



Condensed Consolidated Interim Financial Statements

PREPARED BY MANAGEMENT

Three and Nine Months Ended September 30, 2023 and 2022

ENDEAVOUR SILVER CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited – prepared by management)

(expressed in thousands of US dollars)

| | Notes | September 30, 2023 | December 31, 2022 |
|---|--------|-----------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 40,957 | \$ 83,391 |
| Other investments | 4 | 6,192 | 8,647 |
| Accounts and other receivables | 5 | 16,664 | 13,136 |
| Income tax receivable | | 1,264 | 4,024 |
| Inventories | 6 | 27,601 | 19,184 |
| Prepays | | 37,508 | 16,951 |
| Loans receivable | 8 (c) | 1,250 | 1,000 |
| Total current assets | | 131,436 | 146,333 |
| Non-current deposits | | 717 | 565 |
| Non-current income tax receivable | | 3,570 | 3,570 |
| Non-current other investments | 4 | - | 1,388 |
| Non-current IVA receivable | 5 | 17,476 | 10,154 |
| Non-current loans receivable | 8 (c) | 2,273 | 2,729 |
| Right-of-use leased assets | | 819 | 806 |
| Mineral properties, plant and equipment | 8, 9 | 276,864 | 233,892 |
| Total assets | | \$ 433,155 | \$ 399,437 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 43,416 | \$ 39,831 |
| Income taxes payable | | 7,296 | 6,616 |
| Loans payable | 9 | 4,339 | 6,041 |
| Lease liabilities | | 436 | 261 |
| Total current liabilities | | 55,487 | 52,749 |
| Loans payable | 9 | 5,500 | 8,469 |
| Lease liabilities | | 678 | 812 |
| Provision for reclamation and rehabilitation | | 9,582 | 7,601 |
| Deferred income tax liability | | 16,273 | 12,944 |
| Other non-current liabilities | | 1,016 | 968 |
| Total liabilities | | 88,536 | 83,543 |
| Shareholders' equity | | | |
| Common shares, unlimited shares authorized, no par value, issued, issuable and outstanding 199,700,826 shares (Dec 31, 2022 - 189,995,563 shares) | Page 4 | 684,736 | 657,866 |
| Contributed surplus | Page 4 | 4,597 | 6,115 |
| Retained earnings (deficit) | Page 4 | (344,714) | (348,087) |
| Total shareholders' equity | | 344,619 | 315,894 |
| Total liabilities and shareholders' equity | | \$ 433,155 | \$ 399,437 |

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

Approved on behalf of the Board:

/s/ Margaret Beck

Director

/s/ Daniel Dickson

Director

ENDEAVOUR SILVER CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

(unaudited – prepared by management)

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

| | Notes | Three months ended | | Nine months ended | |
|---|-----------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| Revenue | 11 | \$ 49,432 | \$ 39,649 | \$ 154,964 | \$ 128,171 |
| Cost of sales: | | | | | |
| Direct production costs | | 34,020 | 24,510 | 86,014 | 71,059 |
| Royalties | | 4,821 | 2,821 | 17,105 | 9,332 |
| Share-based payments | 10 (b)(c) | 44 | 113 | (118) | 353 |
| Depreciation, depletion and amortization | | 7,855 | 5,753 | 20,704 | 16,234 |
| Write down of inventory to net realizable value | 6 | - | 1,323 | - | 1,323 |
| | | 46,740 | 34,520 | 123,705 | 98,301 |
| Mine operating earnings | | 2,692 | 5,129 | 31,259 | 29,870 |
| Expenses: | | | | | |
| Exploration and evaluation | 12 | 4,155 | 4,023 | 12,678 | 11,023 |
| General and administrative | 13 | 2,358 | 2,201 | 9,633 | 7,846 |
| Care and maintenance costs | | - | 203 | - | 582 |
| Write off of mineral properties | 8 (e) | - | - | 435 | 500 |
| | | 6,513 | 6,427 | 22,746 | 19,951 |
| Operating earnings (loss) | | (3,821) | (1,298) | 8,513 | 9,919 |
| Finance costs | | 316 | 311 | 1,090 | 945 |
| Other income: | | | | | |
| Foreign exchange gain (loss) | | (418) | 841 | 3,326 | 1,363 |
| Gain on asset disposal | 8(f) | 6,992 | 2,780 | 7,059 | 2,780 |
| Investment and other | | (1,627) | (272) | (267) | (1,324) |
| | | 4,947 | 3,349 | 10,118 | 2,819 |
| Earnings before income taxes | | 810 | 1,740 | 17,541 | 11,793 |
| Income tax expense: | | | | | |
| Current income tax expense | | 2,250 | 1,186 | 11,137 | 3,526 |
| Deferred income tax expense | | 888 | 2,053 | 3,330 | 10,027 |
| | | 3,138 | 3,239 | 14,467 | 13,553 |
| Net earnings (loss) and comprehensive earnings | | \$ (2,328) | \$ (1,499) | \$ 3,074 | \$ (1,760) |
| Basic earnings (loss) per share | | \$ (0.01) | \$ (0.01) | \$ 0.02 | \$ (0.01) |
| Diluted earnings (loss) per share | 10(f) | \$ (0.01) | \$ (0.01) | \$ 0.02 | \$ (0.01) |
| Basic weighted average number of shares outstanding | | 194,249,283 | 189,241,367 | 192,003,752 | 180,655,842 |
| Diluted weighted average number of shares outstanding 10(f) | | 194,249,283 | 189,241,367 | 193,875,315 | 180,655,842 |

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

ENDEAVOUR SILVER CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited – prepared by management)

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

| | Notes | Number of shares | Share Capital | Contributed Surplus | Retained Earnings (Deficit) | Total Shareholders' Equity |
|--|-----------|------------------|---------------|---------------------|-----------------------------|----------------------------|
| Balance at December 31, 2021 | | 170,537,307 | \$ 585,406 | \$ 6,331 | \$ (354,330) | \$ 237,407 |
| Public equity offerings, net of issuance costs | 10 (a) | 9,293,150 | 43,096 | - | - | 43,096 |
| Exercise of options | 10 (b) | 563,200 | 2,364 | (766) | - | 1,598 |
| Settlement of performance and deferred share units | 10 (c) | 1,014,999 | 1,361 | (3,264) | - | (1,903) |
| Issued on acquisition of mineral properties | 8 (c) | 8,577,380 | 25,589 | - | - | 25,589 |
| Issued for deferred share units | 10 (c) | 3,527 | 17 | (17) | - | - |
| Share-based compensation | 10 (b)(c) | - | - | 3,259 | - | 3,259 |
| Loss for the period | | - | - | - | (1,760) | (1,760) |
| Balance at September 30, 2022 | | 189,989,563 | \$ 657,833 | \$ 5,543 | \$ (356,090) | \$ 307,286 |
| Public equity offerings, net of issuance costs | 10 (a) | - | 20 | - | - | 20 |
| Exercise of options | 10 (b) | 6,000 | 13 | (4) | - | 9 |
| Share-based compensation | 10 (b)(c) | - | - | 618 | - | 618 |
| Canceled options | 10 (b) | - | - | (42) | 42 | - |
| Earnings for the period | | - | - | - | 7,961 | 7,961 |
| Balance at December 31, 2022 | | 189,995,563 | \$ 657,866 | \$ 6,115 | \$ (348,087) | \$ 315,894 |
| Public equity offerings, net of issuance costs | 10 (a) | 8,195,527 | 22,707 | - | - | 22,707 |
| Exercise of options | 10 (b) | 1,097,900 | 3,758 | (1,305) | - | 2,453 |
| Settlement of performance and deferred share units | 10 (c) | 411,836 | 405 | (2,817) | - | (2,412) |
| Share-based compensation | 10 (b)(c) | - | - | 2,903 | - | 2,903 |
| Canceled options | 10 (b) | - | - | (299) | 299 | - |
| Earnings for the period | | - | - | - | 3,074 | 3,074 |
| Balance at September 30, 2023 | | 199,700,826 | \$ 684,736 | \$ 4,597 | \$ (344,714) | \$ 344,619 |

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

ENDEAVOUR SILVER CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(unaudited – prepared by management)

(expressed in thousands of US dollars)

| | Notes | Three months ended | | Nine months ended | |
|---|-----------|--------------------|--------------------|--------------------|--------------------|
| | | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| Operating activities | | | | | |
| Net earnings (loss) for the period | | \$ (2,328) | \$ (1,499) | \$ 3,074 | \$ (1,760) |
| Items not affecting cash: | | | | | |
| Share-based compensation | 10 (b)(c) | 864 | 760 | 2,904 | 3,259 |
| Depreciation, depletion and amortization | 8 | 9,067 | 6,023 | 22,659 | 16,809 |
| Write off of exploration properties | 8 | - | - | 435 | 500 |
| Deferred income tax expense | | 888 | 2,053 | 3,330 | 10,027 |
| Unrealized foreign exchange loss (gain) | | (409) | 89 | 1,205 | (131) |
| Finance costs | | 316 | 312 | 1,090 | 946 |
| Accretion of loans receivable | | (87) | - | (294) | - |
| Write down of inventory to net realizable value | | - | 1,323 | - | 1,323 |
| Gain on asset disposal | | (6,992) | (2,826) | (7,059) | (2,780) |
| Loss on other investments | 4 | 1,944 | 1,097 | 1,997 | 3,366 |
| Performance and deferred share units settled in cash | | - | - | (2,118) | - |
| Net changes in non-cash working capital | 14 | (2,650) | 85 | (22,158) | (20,957) |
| Cash from operating activities | | 613 | 7,417 | 5,065 | 10,602 |
| Investing activities | | | | | |
| Proceeds on disposal of property, plant and equipment | 8(f) | 7,567 | 250 | 7,567 | 332 |
| Mineral properties, plant and equipment | 8 | (31,736) | (53,046) | (76,317) | (81,494) |
| Purchase of other investments | | - | - | - | (2,119) |
| Proceeds from disposal of other investments | 4 | - | - | 1,846 | - |
| Redemption of (investment in) non-current deposits | | (57) | 30 | (152) | 34 |
| Cash used in investing activities | | (24,226) | (52,766) | (67,056) | (83,247) |
| Financing activities | | | | | |
| Repayment of loans payable | 9 | (1,522) | (1,268) | (4,671) | (3,565) |
| Repayment of lease liabilities | | (126) | (55) | (275) | (161) |
| Interest paid | 9 | (206) | (204) | (659) | (585) |
| Public equity offerings | 10 (a) | 23,390 | - | 23,390 | 46,001 |
| Exercise of options | 10 (b) | - | 20 | 2,453 | 1,598 |
| Proceeds from loans receivable | 8(c) | - | - | 500 | - |
| Share issuance costs | 10 (a) | (683) | (93) | (683) | (2,905) |
| Performance and deferred share units withholding tax settlement | | - | - | (294) | (1,903) |
| Cash from (used in) financing activities | | 20,853 | (1,600) | 19,761 | 38,480 |
| Effect of exchange rate change on cash and cash equivalents | | 213 | (84) | (204) | 55 |
| Increase (decrease) in cash and cash equivalents | | (2,760) | (46,949) | (42,230) | (34,165) |
| Cash and cash equivalents, beginning of the period | | 43,504 | 116,226 | 83,391 | 103,303 |
| Cash and cash equivalents, end of the period | | \$ 40,957 | \$ 69,193 | \$ 40,957 | \$ 69,193 |

Supplemental cash flow information (Note 14)

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

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

1. CORPORATE INFORMATION

Endeavour Silver Corp. (the “Company” or “Endeavour Silver”) is a corporation governed by the Business Corporations Act (British Columbia, Canada). 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 condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s consolidated financial statements as at and for the year ended December 31, 2022.

The Board of Directors approved the consolidated financial statements for issue on November 3, 2023.

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.

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. All intercompany transactions and balances have been eliminated upon consolidation of these subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual audited consolidated financial statements as at and for the year ended December 31, 2022.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual audited consolidated financial statements for the year ended December 31, 2022 and should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended December 31, 2022.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

4. OTHER INVESTMENTS

| | Note | September 30, 2023 | December 31, 2022 |
|--|------|-----------------------|----------------------|
| Balance at beginning of the period | | \$ 10,035 | \$ 11,200 |
| Investment in marketable securities, at cost | | - | 2,305 |
| Proceeds from disposals | | (1,846) | - |
| Loss on marketable securities | | (1,997) | (3,470) |
| Balance at end of the period | | 6,192 | 10,035 |
| Less: Non-Current portion | | - | 1,388 |
| Current other investments | | \$ 6,192 | \$ 8,647 |

As at September 30, 2023 the Company held \$6,143 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 17). 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.

During the year ended December 31, 2022, the Company acquired 6,600,000 units of Max Resource Corp (“Max”) through a private placement with each unit consisting of one common share and ½ share purchase warrant. At the same time, the Company entered into a collaboration agreement with Max under which acquired shares and warrants of Max have certain transfer restrictions and cannot be liquidated before March 28, 2024. Accordingly, at inception these shares and warrants were classified as non-current and are classified as such in the comparative figures.

5. ACCOUNTS AND OTHER RECEIVABLES

| | Note | September 30, 2023 | December 31, 2022 |
|----------------------------------|------|-----------------------|----------------------|
| Trade receivables ⁽¹⁾ | | \$ 6,918 | \$ 4,385 |
| IVA receivable ⁽²⁾ | 16 | 8,741 | 8,062 |
| Other receivables | | 1,005 | 689 |
| | | \$ 16,664 | \$ 13,136 |

(1) 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 period end closing prices 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 17).

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

- (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.

These delays and denials have occurred in Refinadora Plata Guanacevi S.A. de C.V. ("Guanacevi,"). At September 30, 2023, Guanacevi holds \$8,398 in IVA receivables which the Company and its advisors have determined to be recoverable from tax authorities (December 31, 2022 \$6,402 respectively).

As at September 30, 2023, the total IVA receivable of \$26,217 (December 31, 2022 - \$18,216) has been allocated between the current portion of \$8,741, which is included in accounts and other receivables, and a non-current portion of \$17,476 (December 31, 2022 - \$8,062 and \$10,154 respectively). The non-current portion is composed of Guanacevi of \$2,293, which is currently under appeal and is unlikely to be received in the next 12 months. The remaining \$15,183 is IVA receivable for Terronera, which may not become recoverable until Terronera recognizes revenue for tax purposes.

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.

6. INVENTORIES

| | September 30, 2023 | December 31, 2022 |
|------------------------------------|-----------------------|----------------------|
| Warehouse inventory ⁽¹⁾ | \$ 12,825 | \$ 9,682 |
| Stockpile inventory | 3,085 | 2,389 |
| Finished goods inventory | 11,014 | 6,138 |
| Work in process inventory | 677 | 975 |
| | \$ 27,601 | \$ 19,184 |

- (1) The warehouse inventory balances at September 30, 2023 and December 31, 2022 are net of a write down to net realizable value of \$1,179 at the Guanacevi mine and \$1,038 at the Bolañitos mine.

7. RELATED PARTY TRANSACTIONS

The Company previously shared common administrative services and office space with a company related by virtue of a former common director and from time to time incurred third party costs on behalf of related parties on a full cost recovery basis. The agreement for sharing office space and administrative services ended in May 2022. The charges for these costs totaled \$nil for the three and nine months ended September 30, 2023 (September 30, 2022 - \$nil and \$9 respectively). The Company has a \$nil net receivable related to these costs as of September 30, 2023 (December 31, 2022 - \$nil).

The Company was charged \$204 and \$490 for legal services for the three and nine months ended September 30, 2023 by a legal firm in which the Company's corporate secretary is a partner (September 2022 - \$57 and \$402 respectively). The Company has \$72 payable to the legal firm as at September 30, 2023 (December 31, 2022 - \$10).

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

8. 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, 2021 | \$ 511,399 | \$ 98,185 | \$ 87,140 | \$ 13,445 | \$ 12,045 | \$ 722,214 |
| Additions | 103,635 | 5,217 | 19,877 | 7,573 | 1,978 | 138,280 |
| Disposals | (14,966) | (6,542) | (757) | (662) | (746) | (23,673) |
| Balance at December 31, 2022 | \$ 600,068 | \$ 96,860 | \$ 106,260 | \$ 20,356 | \$ 13,277 | \$ 836,821 |
| Additions | 50,251 | 5,660 | 7,748 | 1,715 | 1,834 | 67,208 |
| Disposals | (670) | - | (417) | - | (176) | (1,263) |
| Balance at September 30, 2023 | \$ 649,649 | \$ 102,520 | \$ 113,591 | \$ 22,071 | \$ 14,935 | \$ 902,766 |
| Accumulated amortization and impairment | | | | | | |
| Balance at December 31, 2021 | \$ 444,769 | \$ 88,208 | \$ 49,445 | \$ 9,194 | \$ 8,401 | \$ 600,017 |
| Amortization | 14,786 | 2,268 | 5,301 | 346 | 1,205 | 23,906 |
| Disposals | (13,574) | (6,442) | (326) | (159) | (493) | (20,994) |
| Balance at December 31, 2022 | \$ 445,981 | \$ 84,034 | \$ 54,420 | \$ 9,381 | \$ 9,113 | \$ 602,929 |
| Amortization | 15,468 | 1,293 | 5,064 | 285 | 1,185 | 23,295 |
| Disposals | - | - | (177) | - | (145) | (322) |
| Balance at September 30, 2023 | \$ 461,449 | \$ 85,327 | \$ 59,307 | \$ 9,666 | \$ 10,153 | \$ 625,902 |
| Net book value | | | | | | |
| At December 31, 2022 | \$ 154,087 | \$ 12,826 | \$ 51,840 | \$ 10,975 | \$ 4,164 | \$ 233,892 |
| At September 30, 2023 | \$ 188,200 | \$ 17,193 | \$ 54,284 | \$ 12,405 | \$ 4,782 | \$ 276,864 |

Included in mineral properties is \$80,085 in acquisition costs for exploration properties and \$57,792 for acquisition and development costs for development properties (December 31, 2022 – \$80,155 and \$26,669 respectively), which are not subject to amortization.

As of September 30, 2023, the Company has \$35,704 committed for capital equipment purchases, predominantly related to the ongoing construction and development in the Terronera project.

(b) Acquisition of the Pitarrilla Project

On January 17, 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 Minera Pitarrilla S.A. de C. V. (formerly SSR Durango, S.A. de C.V.) from SSR Mining Inc. (“SSR”) for total consideration of \$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 and as agreed to by the Company) and a 1.25% net smelter returns royalty. SSR retains a 1.25% NSR Royalty in Pitarrilla. Endeavour will have matching rights to purchase the NSR Royalty in the event SSR proposes to sell it.

The acquisition was completed on July 6, 2022. Total consideration included 8,577,380 shares of the Company issued on July 6, 2022 and a \$35.1 million cash payment. Fair value of the 8,577,380 common shares issued on July 6, 2022 was \$25,589 at CAN\$3.89 per share. The deemed value of the common shares issued, at the time of agreement, was \$34.9 million. The shares are subject to a hold period of four months and one day following the date of closing.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

The 4,950-hectares Pitarrilla exploration project is located in northern Mexico, consists of five concessions, has significant infrastructure in place and has access to utilities.

The acquisition is outside the scope of IFRS 3 Business Combinations, as the Pitarrilla project did not meet the definition of a business, and as such, the transaction was accounted for as an asset acquisition. The purchase price is allocated to the underlying assets acquired and liabilities assumed, based upon their estimated fair values at the date of acquisition.

Pitarilla Project purchase consideration:

| | | |
|----------------------------|----|--------|
| Common shares issued | \$ | 25,589 |
| Consideration paid in cash | | 35,067 |
| Acquisition costs | | 881 |
| Total consideration | \$ | 61,537 |

Fair value summary of assets acquired and liabilities assumed:

| | | |
|--|----|--------|
| Assets: | | |
| Current assets | \$ | 288 |
| Buildings and equipment | | 652 |
| Mineral properties | | 60,811 |
| Total assets | \$ | 61,751 |
| Liabilities: | | |
| Accounts payable and accrued liabilities | | 170 |
| Reclamation liability | | 44 |
| Total liabilities | \$ | 214 |
| Net identifiable assets acquired | \$ | 61,537 |

(c) El Compas, Mexico

On September 9, 2022, the Company entered into an agreement to sell its 100% interest in Minera Oro Silver de Mexico, S.A. de C.V. ("MOS") to Grupo ROSGO, S.A. de C.V., ("Grupo ROSGO"). Minera Oro Silver holds the El Compas property and the lease on the La Plata processing plant in Zacatecas, Mexico.

Pursuant to the agreement, Grupo ROSGO assumed the Minera Oro Silver loan payable to the Company, in the amount of \$5,000 payable in cash payments over a five year period with an initial payment of \$250 and subsequent Instalment payments of \$500 every six months other than the third payment, which will be \$750. The payments are secured by a pledge of the shares of MOS. As of September 30, 2023, the carrying value of the loan receivable is \$3,523, consisting of the current portion of \$1,250 and non-current portion of \$2,273 (December 31, 2022 - \$1,000 and \$2,279 respectively).

The carrying value of the net Minera Oro Silver's net assets at the date of the sale was \$1,149 resulting in the Company recording a \$2,733 gain on sale.

(d) Baxter Gold

On July 18, 2023, the Company entered into a definitive agreement with Bravada Gold Corporation which grants the Company an option to earn an 85% interest in the Baxter gold and silver property ("Baxter"), by incurring \$4,000 in exploration and development expenditures and paying \$500 in option payments over a five-year period from the date of the agreement. Baxter is located directly north of the Company's Bruner project in Nevada's Walker Lane Gold trend. Baxter consists of 114 unpatented lode claims (approximately 920 hectares). Upon completion of the exploration and development expenditures and payment of the option payments, the Company can exercise the option and would have the right to form a joint venture with 85% of the interest belonging to the Company.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

(e) Write-off of Paloma exploration property

In December 2018, the Company signed an option agreement to acquire up to a 70% interest in the Paloma project in Antofagasta Province, Chile. Agreement granted the Company the right to acquire its initial 51% interest by paying \$750 and spending \$5,000 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. In June 2023, the Company elected to not proceed with the final payment and the carrying value of \$435 has been written off during the nine month period ended September 30, 2023.

(f) Sale of Cozamin Royalty

On August 31, 2023, Minera Plata Adelante SA de CV (“MPA”) executed an agreement with Gold Royalty Corp and sold all of the MPA's interest in the 1% Cozamin royalty (“Royalty”) for total consideration of \$7,500 payable in cash. The Royalty applies to two concessions (Calicanto and Vicochea) on Capstone's Cozamin copper-silver mine, located 3.6 kilometres north-northwest of Zacatecas City in state of Zacatecas, Mexico. The Company obtained the Royalty through a concession division agreement signed in 2017 on seven wholly owned concessions which were acquired for \$445. The Cozamin Mine, a copper-silver mine owned and operated by Capstone Copper in Zacatecas, Mexico, is located on two of the seven concessions. The sale agreement includes an option granted to Gold Royalty Corp to purchase any additional royalties which may be granted on the five remaining concessions under the 2017 concession division agreement.

9. LOANS PAYABLE

| | September 30, 2023 | December 31, 2022 |
|--|-----------------------|----------------------|
| Balance at the beginning of the period | \$ 14,510 | \$ 10,494 |
| Net proceeds from software and equipment financing | - | 9,070 |
| Finance cost | 599 | 726 |
| Repayments of principal | (4,671) | (5,054) |
| Repayments of finance costs | (599) | (726) |
| Balance at the end of the period | \$ 9,839 | \$ 14,510 |
| Statements of Financial Position presentation | | |
| Current loans payable | \$ 4,339 | \$ 6,041 |
| Non-current loans payable | 5,500 | 8,469 |
| Total | \$ 9,839 | \$ 14,510 |

The Company currently has \$23,313 in financing arrangements for equipment, with terms ranging from one to four years. The agreements require either monthly or quarterly payments of principal and interest with a weighted-average interest rate of 5.7%.

The equipment financing is secured by the underlying equipment purchased and is subject to various non-financial covenants. As at September 30, 2023 the Company was in compliance with these covenants. As at September 30, 2023, the net book value of equipment includes \$21,799 (December 31, 2022 - \$24,379) of equipment pledged as security for the equipment financing.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

10. SHARE CAPITAL

(a) Public Offerings

On March 22, 2022, the Company completed a prospectus equity financing with the offering co-led by BMO Capital Markets and PI Financial Corp., together with a syndicate of underwriters consisting of CIBC World Markets Inc., B. Riley Securities Inc., and H.C. Wainwright & Co., LLC. The Company issued a total of 9,293,150 common shares at a price of \$4.95 per share for aggregate gross proceeds of \$46,001, less commission of \$2,524 and recognized \$361 of other transaction costs related to the financing as share issuance costs, which have been presented net within share capital.

In June 2023, the Company filed a short form base shelf prospectus that qualified for the distribution of up to \$200 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 27, 2023, the Company entered into an ATM equity facility with BMO Capital Markets (the lead agent), CIBC World Markets Inc, TD Securities (USA) LLC, National Bank of Canada Financial Inc., Raymond James (USA) Inc., B. Riley Securities Inc. and H.C. Wainwright & Co. LLC. (collectively, 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 \$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 ATM facility.

During the nine-month period ended September 30, 2023, the Company issued 8,195,527 common shares under the ATM facility at an average price of \$2.85 per share for gross proceeds of \$23,390, less commission of \$468 and recognized \$215 of other transaction costs related to the ATM financing as share issuance costs, which have been presented net within share capital.

Subsequent to September 30, 2023 an additional 6,828,796 common shares were issued under the ATM facility at an average price of \$2.44 per share for gross proceeds of \$16,638 less commission of \$332.

(b) Stock 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.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

(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 period:

| Expressed in Canadian dollars | Nine months ended | | Year ended | |
|--|-----------------------|---------------------------------------|----------------------|---------------------------------------|
| | September 30, 2023 | | December 31, 2022 | |
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Outstanding, beginning of the period | 3,899,630 | \$4.09 | 3,848,200 | \$3.68 |
| Granted | 1,079,000 | \$4.12 | 736,986 | \$6.24 |
| Exercised | (1,097,900) | \$3.05 | (569,200) | \$3.57 |
| Expired and forfeited | (251,839) | \$5.65 | (116,356) | \$6.63 |
| Outstanding, end of the period | 3,628,891 | \$4.31 | 3,899,630 | \$4.09 |
| Options exercisable at the end of the period | 2,921,934 | \$4.27 | 3,374,459 | \$3.74 |

During the nine months ended September 30, 2023, the weighted-average share price at the date of exercise was CAN\$4.49 (December 31, 2022 - CAN\$6.77).

The following table summarizes the information about stock options outstanding at September 30, 2023:

| Expressed in Canadian dollars | Options Outstanding | | | Options Exercisable | | |
|-------------------------------|---------------------|--|--|--|--|--|
| | Price Intervals | Number Outstanding as at September 30, 2023 | Weighted Average Remaining Contractual Life (Number of Years) | Weighted Average Exercise Price | Number Exercisable as at September 30, 2023 | Weighted Average Exercise Price |
| | \$2.00 - \$2.99 | 960,600 | 1.4 | \$2.14 | 960,600 | \$1.42 |
| | \$3.00 - \$3.99 | 442,400 | 0.5 | \$3.23 | 442,400 | \$0.46 |
| | \$4.00 - \$4.99 | 976,600 | 4.5 | \$4.12 | 386,600 | \$4.45 |
| | \$5.00 - \$5.99 | 60,000 | 2.0 | \$5.60 | 60,000 | \$1.96 |
| | \$6.00 - \$6.99 | 1,189,291 | 3.0 | \$6.55 | 1,072,334 | \$2.93 |
| | | 3,628,891 | 2.6 | \$4.31 | 2,921,934 | \$2.24 |

During the three and nine months ended September 30, 2023, the Company recognized share-based compensation expense of \$370 and \$1,316 respectively (September 30, 2022 - \$320 and \$1,425 respectively) 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:

| | Nine months ended | |
|---|-----------------------|-----------------------|
| | September 30, 2023 | September 30, 2022 |
| Weighted-average fair value of options in CAN\$ | \$2.21 | \$3.17 |
| Risk-free interest rate | 3.84% | 2.19% |
| Expected dividend yield | 0% | 0% |
| Expected stock price volatility | 70% | 67% |
| Expected options life in years | 3.79 | 3.80 |

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

(c) 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 any new PSUs and 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.

Performance Share Units

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.

| | Nine months ended September 30, 2023 | Year ended December 31, 2022 |
|----------------------------------|--|------------------------------------|
| | Number of units | Number of units |
| Outstanding, beginning of period | 1,158,000 | 1,639,000 |
| Granted | 471,000 | 316,000 |
| Cancelled | (140,000) | - |
| Settled | (611,000) | (797,000) |
| Outstanding, end of period | 878,000 | 1,158,000 |

There were 471,000 PSUs granted during the nine months ended September 30, 2023 (September 30, 2022 – 316,000) under the SUP. 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. 194,000 PSUs vest on March 4, 2024, 215,000 PSUs vest on March 24, 2025, 60,000 PSUs vest on or before June 30, 2024, and 409,000 PSUs vest on March 7, 2026.

On March 2, 2023, PSUs granted in 2020 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 205,918 PSUs were settled, through the issuance of 411,836 common shares and 405,082 PSUs were settled for \$2,413 cash.

On August 16, 2022, vesting was accelerated on a pro-rata basis for 195,000 PSUs granted in 2020 and 67,000 PSUs granted in 2021. During the nine months ended September 30, 2023, 350,829 shares were issued for the settlement of these PSUs.

During the three and nine months ended September 30, 2023, the Company recognized share-based compensation expense of \$476 and \$938 respectively related to the PSUs (September 30, 2022 – \$428 and \$1,321 respectively).

Deferred Share Units

The DSUs granted are vested immediately and are redeemable for shares at the time of a director’s retirement.

| | Nine months ended September 30, 2023 | Year ended December 31, 2022 |
|----------------------------------|---|---------------------------------|
| | Number of units | Number of units |
| Outstanding, beginning of period | 104,596 | - |
| Granted | 216,520 | 109,634 |
| Settled for shares | - | (5,038) |
| Outstanding, end of period | 321,116 | 104,596 |

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

There were 216,520 DSUs granted during the nine months ended September 30, 2023 (September 30, 2022 – 106,153) under the SUP. During the three and nine months ended September 30, 2023, the Company recognized share-based compensation expense of \$18 and \$650 respectively related to the DSUs (September 30, 2022 – \$12 and \$513 respectively).

(d) 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 | Nine months ended September 30, 2023 | | Year ended December 31, 2022 | |
|----------------------------------|--|---------------------------------|------------------------------------|---------------------------------|
| | Number of Units | Weighted Average Grant Price | Number of Units | Weighted Average Grant Price |
| Outstanding, beginning of period | 1,044,204 | \$3.19 | 1,348,765 | \$3.24 |
| Redeemed | - | \$0.00 | (304,561) | \$3.41 |
| Outstanding, end of period | 1,044,204 | \$3.19 | 1,044,204 | \$3.19 |
| Fair value at period end | 1,044,204 | \$3.32 | 1,044,204 | \$4.38 |

During the three and nine months ended September 30, 2023, the Company recognized a mark to market recovery on director’s compensation related to these DSUs, which is included in general and administrative salaries, wages and benefits, of \$482 and \$823 respectively (September 30, 2022 – a mark to market recovery of \$110 and \$1,099 respectively) 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 September 30, 2023, there are 1,044,204 deferred share units outstanding (December 31, 2022 – 1,044,204) with a fair market value of \$2,552 (December 31, 2022 – \$3,375) recognized in accounts payable and accrued liabilities.

(e) 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.

| | Nine months ended September 30, 2023 | | Year ended December 31, 2022 | |
|--------------------------------------|--|---------------------------------|------------------------------------|---------------------------------|
| | Number of Units | Weighted Average Grant Price | Number of Units | Weighted Average Grant Price |
| Outstanding, beginning of period | 181,739 | \$5.12 | 113,670 | \$5.40 |
| Granted | - | \$0.00 | 148,030 | \$4.62 |
| Exercised | - | \$0.00 | (5,726) | \$3.17 |
| Cancelled | (86,256) | \$5.13 | (74,235) | \$4.72 |
| Outstanding, end of period | 95,483 | \$5.10 | 181,739 | \$5.12 |
| Exercisable at the end of the period | 71,200 | \$5.15 | 101,066 | \$5.18 |

During the three and nine months ended September 30, 2023, the Company recognized a recovery related to SARs, which is included in operation and exploration salaries, wages and benefits, of \$22 and \$32 respectively (September 30, 2022 – recovery of \$nil and \$4 respectively) based on the change in the fair value of the SARs granted in prior years. As of September 30, 2023, there are 95,483 SARs outstanding (December 31, 2022 – 181,739) with a fair market value of \$76 (December 31, 2022 – \$111) recognized in accounts payable and accrued liabilities.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

(f) Diluted Earnings per Share

| | Three months ended | | Nine months ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| Net earnings (loss) | \$ (2,328) | \$ (1,499) | \$ 3,074 | \$ (1,760) |
| Basic weighted average number of shares outstanding | 194,249,283 | 189,241,367 | 192,003,752 | 180,655,842 |
| Effect of dilutive securities: | | | | |
| Stock options | - | - | 672,447 | - |
| Equity settled deferred share units | - | - | 878,000 | - |
| Performance share units | - | - | 321,116 | - |
| Diluted weighted average number of share outstanding | 194,249,283 | 189,241,367 | 193,875,315 | 180,655,842 |
| Diluted earnings (loss) per share | \$ (0.01) | \$ (0.01) | \$ 0.02 | \$ (0.01) |

As of September 30, 2023, there 2,876,185 anti-dilutive stock options (September 30, 2022 – 2,833,740).

11. REVENUE

| | Three months ended | | Nine months ended | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| Silver sales ⁽¹⁾ | \$ 32,863 | \$ 25,541 | \$ 103,027 | \$ 81,123 |
| Gold sales ⁽¹⁾ | 17,063 | 14,852 | 53,882 | 49,383 |
| Less: smelting and refining costs | (494) | (744) | (1,945) | (2,335) |
| Revenue | \$ 49,432 | \$ 39,649 | \$ 154,964 | \$ 128,171 |

(1) Changes in fair value from provisional pricing in the period are included in silver and gold sales.

| | Three months ended | | Nine months ended | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| Revenue by product | | | | |
| Concentrate sales | \$ 13,528 | \$ 11,614 | \$ 39,273 | \$ 42,192 |
| Provisional pricing adjustments | 523 | (443) | (66) | (400) |
| Total revenue from concentrate sales | 14,051 | 11,171 | 39,207 | 41,792 |
| Refined metal sales | 35,381 | 28,478 | 115,757 | 86,379 |
| Total revenue | \$ 49,432 | \$ 39,649 | \$ 154,964 | \$ 128,171 |

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.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

12. EXPLORATION AND EVALUATION

| | Three months ended | | Nine months ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| Depreciation and depletion | \$ (147) | \$ 143 | \$ 448 | \$ 348 |
| Share-based compensation | 125 | 117 | 368 | 328 |
| Exploration salaries, wages and benefits | 791 | 330 | 2,211 | 1,423 |
| Direct exploration expenditures | 1,599 | 1,541 | 4,653 | 3,353 |
| Evaluation salaries, wages and benefits | 616 | 487 | 1,622 | 1,632 |
| Direct evaluation expenditures | 1,171 | 1,405 | 3,376 | 3,939 |
| | \$ 4,155 | \$ 4,023 | \$ 12,678 | \$ 11,023 |

13. GENERAL AND ADMINISTRATIVE

| | Three months ended | | Nine months ended | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| Depreciation and depletion | \$ 63 | \$ 57 | \$ 179 | \$ 156 |
| Share-based compensation | 694 | 530 | 2,654 | 2,577 |
| Salaries, wages and benefits | 971 | 852 | 3,131 | 3,067 |
| Directors' DSU recovery | (482) | (110) | (823) | (1,099) |
| Direct general and administrative | 1,112 | 872 | 4,492 | 3,145 |
| | \$ 2,358 | \$ 2,201 | \$ 9,633 | \$ 7,846 |

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

| | Three months ended | | Nine months ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| Net changes in non-cash working capital: | | | | |
| Accounts and other receivables | \$ (1,878) | \$ 2,205 | \$ (10,850) | \$ (91) |
| Income tax receivable | (1,098) | (1,255) | 2,760 | (2,297) |
| Inventories | 1,798 | (2,049) | (7,495) | (8,473) |
| Prepays | (3,149) | 197 | (4,898) | (6,234) |
| Accounts payable and accrued liabilities | 1,670 | 1,351 | (2,355) | (4,265) |
| Income taxes payable | 7 | (364) | 680 | 403 |
| | \$ (2,650) | \$ 85 | \$ (22,158) | \$ (20,957) |
| Non-cash financing and investing activities: | | | | |
| Reclamation included in mineral properties, plant and equipment | \$ (9) | \$ - | \$ (654) | \$ - |
| Fair value of exercised options allocated to share capital | \$ - | \$ (11) | \$ (1,305) | \$ (766) |
| Fair value of performance share units allocated to share capital | \$ - | \$ (555) | \$ (405) | \$ (1,361) |
| Fair value of capital assets acquired under finance leases | \$ - | \$ (2,745) | \$ - | \$ 7,119 |
| Other cash disbursements: | | | | |
| Income taxes paid | \$ 3,094 | \$ 2,733 | \$ 5,623 | \$ 3,184 |
| Special mining duty paid | \$ - | \$ - | \$ 2,654 | \$ 2,272 |

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

15. 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, and formerly the El Compas mine which was on care and maintenance until the sale of the mine on September 9, 2022. 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. Prepaids as well as the accounts payable and accrued liabilities in Terronera segment are predominantly related to the ongoing construction and development in the Terronera project.

| September 30, 2023 | | | | | | | | | | | | |
|--|-----------|---------------|-------------|---------------|-----------|----------------|-----------|---------------|-----------|----------------|-----------|----------------|
| | Corporate | | Exploration | | Guanaceví | | Bolanitos | | Terronera | | Total | |
| Cash and cash equivalents | \$ | 18,126 | \$ | 7,166 | \$ | 12,042 | \$ | 1,756 | \$ | 1,867 | \$ | 40,957 |
| Other investments | | 6,192 | | - | | - | | - | | - | | 6,192 |
| Accounts and other receivables | | 1,053 | | 476 | | 6,280 | | 8,847 | | 8 | | 16,664 |
| Loans receivable | | 3,523 | | - | | - | | - | | - | | 3,523 |
| Income tax receivable | | 19 | | 1,124 | | 72 | | 48 | | 1 | | 1,264 |
| Inventories | | 139 | | - | | 21,810 | | 5,625 | | 27 | | 27,601 |
| Prepaids | | 989 | | 396 | | 882 | | 234 | | 35,007 | | 37,508 |
| Non-current deposits | | 251 | | 2 | | 332 | | 93 | | 39 | | 717 |
| Non-current income tax receivable | | 3,570 | | - | | - | | - | | - | | 3,570 |
| Non-current IVA receivable | | - | | - | | 2,293 | | - | | 15,183 | | 17,476 |
| Right-of-use leased assets | | 435 | | - | | - | | 183 | | 201 | | 819 |
| Mineral properties, plant and equipment | | 611 | | 81,692 | | 72,515 | | 26,888 | | 95,158 | | 276,864 |
| Total assets | \$ | 34,908 | \$ | 90,856 | \$ | 116,226 | \$ | 43,674 | \$ | 147,491 | \$ | 433,155 |
| Accounts payable and accrued liabilities | \$ | 4,978 | \$ | 592 | \$ | 16,211 | \$ | 4,899 | \$ | 16,736 | \$ | 43,416 |
| Income taxes payable | | - | | - | | 6,258 | | 1,038 | | - | | 7,296 |
| Loans payable | | - | | - | | 351 | | 624 | | 8,864 | | 9,839 |
| Lease obligations | | 669 | | 18 | | - | | 215 | | 212 | | 1,114 |
| Provision for reclamation and rehabilitation | | - | | 44 | | 4,847 | | 3,787 | | 904 | | 9,582 |
| Deferred income tax liability | | - | | - | | 15,976 | | 297 | | - | | 16,273 |
| Other non-current liabilities | | - | | 8 | | 508 | | 488 | | 12 | | 1,016 |
| Total liabilities | \$ | 5,647 | \$ | 662 | \$ | 44,151 | \$ | 11,348 | \$ | 26,728 | \$ | 88,536 |

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

| | December 31, 2022 | | | | | | |
|--|--------------------------|--------------------|-------------------|------------------|------------------|-------------------|--|
| | Corporate | Exploration | Guanaceví | Bolanitos | Terronera | Total | |
| Cash and cash equivalents | \$ 38,466 | \$ 1,935 | \$ 32,997 | \$ 7,371 | \$ 2,622 | \$ 83,391 | |
| Other investments | 10,035 | - | - | - | - | 10,035 | |
| Accounts and other receivables | 383 | 669 | 5,824 | 6,246 | 14 | 13,136 | |
| Loans receivable | 3,729 | - | - | - | - | 3,729 | |
| Income tax receivable | 17 | - | 3,934 | 73 | - | 4,024 | |
| Inventories | 120 | - | 14,094 | 4,942 | 28 | 19,184 | |
| Prepays | 1,685 | 144 | 1,155 | 536 | 13,431 | 16,951 | |
| Non-current deposits | 150 | 2 | 321 | 92 | - | 565 | |
| Non-current IVA receivable | - | - | 1,505 | - | 8,649 | 10,154 | |
| Non-current income tax receivable | 3,570 | - | - | - | - | 3,570 | |
| Right-of-use leased assets | 512 | - | - | 294 | - | 806 | |
| Mineral properties, plant and equipment | 616 | 81,660 | 67,261 | 28,106 | 56,249 | 233,892 | |
| Total assets | \$ 59,283 | \$ 84,410 | \$ 127,091 | \$ 47,660 | \$ 80,993 | \$ 399,437 | |
| Accounts payable and accrued liabilities | \$ 6,837 | \$ 743 | \$ 19,875 | \$ 5,327 | \$ 7,049 | \$ 39,831 | |
| Income taxes payable | 65 | 282 | 5,539 | 730 | - | 6,616 | |
| Loans payable | - | - | 1,025 | 2,092 | 11,393 | 14,510 | |
| Lease obligations | 780 | - | 293 | - | - | 1,073 | |
| Provision for reclamation and rehabilitation | - | 44 | 4,103 | 3,203 | 251 | 7,601 | |
| Deferred income tax liability | - | - | 12,647 | 297 | - | 12,944 | |
| Other non-current liabilities | - | 69 | 443 | 437 | 19 | 968 | |
| Total liabilities | \$ 7,682 | \$ 1,138 | \$ 43,925 | \$ 12,086 | \$ 18,712 | \$ 83,543 | |

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

| Three months ended September 30, 2023 | | | | | | | |
|--|-----------|-------------|-----------|-----------|------------|-------|------------|
| | Corporate | Exploration | Guanaceví | Bolanitos | Terronera | Total | |
| Silver revenue | \$ - | \$ - | \$ 30,054 | \$ 2,810 | \$ - | \$ - | \$ 32,864 |
| Gold revenue | - | - | 5,326 | 11,737 | - | - | 17,063 |
| Less: smelting and refining costs | - | - | - | (495) | - | - | (495) |
| Total revenue | \$ - | \$ - | \$ 35,380 | \$ 14,052 | \$ - | \$ - | \$ 49,432 |
| Salaries, wages and benefits: | | | | | | | |
| mining | \$ - | \$ - | \$ 2,592 | \$ 2,381 | \$ - | \$ - | \$ 4,973 |
| processing | - | - | 1,339 | 643 | - | - | 1,982 |
| administrative | - | - | 1,626 | 846 | - | - | 2,472 |
| share-based compensation | - | - | 31 | 13 | - | - | 44 |
| change in inventory | - | - | 428 | 125 | - | - | 553 |
| Total salaries, wages and benefits | - | - | 6,016 | 4,008 | - | - | 10,024 |
| Direct costs: | | | | | | | |
| mining | - | - | 10,040 | 3,309 | - | - | 13,349 |
| processing | - | - | 4,674 | 1,659 | - | - | 6,333 |
| administrative | - | - | 1,990 | 950 | - | - | 2,940 |
| change in inventory | - | - | 1,174 | 244 | - | - | 1,418 |
| Total direct production costs | - | - | 17,878 | 6,162 | - | - | 24,040 |
| Depreciation and depletion: | | | | | | | |
| depreciation and depletion | - | - | 3,633 | 3,090 | - | - | 6,723 |
| change in inventory | - | - | 1,051 | 81 | - | - | 1,132 |
| Total depreciation and depletion | - | - | 4,684 | 3,171 | - | - | 7,855 |
| Royalties | - | - | 4,754 | 67 | - | - | 4,821 |
| Total cost of sales | \$ - | \$ - | \$ 33,332 | \$ 13,408 | \$ - | \$ - | \$ 46,740 |
| Write off of mineral properties | - | - | - | - | - | - | - |
| Earnings (loss) before taxes | \$ 2,273 | \$ (2,368) | \$ 2,048 | \$ 644 | \$ (1,787) | \$ - | \$ 810 |
| Current income tax expense (recovery) | - | 750 | 1,398 | 102 | - | - | 2,250 |
| Deferred income tax expense (recovery) | - | - | 888 | - | - | - | 888 |
| Total income tax expense (recovery) | - | 750 | 2,286 | 102 | - | - | 3,138 |
| Net earnings (loss) | \$ 2,273 | \$ (3,118) | \$ (238) | \$ 542 | \$ (1,787) | \$ - | \$ (2,328) |

The Exploration segment included \$352 of costs incurred in Chile for the three months ended September 30, 2023 (September 30, 2022 - \$347).

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

| Three months ended September 30, 2022 | | | | | | | | |
|--|------------------|--------------------|------------------|-------------------|------------------|-------------------|--------------|----------------|
| | Corporate | Exploration | Guanaceví | Bolanitos | El Compas | Terronera | Total | |
| Silver revenue | \$ - | \$ - | \$ 23,241 | \$ 2,300 | \$ - | \$ - | \$ | 25,541 |
| Gold revenue | - | - | 5,237 | 9,615 | - | - | \$ | 14,852 |
| Less: smelting and refining costs | - | - | - | (744) | - | - | \$ | (744) |
| Total revenue | \$ - | \$ - | \$ 28,478 | \$ 11,171 | \$ - | \$ - | \$ | 39,649 |
| Salaries, wages and benefits: | | | | | | | | |
| mining | \$ - | \$ - | \$ 2,052 | \$ 1,851 | \$ - | \$ - | \$ | 3,903 |
| processing | - | - | 907 | 554 | - | - | \$ | 1,461 |
| administrative | - | - | 1,625 | 1,016 | - | - | \$ | 2,641 |
| stock based compensation | - | - | 56 | 57 | - | - | \$ | 113 |
| change in inventory | - | - | (736) | 134 | - | - | \$ | (602) |
| Total salaries, wages and benefits | - | - | 3,904 | 3,612 | - | - | \$ | 7,516 |
| Direct costs: | | | | | | | | |
| mining | - | - | 7,298 | 3,018 | - | - | \$ | 10,316 |
| processing | - | - | 4,138 | 1,457 | - | - | \$ | 5,595 |
| administrative | - | - | 1,742 | 1,079 | - | - | \$ | 2,821 |
| change in inventory | - | - | (1,870) | 245 | - | - | \$ | (1,625) |
| Total direct production costs | - | - | 11,308 | 5,799 | - | - | \$ | 17,107 |
| Depreciation and depletion: | | | | | | | | |
| depreciation and depletion | - | - | 3,348 | 2,542 | - | - | \$ | 5,890 |
| change in inventory | - | - | (229) | 92 | - | - | \$ | (137) |
| Total depreciation and depletion | - | - | 3,119 | 2,634 | - | - | \$ | 5,753 |
| Royalties | - | - | 2,762 | 59 | - | - | \$ | 2,821 |
| Write down of inventory to NRV | - | - | 642 | 681 | - | - | \$ | 1,323 |
| Total cost of sales | \$ - | \$ - | \$ 21,735 | \$ 12,785 | \$ - | \$ - | \$ | 34,520 |
| Care and maintenance costs | - | - | - | - | 203 | - | \$ | 203 |
| Earnings (loss) before taxes | \$ 837 | \$ (2,131) | \$ 6,743 | \$ (1,614) | \$ (203) | \$ (1,892) | \$ | 1,740 |
| Current income tax expense | - | - | 1,258 | (72) | - | - | \$ | 1,186 |
| Deferred income tax expense | - | - | 2,053 | - | - | - | \$ | 2,053 |
| Total income tax expense | - | - | 3,311 | (72) | - | - | \$ | 3,239 |
| Net earnings (loss) | \$ 837 | \$ (2,131) | \$ 3,432 | \$ (1,542) | \$ (203) | \$ (1,892) | \$ | (1,499) |

The Exploration segment included \$347 of costs incurred in Chile for the three months ended September 30, 2022 (September 30, 2021 - \$341).

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

| Nine months ended September 30, 2023 | | | | | | | | |
|---|-----------------|-------------------|-------------------|------------------|-------------------|-----------|-----------|----------------|
| | Corporate | Exploration | Guanaceví | Bolanitos | Terronera | Total | | |
| Silver revenue | \$ - | \$ - | \$ 93,528 | \$ 9,499 | \$ - | \$ | \$ | 103,027 |
| Gold revenue | - | - | 22,228 | 31,654 | - | - | - | 53,882 |
| Less: smelting and refining costs | - | - | - | (1,945) | - | - | - | (1,945) |
| Total revenue | \$ - | \$ - | \$ 115,756 | \$ 39,208 | \$ - | \$ | \$ | 154,964 |
| Salaries, wages and benefits: | | | | | | | | |
| mining | \$ - | \$ - | \$ 6,987 | \$ 7,005 | \$ - | \$ | \$ | 13,992 |
| processing | - | - | 3,499 | 1,911 | - | - | - | 5,410 |
| administrative | - | - | 5,162 | 2,407 | - | - | - | 7,569 |
| stock based compensation | - | - | (50) | (68) | - | - | - | (118) |
| change in inventory | - | - | (1,276) | (190) | - | - | - | (1,466) |
| Total salaries, wages and benefits | - | - | 14,322 | 11,065 | - | - | - | 25,387 |
| Direct costs: | | | | | | | | |
| mining | - | - | 24,481 | 10,080 | - | - | - | 34,561 |
| processing | - | - | 14,554 | 4,924 | - | - | - | 19,478 |
| administrative | - | - | 6,097 | 3,260 | - | - | - | 9,357 |
| change in inventory | - | - | (2,618) | (269) | - | - | - | (2,887) |
| Total direct production costs | - | - | 42,514 | 17,995 | - | - | - | 60,509 |
| Depreciation and depletion: | | | | | | | | |
| depreciation and depletion | - | - | 12,288 | 9,338 | - | - | - | 21,626 |
| change in inventory | - | - | (749) | (173) | - | - | - | (922) |
| Total depreciation and depletion | - | - | 11,539 | 9,165 | - | - | - | 20,704 |
| Royalties | - | - | 16,904 | 201 | - | - | - | 17,105 |
| Total cost of sales | \$ - | \$ - | \$ 85,279 | \$ 38,426 | \$ - | \$ | \$ | 123,705 |
| Write off of mineral properties | - | (435) | - | - | - | - | - | (435) |
| Earnings (loss) before taxes | \$ (605) | \$ (8,115) | \$ 30,477 | \$ 782 | \$ (4,998) | \$ | \$ | 17,541 |
| Current income tax expense | - | 750 | 9,954 | 433 | - | - | - | 11,137 |
| Deferred income tax expense | - | - | 3,330 | - | - | - | - | 3,330 |
| Total income tax expense | - | 750 | 13,284 | 433 | - | - | - | 14,467 |
| Net earnings (loss) | \$ (605) | \$ (8,865) | \$ 17,193 | \$ 349 | \$ (4,998) | \$ | \$ | 3,074 |

The

Exploration segment included \$1,148 of costs incurred in Chile for the nine months ended September 30, 2023 (September 30, 2022 – \$1,068).

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

| Nine months ended September 30, 2022 | | | | | | | |
|---|-------------------|--------------------|------------------|------------------|------------------|-------------------|-------------------|
| | Corporate | Exploration | Guanaceví | Bolanitos | El Compas | Terronera | Total |
| Silver revenue | \$ - | \$ - | \$ 70,401 | \$ 10,722 | \$ - | \$ - | \$ 81,123 |
| Gold revenue | - | - | 15,978 | 33,405 | - | - | 49,383 |
| Less: smelting and refining costs | - | - | - | (2,335) | - | - | (2,335) |
| Total revenue | \$ - | \$ - | \$ 86,379 | \$ 41,792 | \$ - | \$ - | \$ 128,171 |
| Salaries, wages and benefits: | | | | | | | |
| mining | \$ - | \$ - | \$ 5,845 | \$ 5,942 | \$ - | \$ - | \$ 11,787 |
| processing | - | - | 2,608 | 1,751 | - | - | 4,359 |
| administrative | - | - | 4,417 | 3,044 | - | - | 7,461 |
| stock based compensation | - | - | 176 | 177 | - | - | 353 |
| change in inventory | - | - | (1,789) | 784 | - | - | (1,005) |
| Total salaries, wages and benefits | - | - | 11,257 | 11,698 | - | - | 22,955 |
| Direct costs: | | | | | | | |
| mining | - | - | 21,447 | 9,385 | - | - | 30,832 |
| processing | - | - | 11,064 | 4,495 | - | - | 15,559 |
| administrative | - | - | 5,092 | 3,300 | - | - | 8,392 |
| change in inventory | - | - | (7,847) | 1,521 | - | - | (6,326) |
| Total direct production costs | - | - | 29,756 | 18,701 | - | - | 48,457 |
| Depreciation and depletion: | | | | | | | |
| depreciation and depletion | - | - | 10,285 | 7,842 | - | - | 18,127 |
| change in inventory | - | - | (2,316) | 423 | - | - | (1,893) |
| Total depreciation and depletion | - | - | 7,969 | 8,265 | - | - | 16,234 |
| Royalties | - | - | 9,124 | 208 | - | - | 9,332 |
| Write down of inventory to NRV | - | - | 642 | 681 | - | - | 1,323 |
| Total cost of sales | \$ - | \$ - | \$ 58,748 | \$ 39,553 | \$ - | \$ - | \$ 98,301 |
| Care and maintenance costs | - | - | - | - | 582 | - | 582 |
| Write of of exploration properties | - | - | - | - | - | 500 | 500 |
| Earnings (loss) before taxes | \$ (5,972) | \$ (5,452) | \$ 27,631 | \$ 2,239 | \$ (582) | \$ (6,071) | \$ 11,793 |
| Current income tax expense | - | - | 3,189 | 337 | - | - | 3,526 |
| Deferred income tax expense | - | - | 9,091 | 936 | - | - | 10,027 |
| Total income tax expense | - | - | 12,280 | 1,273 | - | - | 13,553 |
| Net earnings (loss) | \$ (5,972) | \$ (5,452) | \$ 15,351 | \$ 966 | \$ (582) | \$ (6,071) | \$ (1,760) |

The Exploration segment included \$1,068 of costs incurred in Chile for the nine months ended September 30, 2022 (September 30, 2021 – \$1,356).

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

16. INCOME TAXES

Minera Santa Cruz y Garibaldi S.A. de C.V. (“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 (\$6,800) tax assessment based on the June 2015 ruling. The 2016 tax assessment comprised of MXN 41.8 million owed (\$2,300) in taxes, MXN 17.7 million (\$1,000) in inflationary charges, MXN 40.4 million (\$2,300) in interest and MXN 23.0 million (\$1,300) 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 18.6 million (\$1.1) and inflationary charges of MXN 27.8 million (\$1,600) have accumulated.

Included in the Company’s consolidated financial statements are net assets of \$964 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 September 30, 2023, the Company’s income tax payable includes an allowance for transferring the shares and assets of MSCG amounting to \$964. 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. The Company continues to assess MSCG’s settlement options.

Compania Minera Del Cubo S.A. de C.V. (“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 consisted 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.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

(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 \$3,500 during Q1, 2021. During the appeal process the amount paid has been classified as a non-current income tax receivable. 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.

17. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

(a) Financial assets and liabilities

As at September 30, 2023, 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 | - | 40,957 | 40,957 | 40,957 |
| Other investments | 6,192 | - | 6,192 | 6,192 |
| Trade and other receivables | 6,918 | 345 | 7,263 | 7,263 |
| Loans receivable | - | 3,523 | 3,523 | 3,523 |
| Total financial assets | 13,110 | 44,825 | 57,935 | 57,935 |
| Financial liabilities: | | | | |
| Accounts payable and accrued liabilities | 2,627 | 40,789 | 43,416 | 43,416 |
| Loans payable | - | 9,839 | 9,839 | 9,839 |
| Total financial liabilities | 2,627 | 50,628 | 53,255 | 53,255 |

(b) 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, \$6,143 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 or share price at redemption date for any pending settlements.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

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

Level 2:

The Company determines the fair value of the embedded derivatives related to its accounts and other 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.

Assets and liabilities as at September 30, 2023 measured at fair value on a recurring basis include:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|--------------|-----------|---------------|
| | \$ | \$ | \$ | \$ |
| Financial assets: | | | | |
| Accounts and other receivables | - | 6,918 | - | 6,918 |
| Other investments | 6,143 | - | 49 | 6,192 |
| Total financial assets | 6,143 | 6,918 | 49 | 13,110 |
| Financial liabilities: | | | | |
| Deferred share units | 2,552 | - | - | 2,552 |
| Share appreciation rights | - | 75 | - | 75 |
| Total financial liabilities | 2,552 | 75 | - | 2,627 |

18. SUBSEQUENT EVENTS

On October 6, 2023, the Company, through its wholly owned subsidiary Terronera Precious Metals, S.A. de C.V., executed a credit agreement with Societe Generale and ING Bank N. V. with certain definitive terms agreed to for a senior secured debt facility for up to \$120 million (the "Debt Facility"). Proceeds from the Debt Facility will be used towards construction of the underground mine and mill at the Company's Terronera Project. The Debt Facility has a term of 8.5 years, including a 2-year grace period during the construction phase, and carries interest rate equal to US Secured Overnight Financing Rate ("SOFR") + 4.50% per annum prior to completion and SOFR + 3.75% per annum from completion of the Terronera project until the fifth anniversary of the loan, and 4.25% from the fifth anniversary onwards.

Repayment of the facility begins in the fourth quarter of 2025, in the form of quarterly installments, in addition a cash sweep will be applied to 35% of excess cash flow after debt service from project completion onwards until \$35 million of loan principal has been prepaid.

The Debt Facility is subject to certain customary conditions precedent and debt servicing covenants, including requirement for the Company to enter into gold and foreign exchange hedging programs prior to initial drawdown. The Company is required to hedge 68,000 ounces of gold over the initial two operating years. The Company is also required to hedge 75% of the estimated remaining capital expenditures incurred in Mexican Pesos and thereafter, a foreign exchange protection program for operations for 70% of the projected operating costs incurred in Mexican pesos. Additionally, cost overrun funding is required in the form of cash, letter of credit issued by a Canadian financial institution or a combination of both for up to \$48 million.

The Debt Facility is secured through corporate guarantees from the Company, certain of the Company's subsidiaries and a first ranking security interest over the Terronera project.

ENDEAVOUR SILVER CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended September 30, 2023 and 2022

(unaudited – prepared by management)

(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
Daniel Dickson
Amy Jacobsen
Rex McLennan
Kenneth Pickering
Mario Szotlender
Christine West

OFFICERS

Daniel Dickson – Chief Executive Officer
Donald Gray – Chief Operating Officer
Christine West – Chief Financial Officer
Greg Baylock – 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