of December 31, 2021, the Company held $103.3 million in cash and $121.2 million in working capital. Management believes there is sufficient working capital to meet the Company's current obligations, however the ultimate duration and severity of the COVID-19 pandemic remains uncertain and could impact the financial liquidity of the Company.

REVIEW OF OPERATING RESULTS

The Company operates the Guanaceví and Bolañitos mines. The Company suspended mining operations at the El Compas mine in August 2021 due to exhaustion of reserves and it currently remains on care and maintenance.

Consolidated Production Results for the Three Months and Years Ended December 31, 2021 and 2020

Three Months Ended December 31			CONSOLIDATED	Years Ended December 31		
2021	2020	% Change		2021	2020	% Change
213,492	237,389	(10%)	Ore tonnes processed	887,424	757,160	17%
235	169	39%	Average silver grade (gpt)	195	167	17%
89.4	86.8	3%	Silver recovery (%)	87.6	86.5	1%
1,443,564	1,117,289	29%	Total silver ounces produced	4,870,787	3,513,767	39%
1,432,578	1,108,848	29%	Payable silver ounces produced	4,826,681	3,482,094	39%
1.52	1.90	(20%)	Average gold grade (gpt)	1.65	1.78	(7%)
90.8	87.0	4%	Gold recovery (%)	89.8	85.9	5%
9,446	12,586	(25%)	Total gold ounces produced	42,262	37,139	14%
9,261	12,314	(25%)	Payable gold ounces produced	41,438	36,392	14%
2,199,244	2,124,169	4%	Silver equivalent ounces produced(1)	8,251,747	6,484,887	27%
8.65	6.83	27%	Cash costs per silver ounce(2)(3)	9.31	5.55	68%
11.98	14.58	(18%)	Total production costs per ounce(2)(4)	14.70	14.01	5%
19.48	18.52	5%	All in sustaining cost per ounce (2)(5)	20.34	17.59	16%
112.91	105.07	7%	Direct operating costs per tonne(2)(6)	115.36	101.17	14%
136.62	129.66	5%	Direct costs per tonne(2)(6)	133.97	114.57	17%
13.41	14.83	(10%)	Silver co-product cash costs(7)	15.11	12.97	16%
1,038	1,129	(8%)	Gold co-product cash costs(7)	1,072	1,109	(3%)

(1) Silver equivalents are calculated using an 80:1 (Ag/Au) ratio.

(2) The Company reports non-IFRS measures which include cash costs net of by-product revenue on a payable silver basis, total production costs per oz, AISC per oz, direct operating cost per tonne, direct cost per tonne, silver co-product cash costs and gold co-product cash costs in order to manage and evaluate operating performance at each of the Company's mines. These measures, some established by the Silver Institute (Production Cost Standards, June 2011), are widely used in the silver mining industry as a benchmark for performance, but do not have a standardized meaning. These measures are reported on a production basis. See Reconciliations to IFRS on page 21.

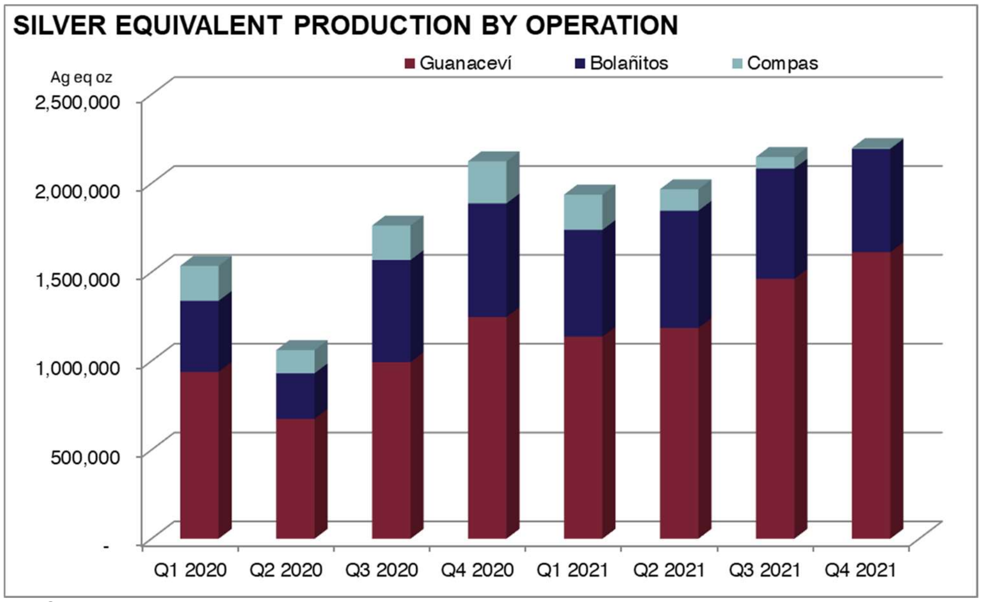
(3) Cash costs net of by-product revenue per payable silver oz include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead, net of gold credits. See Reconciliation to IFRS on pages 23 and 24.

(4) Total production costs per oz include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, amortization, depletion and amortization at the operation sites net of by product revenues. See Reconciliation to IFRS on pages 23 and 24.

(5) AISC per oz include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, corporate general and administration expenses, on-site exploration, share-based compensation, reclamation and sustaining capital net of gold credits. See Reconciliation to IFRS on pages 24 to 26.

(6) Direct operating cost per tonne include mining, processing (including smelting, refining, transportation and selling costs) and direct overhead at the operation sites. Direct cost per tonne include all direct operating costs, royalties and special mining duty. See Reconciliation to IFRS on pages 23 and 24.

(7) Silver co-product cash cost and gold co-product cash cost include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead allocated on pro-rated basis of realized metal value. See Reconciliation to IFRS on pages 26 and 27.



(1) Silver equivalents are calculated using an 80:1 (Ag/Au) ratio.

Consolidated Production

Three months ended December 31, 2021 (compared to the three months ended December 31, 2020)

Consolidated silver production during Q4, 2021 was 1,443,564 oz, an increase of 29% compared to 1,117,289 oz in Q4, 2020, and gold production was 9,446 oz, a decrease of 25% compared to 12,586 oz in Q4, 2020. Plant throughput was 213,492 tonnes at average grades of 235 grams per tonne (gpt) silver and 1.52 gpt gold, compared to 237,389 tonnes grading 169 gpt silver and 1.9 gpt gold in Q4, 2020. Consolidated silver production increased by 29% compared to Q4, 2020, driven by a 31% increase in silver production at the Guanaceví mine and a 42% increase in silver production at the Bolañitos mine, partially offset by the suspension of the El Compas operations. Consolidated gold production decreased by 25% compared to Q4, 2020, primarily due to the suspension of the El Compas operation and a 19% decrease at the Bolañitos mine, partially offset by a 21% increase in gold production at the Guanaceví mine. The increase in silver and gold production at the Guanaceví mine was driven by a 26% increase in silver grade and a 20% increase in gold grade, with slightly higher recoveries. At the Bolañitos mine the increase in silver production was attributable to a 41% increase in ore grade and slightly higher recoveries and the decrease in gold production was attributable to an 18% decrease in ore grade.

Year ended December 31, 2021 (compared to the year ended December 31, 2020)

Consolidated silver production during 2021 was 4,870,787 oz, an increase of 39% compared to 3,513,767 oz in 2020, and gold production was 42,262 oz, an increase of 14% compared to 37,139 oz in 2020. Plant throughput was 887,424 tonnes at average grades of 195 gpt silver and 1.65 gpt gold, a 17% increase compared to 757,160 tonnes grading 167 gpt silver and 1.78 gpt gold in 2020. Consolidated silver production increased by 39% compared to 2020, primarily driven by a 41% increase in silver production at the Guanaceví mine and a 39% increase in silver production at the Bolañitos mine, offset by a 49% reduction in silver production at the El Compas mine. Consolidated gold production increased by 14% compared to 2020, primarily driven by a 36% increase in gold production at the Guanaceví mine and a 30% increase at the Bolañitos mine, offset by a 49% decrease in gold production at the El Compas mine. The increases at the Guanaceví mine were driven by a 20% increase in throughput, an 18% increase in silver grade and a 14% increase in gold grade. The increases at the Bolañitos mine were driven by a 26% increase in throughput, a 5% increase in silver grade with a 6% increase in silver recovery and similar gold grades with a 3% increase in gold recovery. The comparative information for 2020 is also affected by the temporary suspension of the Guanaceví, Bolañitos and El Compas mines during Q2, 2020 due to the COVID-19 pandemic

The Company’s 2021 full year production exceeded both original and revised guidance with annual silver production exceeding the high range of revised guidance by 3%, while gold production was in line with the upper range of revised guidance and silver equivalent production beating the high range of the revised 2021 production guidance.

Actual cost metrics were slightly higher than 2021 cost guidance primarily due to the increased labour, power, consumables, third-party ore, higher royalties and special mining duty offset by the higher ore grades mined at Guanaceví

Consolidated Operating Costs

Three months ended December 31, 2021 (compared to the three months ended December 31, 2020)

Direct operating costs per tonne in Q4, 2021 increased 7%, to $112.91 compared with Q4, 2020 due to higher operating costs at Guanaceví and Bolañitos. Guanaceví and Bolañitos have seen increased labour, power and consumable costs and at Guanaceví, increased third party ore purchased and operating development have increased compared to the prior year. There has also been a strengthening of the Mexican peso comparative to the U.S. dollar, which increased expenses denominated in that currency. Including royalties and special mining duty, direct costs per tonne increased 5% to $136.62. Royalties were relatively flat compared to Q4, 2020.

Consolidated cash costs per oz, net of by-product credits increased to $8.65 due to higher direct costs per tonne and the lower gold credit driven by lower gold grades and prices. AISC increased by 5% on a per oz basis compared to Q4, 2020 as a result of higher cash costs, increased mine-site exploration and increased capital expenditures at Guanaceví to accelerate mine development within the El Curso ore body, offset by increased production and decreased general and administrative costs. In Q4, 2021 corporate general and administrative expenses included a $0.2 million mark to market expense of cash-settled deferred share units, whereas the mark to market expense was $1.9 million in Q4, 2020, attributed to period end changes in the Company's share price.

On a co-product cash costs basis, silver cost per oz decreased 10% and gold cost per oz decreased 8% compared to the Q4, 2020. The silver co-product cost per oz decreased due to the suspension of operations during Q3, 2021 of the El Compas mine, which contributed higher costs on a per oz basis. Gold co-product cash costs decreased due to the reduced contribution of gold oz from the higher cost El Compas mine, which was partially offset by an increase in gold recovery.

Year ended December 31, 2021 (compared to the year ended December 31, 2020)

Direct operating costs per tonne in 2021 increased 14%, to $115.36 compared with 2020 due to higher operating costs at Guanaceví and Bolañitos. Guanaceví and Bolañitos have seen increased labour, power and consumables costs and at Guanaceví, increased third party ore purchased and operating development have increased compared to the prior year. The appreciation of the Mexican peso to the U.S. dollar increased expenses denominated in Mexican peso compared to the prior period. Including royalties and special mining duty, direct costs per tonne increased 17% to $133.97. Royalties increased 69% to $13.8 million with increased production from the El Curso and El Porvenir concessions at Guanaceví with higher prices. The higher prices and higher grades improved profitability considerably, increasing special mining duty expense 37% to $2.7 million for 2021 from $2.0 million in 2020.

Consolidated cash costs per oz net of by-product credits increased to $9.31 primarily due to the higher direct costs per tonne and lower realized gold prices compared to 2020. AISC increased 16% to $20.34 per oz in 2021 as a result of higher cash costs, increased mine site expensed exploration and increased capital expenditures at Guanaceví to accelerate mine development within the El Curso ore body.

On a co-product cash costs basis silver cost per oz increased 16% and gold cost per oz decreased 3% compared to 2020. The improved silver ore grade was offset by higher operating, royalty and special mining duty costs primarily at the Guanaceví mine. Gold co-product cash costs decreased due to higher gold ore grades and higher gold recoveries offset by the higher operating costs at Bolañitos.

GUANACEVÍ OPERATIONS

The Guanaceví operation is currently producing from three underground silver-gold mines along a five kilometre ("km") length of the prolific Santa Cruz vein. Guanaceví provides steady employment to over 500 people and engages over 300 contractors.

In July 2019, the Company acquired a 10 year right to explore and exploit the El Porvenir and El Curso concessions from Ocampo Mining SA de CV ("Ocampo"), a subsidiary of Grupo Frisco. The Company agreed to meet certain minimum production targets from the properties, subject to various terms and conditions and pay Ocampo a $12 fixed per tonne production payment plus a floating net smelter return royalty based on the spot silver price. The Company pays a 4% royalty on sales below $15.00 per silver oz, 9% above $15.00 per silver oz, 13% above $20.00 per silver oz, and a maximum of 16% above $25 per silver oz, based on then current realized prices. On December 12, 2021, the Company executed an amendment to the agreement whereby two additional concessions, adjacent to the existing and historic mine workings, were included in the existing agreement.

The development of two new orebodies, Milache and SCS, and the acquisition of the Ocampo concession rights have provided sufficient ore and flexibility to increase mine output and to reach designed plant capacity.

Production Results for the Three Months and Years Ended December 31, 2021 and 2020

Three Months Ended December 31			GUANACEVÍ	Years Ended December 31		
2021	2020	% Change		2021	2020	% Change
108,334	106,425	2%	Ore tonnes processed	414,355	346,679	20%
417	331	26%	Average silver grade (g/t)	370	314	18%
89.6	87.6	2%	Silver recovery (%)	87.9	87.7	0%
1,301,941	991,697	31%	Total silver ounces produced	4,333,567	3,071,075	41%
1,298,036	988,722	31%	Payable silver ounces produced	4,320,567	3,061,982	41%
1.21	1.01	20%	Average gold grade (g/t)	1.09	0.96	14%
92.2	92.5	(0%)	Gold recovery (%)	91.7	91.7	0%
3,885	3,198	21%	Total gold ounces produced	13,317	9,814	36%
3,873	3,188	21%	Payable gold ounces produced	13,277	9,786	36%
1,612,741	1,247,537	29%	Silver equivalent ounces produced(1)	5,398,927	3,856,195	40%
10.74	13.21	(19%)	Cash costs per silver ounce(2)(3)	12.12	10.44	16%
12.49	15.52	(20%)	Total production costs per ounce(2)(4)	14.40	13.36	8%
18.74	19.67	(5%)	All in sustaining cost per ounce (2)(5)	19.46	17.14	14%
146.51	129.91	13%	Direct operating costs per tonne(2)(6)	145.64	117.38	24%
193.87	179.34	8%	Direct costs per tonne(2)(6)	183.86	143.46	28%
13.11	15.45	(15%)	Silver co-product cash costs(7)	14.43	12.72	13%
1,014	1,176	(14%)	Gold co-product cash costs(7)	1,024	1,087	(6%)

(1) Silver equivalents are calculated using an 80:1 (silver/gold) ratio.

(2) The Company reports non-IFRS measures which include cash costs net of by-product revenue on a payable silver basis, total production costs per oz, AISC per oz, direct operating cost per tonne, direct cost per tonne, silver co-product cash costs and gold co-product cash costs in order to manage and evaluate operating performance at each of the Company's mines. These measures, some established by the Silver Institute (Production Cost Standards, June 2011), are widely used in the silver mining industry as a benchmark for performance, but do not have a standardized meaning. These measures are reported on a production basis. See Reconciliations to IFRS on page 21.

(3) Cash costs net of by-product revenue per payable silver oz include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead, net of gold credits. See Reconciliation to IFRS on pages 23 and 24.

(4) Total production costs per oz include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, amortization, depletion and amortization at the operation sites net of by product revenues. See Reconciliation to IFRS on pages 23 and 24.

(5) AISC per oz include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, corporate general and administration expenses, on-site exploration, share-based compensation, reclamation and sustaining capital net of gold credits. See Reconciliation to IFRS on pages 24 to 26.

(6) Direct operating costs per tonne include mining, processing (including smelting, refining, transportation and selling costs) and direct overhead at the operation sites. Direct cost per tonne include all direct operating costs, royalties and special mining duty. See Reconciliation to IFRS on pages 23 and 24.

(7) Silver co-product cash cost and gold co-product cash cost include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead allocated on pro-rated basis of realized metal value. See Reconciliation to IFRS on pages 26 and 27.

Guanaceví Production Results

Three months ended December 31, 2021 (compared to the three months ended December 31, 2020)
Silver production at the Guanaceví mine during Q4, 2021 was 1,301,941 oz, an increase of 31% compared to 991,697 oz in Q4, 2020, and gold production was 3,885 oz, an increase of 21% compared to 3,198 oz in Q4, 2020. Plant throughput was consistent with Q4, 2020 with 108,334 tonnes at average grades of 417 gpt silver and 1.21 gpt gold, compared to 106,425 tonnes grading 331 gpt silver and 1.01 gpt gold in Q4, 2020. The 31% increase in silver production is due to a 26% increase in silver grades with slightly higher throughput and slightly increased recoveries and the 21% increase in gold production is due to a 20% increase in gold grade. The purchase of third-party ores continued to supplement mine production, amounting to 14% of quarterly throughput, and contributed to the higher ore grades.

Year ended December 31, 2021 (compared to the year ended December 31, 2020)
Silver production at the Guanaceví mine for year ended December 31, 2021 was 4,333,567 oz, an increase of 41% compared to 3,071,075 oz in 2020, and gold production was 13,317 oz, an increase of 36% compared to 9,814 oz in 2020. Plant throughput was 414,355 tonnes at average grades of 370 gpt silver and 1.09 gpt gold, compared to 346,679 tonnes at average grades of 314 gpt silver and 0.96 gpt gold in 2020. The 41% increase in silver production and 36% increase in gold production compared to 2020 are due to the 20% increase in throughput, as the plant reached its 1,200 tonnes per day ("tpd") capacity in Q2, 2021 and maintained it for the remainder of 2021, and increased grades with similar recoveries. Silver and gold grades increased by 18% and 14% respectively. The comparative information for 2020 is also affected by the impact on throughput due to the temporary suspension of the Guanaceví mine during Q2, 2020 due to the COVID-19 pandemic. The purchase of local third-party ores continued to supplement mine production, amounting to 11% of year-to-date throughput, and contributed to the higher ore grades.

Guanaceví Operating Costs

Three months ended December 31, 2021 (compared to the three months ended December 31, 2020)
Direct operating costs per tonne for the three months ended December 31, 2021 increased 13% to $146.51 compared with the same period in 2020, resulting from increased purchase of local third-party ores, increased labour, power and consumables costs, and an increase in operating development. The Company increased in the purchase of local third-party ore contributed $29.04 per tonne during Q4, 2021 $18.58 per tonne in Q4 2020. Including royalty and special mining duty costs, direct cost per tonne increased 8% to $193.87 compared with the same period in 2020. There was a slight reduction in royalty and special mining duty costs during the three months ended December 31, 2021 compared to the prior period primarily due to the timing of sales. In Q4 2020 the Company sold the majority of Q4, 2020 production as well as finished goods inventory that was held as of September 30, 2020.

Cash costs per oz, net of by-product credits, was $10.74 compared to $13.21 for the same period in 2020, with the reduction due to the increased ore grades offset by higher direct costs. AISC per oz decreased 5% to $18.74 per oz for the three months ended December 31, 2021, as a result of the increased silver production offset by increased sustaining capital expenditures.

Year ended December 31, 2021 (compared to the year ended December 31, 2020)
Direct operating costs per tonne for the year ended December 31, 2021 increased 24% to $145.64 compared with 2020, as a result of increased purchase of local third-party ores, increased labour, power and consumables costs, the expensing of development costs at El Porvenir, as there were no reserves to allow for deferral of development costs, and in increase in operating development. Including royalty and special mining duty costs, direct cost per tonne increased 28% to $183.86 compared with 2020. Increased production from the El Curso and El Porvenir concession and higher prices significantly increased the royalties paid during the year. The increased metal prices and higher ore grades resulted in improved profitability and higher special mining duty payable to the Mexican government. The improved profitability of the operations resulted in $2.7 million Mexico special mining duty during 2021 compared to $1.6 million in 2020, and royalties increasing from $7.4 million to $13.2 million, which are included in cost per tonne and oz metrics.

Cash costs per oz, net of by-product credits was $12.12, 16% higher than 2020 due to the higher direct cost per tonne, offset by the higher ore grades and higher gold credit. Similarly, AISC per oz increased 14% to $19.46 per oz for 2021. The increase in cash costs per oz was the primary driver of the higher AISC, while higher capital and exploration expenditures partially offset by lower general and administration expenses contributed to the higher costs compared to 2020. In Q2, 2020 there was a sharp reduction in capital and exploration expenditures due to the suspension of activities due to COVID-19.

BOLAÑITOS OPERATIONS

The Bolañitos operation encompasses three underground silver-gold mines and a flotation plant. Bolañitos provides steady employment for over 475 people and engages over 150 contractors.

Production Results for the Three Months and Years Ended December 31, 2021 and 2020

Three Months Ended December 31			BOLAÑITOS	Years Ended December 31		
2021	2020	% Change		2021	2020	% Change
105,158	107,332	(2%)	Ore tonnes processed	418,514	331,174	26%
48	34	41%	Average silver grade (g/t)	42	40	5%
87.0	84.7	3%	Silver recovery (%)	87.0	83.0	5%
141,258	99,417	42%	Total silver ounces produced	491,412	353,318	39%
134,178	94,526	42%	Payable silver ounces produced	462,700	333,293	39%
1.83	2.22	(18%)	Average gold grade (g/t)	2.02	2.02	0%
88.9	88.2	1%	Gold recovery (%)	90.7	88.2	3%
5,502	6,754	(19%)	Total gold ounces produced	24,652	18,963	30%
5,330	6,551	(19%)	Payable gold ounces produced	23,971	18,429	30%
581,418	639,737	(9%)	Silver equivalent ounces produced(1)	2,463,572	1,870,358	32%
(10.69)	(44.56)	76%	Cash costs per silver ounce(2)(3)	(19.77)	(32.11)	38%
6.71	(15.50)	143%	Total production costs per ounce(2)(4)	10.93	(4.76)	330%
27.46	16.98	62%	All in sustaining cost per ounce (2)(5)	25.14	23.53	7%
78.38	71.88	9%	Direct operating costs per tonne(2)(6)	79.37	70.11	13%
77.68	75.82	2%	Direct costs per tonne(2)(6)	80.13	71.78	12%
14.41	13.26	9%	Silver co-product cash costs(7)	14.96	12.04	24%
1,115	1,010	10%	Gold co-product cash costs(7)	1,062	1,029	3%

(1) Silver equivalents are calculated using an 80:1 (silver/gold) ratio.

(2) The Company reports non-IFRS measures which include cash costs net of by-product revenue on a payable silver basis, total production costs per oz, AISC per oz, direct operating cost per tonne, direct cost per tonne, silver co-product cash costs and gold co-product cash costs in order to manage and evaluate operating performance at each of the Company's mines. These measures, some established by the Silver Institute (Production Cost Standards, June 2011), are widely used in the silver mining industry as a benchmark for performance, but do not have a standardized meaning. These measures are reported on a production basis. See Reconciliations to IFRS on page 21.

(3) Cash costs net of by-product revenue per payable silver oz include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead, net of gold credits. See Reconciliation to IFRS on pages 23 and 24.

(4) Total production costs per oz include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, amortization, depletion and amortization at the operation sites net of by product revenues. See Reconciliation to IFRS on pages 23 and 24.

(5) AISC per oz include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, corporate general and administration expenses, on-site exploration, share-based compensation, reclamation and sustaining capital net of gold credits. See Reconciliation to IFRS on pages 24 to 26.

(6) Direct operating costs per tonne include mining, processing (including smelting, refining, transportation and selling costs) and direct overhead at the operation sites. Direct cost per tonne include all direct operating costs, royalties and special mining duty. See Reconciliation to IFRS on pages 23 and 24.

(7) Silver co-product cash cost and gold co-product cash cost include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead allocated on pro-rated basis of realized metal value. See Reconciliation to IFRS on pages 26 and 27.

Bolañitos Production Results

Three months ended December 31, 2021 (compared to the three months ended December 31, 2020)

Silver production at the Bolañitos mine was 141,258 oz in Q4, 2021, an increase of 42% compared to 99,417 oz in Q4, 2020, and gold production was 5,502 oz in Q4, 2021, a decrease of 19% compared to 6,754 oz in Q4, 2020. Plant throughput in Q4, 2021 was 105,158 tonnes at average grades of 48 gpt silver and 1.83 gpt gold, compared to 107,332 tonnes at average grades of 34 gpt silver and 2.22 gpt gold in Q4, 2020. The 42% increase in silver production and 19% decrease in gold production compared to Q4, 2020 is primarily due to the fluctuations of ore grades from accessing different areas of the mine. Recoveries improved slightly as the operations improved ore blending to maximize recoveries compared to the prior period.

Year ended December 31, 2021 (compared to the year ended December 31, 2020)
Silver production at the Bolañitos mine was 491,412 oz for 2021, an increase of 39% compared to 353,318 oz in 2020, and gold production was 24,652 oz for 2021, an increase of 30% compared to 18,963 oz in 2020. Plant throughput in 2021 was 418,514 tonnes at average grades of 42 gpt silver and 2.02 gpt gold, compared to 331,174 tonnes at average grades of 40 gpt silver and 2.02 gpt gold in 2020. The 39% increase in silver production and 30% increase in gold production compared to 2020 are primarily due to the 26% increase in plant throughput, a 5% increase in silver grades and increased silver and gold recoveries of 5% and 3%, respectively. The comparative information for 2020 was also affected by the impact on throughput due to the temporary suspension of the Bolañitos mine during Q2, 2020 due to the COVID-19 pandemic. Recoveries improved as the operations improved ore blending to maximize recoveries compared to the prior period.

Bolañitos Operating Costs

Three months ended December 31, 2021 (compared to the three months ended December 31, 2020)
Direct costs per tonne in Q4, 2021 increased 2% to $77.68 per tonne primarily due to a slight increase in costs and decrease in throughput tonnes compared to the same period in 2020. Cash costs net of by-product credits, were negative $10.69 per oz of payable silver in Q4, 2021 compared to negative $44.56 per oz in Q4, 2020 due in large part to an 18% reduction in the gold grade and a reduction in realized gold price compared to the same period in the prior year. AISC increased in Q4, 2021 to $27.46 per oz as they were similarly affected by the reduction in by-product gold sales.

On a co-product cash costs basis, silver cost per oz increased compared to Q4, 2020. Silver co-product cash costs increased 9% and gold co-product costs increased 10% to $14.41 per silver oz and $1,115 per gold oz, respectively. The increase in the silver cost on a co-product basis was primarily driven by the higher direct costs per tonne and the variation in ore grades, while the higher gold costs on a co-product basis was driven by the lower ore gold grades and the higher direct costs per tonne.

Year ended December 31, 2021 (compared to the year ended December 31, 2020)
Direct costs per tonne in 2021 increased 12%, to $80.13 per tonne due to higher labour, power and consumables costs as well as higher waste tonnes handled during the year. Cash costs net of by-product credits were negative $19.77 per oz of payable silver in 2021 compared to negative $32.11 per oz in the comparative period of 2020 due to the higher direct costs and a 4% decrease in the realized gold price offset by a higher proportion of gold production. AISC increased by 7% in 2021, compared to 2020, to $25.14 per oz due to higher operating cost per oz and increased sustaining capital expenditures offset by lower corporate general and administrative charges. Compared to 2020, there was an increase in mine development of $3.1 million which will extend the mine life.

On a co-product cash costs basis, silver cost per oz increased compared to 2020. Silver co-product cash costs increased 24%, while gold co-product costs increased by 3% to $14.96 per silver oz and $1,062 per gold oz respectively. The increase in the silver cost on a co-product basis was primarily driven by the higher direct costs per tonne and the variation in ore, while the higher gold costs on a co-product basis was driven by the decreased proportional gold production.

EL COMPAS OPERATIONS

The El Compas operation is a small but high grade, permitted gold-silver mine with a small leased flotation plant in the historic silver mining district of Zacatecas, with exploration potential to expand resources. The leased floatation plant has a nominal plant capacity of 250 tpd.

El Compas employed close to 200 people and engaged over 55 contractors until the suspension of operations in mid-August 2021 as the mineral reserves were exhausted. The mine, plant and tailings facilities are on short term care and maintenance, while management conducts an evaluation of the alternatives including final closure.

There remain several brownfield exploration opportunities on concessions owned by the Company, however further resource definition and evaluation is required to recommence production. Temporary closure costs were $1.4 million for 2021, inclusive of $0.8 million in severance costs. Company management and contract personnel continue to maintain the security of the mine, plant, and tailings facilities. The mining equipment and selected other assets have been relocated to Endeavour's other operating mines, particularly to Bolañitos and Terronera, to reduce their future capital costs.

Production Results for the Three Months and Years Ended December 31, 2021 and 2020

Three Months Ended December 31			El Compas	Years Ended December 31		
2021	2020	% Change		2021	2020	% Change
N/A	23,632	N/A	Ore tonnes processed	54,555	79,307	(31%)
N/A	50	N/A	Average silver grade (g/t)	36	53	(32%)
N/A	68.9	N/A	Silver recovery (%)	72.5	66.1	10%
365	26,175	(99%)	Total silver ounces produced	45,808	89,374	(49%)
364	25,600	(99%)	Payable silver ounces produced	43,414	86,819	(50%)
N/A	4.41	N/A	Average gold grade (g/t)	3.05	4.32	(29%)
N/A	78.6	N/A	Gold recovery (%)	80.2	75.9	6%
59	2,634	(98%)	Total gold ounces produced	4,293	8,362	(49%)
58	2,575	(98%)	Payable gold ounces produced	4,190	8,177	(49%)
5,085	236,895	(98%)	Silver equivalent ounces produced(1)	389,248	758,334	(49%)
N/A	(50.04)	N/A	Cash costs per silver ounce(2)(3)	39.37	(22.51)	275%
N/A	89.45	N/A	Total production costs per ounce(2)(4)	84.88	109.10	(22%)
N/A	(20.19)	N/A	All in sustaining cost per ounce (2)(5)	56.71	10.98	417%
N/A	143.96	N/A	Direct operating costs per tonne(2)(6)	161.56	160.04	1%
N/A	150.52	N/A	Direct costs per tonne(2)(6)	167.98	166.97	1%
N/A	15.69	N/A	Silver co-product cash costs(7)	26.15	16.47	59%
N/A	1,194	N/A	Gold co-product cash costs(7)	1,856	1,408	32%

(1) Silver equivalents are calculated using an 80:1 (silver/gold) ratio.

(2) The Company reports non-IFRS measures which include cash costs net of by-products on a payable silver basis, total production costs per oz, AISC per oz and direct production costs per tonne, in order to manage and evaluate operating performance at each of the Company's mines. These measures, some established by the Silver Institute (Production Cost Standards, June 2011), are widely used in the silver mining industry as a benchmark for performance, but do not have a standardized meaning. These measures are reported on a production basis. See Reconciliation to IFRS on page 21.

(3) Cash costs net of by-product revenue per payable silver oz include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead, net of gold credits. See Reconciliation to IFRS on pages 23 and 24.

(4) Total production costs per oz include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, amortization, depletion and amortization at the operation sites net of by product revenues. See Reconciliation to IFRS on pages 23 and 24.

(5) AISC per oz include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, corporate general and administration expenses, on-site exploration, share-based compensation, reclamation and sustaining capital net of gold credits. See Reconciliation to IFRS on pages 24 to 26.

(6) Direct operating costs per tonne include mining, processing (including smelting, refining, transportation and selling costs) and direct overhead at the operation sites. Direct cost per tonne include all direct operating costs, royalties and special mining duty. See Reconciliation to IFRS on pages 23 and 24.

(7) Silver co-product cash cost and gold co-product cash cost include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead allocated on pro-rated basis of realized metal value. See Reconciliation to IFRS on pages 26 and 27.

El Compas Production Results

Three months ended December 31, 2021 (compared to the three months ended December 31, 2020)

As mining and milling operations were suspended in August, 2021, there was no silver production, other than final settlements in Q4, 2021 of concentrates shipped prior to the suspension resulting in the recognition of 365 silver oz and 59 gold oz in the quarter. During Q4, 2020, silver production at the El Compas mine was 26,175 oz and gold production was 2,634 oz with plant throughput of 23,632 tonnes at average grades of 50 gpt silver and 4.41 gpt gold.

Year ended December 31, 2021 (compared to the year ended December 31, 2020)
Silver production at the El Compas mine was 45,808 oz and gold production was 4,293 oz for January to mid-August 2021 compared to 89,374 silver oz and 8,362 gold oz in 2020. Plant throughput was 54,555 tonnes at average grades of 36 gpt silver and 3.05 gpt gold compared to 79,307 tonnes at average grades of 53 gpt silver and 4.32 gpt gold in 2020. Although throughput remained steady from January to August 2021, both silver and gold grades decreased significantly resulting in lower proportional production. The comparative information for 2020 was also affected by the impact on throughput due to the temporary suspension of the El Compas mine during Q2, 2020 due to the COVID-19 pandemic.

El Compas Operating Costs

Three months ended December 31, 2021 (compared to the three months ended December 31, 2020)
As mining and milling operations were suspended in August, 2021, there is no comparative cost information for Q4, 2021.

Year ended December 31, 2021 (compared to the year ended December 31, 2020)
Direct costs were $167.98 per tonne for 2021, a 1% increase from 2020. Silver cash costs net of by-product credits were $39.37 per oz of payable silver compared to negative $22.51 per oz in 2020. The significantly lower gold grade was the primary driver in the increase in cash costs compared to the comparative period in 2020. The decrease in costs per tonne was a result of normal variations in costs incurred.

On a co-product cash costs basis, both silver co-product cost per ounce and gold co-product costs per ounce increased to $26.15 per ounce and $1,856 per ounce, respectively, compared to 2020. Both co-product cash cost metrics increased due to the lower ore grades and the slightly higher operating costs on a per tonne basis.

AISC increased to $56.71 per oz compared to $10.98 per oz in the same period ended in 2020. The higher AISC are a function of the lower silver and gold grades.

EL CUBO OPERATIONS

The El Cubo operation included two previously operating underground silver-gold mines and a flotation plant, which employed over 350 people and engaged over 200 contractors until the suspension of operations at the end of November 2019 as the mineral reserves had been exhausted. The mine, plant and tailings facilities were on care and maintenance until the sale of the El Cubo mine and related assets in April 2021.

Company management and contract personnel maintained the security of the mine, plant and tailings facilities until the sale. The Company incurred $0.6 million in legal, administrative and care and maintenance expenses in 2021. In 2020, $0.3 million severance costs and $1.5 million in legal, administrative and care and maintenance expenses were incurred and $0.2 million in building and office depreciation.

On March 17, 2021, the Company signed a definitive agreement to sell the El Cubo mine and related assets to GSilver for $15.0 million in cash and share payments plus additional contingency payments. On April 9, 2021, GSilver purchased the El Cubo assets for the following gross consideration:

- $7.5 million cash (paid)
- $9.8 million paid in shares with 21,331,058 shares of GSilver with a fair value of CAD$0.58 per share on April 9, 2021. Total fair value of the shares at the time of agreement was $5.0 million priced at CAD$0.30
- $2.4 million paid by unsecured promissory note with a face value of $2.5 million due and payable April 9, 2022

GSilver is required to pay the Company up to an additional $3.0 million in contingent payments based on the following events:

- $1.0 million upon GSilver producing 3.0 million silver equivalent ounces from the El Cubo mill
- $1.0 million if the price of gold closes at or above US$2,000 dollars per ounce for 20 consecutive days prior to April 9, 2023.
- $1.0 million if the price of gold closes at or above US$2,200 dollars per ounce for 20 consecutive days prior to April 9, 2023.

On November 16, 2021, the Company arranged for early payment of the $2.5 million promissory note. In consideration for the early repayment, the Company agreed to reduce the principal amount of the note by $25,000 and settle the Mexican value added tax payable on the promissory note for 901,224 common shares of GSilver.

DEVELOPMENT ACTIVITIES

Terronera Project

The Terronera project, located 40 km northeast of Puerto Vallarta in the state of Jalisco, Mexico, features a high-grade silver-gold mineral resource in the Terronera vein, which is now over 1,400 metres long, 400 metres deep, 3 to 16 metres thick, and remains open along strike to the southeast and down dip.

In 2020, the Company engaged an external consultant to update a previous Preliminary Feasibility Study based on updated information gathered in 2019 and 2020. In Q3, 2020 the Company completed an updated summary of the project's economics and published the NI 43-101 Technical Report ("2020 PFS"). The 2020 PFS included significant changes to the operations plan, capital and operating costs assumed compared to the previous study and, as a result, project economics improved. The external consultant reviewed all aspects of the previous studies, while further cost-benefit initiatives have been evaluated.

In September 2020, the Company engaged Wood PLC to complete a Feasibility Study ("FS") at an estimated cost of $2.1 million, with the economic information released in a press release dated September 9, 2021 and the full report filed on SEDAR and EDGAR and posted to the Company's website on October 25, 2021.

The FS base case assumed a silver price of $20 per oz and a gold price of $1,575 per oz with an implied 79:1 silver to gold ratio, and a Mexico peso to U.S. dollar exchange rate of 20:1. At base case prices, the improved economics estimated an after-tax net present value of $174.1 million at a 5% discount rate, internal rate of return of 21.3%, and payback period of 3.6 years. Initial capital expenditures were estimated to be $175 million with capital expenditures during production estimated to be $108.5 million. The 12-year life of mine was estimated to produce an average of 3.3 million silver oz and 32,874 gold oz per year generating $476 million pre-tax, $311 million after-tax, free cash flow over the life of the project.

The Company is preparing to commence initial earthworks and intends to make a formal construction decision, subject to completion of a financing package and receipt of additional amended permits, in the coming months. A budget of $9.5 million has been approved for Q1, 2022 to continue to advance the site clearing, preparations for initial earthworks, temporary camp and procuring of long lead items.

The Company re-classified the Terronera Project from an exploration and evaluation project to a development project in September, 2021 and during the year invested $11.8 million on land acquisition, initial development and capital assets to advance development and $8.0 million on exploration and evaluation activities including the completion of the FS.

EXPLORATION RESULTS

In 2021, the Company planned to spend $10.2 million drilling 50,000 metres of core on brownfields projects, greenfields exploration and development engineering across its portfolio of mines and properties. At the Guanaceví and Bolañitos operating mines, 11,500 metres of core drilling were planned at a cost of $2.0 million and $1.9 million, respectively to replace reserves and expand resources.

On the exploration and development projects, expenditures of $6.3 million were planned to fund 27,000 metres of core drilling at the Terronera project to test multiple regional targets, the Parral project to continue drilling the San Patricio and Veta Colorada vein systems and the Paloma project in Chile. The Company is currently permitting the Aida project and will continue to map and sample to prioritize targets for drilling.

At Guanaceví, in 2021 the Company drilled 15,360 metres in 60 holes at a total expense of $1.6 million to delineate the extension of the Porvenir Cuatro, El Curso, and SCS ore bodies. Drilling confirmed expectations and intersected significant mineralization with similar ore grades and vein widths to historical results.

At Bolañitos, in 2021 the Company drilled 15,227 metres in 72 holes at total expense of $1.2 million to target the Melladito, Plateros and Belén veins. The Company intersected significant mineralization with ore grades over mineable widths.

At Terronera, the 2021 drill program targeted the southeast area near the Terronera vein and regional area acquired in 2020. A total of 15,448 metres were drilled in 54 holes at a total expense of $2.2 million intersecting high-grade silver-gold mineralization in a number of structures near the Terronera vein, highlighting the potential surrounding the current resource estimate. Four intercepted structures, the San Simon, Fresno, Pendencia and Lindero veins, are located immediately to the southeast of the Terronera vein, and the Los Cuates vein is located approximately 10 km to the northwest of the Terronera Project. The drill results confirm management's projection to grow resources in the district. As the FS is complete, all 2021 drill results are not included as part of FS or initial development plan.

At Parral, the Company commenced the 2021 drill program in March, drilling 80 holes totalling 18,245 metres, with a total cost of $2.6 million targeting various areas of the Colorada vein. Drilling confirmed expectations in a number of areas, intersecting significant mineralization with meaningful vein widths. Management will continue the exploration program in 2022 with the intention to expand the resource estimate published in December 2019 and initiate an economic study in 2022.

In Chile, the Company completed initial drilling on the Paloma properties targeting a bulk tonnage, high-sulfidation epithermal deposit related to intrusive domes or the tops of porphyry systems located in the Chilean Miocene deposit belt, 180 km southeast of the city of Calama, 5,000 metres above sea level. The Company has an option to acquire up to 70% ownership of 5,100 hectares from Compañía Minera del Pacifico. Drilling confirmed widespread alteration and low-grade gold mineralization, however it is interpreted that the drilling did not reach the core of the system. The exploration team has analyzed drill results and commenced a second drill program to test targets for higher-grade mineralization.

RESERVES AND RESOURCES

Proven and probable silver and gold mineral reserves increased year on year by 28% and 29% respectively. Mineral reserves are estimated to be 62.0 million oz silver and 608,000 oz gold. On a silver equivalent basis, mineral reserves total 110.6 million oz using a silver to gold ratio of 80:1. A significant portion of the mineral reserve increase is due to the updated estimate for the Terronera FS, resulting in a 10.7 million increase is silver ounce reserves and 124,000 increase gold ounce reserves. Additionally, the positive delineation drill results and the conversion of mineral resources at Guanacevi and Bolañitos through continued mine development more than offset 2021 production

Measured and indicated mineral resources for silver increased by 1% to 26.1 million oz and measured and indicated mineral resources for gold increased by 8% to 237,700 oz gold. Silver equivalent measured and indicated mineral resources increased 4% to 45.1 million oz due mainly to resource growth at Guanacevi and Bolañitos offset by conversion of resources to reserves through mine development.

2021 Mineral Reserve and Resource Estimate Highlights (Compared to December 31, 2020):

- Silver proven and probable mineral reserves increased 28% to 62.0 million oz
- Gold proven and probable mineral reserves increased 29% to 608,000 oz
- Silver equivalent proven and probable mineral reserves of 110.6 million oz (80:1 silver:gold ratio)

- Silver measured and indicated mineral resources increased 1% to 26.1 million oz
- Gold measured and indicated mineral resources increased 7% to 237,700 oz
- Silver equivalent measured and indicated mineral resources of 45.1 million oz

- Silver inferred mineral resources decreased 5% to 61.2 million oz
- Gold inferred mineral resources decreased 3% to 276,300 oz
- Silver equivalent inferred mineral resources of 83.3 million oz

Mineral reserve and resource estimates are based on pricing assumptions of $23.00 per oz of silver and $1,725 per oz of gold at Guanaceví and Bolañitos, $20.00 per oz of silver and $1,575 per oz of gold at Terronera and $15.00 per oz of silver and $1,275 per oz of gold at Parral.

Note to U.S Investors: Mineral reserve and resources are as defined by Canadian securities laws. See “Cautionary Note to U.S. Investors Regarding Mineral Reserves and Resources”.

CONSOLIDATED FINANCIAL RESULTS

Three months ended December 31, 2021 (compared to the three months ended December 31, 2020)

In Q4, 2021, the Company’s mine operating earnings were $12.2 million (Q4, 2020: $20.8 million) on net revenue of $48.5 million (Q4, 2020: $60.7 million) with cost of sales of $36.2 million (Q4, 2020: $39.9 million).

In Q4, 2021, the Company had operating earnings of $4.1 million (Q4, 2020: $12.0 million) after exploration and evaluations costs of $4.1 million (Q4, 2020: $4.1 million), general and administrative expense of $2.8 million (Q4, 2020: expense of $3.9 million), care and maintenance expense of $0.4 million (Q4, 2020: $0.4 million), severance costs of $0.2 million (Q4, 2020: $Nil) and a write-off of exploration properties of $0.7 million. In Q4, 2020, the operating earnings included impairments and impairments reversals of non-current assets of $0.4 million related to value in use estimates of the Guanaceví and El Compas operation.

The income before taxes for Q4, 2021 was $5.5 million (Q4, 2020: $14.8 million) after finance costs of $0.3 million (Q4, 2020: $0.3 million), a foreign exchange gain of $0.1 million (Q4, 2020: $1.8 million) and investment and other income of $1.6 million (Q4, 2020: $1.3 million). The Company realized a net loss for the period of $0.5 million (Q4, 2020: net earnings of $20.0 million) after an income tax expense of $6.0 million (Q4, 2020: income tax recovery of $5.2 million).

Net revenue of $48.5 million in Q4, 2021, net of $0.4 million of smelting and refining costs, decreased by 20% compared to $60.7 million, net of $0.5 million of smelting and refining costs, in Q4, 2020. Gross sales of $48.9 million in Q4, 2021 represented a 20% decrease over the $61.2 million for the same period in 2020. Silver oz sold were similar with a 5% decrease in the realized silver price, resulting in a 6% decrease to silver sales. Gold oz sold decreased by 37% with a 4% decrease in realized gold prices resulting in a 40% decrease in gold sales. The significant decrease in gold sales is primarily driven by the decreased gold grades at the Bolañitos mine and the suspension of production from the El Compas mine. During the period, the Company sold 1,413,699 oz silver and 8,715 oz gold, for realized prices of $23.41 and $1,811 per oz, respectively, compared to sales of 1,419,037 oz silver and 13,850 oz gold, for realized prices of $24.76 and $1,885 per oz, respectively, in the same period of 2020. For the three months ended December 31, 2021, the realized prices of silver and gold were within approximately 2% of the London spot prices. Silver and gold London spot prices averaged $23.76 and $1,795, respectively, during the three months ended December 31, 2021.

The Company slightly increased its finished goods silver and gold inventory to 1,082,610 oz and 3,674 oz, respectively, at December 31, 2021 compared to 1,067,404 oz silver and 3,239 oz gold at September 30, 2021. The Company significantly increased its finished goods silver and gold inventory compared to 116,484 oz silver and 1,459 oz gold at December 31, 2020. The cost allocated to these finished goods was $15.6 million at December 31, 2021, compared to $18.3 million at September 30, 2021 and $3.6 million at December 31, 2020. At December 31, 2021, the finished goods inventory fair market value was $31.7 million, compared to $28.2 million at September 30, 2021 and $5.8 million at December 31, 2020.

Cost of sales for Q4, 2021 was $36.2 million, a decrease of 9% over the cost of sales of $39.9 million for Q4, 2020. The decrease in cost of sales was primarily impacted by no production in Q4, 2021 from El Compas offset by higher costs at Guanaceví and Bolañitos. Overall costs for Q4, 2021 were impacted by higher labour, power and consumables costs, a strengthening of the Mexican peso partially offset by improved productivity at the Guanaceví and Bolañitos operations, compared to Q4, 2020. The current year cost of sales also includes write down of warehouse inventory of $0.9 million. During Q4, 2021 the Company's operations experienced higher costs than budgeted due to global supply constraints creating inflationary pressure, labour costs tracking higher than planned and increased purchased third-party ore at the Guanaceví operation.

Exploration and evaluation expenses were flat at $4.1 million compared to the same period of 2020. General and administrative expenses decreased to $2.8 million in Q4, 2021 compared to $3.9 million for the same period of 2020 primarily due to the mark-to-market impact of cash-settled director's deferred share units, which comparatively decreased costs by $1.8 million. This was offset by increased labour, legal and investor relations costs.

The Company incurred a foreign exchange gain of $0.1 million in Q4, 2021 compared to $1.8 million in Q4, 2020 due to a strengthening of the Mexican peso at the end of Q4, 2020 compared to Q3, 2020 which resulted in higher valuations of peso denominated tax receivables and cash balances. The Company incurred $0.3 million in finance charges primarily related to mobile equipment purchased compared to $0.3 million in the same period in 2020. The Company recognized $1.6 million in investment and other income compared to $1.3 million in Q4, 2020 with the gain during the quarter primarily resulting from an unrealized gain on marketable securities of $1.1 million, $0.2 million in interest income and $0.2 million in royalty income. In 2020, the majority of the other income derived from interest received on IVA collections.

Income tax expense was $6.0 million in Q4, 2021 compared to income tax recovery of $5.2 million in Q4, 2020. The $6.0 million tax expense is comprised of $1.0 million in current income tax expense (Q4, 2020: $1.9 million) and $5.0 million in deferred income tax expense (Q4, 2020: deferred income tax recovery of $7.1 million). The current income tax expense consists of $0.8 million of special mining duty taxes and $0.2 million of income taxes. The deferred income tax expense of $5.0 million is primarily due to the use of loss carry forwards to offset taxable income generated at the Guanaceví operations and a change in the estimated deferred income tax assets for the Bolañitos operation.

Year ended December 31, 2021 (compared to the year ended December 31, 2020)

For the year ended December 31, 2021, the Company's mine operating earnings were $36.4 million (2020: $27.3 million) on net revenue of $165.3 million (2020: $138.4 million) with cost of sales of $128.9 million (2020: $111.1 million).

The Company had operating earnings of $22.3 million (2020: operating loss $0.8 million) after exploration and evaluation costs of $17.9 million (2020: $9.8 million), general and administrative costs of $10.1 million (2020: $12.7 million), an impairment reversal of $16.8 million (2020: $0.4 million impairment expense), care and maintenance cost of $1.3 million (2020: $5.2 million), severance cost of $0.7 million in severance (2020: $Nil) and a write-off of exploration properties of $0.7 million (2020: $Nil). The impairment reversal of $16.8 million resulted from the valuation assessment done for the El Cubo mine and related assets upon classification as held for sale and the 2020 net impairment charge on non-current assets of $0.4 million related to the value in use estimates of the Guanaceví and El Compas operations. The $1.3 million in care and maintenance costs for 2021 are comprised of $0.7 million recognized for the El Cubo operation for costs to the sale of the mine and related assets in April 2021, and $0.6 million recognized for the El Compas operation, where operations were suspended in mid-August, 2021. During the comparative period of 2020, the Company recognized $3.0 million in care and maintenance costs for the suspended El Cubo operation and $2.2 million in care and maintenance costs related to the temporary suspension of the Guanaceví, Bolañitos and El Compas operations due to COVID-19.

The earnings before taxes were $29.7 million (2020: loss before taxes $1.0 million) after finance costs of $1.0 million (2020: $1.3 million), a foreign exchange loss of $1.1 million (2020: $1.5 million), a gain on disposal of the El Cubo mine and related assets of $5.8 million (2020: $Nil) and investment and interest income of $3.7 million (2020: $2.6 million). The Company realized net earnings for the period of $14.0 million (2020: $1.2 million) after an income tax expense of $15.7 million (2020: income tax recovery of $2.2 million).

Net revenue of $165.3 million in 2021, net of $2.0 million of smelting and refining costs, increased by 19% compared to $138.4 million, net of $1.8 million of smelting and refining costs, in 2020. Gross sales of $167.3 million in 2021 represented a 19% increase over the $140.2 million in 2020. Silver oz sold increased by 11% with a 17% increase in the realized silver price, resulting in a 30% increase to silver sales. Gold oz sold increased by 10% with a 3% reduction in realized gold prices resulting in a 7% increase in gold sales. During the period, the Company sold 3,856,883 oz silver and 39,113 oz gold, for realized prices of $25.22 and $1,790 per oz, respectively, compared to sales of 3,460,638 oz silver and 35,519 oz gold, for realized prices of $21.60 and $1,846 per oz, respectively, in 2020. For 2021, the realized prices of silver and gold were within 1% of London spot prices. Silver and gold London spot prices averaged $25.14 and $1,799, respectively, during 2021.

The Company significantly increased its finished goods silver and gold inventory to 1,082,610 oz and 3,674 oz, respectively at December 31, 2021 compared to 116,484 oz silver and 1,459 oz gold at December 31, 2020. The cost allocated to these finished goods was $15.6 million at December 31, 2021, compared to $3.6 million at December 31, 2020. At December 31, 2021, the finished goods inventory fair market value was $31.7 million, compared to $5.8 million at December 31, 2020.

Cost of sales for 2021 was $128.9 million, an increase of 16% over the cost of sales of $111.1 million in 2020. The increase in cost of sales was primarily related to increased production, higher labour, power, consumables and royalty costs offset by improved productivity at the Guanaceví and Bolañitos operations and the temporary suspension of the Guanaceví, Bolañitos and El Compas operations due to COVID-19 during Q2 2020, which significantly affected sales and costs of sales in the prior period. Royalties increased 69% to $13.8 million due to higher realized prices and the increased mining of the high-grade Porvenir and Porvenir Cuatro extensions on the Ocampo concessions at the Guanaceví operation which is subject to the significantly higher royalty rates.

Exploration and evaluation expenses increased in 2021 to $17.9 million from $9.8 million for 2020 primarily based on additional expenditures to advance the Terronera FS and the timing of drill programs, as drilling was also suspended during Q2 2020 due to COVID-19. General and administrative expenses decreased to $10.1 million in 2021 compared to $12.7 million for the same period of 2020, due to mark-to-market fluctuations for director’s deferred share units which comparatively decreased costs by $1.2 million, additional salary costs in 2021 as during early 2020 senior management took voluntary pay reductions and received lower bonuses, and the impact of the strengthening of the Canadian dollar which increased the U.S. dollar amount of Canadian dollar expenditures.

The Company incurred a foreign exchange loss of $1.1 million in 2021 compared to $1.5 million in 2020 due to fluctuations in the Mexican peso, the impact the valuations of peso denominated tax receivables and cash balances. The Company incurred $1.0 million in finance charges, primarily related to mobile equipment purchased in 2019 and early 2020, compared to $1.3 million in the same period in 2020 as the loan balances were decreasing in 2021 until December, when new loans were entered into to purchase mine equipment at the Terronera development project. The Company recognized $3.7 million in investment and other income and expenses compared to $2.6 million in 2020 with the majority of the other income derived from a gain on marketable securities of $2.9 million, $0.8 million in interest income and $0.5 million in royalty income offset by various other expenses. In 2021, the Company also recognized a gain on the sale of the El Cubo mine of $5.8 million.

Income tax expense was $15.7 million in 2021 compared to an income tax recovery of $2.2 million in 2020. The $15.7 million tax expense is comprised of $3.5 million in current income tax expense (2020: $3.0 million) and $12.2 million in deferred income tax expense (2020: deferred income tax recovery of $5.2 million). The current income tax expense consists of $2.7 million of special mining duty taxes and $0.8 million of income taxes. The deferred income tax expense of $12.2 million is due to the use of loss carry forwards to offset taxable income generated at Guanaceví and a change in the estimated deferred income tax assets for the Bolañitos operation. The deferred income tax recovery of $5.2 million in 2020 was primarily due to recognition of loss carry forwards as the future profitability of the Guanaceví operation had significantly increased with the increase in reserve estimates.

The recoverable amounts of the Company's cash-generating units ("CGUs"), which include mining properties, plant and equipment, are determined at the end of each reporting period, if impairment indicators are identified. In previous years, commodity price declines led the Company to determine there were impairment indicators and assessed the recoverable amounts of its CGUs. The recoverable amounts were based on each CGUs future cash flows expected to be derived from the Company's mining properties and represent each CGU's value in use. The cash flows were determined based on the life-of-mine after-tax cash flow forecast which incorporates management's best estimates of future metal prices, production based on current estimates of recoverable reserves and resources, exploration potential, future operating costs and non-expansionary capital expenditures discounted at risk adjusted rates based on the CGUs weighted average cost of capital.

During Q1, 2021, the El Cubo mine project, consisting of the land rights, plant, buildings and the related reclamation liability, were classified as held for sale and immediately prior to the classification to assets and liabilities held for sale, the carrying amounts of the land rights, plant and building were re-measured and the historical gross impairments of $216.9 million net of depletion and depreciation of $200.1 million were reversed resulting in a $16.8 million impairment reversal. During Q2, 2021 the sale of the El Cubo assets was completed with a gain on disposal of $5.8 million. The reclamation provision for the El Cubo mine of $4.6 million transferred to GSilver upon acquisition of the related mining concessions.

At December 31, 2020, the Company recognized a $2.6 million reversal of a previous impairment of the Guanaceví mine. The significant increase in the resource estimate and increase in precious metal prices were considered to be indicators of an impairment reversal. The updated Guanaceví mine plan with updated assumptions and estimates resulted in significantly higher cash flows compared with the Company's previous estimates and accordingly reversed the 2013 Guanaceví CGU impairment, limited to the carrying amount had no impairment been recognized in prior periods, net of depletion and amortization which would have been recognized in prior periods.

At December 31, 2020, the significant decrease in the El Compas resource estimate was considered to be an indicator of an impairment and the Company recognized an impairment of the El Compas mine. The Company recorded an impairment charge related to the El Compas CGU of $3.0 million.

The recoverable amounts of the Guanaceví and El Compas mines were determined based on its value in use, estimated utilizing a discounted cash flow model. The projected cash flows used are significantly affected by changes in assumptions to metal prices, changes in the amount of recoverable reserves and resources, production cost estimates, future capital expenditures and discount rates. The discounted cash flow models are a Level 3 measurement in the fair value hierarchy.

SELECTED ANNUAL INFORMATION

Expressed in thousands US dollars except per share amounts	Year ended December 31		
	2021	2020	2019
Net revenue	$165,320	$138,461	$117,421
Net earnings (loss)	$13,955	$1,159	($48,066)
Basic earnings (loss) per share	$0.08	$0.01	($0.36)
Diluted earnings (loss) per share	$0.08	$0.01	($0.36)
Dividends per share	-	-	-
Total assets	$294,024	$210,592	$163,713
Total long-term liabilities	$17,013	$16,968	$16,076

NON-IFRS MEASURES

Non-IFRS and Other Financial Measures and Ratios

We have included certain non-IFRS financial measures and rations in this MD&A, as discussed below. We believe that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures and ratios are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These financial measures and ratios do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Non-IFRS financial measures are defined in National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure ("NI 52-122") as a financial measure disclosed that (a) depicts the historical or expected future financial performance, financial position or cash flow of an entity, (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity, (c) is not disclosed in the financial statements of the entity, and (d) is not a ration, fraction, percentage or similar representation.

A non-IFRS ration is defined by 52-112 as a financial measure disclosed that (a) is in the form of a ration, fraction, percentage or similar representation, (b) has a non-IFRS financial measure as one or more of its components, and (c) is not disclosed in the financial statements.

Working capital is a non-IFRS measure that is a common measure of liquidity but does no have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is current assets and current liabilities. Working capital is calculated by deducting current liabilities from current assets. Working capital should not be considered in isolation or as a substitute from measures prepared in accordance with IFRS. The measure is intended to assist readers in evaluating our liquidity.

Expressed in thousands US dollars	As at December 31, 2021	As at December 31, 2020
Current assets	$161,762	$104,970
Current liabilities	40,554	34,553
Working capital	$121,208	$70,417

Adjusted earnings and adjusted earnings per share ("EPS") are non-IFRS measures that do not have standardized meanings prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other issuers.

The Company incurred a reversal of impairments on non-current assets and a gain on disposal of the El Cubo mine and equipment that had a significant effect on reported earnings in 2021. Adjusted earnings and adjusted EPS are measures used by management to assess the performance of the operations prior to the impact of the impairment and significant non-routine items to appropriately compare to past performance and are provided to investors as a measure of the Company's operating performance.

Expressed in thousands US dollars	Three Months Ended December 31		Years Ended December 31	
(except for share numbers and per share amounts)	2021	2020	2021	2020
Net income (loss) for the period per financial statements	($471)	$19,923	$13,955	$1,159
Impairment (reversal) of non-current assets, net of tax	-	$424	(16,791)	$424
Gain on disposal of El Cubo mine and equipment, net of tax	-	-	(5,807)	-
Adjusted net earnings (loss)	($471)	$20,347	($8,643)	$1,583
Basic weighted average share outstanding	170,518,894	157,536,658	167,289,732	150,901,598
Adjusted net earnings (loss) per share	($0.00)	$0.13	($0.05)	$0.01

Mine operating cash flow before taxes is a non-IFRS measure that does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Mine operating cash flow is calculated as revenue minus direct production costs and royalties. Mine operating cash flow is used by management to assess the performance of the mine operations, excluding corporate and exploration activities and is provided to investors as a measure of the Company's operating performance.

Expressed in thousands US dollars	Three Months Ended December 31		Years Ended December 31	
	2021	2020	2021	2020
Mine operating earnings (loss) per financial statements	$12,222	$20,814	$36,368	$27,335
Share-based compensation	87	60	421	330
Amortization and depletion	5,014	8,919	23,977	28,136
Write down of inventory to net realizable value	896	405	1,168	405
Mine operating cash flow before taxes	$18,219	$30,198	$61,934	$56,206

Operating cash flow before working capital changes per share is a non-IFRS measure that does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Operating cash flow per share is calculated by dividing cash from operating activities by the weighted average shares outstanding. Operating cash flow per share is used by management to assess operating performance on a per share basis, irrespective of working capital changes and is provided to investors as a measure of the Company's operating performance.

Expressed in thousands US dollars	Three Months Ended December 31		Years Ended December 31	
(except for per share amounts)	2021	2020	2021	2020
Cash from (used in) operating activities per financial statements	$18,071	$26,650	$23,462	$38,964
Net changes in non-cash working capital per financial statements	7,392	5,028	(8,776)	10,138
Operating cash flow before working capital adjustments	$10,679	$21,622	$32,238	$28,826
Basic weighted average shares outstanding	170,518,894	157,536,658	167,289,732	150,901,598
Operating cash flow before working capital changes per share	$0.06	$0.14	$0.19	$0.19

EBITDA is a non-IFRS financial measure, which excludes the following from net earnings:

- Income tax expense;
- Finance costs;
- Amortization and depletion.

Adjusted EBITDA excludes the following additional items from EBITDA:

- Share based compensation;
- Non-recurring impairments (reversals);
- Significant non-routine items.

Adjusted EBITDA per share is calculated by dividing Adjusted EBITDA by the basic weighted average number of shares outstanding for the period.

Management believes EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures. Management uses EBITDA for this purpose. EBITDA is also frequently used by investors and analysts for valuation purposes whereby EBITDA is multiplied by a factor or "EBITDA multiple" based on an observed or inferred relationship between EBITDA and market values to determine the approximate total enterprise value of a Company.

EBITDA is intended to provide additional information to investors and analysts. It does not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of operating performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined by IFRS. Other companies may calculate EBITDA and Adjusted EBITDA differently.

Expressed in thousands US dollars	Three Months Ended December 31		Years Ended December 31	
	2021	2020	2021	2020
Net income (loss) for the period per financial statements	($471)	$19,923	$13,955	$1,159
Depreciation and depletion – cost of sales	5,014	8,919	23,977	28,136
Depreciation and depletion – exploration	92	28	330	311
Depreciation and depletion – general & administration	63	49	165	202
Depreciation and depletion – care & maintenance	30	(31)	55	214
Depreciation and depletion – inventory write down	-	231	6	231
Finance costs	22	332	724	1,357
Current income tax expense	1,005	1,937	3,481	2,993
Deferred income tax expense (recovery)	4,992	(7,112)	12,252	(5,206)
EBITDA	$10,747	$24,276	$54,945	$29,397
Share based compensation	718	617	3,636	3,003
Impairment (reversal) of non-current assets, net of tax	-	424	(16,791)	424
Gain on disposal of El Cubo mine and equipment, net of tax	-	-	(5,807)	-
Adjusted EBITDA	$11,465	$25,317	$35,983	$32,824
Adjusted EBITDA per share	$0.07	$0.16	$0.22	$0.22

Cash costs per silver oz, total production costs per oz, direct operating costs per tonne and direct costs per tonne are measures developed by precious metals companies in an effort to provide a comparable standard; however, there can be no assurance that the Company's reporting of these non-IFRS measures and ratios are similar to those reported by other mining companies. Cash costs per oz, total production costs per oz and direct costs per tonne are measures used by the Company to manage and evaluate operating performance at each of the Company's operating mining units. They are widely reported in the silver mining industry as a benchmark for performance, but do not have a standardized meaning and are disclosed in addition to IFRS measures. Direct operating costs include mining, processing (including smelting, refining, transportation and selling costs) and direct overhead at the operation sites. Direct costs include all direct operating costs plus royalties and special mining duty. Cash costs include all direct costs less by-product gold sales and changes in finished gold inventories. Total production costs include all cash costs plus amortization and depletion, changes in amortization and depletion in finished goods inventory and site share-based compensation. Cash costs per silver ounce and total production costs per ounce are calculated by dividing cash costs and total production costs by the payable silver ounces produced. Direct operating cost per tonne and direct costs per tonne are calculated by dividing direct operating costs and direct costs by the number of processed tonnes. The following tables provide a detailed reconciliation of these measures to the Company's direct production costs, as reported in its consolidated financial statements.

Expressed in thousands US dollars	Three Months Ended December 31, 2021				Three Months Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Direct production costs per financial statements	$18,689	$7,329	($5)	$26,013	$15,635	$7,420	$3,060	$26,115
Smelting and refining costs included in net revenue	-	362	(4)	358	-	380	111	491
Opening finished goods	(12,910)	(2,306)	-	(15,216)	(3,318)	(335)	(585)	(4,238)
Finished goods NRV adjustment	-	-	-	-	-	-	174	174
Closing finished goods	10,093	2,857	-	12,950	1,509	250	642	2,401
Direct operating costs	15,872	8,242	(9)	24,105	13,826	7,715	3,402	24,943
Royalties	4,199	79	4	4,282	4,210	69	155	4,434
Special mining duty (1)	932	(152)	-	780	1,050	354	-	1,404
Direct costs	21,003	8,169	(5)	29,167	19,086	8,138	3,557	30,781
By-product gold sales	(7,293)	(8,380)	(112)	(15,785)	(8,998)	(12,327)	(4,784)	(26,109)
Opening gold inventory fair market value	2,127	3,560	-	5,687	3,712	723	1,229	5,664
Closing gold inventory fair market value	(1,900)	(4,784)	-	(6,684)	(735)	(746)	(1,283)	(2,764)
Cash costs net of by-product	13,937	(1,435)	(117)	12,385	13,065	(4,212)	(1,281)	7,572
Amortization and depletion	2,181	2,827	177	5,185	2,850	2,779	3,290	8,919
Share-based compensation	43	44	-	87	16	22	22	60
Opening finished goods depreciation and depletion	(1,920)	(1,171)	-	(3,091)	(855)	(158)	(776)	(1,789)
NRV depreciation cost adjustment	-	-	-	-	-	-	231	231
Closing finished goods depreciation and depletion	1,965	635	-	2,600	271	104	804	1,179
Total production costs	$16,206	$900	$60	$17,166	$15,347	($1,465)	$2,290	$16,172

	Three Months Ended December 31, 2021				Three Months Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Throughput tonnes	108,334	105,158	-	213,492	106,425	107,332	23,632	237,389
Payable silver ounces	1,298,036	134,178	364	1,432,578	988,722	94,526	25,600	1,108,848
Cash costs per silver ounce	$10.74	($10.69)	N/A	$8.65	$13.21	($44.56)	($50.04)	$6.83
Total production costs per ounce	$12.49	$6.71	N/A	$11.98	$15.52	($15.50)	$89.45	$14.58
Direct operating costs per tonne	$146.51	$78.38	N/A	$112.91	$129.91	$71.88	$143.96	$105.07
Direct costs per tonne	$193.87	$77.68	N/A	$136.62	$179.34	$75.82	$150.52	$129.66

(1) Production at El Compas was suspended in August 2021.

Expressed in thousands US dollars	Year Ended December 31, 2021				Year Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Direct production costs per financial statements	$51,761	$28,896	$8,946	$89,603	$40,693	$21,796	$11,612	$74,101
Smelting and refining costs included in net revenue	-	1,715	244	1,959	-	1,393	433	1,826
Opening finished goods	(1,509)	(250)	(642)	(2,401)	(1,509)	(219)	(169)	(1,897)
Finished goods NRV adjustment	-	-	266	266	-	-	174	174
Closing finished goods	10,093	2,857	-	12,950	1,509	250	642	2,401
Direct operating costs	60,345	33,218	8,814	102,377	40,693	23,220	12,692	76,605
Royalties	13,165	265	350	13,780	7,407	197	550	8,154
Special mining duty (1)	2,674	53	-	2,727	1,635	354	-	1,989
Direct costs	76,184	33,536	9,164	118,884	49,735	23,771	13,242	86,748
By-product gold sales	(22,639)	(38,645)	(8,738)	(70,022)	(17,458)	(33,970)	(14,126)	(65,554)
Opening gold inventory fair market value	735	746	1,283	2,764	437	244	213	894
Closing gold inventory fair market value	(1,900)	(4,784)	-	(6,684)	(735)	(746)	(1,283)	(2,764)
Cash costs net of by-product	52,380	(9,147)	1,709	44,942	31,979	(10,701)	(1,954)	19,324
Amortization and depletion	7,944	13,491	2,713	24,148	8,785	8,947	10,404	28,136
Share-based compensation	180	180	61	421	114	108	108	330
Opening finished goods depreciation and depletion	(271)	(104)	(804)	(1,179)	(252)	(43)	(121)	(416)
NRV depreciation and depletion cost adjustment	-	-	6	-	-	-	231	231
Closing finished goods depreciation and depletion	1,965	635	-	2,600	271	104	804	1,179
Total production costs	$62,198	$5,055	$3,685	$70,932	$40,897	($1,585)	$9,472	$48,784

	Year Ended December 31, 2021				Year Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Throughput tonnes	414,355	418,514	54,555	887,424	346,679	331,174	79,307	757,160
Payable silver ounces	4,320,567	462,700	43,414	4,826,681	3,061,982	333,293	86,819	3,482,094
Cash costs per silver ounce	$12.12	($19.77)	$39.37	$9.31	$10.44	($32.11)	($22.51)	$5.55
Total production costs per ounce	$14.40	$10.93	$84.88	$14.70	$13.36	($4.76)	$109.10	$14.01
Direct operating costs per tonne	$145.64	$79.37	$161.56	$115.36	$117.38	$70.11	$160.04	$101.17
Direct costs per tonne	$183.86	$80.13	$167.98	$133.97	$143.46	$71.78	$166.97	$114.57

(1) Special mining duty is an EBITDA royalty tax presented as a current income tax in accordance with IFRS.

Expressed in thousands US dollars	Year Ended December 31, 2021				Year Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Closing finished goods	10,093	2,857	-	12,950	1,509	250	642	2,401
Closing finished goods depletion	1,965	635	-	2,600	271	104	804	1,179
Finished goods inventory	$12,058	$3,492	$0	$15,550	$1,780	$354	$1,446	$3,580

AISC per oz and all-in costs per oz are measures developed by the World Gold Council (and used as a standard of the Silver Institute) in an effort to provide a comparable standard within the precious metal industry; however, there can be no assurance that the Company's reporting of these non-IFRS measures are similar to those reported by other mining companies. These measures are used by the Company to manage and evaluate operating performance at each of the Company's operating mining units and consolidated group, and are widely reported in the silver mining industry as a benchmark for performance, but do not have a standardized meaning and are disclosed in addition to IFRS measures. The following tables provide a detailed reconciliation of these measures to the Company's cost of sales, as reported in the Company's consolidated financial statements.

Expressed in thousands US dollars	Three Months Ended December 31, 2021				Three Months Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Cash costs net of by-product	$13,937	($1,435)	($117)	$12,385	$13,065	($4,212)	($1,281)	$7,572
Operations stock based compensation	43	44	-	87	16	22	22	60
Corporate general and administrative	1,538	578	22	2,138	1,972	1,009	375	3,356
Corporate stock based compensation	439	141	(11)	569	274	149	50	473
Reclamation - amortization/accretion	62	50	2	114	10	8	2	20
Mine site expensed exploration	251	448	-	699	246	199	284	729
Intangible payments	72	26	-	98	30	30	31	91
Equipment loan payments	246	489	-	735	315	650	-	965
Capital expenditures sustaining	7,742	3,344	-	11,086	3,519	3,750	-	7,269
All In Sustaining Costs	$24,330	$3,685	($104)	$27,911	$19,447	$1,605	($517)	$20,535
Growth exploration and evaluation				3,254				3,198
Growth capital expenditures				4,135				(678)
All In Costs				$35,300				$23,055

	Three Months Ended December 31, 2021				Three Months Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Throughput tonnes	108,334	105,158	-	213,492	106,425	107,332	23,632	237,389
Payable silver ounces	1,298,036	134,178	364	1,432,578	988,722	94,526	25,600	1,108,848
Silver equivalent production (ounces)	1,612,741	581,418	5,085	2,199,244	1,247,537	639,737	236,895	2,124,169
Sustaining cost per ounce	$18.74	$27.46	($285.98)	$19.48	$19.67	$16.98	($20.19)	$18.52
All In costs per ounce				$24.64				$20.79

Expressed in thousands US dollars	Year Ended December 31, 2021				Year Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Cash costs net of by-product	$52,380	($9,147)	$1,709	$44,942	$31,979	($10,701)	($1,954)	$19,324
Operations stock based compensation	180	180	61	421	114	108	108	330
Corporate general and administrative	4,564	2,082	329	6,975	5,961	2,891	1,172	10,024
Corporate stock based compensation	1,912	873	138	2,923	1,480	718	291	2,489
Reclamation - amortization/accretion	100	83	9	192	39	30	9	78
Mine site expensed exploration	1,611	1,216	198	3,025	839	707	1,115	2,661
Intangible payments	250	114	18	382	117	117	117	351
Equipment loan payments	1,099	2,082	-	3,181	839	2,039	-	2,878
Capital expenditures sustaining	21,964	14,150	-	36,114	11,103	11,933	95	23,131
All In Sustaining Costs	$84,060	$11,633	$2,462	$98,155	$52,471	$7,842	$953	$61,266
Growth exploration and evaluation				14,277				6,600
Growth capital expenditures				7,872				2,408
All In Costs				$120,304				$70,274

	Year Ended December 31, 2021				Year Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Throughput tonnes	414,355	418,514	54,555	887,424	346,679	331,174	79,307	757,160
Payable silver ounces	4,320,567	462,700	43,414	4,826,681	3,061,982	333,293	86,819	3,482,094
Silver equivalent production (ounces)	5,398,927	2,463,572	389,248	8,251,747	3,856,195	1,870,358	758,334	6,484,887
Sustaining cost per ounce	$19.46	$25.14	$56.71	$20.34	$17.14	$23.53	$10.98	$17.59
All In costs per ounce				$24.92				$20.18

Expressed in thousands US dollars	Three Months Ended December 31		Years Ended December 31	
	2021	2020	2021	2020
Capital expenditures sustaining	$11,086	$7,269	$36,114	$23,131
Growth capital expenditures	4,135	(678)	7,872	2,408
Acquisition capital expenditures	10,106	-	10,106	-
Property, plant and equipment expenditures	$25,327	$6,591	$54,092	$25,539

Expressed in thousands US dollars	Three Months Ended December 31		Years Ended December 31	
	2021	2020	2021	2020
Mine site expensed exploration	$699	$729	$3,025	$2,661
Growth exploration and evaluation	3,254	3,198	14,277	6,600
Total exploration and evaluation	3,953	3,927	17,302	9,261
Exploration depreciation and depletion	92	28	330	311
Exploration share-based compensation	64	84	293	184
Exploration and evaluation expense	$4,109	$4,039	$17,925	$9,756

Silver co-product cash costs and gold co-product cash costs are measures used by the Company to manage and evaluate operating performance at each of the Company's operating mining units and consolidated group, but do not have a standardized meaning and are disclosed in addition to IFRS measures. The following tables provide a detailed reconciliation of these measures to the Company's cost of sales, as reported in its consolidated financial statements.

Expressed in thousands US dollars	Three Months Ended December 31, 2021				Three Months Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Direct production costs per financial statements	$18,689	$7,329	($5)	$26,013	$15,635	$7,420	$3,060	$26,115
Smelting and refining costs included in net revenue	-	362	(4)	358	-	380	111	491
Royalties	4,199	79	4	4,282	4,210	69	155	4,434
Special mining duty (1)	932	(152)	-	780	1,050	354	-	1,404
Opening finished goods	(12,910)	(2,306)	-	(15,216)	(3,318)	(335)	(585)	(4,238)
Finished goods NRV adjustment	-	-	-	-	-	-	174	174
Closing finished goods	10,093	2,857	-	12,950	1,509	250	642	2,401
Direct costs	21,003	8,169	(5)	29,167	19,086	8,138	3,557	30,781

	Three Months Ended December 31, 2021				Three Months Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Silver production (ounces)	1,301,941	141,258	365	1,443,564	991,697	99,417	26,175	1,117,289
Average realized silver price ($)	23.41	23.41	23.41	23.41	24.76	24.76	24.76	24.76
Silver value ($)	30,478,439	3,306,850	8,545	33,793,833	24,554,418	2,461,565	648,093	27,664,076
Gold production (ounces)	3,885	5,502	59	9,446	3,198	6,754	2,634	12,586
Average realized gold price ($)	1,811	1,811	1,811	1,811	1,885	1,885	1,885	1,885
Gold value ($)	7,035,735	9,964,122	106,849	17,106,706	6,028,230	12,731,290	4,965,090	23,724,610
Total metal value ($)	37,514,174	13,270,972	115,394	50,900,539	30,582,648	15,192,855	5,613,183	51,388,686
Pro-rated silver costs (%)	81%	25%	7%	66%	80%	16%	12%	54%
Pro-rated gold costs (%)	19%	75%	93%	34%	20%	84%	88%	46%
Pro-rated silver costs ($)	17,064	2,036	(0)	19,365	15,324	1,319	411	16,570
Pro-rated gold costs ($)	3,939	6,133	(5)	9,802	3,762	6,819	3,146	14,211
Silver co-product cash costs	$13.11	$14.41	($1.01)	$13.41	$15.45	$13.26	$15.69	$14.83
Gold co-product cash costs	$1,014	$1,115	($78)	$1,038	$1,176	$1,010	$1,194	$1,129

Expressed in thousands US dollars	Year Ended December 31, 2021				Year Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Direct production costs per financial statements	$51,761	$28,896	$8,946	$89,603	$40,693	$21,796	$11,612	$74,101
Smelting and refining costs included in net revenue	-	$1,715	$244	$1,959	-	1,393	433	1,826
Royalties	13,165	265	350	13,780	7,407	197	550	8,154
Special mining duty (1)	2,674	53	-	2,727	1,635	354	-	1,989
Opening finished goods	(1,509)	(250)	(642)	(2,401)	(1,509)	(219)	(169)	(1,897)
Finished goods NRV adjustment	-	-	266	266	-	-	174	174
Closing finished goods	10,093	2,857	-	12,950	1,509	250	642	2,401
Direct costs	76,184	33,536	9,164	118,884	49,735	23,771	13,242	86,748

	Year Ended December 31, 2021				Year Ended December 31, 2020			
	Guanaceví	Bolañitos	El Compas	Total	Guanaceví	Bolañitos	El Compas	Total
Silver production (ounces)	4,333,567	491,412	45,808	4,870,787	3,071,075	353,318	89,374	3,513,767
Average realized silver price ($)	25.22	25.22	25.22	25.22	21.60	21.60	21.60	21.60
Silver value ($)	109,292,560	12,393,411	1,155,278	122,841,248	66,335,220	7,631,669	1,930,478	75,897,367
Gold production (ounces)	13,317	24,652	4,293	42,262	9,814	18,963	8,362	37,139
Average realized gold price ($)	1,790	1,790	1,790	1,790	1,846	1,846	1,846	1,846
Gold value ($)	23,837,430	44,127,080	7,684,470	75,648,980	18,116,644	35,005,698	15,436,252	68,558,594
Total metal value ($)	133,129,990	56,520,491	8,839,748	198,490,228	84,451,864	42,637,367	17,366,730	144,455,961
Pro-rated silver costs (%)	82%	22%	13%	62%	79%	18%	11%	53%
Pro-rated gold costs (%)	18%	78%	87%	38%	21%	82%	89%	47%
Pro-rated silver costs ($)	62,543	7,354	1,198	73,575	39,066	4,255	1,472	45,578
Pro-rated gold costs ($)	13,641	26,182	7,966	45,309	10,669	19,516	11,770	41,170
Silver co-product cash costs	$14.43	$14.96	$26.15	$15.11	$12.72	$12.04	$16.47	$12.97
Gold co-product cash costs	$1,024	$1,062	$1,856	$1,072	$1,087	$1,029	$1,408	$1,109

(1) Special mining duty is an EBITDA royalty tax presented as a current income tax in accordance with IFRS.

QUARTERLY RESULTS AND TRENDS

The following table presents selected financial information for each of the most recent eight quarters:

Table in thousands of U.S. dollars except for share numbers and per share amounts	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Gross Sales	$48,875	$34,954	$48,357	$35,093	$61,238	$36,148	$20,529	$22,372
Smelting and refining costs included in net revenue	358	392	582	627	491	562	328	445
Total Revenue	48,517	34,562	47,775	34,466	60,747	35,586	20,201	21,927
Direct production costs	26,013	18,639	26,223	18,728	26,115	18,682	11,962	17,342
Royalties	4,285	2,698	4,340	2,460	4,434	2,029	834	857
Mine operating cash flow before taxes	18,219	13,225	17,212	13,278	30,198	14,875	7,405	3,728
Share-based compensation	87	105	111	118	60	87	92	91
Amortization and depletion	5,014	4,843	6,624	7,496	8,919	8,497	4,197	6,523
Write down on inventory	896	-	272	-	405	-	-	-
Mine operating earnings (loss)	$12,222	$8,277	$10,205	$5,664	$20,814	$6,291	$3,116	($2,886)
Basic earnings (loss) per share	$0.00	($0.03)	$0.04	$0.08	$0.13	$0.00	($0.02)	($0.11)
Diluted earnings (loss) per share	$0.00	($0.03)	$0.04	$0.07	$0.13	$0.00	($0.02)	($0.11)
Weighted shares outstanding	170,518,894	170,432,326	168,383,755	159,670,842	157,536,658	156,265,280	147,862,393	141,810,208
Net earnings (loss)	($471)	($4,479)	$6,656	$12,249	$19,923	$451	($3,289)	($15,926)
Amortization and depletion	5,194	4,986	6,723	7,624	8,965	8,296	4,213	6,268
Finance costs	22	195	216	291	332	359	356	310
Current income tax	1,005	659	1,146	671	1,937	595	195	266
Deferred income tax	4,992	3,017	1,116	3,127	(7,112)	556	(514)	1,864
NRV cost adjustment	-		6	-	231	375	246	500
EBITDA	$10,742	$4,378	$15,863	$23,962	$24,276	$10,632	$1,207	($6,718)

*For Q4, 2020 write downs on inventory at period end have been shown as a separate line item in the above reconciliation. For prior periods, it has been included as components of direct costs and amortization and depletion.

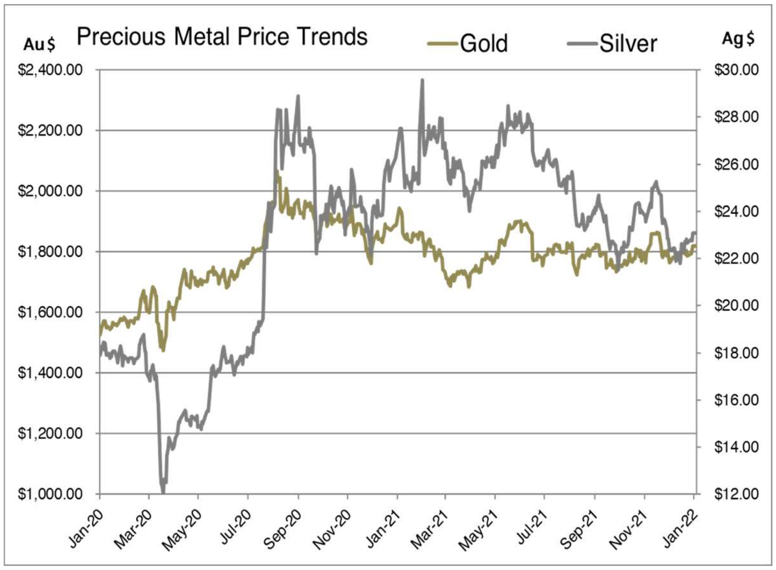
The following table presents selected production information for each of the most recent eight quarters:

Highlights	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Processed tonnes	213,492	222,461	242,018	209,453	237,389	206,324	114,120	199,327
Guanaceví	108,334	105,496	111,893	88,632	106,425	83,816	62,231	94,207
Bolañitos	105,158	107,752	107,912	97,692	107,332	98,945	41,680	83,217
El Compas	-	9,213	22,213	23,129	23,632	23,563	10,209	21,903
Silver ounces	1,443,564	1,305,399	1,073,724	1,048,100	1,117,289	942,274	596,545	857,659
Guanaceví	1,301,941	1,174,168	939,241	918,217	991,697	806,917	527,347	745,114
Bolañitos	141,258	123,883	120,044	106,227	99,417	112,094	55,682	86,125
El Compas	365	7,348	14,439	23,656	26,175	23,263	13,516	26,420
Silver grade	235	204	163	179	169	162	188	155
Guanaceví	417	387	308	369	331	336	304	280
Bolañitos	48	41	39	38	34	42	47	40
El Compas	-	24	30	47	50	48	60	58
Silver recovery	89.4	89.3	84.9	86.9	86.8	87.6	86.3	86.1
Guanaceví	89.6	89.5	84.8	87.3	87.6	89.1	86.7	87.9
Bolañitos	87.0	87.2	88.7	89.0	84.7	83.9	88.4	80.5
El Compas	-	103.4	67.4	67.7	68.9	64.0	68.6	64.7
Gold ounces	9,446	10,541	11,166	11,109	12,586	10,260	5,817	8,476
Guanaceví	3,885	3,605	3,084	2,743	3,198	2,342	1,847	2,427
Bolañitos	5,502	6,215	6,753	6,182	6,754	5,779	2,508	3,922
El Compas	59	721	1,329	2,184	2,634	2,139	1,462	2,127
Gold grade	1.52	1.57	1.63	1.90	1.90	1.82	1.84	1.57
Guanaceví	1.21	1.13	0.98	1.05	1.01	0.95	1.05	0.87
Bolañitos	1.83	1.98	2.14	2.15	2.22	2.04	2.10	1.71
El Compas	-	1.81	2.45	4.12	4.41	3.98	5.55	4.02
Gold recovery	90.8	93.9	87.9	86.7	87.0	85.0	86.3	84.4
Guanaceví	92.2	94.1	87.5	91.7	92.5	91.5	87.9	92.1
Bolañitos	88.9	90.6	91.0	91.5	88.2	89.1	89.1	85.7
El Compas	-	134.5	76.0	71.3	78.6	70.9	80.3	75.1
Cash costs per oz (1)	$8.65	$8.16	$13.03	$7.86	$6.83	$3.69	$2.78	$7.85
Guanaceví	$10.74	$10.40	$17.06	$11.25	$13.21	$9.64	$8.48	$9.01
Bolañitos	($10.69)	($16.82)	($30.39)	($23.49)	($44.56)	($40.89)	($30.20)	($7.32)
El Compas	-	$49.17	$96.21	$7.77	($50.04)	$0.44	($96.83)	$22.10
AISC per oz (1)	$19.48	$17.46	$25.39	$19.94	$18.52	$17.48	$14.91	$18.38
Guanaceví	$18.74	$16.12	$24.68	$19.07	$19.67	$17.76	$15.00	$14.61
Bolañitos	$27.46	$28.88	$19.56	$24.31	$16.98	$10.51	$29.79	$44.17
El Compas	N/A	$48.16	$123.73	$36.19	($20.19)	$40.39	($48.25)	$45.98
Direct costs per tonne (1)	$136.62	$130.38	$141.61	$126.23	$129.66	$112.37	$109.74	$101.63
Guanaceví	$193.87	$176.50	$193.09	$168.74	$179.34	$146.26	$126.13	$111.89
Bolañitos	$77.68	$81.53	$81.69	$79.50	$75.82	$67.82	$77.02	$68.65
El Compas	N/A	$173.67	$173.37	$160.71	$150.52	$178.92	$143.50	$182.81

(1) Cash cost per oz, AISC per oz and direct costs per tonne are not-IFRS measures.
(2) El Compas operations were suspended in August 2021.

Key Economic Trends

Precious Metal Price Trends



The prices of silver and gold are the largest single factor in determining profitability and cash flow from operations. The financial performance of the Company has been, and is expected to continue to be, closely linked to the prices of silver and gold.

During the year ended December 31, 2021, the average price of silver was $25.14 per oz, with silver trading between $21.53 and $29.59 per oz based on the London Fix silver price. This compares to an average of $20.53 per oz for the year ended December 31, 2020, with a low of $12.01 and a high of $28.89 per oz. For the year ended December 31, 2021, the Company realized an average price of $25.22 per silver oz compared with $21.60 for the year ended December 31, 2020.

During the year ended December 31, 2021, the average price of gold was $1,799 per oz, with gold trading between $1,684 and $1,943 per oz based on the London Fix PM gold price. This compares to an average of $1,771 per oz during the year ended December 31, 2020, with a low of $1,474 and a high of $2,067 per oz. During the year ended December 31, 2021, the Company realized an average price of $1,790 per oz compared with $1,846 for the year ended December 31, 2020.

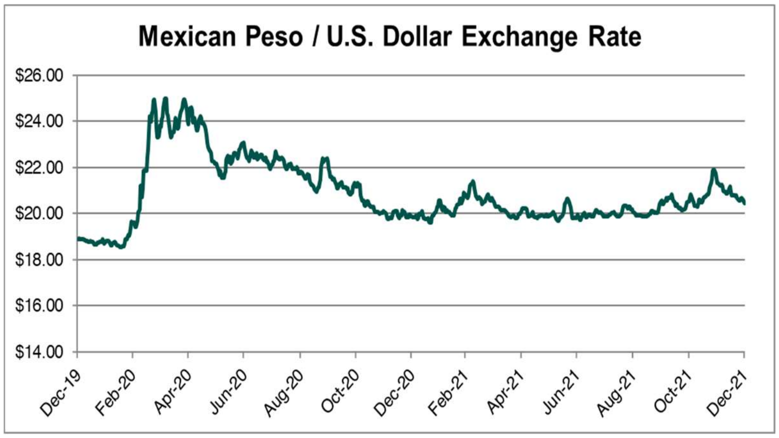
The impact of measures to combat the spread of COVID-19 on global economy resulted in significant volatility in the financial markets, including the gold and silver market in March 2020. During March 2020, silver prices capitulated on expectations of a global recession with the expectation of reduced industrial demand, then subsequently significantly rebounded as investment demand increased due to the monetary aspects of silver and rising demand as a “green” metal. Government signals of higher interest rates to offset inflation concerns impacted the price of silver in the second half of 2021.

Currency Fluctuations

The Company’s operations are located in Mexico and therefore a significant portion of operating costs and capital expenditures are denominated in Mexican pesos. The Company’s corporate activities are based in Vancouver, Canada with the significant portion of these expenditures being denominated in Canadian dollars. Generally, as the U.S. dollar strengthens, these currencies weaken, and as the U.S. dollar weakens, these currencies strengthen.

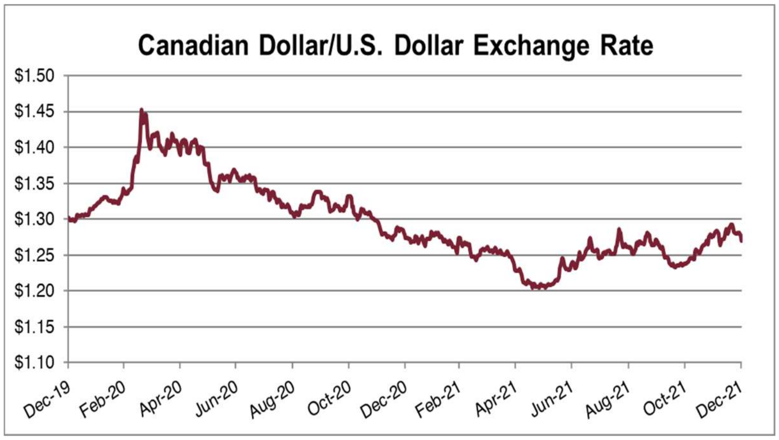
During the year ended December 31, 2021, the Mexican peso was relatively flat. The average foreign exchange rate was $20.27 Mexican pesos per U.S. dollar, with the peso trading within a range of $19.61 to $21.90. This compares to an average of $21.48, with a range of $18.53 to $25.00 Mexican pesos per U.S. dollar in 2020.

During the year ended December 31, 2020, the Mexican peso was relatively flat until a significant decrease in oil prices followed by the COVID-19 crisis in March 2020 when the Mexican peso significantly depreciated against the U.S. dollar as funds flowed to safe haven markets and assets. Subsequently, the Mexican peso gradually appreciated against the U.S. dollar back to levels slightly lower than pre-crisis levels as investment risk was re-established.

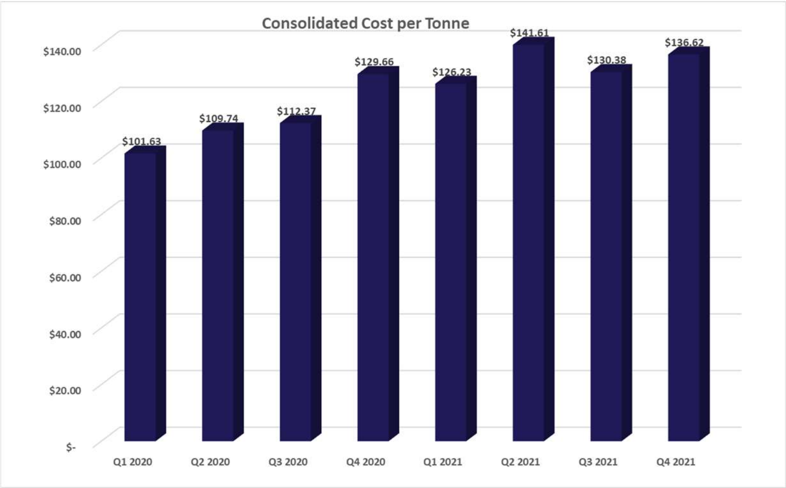


During the year ended December 31, 2020, the Canadian dollar was relatively flat although it initially appreciated compared to the U.S. dollar with the strengthening of oil prices and then weakened again towards the end of the year. During 2021, the average foreign exchange rate was $1.253 Canadian dollars per U.S. dollar, with the Canadian dollar trading within a range of $1.204 to $1.292. This compares to an average of $1.3409, with a range of $1.272 to $1.453 Canadian dollars per U.S. dollar during 2020.

During the year ended December 31, 2020, the Canadian dollar was flat until a significant decrease in oil prices and then the COVID-19 crisis in March 2020 when the Canadian dollar significantly depreciated against the U.S. dollar as funds invested in safe haven markets and assets. Subsequently, the Canadian dollar gradually appreciated against the U.S. dollar back to levels slightly lower than pre-crisis levels as investment risk was re-established.



Cost Trends



The Company's profitability is subject to industry wide cost pressures on development and operating costs with respect to labour, energy, consumables and capital expenditures. Underground mining is labour intensive and approximately 33% of the Company's production costs are directly tied to labour. In order to mitigate the impact of higher labour and consumable costs, the Company focuses on continuous improvement by promoting more efficient use of materials and supplies and by pursuing more advantageous pricing while increasing performance and without compromising operational integrity. During 2021, mining, processing and indirect costs all increased over 2020 and royalties paid for ore mined from the Porvenir Cuatro extension increased substantially due to increased production and strong metals prices, and improved profitability resulted in special mining duties paid to the government.

ANNUAL OUTLOOK

The Company has implemented plans to minimize the risks of the COVID-19 virus, both to employees and to the business. The Mexican government declared mining as an essential business, however in Mexico positive COVID-19 cases continue at a significant rate. A local outbreak, an impediment to supply or market logistics or change in government health orders remains a significant risk. The mines continue to operate under strict safety protocols with the expectations of operating near throughput capacity. At each site, the Company is following government health protocols and is closely monitoring the pandemic with local health authorities. The Company has posted health advisories to educate employees about the COVID-19 symptoms, best practices to avoid contracting and spreading the virus, and procedures to follow if symptoms are experienced.

As the COVID-19 global pandemic is dynamic, the ultimate duration and severity of the pandemic remains uncertain. The pandemic can have a material impact on the Company's future production and cost estimates.

Production

In 2022, silver production is expected to range from 4.2 to 4.8 million oz and gold production is anticipated be in the 31,000 to 35,000 oz range. Silver equivalent production is forecasted to total 6.7-7.6 million oz using an 80:1 silver:gold ratio.

Mine	Ag (M oz)	Au (K oz)	Ag Eq (M oz)	Tonnes/Day (tpd)
Guanaceví	3.8-4.2	10.0-12.0	4.6-5.2	1,100-1,200
Bolañitos	0.4-0.6	21.0-23.0	2.1-2.4	1,000-1,200
Total	4.2-4.8	31.0-35.0	6.7-7.6	2,100-2,400

At Guanaceví, production will range between 1,100 tpd to 1,200 tpd and average 1,165 tpd from the Milache, SCS and P4E orebodies. A significant portion of production will be mined from the Porvenir Cuatro extension on the El Curso concessions. The El Curso concessions were leased from a third party with no up-front costs but with significant royalty payments on production. Compared to 2021, ore grades are expected to decrease slightly with similar recoveries. Cash costs per ounce and direct operating costs per tonne are expected to increase in 2022, primarily due to the impact of inflation on power costs, reagent costs and salaries as well as higher estimated royalty and mining duty payments.

In 2022, production at Bolañitos is expected to range from 1,000 tpd to 1,200 tpd and average 1,080 tpd from the Plateros-La Luz, Lucero-Karina and Bolañitos-San Miguel vein systems. Ore grades and recoveries are expected to be similar to 2021. Cash costs per oz and direct costs per tonne are expected to increase primarily due to inflationary impact on power costs and salaries.

Operating Costs

In 2022, cash costs, net of gold by-product credits, are expected to be $9.00-$10.00 per oz of silver produced. Consolidated cash costs on a co-product basis are anticipated to be $13.00-$14.00 per oz silver and $1,100-$1,200 per oz gold.

AISC, net of gold by-product credits, in accordance with the World Gold Council standard, are estimated to be $20.00-$21.00 per oz of silver produced. When non-cash items such as stock-based compensation and accretion are excluded, AISC are forecasted to be in the $19.00-$20.00 range.

Direct costs per tonne are estimated to be $95-$100 with inflationary pressures expected to continue in 2022. Direct operating costs, which include royalties and special mining duties are estimated to be in the range of $120-$125 per tonne.

Management made the following assumptions in calculating its 2022 cost forecasts: $22 per oz silver price, $1,760 per oz gold price and 20:1 Mexican peso to U.S. dollar exchange rate.

Sustaining Capital Investments

In 2022, Endeavour's preliminary plan is to invest $34.3 million in sustaining capital, including $32.6 million at its two operating mines and $1.7 million to maintain the exploration concessions and cover corporate infrastructure. At current metal prices, the sustaining capital investments should be covered by operating cash flow.

At Guanaceví, $20.4 million will be invested on capital projects, the largest of which is the development of 5.7 km of mine access at the Milache, SCS and the P4E orebodies for an estimated $10.3 million. The additional $10.1 million will go to upgrade the plant, mining fleet, support site infrastructure, and expand the tailings dam.

At Bolañitos, $12.2 million will be invested on capital projects, including $8.4 million for 5.5 km of mine development to access reserves and resources in the Plateros-La Luz, Lucero-Karina, Bolañitos-San Miguel and Belen vein systems. The additional $3.8 million will go to upgrade the mining fleet, support site infrastructure, raise the tailings dam and commence a new portal to access the Belen ore body.

The capital budget presented below does not include the $70 million acquisition cost associated with the Company's pending acquisition of the Pitarrilla Project in Durango State, Mexico from SSR. The transaction is expected to be completed in the first half of 2022.

	Mine Development	Other Capital	Sustaining Capital	Growth Capital	Total Capital
Guanaceví	$10.3 million	$10.1 million	$20.4 million	-	$20.4 million
Bolañitos	$8.4 million	$3.8 million	$12.2 million	-	$12.2 million
Terronera	-	-	-	$9.5 million	$9.5 million
Corporate	-	-	$1.7 million	$2.0 million	$3.7 million
Total	$18.7 million	$13.9 million	$34.3 million	$11.5 million	$45.8 million

Pitarrilla Acquisition

On January 17, 2022, the Company entered into a definitive agreement to purchase the Pitarrilla project, a large undeveloped silver, lead, and zinc project, located in Durango State, Mexico, by acquiring all of the issued and outstanding shares of SSR Durango, S.A. de C.V. from SSR Mining Inc. for a total consideration of US$70 million (consisting of $35 million in Company's shares and a further $35 million in cash or in the Company's shares at the election of SSR Mining and as agreed to by the Company) and a 1.25% net smelter returns royalty. SSR Mining retains a 1.25% NSR Royalty in Pitarrilla. Endeavour will have matching rights to purchase the NSR Royalty in the event SSR Mining proposes to sell it. Closing is expected to occur in the first half of 2022 and is subject to Toronto Stock Exchange and New York Stock Exchange approvals and receipt of Mexican Federal Economic Competition Commission approval, as well as customary closing conditions for a transaction of this kind.

Subject to closing the Pitarrilla acquisition, management plans to invest $1.8 million for drilling to verify the historical data and define a current resource in 2022.

Development Investment and Expenditures

At Terronera, $9.5 million is budgeted for the first quarter of 2022 to continue with final detailed engineering, early earth works, critical contracts and procurement of long lead items. The Company intends to make a formal construction decision, subject to completions of a financing package and receipt of amended permits, in the coming months, at which time the budget for the remainder of 2022 for the project will be determined.

Exploration Expenditures

In 2022, the Company plans to spend $13.0 million drilling 50,000 metres across its properties.

At the Guanaceví and Bolañitos mines, 21,000 metres of drilling is planned as a cost of $3.3 million to replace reserves and expand resources.

At the Terronera development project, 11,000 metres are planned to test multiple regional targets identified in 2021 to expand resources within the district. At the Parral project in Chihuahua state, 7,000 metres are planned at a cost of $1.7 million to delineate existing resources, expand resources and test new targets. In the second half of the year, the Company expects to initiate a preliminary economic assessment.

In Chile, management intends to invest $1.5 million to test the Aida exploration project located in the northern Chile Region II along the Argentina border accessible by paved highway and dirt road. The Company plans to drill 3,000 metres to test a manto target with significant silver-manganese-lead-zinc anomaly at surface in the second half of 2022. Additionally, the Company plans to advance mapping, sampling and surface exploration on its other exploration projects in Chile, estimated to cost $0.9 million including administration costs in the country.

At the Bruner project, management plans to invest $1.9 million to evaluate and verify historical data to define a current resource, map and sample new targets and drill 3,000 metres verifying historical data and testing new targets.

Project	2022 Activity	Drill Metres	Expenditures
Guanaceví	Drilling	11,000	$1.8 million
Bolañitos	Drilling	10,000	$1.5 million
Terronera	Drilling	11,000	$1.9 million
Parral	Drilling/Economic Study	7,000	$1.7 million
Chile - Aida	Drilling	3,000	$1.5 million
Chile - Other	Evaluation	-	$0.9 million
Bruner	Drilling/Evaluation	3,000	$1.9 million
Pitarrilla	Drilling/Evaluation	5,000	$1.8 million
Total		50,000	$13.0 million

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased from $61.1 million at December 31, 2020 to $103.3 million at December 31, 2021. The Company had working capital of $121.2 million at December 31, 2021 (December 31, 2020 - $70.4 million). The $50.8 million increase in working capital is primarily due to net ATM (defined below) equity raise of $58.7 million, $4.7 million from proceeds of exercised options, proceeds from the sale of the El Cubo mine assets of $19.5 million and an increase in inventories of $10.8 million offset by $54.1 million investment in mineral property, plant and equipment, which includes $10.1 million for the Bruner Project and $3.6 million loan repayments.

Operating activities provided $23.5 million during 2021 compared to generating $39.0 million during 2020. The significant non-cash adjustments to the net earnings of $14.0 million were amortization and depletion of $24.5 million (2020 – $28.9 million), an impairment reversal of non-current assets of $16.8 million (2020: net impairment of $0.4 million), share-based compensation of $3.6 million (2020 – $3.0 million), a deferred income tax expense of $12.2 million (2020 – deferred income tax recovery $5.2 million), finance costs of $1.0 million (2020 – $1.3 million), a gain on the disposal of the El Cubo mine of $5.8 million, a gain on other investments of $2.1 million (2020 - $0.2 million), a write-off of exploration properties of $0.7 million (2020: $Nil) and an increase in non-cash working capital of $8.8 million (2020 – decrease of $10.1 million). The change in non-cash working capital was primarily due to an increase in finished goods inventory and marketable securities offset by a decrease in accounts receivable.

The Company's Mexican subsidiaries pay Impuesto al Valor Agregado ("IVA") on the purchase and sale of goods and services. The net amount paid is recoverable but is subject to review and assessment by the tax authorities. The Company regularly files the required IVA returns and all supporting documentation with the tax authorities, however, the Company has been advised that certain IVA amounts receivable from the tax authorities are being withheld pending completion of the authorities' audit of certain of the Company's third-party suppliers. Under Mexican law, the Company has legal rights to those IVA refunds and the results of the third-party audits should have no impact on refunds. A smaller portion of IVA refund requests are from time to time denied based on the alleged lack of compliance of certain formal requirements and information returns by the Company's third-party suppliers. The Company takes necessary legal action on the delayed refunds as well as any denied refunds. The Company is in regular contact with the tax authorities in respect of its IVA filings and believes that the full amount of its IVA receivables will ultimately be received; however, the timing of recovery of these amounts and the nature and extent of any adjustments to the Company's IVA receivables remains uncertain.

Investing activities during the year used net $38.0 million for compared to using $29.8 million in 2020. The capital investments were primarily for sustaining capital at existing operations, similar for the comparable period in 2020, and $10.1 million spent on the acquisition of the Bruner Project. The Company received a net $9.3 million on the sale of marketable securities during 2021 and received cash of $10.1 million on the sale of property plant and equipment primarily for the El Cubo mine. Capital additions totalled $60.2 million in property, plant and equipment for 2021.

At Guanaceví, the Company invested $21.9 million, with $12.2 million spent on 5.0 km of mine development and acquired $5.7 million of mobile equipment. The Company continued to invest on upgrades for the plant and surrounding infrastructure, including $2.2 million on plant upgrades, mine site improvements and the tailings facility and $1.8 million on office, building infrastructure and light vehicles.

At Bolañitos, the Company invested $14.2 million, with $9.7 million spent on 6.8 km of mine development and acquired $3.2 million of mobile equipment. The Company continued to invest in upgrades for the plant and surrounding infrastructure, totalling $0.6 million and spent $0.7 million on office, building infrastructure and on light vehicles.

At Terronera, the Company invested $11.3 million, with $4.4 million spent on land payments and preliminary development, $5.7 million in mobile equipment and $1.2 million on buildings, light vehicles, office and IT infrastructure.

Exploration investments were $12.8 million with $11.6 million spent on holding costs and acquisition of concessions, including $10.1 million for the acquisition of the Bruner Project and $1.2 million on mobile equipment, office, building infrastructure and light vehicles.

Financing activities for 2021 increased cash by $56.7 million, compared to increasing cash by $27.5 million in the same period in 2020. During 2021, the Company received gross proceeds through an ATM financing of $60.0 million, paid $1.3 million in share issue costs, received $4.7 million on the exercise of employee options, paid $3.7 million in interest and principal repayments on loans and leases and paid $2.4 million on redemption of performance share units. By comparison, during the same period in 2020, the Company raised gross proceeds of $26.4 million, paid $1.1 million in share issue costs, received $6.9 million on the exercise of employee options and paid $3.4 million in interest and principal repayments on loans and lease.

In April 2020, the Company filed a short form base shelf prospectus to qualify the distribution of up to CAD$150 million of various securities of the Company, including common shares (the "Base Shelf"). The distribution of such securities of the Company may be effected from time to time in one or more transactions at a fixed price or prices, which may vary with market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying prospectus supplement, including transactions that are deemed to be at-the-market distributions. The Base Shelf also provides the Company with the ability to conduct an "At-The-Market" ("ATM") offering through an ATM facility equity distribution agreement ("ATM Facility").

On May 14, 2020, the Company entered into an ATM Facility (the "May 2020 ATM Facility") with a syndicate of agents. Under the terms of the May 2020 ATM Facility, the Company could, from time to time, sell common shares having an aggregate offering value of up to $23 million on the New York Stock Exchange. The Company determined, at its sole discretion, the timing and number of shares to be sold under the May 2020 ATM Facility. From May 14, 2020 to August 17, 2020, the Company issued 11,640,411 common shares under the May 2020 ATM Facility at an average price of $1.97 per share for gross proceeds of $23.0 million less commission of $0.6 million and deferred financing costs of $0.3 million which has been presented net of share capital. The May 2020 ATM Facility was completed in August 2020. The purpose of the May 2020 ATM Facility was to advance the exploration and development of the Terronera Project and to add to the Company's working capital.

On October 1, 2020, the Company entered into an ATM Facility (the "October 2020 ATM Facility") with a syndicate of agents. Under the terms of the October 2020 ATM Facility, the Company could from time to time, sell common shares having an aggregate offering value of up to $60 million on the New York Stock Exchange. The Company determined, at its sole discretion, the timing and number of shares to be sold under the October 2020 ATM Facility during the 20-month sales agreement term. In the period from January 1, 2021 to July 20, 2021, when the October 2020 ATM Facility was completed, the Company issued 10,060,398 common shares under the October 2020 ATM Facility at an average price of $5.96 per share for gross proceeds of $60.0 million, less commission of $1.2 million and recognized $0.4 million of transaction costs related to the October 2020 ATM Facility. The purpose of the October 2020 ATM Facility was to advance the exploration and development of the Terronera Project, advance the exploration of the Parral Project and to add to the Company's working capital.

For the October 2020 ATM Facility, the net proceeds have been used as follows:

Use of proceeds (thousands)	
Net proceeds received	$58,768
Advancement of Terronera Project	(19,899)
Advancement of Parral Project	(2,731)
Allocated to working capital	$36,138

Management of the Company believes that operating cash flow and existing working capital will be sufficient to cover 2022 capital requirements and commitments. The Company is assessing financing alternatives, including equity or debt or a combination of both to fund future growth, including the development of the Terronera project.

Contingencies

Minera Santa Cruz y Garibaldi SA de CV ("MSCG"), a subsidiary of the Company, received a Mexican peso ("MXN") 238 million assessment on October 12, 2010 by Mexican fiscal authorities for failure to provide the appropriate support for certain expense deductions taken in MSCG's 2006 tax return, failure to provide appropriate support for loans made to MSCG from affiliated companies, and deemed an unrecorded distribution of dividends to shareholders, among other individually immaterial items. MSCG immediately initiated a Nullity action and filed an administrative attachment to dispute the assessment.

In June 2015, the Superior Court ruled in favour of MSCG on a number of the matters under appeal; however, the Superior Court ruled against MSCG for failure to provide appropriate support for certain deductions taken in MSCG's 2006 tax return. In June 2016, the Company received a MXN 122.9 million ($6.0 million) tax assessment based on the June 2015 ruling. The 2016 tax assessment comprised of MXN 41.8 million in taxes owed ($2.0 million), MXN 17.7 million ($0.9 million) in inflationary charges, MXN 40.4 million ($2.0 million) in interest and MXN 23.0 million ($1.1 million) in penalties. The 2016 tax assessment was issued for failure to provide the appropriate support for certain expense deductions taken in MSCG's 2006 tax return and failure to provide appropriate support for loans made to MSCG from affiliated companies. If MSCG agrees to pay the tax assessment, or a lesser settled amount, it is eligible to apply for forgiveness of 100% of the penalties and 50% of the interest.

The Company filed an appeal against the June 2016 tax assessment on the basis that certain items rejected by the courts were included in the new tax assessment and a number of deficiencies exist within the assessment. Since issuance of the assessment interest charges of MXN 12.8 million ($0.6 million) and inflationary charges of MXN 19.1 million ($0.9 million) has accumulated.

Included in the Company's consolidated financial statements are net assets of $595,000 held by MSCG. Following the Tax Court's rulings, MSCG has been in discussions with the tax authorities with regards to the shortfall of assets within MSCG to settle its estimated tax liability. An alternative settlement option would be to transfer the shares and assets of MSCG to the tax authorities. The Company recognized an allowance for transferring the shares and assets of MSCG amounting to $595,000 in a prior year. The Company is currently assessing MSCG's settlement options based on ongoing court proceedings and discussion with the tax authorities. The Company has been advised that the appeal filed with the Federal Tax Court against the June 2016 tax assessment has been rejected and the Company continues to assess MSCG's settlement options and has filed an appeal with the Supreme Court of Justice.

Compania Minera Del Cubo SA de CV ("Cubo"), a subsidiary of the Company, received a MXN 58.5 million ($2.9 million) assessment in 2019 by Mexican fiscal authorities for failure to provide the appropriate support for depreciation deductions taken in the Cubo 2016 tax return and denied deductions of certain suppliers. The tax assessment consists of MXN 24.1 million ($1.2 million) for taxes, MXN 21.0 million ($1.1 million) for penalties, 10.4 million ($0.5 million) for interest and MXN 3.0 million ($0.1 million) for inflation. At the time of the tax assessment the Cubo entity had and continues to have sufficient loss carry forwards which would be applied against the assessed difference of taxable income. The Mexican tax authorities did not consider these losses in the assessment.

Due to the denial of certain suppliers for income tax purposes in the Cubo assessment, the invoices from these suppliers have been assessed as ineligible for refunds of IVA (value-added taxes) paid on the invoices. The assessment includes MXN 14.7 million ($0.7 million) for re-payment of IVA refunded on these supplier payments. In the Company's judgement, the suppliers and invoices meet the necessary requirements to be deductible for income tax purposes and the recovery of IVA.

The Company filed an administrative appeal related to the 2016 Cubo tax assessment. The Company had previously provided a lien on certain El Cubo mining concessions during the appeal process. To facilitate the sale of the El Cubo mine and related assets, the Company elected to pay the assessed amount of $3.5 million during Q1, 2021. During the appeal process the amount paid has been classified as a non-current income tax recoverable. Since issuance of the assessment interest charges of MXN 9.9 million ($0.5 million) and inflationary charges of MXN 1.6 million ($0.1 million) had accumulated. The Company continues to assess that it is probable that its appeal will prevail, and no provision is recognized in respect of the Cubo tax assessment.

The Company is required to use judgement to determine certain tax treatments in calculating income tax expense and IVA recoverable. A number of these judgements are subject to various uncertainties. From time to time, Mexican authorities may apply, re-interpret legislation or disregard precedents and it is possible that of these uncertainties may be resolved unfavorably for the Company.

Capital Requirements

As of December 31, 2021, the Company held $103.3 million in cash and $121.2 million in working capital. The duration and severity of the global COVID-19 pandemic could have a material impact on the Company's liquidity. The Mexican government declared mining as an essential business, however in Mexico positive COVID-19 cases continue at a significant rate. A local outbreak, an impediment to supply or market logistics or change in government health orders remains a significant risk. The mines are operating under strict safety protocols with the expectations of operating near throughput capacity.

The Company may be required to raise additional funds through future debt or equity financings in order to finance the development of the Terronera Project and may need to raise additional funds to carry out other business plans. The Company will continue to monitor capital markets, economic conditions, the COVID-19 global pandemic and assess its short term and long term capital needs.

See Annual Outlook on page 31 for discussion on planned capital and exploration expenditures.

Contractual Obligations

The Company had the following undiscounted contractual obligations at December 31, 2021:

Payments due by period (in thousands of dollars) Contractual Obligations	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Capital asset purchases	$ 8,524	$ 8,524	$ -	$ -	$ -
Loans payable	10,494	4,081	5,314	1,099	-
Lease liabilities	1,162	263	313	324	262
Other contracts[(1)]	784	170	220	220	174
Other Long-Term Liabilities [(2)]	11,026	-	167	2,125	8,734
Total	$ 31,990	$ 13,038	$ 6,014	$ 3,768	$ 9,170

(1) Other contracts consist of office premises operating costs and short-term leases.

(2) The $11,026 of other long-term liabilities is the discounted cost estimate to settle the Company's reclamation costs of the Guanacevi, Bolañitos and El Compas mines in Mexico. These costs include land rehabilitation, decommissioning of buildings and mine facilities, ongoing care and maintenance and other costs.

TRANSACTIONS WITH RELATED PARTIES

The Company shares common administrative services and office space with Aztec Metals Corp., which is considered a related party company by virtue of Bradford Cooke, the Company's Executive Chairman, being a common director. From time to time, the Company incurs third-party costs on behalf of related parties, which are charged on a full cost recovery basis. The charges for these costs totalled $2,000 and $5,000 for the three and twelve months ended December 31, 2021, respectively (December 31, 2020 - $1,000 and $4,000, respectively). The Company had a $1,000 net receivable related to administration costs outstanding as at December 31, 2021 (December 31, 2020 – $2,000).

The Company was charged $39,000 and $276,000 for legal services for the three and twelve months ended December 31, 2021, respectively, by a law firm in which the Company's corporate secretary is a partner (December 31, 2020 - $49,000 and $255,000, respectively). The Company has $5,000 payable to the law firm as at December 31, 2021 (December 31, 2020 - $26,000).

FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

As at December 31, 2021 and 2020, the carrying and fair values of Endeavour's financial instruments by category were as follows:

	As at December 31, 2021				As at December 31, 2020			
Expressed in thousands US dollars	Carrying value		Estimated Fair value		Carrying value		Estimated Fair value	
Financial assets:								
Cash and cash equivalents	$	103,303	$	103,303	$	61,083	$	61,083
Other investments		11,200		11,200		4,767		4,767
Trade receivables		4,751		4,751		8,755		8,755
Other receivables		9,711		9,711		11,389		11,389
Total financial assets	$	128,965	$	128,965	$	85,994	$	85,994
Financial liabilities:								
Accounts payable and accrued liabiities	$	31,991	$	31,991	$	27,764	$	27,764
Loans payable		10,494		10,494		9,672		9,672
Total financial liabilities	$	42,485	$	42,485	$	37,436	$	37,436

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by no or little market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Assets and liabilities as at December 31, 2021 that measured at fair value on a recurring basis include:

Expressed in thousands US dollars	Fair value through profit or loss		Amortized cost		Carrying value		Estimated Fair value	
Financial assets:								
Cash and cash equivalents	$	-	$	103,303	$	103,303	$	103,303
Other investments		11,200		-		11,200		11,200
Trade receivables		4,751		-		4,751		4,751
Other receivables		-		9,711		9,711		9,711
Total financial assets	$	15,951	$	113,014	$	128,965	$	128,965
Financial liabilities:								
Accounts payable and accrued liabiities	$	5,795	$	26,196	$	31,991	$	31,991
Loans payable		-		10,494		10,494		10,494
Total financial liabilities	$	5,795	$	36,690	$	42,485	$	42,485

Other investments

The Company holds marketable securities classified as Level 1 and Level 3 in the fair value hierarchy. The fair values of Level 1 investments are determined based on a market approach reflecting the closing price of each particular security at the reporting date. The closing price is a quoted market price obtained from the stock exchange that is the principal active market for the particular security, being the market with the greatest volume and level of activity for the assets. For Level 3 investments, which consist of share purchase warrants where inputs are not observable, they have an estimated value determined by using an option pricing model. Changes in fair value on available for sale marketable securities are recognized in earnings or loss.

Trade receivables

The trade receivables consist of receivables from provisional silver and gold sales from the Bolañitos mine. The fair value of receivables arising from concentrate sales contracts that contain provisional pricing mechanisms is determined using the appropriate quoted closing price on the measurement date from the exchange that is the principal active market for the particular metal. As such, these receivables, which meet the definition of an embedded derivative, are classified within Level 2 of the fair value hierarchy.

Deferred share units

The Company has a cash settled Deferred Share Unit ("DSU") plan whereby deferred share units may be granted to independent directors of the Company in lieu of compensation in cash or stock options. The DSUs vest immediately and are redeemable for cash based on the market value of the units at the time of a director's retirement. The DSUs are classified as Level 1 in the fair value hierarchy. The liability is determined based on a market approach reflecting the closing price of the Company's common shares at the reporting date. Changes in fair value are recognized in general and administrative expenses.

Share appreciation rights

As part of the Company's bonus program, the Company grants share appreciation rights ("SARs") to its employees in Mexico and Chile. The SARs are subject to vesting conditions and, when exercised, constitute a cash bonus based on the value of the appreciation of the Company's common shares between the SARS grant date and the exercise date.

The SARs are classified as Level 2 in the fair value hierarchy. The liability is valued using a Black-Scholes option pricing model. Changes in fair value are recognized in salaries, wages and benefits.

Financial Instrument Risk Exposure and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process. The types of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

The Company is exposed to credit risk on its bank accounts and accounts receivable. Credit risk exposure on bank accounts is limited through maintaining the Company's balances with high-credit quality financial institutions, maintaining investment policies, assessing institutional exposure and continual discussion with external advisors. Value-added tax receivables are generated on the purchase of supplies and services to produce silver, which are refundable from the Mexican government. Trade receivables are generated on the sale of concentrate inventory to reputable metal traders.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by continually monitoring forecasted and actual cash flows. The Company has in place a planning and budgeting process to help determine the funds required to support its normal operating requirement and development plans. The Company aims to maintain sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash and cash equivalents, and its committed and anticipated liabilities.

The Company's Mexican subsidiaries pay IVA on the purchase and sale of goods and services. The net amount paid is recoverable but is subject to review and assessment by the tax authorities. The Company regularly files the required IVA returns and all supporting documentation with the tax authorities, however, the Company has been advised that certain IVA amounts receivable from the tax authorities are being withheld pending completion of the authorities' audit of certain of the Company's third-party suppliers. Under Mexican law, the Company has legal rights to those IVA refunds and the results of the third-party audits should have no impact on refunds. A smaller portion of IVA refund requests are from time to time denied based on the alleged lack of compliance of certain formal requirements and information returns by the Company's third-party suppliers. The Company takes necessary legal action on the delayed refunds as well as any denied refunds. The Company is in regular contact with the tax authorities in respect of its IVA filings and believes that the full amount of its IVA receivables will ultimately be received; however, the timing of recovery of these amounts and the nature and extent of any adjustments to the Company's IVA receivables remains uncertain.

Market Risk

The significant market risk exposures to which the Company is exposed are foreign currency risk, interest rate risk, and commodity price risk.

Foreign Currency Risk – The Company's operations in Mexico and Canada make it subject to foreign currency fluctuations. Certain of the Company's operating expenses are incurred in Mexican pesos and Canadian dollars; therefore, the fluctuation of the U.S. dollar in relation to these currencies will consequently have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

Interest Rate Risk – In respect of financial assets, the Company's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash equivalents in order to maintain liquidity. Fluctuations in interest rates impact the value of cash equivalents. As at December 31, 2021 the Company has $1.6 million in equipment loans with interest rates that are linked to Libor and, with other variables unchanged, a 1% increase in the Libor rate would result in an additional interest expense of $15,000.

Commodity Price Risk – Gold and silver prices have historically fluctuated significantly and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities and certain other factors. The Company has not engaged in any hedging activities, other than short-term metal derivative transactions less than 90 days, to reduce its exposure to commodity price risk. At December 31, 2021, there are 51,250 oz of silver and 1,935 oz of gold, which do not have a final settlement price and the estimated revenues have been recognized at current market prices. As at December 31, 2021, with other variables unchanged, a 10% decrease in the market value of silver and gold would result in a reduction of revenue of $0.5 million.

OUTSTANDING SHARE DATA

As of March 8, 2022, the Company had the following securities issued and outstanding:

- 170,601,507 common shares;
- 3,848,200 common shares issuable under stock options with a weighted average exercise price of CAD$3.68 per share expiring between May 4, 2022 and March 5, 2026; and
- 1,639,000 performance share units with a weighted average grant price of CAD$3.36 vesting between March 3, 2022 and March 4, 2024.

As at December 31, 2021, the Company's issued share capital was $585.4 million (December 31, 2020 – $517.7 million), representing 170,537,307 common shares (December 31, 2020 – 157,924,708), and the Company had options outstanding to purchase 3,848,200 common shares (December 31, 2020 - 5,978,300) with a weighted average exercise price of CAD$3.68 (December 31, 2020 - CAD$3.29).

The Company considers the items included in the consolidated statement of shareholders' equity as capital. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, prospectus offerings, convertible debentures, asset acquisitions or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Accounting standards adopted during the period:

The accounting policies applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2021 are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2020 except for the following:

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. For the sale to be highly probable, management must be committed to, and have a plan to sell the assets, the assets must be available for immediate sale in their present condition and the sale must be expected to qualify for recognition as a completed sale within one year from the date of classification.

Such assets, or disposal groups, are measured at the lower or their original carrying amount and fair value less costs to sell. Impairment losses or impairment reversals on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in earnings or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

The following amendment to accounting standards has been issued but not yet adopted in the financial statements:

On May 14, 2020, the IASB published a narrow scope amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use. The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, amounts received will be recognized as sales proceeds and the related costs in profit or loss. The effective date is for annual periods beginning on or after January 1, 2022. The Company is assessing the effect of the narrow scope amendment on its consolidated financial statements. The Company expects this amendment to have a material effect related to the allocation of costs between stockpile inventory and deferred development costs during the development phase of its Terronera Project, with no anticipated impact on earnings in 2022.

Critical Accounting Estimates

The preparation of financial statements requires the Company to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management's judgment relate to the determination of mineralized reserves and resources, plant and equipment lives, estimating the fair values of financial instruments and derivatives, impairment of non-current assets, reclamation and rehabilitation provisions, recognition of deferred tax assets, and assumptions used in determining the fair value of share-based compensation.

Determination of ore reserves and resources

Judgments about the amount of product that can be economically and legally extracted from the Company's properties are made by management using a range of geological, technical and economic factors, history of conversion of mineral deposits to proven and probable reserves as well as data regarding quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates. This process may require complex and difficult geological judgments to interpret the data. The Company uses qualified persons (as defined by NI 43-101) to compile this data.

Estimating the quantity and /or grade of reserves and resources requires the size, shape and depth of ore bodies or fields to be determined by analyzing geological data such as drilling samples. Following this, the quantity of ore that can be extracted in an economical manner is calculated using data regarding the life of mine plans and forecast sales prices (based on current and long-term historical average price trends). Changes in estimates can be the result of estimated future production differing from previous forecasts of future production, expansion of mineable ore through exploration activities, differences between estimated and actual costs of mining and differences in the commodity price used in the estimation of mineable ore.

The economic assumptions used to estimate mineral reserves may change from period to period and additional geological data is generated during the course of operations, which may change management's judgments surrounding reserves and resources. Any changes in management's judgements may impact the carrying value of mineral properties, plant and equipment, reclamation and rehabilitation provisions, recognition of deferred income tax amounts, and depreciation and depletion.

Review of asset carrying values and assessment of impairment

Management applies significant judgment in assessing each CGU and assets for the existence of indicators of impairment or impairment reversal at the reporting date. Internal and external factors are considered in assessing whether indicators are present that would necessitate impairment testing. Significant assumptions regarding commodity prices, operating costs, capital expenditures and discount rates are used in determining whether there are any indicators of impairment. These assumptions are reviewed regularly by senior management and compared, when applicable, to relevant market consensus views.

If an indicator of impairment or reversal exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of fair value less costs of disposal and value in use. The determination of fair value less costs of disposal and value in use requires management to make estimates and assumptions about expected production and sales volumes, metal prices, ore tonnage and grades, recoveries, operating costs, future capital expenditures and appropriate discount rates for future cash flows. The estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in profit or loss.

In 2013 and 2015, the Company determined there were several indicators of potential impairment of its producing mineral properties which included the sustained decline in precious metal prices, changes in tax legislation and a reduction in reserves and resources. The recoverable amounts were based on each CGU's future cash flows expected to be derived from the Company's mining properties and represent each CGU's fair value in use. The cash flows were determined based on the life-of-mine after tax cash flow estimate which incorporate management's best estimates of future metal prices, production based on estimates of recoverable reserves and resources, exploration potential, future operating costs and non-expansionary capital expenditures.

At December 31, 2020, the Company recognized a $2.6 million reversal of a previous impairment of the Guanaceví mine. An increase in the reserve and resource estimate and increase in precious metal prices were considered to be indicators of an impairment reversal. The updated Guanaceví mine plan, with updated assumptions and estimates, resulted in significantly higher cash flows, using a 6.1% discount rate, compared to the Company's previous estimates. Accordingly, the Company reversed the 2013 Guanaceví CGU impairment, limited to the carrying amount had no impairment been recognized in prior periods, net of depletion and amortization which would have been recognized in prior periods.

At December 31, 2020, the Company recognized an impairment of the El Compas mine project. A decrease in the resource estimate as at December 31, 2020 was considered to be an indicator of an impairment. The carrying value related to the El Compas CGU, excluding working capital and reclamation provision, was $6.0 million which was greater than its estimated recoverable amount of $3.0 million, calculated on a discounted cash flow basis using a 6.1% discount rate. The Company considers use of its internal discounted cash flow economic models as a proxy for the calculation of fair value in use. Based on the above assessment, the Company recorded an impairment charge related to the El Compas CGU of $3.0 million.

At December 31, 2021, the Company recognized a $16.8 million reversal of a previous impairment of the El Cubo mine. The El Cubo mine project, consisting of the land rights, plant, buildings and the related reclamation liability were re-classified to current assets and liabilities as "assets held for sale" and "liabilities held for sale" upon the signing of a definitive agreement to sell the El Cubo mine and related assets. Immediately prior to the classification to assets and liabilities held for sale, the carrying amounts of the land rights, plant and building were re-measured and the historical gross impairments of $216.9 million net of depletion and depreciation of $200.1 million were reversed resulting in a $16.8 million impairment reversal. Accordingly, the Company reversed the CGU impairment, limited to the carrying amount had no impairment been recognized in prior periods, net of depletion and amortization which would have been recognized in prior periods.

If an area of interest is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the period of abandonment or determination that the carrying value exceeds its fair value. The amounts recorded as mineral properties represent costs incurred to date and do not necessarily reflect present or future values.

Achievement of commercial production

Once a mine reaches the operating levels intended by management, deprecation of capitalized costs begins. Significant judgement is required to determine when certain of the Company's assets reach this level. Management considers several factors including: completion of a reasonable period of commissioning; consistent operating results achieved at a pre-determined level of design capacity and indications exist that this level will continue; mineral recoveries at or near expected levels; and the transfer of operations from development personnel to operational personnel has been completed.

Estimation of the amount and timing of reclamation and rehabilitation costs

Accounting for restoration requires management to make estimates of the future costs the Company will incur to complete the reclamation and rehabilitation work required to comply with existing laws, regulations and agreements in place at each mining operation and any environmental and social principles the Company is in compliance with. The calculation of the present value of these costs also includes assumptions regarding the timing of reclamation and rehabilitation work, applicable risk-free interest rates for discounting those future cash flows, inflation and foreign exchange rates and assumptions relating to probabilities of alternative estimates of future cash flows. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and rehabilitation work required to be performed by the Company. Increase in future costs could materially impact the amounts charged to operations for reclamation and rehabilitation.

Deferred Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted or enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the substantive enactment date. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

Judgement is required in determining the recognition and measurement of deferred income tax assets and liabilities on the balance sheet. In the normal course of business, the Company is subject to assessment by taxation authorities in various jurisdictions. These authorities may have different interpretations of tax legislation or tax agreements than those applied by the Company in computing current and deferred income taxes. These different interpretations may alter the timing or amounts of taxable income or deductions.

Final taxes payable and receivable are dependent on many factors, including outcomes of tax litigation and resolution of disputes. The resolution of these uncertainties may result in adjustments to the Company's tax assets and liabilities.

Management assesses the likelihood and timing of taxable earnings in future periods in recognizing deferred income tax assets. Estimates of future taxable income is based on forecasted cash flows using life of mine projections and the application of existing tax laws in each jurisdiction.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded at the balance sheet date could be impacted. In addition, future changes to tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income tax assets.

Inventory

In valuing inventories at the lower of cost and net realizable value, the Company makes estimates in determining the net realizable price and in quantifying the contained metal in finished goods and work in progress.

Share-based Compensation

The Company has a stock option plan and records all share-based compensation for options using the fair value method. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model, with expected volatility based on historical volatility of the Endeavour common shares. The Company uses historical data to estimate the term of the option and the risk-free rate for the expected term of the option is based on the Government of Canada yield curve in effect at the time of the grant.

As part of the Company's bonus program, the Company may from time to time grant SARs to its employees in Mexico and Chile. The SARs are subject to vesting conditions and, when vested, constitute a cash bonus based on the value of the appreciation of the Company's common shares between the SARs grant date and vesting. The fair value of each SAR award is estimated on the grant date using the Black-Scholes option pricing model, with expected volatility based on historical volatility of the Endeavour common shares. The Company uses historical data to estimate the term of the option and the risk-free rate for the expected term of the option is based on the Government of Canada yield curve in effect at the time of the grant.

On March 23, 2021 the Company adopted an equity-based Share Unit Plan ("SUP"), which was approved by the Company's shareholders on May 12, 2021 The SUP allows for, with approval by the Board, granting of Performance Share Units ("PSU"s) and Deferred Share Units ("DSU"s), to its directors, officers, employees to acquire up to 1.5% of the issued and outstanding shares. The SUP incorporates all existing PSUs under the former PSU plan and any new DSUs granted and are to be subject to cash, share settlement or a combination of cash and share procedures at the discretion of the Board of Directors.

PSUs may be granted to employees of the Company. Under the plan, vested PSUs are redeemable, at the election of the Board of Directors in its discretion, for Common Shares, a cash payment equal to the market value of a Common Share as of the redemption date, or a combination of cash and Common Shares. The PSUs granted are subject to a performance payout multiplier between 0% and 200% based on the Company's total shareholder return at the end of a three-year period, relative to the Company's total shareholder return peer group.

DSU plan will be granted to independent directors of the Company in lieu of compensation in cash or share purchase options and are redeemable at the time of a director's retirement.

Business Combinations

On the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition. When the cost of acquisition exceeds the fair values attributable to the Company's share of identifiable net assets, the difference is treated as purchased goodwill, which is not amortized but is reviewed for impairment annually or more frequently where there is an indication of impairment. If the fair value attributable to the Company's share of the identifiable net assets exceeds the cost of acquisition, the difference is immediately recognized in profit or loss. Incremental costs related to acquisitions are expensed as incurred.

Determination of the fair value of assets acquired and liabilities assumed and the resulting goodwill, if any, requires that management make estimates based on the information provided by the acquiree. Changes to the provisional values of assets acquired and liabilities assumed, deferred income taxes and resulting goodwill, if any, will be adjusted when the final measurements are determined (within one year of acquisition date).

When purchase consideration is contingent on future events, the initial cost of the acquisition recorded includes an estimate of the fair value of the contingent amounts expected to be payable in the future. When the fair value of contingent consideration as at the date of acquisition is finalized, before the end of the 12 month measurement period, the adjustment is allocated to the identifiable assets acquired and liabilities assumed. Changes to the estimated fair value of contingent consideration subsequent to the acquisition date are recorded in profit or loss.

RISKS AND UNCERTAINTIES

Besides the risks discussed elsewhere in this MD&A, the following are risks and uncertainties that have affected the Company's financial statements or future performance or that may affect them in the future. See "Risk Factors" in the Company's Annual Information Form for other risks affecting the Company generally.

Impact of COVID-19 Pandemic

The Company's business could be significantly adversely affected by the effects of a widespread global outbreak of contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on third parties' ability to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of the COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, restrictions to planned drill programs, mining and processing operations shutdowns, and other factors that will depend on future developments beyond the Company's control. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries (including those in which the Company operates), resulting in an economic downturn that could negatively impact the Company's operating results and ability to raise capital.

Precious and Base Metal Price Fluctuations

The profitability of the precious metals operations in which the Company has an interest is significantly affected by changes in the market prices of precious metals. Prices for precious metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as the level of interest rates, the rate of inflation, central bank transactions, world supply of the precious metals, foreign currency exchange rates, international investments, monetary systems, speculative activities, international economic conditions and political developments. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. Declining market prices for these metals could materially adversely affect the Company's operations and profitability.

Fluctuations in the price of consumed commodities

Prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, electricity, cyanide and other reagents fluctuate affecting the costs of production at the Company's operations. These fluctuations can be unpredictable, can occur over short periods of time and may have a materially adverse impact on the Company's operating costs or the timing and costs of various projects. The Company's general policy is not to hedge its exposure to changes in prices of the commodities used in its business.

Foreign Exchange Rate Fluctuations

Operations in Mexico, Chile and Canada are subject to foreign currency exchange fluctuations. The Company raises its funds through equity issuances which are generally priced in Canadian dollars or U.S. dollars, and the majority of the exploration costs of the Company are denominated in U.S. dollars, Chilean pesos and Mexican pesos. The Company may suffer losses due to adverse foreign currency fluctuations.

Calculation of Reserves and Resources and Precious Metal Recoveries

There is a degree of uncertainty attributable to the calculation and estimation of reserves and resources and their corresponding metal grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material change in the quantity of mineral reserves, mineral resources, grades and recoveries may affect the economic viability of the Company's properties.

Economic Conditions for Mining

Global financial markets are experiencing extreme volatility as a result of the ongoing COVID-19 pandemic. Events in global financial markets, and the volatility of global financial conditions, will continue to have an impact on the global economy. Many industries, including the mining sector, are impacted by market conditions. Some of the key impacts of financial market turmoil include devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. Financial institutions and large corporations may be forced into bankruptcy or need to be rescued by government authorities. Access to financing may also be negatively impacted by future liquidity crises throughout the world. These factors may impact the Company's ability to obtain equity or debt financing and, where available, to obtain such financing on terms favorable to the Company.

Increased levels of volatility and market turmoil could have an adverse impact on the Company's operations and planned growth and the trading price of the securities of the Company may be adversely affected.

The Company assesses on a quarterly basis the carrying values of its mineral properties. Should market conditions and commodity prices worsen and persist in a worsened state for a prolonged period of time, an impairment of the Company's mineral properties may be required.

Mexican Tax Assessments

As disclosed under "Contingencies", one subsidiary of the Company in Mexico has received a tax assessment from Mexican fiscal authorities. The Company filed an appeal against the June 2016 tax assessment on the basis certain items rejected by the courts were included in the new tax assessment, while a number of deficiencies exist within the assessment. If the Company is unsuccessful this could negatively impact the Company's financial position and create difficulties for the Company in dealing with Mexican fiscal authorities in the future.

Included in the Company's consolidated financial statements, are net assets of $595,000, including $42,000 in cash, held by MSCG. Following the Tax Court's rulings, MSCG is in discussions with the tax authorities with regards to the shortfall of assets within MSCG to settle its estimated tax liability. An alternative settlement option would be to transfer the shares and assets of MSCG to the tax authorities. The Company recognized an allowance for transferring the shares and assets of MSCG amounting to $595,000. The Company is assessing MSCG's settlement options based on on-going court proceedings and discussion with the tax authorities and has filed an appeal with the Supreme Court of Justice.

Compania Minera Del Cubo SA de CV ("Cubo"), a subsidiary of the Company, received a MXN 58.5 million ($2.9 million) assessment in 2019 by Mexican fiscal authorities for alleged failure to provide the appropriate support for depreciation deductions taken in the Cubo 2016 tax return and denied eligibility of deductions of certain suppliers. The tax assessment consists of MXN 24.1 million ($1.2 million) for taxes, MXN 21.0 million ($1.1 million) for penalties, MXN 10.4 million ($0.5 million) for interest and MXN 3.0 million ($0.1 million) for inflation. At the time of the tax assessment the Cubo entity had and continues to have sufficient loss carry forwards which would be applied against the assessed difference of taxable income. The Mexican tax authorities did not consider these losses in the assessment.

Due to the denial of certain suppliers for income tax purposes in the Cubo assessment, the invoices from these suppliers have been assessed as ineligible for refunds of IVA paid on the invoices. The assessment includes MXN 14.7 million ($0.7 million) for re-payment of IVA (value added taxes) refunded on these supplier payments. In the Company's judgement the suppliers and invoices meet the necessary requirements to be deductible for income tax purposes and the recovery of IVA.

The Company filed an administrative appeal related to the 2016 Cubo tax assessment. The Company had previously provided a lien on certain El Cubo mining concessions during the appeal process. As a condition of the sale of the El Cubo mine and related assets, the Company elected to pay the assessed amount of $3.5 million during Q1, 2021. During the appeal process the amount paid has been classified as a non-current income tax recoverable. Since issuance of the assessment interest charges of MXN 9.9 million ($500) and inflationary charges of MXN 1.6 million ($100) had accumulated. The Company continues to assess that it is probable that its appeal will prevail, and no provision is recognized in respect of the Cubo tax assessment.

The Company is required to use judgement to determine certain tax treatments in calculating income tax expense and IVA recoverable. A number of these judgements are subject to various uncertainties. From time to time, Mexican authorities may apply, re-interpret legislation or disregard precedents and it is possible that of these uncertainties may be resolved unfavorably for the Company.

Assurance on Financial Statements
The Company prepares the financial reports in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies and practices are described in more detail in the notes to the annual consolidated financial statements for the year ended December 31, 2021. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze the internal control systems for financial reporting.

CONTROLS AND PROCEDURES

The Company's officers and management are responsible for establishing and maintaining disclosure controls and procedures for the Company. Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as is appropriate to permit timely decisions regarding public disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

At the end of the period covered by this MD&A, management, including the CEO and CFO, conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to National Instrument 52-109 "Certification of Disclosure in Issuers Annual and Interim Filings" ("NI 52-109") and Rule 13a -15(b) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"). Based upon that evaluation, the Company's CEO and CFO have concluded that, as of the end of the period covered by this MD&A, the Company's disclosure controls and procedures were effective to give reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits is (i) recorded, processed, summarized and reported, within the time periods specified under applicable securities legislation in Canada and in the U.S. Securities and Exchange Commission's rules and forms, and (ii) accumulated and communicated to management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Controls over Financial Reporting
Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in NI 52-109 and in Rules 13a-15(f) of the U.S. Exchange Act). A company'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 applicable generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management of the Company, including the CEO and CFO, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth in the Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment, management has concluded that, as of December 31, 2021, the Company's internal control over financial reporting is effective. Also, management determined that there were no material weaknesses in the Company's internal control over financial reporting as at December 31, 2021.

Changes in Internal Control over Financial Reporting

Management, including the CEO and CFO, has evaluated the Company's internal controls over financial reporting to determine whether any changes occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

There have been no changes in internal control over financial reporting that occurred during the fiscal year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Exhibit 99.4

CERTIFICATION

I, Daniel Dickson, certify that:

1 I have reviewed this annual report on Form 40-F of Endeavour Silver Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-5(f) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 10, 2022

By: /s/ Daniel Dickson

Daniel Dickson
Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.5

CERTIFICATION

I, Christine West, certify that:

1 I have reviewed this annual report on Form 40-F of Endeavour Silver Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-5(f) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 10, 2022

By: /s/ Christine West

Christine West
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 99.6

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Endeavour Silver Corp. (the “Company”) on Form 40-F for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Daniel Dickson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 10, 2022 /s/ Daniel Dickson

Daniel Dickson
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Endeavour Silver Corp. and will be retained by Endeavour Silver Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.7

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Endeavour Silver Corp. (the "Company") on Form 40-F for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christine West, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 10, 2022

/s/ Christine West

Christine West
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Endeavour Silver Corp. and will be retained by Endeavour Silver Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

CONSENT OF WOOD CANADA LIMITED

March 10, 2022

United States Securities and Exchange Commission

Re: Annual Report on Form 40-F for fiscal year ended December 31, 2021 (the "**Annual Report**") and Registration Statement on Form F-10 (File No. 333-237625) (the "**Registration Statement**") of Endeavour Silver Corp. (the "**Company**").

Ladies and Gentlemen,

Wood Canada Limited hereby consents to the use of and reference to their name in the Annual Report and Registration Statement and the documents incorporated therein by reference.

Wood Canada Limited hereby consents to the use of their report: "*NI 43-101 Technical Report on the Feasibility Study of the Terronera Project Jalisco State, Mexico*" effective September 9, 2021 with revision date October 21, 2021 (the "Technical Report") , including extracts from or summaries of the Technical Report, in the Annual Report and Registration Statement, and the documents incorporated by reference filed with the United States Securities and Exchange Commission pursuant to the United States Securities Act of 1933, as amended.

On behalf of Wood Canada Limited,

/s/ *Greg Gosson*
By: Greg Gosson

Technical Director, Geology & Compliance and

Authorized Signor

WOOD CANADA LIMITED.

CONSENT OF EXPERT

March 10, 2022

United States Securities and Exchange Commission

Re: Annual Report on Form 40-F for fiscal year ended December 31, 2021 (the "**Annual Report**") and Registration Statement on Form F-10 (File No. 333-237625) (the "**Registration Statement**") of Endeavour Silver Corp. (the "**Company**").

Ladies and Gentlemen,

The undersigned hereby consents to the use of and reference to his name in the Annual Report and Registration Statement and the documents incorporated therein by reference.

The undersigned hereby consents to the use of the sections of the "*NI 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Guanaceví Project, Durango State, Mexico"* effective December 31, 2020 and dated January 2, 2022 (the "Guanacevi Technical Report"), the "*NI 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Bolañitos Project, Guanajuato State, Mexico"* effective December 31, 2020 and dated January 2, 2022 (the "Bolañitos Technical Report") and the "*NI 43-101 Technical Report on the Feasibility Study of the Terronera Project Jalisco State, Mexico*" effective September 9, 2021 with revision date October 21, 2021 that the undersigned is responsible for preparing (the "Terronera Technical Report", together with the Guanacevi Technical Report and the Bolañitos Technical Report, the "Technical Reports")), including extracts from or summaries of the Technical Reports, in the Annual Report and Registration Statement, and the documents incorporated by reference therein, and any amendments to the Annual Report or Registration Statement, including post-effective amendments, filed with the United States Securities and Exchange Commission pursuant to the United States Securities Act of 1933, as amended.

Sincerely,

/s/ *Dale Mah*

Dale Mah, P. Geo.

KPMG LLP
Chartered Professional Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Endeavour Silver Corp.

We, KPMG LLP, consent to the use of:

- our Report of Independent Registered Public Accounting Firm dated March 8, 2022, addressed to the shareholders and board of directors of Endeavour Silver Corp. (the "Company"), on the consolidated financial statements of the Company which comprise the consolidated statements of financial position of the Company as of December 31, 2021 and 2020, the related consolidated statements of comprehensive earnings (loss), cash flows, and changes in shareholders' equity for each of the years in the two-year period ended December 31, 2021, and the related notes; and
- our Report of Independent Registered Public Accounting Firm dated March 8, 2022, on the effectiveness of the Entity's internal control over financial reporting as of December 31, 2021

each of which is included in the Annual Report on Form 40-F of the Company for the fiscal year ended December 31, 2021.

We also consent to the incorporation by reference of such reports in the Registration Statement (No. 333-237625) on Form F-10 of Endeavour Silver Corp.

/s/ **KPMG LLP**
Chartered Professional Accountants
March 10, 2022
Vancouver, Canada