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, 2019

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 1600
Seattle, Washington 98104
(206) 903-5448
(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, 2019, **141,668,178** 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. ☐

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 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);
- 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; and
- risks related to our officers and directors becoming associated with other natural resource companies which may give rise to conflicts of interests

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 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 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 Annual Information Form ("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, 2019 filed as Exhibit 99.3 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. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") - *CIM Definition Standards on Mineral Resources and Mineral Reserves*, adopted by the CIM Council, as amended. These definitions differ materially from the definitions in SEC Industry Guide 7 ("SEC Industry Guide 7") under the United States Securities Act of 1933, as amended (the "Securities Act").

Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part of a mineral deposit in these categories will ever be converted into SEC Industry Guide 7 reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this annual report on Form 40-F and the documents incorporated by reference herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder, including SEC Industry Guide 7.

The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC. These amendments became effective February 25, 2019 (the "SEC Modernization Rules") and, following a two-year transition period, the SEC Modernization Rules will replace the historical property disclosure requirements for mining registrants that are included in SEC Industry Guide 7. Following the transition period, as a foreign private issuer that files its annual report on Form 40-F with the SEC pursuant to the multi-jurisdictional disclosure system, the Company is not required to provide disclosure on its mineral properties under the SEC Modernization Rules and will continue to provide disclosure under NI 43-101 and the CIM Definition Standards. If the Company ceases to be a foreign private issuer or lose its eligibility to file its annual report on Form 40-F pursuant to the multi-jurisdictional disclosure system, then the Company will be subject to the SEC Modernization Rules which differ from the requirements of NI 43-101 and the CIM Definition Standards.

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, 2019, based upon the closing exchange rate as quoted by the Bank of Canada, was Cdn.$1.00 = US.$0.7699.

ANNUAL INFORMATION FORM

The Company's AIF for the fiscal year ended December 31, 2019 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, 2019 and 2018, 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, 2019 ("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.

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, 2019, 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, 2019. 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, 2019, 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, 2019. 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, 2019. 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, 2019 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): Geoffrey Handley (Chair), Rex McLennan, 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:

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

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 Rex McLennan 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.

	2019	**2018**
Audit Fees (1)	$625,590	$582,500
Tax Fees (2)	$0	$0
All other fees (3)	$0	$0
Total*	**$625,590**	**$582,500**

* 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, 2019 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 provided in print to any shareholder who requests them. During the fiscal year ended December 31, 2019, 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.

CONTRACTUAL OBLIGATIONS

The following table lists as of December 31, 2019 information with respect to the Company's known contractual obligations.

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
Accounts Payable	$ 19,775	$ 19,775	$ -	$ -	$ -
Income Tax Payable	1,947	1,947	-	-	-
Loans payable	8,875	2,955	4,510	1,410	-
Lease liabilities	1,238	164	335	223	516
Operating Leases	942	128	215	215	384
Capital Commitments	2,810	2,810	-	-	-
Other Long-Term Liabilities(1)	8,403	-	6,221	2,182	-
Total	$ 43,990	$ 27,779	$11,281	$ 4,030	$ 900

(1) The $8.4 million of other long-term liabilities is the discounted cost estimate to settle the Company's reclamation costs of the Guanacevi mine, Bolanitos mine, El Cubo mine and El Compas mine in Mexico. These costs include land rehabilitation, decommissioning of buildings and mine facilities, on-going care and maintenance and other costs.

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, 2019 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. 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 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, 2019, 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 March 28, 2013, 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, 2019
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 Report on Consolidated Financial Statements and Attestation on Internal Control Over Financial Reporting
	Consolidated Statements of Financial Position as of December 31, 2019 and 2018
	Consolidated Statements of Comprehensive Income (Loss) for the year ended December 31, 2019 and December 31, 2018
	Consolidated Statement of Changes in Equity for the years ended December 31, 2019 and December 31, 2018
	Consolidated Statements of Cash Flow for the years ended December 31, 2019 and December 31, 2018
	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	Consents of Peter J. Smith, P. Eng. of Smith Foster & Associates
99.9	Consent of Humberto F. Preciado, P.E. of Wood PLC
99.10	Consent of Jarita Barry, P. Geo. of P&E Mining Consultants Inc.
99.11	Consents of David Burga, P. Geo. of P&E Mining Consultants Inc.
99.12	Consents of Eugene Puritch, P. Geo., FEC, of P&E Mining Consultants Inc.
99.13	Consent of James L. Pearson, P. Eng. of P&E Mining Consultants Inc.
99.14	Consents of Yungang Wu, P. Geo. of P&E Mining Consultants Inc.
99.15	Consent of Eugenio Iasillo P. E. of Process Engineering L.L.C..
99.16	Consent of Ben Peacock, P. Eng. of Knight Piesold Ltd.
99.17	Consent of Ken Embree, P. Eng. of Knight Piesold Ltd.
99.18	Consent of Deepak Malhotra, Ph.D. of Resource Development Inc
99.19	Consent of Godfrey Walton, P. Geo. of Endeavour Silver Corp.
99.20	Consents of Jeffery W. Choquette, P.E. of Hard Rock Consulting
99.21	Consents of Zachary J. Black, SME-RM of Hard Rock Consulting
99.22	Consents of Jennifer J. Brown, SME-RM of Hard Rock Consulting
99.23	Consent of D. Gregory Robinson, P. Eng., MBA
99.24	Consent of KPMG LLP
101.INS	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

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/ Bradford Cooke
Name: Bradford Cooke
Title: Chief Executive Officer

Date: March 6, 2020

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 5, 2020

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ITEM 1: PRELIMINARY NOTES

1.1 Incorporation of Documents by Reference

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 documents listed below which are incorporated by reference into this AIF. The documents 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 March 3, 2017 and amended March 27, 2018 (Effective date: December 31, 2016)	April 6, 2018	Amended & restated 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 March 3, 2017 and amended March 27, 2018 (Effective date: December 31, 2016)	April 6, 2018	Amended & restated technical report (NI 43-101) – English Qualification Certificate(s) and Consent(s)
NI 43-101 Technical Report: Updated Technical Report for the Terronera Project, Jalisco State, Mexico	Dated April 30, 2019 (Effective date: February 12, 2019)	May 6, 2019	Technical Report (NI 43-101) – English Qualification Certificate(s) and Consent(s)
NI 43-101 Technical Report Preliminary Economic Assessment for the El Compas Project, Zacatecas State, Mexico	Dated May 11, 2017 (Effective date: March 27, 2017)	May 11, 2017	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, 2019 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:

- risks related to precious and base metal price fluctuations;
- risks related to fluctuations in the currency markets (particularly the Mexican peso, Chilean peso, Canadian dollar and United States dollar);
- 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; and
- risks related to our officers and directors becoming associated with other natural resource companies which may give rise to conflicts of interests.

This list is not exhaustive of the factors that may affect our 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 Annual Information Form, 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 ("U.S.$") unless otherwise indicated. References to "Cdn.$" 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, 2019, December 31, 2018 and December 31, 2017, as quoted by the Bank of Canada, were as follows:

	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
High	1.3600	1.3642	1.3743
Low	1.2988	1.2288	1.2128
Average	1.3269	1.2957	1.2986
Closing	1.2988	1.3642	1.2545

On December 31, 2019, 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.$1.2988 (Cdn.$1.00 = U.S.$0.7699). On March 5, 2020, 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.$1.3415 (Cdn.$1.00 = U.S.$0.7454).

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. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with the Canadian Securities Administrators' National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and 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. These definitions differ materially from the definitions in SEC Industry Guide 7 under the United States Securities Act of 1933, as amended. Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into SEC Industry Guide 7 reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this AIF contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder, including SEC Industry Guide 7.

The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC. These amendments became effective February 25, 2019 (the “SEC Modernization Rules”) and, following a two-year transition period, the SEC Modernization Rules will replace the historical property disclosure requirements for mining registrants that are included in SEC Industry Guide 7. Following the transition period, as a foreign private issuer that files its annual report on Form 40-F with the SEC pursuant to the multi-jurisdictional disclosure system, the Company is not required to provide disclosure on its mineral properties under the SEC Modernization Rules and will continue to provide disclosure under NI 43-101 and the CIM Definition Standards. If the Company ceases to be a foreign private issuer or lose its eligibility to file its annual report on Form 40-F pursuant to the multi-jurisdictional disclosure system, then the Company will be subject to the SEC Modernization Rules which differ from the requirements of NI 43-101 and the CIM Definition Standards

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%
Oro Silver Resources Ltd.	British Columbia, Canada	100%
Endeavour Zilver S.A.R.L.	Luxembourg	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 three producing silver-gold mines in Mexico: the Guanaceví Mine in Durango acquired in 2004, the Bolañitos Mine in Guanajuato acquired in 2007 and the El Compas Mine in Zacatecas acquired in 2016. In addition to operating these three 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 pre-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).

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 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 Guanacevi Mine in Durango State, Mexico. Both concessions cover possible extensions of Endeavour orebodies.

The El Porvenir concession (15 hectares) 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 hectares) 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, Jalisco State Mexico* dated April 30, 2019, with effect February 12, 2019 ("**2019 Terronera PFS**"). The report included an additional 850,000 tonnes of reserves upgraded in 2018 from in-fill drilling compared to the 2018 Terronera PFS described below.

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 are currently on short term care and maintenance while management conducts 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 are estimated to be approximately $3.5-4.0 million, primarily expensed in Q4, 2019, the bulk of which is final severance payments for most of the employees.

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 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 may, 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 determines, 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 the ATM facility at an average price of $2.20 per share for gross proceeds of $23.56 million, less commission of $0.53 million. During the year ended December 31, 2019, the Company also recognized $0.48 million of additional transaction costs related to the ATM financing as share issuance costs, which have been presented net of share capital. Included in the 10,717,126 shares issued under the ATM facility for the year ended December 31, 2019 are 369,488 shares that were sold by the Company at the end of 2019, for net proceeds of $0.87 million, and are reserved for issuance. Settlement of the shares occurred in the first few days of 2020.

Subsequent to December 31, 2019, the Company issued an additional 114,345 common shares under the ATM facility at an average price of $2.43 per share for gross proceeds of $0.28 million, less commission of $6,000.

2018

During the year ended December 31, 2018, the Company issued 3,165,642 common shares under the ATM facility at an average price of $2.61 per share for gross proceeds of $8.3 million, less commission of $0.2 million.

The Company completed an updated *NI 43-101 Technical Report, Preliminary Feasibility Study for the Terronera Project, Jalisco State Mexico* dated September 17, 2018, with effect August 7, 2018 ("2018 Terronera PFS"). The 2018 Terronera PFS estimates 4.4 million tonnes of Probable Mineral Reserves grading 239 g/t silver and 2.53 g/t gold containing 33.4 million silver ounces and 354,000 gold ounces at Terronera. This Terronera PFS has been superseded by the 2019 Terronera PFS as described above.

Initial capital expenditures are estimated to be $75.8 million, comprised of $44.3 million for plant and site infrastructure, $13.7 million for mine development, mine infrastructure and equipment, $9.7 million for owner's costs, construction camp, engineering, procurement and construction management (EPCM), and $8.1 million for contingencies

The capital for the Phase 2 expansion from 750 tpd to 1,500 tpd is estimated to be $39.2 million. The expansion consists of $14.9 million to provide sufficient power from the state power grid, $12.0 million for underground mine development, $6.1 million for plant expansion, $2.0 million for owner's costs, construction camp, and EPCM and $4.2 million in contingencies. An estimated $25.8 million will be required for sustaining capital after commissioning the mine, primarily for mine development and tailings expansion. The total Life of Mine ("LOM") capital requirements are estimated to be $140.7 million.

LOM average operating costs are estimated to be $46 per tonne for mining, $20 per tonne for processing, $8 per tonne for general and administration, and $4 in royalties for a total cost of $78 per tonne. Using Base Case metal prices of $17 per oz silver and $1,275 per oz gold (compared to $18 silver and $1260 gold in 2017), total cash costs are estimated to be $0.15 per Ag oz net of the gold by-product credit, and all-in-sustaining costs at site are estimated to be $1.36 per Ag oz over the life of the mine

The mine is expected to generate LOM revenue of $815.8 million, EBITDA of $447.7 million and total free cash flow of $193.2 million. Using a discount rate of 5%, the expected discounted net present value is $117.8 million, the expected after tax internal rate of return is 23.5% and payback of capital is 5.4 years, using the Base Case assumptions

Since publishing the 2018 Terronera PFS, the Company has further assessed, refined and optimized parts of the Study and discovered other veins with mineralization which it believes will improve the overall economics.

In 2018, due to the current short mine life at El Cubo, the Company planned and guided a reduced production rate in 2019 to approximately half its 1500 tonne per day capacity, at higher operating costs than 2018, while continuing to explore for new reserves to extend the mine life.

At El Cubo, exploration in 2018 did not replace the depleted reserves, so the Company reduced the production rate in 2019 to approximately half its 1,500 tonne per day capacity. The lower production rate resulted in higher operating costs. Accordingly, the Company initiated layoffs to reflect the lower production rate in 2019. The mine continued to run at three shifts per day but the plant moved to one shift per day. Some idled mining equipment at El Cubo was transferred to other operations. Grades were expected to be 10% lower than 2018, while recoveries were expected to remain consistent with 2018.

In 2018, El Compas received its explosives permit, which allowed the mine to accelerate the development of the main access ramp. As of December 31, 2018, a total of 2.6 kilometres had been developed underground.

Since publishing the El Compas preliminary economic assessment ("El Compas PEA"), the Company continued to optimize mining methods, the crushing circuit and grinding alternatives and was successful on a number of fronts in improving the operating metrics. The work index of the ore and the size on the motor allowed the capacity of the milling circuit to increase to 325 tpd, which allowed for the mining method to be changed to mechanized cut and fill from captive cut and fill. Mechanized cut and fill increases the mining rate but has the same cost profile as captive cut and fill previously disclosed in the El Compas PEA.

The modified plant flow sheet also allowed the Company to increase the ore grind size and produce a single concentrate, while still achieving recoveries similar to those outlined in the El Compas PEA, lowering overall power costs.

As a result of the modified mine plan and plant design and the delay in receiving the explosives permit, the total start up CAPEX was revised upwards to $11.3 million compared to the previous $10.0 million cost estimated in the El Compas PEA. However, the operational benefits of the modified plant design and increased mining rate should improve the overall economics of the project. The Company incurred $15.5 million on capital as of December 31, 2018. The additional costs included $2.2 million in additional mine development, an additional $1.3 million on the plant refurbishment and tailings dam and $0.7 million on site infrastructure. The delay in commercial production increased pre-production costs capitalized to the projects.

Mining and stockpiling of ore and commissioning of the El Compas plant was initiated in the second quarter using low grade ore. In August, based on recommendations of an independent engineering review, commissioning of the plant was temporarily halted to allow the tailings area to be modified, with improved drainage and deposition plans. The plant commissioning re-commenced in mid-October, however in late December, the ball mill pinion failed which brought plant operations to a halt. From mid-October to when the pinion failed, the plant processed 11,300 tonnes grading 4.59 g/t gold and 69 g/t silver, producing 1,096 gold ounces and 13,382 silver ounces.

Management re-commenced plant operations after a new pinion was installed in February 2019 and expected to attain commercial production in Q1, 2019.

2017

The Company completed a *NI 43-101 Technical Report, Preliminary Feasibility Study for the Terronera Project, Jalisco State Mexico dated May 18, 2017, with effect April 3, 2017* ("Terronera PFS"). The Terronera PFS estimates 4.06 million tonnes of Probable Mineral Reserves grading 207 g/t silver and 1.95 g/t gold containing 27 million silver ounces and 255,000 gold ounces at Terronera. The Terronera PFS has been superseded by the 2019 Terronera PFS described above.

The Company completed a *NI 43-101 Technical Report for a Preliminary Economic Assessment for the El Compas Project, Zacatecas State, Mexico dated May 11, 2017* ("El Compas PEA"). The El Compas PEA estimates an initial Mineral Resource of 148,000 tonnes containing 495,000 silver ounces and 34,900 gold ounces in the Indicated category; and 217,000 tonnes containing 465,000 silver ounces and 10,600 gold ounces in the Inferred category. The El Compas Mineral Resource is a shallow high grade epithermal vein system that is estimated to provide a robust after tax return on investment of 42% using a 5% discount.

Due to the positive economics, low initial capital requirements, and management's experience in having successfully developed similar mines in Mexico, a decision was made to proceed with development in Q3, 2017. In 2017, the Company initiated the installation of project infrastructure, collaring the mine access ramp and refurbishing the plant.

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, Bolañitos and El Compas, 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 came with substantial reserves and resources and in 2016 the Company acquired the El Compas gold-silver mine. 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, Bolañitos and El Cubo mines, the Company has constructed and commissioned the El Compas mine, and 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.

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.

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".

Employees

As at December 31, 2019, the Company had approximately 15 employees based in its Vancouver corporate office and employed through its Mexican subsidiaries approximately 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.

Environmental Protection
The Company's environmental permit 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 $2.4 million for the Guanaceví mine operations, $2.0 million for the Bolañitos mine operations, $4.6 million for the El Cubo mine operations and $0.2 million for the El Compas mine operations.

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.

Precious and Base Metal Price Fluctuations
The profitability of the precious metal operations in which the Company has an interest will be 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 re-agents fluctuate and affect the costs of production at our operations. These fluctuations can be unpredictable, can occur over short periods of time and may have a materially adverse impact on our operating costs or the timing and costs of various projects. Our general policy is not to hedge our exposure to changes in prices of the commodities that we use in our 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 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 reserves or results for commercial mining 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, industrial accidents, third party accidents, unusual or unexpected geological structures or formations, fires, power outages, labour disruptions, floods, explosions, cave-ins, land-slides, acts of God, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, war, rebellion, 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, 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.

Our 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 us or to other companies within the industry at reasonable terms or at all. In addition, our 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 our 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.

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 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; the resulting operations will achieve the anticipated production volume, or 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, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.

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, El Compas Mine Project and Terronera property, none of the Company's properties have any defined ore-bodies with reserves.

The economics of developing silver, gold and other mineral properties are affected by many factors including capital and operating costs, variations of the tonnage and grade of ore mined, fluctuating mineral markets, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. 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.

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 marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. 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.

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.

Decreases in the market price of silver or gold may render the mining of reserves uneconomic.
The mineral resource and reserve figures included in the AIF and the documents incorporated by reference are estimates, which are, in part, based on forward-looking information, 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. Mineral reserve and resource estimates may need to be restated to the extent that actual precious metals prices are lower than those assumed in preparing the estimates.

Replacement of Reserves and Resources
The Guanaceví, Bolañitos and El Compas 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 mines have expected lives of one 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 mining and development opportunities in the mining industry. 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 may encounter difficulties in transitioning the business, including issues with the integration of the acquired businesses or its personnel into the Company. 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.

Integration of New Acquisitions
The Company's success at completing any acquisitions will depend on a number of factors, including, but not limited to: identifying acquisitions which fit the Company's strategy; negotiating acceptable terms with the seller of the business or property to be acquired; and obtaining approval from regulatory authorities in the jurisdictions of the business or property to be acquired.

Business or property acquisitions could place increased pressure on the Company's cash flow if such acquisitions involve cash consideration or the assumption of obligations requiring cash payments. The integration of an acquired business or property with the Company's existing operations require significant expenditures of time, attention and funds. The Company may not be able to integrate the operations of a recently acquired business or restructure the Company's previously existing business operations without encountering unexpected costs, difficulties and delays. The attention required from the Company's management team may detract from the Company's day-to-day operations. Over the short-term, difficulties associated with integration could have a material adverse effect on the Company's business, operating results, financial condition and the price of the Company's common shares. In addition, the acquisition of mineral properties may subject the Company to unforeseen liabilities, including environmental liabilities.

Foreign Operations
The Company's operations are currently conducted through subsidiaries principally in Mexico and secondarily in Chile. 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; 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 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, tenure, government royalties and expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. The activities of the Company require licenses and permits from various governmental authorities.

The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations and more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. 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.

Mexican Foreign Investment and Income Tax Laws

In December 2012, the Mexican government amended federal labour laws with respect to the use of service companies, subcontracting arrangements and the obligation to compensate employees with appropriate profit-sharing in Mexico. While the Company believes it is probable that these amended labour laws will not result in any material obligation or additional profit-sharing entitlements for its Mexican employees, there can be no assurance that this will continue to be the case.

Any developments or changes in such legal, regulatory or governmental requirements as described above or otherwise are beyond the control of the Company and may adversely affect its business.

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.

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 Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that any future changes in environmental regulation will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. 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.

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.

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. We could experience increases in our recruiting and training costs and decreases in our operating efficiency, productivity and profit margins. If we are not able to attract, hire and retain qualified personnel, the efficiency of our operations could be impaired, which could have an adverse impact on the Company's future cash flows, earnings, financial performance and financial condition.

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.

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.

Absolute Assurance on Financial Statements
We prepare our 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 or results of operations of the Company. Significant accounting details are described in more detail in the notes to our annual consolidated financial statements for the year ended December 31, 2019. 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, we have implemented and continue to analyze our internal control systems for financial reporting. Although we believe our financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, we cannot provide absolute assurance in that regard.

Economic Conditions for Mining
A decline in the market price for precious metal commodities has been experienced since 2013. These macro-economic events negatively affected the mining and minerals sectors in general, and the Company's market capitalization has been significantly reduced over this period. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favorable to the Company or at all. In such an event, the Company's operations and financial condition could be adversely impacted.

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

Substantial Volatility of Share Price
The market prices for the securities of mining companies, including our own, 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 our business, certain factors such as our announcements and the public's reaction, our operating performance and the performance of competitors and other similar companies, fluctuations in the market prices of our resources, government regulations, changes in earnings estimates or recommendations by research analysts who track our securities or securities of other companies in the resource sector, general market conditions, announcements relating to litigation, 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 our securities, including the price of our 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 our securities, including the price of our common shares, regardless of our 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 our 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.

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. It is Canadian practice to report measured, indicated and inferred resources, which are not permitted in disclosure filed with the SEC by United States issuers. Under SEC rules, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves.

Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Disclosure of "contained ounces" is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report mineralization that does not constitute "reserves" by SEC Industry Guide 7 standards "as in-place tonnage and grade without reference to unit of metal measures.

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.

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 our securities may result in shareholders having less data and there being fewer restrictions on insiders' activities in our securities.

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 our exploration activities, development and growth, and other factors that the Board may consider appropriate in the circumstances.

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.

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.

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.

Changes in Climate Conditions
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. If the current regulatory trend continues, this may result in increased costs at some or all of the Company's operations. In addition, the physical risks of climate change may also have an adverse effect on the Company's operations. Extreme weather events have the potential to disrupt operations at the Company's mines and may require the Company to make additional expenditures to mitigate the impact of such events. Extended disruptions to supply lines could result in interruption to production.

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. 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 reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure reporting or structuring payments to avoid reporting. 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. Our 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 our data, systems and networks, any of which could have adverse effects on our 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 our 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

Summary of Mineral Reserves and Mineral Resources Estimates

The following tables summarize as at December 31, 2019 the Company's estimated Mineral Reserves and Mineral Resources on its material mineral properties, all of which are wholly owned. Information in the following tables and the notes thereto are extracted from the respective technical reports on the material properties referred to under the description of each property below.

Silver-Gold Proven and Probable Mineral Reserves

	Tonnes	Ag g/t	Au g/t	Ag oz	Au oz
Guanaceví	155,000	276	0.70	1,374,000	3,500
Bolañitos	39,000	68	2.56	86,000	3,300
El Compas	42,000	64	3.65	87,000	5,000
Total Proven	**236,000**	**203**	**1.54**	**1,547,000**	**11,800**
Guanaceví	560,000	240	0.66	4,326,000	11,800
Bolañitos	327,000	43	2.44	455,000	25,700
El Compas	53,000	82	4.96	141,000	8,500
Terronera	5,587,000	208	2.33	37,440,000	419,000
Total Probable	**6,527,000**	**202**	**2.22**	**42,362,000**	**465,000**
Total P&P	**6,763,000**	**202**	**2.19**	**43,909,000**	**476,800**

Silver-Gold Measured and Indicated Mineral Resources

	Tonnes	Ag g/t	Au g/t	Ag oz	Au oz
Guanaceví	78,000	377	0.64	947,000	1,600
Bolañitos	33,000	124	1.89	131,000	2,000
El Cubo	19,000	224	1.89	140,000	1,200
El Compas	2,000	123	6.27	9,000	500
Total Measured	**132,000**	**287**	**1.23**	**1,227,000**	**5,300**
Guanaceví	1,062,000	331	0.85	11,305,000	29,100
Bolañitos	502,000	160	1.95	2,588,000	31,400
El Cubo	32,000	209	2.03	214,000	2,100
El Compas	32,000	69	4.79	64,000	6,400
Guadalupe y Calvo	1,861,000	119	2.38	7,120,000	142,400
Parral (new)	433,000	271	-	3,771,000	-
Total Indicated	**3,922,000**	**199**	**1.68**	**25,062,000**	**211,400**
Total M&I	**4,054,000**	**202**	**1.68**	**26,289,000**	**216,700**

Silver-Gold Inferred Mineral Resources

	Tonnes	Ag g/t	Au g/t	Ag oz	Au oz
Guanaceví	778,000	406	0.99	10,155,000	24,900
Bolañitos	832,000	113	2.31	3,031,000	61,700
El Cubo	463,000	163	1.89	2,419,000	28,200
El Compas	81,000	90	6.77	232,000	17,500
Terronera	1,080,000	208	2.26	7,239,000	79,000
Guadalupe y Calvo	154,000	94	2.14	465,000	10,600
Parral (new)	3,160,000	324	0.21	32,930,000	21,800
Total Inferred	**6,548,000**	**269**	**1.16**	**56,471,000**	**243,700**

Silver-Gold-Lead-Zinc Mineral Resources

	Tonnes	Ag g/t	Au g/t	Ag oz	Au oz	Pb%	Zn%
Indicated							
Guanacevi	363,000	208	0.26	2,420,500	3,100	0.78	1.32
Parral (Cometa)	180,000	55	1.17	300,000	6,800	3.20	3.30
Total Indicated	**543,000**	**156**	**0.57**	**2,720,500**	**9,900**	**1.58**	**1.98**
Inferred							
Guanacevi	488,000	132	0.16	2,076,000	2,500	1.36	2.54
Parral (Cometa)	880,000	74	1.45	2,100,000	41,000	3.27	3.24
Total Inferred	**1,368,000**	**95**	**0.99**	**4,176,000**	**43,500**	**2.59**	**2.99**

Notes to Reserves and Resource Tables

Notes:

1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that any or part of the Mineral Resources will be converted into Mineral Reserves.
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 calculated 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.
4. Mineral Resources are exclusive of and in addition to Mineral Reserves.
5. Guanacevi Mineral Resource and Mineral Reserve cut-off grades are based on a 182 g/t silver equivalent for Santa Cruz Sur of Guanacevi, 340 g/t silver equivalent for the El Curso concession of Guanacevi and 218 g/t silver equivalent for Santa Cruz, North Porvenir and Milache of Guanaceví; Metallurgical recoveries were 83.3% silver and 84.5% gold for Guanaceví.
6. Bolañitos, Mineral Resource and Mineral Reserve cut-off grades are based on a 166 g/t silver equivalent for the Lucero ramp, 206 g/t for the La Luz ramp and 168 g/t for San Miguel of Bolanitos. Metallurgical recoveries were 71.9% silver and 89.0% gold for Bolañitos.
7. El Cubo Mineral Resource cut-off grades are based on a 196 g/t silver equivalent for Area II (that comprises Dolores Mine) of El Cubo and 238 g/t silver equivalent for Areas I&IV (that comprise Santa Cecilia and San Nicolas Mines) of El Cubo.
8. El Compas Mineral Resource and Mineral Reserve cut-off grades are based on a 3.46 g/t gold equivalent. Metallurgical recoveries were 70.0% silver and 82.5% gold for El Compas.
9. Mineral Resource cut-off grades for Terronera was 150 g/t silver equivalent and the Mineral Reserve cut-off grades for Terronera and La Luz Deposits were 165 g/t and 222 g/t silver equivalent respectively. Metallurgical recoveries were 84.6% silver and 80.4% gold for Terronera.
10. Mineral Resource cut-off grades are based on a 150 g/t silver equivalent for Guadalupe y Calvo.
11. Mineral Resource cut-off grades at Parral vary: 130 g/t silver equivalent for most veins, 200 g/t silver for Sierra Plata, and US$55/t NSR for Cometa.
12. Mining recoveries of 93% were applied for Guanaceví, Bolañitos and El Compas and 95% for Terronera for Mineral Reserve Estimate calculations. Minimum mining widths were 0.8 metres for Mineral Reserve Estimate calculations.
13. Dilution factors for Mineral Reserve Estimate calculations averaged 35% for Guanaceví, 33.66% for Bolañitos and 36.2% for El Compas and 11% for Terronera. Dilution factors are calculated based on internal stope dilution calculations and external dilution factors of 24% for cut and fill mining and 40% for long hole mining at Guanaceví and Bolañitos.
14. Silver equivalent grades and ounces are based on a 80:1 silver:gold ratio and calculated including only silver and gold.
15. Probable Mineral Reserves for Terronera includes the Terronera and La Luz Deposits.
16. Inferred Mineral Resources for Terronera includes the Terronera, La Luz and Real Alto Area.
17. Indicated and Inferred Mineral Resources for "Parral (new)" includes the Colorada, Palmilla, San Patricio, and Sierra Plata areas.
18. The La Colorada structure (Parral) does not contain gold on an economic scale.
19. Price assumptions for Guanaceví, Bolañitos, El Compas and El Cubo are US$16.34/oz for silver, US$1,279/oz for gold, US$0.82/lb for lead and US$0.90/lb for zinc.
20. Price assumptions for Terronera are US$17.50/oz for silver, US$1,275/oz for gold.
21. Price assumptions for Parral are US$15/oz for silver, US$1,275/oz for gold.
22. Figures in tables are rounded to reflect estimate precision; small differences generated by rounding are not material to the estimates.
23. Effective November 31, 2019, Endeavour Silver announced suspension of operations at the El Cubo Mine, while Management evaluates other alternatives including final closure. 2018 Reserve subtotals and totals include El Cubo for comparative purposes.
24. See "Cautionary Note to U.S. Investors concerning Estimates of Mineral Reserves and Measured, Indicated and Inferred Mineral Resources".

Guanacevi Mines Project, Durango State, Mexico

The following summary of the Guanaceví Mines Project is extracted from a technical report titled "*National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Guanaceví Project, Durango State, Mexico*" prepared by Hard Rock Consulting LLC, with an effective date of December 31, 2016 and dated March 3, 2017 and amended March 27, 2018. The complete report can be viewed on SEDAR at www.sedar.com. The technical report is incorporated by reference in its entirety into this AIF.

Executive Summary

Introduction

Hard Rock Consulting, LLC ("HRC") was retained by Endeavour Silver Corp. ("EDR") to complete an independent technical audit and to update the mineral resource and reserve estimates for the Guanaceví Project (the "Project") located in Durango State, Mexico. This report presents the results of HRC's efforts, and is intended to fulfill the Standards of Disclosure for Mineral Projects according to Canadian National Instrument 43-101 ("NI 43-101").

This report was prepared in accordance 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. The mineral resource and mineral reserve estimates reported here are based on all available technical data and information as of December 31, 2016.

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).

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 most other 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.

Status of Exploration

In 2016, EDR spent US $1,297,698 (including property holding costs) on exploration activities, primarily at the Porvenir and Santa Cruz mines. Surface and underground drilling programs were carried out at both mine localities, totaling 6,985 m in 30 holes, with a total of 3,070 samples submitted for assay. Regional field exploration was conducted over several concessions peripheral to the Guanaceví Project, and included collection and analysis of 323 rock samples.

Since acquisition of the Guanaceví Project in 2004, and prior to the 2016 exploration season, EDR had completed 690 diamond drill holes totaling 191,116 m and 22 reverse circulation drill holes totaling 2,977 m on the entire Guanaceví Mines Project. Of this total, approximately 147,718 m of diamond drilling in 504 holes were completed on the Santa Cruz vein structure. Holes were drilled from both surface and underground drill stations, and 54,799 samples were collected and submitted for assay.

Development and Operations

Conventional cut and fill mining or by long hole stope methods are employed at Guanaceví. Cut and fill stopes are generally 15m long and 5m high, and long hole stopes are 15m long and 20m high. Access to the stoping areas is provided by a series of primary and secondary ramps located in the footwall. The ramps have grades from minus 15% to plus 12%, with plus or minus 12% as standard. The cross-cuts are 4 m by 4 m for the primary ramps and 3.5 m by 3.5 m for the secondary ramps.

In the upper parts of the mine, stope access is by short (10m to 40m) cross-cuts from the ramp to the vein/stope. These cross-cuts are generally 3.5m by 3.5m in cross-section and are usually driven down at minus 18% to intersect with the stope. As the stope advances up-dip on the vein, the back is taken down the cross-cuts to maintain access until the cross-cut reaches a maximum inclination of 15%. In the lower parts of the mine (below the water table) stope access is by 90m long cross-cuts to the vein/stope. The cross-cuts are generally 3.0m by 3.5m in cross-section and are driven at plus 1% to intersect the stope (for water drainage). As the stope advances up-dip on the vein, the back is taken down in these cross-cuts to maintain access until the cross-cut reaches a maximum inclination of plus 15%.

Mining in the stopes is done with jackleg drills. Back cuts are taken 2m to 2.5m high via vertical up-hole drilling or by breasting. The broken material is mucked out using scooptrams (2 yard or 3.5 yard depending on vein width). Waste fill from mine development is placed in the stope by the same scooptrams to within 2 m to 2.5 m of the back. When the vein is less than minimum mining width, the footwall is slashed to provide adequate width. This slashing is done during the fill cycle and the slashed material remains in the stope as fill.

In 2016, the total ore production was approximately 19% from the Porvenir North mine, 74% from the Santa Cruz mine and 7% from Porvenir 4.

The production from the Porvenir North mine was distributed in three main areas of the mine (Upper Porvenir North, Deep Porvenir North and Central Porvenir North). The area of Upper Porvenir North, provided 34% of production from the mine. The stopes that contributed the most in this area were the R-

3122, 3123-R and R-3124. In Deep Porvenir North, production was from the R-3133 and R-3134 stopes which represented 8% of the production. Central Porvenir North produced the most tonnage providing 39% of the total production. Stopes that contributed from this were the R-3145-2, R-3146-2, R-3149 and R-3150. The development from Porvenir North produced 15% of production from the mine. In the Upper Porvenir North mine development was from the S-3117, S-3122 and S-3123 levels. In Central Porvenir North mine development was from the S-3149, 3150-S and S-3157 levels.

In the Santa Cruz mine, the main ramp development was advanced to the 3359 and 3360 levels. During 2016 continued side ramps were developed to enter the main vein at the southern end of mine. Lateral ramps were developed from the ramp on the 4118, R-3348, 3349-R, R-3350 and R-3351 levels. Historic workings on level 13 were also opened to extract remnant ore zones. Production from stopes concentrated on the R-3352, R-3353, R-3354, R-3356, 3357-R and R-3359 stoping levels with R-3352 being the largest contributor. These stopes presented approximately 80% of the total production from Santa Cruz during 2016. Development ore represented approximately 7% of the total production.

In the Porvenir 4 mine development concentrated on the 3508 and 3509 ramps. Production from the mine was mainly from the S-3507, S-3508 and B S-3509 levels. Ore from these stopes represented approximately 24% of ore generated from the mine. Stope production concentrated on the R-3506, R-3507, R-3508, R-3508 B INT B Y R-3509 stopes.

As of December 31, 2016, the Guanaceví mines project had a roster of 546 employees and an additional 387 contractors. The mine operates on two 10-hour shifts, 7 days a week, whereas the mill operates on a 24/7 schedule.

Mineral Resource Estimate

Resource geologist Zachary J. Black, SME-RM, of HRC is responsible for the mineral resource estimate presented in this report. Mr. Black is a Qualified Person as defined by NI 43-101, and is independent of EDR. The mineral resources reported herein are classified as Measured, Indicated and Inferred according to CIM Definition Standards.

HRC estimated the mineral resource for the Guanaceví Project based on drillhole data constrained by geologic vein boundaries with an Inverse Distance Weighted ("ID") algorithm. Datamine Studio RM® V1.0.73.0 ("Datamine") software was used to complete the resource estimate in conjunction with Leapfrog Geo® V.3.0.0 ("Leapfrog"), which was used to produce the geologic model. The metals of interest at Guanaceví are gold and silver.

The Guanaceví mineral resource is comprised of 22 individual 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 (18 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.

HRC constructed the 3D vein models using Leapfrog. Eighteen veins were modeled using a linear interpolation methodology and sample intervals. Cross-sections orthogonal to the strike of the vein were used 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.

The mineral resource estimate includes all analytical data obtained as of December 31, 2016. 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 $16.29 per ounce. HRC used a cutoff grade to test for reasonable prospects for economic extraction.

The mineral resources for the Guanaceví mine as of December 31, 2016, are summarized in Table 1-1. The resources are exclusive of the mineral reserves.

Table 1-1 Mineral Resource Estimate, Effective Date December 31, 2016

Classification	Tonnes	Silver Equivalent	Silver		Gold	
		g/t	g/t	oz.	g/t	oz.
Measured	69,000	284	248	550,300	0.47	1,000
Indicated	2,271,000	351	296	21,595,600	0.72	52,800
Measured +Indicated	2,340,000	349	295	22,145,900	0.71	53,800
Inferred	638,000	441	379	7,769,400	0.82	16,900

1. Measured, Indicated and Inferred resource cut-off grades were 198 g/t silver equivalent at 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 82.5% silver and 85.4% gold.
4. Silver equivalents are based on a 75:1 silver: gold ratio
5. Price assumptions are $16.29 per ounce for silver and $1,195 per ounce for gold for resource cutoff calculations.
6. Mineral resources are estimated exclusive of and in addition to mineral reserves.

Mineral Reserve Estimate

Mr. Jeff Choquette, P.E., MMSA-QP, of HRC is responsible for the mineral reserve estimate presented in this report. Mr. Choquette is Qualified Person as defined by NI 43-101 and is independent of EDR. The mineral reserve estimate for EDR's Guanaceví Project has an effective date of December 31st, 2016. The mineral reserve estimate includes the Santa Cruz and Porvenir Norte 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 2016. 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.

HRC utilized Datamine's Mineable Shape Optimizer ("MSO") program to generate the stopes for the reserve mine plan. The MSO stope designs are then used to design stopes on levels along with the required development for the final mine plans. The stopes were created based solely on Measured and Indicated resources above the calculated cutoff, which have demonstrated to be economically viable; therefore, Measured and Indicated mineral resources within the stopes 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.

The mining breakeven cut-off grade, which includes internal stope dilution, was utilized in Datamine's MSO 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 Guanaceví property is 198 g/t Ag equivalent. Silver equivalent grade is calculated as the silver grade + (gold grade * 75), 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 above, and utilizing Datamine's MSO program 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 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, 2016 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	Tonnes (t x 1,000)	AgEq g/t	Ag g/t	Ag (oz) * 1,000	Au g/t	Au (oz) * 1,000	% Dilution
Proven	86.5	284	247	686.2	0.49	1.37	26%
Probable	508.2	311	262	4,285.20	0.64	10.48	30%
Total Proven and Probable Reserves	**594.7**	**307**	**260**	**4,971.40**	**0.62**	**11.84**	**29%**

1. Reserve cut-off grades are based on a 198 g/t silver equivalent.
2. Metallurgical Recoveries were 82.5% silver and 85.4% gold.
3. Mining Recoveries of 95% were applied.
4. Minimum mining widths were 1.4 meters.
5. Dilution factors averaged 29%. Dilution factors are calculated based on internal stope dilution calculations and external dilution factors of 15% for cut and fill and 30% for long hole.
6. Silver equivalents are based on a 75:1 silver:gold ratio.
7. Price assumptions are $16.29 per ounce for silver and $1,195 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.

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 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 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 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 thep project and within the district surrounding the mine. Since EDR took control of the Guanaceví mines Property, 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.

2017 exploration budgets for Guanaceví are approved for 8,000 meters of drilling. The approved budget for this drilling is estimated at US $1,200,000 for the year.

HRC recommends that the continuation of the conversion of all resources into reserves from 2D polygons to 3D block models be continued. During 2015 and 2016, 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 provide additional tonnage to support the mine plan.

Currently EDR utilizes the exploration drilling and chip and muck samples in their resource and reserve calculations. HRC 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 in keeping data densities consistent in each modeling effort and allow another level into the reconciliation process to compare modeling results.

Although the reconciliations conducted by EDR show good comparisons on planned values versus actual values the reconciliation process should be improved to include the estimated tonnes and grade from the resource models. By comparing the LOM plan on a monthly basis to the plant production the actual physical location of the material mined may be different in the plan versus the actual area that was mined. Due to the many faces that are mined during a day this can only be completed on an average monthly basis to account for the blending of this material at the mill. The monthly surveyed as mined areas should be created and saved on a monthly basis 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 actuals 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. On a yearly basis, the mill production should be reconciled to the final concentrate shipments and resulting adjustment factors should be explained and reported.

Guanaceví Mines Project 2019 Company Update

Exploration update

In 2017, the Company spent $1.4 million (including property holding costs) on exploration activities, mainly on underground drilling, conducted at the Porvenir and Santa Cruz Mines. The underground drilling program included a total of 6,794 metres in 29 holes, with a total of 2,995 samples submitted for assay. Field exploration activities were carried out over numerous concessions peripheral to the Guanaceví Project, and included the collection and analysis of 157 rock samples.

In 2018, the Company spent $0.7 million (including property holding costs) on exploration activities, mainly on underground drilling conducted at the Porvenir, Santa Cruz and Milache Mines. The underground drilling program included a total of 5,691 metres in 24 holes.

In 2019, the Company spent $0.8 million (including property holding costs) on exploration activities, mainly on underground drilling conducted at the Porvenir, Santa Cruz and Milache Mines. The underground drilling program included a total of 6,525 metres in 32 holes.

The holes intersected high grades over mineable widths to extend the three orebodies outside of the current mine plans. Drilling highlights in the Porvenir Norte orebody include 251 g/t silver and 0.93 g/t gold for 325 g\t silver equivalent over a 3.0 metre true width. Drilling highlights in the Santa Cruz orebody include two intersections in parallel veins, 2,175 g/t silver and 2.93 g/t gold for 2,409 g/t Ag Eq over a 1.0 metre true width; and 579 g/t silver and 0.78 g/t gold for 642 g/t AgEq over 3.9 metres in hole UG-75.

On July 5, 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 is required to meet certain minimum production targets from the properties, subject to various terms and conditions and pay Ocampo a fixed per tonne production payment plus a floating net smelter return royalty based on the spot silver price.

The El Porvenir concession sits adjacent to the Porvenir Norte mine and covers 15 hectares including the projected extension of the Porvenir Norte orebody. The Company 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 lies adjacent to the now closed Porvenir Cuatro mine and covers 40 hectares including the northwest extension of the Porvenir Cuatro orebody. Porvenir Cuatro was previously Guanaceví's highest grade mine in the district where mining ended in 2018 at the boundary with the El Curso property. The current mine access ramp from Porvenir Cuatro to Milache crosses the entire El Curso property and provides existing underground access and infrastructure to facilitate the exploration, development and production of El Curso.

Drilling of the El Curso concession commenced late in Q3, 2019 intersecting the mineralized vein, an extension of the historical Porvenir Cuatro ore body. Drilling highlights from the first ten drill holes include 1,182 g/t silver and 3.07 g/t gold for 1,427 g/t silver equivalent over a 5.1 metre true width and defines a 200 metres long x 200 metres deep northwest extension of the high grade Porvenir Cuatro orebody.

For 2020, the approved exploration budget for Guanaceví is $450,000, including 3,000 metres of underground drilling. The main objective is to determine the extension to depth of the Santa Cruz vein in the Milache Mine and continued extension of the Porvenir Cuatro extension.

Mineral Resource Estimation

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 channel composite database cut-off date for mineral resource estimation was August 31, 2019. The exploration database cut-off date for mineral resource estimation was October 31, 2019.

The Company used criteria of distance from composites and the number of samples to classify the mineral resources into measured, indicated, inferred. Measured mineral resources are those blocks with at least 16 composites, laying within a distanced no greater than 15 metres. Indicated mineral resources are these blocks estimated by at least 4 composites laying no farther than 25 metres from samples. Inferred mineral resources are those blocks, which distance to borehole composites and channel samples is greater than 50 metres.

Mineral Resources stated as at 31 of December 2019

Resource Classification	Tonnes	Silver g/t	Gold g/t	Silver oz	Gold oz
Measured	78,000	377	0.64	947,000	1,600
Indicated	1,062,000	331	0.85	11,305,000	29,100
Total Measured & Indicated	**1,140,000**	**334**	**0.84**	**12,252,000**	**30,700**
Total Inferred	**778,000**	**406**	**0.99**	**10,155,000**	**24,900**

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 part 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 and Mineral Reserve cut-off grades are based on a 182 g/t silver equivalent for Santa Cruz Sur of Guanaceví and 218 g/t silver equivalent for Santa Cruz, Porvenir and Milache of Guanaceví and 340 g/t silver equivalent for the El Curso concession of Guanacevi;
4. Dilution factor and Mining recovery for Mineral Resources are not applied.
5. Price assumptions are $16.34 per ounce for silver and $1,279 per ounce for gold

Mineral Reserve Estimation

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

The mining breakeven cut-off grade of 182 g/t silver equivalent for Santa Cruz Sur and 218 g/t silver equivalent for Santa Cruz, Porvenir and Milache, 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 78), 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 metres 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 25 metres to 35 metres either vertically or horizontally from development and the drill holes data.

Mineral Reserves stated as at 31 of December 2019

Resource Classification	Tonnes	Silver g/t	Gold g/t	Silver oz	Gold oz
Proven	155,000	276	0.70	1,374,000	3,500
Probable	560,000	240	0.66	4,326,000	11,800
Total Proven & Probable	**715,000**	**248**	**0.67**	**5,700,000**	**15,300**

Notes for mineral reserve estimation

1. Guanaceví Mineral Resource and Mineral Reserve cut-off grades are based on a 182 g/t silver equivalent for Santa Cruz Sur of Guanaceví and 218 g/t silver equivalent for Santa Cruz, Porvenir and Milache of Guanaceví;
2. Guanaceví Metallurgical Recoveries are 83.3% silver and 84.5% gold
3. Mining recoveries of 93% were applied for mineral reserve estimate calculations
4. Minimum mining widths are 0.8 meters for mineral reserve estimate calculations
5. Dilution factor is 35%, the dilution factors are calculated based on estimates of internal dilution of cameras and external empirical factor dilution.
6. Price assumptions are $16.34 per ounce for silver and $1,279 per ounce for gold

<u>Bolañitos Mines Project (formerly the Guanajuato Mines Project), Guanajuato State, Mexico</u>

The following summary of the Bolañitos Mines Project is extracted from the technical report titled "*National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Bolañitos Project, Guanajuato State, Mexico*" prepared by Hard Rock Consulting LLC, with an effective date of December 31, 2016 and dated March 3, 2017 and amended March 27, 2018. The complete report can be viewed on SEDAR at www.sedar.com. The technical report is incorporated by reference in its entirety into this AIF.

Executive Summary

Introduction

Hard Rock Consulting, LLC ("HRC") was retained by Endeavour Silver Corp. ("EDR") to complete an independent technical audit and to update the mineral resource and reserve estimates for the Bolañitos Project (the "Project") located in Guanajuato State, Mexico. This report presents the results of HRC's efforts, and is intended to fulfill the Standards of Disclosure for Mineral Projects according to Canadian National Instrument 43-101 ("NI 43-101"). This report was prepared in accordance 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. The mineral resource and mineral reserve estimates reported here are based on all available technical data and information as of December 31, 2016.

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.

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 55º 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.

Status of Exploration

In 2016, EDR spent US $240,249 (including property holding costs) on exploration activities, including drilling, at the Bolañitos Project. The target areas explored at the Bolañitos Project in 2016 included:

- Bolañitos North (La Luz-San Antonio de los Tiros),
- La Loba Margaritas, and
- Bolañitos South (San Cayetano and Emma)

A combined total of 9 drillholes were completed in the Bolañitos North (4 holes) and Bolañitos South (5 holes) areas for a total of 2,528 meters. Geological mapping and surface sampling was conducted in all three of the areas explored.

Mineral Resource Estimate

Resource geologist Zachary J. Black, SME-RM, of HRC is responsible for the mineral resource estimate presented here. Mr. Black is a Qualified Person as defined by NI 43-101, and is independent of EDR. EDR estimated the mineral resource for the Bolañitos mine Project based on drillhole data constrained by geologic vein boundaries under the direct supervision of HRC. Datamine Studio RM® V1.0.73.0 ("Datamine") software was used to audit the resource estimate in conjunction with Leapfrog Geo® V.3.0.0 ("Leapfrog"), which was used to produce a geologic model. The metals of interest at Bolañitos are gold and silver.

The Bolañitos mineral resource is comprised of 21 individual veins. The veins are further subdivided into areas and modeling method. The mineral resources have been estimated using either a Vertical Longitudinal Projection (VLP) polygonal method (9 veins) or as 3-dimensional ("3D") block model (12 veins). The 3D models have been split into 2 areas based on the vein location within the deposit.

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.

HRC validated the vein models provided by EDR using Leapfrog. Ten veins were modeled by EDR using a series of cross-sectional interpretations. The sectional interpretations are based primarily on composite intercepts and are used to construct 3D vein solids in Vulcan. Cross-sections orthogonal to the strike of the vein and level plan sections were used to insure sample selections for compositing were contained within the modeled veins. HRC confirmed the areas reported in EDR resource sheets loading AutoCAD® long VLP's provided by EDR into ArcGIS® software, and tracing the perimeter of the resource blocks and measuring the area with the built-in measuring tool. The dip of the vein and true thickness are known variables.

The mineral resource estimate for the Bolañitos Project as of December 31st, 2016, 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, 2016

Classification	Tonnes	Silver Equivalent	Silver		Gold	
		g/t	g/t	oz	g/t	oz
Measured	89,000	329	150	427,600	2.29	6,500
Indicated	698,000	325	162	3,630,300	2.04	45,800
Measured + Indicated	787,000	325	161	4,057,900	2.07	52,300
Inferred	1,150,000	330	153	5,674,700	2.29	84,800

1. Measured, Indicated and Inferred resource cut-off grades were 162 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 79.6% silver and 84.5% gold.
4. Silver equivalents are based on a 75:1 silver:gold ratio
5. Price assumptions are $16.29 per ounce for silver and $1,195 per ounce for gold for resource cutoff calculations.
6. Mineral resources are estimated exclusive of and in addition to mineral reserves.

Mineral Reserve Estimate

Mr. Jeff Choquette, P.E., MMSA QP Member, of HRC is responsible for the mineral reserve estimate presented in this report. Mr. Choquette is Qualified Person as defined by NI 43-101 and is 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, 2016. Stope designs for reporting the reserves were created utilizing the updated resources and cutoffs established for 2016. 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.

HRC utilized Datamine's MSO (Mineable shape optimizer) program to generate the stopes for the reserve mine plan. The stopes were created based solely on Measured and Indicated resources above the calculated cutoff, which have demonstrated to be economically viable; therefore, Measured and Indicated mineral resources within the stopes 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.

The mining breakeven cut-off grade, which includes internal stope dilution, was utilized in Datamine's MSO 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 property is 162 g/t Ag equivalent. Silver equivalent grade is calculated as the silver grade + (gold grade * 75), 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 Datamine's MSO program to generate stope designs for the reserve mine plan. The Bolañitos 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 Bolañitos 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 Bolañitos mine project, this is applicable to blocks located a maximum of 35m either vertically or horizontally from development.

The Proven and Probable mineral reserves for the Bolañitos Project as of December 31, 2016 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	Tonnes (t x 1,000)	AgEq g/t	Ag g/t	Ag (oz) * 1,000	Au g/t	Au (oz) * 1,000	% Dilution
Proven	157.2	311	90	456.7	2.84	14.34	21%
Probable	238.2	245	104	798.3	1.81	13.82	20%
Total Proven and Probable Reserves	395.4	271	99	1255.0	2.22	28.17	21%

1. Reserve cut-off grades are based on a 162 g/t silver equivalent.
2. Metallurgical Recoveries were 79.6% silver and 84.5% 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 cut and fill and 30% for long hole.
6. Silver equivalents are based on a 75:1 silver:gold ratio.
7. Price assumptions are $16.29 per ounce for silver and $1,195 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.

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 2017, EDR will conduct a surface drilling program in the Bolañitos South and Bolañitos North areas. The planned program included 6,000 meters of drilling at an estimated cost of $900,000.

HRC 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. HRC 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 on a monthly basis 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.

Bolañitos Mines Project 2019 Company Update

Exploration update

In 2017, the Company spent $0.8 million on exploration activities, including surface and underground drilling at the Bolañitos Project. Surface drilling was conducted at the Bolañitos South (San Cayetano) and Siglo XX Targets, totalling 3,442 metres in 12 drill holes. The underground drilling program focused on the La Luz and Plateros veins, a total of 17 drill holes were completed with 3,866 metres.

In 2018, the Company spent $0.7 million on exploration activities, including surface and underground drilling at the Bolañitos Project. Surface drilling was conducted at the San Miguel, Herradura and Belen targets totalling 4,197 metres in 23 drill holes. The underground drilling program focused on the La Luz and Plateros veins, a total of 45 drill holes were completed with 9,945 metres.

In 2019, the Company spent $0.8 million completing 8,671 metres in 54 drill holes testing extensions of current ore bodies. Drilling intersected high grades over mineable widths in the Plateros, San Miguel and Bolañitos Norte veins which are expected to extend the mine life. Drilling highlights in the San Miguel vein just north of the Bolanitos plant include 58 g/t silver and 22.1 g/t gold for 1827 g/t silver equivalent over a 3.5 metre true width. New high-grade vein mineralization has now been delineated over a 250 metre length by 130 metre depth below and northwest of the old San Miguel mine workings, still open to the northwest. Drilling highlights in the Plateros vein just west of the Bolanitos plant include 108 g/t silver and 4.25 g/t gold for 448 g/t Ag Eq over a 2.3 metre true width. New high-grade vein mineralization has now been delineated over a 250 metre length by 120 metre depth below the Plateros mine workings where Endeavour is currently mining, still open at depth and to the southeast.

The recently discovered San Miguel vein, which is interpreted to be a northern splay of the Bolañitos vein is included in the 2020 mine plan.
In 2020, the Company plans to conduct a 3,000 metre underground drill program focused on the Plateros and San Miguel veins budgeted to cost $450,000.

Mineral resources estimation

The channel composite database cut-off date for mineral resource estimation was August 31, 2019. The exploration database cut-off date for mineral resource estimation was October 31, 2019.

The Company used criteria of distance from composites and the number of samples to classify the mineral resources into measured, indicated, inferred. Measured mineral resources are those blocks with at least 16 composites, laying within a distanced no greater than 15 metres. Indicated mineral resources are these blocks estimated by at least 4 composites laying no farther than 25 metres from samples. Inferred mineral resources are those blocks, which distance to borehole composites and channel samples is greater than 50 metres.

Mineral resources stated as at 31 of December 2019

Resource Classification	Tonnes	Silver g/t	Gold g/t	Silver oz	Gold oz
Measured	33,000	124	1.89	131,000	2,000
Indicated	502,000	160	1.95	2,588,000	31,400
Total Measured & Indicated	**535,000**	**158**	**1.94**	**2,719,000**	**33,400**
Total Inferred	**832,000**	**113**	**2.31**	**3,031,000**	**61,700**

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 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 166 g/t silver equivalent for the Lucero ramp, 206 g/t for the La Luz ramp and 168 g/t for San Miguel of Bolanitos. Minimum mining widths are 0.8 metres for mineral reserve estimate calculations
4. Dilution factor and Mining recovery for Mineral Resources are not applied.
5. Price assumptions are $16.34 per ounce for silver and $1,279 per ounce for gold

Mineral reserves estimation

The reserve calculation for the Bolañitos mining operation was completed with an effective date of December 31st, 2019.

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 property is a 166 g/t silver equivalent for the Lucero ramp, 206 g/t for the La Luz ramp and 168 g/t for San Miguel area of Bolanitos. Silver equivalent grade is calculated as the silver grade in addition to gold grade multiplied by 78, 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 metres to 35 metres either vertically or horizontally from development and the drill holes data.

Mineral reserves stated as at 31 of December 2019

Resource Classification	Tonnes	Silver g/t	Gold g/t	Silver oz	Gold oz
Proven	39,000	68	2.56	86,000	3,300
Probable	327,000	43	2.44	455,000	25,700
Total Proven & Probable	**366,000**	**46**	**2.46**	**541,000**	**29,000**

Notes for mineral reserve estimation

1. Bolañitos Mineral Reserve cut-off grades are based on 166 g/t silver equivalent for the Lucero ramp, 206 g/t for the La Luz ramp and 168 g/t for San Miguel area of Bolanitos. Bolañitos Metallurgical Recoveries are 71.9% silver and 89.0% gold
2. Mining recoveries of 93% were applied for mineral reserve estimate calculations
3. Minimum mining widths are 0.8 metres for mineral reserve estimate calculations
4. Dilution factor is 33.66%, The dilution factors are calculated based on estimates of internal dilution of cameras and external empirical factors dilution.
5. Price assumptions are $16.34 per ounce for silver and $1,279 per ounce for gold

Terronera Project, Jalisco State, Mexico

On May 6, 2019, the Company filed the technical report titled "*Updated Technical Report for the Terronera Project, Jalisco State, Mexico*" ("2019 Terronera PFS") prepared by P&E Mining Consultants Inc. with an effective date of February 12, 2019 and dated April 30, 2019. The complete report can be viewed on SEDAR at www.sedar.com. The technical report is incorporated by reference in its entirety into this AIF.

Executive Summary

Introduction

Endeavour Silver Corp. (Endeavour Silver) commissioned P&E Mining Consultants Inc. to prepare an Updated Technical Report for the Terronera Project compliant with Canadian Securities Administrators (CSA) National Instrument 43-101 (NI 43-101). Endeavour Silver determined that the resulting recent material changes to the mine design and production schedule justified the preparation of an Updated Technical Report.

Throughout this Updated Technical Report dollar values are in US dollars ("$" or "US$") unless otherwise stated.

Endeavour Silver is a mid-tier silver mining company engaged in the exploration, development, and production of mineral properties in Mexico. Endeavour Silver is focused on growing its production, Mineral Resources, and Mineral Reserves in Mexico. Since start-up in 2004, Endeavour Silver has posted numerous consecutive years of growth of its silver mining operations. Endeavour Silver owns and operates the Guanaceví Mine located in the northwestern Durango State, and the Bolañitos Mine, both located near the city of Guanajuato in Guanajuato State, Mexico. In late 2019, Endeavour Silver commissioned the operations at its El Compas Mine in Zacatecas, Mexico.

This Updated Technical Report follows the format and guidelines of Form 43-101F1, Technical Report for National Instrument 43-101, Standards of Disclosure for Mineral Projects (NI 43-101), and its Companion Policy 43-101 CP, as amended by the CSA.

This Updated Technical Report has an effective date of February 12, 2019. The Mineral Resource and Reserve Estimate reported in this Updated Technical Report complies with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards and definitions, as required under NI 43-101 regulations.

In this Updated Technical Report, the term San Sebastián Property refers to the entire area covered by the mineral concessions, while the term Terronera Project (the Project) refers to an area within the mineral concession and separate surface lands on which the current exploration programs, Mineral Resource and Mineral Reserve Estimates are located.

This Updated Technical Report includes technical information which requires subsequent calculations or estimates to derive sub-totals, totals, and weighted averages. Such calculations or estimations inherently involve a degree of rounding and consequently introduce a very small margin of error. The Qualified Persons responsible for this Updated Technical Report do not consider such minor errors to be material to the calculations presented herein.

The conclusions and recommendations in this Updated Technical Report reflect the Qualified Person's best independent judgment in light of the information available at the time of writing.

Summarized briefly below is key information in the Updated Technical Report, including property description and ownership, geology and mineralization, the status of exploration and development, Mineral Resource and Reserve Estimates, metallurgical testing, environmental and conclusions and recommendations of the Qualified Persons.

Location and Property Description

San Sebastian del Oeste (San Sebastián) is an historic silver and gold mining district located in southwestern Jalisco State, approximately 155 km southwest of Guadalajara and 40 km northeast of Puerto Vallarta, accessible by paved and gravel roads. One small, high-grade, underground silver-gold mine, La Quiteria (130 tonnes per day (tpd)), continues to operate in the district. The San Sebastián Properties acquired by Endeavour Silver surround the La Quiteria Mine and represent a new, district-scale, silver-gold exploration opportunity for the Company.

Ownership

In February, 2010, Endeavour Silver acquired an option to purchase the San Sebastián silver-gold Properties in Jalisco State from Industrias Minera México S.A. de C.V. (IMMSA), also known as Grupo Mexico, one of the largest mining companies in Mexico.

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 Project through its 100% owned subsidiaries Terronera Precious Metals S.A. de C.V. (TPM) and Minera Plata Adelante S.A. de C.V. (Minera Plata).

At present, the Terronera Project is comprised of 24 mineral concessions totalling 17,369 hectares (ha) and certain surface lands upon which future mining surface operations, mineral processing, and tailings and waste rock storage are proposed to occur. The core group of 10 concessions totalling 3,388 ha was owned by IMMSA. These concessions cover the main area of the known mining district. In 2013, Endeavour Silver completed the acquisition of a 100% interest in the San Sebastián Properties from IMMSA. IMMSA retained a 2% NSR royalty on mineral production from the properties.
In 2012, Endeavour Silver also filed and received title for two concessions (San Sebastián 10 Fracc. 1 and Fracc. 2) totalling 2,078 ha. Additionally, in 2013, Endeavour Silver filed a total of seven concessions (San Sebastian 12, San Sebastian 13, San Sebastian 14, San Sebastian 15, San Sebastian 16, San Sebastian 17 and San Sebastian 18) totalling 4,163 ha. To date, five of these concessions have been titled, with the exception of San Sebastian 15 and San Sebastian 16, which were filed again on November and August of 2018 respectively.

In 2015, Endeavour Silver acquired an option to purchase a group of properties (Los Pinos Fracc. I, Los Pinos Fracc. II and La Fundisión 2 Fracc. I, totalling 8,373 ha), surrounding the San Sebastián silver-gold Properties, from Agregados Mineros de Occidente S.A. de C.V. (AGREMIN). In addition, in 2017 Endeavour Silver also acquired from AGREMIN another option to purchase the La Única Fracc. II (3,538 ha) concession. These Properties and Agreement were transferred by AGREMIN to its related Company named Compañia Plata San Sebastian S.A. de C.V. On December 2018, the option agreement for La Fundision 2 Fracc. I (Title 228866) and La Única Fracc. II (Title 225185) concessions, was terminated. The cancellation is currently in process.

At the end of 2017, Endeavour Silver acquired a total of three concessions at the southern boundary of the San Sebastian Properties which were called Cerro Gordo 1 (499.7 ha), Cerro Gordo 2 (500 ha) and Cerro Gordo 3 (400 ha). Two of these concessions have been titled, with the exception of Cerro Gordo 3 (filed again in June of 2018). In early 2018, Endeavour Silver filed and received title for two more concessions in the area: Cerro Gordo 4 (400 ha) and Cerro Gordo 5 (399 ha).

In August of 2018, Endeavour Silver acquired an exploration and option agreement covering the property named La Unica Fracc. I (2,157 ha) from Compañia Plata San Sebastian S.A. de C.V.

The annual 2019 concession tax for all the San Sebastian Properties was MXP 4,138,726 which is equal to US$206,936 (at an exchange rate of 20 MXP to US$1.00 dollar).

History

Although the San Sebastián silver and gold mines were first discovered in 1542, and there were several periods of small-scale mining over the last 450 years, the only significant modern exploration in the district was carried out by IMMSA in the late 1980s and early 1990s.

As is the case with many mines in Mexico which were owned by individuals or corporations, the historical production records have not survived the revolutions, passing of the individual owners, closing of the mines, corporate failure, or government seizure of assets. Therefore, the exact San Sebastián area silver production is unknown.

Geology and Mineralization

The San Sebastián Properties cover a classic, low sulphidation, epithermal vein system in four mineralized vein sub-districts named Los Reyes, Santiago de Los Pinos, San Sebastián and Real de Oxtotipan. Each sub-district consists of a cluster of quartz (calcite, barite) veins mineralized with sulphide minerals (pyrite, argentite, galena and sphalerite). Each vein cluster spans approximately 3 km x 3 km in area. In total, more than 50 small mines were developed historically on at least 20 separate veins.

The San Sebastián veins tend to be large and can host high grade silver-gold mineralized deposits. For example, the La Quiteria Vein ranges up to 15 m thick, and the Santa Quiteria Mine averages about 280 g/t silver (Ag) and 0.5 g/t gold (Au) over a 3 m to 4 m width. This high grade mineralized zone appears to extend into the San Sebastián Properties both along strike and immediately down dip.

Exploration

In 2010, Endeavour Silver commenced exploration activities on the Terronera Project and in 2011 the first drilling campaign was conducted at the Real Alto (Real, Animas-Los Negros, Escurana and Tajo veins) and Quiteria West Targets. In 2012, the surface drilling program continued at Real Alto and a single deep drill hole was drilled at Quiteria West.

The first Endeavour Silver drilling program over the Terronera Vein was conducted from early 2012 to the end of 2016; the structure has been tested with 149 drill holes totalling 43,526 m. Additionally, seven drill holes were completed at the Terronera North area (2,783 m).

In 2016, exploration activities focused on the definition and evaluation of new drilling targets around the Terronera Project and near the proposed future mine operations. Nine drilling targets were tested, including the discovery of the La Luz Vein.

Between 2011 and 2016, Endeavour Silver had drilled 70,885 m in 248 diamond drill holes over the entire Terronera Project. Holes were drilled from surface and 22,351 samples have been collected and submitted for analysis.

During 2017, a total of 12,252 m was drilled in 47 drill holes, with the objective to add Mineral Resources to the Terronera Project. This drilling was mainly conducted at the La Luz Deposit. To date a total of 41 drill holes have been completed over that structure totalling 9,796 m. Eight other structures were also tested: El Muro, Los Espinos, Los Reyes, El Fraile, Vista Hermosa, La Escondida, La Atrevida and Quiteria West. The 2017 drilling program included 2,308 assays.

During 2018, a total of 18,774 m was drilled in 39 surface diamond drill holes to further delineate the Terronera Vein, including 3,007 samples collected and submitted for analysis

In late 2018, Endeavour Silver engaged Knight Piésold Ltd. (“KP”) to provide geomechanical and hydrogeological support for the proposed underground mine for the La Luz Vein of the Terronera Project. The investigation program consisted of geomechanical drill holes with core orientation and detailed geomechanical logging, a hydrogeological packer testing at approximately 30 m downhole intervals, and a nested vibrating wire piezometer installation. Two drill holes were completed by the end of 2018, totalling 405 m. One drill hole was still pending completion for early 2019. The analysis of this recent work is currently in progress.

Mineral Processing and Metallurgical Testing

ALS Metallurgy (ALS) conducted locked and open cycle flotation tests for the Terronera Project at its metallurgical testing facility in Kamloops, B.C. The primary objectives of the test program were to enhance the levels of precious metal recovery and improve final concentrate grades.

The open cycle flotation data developed by ALS indicate that at a relatively coarse primary grind size, a medium grade gold and silver bearing second cleaner concentrate may be produced. The process flow sheet includes a two stage crushing circuit followed by closed circuit grinding to achieve a flotation feed grind size of 80% passing 150 mesh (100 microns). Flash flotation inclusion in the grinding circuit improves the levels of recovery. A regrind circuit provides improved liberation of precious metals mineralization and higher final concentrate grade. The Project will produce a high grade concentrate with the expected overall recoveries of

- Gold 80.4% and Silver 84.6%.

Similar metallurgical response to flotation was obtained in bench scale flotation testing from materials originating from Terronera and La Luz deposits. It is expected that the same levels of precious metal recovery will be achieved in the concentrator for materials processed from both mineralized deposits.

Further studies are recommended to upgrade the process plant feed, lower the grinding costs, and increase process recoveries.

2013 Mineral Resource Estimate

The Mineral Resource Estimate discussed in the Technical Report Audit of the Mineral Resource Estimate for the San Sebastian Project dated March 27, 2014 was estimated using the 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 November 27, 2010. The effective date of that Mineral Resource Estimate is December 31, 2013.

2015 Mineral Resource Estimate

In 2015, P&E updated the Terronera Project Mineral Resource Estimate. As of April 30, 2015, the Terronera Vein was estimated to contain Indicated Mineral Resources of 2.9 Mt at 211 g/t Ag and 1.65 g/t Au and Inferred Resources of 1.2 Mt at 218 g/t Ag and 1.39 g/t Au. The cut-off grade was 100 g/t AuEq, using a 70:1 ratio based on prices of US$18/oz silver and US$1,250/oz gold.

2017 Mineral Resource and Mineral Reserve Estimates

The Mineral Resource and Mineral Reserve Estimates presented in the initial PFS were estimated using the CIM Definition Standards for Mineral Resources and Mineral Reserves adopted by CIM Council on May 10, 2014. The effective date of the Mineral Resource and Mineral Reserve Estimates is April 3, 2017. As of May 11, 2017, the Terronera Vein was estimated to contain Indicated Mineral Resources of 3,959,000 t at 232 g/t Ag and 2.18 g/t Au and Inferred Mineral Resources of 720,000 t at 309 g/t Ag and 1.48 g/t Au. The cut-off grade was 150 g/t AgEq, using a 70:1 ratio based on US$18/oz silver and US$1,225/oz gold.

August 2018 Mineral Resource and Mineral Reserve Estimates

The Mineral Resource and Mineral Reserve Estimates presented in the Updated Preliminary Feasibility Study were estimated using the CIM Definition Standards for Mineral Resources and Mineral Reserves adopted by CIM Council on May 10, 2014. The effective date of the Mineral Resource and Mineral Reserve Estimates is August 1, 2018. As of August 7, 2018, the Terronera Vein was estimated to contain Indicated Mineral Resources of 4,363,000 t at 239 g/t Ag and 2.53 g/t Au and Inferred Mineral Resources of 1,073,000 t at 252 g/t Ag and 2.38 g/t Au. The cut-off grade was 150 g/t AgEq, using a 75:1 ratio based on US$17/oz silver and US$1275/oz gold.

2019 Mineral Resources Estimate

The Mineral Resource Estimate presented in this Updated Technical Report was estimated using the CIM Definition Standards for Mineral Resources and Mineral Reserves adopted by CIM Council on May 10, 2014. The effective date of the Mineral Resource Estimate is February 1, 2019.

Cut-off Grade

The cut-off grade selected for the February 1, 2019 Mineral Resource Estimate was 150 g/t silver equivalent (AgEq). See Section 14.12 for AgEq cut-off details based on metal prices of US$17.50/oz silver and US$1,275/oz gold and is presented in Table 1.1.

Table 1.1 Terronera Mineral Resource Estimate at a Cut-Off Grade of 150 g/t AgEq (1-6)							
Classification	**Tonnes (kt)**	**Ag (g/t)**	**Contained Ag (koz)**	**Au (g/t)**	**Contained Au (koz)**	**AgEq (g/t)**	**Contained AgEq (koz)**
Indicated	5,275	227.2	38,537	2.35	398	403.4	68,416
Inferred	1,022	212.2	6,970	1.70	56	339.8	11,161

1. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. 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 Updated Technical Report were estimated using the CIM Definition Standards for Mineral Resources and Mineral Reserves.
4. AgEq g/t = Ag g/t + (Au g/t x 75)
5. Historical mined areas were depleted from the Terronera Vein wireframe and Mineral Resource model.
6. Mineral Resources are inclusive of Mineral Reserves.

A summary of the La Luz Mineral Resource Estimate at a cut-off grade of 150 g/t AgEq is presented in Table 1.2.

Table 1.2 La Luz Mineral Resource Estimate at a Cut-Off Grade of 150 g/t AgEq (1-5)							
Classification	**Tonnes (kt)**	**Ag (g/t)**	**Contained Ag (koz)**	**Au (g/t)**	**Contained Au (koz)**	**AgEq (g/t)**	**Contained AgEq (koz)**
Indicated	126	192	779	13.60	55	1,212	4,904
Inferred	58	145	269	12.15	23	1,060	1,994

1. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. 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 Updated Technical Report 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 the CIM Council.
4. AgEq g/t = Ag g/t + (Au g/t x 75)
5. Mineral Resources are inclusive of Mineral Reserves.

Mineral Reserve Estimate

A summary of the Terronera and La Luz Probable Mineral Reserve is given in Table 1.3.

TABLE 1.3
TERRONERA AND LA LUZ PROBABLE MINERAL RESERVE(1-5)

Deposit	Tonnes (kt)	Au (g/t)	Ag (g/t)	AgEq (g/t)	Au (koz)	Ag (koz)	AgEq (koz)
Terronera	5,445	2.10	210	367	367	36,719	64,241
La Luz	142	11.84	182	1,070	52	721	4,632
Combined	**5,587**	**2.33**	**208**	**383**	**419**	**37,440**	**68,873**

1. *The Mineral Reserve in this Updated Technical Report was 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 the CIM Council.*
2. *AgEq g/t = Ag g/t + (Au g/t x 75)*
3. *Historical mined areas were depleted from the Terronera Mineral Reserve model.*
4. *See section 15 for more detail on Mineral Reserve parameters.*
5. *Grades vary from the January 19th 2019 Mineral Reserve disclosure news release due to the elimination of longhole mining from previous studies.*

Mining Methods

The underground mine operations at Terronera and La Luz will be accessed via main access ramps. In the case of Terronera, the access ramps from mine portal area and the process plant area will connect to a main haulage drift and in the case of La Luz it will connect approximately centrally to the deposit. Both deposits will be mined by Drift-and-Fill mining using trackless underground equipment, including scooptrams, haulage trucks, and electric-hydraulic drill jumbos for their primary ore production. A main lower level rail haulage system will be utilized to remove ore from the Terronera Mine and deliver it to the process plant. Due to the narrow vein widths at La Luz, the Drift and Fill mining will be modified to accommodate Resue mining.

Additional geomechanical work is recommended for both deposits. The domain definition, stability analyses, recommendations, and groundwater inflow estimate for the Terronera Deposit should be updated to account for the results of the additional data inputs and any changes to underground mine plan. The planned sill pillar strategy, as well as interactions between the planned and historical stopes, should be evaluated in detail. Any significant changes to the mine plan should be reviewed from a rock mechanics perspective. The on-going geomechanical and hydrogeological assessment for the La Luz Deposit should be completed and the design assumptions used in this study updated as required.

Recovery Methods

A beneficiation plant utilizing Flash flotation was selected for recovery of precious metals present in the Terronera and La Luz deposits.

The Terronera Project comprises the following processing circuits:

- Coarse ore storage yard (12,000 tonnes capacity).
- Stock pile (2,000 tonnes capacity).
- Crushing plant (two stage - closed circuit - 1,500 tpd capacity).
- Fine ore storage 1,500 tpd capacity.
- Primary grinding (1,500 tpd capacity).
- Flotation
  - Flash flotation
  - Rougher & Scavenger
  - Two stage cleaning.
- Final concentrate sedimentation and filtration (1,500 tpd capacity).
- Final concentrate storage and shipping (1,500 tpd capacity)
- Tailings sedimentation (1,500 tpd capacity)
- Reclaim and fresh water systems
- Dry tailings filter plant
- Dry stack tailings storage facility (TSF)

Power will be provided on-site by natural gas-fired generators. Fresh water will be pumped from the underground (U/G) mining operations to a fresh water tank and pumped to the process plant, fire water system, potable water system, and water trucks.

At the effective date of this Updated Technical Report additional metallurgical testwork and process optimization is ongoing and has not been concluded.

Infrastructure

Existing infrastructure consists of a public access road that connects Puerto Vallarta with the local communities and the Terronera project site area. The regional power needs are served by CFE which has a 23kV power line that runs through the Terronera Property. There is no other existing infrastructure on the project site.

Required infrastructure for the project consists of the following:

- Process plant, filter plant and ancillary buildings.
- Waste rock and ore stockpiles.
- Internal and mine access roads.
- On site power and water supply and distribution.
- Waste management.
- Surface water control.
- Communications.
- Construction camp.

Market Studies and Contracts

Endeavour Silver produces a silver concentrate which is shipped to third parties for further refining before being sold. To a large extent, silver concentrate is sold at the spot price. Endeavour Silver's hedge policy does not allow the Company to enter into long term hedge contracts or forward sales.

As of the date of issuing this Updated Technical Report, the Company has not conducted any market studies, since gold and silver are widely traded in world markets. Endeavour Silver has no contracts or

agreements for mining, smelting, refining, transportation, handling or sales that are outside normal or generally accepted practices within the mining industry.
In addition to its own workforces, Endeavour Silver has a number of contract mining companies working at its three operating mines and is evaluating the possibility of using contract miners at Terronera.

Environmental Studies, Permitting, and Social Impact

Endeavour Silver submitted a Manifest of Environmental Impact (MIA) to the Mexico environmental permitting authority known as SEMARNAT (Secretaria de Medio Ambiente y Recursos Naturales) in December, 2013.

A SEMARNAT permit for the Terronera Project was issued in October, 2014 for a 500 tpd project with tailings reporting to a traditional slurry deposit.

In February, 2017 a modified MIA application was issued by SEMARNAT to expand the proposed process rate to up to 1,500 tpd and to establish a future proposed tailings facility to store filtered dry tailings.

The Terronera Mine Project is designed to comply with the environmental regulations and standards in place in México. The proposed future mining infrastructure and supporting facilities are designed to minimize the impact to the natural environment.

Mexican law requires that an environmental monitoring program of surface and ground water, creek sediments, soil, air, vegetation and wildlife conditions be implemented. The current SEMARNAT regulatory objective is to limit transmission of contaminants such that pre-mining environmental conditions are maintained downstream of the permitted mine perimeter. This program will be required before and during proposed future mining operations and after mine closure.

Capital and Operating Costs

The Terronera Project has an estimated total initial capital cost of $130.2 M for the 1,500 tpd process plant, mine development and infrastructure construction.

Average operating costs over the 12 year life-of-mine (LOM) of $49.18 per tonne for mining, $28.29 per tonne for processing, and $8.05 per tonne for General and Administration were developed and estimated from first principles using unit labour and materials costs from Endeavour Silver's current operations in Mexico.

Economic Analysis

This Updated Technical Report contains forward-looking projections based on assumptions the Qualified Persons believe are reasonable. The projected mine production rates, development schedules, and estimates of future cash flows involve known and unknown risks, uncertainties, and other factors that may affect the actual results.

An economic analysis utilizing a pre-tax and after-tax cash flow financial model was prepared for the base case mine plan. The metal prices assumed in the base case are $16.50/oz silver and $1,275/oz gold.

Mexican tax policies for mining include an overriding royalty on gross revenues, after smelter deductions, of 0.5% applied to precious metal mines (gold, silver and platinum). A Special Mining Duty of 7.5% is levied on earnings before income tax and depreciation allowance. Corporate income taxes of 30% are applied to earnings after the usual allowable deductions for depreciation, loss carry-forwards etc. The

Special Mining Duty and the overriding royalty are also deductible for the purpose of calculating corporate income tax. The financial model incorporates these taxes in computing the after-tax cash flow amounts, net present value (NPV), and internal rate of return (IRR).

The Terronera Project key financial indicators for the base case are as follows:

- After-tax rate of return 23.8%.
- Project payback period 3.5 years.
- After-Tax Net Present Value (5% discount) of $103.0 M.

Under the base case assumptions, these key indicators describe a financially viable project which, as the sensitivity analysis summarized in Table 1.4 demonstrates, has considerable upside potential should metal prices improve or operating costs decrease.

TABLE 1.4
BASE CASE AFTER-TAX NPV AND IRR SENSITIVITIES

Variance	Operating Costs			Initial Capital			Metal Prices		
	NPV (5%) US$ M	IRR	Payback Years	NPV (5%) US$ M	IRR	Payback Years	NPV (5%) US$ M	IRR	Payback Years
-20%	109.9	25.2%	3.4	101.5	25.2%	3.4	-0.8	4.8%	6.2
-10%	106.5	24.5%	3.4	102.2	24.5%	3.4	57.8	16.0%	4.3
Base Case	103.0	23.8%	3.5	103.0	23.8%	3.5	103.0	23.8%	3.5
10%	99.5	23.1%	3.6	103.7	23.2%	3.5	147.2	31.2%	2.9
20%	96.0	22.4%	3.6	104.2	22.6%	3.6	191.1	38.4%	2.6

Conclusions and Recommendations

The Terronera Mineral Resource and Mineral Reserve Estimates presented conform to the current CIM Definition Standards for Mineral Resources and Mineral Reserves, as required under NI 43-101 "Standards of Disclosure for Mineral Projects." The estimation approach and methodology used is reasonable and appropriate based on the data available.

The project is subject to technical, legal, environmental, and political risks that are similar to the risks faced by Endeavour Silver on its current operations in Mexico. The Qualified Persons consider these risks to be manageable and should not have an adverse effect on the continued development of the Terronera Project.

Based on a review of the Terronera Project and the encouraging results to date, it is recommended that Endeavour Silver:

- Continue exploratory drilling of nearby mineralized bodies to extend the future mine life. Estimated cost $200,000.

- Investigate the inclusion of an HPGR crusher as the tertiary crusher to give the lowest energy requirement for size reduction. Estimated cost $25,000.

- Higher grade zones should be analyzed for metallic gold and silver content to address the possibility of the presence of coarse precious metal. Estimated cost $5,000.

- Optimize the grinding circuit. Estimated cost $35,000.

- Conduct more detailed analyses based on additional or updated data for the Deposit in order to support the next stage of engineering. Additional data requirements include:
    - Creating a 3D lithological model. Estimated cost $25,000.
    - Creating a 3D structural model. Estimated cost $25,000.

- The rock mass characteristics in the immediate vicinity of the crown pillar and to the east of the Arroyo Fault zone should be better defined during the next phase of design or during the early stages of mining. Estimated cost $75,000 plus drilling.

- Additional geomechanical logging should be completed to better define difference in structural trends around geomechanical drill hole KP16-02. Estimated cost $25,000.

- Additional hydrogeological data should be collected if the project economics or operating conditions are sensitive to the groundwater conditions and groundwater inflow estimate. For example, the completion of additional packer testing and the installation of additional vibrating wire piezometres could be used to refine the hydrogeological characterization and evaluate the potential for spatial variability. Estimated cost including 60l/sec pump station $150,000.

- The groundwater pore pressure data from the vibrating wire piezometers should be recorded and reviewed on a regular basis. Estimated cost $15,000.

- Update the geomechanical domain definition, stability analyses, recommendations, and groundwater inflow estimate to account for the results of the additional data inputs and any changes to underground mine plan. Any significant changes to the mine plan should be reviewed from a geomechanical perspective. Estimated cost $75,000.

- Advance the current preliminary TSF area design, associated hauling accessways, and tailings delivery infrastructure to construction design level in conjunction with the Feasibility level analysis. Estimated cost $150,000.

- Given the risk-mitigating features of the Terronera Project and the positive results of this Updated Technical Report, the Qualified Persons recommended that Endeavour Silver budget US$810,000 for the above recommended programs.

<u>El Compas Project, Zacatecas State, Mexico</u>

On May 11, 2017, the Company filed the technical report titled "*NI 43-101 Technical Report Preliminary Economic Assessment for the El Compas Project, Zacatecas State, Mexico*" ("El Compas PEA") prepared by Smith Foster and Associates with an effective date of March 27, 2017 and dated May 11, 2017. With the exception of some minor changes to terms for consistency with terms used in this AIF, the below summary is a direct extract and reproduction of the summary contained in the El Compas PEA, without material modification or revision. The complete report can be viewed on SEDAR at www.sedar.com. The El Compas PEA is incorporated by reference in its entirety into this AIF.

Executive Summary

Introduction

Endeavour Silver Corp. (Endeavour Silver) commissioned Smith Foster & Associates Inc. (SFA) to prepare a Preliminary Economic Assessment (PEA) for the El Compas Project compliant with Canadian Securities Administrators (CSA) National Instrument 43-101 (NI 43-101).

Endeavour Silver is a mid-tier silver mining company engaged in the exploration, development, and production of mineral properties in Mexico. Endeavour Silver is focused on growing its production and Mineral Reserves and Mineral Resources in Mexico. Since start-up in 2004, Endeavour Silver has posted numerous consecutive years of growth of its silver mining operations. Endeavour Silver owns and operates the Guanaceví Mine located in the northwestern Durango State, and the El Cubo and Bolañitos Mines, both located near the city of Guanajuato in Guanajuato State, Mexico. In May, 2016 Endeavour Silver acquired Oro Silver Resources Ltd. which owned the El Compas gold-silver mine property and held a five-year renewable lease on the 500tpd La Plata mineral processing plant in Zacatecas, Mexico.
This report follows the format and guidelines of Form 43-101F1, Technical Report for National Instrument 43-101, Standards of Disclosure for Mineral Projects (NI 43-101), and its Companion Policy 43-101 CP, as amended by the CSA and which came into force on June 30,2011.

This report has an effective date of March 27, 2017. The Mineral Resource Estimate reported in this report complies with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards and definitions, as required under NI 43-101 regulations.

This report includes technical information which requires subsequent calculations or estimates to derive sub-totals, totals, and weighted averages. Such calculations or estimations inherently involve a degree of rounding and consequently introduce a margin of error. The QP’s do not consider such errors to be material to the calculations presented herein.

The conclusions and recommendations in this report reflect the QP's best independent judgment in light of the information available at the time of writing.

Summarized briefly below is key information in the report, including property description and ownership, geology and mineralization, the status of exploration and development, Mineral Resource and Mineral Reserve Estimates, mineral processing and metallurgical testing, environmental studies and permitting, capital and operating costs, economic analysis, and the QP’s conclusions and recommendations.

Location and Property Description

The 3,990 hectare El Compas property is located in the southern portion of the state of Zacatecas, Mexico. The El Compas Project comprises a mine site to the south of Zacatecas city and a plant site to the north of the city. The two sites are connected by 20km of gravel road and each site is close to paved roads that connect that site to Zacatecas city.

The state of Zacatecas constructed the La Plata processing plant in 2012/13 to service local small miners in the area. The plant operated for 13 months before closing in October, 2014. The plant is leased to Endeavour Silver on the basis it will accept up to 20% of the feed for the plant on a toll basis from local small miners.

Ownership

On May 30, 2016 Endeavour Silver completed the acquisition of Oro Silver Resources Ltd., a wholly-owned subsidiary of Canarc Resource Corporation (Canarc), which held the El Compas gold-silver mine property and a five-year renewable lease on the 500tpd La Plata mineral processing plant.

The project is comprised of 28 concessions fully permitted for mining. Of these, 22 concessions are subject to a 1.5% net smelter return royalty, while 6 concessions are subject to a 3.0% NSR royalty.

History

The mining district of Zacatecas was mined from 1570 to the start of the Mexican Revolution in 1910. Most of the mining in this period was by small-scale shaft excavations. Several mining companies explored the area from the mid -1990's to the present.
In 2005, Minera Hochschild de Mexico S.A. de C.V. (MHM) carried out an extensive exploration program focused mainly on the El Compas vein system. The program identified numerous targets characterized by north and northwest trending mineralized veins and faults of which eight were tested by diamond drilling. A total of twenty holes totaling over 5,516m were drilled. Significant gold and silver grades were found at depth in many of the target structures, including 15.2 g/t Au and 155 g/t Ag over 1.05m from the El Compas 4 Vein, located 1.4km southeast of the El Compas Vein.

An initial Mineral Resource Estimate for the El Compas deposit was completed in 2011 by SRK Consulting and, in 2016, Mining Plus Canada Consulting Ltd. prepared an updated Mineral Resource Estimate for Canarc.

Local small miners supplied the La Plata processing plant with mill feed during the time it operated from September, 2013 to October, 2014. No details of the amounts mined or processed are on record.

Geology and Mineralization

The Zacatecas mining district is located at the transition of the Sierra Madre Occidental and Mesa Central physiographic provinces in north-central Mexico and is marked by the north-west striking Rio Santa Maria fault system. The district covers a belt of Tertiary aged epithermal vein deposits that contain silver, gold and base metals including copper, lead and zinc. The dominant structural features that localize mineralization are of Tertiary age, and are interpreted to be related to the development of a volcanic center with subsequent caldera development and north-westerly trending basin-and-range structures.

The veins at El Compas strike predominantly north and north-west and are hosted partly in volcanic and sedimentary rocks of the Chilitos formation and partly in overlying volcanic rocks of the La Virgen formation.

The Compas and Orito veins have the characteristics of a low sulfidation epithermal vein system. They occur in a region characterised by numerous, high silver-grade intermediate sulfidation epithermal vein systems.

Exploration Program

From the mid 1990's until the present a number of companies have explored the Orito district. District-wide surface exploration in 2005 by Minera Hochschild de Mexico S.A. de C.V. (MHM) identified numerous targets characterized by north and/or north-west trending mineralized veins and faults, eight of which were tested by diamond drilling. In total 5,516m of drilling in 20 NQ holes were completed.

Results of the drilling confirmed the presence of significant gold and silver grades at depth in a number of the target structures tested.

From November, 2007 to August, 2013, Oro Silver completed three phases of a diamond drill program. The objectives of this program were to expand the Compas and Orito Mineral Resource Estimates where they were still open, upgrade Inferred Mineral Resources to the Indicated Mineral Resource category by infill drilling, confirm the continuity of grade and thickness in areas of higher grade mineralization with close spaced drilling and, finally, to test the El Compas and other veins for higher grade gold and silver mineralization at significantly deeper levels than in the past.

The results from both MHM and Oro Silver drilling were utilized in the current Mineral Resource Estimate after drilling by Endeavour Silver verified the earlier drilling.

In late 2016, Endeavour Silver drilled 5,306m over 21 drill holes on the Ana Camila vein, a splay of the Orito vein located about 550m southeast of Orito. This drilling is exploratory in nature and Endeavour Silver has outlined a new high-grade, south plunging mineralized zone over 250m long by 100m deep, starting approximately 100m below surface and still open to surface and at depth and it has not been added to the Mineral Resource Estimate that is part of this 43-101 report.

Mineral Resource Estimate

The Mineral Resource Estimate presented herein is reported in accordance with the Canadian Securities Administrators' National Instrument 43-101 and has been estimated in conformity with the 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 November 27, 2010. The effective date of this Mineral Resource Estimate is March 27, 2017.

The Mineral Resource Estimate was derived from applying a150 g/t AgEq cut-off grade to the block model and reporting the resulting tonnes and grade for potentially mineable areas.

Mineral Resource Cut-off Grade

The cut-off grade selected by Endeavour Silver for reporting the Mineral Resource Estimate is 150 g/t silver equivalent (AgEq), using a 70:1 Au to Ag ratio based on prices of US $18/oz silver and US $1,225/oz gold, with no base metal credits applied.

A summary of the Mineral Resource at a cut-off grade of 150 g/t AgEq is given in Table 1.1.

Table 1.1 Summary of the El Compas Mineral Resource Estimate at a Cut-off Grade of 150 g/t AgEq

Classification	*Tonnes (000s)*	*Ag gpt*	*Au gpt*	*AgEq gpt*	*Ag oz (000s)*	*Au oz (000s)*	*AgEq oz (000s)*
Indicated	148.4	104	7.31	616	495	34.9	2,939
Inferred	216.8	76	5.38	453	527	37.5	3,158

(1) CIM definitions were followed for Mineral Resource Estimates
(2) Mineral Resources are estimated by conventional 3D block modeling based on wire-framing at a 150 g/t AgEq cut-off grade and inverse distance cubed grade interpolation.
*(3) AgEq is calculated using the formula: AgEq= Ag g/t + (70*Au g/t).*
(4) For the purpose of Mineral Resource estimation, assays were capped between 15 to 60 g/t for Au and between 150 to 700 g/t for Ag.
(5) Metal prices for the Mineral Resource Estimate are: US$18.00/oz Ag and US$1,225/ oz Au.
(6) A bulk density of 2.99 tonnes/m3 has been applied for volume to tonnes conversion.
(7) Grade model blocks are 1.25m x 2.5m x 2.5m
(8) Mineral Resources are estimated from the 2,400m El to the 2,250m El, or from surface to approximately 150 m depth.
(9) Mineral Resources are classified as Indicated and Inferred based on drill hole location, interpreted geologic continuity and quality of data.
(10) A small amount of the Mineral Resource was historically mined in the upper portion of the Compas Vein and this material has not been included in the Mineral Resource Estimate.
(11) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
(12) The Inferred Mineral Resource in this estimate has a lower level of confidence that 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.

Mineral Processing and Metallurgical Testing

Endeavour Silver contracted RDi to undertake metallurgical testwork with the primary objective of producing a saleable combined gravity and flotation concentrate. This would result in minimum capital to upgrade the existing process plant leased from the state government in Zacatecas, Mexico.

The testwork results indicate that a saleable gravity plus flotation concentrate can be produced with reasonable recoveries. The metal recoveries recommended for the economic model are 83.5% gold and 73% silver.

Mining Methods

The mine access portal is located in the wall of a nearby quarry just southwest of the Compas Vein. The development schedule focuses on critical-path development required to start development of the Compas Vein, and delays the non-critical path Orito Vein development.

Captive cut and fill mining is the proposed mining method for both the Compas and Orito Veins. Mine dilution is estimated to be 12%, represented by an approximate 30cm thick skin around the mining outline.

Dilution grades were estimated within this 30cm skin. Mine dilution and extraction was applied to stope mineable tonnes only.

A conceptualized captive cut and fill mining method plan has been laid out to extract the deposit using in-stope micro scooptrams and hand-held pneumatic drills. Primary access to the mineral deposit will be via a 535m long trackless haulage ramp, from the portal, at the 2265m elevation. The Compas and Orito Vein mineralization are connected by a 407m long haulage ramp.

Multiple working faces can be accessed by mining a number of stope lifts at the same time via up-and-down ramps constructed in the stopes on the backfill. There are an estimated 48 - 3m high lifts at the Compas Vein and 38 – 3m high lifts at the Orito Vein. Mining advances from the bottom up.

Fresh air enters the mining areas through the service raises in each mining area and also through the portal.

There is a total life-of-mine (LOM) 4,536m of mine and stope development planned.

The mineralized material to be mined in the mine plan totals 300,000 tonnes, containing 829,000 oz silver and 61,000 oz gold for 5,099,000 oz AgEq as shown in Table 1.2.

Table 1.2 Summary of the Mineralized Material to be Mined

	Tonnes (‘000’s)	*Ag g/t*	*Au g/t*	*AgEq g/t*	*Ag oz (‘000’s)*	*Au oz (‘000’s)*	*AgEq oz (‘000’s)*
Indicated	114	99	6.81	576	363	25	2,113
Inferred	186	78	5.99	497	466	36	2,986

(1) P&E Mining Consultants Inc. estimated diluted and extractable Mineralized Material to be mined using a cut-off grade of 200 g/t silver equivalent and employing captive cut and fill mining methodology.
(2) Mining extraction was estimated at 95% and dilution was calculated at an average of 12%

Recovery Methods

The treatment of the El Compas process plant feed will be performed at the La Plata processing facility located 20 km from the mine. The process plant will be modified to produce a single gold-silver concentrate which would be sold to smelters or refineries. The process flowsheet will consist of conventional comminution, gravity and froth flotation.

Endeavour Silver will upgrade the existing plant so that it can safely and reliably process 250tpd of mill feed averaging ± 5 g/t Au and ± 96 g/t Ag.

The projected recoveries of gold and silver based on open-circuit rougher and cleaner flotation tests are 83.5% and 73%, respectively. The cleaner concentrate grade will be 868 g/t Au and 12,095 g/t Ag.

Environmental Studies, Permitting, and Social Impact

A Manifestación de Impacto Ambiental (MIA) for the El Compas Project was reviewed and approved by SEMARNAT in September, 2014. In an updated approval issued in March, 2016, the processing plant and tailings facility were removed from the MIA approval, as it was identified that Endeavour Silver would rely on leased existing facilities. This relieves Endeavour Silver of environmental and permitting liabilities associated with the processing and tailings management.

The processing plant and tailings facility are owned by the Zacatecas state government and collectively are known as the "La Plata" facility. The facility is operated by a trust called the Fideicomiso Público de Promoción y Desarrollo Minero. SEMARNAT approved MIA for the "La Plata" facility in July, 2012.

Another important piece of environmental legislation is the Ley General de Desarrollo Forestal Sustentable (LGDFS). Article 117 of the LGDFS indicates that authorizations must be granted by SEMARNAT for land use changes to industrial purposes. An application for change in land use or Cambio de Uso de Suelo (CUS), must be accompanied by a Technical Supporting Study (Estudio Técnico Justificativo, or ETJ).

The CUS application for the El Compas Project, accompanied by an ETJ, was reviewed and approved by SEMARNAT in June, 2013. Similarly, the "La Plata" facility received its approved CUS in March, 2013.

The existing tailings storage facility (TSF) was previously designed, constructed, and operated for a limited time by others. The TSF will be modified to suit the requirements of El Compas, which include storing tailings for 4 years at a milling rate of 250 tonnes per day (tpd). The total capacity in the TSF is approx. 365,000 tonnes of tailings.

Knight Piésold Ltd. (KP) developed the concept for tailings and water management in the TSF using the existing facilities. The tailings management concept utilizes upstream embankment expansions with fill and coarse drained tailings as construction materials placed and compacted in the upstream embankment zone.

Capital and Operating Costs

The El Compas Project has a total estimated capital cost of US$10million. The process plant upgrade costs are based on firm quotes from qualified local contractors and all estimates were prepared by engineers and construction personnel with direct experience on recent mine projects in Mexico.

Operating costs of US$70 per tonne for mining, US$26 per tonne for processing, and US$14per tonne for General and Administration were estimated using unit rates and costs for labour, material, and equipment taken from the current mine and plant operations of Endeavour Silver and electrical supply costs from the Commission Federal de Electricidad (CFE).

Economic Analysis

An economic analysis utilizing a pre-tax and after-tax cash flow financial model was prepared for the base case mine plan.

The metal prices assumed in the base case are US$18/oz silver and US$1,260/oz gold.

The Mexico tax policies for mining changed effective January 1, 2014. An overriding royalty on gross revenues, after smelter deductions, of 0.5% applies to precious metal mines (gold, silver and platinum). A new Special Mining Duty of 7.5% is levied on earnings before income tax and depreciation allowance. Corporate income taxes of 30% are applied to earnings after the usual allowable deductions for depreciation, loss carry-forwards etc. The Special Mining Duty and the over-riding royalty are also deductible for the purpose of calculating corporate income tax. The financial model incorporates these taxes in computing the after-tax cash flow amounts, NPV, and IRR.

The El Compas Project key financial indicators for the base case are as follows:

- After-tax rate of return 42.1%
- Project payback period 2.1years from start of production
- After-Tax Net Present Value (5% discount) of US$12,598,000

These key indicators describe a project whose base case is financially viable and which, as the sensitivity analysis in Table 1.3 demonstrates, has considerable upside potential should the size of the deposit increase or metal prices improve

Table 1.3 Base Case After-Tax NPV and IRR Sensitivities

	Operating Costs		Initial Capital		Metal Prices	
Variance	NPV (5%)	IRR	NPV (5%)	IRR	NPV (5%)	IRR
-20%	$ 16.3	52.7%	$ 14.5	55.5%	$ 4.1	17.6%
-10%	$ 14.5	47.4%	$ 13.6	48.2%	$ 8.4	30.2%
Base Case	$ 12.6	42.1%	$ 12.6	42.1%	$ 12.6	42.1%
10%	$ 10.5	35.8%	$ 11.6	36.9%	$ 16.4	52.1%
20%	$ 8.4	29.5%	$ 10.7	32.4%	$ 20.2	61.8%

(1) The PEA economic analysis is preliminary in nature in that it is based on production schedules that include Inferred Mineral Resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the PEA will be realized or that Inferred Mineral Resources will ever be upgraded to Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability

Conclusions and Recommendations

The El Compas Mineral Resource Estimate presented here conforms to the current CIM Definition Standards for Mineral Resources and Mineral Reserves, as required under NI 43-101 "Standards of Disclosure for Mineral Projects." The estimation approach and methodology used is reasonable and appropriate based on the data available.

There are no known significant technical, legal, environmental, or political considerations which would have an adverse effect on the Mineral Resource Estimate or the continued exploration and development of the El Compas Property.

The QP's conclude that the economic analysis of the El Compas Project is based on sound inputs and cost estimates that take significant risks out of the project and provide a reliable basis for quantifying the key financial indicators of the project and for examining the project's most critical sensitivities.

These key indicators describe a project whose base case is financially profitable and which, as the sensitivity analysis demonstrates, has considerable upside potential should the size of the deposit increase or metal prices improve.

The QP's conclude that, given the many positive features of the project, the manageable risks, and Endeavour Silver's record of successfully developing similar projects in Mexico it is reasonable for Endeavour Silver to make a production decision on the basis of this PEA. Such a decision should be subject to Endeavour Silver obtaining an explosives permit and obtaining clarity by the state on its new Revenue Tax.

The QP's recommend that Endeavour Silver:

- Acquires other properties to produce more process plant feed
- Continues exploratory drilling nearby mineralized bodies to extend mine life and possibly increase the mine production rate
- Considers long hole or mechanized mining methods in certain areas of the mine that may improve economics
- Carries out additional locked-cycle testing to further enhance gold and silver recoveries
- Completes geotechnical testing on additional tailings samples to confirm the material properties and suitability as a construction material for the tailings embankment
- Continues to meet with the state Government to clarify and confirm the amount of the new Environmental Tax applicable to El Compas
- Complies fully with all existing permit conditions
- Applies for an explosives permit

Should Endeavour Silver make a production decision on the basis of this PEA, the QP's stress that such a decision will not be based on a Pre-Feasibility Study or Feasibility Study stating Mineral Reserves demonstrating economic and technical viability and caution that historically such projects have a much higher risk of economic or technical failure.

The QP's recommend that any development of El Compas be engineered, constructed, and operated in accordance with this PEA and subsequent technical studies.

El Compas Mines Project 2019 Company Update

Exploration update

In 2018, the Company spent $0.8 million on exploration activities, including drilling, at the El Compas Project. The exploration drilling program included 4,677 metres (14 drill holes) of surface drilling at the Calicanto and Compas South targets.

In 2019, the Company spent $0.4 million on exploration activities, drilling targeted extensions of the El Compas and Orito veins. The exploration drilling program included 1,600 metres in 8 drill holes.

In 2020, the Company plans to conduct a 3,000 metre surface drilling program with planned expenditures of $450,000 to test the west extension of the El Compas vein, and drill the Ana Camila targets 200 metres from the Orito vein.

In mid-March 2019, the Company achieved commercial production at the El Compas mine. El Compas has a nominal plant capacity of 250 tonnes per day (tpd) at estimated recovery rates of 83% gold and 50% silver. From mid-February to mid-March 2019, the operation processed development ore from stockpile at an average production rate of 232 tpd (93% of design rate) and recovery rates of 73.5% gold (88% of design rate) and 45.5% silver (63% of design rate but only 13% of revenue).

Mineral resources estimation

The estimation of the mineral resource for the El Compas 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 channel composite database cut-off date for mineral resource estimation was October 31, 2019.

The Company used criteria of distance from composites and the number of samples to classify the mineral resources into measured, indicated, inferred. Measured mineral resources are those blocks with at least 16 composites, laying within a distanced no greater than 15 metres. Indicated mineral resources are these blocks estimated by at least 4 composites laying no farther than 25 metres from samples. Inferred mineral resources are those blocks, which distance to borehole composites and channel samples is greater than 50 metres.

Mineral resources stated as at 31 of December 2019

Resource Classification	Tonnes	Silver g/t	Gold g/t	Silver oz	Gold oz
Measured	2,000	123	6.27	9,000	500
Indicated	32,000	62	6.16	64,000	6,400
Total Measured & Indicated	**34,000**	**66**	**6.17**	**73,000**	**4,900**
Total Inferred	**81,000**	**90**	**6.77**	**232,000**	**17,500**

Notes for mineral resource estimation

- Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that any or all part of the mineral resources will be converted into mineral reserves
- Mineral resources are exclusive of and in addition to mineral reserves
- El Compas Mineral Resource and Mineral Reserve cut-off grades are based on a 3.46 g/t gold equivalent.
- Minimum mining widths are 0.8 metres for mineral reserve estimate calculations. Dilution factor and Mining recovery for Mineral Resources are not applied.
- Price assumptions are $16.34 per ounce for silver and $1,279 per ounce for gold

Mineral reserves estimation

Stope designs for reporting the reserves were created utilizing the updated resources and cutoffs established for 2018.

The mining breakeven cut-off grade was utilized 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. Two average cut-off grade used for the El Compas property3.46 gold equivalent.. Gold equivalent grade is calculated as the gold grade in addition to silver grade divided by 78, taking into account gold and silver prices and expected mill recoveries.

Mineral reserves are derived from mineral resources after applying the economic parameters utilizing Datamine's MSO program to generate stope designs for the reserve mine plan. The MSO stope designs are then used to design stopes on levels along with the required development for the final mine plans. Mineral reserves for the El Compas Mine have been 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 El Compas, this applies to blocks located within approximately 15 metres 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 economically viable and for which Endeavour has a mine plan in place. For the El Compas mine project, this is applicable to blocks located a maximum of 25 metres to 35 metres either vertically or horizontally from development and the drill holes data.

Mineral reserves stated as at 31 of December 2019

Resource Classification	Tonnes	Silver g/t	Gold g/t	Silver oz	Gold oz
Proven	42,000	64	3.65	87,000	5,000
Probable	53,000	82	4.96	141,000	8,500
Total Proven & Probable	**95,000**	**74**	**4.38**	**228,000**	**13,500**

Notes for mineral reserve estimation

- El Compas Mineral Resource and Mineral Reserve cut-off grades are based on a 3.46 g/t gold equivalent
- El Compas Metallurgical Recoveries are 70.0% for silver and 82.5% for gold
- Mining recoveries of 93% were applied for mineral reserve estimate calculations
- Minimum mining widths are 0.8 metres for mineral reserve estimate calculations
- Dilution factor is 36.2%. The dilution factors are calculated based on estimates of internal dilution of cameras and external empirical factors.
- Price assumptions are $16.34 per ounce for silver and $1,279 per ounce for gold

Parral Properties

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 ounces of silver from this district. The properties cover 3,432 hectares, 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 kilometres north of the city of Hidalgo Del Parral. The area has excellent infrastructure including grid power, water, labour, services and three nearby 500 tonne-per-day plants. The current 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.

In 2019, the Company completed 25 surface and underground drill holes 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 metres thick (average 5-10 metres), was mined on 7 levels down to 300 metre depths below surface in places and has been traced for 7 kilometres.

Endeavour has drilled 6 surface and 19 underground drill holes to test an area 600 metres long by 500 metres deep in and around the Sierra Plata mine workings. Every hole intersected strong silver mineralization, mostly adjacent to old workings, indicating that historic mining focused on very high silver grades and left behind significant high grade silver mineralization. Surface drilling highlights include 346 g/t silver over 9.6 metres true width. Underground drilling highlights include 332 g/t silver over 13.1 metres true width and 308 g/t silver over 11.6 metres true width. 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 metres.

Endeavour sampled 3 blocks on level 7 to test an area 250 metres long by 25 metres vertically within the north part of the Sierra Plata mine. Channel sampling highlights include 2 samples exceeding 1,000 g/t such as 1,705 g/t silver over 0.55 metres true width and 1,480 g/t silver over 0.95 metres true width. The full width of the vein is not exposed in many of the mine workings so the sampling results are only partly indicative of the silver mineralization.

ITEM 5: DIVIDENDS

5.1 Dividends

The Company has not declared any dividends during the past three fiscal years ended December 31, 2019. 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, 2019:

	December 31, 2019
Authorized share capital	Unlimited number of common shares without par value
Number of shares issued and outstanding	141,668,178 common shares without par value

As at March 5, 2020, the Company has 141,788,523 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 Toronto Stock Exchange ("TSX") under the symbol "EDR" and on the New York Stock Exchange ("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 2019 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**
Dec-19	3.20	2.73	4,579,475
Nov-19	3.40	2.62	7,349,447
Oct-19	3.34	2.67	10,363,783
Sep-19	4.26	2.93	16,698,195
Aug-19	3.81	2.91	15,032,794
Jul-19	3.38	2.21	10,919,384
Jun-19	2.82	2.33	5,426,785
May-19	2.96	2.27	4,729,095
Apr-19	3.42	2.77	3,291,850
Mar-19	3.84	3.11	6,718,061
Feb-19	3.56	2.82	4,046,620
Jan-19	3.08	2.52	3,456,003

The following table sets forth the price ranges and volume traded of the common shares of the Company for each month in 2019 as reported by the NYSE. The data includes common shares sold through the NYSE in connection with the 2019 ATM Offering and common shares sold through certain quotation systems in the United States.

Month	**High (U.S.$)**	**Low (U.S.$)**	**Volume Traded**
Dec-19	2.49	2.08	53,568,054
Nov-19	2.59	1.97	52,567,120
Oct-19	2.55	2.02	60,404,748
Sep-19	3.20	2.21	89,563,527
Aug-19	2.86	2.20	78,025,796
Jul-19	2.57	1.70	63,907,239
Jun-19	2.15	1.76	28,271,946
May-19	2.21	1.68	20,432,304
Apr-19	2.57	2.07	15,583,084
Mar-19	2.85	2.33	23,320,029
Feb-19	2.70	2.15	17,057,860
Jan-19	2.30	1.89	15,992,305

ITEM 8: ESCROWED SECURITIES

8.1 Escrowed Securities

To the Company's knowledge, as at December 31, 2019, 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 Chief Executive Officer	July 25, 2002	Chief Executive Officer of Endeavour
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 and Chairman	June 14, 2006	Independent Director of public mineral exploration and mining companies
Rex McLennan(2)(3)(4) British Columbia, Canada	Director	June 14, 2007	Independent Director of public mineral exploration and mining companies
Ricardo Campoy(1)(3) New York, USA	Director	July 9, 2010	Managing Director, Capstone Headwaters MB
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) **Texas, 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.
Godfrey J. Walton British Columbia, Canada	President and Chief Operating Officer	N/A	President and Chief Operating Officer of Endeavour
Daniel Dickson British Columbia, Canada	Chief Financial Officer	N/A	Chief Financial Officer of Endeavour

Name and Province/State and Country of Residence	Position	Date of Appointment as Director	Principal Occupation During Five Preceding Years
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; Operations Manager, Mining Associates Ltd. from January 2015 to June 2018, Operations Manager, MMEX Mining from January 2008 to December 2014.
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	Vice President, Controller	N/A	Controller of Endeavour since January 2008; Appointed Vice President Controller of Endeavour March 2017
Bernard Poznanski British Columbia, Canada	Corporate Secretary	N/A	Lawyer, Koffman Kalef LLP, Business Lawyers

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

As at March 4, 2020, the directors and executive officers of the Company as a group beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 1,285,925 common shares of the Company, representing approximately 1.0% 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 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.

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.

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, 2018 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 ($6.5 million) tax assessment based on the June 2015 ruling. The 2016 tax assessment is comprised of MXN 41.8 million in taxes owed ($2.2 million), MXN 17.7 million ($0.9 million) in inflationary charges, MXN 40.4 million ($2.2 million) in interest and MXN 23.0 million ($1.2 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 7.6 million ($0.4 million) and inflationary charges of MXN 11.5 million ($0.6 million) has accumulated.

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. As of December 30, 2016, the Company recognized an allowance for transferring the shares and assets of MSCG amounting to $595,000. The Company is currently assessing MSCG's settlement options based on ongoing court proceedings and discussion with the tax authorities.

Compania Minera Del Cubo SA de CV ("Cubo"), a subsidiary of the Company, received an MXN 58.5 million (US $3.0 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 ($1.3 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. As of December 31, 2018, the Cubo entity had MXN 1.6 billion (US $84.6 million) in loss carry forwards which would be applied against any generated 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 ($0.8 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 has provided a lien on certain El Cubo mining concessions during the appeal process. Since issuance of the assessment interest charges of MXN 4.9 million ($0.2 million) and inflationary charges of MXN 0.9 million ($0.1 million) has accumulated.

11.2 Regulatory Actions

During the year ended December 31, 2019, 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, 2017 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 "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

Other than noted below, there are no contracts that are material to the Company that were entered into during the financial year ended December 31, 2019 or prior thereto but which are still in effect, other than contracts entered into in the ordinary course of business of the Company:

(a) Agency Agreement dated June 13, 2018 among the Company, BMO Capital Markets and others relating to the ATM offering.

ITEM 15: INTERESTS OF EXPERTS

15.1 Names of Experts

The Qualified Persons who completed the reserves and resources estimate for the Guanaceví Project are Zachary J. Black, SME-RM, Jeffery W. Choquette, P.E. and Jennifer J. Brown, SME-RM, of Hard Rock Consulting. They are the authors of the report *"National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Guanaceví Project, Durango State, Mexico*" dated March 3, 2017 and amended March 27, 2018 (effective date of December 31, 2016) filed on SEDAR.

The Qualified Persons who completed the reserves and resources for the Bolañitos Mines Project are Zachary J. Black, SME-RM, Jeffery W. Choquette, P.E. and Jennifer J. Brown, SME-RM, of Hard Rock Consulting. They are the authors of the report *"National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Bolañitos Project, Guanajuato State, Mexico*" dated March 3, 2017 and amended March 27, 2018 (effective date of December 31, 2016) filed on SEDAR.

The Qualified Persons who completed the Preliminary Economic Assessment for the El Compas Project are Peter J. Smith, P. Eng. of Smith Foster & Associates, Ken Embree, P. Eng. of Knight Piesold Consulting, Jarita Barry, P. Geo., David Burga, P. Geo., Yungang Wu, P. Geo., P. Geo., James L. Pearson, P. Eng. Eugene Puritch, P. Eng., FEC, of P&E Mining Consultants Inc., and Deepak Malhotra, PhD. of Resource Development Inc. They are the authors of the report *"NI 43-101 Technical Report Preliminary Economic Assessment for the El Compas Project, Zacatecas State, Mexico*" dated May 11, 2017 (effective date of March 27, 2017) filed on SEDAR.

The Qualified Persons who completed the Updated Technical Report for the Terronera Project are Peter J. Smith, P. Eng. of Smith Foster & Associates Inc., David Burga, P. Geo., Yungang Wu, P. Geo., Eugene J. Puritch, P. Eng, FEC, CET of P&E Mining Consultants Inc., Eugenio Iasillo, P. E. of Processing Engineering L.L.C., Benjamin Peacock. P. Eng., of Knight Piesold Consulting, Humberto F. Preciado, Ph.D., P.E. of Wood Environment and Infrastructure Solutions, Inc. and D. Gregory Robinson, P.Eng., MBA. They are the authors of the report *"NI 43-101 Technical Report: Updated Technical Report for the Terronera Project, Jalisco State, Mexico*" dated April 30, 2019 with an effective date of February 12, 2019) filed on SEDAR.

Godfrey Walton, M.Sc., P.Geo., President and Chief Operating Officer of Endeavour, is the Qualified Person who reviewed and approved the technical information contained in the Updated Company Mineral Reserve and Resource Estimates of the Guanaceví Mine, the Bolañitos Mine, the El Cubo Mine, the El Compas Mine, Parral 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. Walton, 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. Walton holds, directly or indirectly, 128,147 common shares of the Company, options to acquire 1,265,000 common shares of the Company and 240,000 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 7, 2019. 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, 2019.

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 "A" 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.

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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, 2019	Cdn.$625,590	Nil	Nil	Nil
December 31, 2018	Cdn.$582,500	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.

<u>SCHEDULE "A"</u>

ENDEAVOUR SILVER CORP. (the "Company")

Audit Committee Charter

(effective August 1, 2012)

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.

1. Purpose Of Audit Committee

1.1 The purpose of the Audit Committee (the "Committee") is to act as the representative of the Board in carrying out its oversight responsibilities relating to:

(a) The audit process;

(b) The financial accounting and reporting process to shareholders and regulatory bodies; and

(c) The system of internal financial controls.

1.2 All reasonably necessary costs to allow the Committee to carry out its duties shall be paid for by the Company. Also, in carrying out the foregoing duties, the Committee shall have the right and the ability to retain any outside legal, accounting or other expert advice or assistance to assist the Committee members in the proper completion of their duties, for and on behalf of the Company and at the Company's cost, without any requirement for further Board or management approval of such expenditure.

2. Composition

The Committee shall consist of a minimum of three Directors, all of whom are "independent" within the meaning of National Instrument 52-110 - Audit Committees in Canada, and as required by all applicable 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.

3. Duties

3.1 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.

3.2 The specific duties of the Committee are as follows:

(a) Management Oversight:

(i) Review and evaluate the adequacy of the Company's processes for identifying, analyzing and managing financial risks, including foreign exchange and liquidity that may prevent the Company from achieving its objectives;

(ii) Review and evaluate the adequacy of the Company's processes over internal controls,;

(iii) Review and evaluate the adequacy of the Company's processes over the status and adequacy of internal information systems and security;

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

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

(vi) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

(b) External Auditor Oversight

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

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

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

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

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

(vi) Review the independence of the external auditor on an annual basis;

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

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

(ix) 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:

A. 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;

B. the Company or a subsidiary did not recognize the services as non-audit services at the time of the engagement; and

C. 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

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

(c) Financial Reporting Oversight

(i) Review with management and the external auditor the Company's annual and interim financial statements, management's discussion and analysis, any annual and interim earnings 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 recommending their approval to the Board prior to their filing, issue or publication;

(ii) 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 (i) 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

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

(d) "Whistleblower" Procedures

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

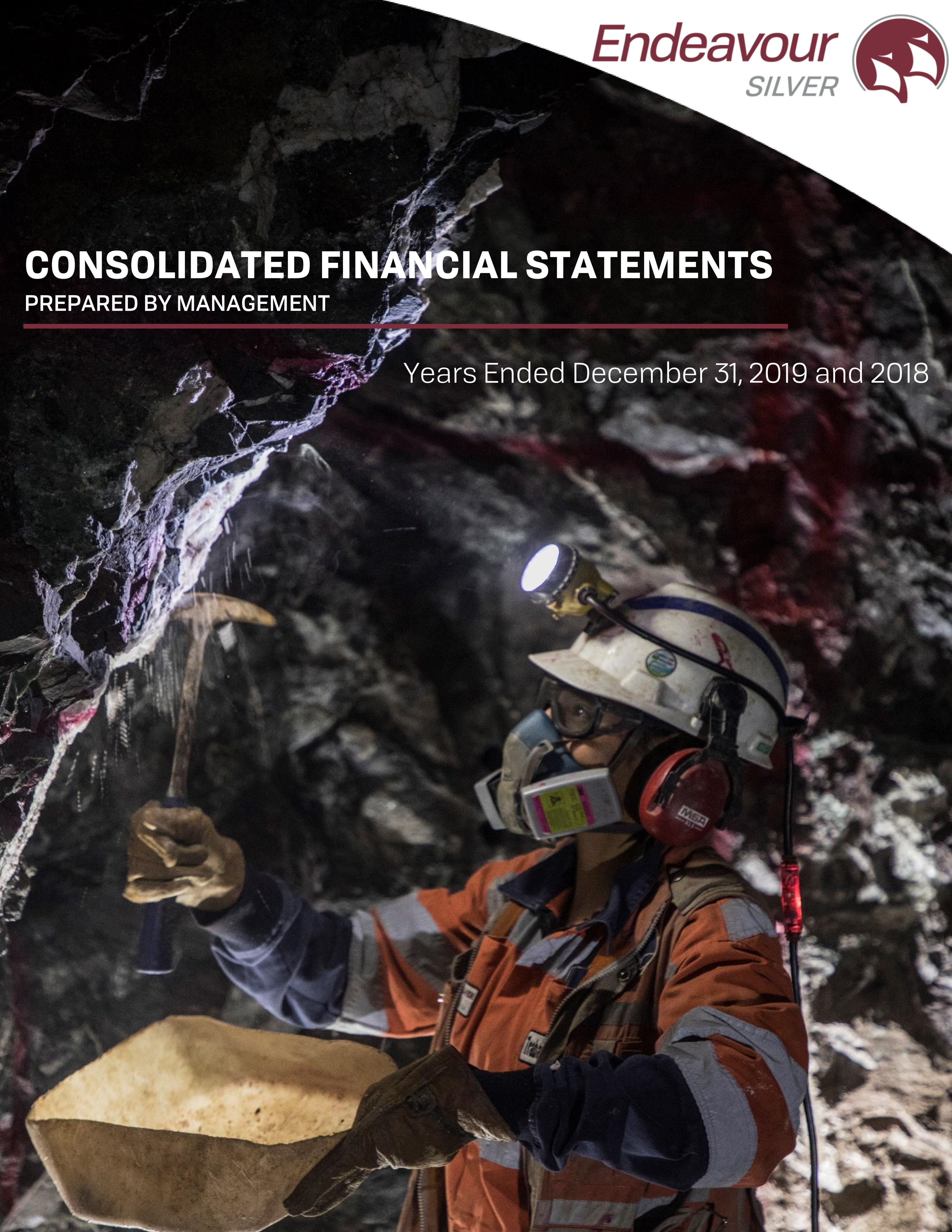
(ii) Establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Endeavour SILVER

CONSOLIDATED FINANCIAL STATEMENTS

PREPARED BY MANAGEMENT

Years Ended December 31, 2019 and 2018



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.

February 24, 2020

/s/ Bradford Cooke	*/s/ Dan Dickson*
Chief Executive Officer	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
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, 2019 and 2018, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for each of the years then ended, 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, 2019 and 2018, and the financial performance and its cash flows for each of the years then ended, 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, 2019, 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 February 24, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 3(q) to the consolidated financial statements, the Company has changed its accounting policy for leases as of January 1, 2019 due to the adoption of IFRS 16, *Leases,* and has included in Note 3(q) the impact on the statement of financial position as at January 1, 2019.

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.

//s// KPMG LLP

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

Chartered Professional Accountants

Vancouver, Canada
February 24, 2020

KPMG LLP
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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
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, 2019, 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, 2019, 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, 2019 and 2018, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for each of the years then ended, and the related notes (collectively, the consolidated financial statements), and our report dated February 24, 2020 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 the Company's Management Discussion and Analysis under the heading Controls and Procedures - Management's Report on Internal Control 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
February 24, 2020

ENDEAVOUR SILVER CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of US dollars)

	Notes	**December 31, 2019**	December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 23,368**	$ 33,376
Other investments	5	**69**	88
Accounts receivable	6, 8	**22,950**	26,947
Inventories	7	**13,589**	14,894
Prepaid expenses		**3,302**	2,704
Total current assets		**63,278**	78,009
Non-current deposits		**606**	1,114
Non-current IVA receivable	6	**2,048**	-
Deferred income tax asset	23	**7,136**	9,147
Intangible assets	9	**975**	-
Right-of-use leased assets	10	**1,337**	-
Mineral properties, plant and equipment	11, 12	**88,333**	88,777
Total assets		**$ 163,713**	$ 177,047
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 19,775**	$ 19,470
Income taxes payable		**1,947**	4,050
Loans payable	13	**2,958**	-
Lease liabilities	14	**164**	-
Total current liabilities		**24,844**	23,520
Deferred lease inducement		**-**	217
Loans payable	13	**5,917**	-
Lease liabilities	14	**1,074**	-
Provision for reclamation and rehabilitation	15	**8,403**	8,195
Deferred income tax liability	23	**682**	335
Total liabilities		**40,920**	32,267
Shareholders' equity			
Common shares, unlimited shares authorized, no par value, issued and outstanding 141,668,178 shares (Dec 31, 2018 - 130,781,052 shares)	Page 9	**482,170**	459,109
Contributed surplus	Page 9	**11,482**	9,676
Accumulated other comprehensive income (loss)	Page 9	**-**	-
Retained earnings (deficit)		**(370,859)**	(324,005)
Total shareholders' equity		**122,793**	144,780
Total liabilities and shareholders' equity		**$ 163,713**	$ 177,047

Commitments and contingencies (Notes 11, 13, 14, 15, 23 and 24)
Subsequent events (Notes 13, 16(b))

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

Approved on behalf of the Board:

/s/ Rex McLennan
Director

/s/ Bradford Cooke
Director

ENDEAVOUR SILVER CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Notes	Years ended December 31, 2019	December 31, 2018
Revenue	17	**$ 121,724**	$ 150,509
Cost of sales:			
Direct production costs		**104,785**	105,003
Royalties		**2,034**	1,653
Share-based payments	16 (c)(d)	**195**	(93)
Depreciation, depletion and amortization		**31,495**	38,412
Write down of inventory to net realizable value	7	**576**	2,026
		139,085	147,001
Mine operating earnings (loss)		**(17,361)**	3,508
Expenses:			
Exploration	18	**12,001**	12,383
General and administrative	19	**9,980**	8,626
Severance costs	22	**4,589**	-
		26,570	21,009
Operating earnings (loss)		**(43,931)**	(17,501)
Finance costs	20	**602**	211
Other income (expense):			
Write down of inventory to net realizable value	7	**-**	(650)
Write off of IVA receivable		**(151)**	(194)
Foreign exchange		**101**	(81)
Investment and other		**579**	926
		529	1
Earnings (loss) before income taxes		**(44,004)**	(17,711)
Income tax expense (recovery):			
Current income tax expense	23	**2,702**	4,477
Deferred income tax expense (recovery)	23	**1,360**	(9,749)
		4,062	(5,272)
Net earnings (loss) for the year		**(48,066)**	(12,439)
Basic and diluted earnings (loss) per share based on net earnings		**$ (0.36)**	$ (0.10)
Basic and diluted weighted average number of shares outstanding		**135,367,129**	128,600,421

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	Accumulated Comprehensive Income ("OCI") (Loss)	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance at December 31, 2017		127,488,410	450,740	8,747	127	(313,097)	146,517
Public equity offerings, net of issuance costs	16 (b)	3,165,642	7,982	-	-	-	7,982
Exercise of options	16 (c)	127,000	387	(131)	-	-	256
Share-based compensation	16 (c)(d)	-	-	2,426	-	-	2,426
Unrealized gain (loss) on other investments							-
tranferred to retained earnings	3(l)	-	-	-	(127)	127	-
Expiry and forfeiture of options	16 (c)	-	-	(1,404)	-	1,404	-
Reallocation of performance share unit liability		-	-	38	-	-	38
Earnings (loss) for the year		-	-	-	-	(12,439)	(12,439)
Balance at December 31, 2018		130,781,052	$ 459,109	$ 9,676	$ -	$ (324,005)	$ 144,780
Public equity offerings, net of issuance costs	16 (b)	10,717,126	22,541	-	-	-	22,541
Exercise of options	16 (c)	170,000	520	(177)	-	-	343
Share-based compensation	16 (c)(d)	-	-	3,195	-	-	3,195
Expiry and forfeiture of options	16 (c)	-	-	(1,212)	-	1,212	-
Earnings (loss) for the year		-	-	-	-	(48,066)	(48,066)
Balance at December 31, 2019		141,668,178	$ 482,170	$ 11,482	$ -	$ (370,859)	$ 122,793

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)

		Years ended	
		December 31,	December 31,
	Notes	**2019**	2018
Operating activities			
Net earnings (loss) for the year		**$ (48,066)**	$ (12,439)
Items not affecting cash:			
Share-based compensation	16(c)(d)	**3,195**	2,426
Depreciation, depletion and amortization	9,10,11	**32,050**	38,777
Deferred income tax expense (recovery)	23	**2,358**	(9,749)
Unrealized foreign exchange loss (gain)		**(100)**	41
Finance costs	20	**602**	150
Write off of IVA receivable		**151**	194
Write off of mineral properties	11	**45**	-
Write down of warehouse inventory	7	**233**	-
Write down of inventory to net realizable value	7	**576**	2,676
Loss on asset disposal		**43**	-
Unrealized loss (gain) on other investments		**19**	80
Net changes in non-cash working capital	21	**(684)**	4,492
Cash from (used in) operating activities		**(9,578)**	26,648
Investing activites			
Proceeds on disposal of property, plant and equipment		**11**	-
Mineral property, plant and equipment expenditures	11	**(21,519)**	(40,398)
Intangible asset expenditures		**(280)**	-
Redemption of (investment in) non-current deposits		**3**	1
Cash used in investing activities		**(21,785)**	(40,397)
Financing activities			
Restricted cash	4		1,000
Repayment of loans payable	13	**(1,343)**	-
Repayment of lease liabities	14	**(247)**	-
Interest paid	13,14	**(391)**	-
Public equity offerings	16(b)	**23,557**	8,273
Exercise of options	16(c)	**343**	256
Share issuance costs	16(b)	**(716)**	(640)
Cash from (used in) financing activites		**21,203**	8,889
Effect of exchange rate change on cash and cash equivalents		**152**	(41)
Increase (decrease) in cash and cash equivalents		**(10,160)**	(4,860)
Cash and cash equivalents, beginning of the year		**33,376**	38,277
Cash and cash equivalents, end of the year		**$ 23,368**	$ 33,376

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. 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, 2019.

The Board of Directors approved the consolidated financial statements for issue on February 24, 2020.

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: Endeavour Management Corp., Endeavour Zilver SARL, 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. and Terronera Precious Metals S.A. de C.V. 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 except for new accounting standards adopted during the year, which were adopted either on a prospective basis or on a retrospective basis, without restatement of comparative periods as described in Note 3(q).

(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 profit or 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.

Significant areas requiring the use of management judgment relate to the determination of mineralized reserves, 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 proven and probable reserves may impact the carrying value of mineral properties, plant and equipment (Note 11), reclamation and rehabilitation provisions (Note 15), recognition of deferred income tax amounts (Note 23), and depreciation, depletion and amortization (Note 9,10,11).

Reserves are estimates of the amount of product that can be economically and legally extracted from the Company's properties. Estimating the quantity and /or grade of reserves 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 actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in the commodity price used in the estimation of mineral reserves.

Assessment of impairment factors (accounting policy Note 3h)
Management applies significant judgment in assessing each cash-generating unit and assets for the existence of indicators of impairment at the reporting date. Internal and external factors are considered in assessing whether indicators of impairment 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.

Achievement of commercial production (accounting policy Note 3g)
Once a mine reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment 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 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. 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.

Taxes (Note 23)
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 7)
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
Production inventories are valued at the lower of production cost and net realizable value. 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 once management determines 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 and proceeds received during the development phase ceases when the property is capable of operating at levels intended by management.

Exploration and evaluation costs are those costs required to find 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 either recorded at cost and amortized using 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 that are developed to the stage of commercial production 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 at each financial statement date. If an indicator of impairment 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 profit 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. 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 the statement of comprehensive income 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

Effective January 1, 2019, 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 profit 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 profit 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 profit 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 is recorded in the consolidated statement of comprehensive income gross 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.

<u>Revenue from metals in doré</u>

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.

<u>Revenue from metals in concentrate</u>

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 spot 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 sales. 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 performance share unit plan which are described in Note 16(c) and Note 16(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 16(e) and Note 16(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

The Company follows the asset and liability method of accounting for 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 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 deferred tax assets and liabilities of a change in tax rates is recognized in the statement of comprehensive income 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.

(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 the statement of comprehensive income. 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 the consolidated statement of comprehensive income.

(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 and 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 fair value through profit and loss("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.

Amortized cost

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.

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

Fair value through other comprehensive income
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 plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes from initial recognition recognized in OCI. 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.

Fair value through profit and loss
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
Restricted cash	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
Performance share units and Deferred share units	FVTPL

(q) Accounting standards adopted during the year

IFRS 16, Leases ("IFRS 16")
In January 2016, the IASB published a new standard, IFRS 16, *Leases*, which replaced IAS 17, *Leases* ("IAS 17") and its associated interpretive guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the finance lease accounting under IAS 17, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar IAS 17.

IFRS 16 is being applied effective January 1, 2019 using the modified retrospective method. By applying this method, the comparative information for the 2018 fiscal year has not been restated.

The Company has elected to measure right-of-use assets at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments and use the following practical expedients upon adoption of IFRS 16:

- applied a single discount rate to a portfolio of leases with similar characteristics
- applied the exemption not to recognize right-of-use assets and liabilities for leases with a remaining term of 12 months or less at the time of transition
- excluded initial direct costs from measuring the right-of-use assets at the date of initial application

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

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.

The Company has analyzed the impact of the first-time application of IFRS 16 in a group-wide project, including existing contracts. Adoption of IFRS 16 resulted in recording right-of-use assets in the amount of $1,835 and lease liabilities of $1,422 in the consolidated Statement of Financial Position as of January 1, 2019. The difference in the amount of $413 between right-of-use asset and lease liability relates to the adjustment of lease incentives of $243 offset by the reallocation of a prepaid expense to a right of use asset of $656. At the date of initial application, the Company used a weighted-average incremental borrowing rate of 7.8%

The following table presents the reconciliation from the operating lease liabilities as December 31, 2018 to the opening balance for lease liabilities as at January 1, 2019

Reconciliation of lease liabilities on adoption of IFRS 16		
Operating lease obligations as at December 31, 2018	**$**	**2,840**
Non-lease components		**(942)**
Foreign exchange differences		**(18)**
Other		**(1)**
Undiscounted Lease Liability		**1,879**
Effect from discounting at Incremental Borrowing Rate		**(457)**
Lease obligation as at January 1, 2019	**$**	**1,422**

IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23")

On June 7, 2017, the IASB issued IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments.* The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation was applicable for annual periods beginning on or after January 1, 2019.

The Interpretation requires an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution and if it is probable that the tax authorities will accept the uncertain tax treatment. If estimated that it is not probable that the uncertain tax treatment will be accepted by authorities, the tax uncertainty would be measured based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The Company adopted the Interpretation in its financial statements for the annual period beginning on January 1, 2019, with no impact on the financial statements.

4. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents of the Company are comprised of bank balances and highly liquid investments that are readily convertible to cash with an original maturity of 90 days or less at the date of purchase.

The Company issued a letter of credit which was guaranteed by cash deposits, classified as restricted cash on the balance sheet at December 31, 2017 of $1.0 million. Under the terms of the Las Torres processing facility lease, which was acquired with the El Cubo mine, the Company was required to provide financial guarantees to the owner of the Las Torres Facility as security against any damages. In March 2018 a payment was made to the owner of the Las Torres Facility for $0.5 million and the letter of credit was removed.

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

5. OTHER INVESTMENTS

	December 31 2019		December 31 2018	
Investment in marketable securities, at cost	$	41	$	41
Unrealized gain (loss) on marketable securities		28		47
	$	69	$	88

Marketable securities are classified as Level 1 in the fair value hierarchy (Note 24) and as financial assets measured at FVTPL. The fair values of 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. Changes in fair value of marketable securities are recognized in profit or loss.

6. ACCOUNTS RECEIVABLE

	Note	December 31 2019		December 31 2018	
Trade receivables (1)		$	6,722	$	5,627
IVA receivables (2)			10,572		15,353
Income taxes recoverable			4,378		5,587
Due from related parties	8		1		1
Other receivables			1,277		379
		$	22,950	$	26,947

(1) The trade receivables consist of receivables from provisional silver and gold sales from the Bolañitos, El Cubo 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.

These delays and denials have occurred within Compania Minera del Cubo ("El Cubo") and Refinadora Plata Guanaceví S.A. de C.V. ("Guanaceví,"). At December 31, 2019, El Cubo holds $3,810 and Guanaceví holds $6,628 in IVA receivables which the Company and its advisors deem to be recoverable from tax authorities (December 31, 2018 – $4,888 and $6,957 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, 2019, the total IVA receivable of $12,620 has been allocated between the current portion of $10,572, which is included in accounts receivable, and a non-current portion of $2,048. The non-current portion is composed of El Cubo and Guanacevi of $869 and $824 respectively, which are currently under appeal and are unlikely to be received in 2020. The remaining $355 is IVA receivable for Terronera, which will not become recoverable until Terronera recognizes revenue for tax purposes.

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

7. INVENTORIES

	December 31 2019	December 31 2018
Warehouse inventory	$ 8,342	$ 8,638
Finished goods inventory	2,313	4,370
Work in process inventory	457	322
Stockpile inventory[1]	2,477	1,564
	$ 13,589	$ 14,894

(1) The stockpile inventory balance at December 31, 2019 is net of a write down to net realizable value of $576 for stockpile inventory held at the El Compas mine.

8. 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 $8 for the year ended December 31, 2019 (December 31, 2018 - $16). The Company has a $1 net receivable related to these costs as of December 31, 2019 (December 31, 2018 – $1).

The Company was charged $215 for legal services for the year ended December 31, 2019 by a legal firm in which the Company's corporate secretary is a partner (December 31, 2018 - $189). The Company has $33 payable to the legal firm as at December 31, 2019 (December 31, 2018 - $5).

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 2019	December 31 2018
Salaries and short-term employee benefits	$ 2,624	$ 2,754
Non-executive director's fees	82	194
Non-executive director's deferred share units	731	87
Share-based payments	2,836	2,108
	$ 6,273	$ 5,143

The non-executive directors' deferred share units are cash settled. The recognized expense (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, 2019, the Company granted 237,109 (December 31, 2018 – 103,884) deferred share units with a fair value of $539 (December 31, 2018 - $297) at the date of grant. At December 31, 2019, there were 889,385 cash settled deferred share units outstanding with a fair value of $2,138 (December 31, 2018 – 652,276 outstanding with a market value of $1,407).

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 and performance share units (Notes 16(c) and (d)). 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.

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

9. INTANGIBLE ASSETS

	Acquired Software
Balance, December 31, 2018	$ -
Additions	1,518
Amortization	(543)
Balance December 31, 2019	**$ 975**

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.

10. RIGHT-OF-USE LEASED ASSETS

The Company entered into operating leases to use certain buildings and equipment for its operations. Upon adoption of IFRS 16, which became effective January 1, 2019 (see Note 3(q)), the Company was required to recognize right-of-use assets representing its right to use these underlying leased assets over the lease term.

A right-of-use asset is initially measured at cost, equivalent to its obligation to payments over the term of the respective operating leases, and subsequently measured at cost less accumulated depreciation and impairment losses.

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

	Note	Office premises	Plant	Vehicles	Total right-of-use assets
Right-of-use assets recognized on adoption of IFRS 16 on January 1, 2019	3(q)	$ 1,091	$ 656	$ 88	$ 1,835
Additions		8	-	-	8
Adjustments			(22)		(22)
Transfers to mineral property, plant and equipment				(43)	(43)
Depreciation		(181)	(215)	(45)	$ (441)
Balance December 31, 2019		$ 918	$ 419	$ -	$ 1,337

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

11. 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, 2017	$ 485,850	$ 98,021	$ 62,844	$ 11,862	$ 10,533	$ 669,110
Additions	30,377	4,480	3,411	482	1,701	40,451
Balance at December 31, 2018	**516,227**	**102,501**	**66,255**	**12,344**	**12,234**	**709,561**
Additions	18,040	1,509	10,292	612	1,101	31,554
Disposals	(45)		(71)			(116)
Balance at December 31, 2019	**$ 534,222**	**$ 104,010**	**$ 76,476**	**$ 12,956**	**$ 13,335**	**$740,999**
Accumulated amortization and impairment						
Balance at December 31, 2017	$ 431,481	$ 87,209	$ 44,525	$ 9,402	$ 7,677	$ 580,294
Amortization	34,420	1,289	3,288	272	1,221	40,490
Balance at December 31, 2018	**465,901**	**88,498**	**47,813**	**9,674**	**8,898**	**620,784**
Amortization	23,862	3,698	2,970	186	1,184	31,900
Disposals			(18)			(18)
Balance at December 31, 2019	**$ 489,763**	**$ 92,196**	**$ 50,765**	**$ 9,860**	**$ 10,082**	**$652,666**
Net book value						
At December 31, 2018	**$ 50,326**	**$ 14,003**	**$ 18,442**	**$ 2,670**	**$ 3,336**	**$ 88,777**
At December 31, 2019	**$ 44,459**	**$ 11,814**	**$ 25,711**	**$ 3,096**	**$ 3,253**	**$ 88,333**

Included in Mineral properties is $12,619 in acquisition costs for exploration and evaluation properties (December 31, 2018 – $11,246).

As of December 31, 2019, the Company has $2,810 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 2019, the Company expensed $473 in royalties on these properties (2018 - $926).

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 now closed Porvenir Cuatro mine. In 2019, the Company expensed $704 in per tonne production charges and royalties on these properties (2018 - $Nil).

(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 Cubo, Mexico
In 2012, the Company acquired the exploitation contracts, mining properties and related assets to the El Cubo silver-gold mine located in the northern parts of the Guanajuato and La Luz silver districts in the state of Guanajuato, Mexico. The Company suspended mining operations at El Cubo on November 30, 2019.

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

(e) El Compas, Mexico
In 2016, the Company issued 2,147,239 common shares to Canarc Resource Corp. ("Canarc"), a related party company, and assumed Canarc's obligation to pay an aggregate of 165 troy ounces of gold to Marlin Gold Mining Ltd to acquire a 100% interest in Canarc's wholly owned subsidiary, Oro Silver Resources Ltd., which owns the El Compas project through its wholly owned Mexican subsidiary, Minera Oro Silver de Mexico SA de CV ("Minera Oro Silver").

The 3,990 hectare El Compas project located in Zacatecas, Mexico consists of 28 concessions fully permitted for mining with 22 concessions subject to a 1.5% net smelter return royalty and six concessions subject to a 3.0% net smelter return royalty. In 2019, the Company expensed $226 in royalties on these properties (2018 - $29).

Minera Oro Silver also holds a five-year operating lease, renewable for an additional five years, on a 500 tonne per day ore processing plant located in Zacatecas, Mexico for a total annual lease cost of 1,632,000 Mexican Pesos (approximately $90), adjusted annually for inflation. At acquisition, the plant was not operational and required significant capital investment to restore to an operational state. During 2018, the Company refurbished and commenced commissioning of the processing plant with commercial production achieved in Q1, 2019.

Acquisition of 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.

Acquisition of 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.

(f) Terronera, Mexico
In February 2013, the Company acquired a 100% interest in the Terronera project, located in Jalisco, Mexico. The Company is required to pay a 2% NSR royalty on any production from the Terronera properties.

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

(g) Acquisition of Parral Properties

On September 13, 2016, the Company entered into a definitive agreement with Silver Standard Resources Inc. ("Silver Standard") to acquire a 100% interest in Silver Standard'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. Upon completing this exploration expenditure, Endeavour had one year to deliver a National Instrument 43-101 ("NI 43-101") technical report, including a resource estimate, and issue an additional $200 in common shares to Silver Standard for each one million ounces of silver delineated in measured and indicated resources on the San Patricio and La Palmilla properties, based on the 10-day average closing price of Endeavour's common shares on the NYSE prior to the earlier of delivery of the NI 43-101 report and the third anniversary of the initial closing date under the Agreement. Silver Standard will also retain a 1% net smelter returns royalty on production from the San Patricio and La Palmilla properties.

(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.

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) Mineral property contingencies

The Company has entered into other non-material option agreements on exploration properties in Mexico and Chile.

Management believes the Company has diligently investigated rights of ownership of all its mineral properties to a level which is acceptable by prevailing industry standards with respect to the current stage of development of each property in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, all properties may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

12. 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 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.

As at December 31, 2019, the Company tested the recoverability of the Guanaceví CGU due to 2019 operational challenges and the El Compas CGU due to increased capital and operating costs than initially projected. The Company determined that no impairment was required for either CGU.

For a discounted cash flow model, any modest decrease in any one key assumption in isolation could cause the estimated recoverable amount to be less than or equal to the net carrying value.

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

13. LOANS PAYABLE

	December 31, 2019	December 31, 2018
Balance at the beginning of the year	$ -	$ -
Net proceeds from software and equipment financing	10,218	-
Finance cost	301	-
Repayments of principal	(1,343)	-
Repayments of finance costs	(301)	-
Balance at the end of the year	$ 8,875	$ -
Statements of Financial Position Presentation		
Current loans payable	$ 2,958	$ -
Non-Current loans payable	5,917	-
Total	$ 8,875	$ -

The Company has entered into financing arrangements for software licenses totaling $1,086 and equipment totaling $9,132, 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 8%.

The equipment financing is secured by the underlying equipment purchased and is subject to various covenants and as at December 31, 2019 the Company was in compliance with these covenants. As at December 31, 2019, the net book value of equipment includes $9.2 million of equipment pledged as security for the equipment financing.

Subsequent to December 31, 2019, the Company has entered into $2,226 in additional equipment financing agreements under similar terms as the existing agreements.

14. 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.

The company leased vehicles with a lease term of three years. The Company had the option to purchase the assets at the end of the contract term. As at December 31, 2019 the Company has exercised the purchase option for this lease, therefore the amount for the purchase option has been included in the measurement of the right-of-use asset as an adjustment to PP&E.

The following table presents the lease obligations of the Company:

	Note	December 31, 2019	December 31, 2018
Lease liabilities recognized on adoption of IFRS 16 on January 1, 2019	3	$ 1,422	$ -
Additions		8	-
Interest		93	-
Payments		(339)	-
Effects of movement in exchange rates		54	-
Balance as at December 31, 2019		1,238	
Less: Current portion		(164)	-
Non-Current Lease Liabilities		$ 1,074	$ -

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

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

	December 31, 2019	December 31 2018
Less than one year	**$ 240**	$ -
One to five years	**724**	-
More than five years	**586**	-
Total at December 31, 2019	**$ 1,550**	$ -

The following amounts have been recognized in Profit or Loss:

	Year ended December 31, 2019	Year ended December 31, 2018
Interest on lease liabilities	**$ (93)**	$ -
Expenses related to short-term leases	**(668)**	-

As at December 31, 2019, the lease liabilities have a weighted-average interest rate of 7.5%. For the year ended December 31, 2019, the Company recognized $93, in interest expense on the lease liabilities (December 31, 2018 - $Nil) and $668 related to short term rental, primarily for rented mining equipment and employee housing.

15. 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 $2,430 for the Guanaceví mine, $1,959 for the Bolañitos mine, $4,562 for the El Cubo mine and $160 for the El Compas development project.

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 1.9% for Guanaceví, 1.6% for Bolañitos, 7.0% for El Cubo and 6.9% for El Compas and with an inflation rate of 2.0% for Guanaceví and Bolañitos and 4.0% for El Cubo and El Compas.

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, 2017	$ 2,086	$ 1,772	$ 4,074	$ 50	$ 7,982
Accretion	43	32	74	1	150
Disturbance incurred during the year	-	-	-	63	63
Balance at December 31, 2018	**$ 2,129**	**$ 1,804**	**$ 4,148**	**$ 114**	**$ 8,195**
Accretion	53	44	101	10	208
Disturbance incurred during the year	-	-	-	-	-
Balance at December 31, 2019	**$ 2,182**	**$ 1,848**	**$ 4,249**	**$ 124**	**$ 8,403**

16. 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, 2019, 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 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"). 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 "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 may, 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 determines, 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 the ATM facility at an average price of $2.20 per share for gross proceeds of $23,557, less commission of $530. During the year ended December 31, 2018, the Company issued 3,165,642 common shares under the ATM facility at an average price of $2.61 per share for gross proceeds of $8,273, less commission of $186.

During the year ended December 31, 2019, the Company also recognized $484 of additional transaction costs related to the ATM financing as share issuance costs, which have been presented net of share capital (2018 - $105).

Included in the 10,717,126 shares issued under the ATM facility for the year ended December 31, 2019 are 369,488 shares that were sold by the Company at the end of 2019, for net proceeds of $867, and are reserved for issuance. Settlement of the shares occurred in the first few days of 2020.

Subsequent to December 31, 2019, the Company issued an additional 114,345 common shares under the ATM facility at an average price of $2.43 per share for gross proceeds of $277, less commission of $6.

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

(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 re-ratified in 2018, 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 7.0% of the issued and outstanding shares at any time.

The following table summarizes the status of the Company's stock option plan and changes during the year:

Expressed in Canadian dollars	Year Ended December 31, 2019		Year Ended December 31, 2018	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding, beginning of the year	**5,987,800**	**$3.96**	5,792,800	$4.00
Granted	**1,759,000**	**$3.22**	1,262,500	$3.80
Exercised	**(170,000)**	**$2.65**	(127,000)	$2.65
Expired and forfeited	**(653,800)**	**$4.58**	(940,500)	$4.15
Outstanding, end of the year	**6,923,000**	**$3.74**	5,987,800	$3.96
Options exercisable at the end of the year	**5,614,300**	**$3.84**	4,946,300	$3.96

During the year ended December 31, 2019, the weighted-average share price at the date of exercise was $3.24 (December 31, 2018 - $4.27)

The following table summarizes the information about stock options outstanding at December 31, 2019:

Expressed in Canadian dollars	Options Outstanding			Options exercisable	
Price Intervals	Number Outstanding as at December 31, 2019	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Price	Number Exercisable as at December 31, 2019	Weighted Average Exercise Price
$2.00 - $2.99	864,500	0.5	$2.65	849,500	$2.65
$3.00 - $3.99	2,941,500	3.8	$3.47	1,647,800	$3.56
$4.00 - $4.99	3,117,000	1.8	$4.31	3,117,000	$4.31
	6,923,000	2.5	$3.74	5,614,300	$3.84

During the year ended December 31, 2019, the Company recognized share-based compensation expense of $2,171 (December 31, 2018 - $1,976) based on the fair value of the vested portion of options granted in the current and prior years.

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

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:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Weighted-average fair value of option in CAN$	**$1.57**	$1.96
Risk-free interest rate	**1.75%**	2.05%
Expected dividend yield	**0%**	0%
Expected stock price volatility	**64%**	69%
Expected option life in years	**3.83**	3.79

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, 2019, the unvested share option expense not yet recognized was $524 (December 31, 2018 - $643) which is expected to be recognized over the next 17 months

(d) Performance Share Units Plan

The Company has a Performance Share Unit ("PSU") plan whereby performance share units may be granted to employees of the Company. Once performance conditions have been met, a PSU is redeemable into one common share entitling the holder to receive the common share for no additional consideration. The maximum number of common shares authorized for issuance from treasury under the PSU plan is 2,000,000.

	Year Ended December 31, 2019	Year Ended December 31, 2018
	Number of units	Number of units
Outstanding, beginning of year	**616,000**	200,000
Granted	**603,000**	446,000
Cancelled	**-**	(30,000)
Settled for shares	**-**	-
Settled for cash	**-**	-
Outstanding, end of period	**1,219,000**	616,000

There were 603,000 PSUs granted during the year ended December 31, 2019 (December 31, 2018 – 446,000). The PSUs vest at the end of a three-year period if certain pre-determined performance and vesting criteria are achieved. Performance criteria is based on the Company's share price performance relative to a representative group of other mining companies. 170,000 PSUs vest on May 3, 2020, 446,000 PSUs vest on May 3, 2021 and 603,000 PSUs vest on March 3, 2022.

During the year ended December 31, 2019, the Company recognized share-based compensation expense of $1,024 related to the PSUs (December 31, 2018 –$450).

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

(e) Deferred Share Units

The Company has a 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 share purchase 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.

Expressed in Canadian dollars	**Year Ended December 31, 2019**		Year Ended December 31, 2018	
	Number of units	**Weighted Average Grant Price**	Number of units	Weighted Average Grant Price
Outstanding, beginning of year	**652,276**	**$3.48**	548,392	$3.44
Granted	**237,109**	**$3.02**	103,884	$3.68
Redeemed	**-**	**-**	-	-
Outstanding, end of period	**889,385**	**$3.36**	652,276	$3.48
Fair value at period end	**889,385**	**$3.13**	652,276	$2.94

During the year ended December 31, 2019, the Company recognized an expense on director's compensation related to DSUs, which is included in general and administrative salaries, wages and benefits, of $731 (December 31, 2018 - $88) 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, 2019, there are 889,385 deferred share units outstanding (December 31, 2018 – 652,276) with a fair market value of $2,138 (December 31, 2018 - $1,407) recognized in accounts payable and accrued liabilities.

(f) 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.

	Year Ended December 31, 2019		Year Ended December 31, 2018	
	Number of units	**Weighted Average Grant Price**	Number of units	Weighted Average Grant Price
Outstanding, beginning of year	**694,000**	**$3.99**	911,993	$3.80
Exercised	**-**	**-**	(96,661)	$2.21
Cancelled	**(382,000)**	**$4.55**	(121,332)	$3.96
Outstanding, end of period	**312,000**	**$3.30**	694,000	$3.99
Exercisable at the end of the period	**312,000**	**$3.30**	553,679	$4.16

During the year ended December 31, 2019, the Company recognized a recovery related to SARs, which is included in operation and exploration salaries, wages and benefits, of $25 (December 31, 2018 –$245) based on the change in the fair value of the SARs granted in prior years. As of December 31, 2019, there are 312,000 SARs outstanding (December 31, 2018 – 694,000) with a fair market value of $47 (December 31, 2018 - $72) recognized in accounts payable and accrued liabilities.

The SARs are 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 amortizes the fair value of SARs on a graded basis over the respective vesting period of each tranche of SARs awarded.

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

17. REVENUE

	Year Ended	
Revenue by product	**December 31, 2019**	December 31, 2018
Concentrate sales	**$ 76,219**	$ 111,052
Provisional pricing adjustments	**806**	228
Total revenue from concentrate sales	**77,025**	111,280
Dore sales	**44,699**	39,229
Total revenue	**$ 121,724**	$ 150,509

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, 2019, a 10% change to the underlying metals prices would result in a change in revenue and accounts receivable of $1,081 (2018 - $904) based on the total quantities of metals in sales contracts for which the provisional pricing periods were not yet closed.

18. EXPLORATION

	December 31 2019	December 31 2018
Depreciation and depletion	**$ 238**	$ 111
Share-based compensation	**554**	340
Salaries, wages and benefits	**3,201**	2,690
Direct exploration expenditures	**8,008**	9,242
	$ 12,001	$ 12,383

19. GENERAL AND ADMINISTRATIVE

	December 31 2019	December 31 2018
Depreciation and depletion	**$ 317**	$ 254
Share-based compensation	**2,446**	2,179
Salaries, wages and benefits	**3,344**	3,038
Direct general and administrative	**3,873**	3,155
	$ 9,980	$ 8,626

Included in salaries, wages and benefits is an $731 expense of directors' deferred share units for the year ended December 31, 2019 (December 31, 2018 –$88).

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

20. FINANCE COSTS

	Note		**December 31 2019**		December 31 2018
Accretion on provision for reclamation and rehabilitation	15	**$**	**208**	$	150
Interest on loans	13		**301**		-
Interest on lease liabilities	14		**93**		-
Other financing costs			**-**		61
		$	**602**	$	211

21. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		Year ended		
		December 31, 2019		December 31, 2018
Net changes in non-cash working capital:				
Accounts receivable	**$**	**1,600**	$	7,303
Inventories		**511**		(3,304)
Prepaid expenses		**(598)**		(793)
Accounts payable and accrued liabilities		**(94)**		421
Income taxes payable		**(2,103)**		865
	$	**(684)**	$	4,492
Non-cash financing and investing activities:				
Reclamation included in mineral property, plant and equipment		**-**		63
Fair value of exercised options allocated to share capital		**177**		131
Other cash disbursements:				
Income taxes paid		**3,439**		3,449
Special mining duty paid		**1,670**		1,012

(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 four operating mining segments, Guanaceví, Bolañitos, El Cubo and El Compas, which are located in Mexico, as well as Exploration and Corporate segments. The Exploration segment consists of projects in the exploration and evaluation phases in Mexico and Chile.

	December 31, 2019						
	Corporate	Exploration	Guanaceví	Bolanitos	El Cubo	El Compas	Total
Cash and cash equivalents	$ 13,065	$ 855	$ 7,372	$ 1,700	$ 23	$ 353	$ 23,368
Other Investments	69	-	-	-	-	-	69
Accounts receivables	1,068	2,568	4,574	6,999	2,922	4,819	22,950
Inventories	-	-	7,441	2,426	1,628	2,094	13,589
Prepaid expenses	905	1,029	619	572	152	25	3,302
Non-current deposits	76	-	305	151	74	-	606
Non-current IVA receivable	-	355	824	-	869	-	2,048
Deferred income tax asset	-	-	2,837	4,299	-	-	7,136
Intangible assets	28	160	269	224	157	137	975
Right-of-use leased assets	745			175		417	1,337
Mineral property, plant and equipment	380	13,064	34,006	19,757	4,020	17,106	88,333
Total assets	$ 16,336	$ 18,031	$ 58,247	$ 36,303	$ 9,845	$ 24,951	$ 163,713
Accounts payable and accrued liabilities	$ 6,729	$ 855	$ 7,079	$ 2,872	$ 837	$ 1,403	$ 19,775
Income taxes payable	368	-	696	840	43	-	1,947
Loans payable	774	-	2,058	6,043			8,875
Lease obligations	1,050	-	-	188	-	-	1,238
Provision for reclamation and rehabilitation	-	-	2,182	1,848	4,249	124	8,403
Deferred income tax liability	-	-	-	513	-	169	682
Total liabilities	$ 8,921	$ 855	$ 12,015	$ 12,304	$ 5,129	$ 1,696	$ 40,920

	December 31, 2018						
	Corporate	Exploration	Guanaceví	Bolanitos	El Cubo	El Compas	Total
Cash and cash equivalents	$ 14,477	$ 765	$ 3,947	$ 4,776	$ 8,863	$ 548	$ 33,376
Other Investments	88	-	-	-	-	-	88
Accounts receivables	176	1,924	9,386	2,760	8,996	3,705	26,947
Inventories	-	-	6,310	3,736	2,939	1,909	14,894
Prepaid expenses	1,666	75	706	26	129	102	2,704
Non-current deposits	76	-	308	151	74	505	1,114
Deferred income tax asset	-	-	6,782	1,549	816	-	9,147
Mineral property, plant and equipment	573	11,791	34,933	9,348	11,323	20,809	88,777
Total assets	$ 17,056	$ 14,555	$ 62,372	$ 22,346	$ 33,140	$ 27,578	$ 177,047
Accounts payable and accrued liabilities	$ 6,045	$ 287	$ 5,528	$ 1,872	$ 4,347	$ 1,391	$ 19,470
Income taxes payable	1,028	-	926	878	1,218	-	4,050
Deferred lease inducement	217	-	-	-	-	-	217
Provision for reclamation and rehabilitation	-	-	2,128	1,805	4,148	114	8,195
Deferred income tax liability	-	-	-	36	-	299	335
Total liabilities	$ 7,290	$ 287	$ 8,582	$ 4,591	$ 9,713	$ 1,804	$ 32,267

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

	Corporate	Exploration	Guanaceví	Bolanitos	El Cubo	El Compas	Total
			Year ended December 31, 2019				
Silver revenue	$ -	$ -	$ 36,062	$ 10,707	$ 17,542	$ 1,743	$ 66,054
Gold revenue	-	-	8,638	21,703	14,740	10,589	$ 55,670
Total revenue	$ -	$ -	$ 44,700	$ 32,410	$ 32,282	$ 12,332	$ 121,724
Salaries, wages and benefits:							
mining	$ -	$ -	$ 7,331	$ 4,871	$ 5,945	$ 468	$ 18,615
processing	-	-	1,764	1,151	1,301	566	4,782
administrative	-	-	2,871	1,993	2,254	1,073	8,191
stock based compensation	-	-	49	49	49	48	195
change in inventory	-	-	(318)	414	192	53	341
Total salaries, wages and benefits	-	-	11,697	8,478	9,741	2,208	32,124
Direct costs:							
mining	-	-	20,649	9,715	9,873	4,857	45,094
processing	-	-	7,843	5,365	4,851	2,176	20,235
administrative	-	-	2,699	1,308	2,402	672	7,081
change in inventory	-	-	(861)	906	309	92	446
Total direct production costs	-	-	30,330	17,294	17,435	7,797	72,856
Depreciation and depletion:							
depreciation and depletion	-	-	13,869	3,609	6,960	6,835	31,273
change in inventory	-	-	227	22	186	(213)	222
Total depreciation and depletion	-	-	14,096	3,631	7,146	6,622	31,495
Royalties	-	-	1,410	181	152	291	2,034
Write down of inventory to NRV	-	-	-	-	-	576	576
Total cost of sales	$ -	$ -	$ 57,533	$ 29,584	$ 34,474	$ 17,494	$ 139,085
Severance costs	-	-	-	-	4,589	-	4,589
Earnings (loss) before taxes	$ (10,053)	$ (12,001)	$ (12,833)	$ 2,826	$ (6,781)	$ (5,162)	$ (44,004)
Current income tax expense (recovery)	-	-	551	1,879	135	137	2,702
Deferred income tax expense (recovery)	-	-	3,779	(3,170)	881	(130)	1,360
Total income tax expense (recovery)	-	-	4,330	(1,291)	1,016	7	4,062
Net earnings (loss)	$ (10,053)	$ (12,001)	$ (17,163)	$ 4,117	$ (7,797)	$ (5,169)	$ (48,066)

For the year ended December 31, 2019, the Company has recognized $4.6 million in severance costs that are directly attributable to restructuring resulting in reduction in production and ultimately the suspension of operations at the El Cubo mine.,

The Exploration segment included $2,957 of costs incurred in Chile for the year ended December 31, 2019 (December 31, 2018 - $777).

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

	Corporate	Exploration	Guanaceví	Bolanitos	El Cubo	El Compas	Total
				Year ended December 31, 2018			
Silver revenue	$ -	$ -	$ 32,267	$ 14,310	$ 38,903	$ -	$ 85,480
Gold revenue	-	-	6,962	25,495	32,572	-	65,029
Total revenue	$ -	$ -	$ 39,229	$ 39,805	$ 71,475	$ -	$ 150,509
Salaries, wages and benefits:							
mining	$ -	$ -	$ 5,382	$ 5,102	$ 9,309	$ -	$ 19,793
processing	-	-	1,644	1,065	2,201	-	4,910
administrative	-	-	2,580	2,360	3,116	-	8,056
stock based compensation	-	-	(31)	(31)	(31)	-	(93)
change in inventory	-	-	662	(383)	(42)	-	237
Total salaries, wages and benefits	-	-	10,237	8,113	14,553	-	32,903
Direct costs:							
mining	-	-	20,332	10,716	13,197	-	44,245
processing	-	-	6,783	6,590	8,211	-	21,584
administrative	-	-	1,886	1,670	2,336	-	5,892
change in inventory	-	-	1,021	(815)	80	-	286
Total direct production costs	-	-	30,022	18,161	23,824	-	72,007
Depreciation and depletion:							
depreciation and depletion	-	-	22,352	931	14,609	-	37,892
change in inventory	-	-	765	(70)	(175)	-	520
Total depreciation and depletion	-	-	23,117	861	14,434	-	38,412
Royalties	-	-	1,123	190	340	-	1,653
Write down of inventory to NRV	-	-	2,026	-	-	-	2,026
Total cost of sales	$ -	$ -	$ 66,525	$ 27,325	$ 53,151	$ -	$ 147,001
Earnings (loss) before taxes	$ (8,079)	$ (12,258)	$ (27,296)	$ 12,480	$ 18,324	$ (882)	$ (17,711)
Current income tax expense (recovery)	-	-	642	2,507	1,328	-	4,477
Deferred income tax expense (recovery)	-	-	(7,475)	(1,530)	(1,043)	299	(9,749)
Total income tax expense (recovery)	-	-	(6,833)	977	285	299	(5,272)
Net earnings (loss)	$ (8,079)	$ (12,258)	$ (20,463)	$ 11,503	$ 18,039	$ (1,181)	$ (12,439)

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 a MXN 122.9 million ($6,500) tax assessment based on the June 2015 ruling. The 2016 tax assessment comprised of MXN 41.8 million owed ($2,200) in taxes, MXN 17.7 million ($900) in inflationary charges, MXN 40.4 million ($2,200) in interest and MXN 23.0 million ($1,200) 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, while a number of deficiencies exist within the assessment. Since issuance of the assessment interest charges of MXN 7.6 million ($400) and inflationary charges of MXN 11.5 million ($600) has accumulated.

Included in the Company's consolidated financial statements, are net assets of $595, including $42 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. As of December 31, 2019, 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 on-going court proceedings and discussion with the tax authorities.

Compania Minera Del Cubo SA de CV ("Cubo"), a subsidiary of the Company, received a MXN 58.5 million ($3,000) 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 ($1,300) 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. As of December 31, 2019, the Cubo entity had MXN 1.6 billion ($84,600) in loss carry forwards which would be applied against any generated 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 ($800) 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 has provided a lien on certain El Cubo mining concessions during the appeal process. Since issuance of the assessment interest charges of MXN 4.9 million ($200) and inflationary charges of MXN 0.9 million ($100) has accumulated.

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

(b) Deferred Income Tax

Mexico operations		**December 31, 2019**		December 31, 2018
Deferred income tax assets:				
Tax loss carryforwards	**$**	**2,834**	$	16,532
Mineral properties, plant and equipment		**1,826**		-
Working capital		**4,109**		3,774
Deferred income tax liabilities:				
Inventories		**(1,802)**		(1,838)
Mineral properties, plant and equipment		**-**		(9,621)
Other		**(513)**		(35)
Deferred income tax assets (liabilities), net	**$**	**6,454**	$	8,812

As at December 31, 2019, the Company had available for deduction against future taxable income in Mexico non-capital losses of approximately $162,501 (2018 – $149,924). These losses, if unutilized, expire between 2020 to 2029.

As at December 31, 2019, the Company had $3,155 non-capital losses in Canada (2018 –$1,962), which expire between 2025 to 2028, and capital losses of $12,296 (2018 – $12,002), which do not expire.

When circumstances cause a change in management's judgment about the recoverability of deferred tax assets, the impact of the change will be reflected in current income.

(c) Income Tax Expense

		December 31, 2019		December 31, 2018
Current income tax expense (recovery):				
Current income tax expense in respect of current year	**$**	**2,901**	$	2,559
Special mining duty		**-**		1,850
Adjustments recognized in the current year in relation to prior years		**(199)**		68
Deferred income tax expense (recovery):				
Deferred tax expense recognized in the current year		**3,353**		(10,745)
Special mining duty		**(1,425)**		1,315
Adjustments recognized in the current year in relation to prior years		**(568)**		(319)
Total income tax expense (recovery)	**$**	**4,062**	$	(5,272)

(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, 2019	December 31, 2018
Canadian statutory tax rates	**27.00%**	27.00%
Income tax expense computed at Canadian statutory rates	**$ (11,881)**	$ (4,782)
Foreign tax rates different from statutory rate	**(4,831)**	(5,018)
Change in tax rates	**-**	291
Withholding taxes, net of tax credits	**664**	665
Stock-based compensation	**586**	541
Foreign exchange	**2,985**	3,738
Inflationary adjustment	**2,404**	3,710
Other non-deductible items	**2,493**	1,259
Adjustments recognized in the current year in relation to prior years	**(568)**	(319)
Current year losses not recognized	**13,331**	4,212
Special mining duty Mexican tax	**(1,121)**	535
Recognition of previously unrecognized losses	**-**	(10,104)
Income tax expense	**$ 4,062**	$ (5,272)

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

(a) Financial assets and liabilities

As at December 31, 2019, 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	-	23,368	23,368	23,368
Other Investments	69	-	69	69
Trade and other receivables	6,343	1,657	8,000	8,000
Total financial assets	6,412	25,025	31,437	31,437
Financial liabilities:				
Accounts payable and accrued liabilites	2,185	17,590	19,775	19,775
Loans payable	-	8,875	8,875	8,875
Total financial liabilities	2,185	26,465	28,650	28,650

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.

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

Level 1:
Other investments, which are comprised of 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. As a result, these financial assets have been included in Level 1 of the fair value hierarchy.

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.

The Company determines the fair value of the SARs liability using an option-pricing model.

Level 3:
The Company has no assets or liabilities included in Level 3 of the fair value hierarchy

There were no transfers between levels 1, 2 and 3 during the year ended December 31, 2019.

Assets and liabilities as at December 31, 2019 measured at fair value on a recurring basis include:

	Total $	Level 1 $	Level 2 $	Level 3 $
Financial assets:				
Investments	69	69	-	-
Trade receivables	6,343	-	6,343	-
Total financial assets	6,412	69	6,343	-
Financial liabilities:				
Deferred share units	2,138	2,138	-	-
Share appreciation rights	47	-	47	-
Total financial liabilities	2,185	2,138	47	-

(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, investments, and accounts receivable. Credit risk exposure on bank accounts and short-term investments 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.

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

Below is an aged analysis of the Company's receivables:

	Carrying amount	Gross impairment	Carrying amount	Gross impairment
	December 31, 2019		December 31, 2018	
Less than 1 month	$ 10,048	$ -	$ 9,211	$ -
1 to 3 months	4,083	-	4,284	-
4 to 6 months	1,109	-	1,039	-
Over 6 months	9,758	151	12,413	194
Total accounts receivable	$ 24,998	151	$ 26,947	$ 194

At December 31, 2019, 93% of the receivables that were outstanding greater than one month were comprised of IVA and tax receivables in Mexico (December 31, 2018 – 99%) and 4% of the receivables outstanding greater than one month are pending finalizations of concentrate sales.

At December 31, 2019, an impairment loss of $151 relates to IVA receivable claims from prior years written off during the year (December 31, 2018 - $194).

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short term business requirements. The Company's policy is to invest cash at floating rates of interest, while cash reserves are maintained in cash equivalents in order to maintain liquidity after taking into account the Company's holdings of cash equivalents, money market investments, marketable securities and receivables. The Company believes that these sources, operating cash flows and its policies will be sufficient to cover the likely short-term cash requirements and commitments.

In the normal course of business, the Company enters into contracts that give rise to future minimum payments.

The following table summarizes the remaining contractual maturities of the Company's financial liabilities and operating and capital commitments at December 31, 2019:

	Less than 1 year $	1 to 3 years $	4 to 5 years $	Over 5 years $	Total $
Accounts payable and accrued liabilities	19,775	-	-	-	19,775
Income taxes payable	1,947	-	-	-	1,947
Loans payable	2,955	4,510	1,410		8,875
Lease liabilities	164	335	223	516	1,238
Provision for reclamation and rehabilitation	-	6,221	2,182	-	8,403
Capital expenditure commitments	2,810	-	-	-	2,810
Operating leases	128	215	215	384	942
Total contractual obligations	27,779	11,281	4,030	900	43,990

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.

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

The US dollar equivalents of financial assets and liabilities denominated in currencies other than the US dollar as at December 31st are as follows:

	December 31, 2019		December 31, 2018	
	Canadian Dollar	**Mexican Peso**	Canadian Dollar	Mexican Peso
Financial assets	**$ 923**	**$ 21,301**	$ 721	$ 26,969
Financial liabilities	**(3,562)**	**(12,098)**	(2,767)	(15,438)
Net financial assets (liabilities)	**$ (2,639)**	**$ 9,203**	$ (2,046)	$ 11,531

Of the financial assets listed above, $25 (2018 – $26) represents cash and cash equivalents held in Canadian dollars and $3,140 (2018 - $4,522) represents cash held in Mexican Pesos. The remaining cash balance is held in US dollars.

As at December 31, 2019, with other variables unchanged, a 5% strengthening of the US dollar against the Canadian dollar would increase net earnings by $125 due to these financial assets and liabilities.

As at December 31, 2019, with other variables unchanged, a 5% strengthening of the US dollar against the Mexican peso would decrease net earnings by $438 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, 2019 there are 178,394 ounces of silver and 4,981 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, 2019, with other variables unchanged, a 10% decrease in the market value of silver and gold would result in a reduction of revenue of $1.1 million.

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

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MANAGEMENT’S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2019

Endeavour SILVER

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019 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 ("U.S.") dollars and tabular amounts are expressed in thousands of U.S. dollars unless otherwise indicated. This MD&A is dated as of February 20, 2020 and all information contained is current as of February 20, 2020 unless otherwise stated.

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

This MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ materially from the definitions in SEC Industry Guide 7 under the U.S. Securities Act of 1933, as amended.

Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into SEC Industry Guide 7 reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this MD&A contains descriptions of the Company's mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the U.S. federal securities laws and the rules and regulations thereunder, including SEC Industry Guide 7.

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 2020, 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, capital expenditures and sustaining capital. 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: 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 Godfrey Walton, M.Sc., P.Geo., President and Chief Operating Officer of Endeavour, a Qualified Person within the meaning of NI 43-101.

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OPERATING HIGHLIGHTS

Three Months Ended December 31			2019 Highlights	Year Ended December 31		
2019	2018	% Change		2019	2018	% Change
			Production			
939,511	1,386,505	(32%)	Silver ounces produced	4,018,735	5,522,068	(27%)
9,578	13,117	(27%)	Gold ounces produced	38,907	52,967	(27%)
923,540	1,359,256	(32%)	Payable silver ounces produced	3,951,923	5,417,633	(27%)
9,397	12,821	(27%)	Payable gold ounces produced	38,003	51,826	(27%)
1,705,751	2,435,865	(30%)	Silver equivalent ounces produced[1]	7,131,295	9,759,428	(27%)
13.63	9.22	48%	Cash costs per silver ounce[2][3]	12.85	8.06	59%
20.43	14.30	43%	Total production costs per ounce[2][4]	20.73	15.21	36%
23.20	14.20	63%	All-in sustaining costs per ounce[2][5]	21.19	15.45	37%
236,531	309,036	(23%)	Processed tonnes	954,886	1,266,831	(25%)
113.47	93.52	21%	Direct production costs per tonne[2][6]	110.09	86.32	28%
15.19	11.53	32%	Silver co-product cash costs[7]	14.18	11.15	27%
1,312	984	33%	Gold co-product cash costs[7]	1,238	902	37%
			Financial			
34.6	33.8	2%	Revenue ($ millions)	121.7	150.5	(19%)
1,050,157	1,264,340	(17%)	Silver ounces sold	4,054,652	5,461,197	(26%)
10,803	11,819	(9%)	Gold ounces sold	39,151	51,318	(24%)
17.45	14.88	17%	Realized silver price per ounce	16.29	15.65	4%
1,507	1,270	19%	Realized gold price per ounce	1,422	1,267	12%
(17.9)	(3.7)	(389%)	Net earnings (loss) ($ millions)	(48.1)	(12.4)	(286%)
(3.8)	0.4	(1,055%)	Mine operating earnings ($ millions)	(17.4)	3.5	(595%)
4.9	8.5	(43%)	Mine operating cash flow[8] ($ millions)	14.9	43.9	(66%)
(7.9)	0.1	(8,000%)	Operating cash flow before working capital changes [9]	(8.9)	22.2	(140%)
(4.8)	2.2	(318%)	Earnings before ITDA [10]($ millions)	(11.1)	21.9	(151%)
38.4	54.5	(30%)	Working capital ($ millions)	38.4	54.5	(30%)
			Shareholders			
(0.13)	(0.03)	(333%)	Earnings (loss) per share – basic	(0.36)	(0.10)	(260%)
(0.06)	0.00	(100%)	Operating cash flow before working capital changes per share [9]	(0.07)	0.17	(138%)
140,054,885	130,511,679	7%	Weighted average shares outstanding	135,367,129	128,600,421	5%

(1) Silver equivalents are calculated using an 80:1 ratio. 2018 Silver equivalents have been restated from 75:1 to 80:1 for comparative purposes.

(2) The Company reports non-IFRS measures which include cash costs net of by-products on a payable silver basis, total production costs per ounce, all-in sustaining costs per ounce 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 Reconciliations to IFRS beginning on page 21.

(3) Cash costs net of by-products per payable silver ounce include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead, net of gold credits. See Reconciliation to IFRS on pages 23 & 24

(4) Total production costs per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, amortization, depletion and amortization at the operation sites. See Reconciliation to IFRS on pages 23 & 24.

(5) All-in sustaining cost per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, corporate general and administration, on-site exploration, share-based compensation, reclamation and sustaining capital net of gold credits. See Reconciliation to IFRS on page 24 and 25.

(6) Direct production costs per tonne include mining, processing (including smelting, refining, transportation and selling costs) and direct overhead at the operation sites. See Reconciliation to IFRS on pages 23 & 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 & 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 21.

(9) See Reconciliation to IFRS on page 21 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 page 22.

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.

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, the Company successfully re-opened and expanded these mines to develop 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 2012, the Company acquired the El Cubo silver-gold mine located in Guanajuato, Mexico, which operated until November 2019.

In addition to operating the Guanaceví and Bolañitos mines, the Company commissioned the El Compas mine in March 2019. The Company is advancing the Terronera development project and several 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.

REVIEW OF OPERATING RESULTS

The Company operates the Guanaceví and Bolañitos mines and the recently commissioned El Compas mines, which attained commercial production in March 2019. The Company suspended mining operations at the El Cubo mine on November 30, 2019 due to exhaustion of reserves.

Consolidated Production Results for the Three Months and Years Ended December 31, 2019 and 2018

Three Months Ended December 31			CONSOLIDATED	Year Ended December 31		
2019	2018	% Change		2019	2018	% Change
236,531	309,036	(23%)	Ore tonnes processed	954,886	1,266,831	(25%)
140	157	(11%)	Average silver grade (gpt)	149	156	(5%)
88.3	88.8	(1%)	Silver recovery (%)	88.0	86.9	1%
939,511	1,386,505	(32%)	Total silver ounces produced	4,018,735	5,522,068	(27%)
923,540	1,359,256	(32%)	Payable silver ounces produced	3,951,923	5,417,633	(27%)
1.53	1.55	(1%)	Average gold grade (gpt)	1.50	1.53	(2%)
82.2	85.4	(4%)	Gold recovery (%)	84.7	84.9	(0%)
9,578	13,117	(27%)	Total gold ounces produced	38,907	52,967	(27%)
9,397	12,821	(27%)	Payable gold ounces produced	38,003	51,826	(27%)
1,705,751	2,435,865	(30%)	Silver equivalent ounces produced(1)	7,131,295	9,759,428	(27%)
13.63	9.22	48%	Cash costs per silver ounce(2)(3)	12.85	8.06	59%
20.43	14.30	43%	Total production costs per ounce(2)(4)	20.73	15.21	36%
23.20	14.20	63%	All in sustaining cost per ounce (2)(5)	21.19	15.45	37%
113.47	93.52	21%	Direct production costs per tonne(2)(6)	110.09	86.32	28%
15.19	11.53	32%	Silver co-product cash costs(7)	14.18	11.15	27%
1,312	984	33%	Gold co-product cash costs(7)	1,238	902	37%

(1) Silver equivalents are calculated using an 80:1 ratio. 2018 Silver equivalents have been restated from 75:1 to 80:1 for comparative purposes.

(2) The Company reports non-IFRS measures which include cash costs net of by-products on a payable silver basis, total production costs per ounce, all-in sustaining costs per ounce 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 Reconciliations to IFRS on page 21.

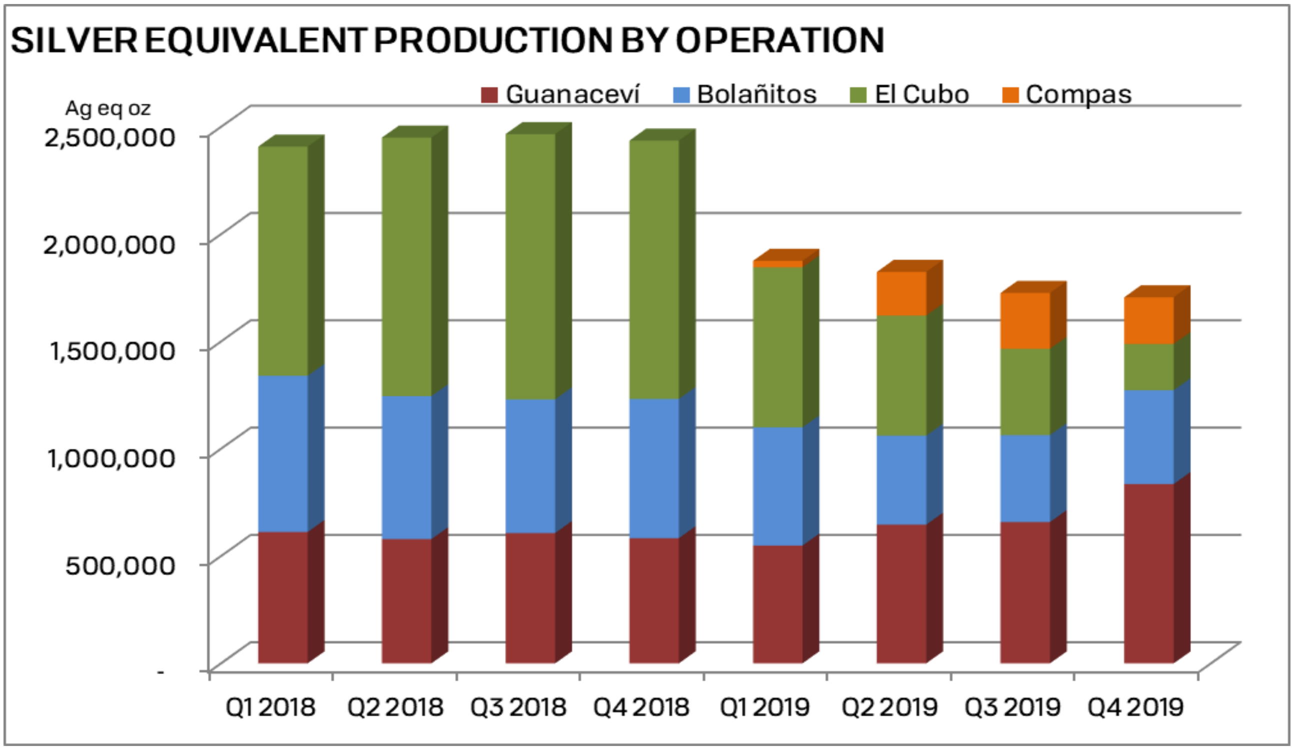
(3) Cash costs net of by-products per payable silver ounce include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead, net of gold credits. See Reconciliation to IFRS on pages 23 & 24.

(4) Total production costs per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, amortization, depletion and amortization at the operation sites. See Reconciliation to IFRS on pages 23 & 24.

(5) All-in sustaining costs per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, corporate general and administration, on-site exploration, share-based compensation, reclamation and sustaining capital net of gold credits. See Reconciliation to IFRS on pages 24 & 25.

(6) Direct production costs per tonne include mining, processing (including smelting, refining, transportation and selling costs) and direct overhead at the operation sites. See Reconciliation to IFRS on pages 23 & 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 & 27.



Consolidated Production

Three months ended December 31, 2019 (compared to the three months ended December 31, 2018)
Consolidated silver production during Q4, 2019 was 939,511 ounces (oz), a decrease of 32% compared to 1,386,505 oz in Q4, 2018, and gold production was 9,578 oz, a decrease of 27% compared to 13,117 oz in Q4, 2018. Plant throughput was 236,531 tonnes at average grades of 140 grams per tonne (gpt) silver and 1.53 gpt gold, a reduction of 23% compared to 309,036 tonnes grading 157 gpt silver and 1.55 gpt gold in Q4, 2018. The 32% lower silver production and 27% lower gold production compared to Q4, 2018 were due to lower throughput, grades and the suspension of mining operations at the El Cubo mine during the quarter and lower throughput and grades at Bolañitos, partly offset by higher production at Guanaceví and new production at El Compas.

Year ended December 31, 2019 (compared to the year ended December 31, 2018)
Consolidated silver production during 2019 was 4,018,735 ounces (oz), a decrease of 27% compared to 5,522,068 oz in 2018, and gold production was 38,907 oz, a decrease of 27% compared to 52,967 oz. Plant throughput was 954,886 tonnes at average grades of 149 grams per tonne (gpt) silver and 1.50 gpt gold, a 25% reduction compared to 1,266,831 tonnes grading 156 gpt silver and 1.53 gpt gold in 2018. The 27% lower metal production compared to 2018 was due to the planned reduction of mine output at El Cubo and lower than planned throughput at Bolañitos, offset by production improvements at Guanaceví and initial commercial production from El Compas.

Consolidated Operating Costs

Three months ended December 31, 2019 (compared to the three months ended December 33, 2018)
Direct production costs per tonne in Q4, 2019 increased 21% compared with Q4, 2018 due to lower consolidated throughput driven by the Bolañitos and El Cubo operations, the initial higher cost of the El Compas operation and higher proportional production from Guanaceví mine, which is a higher cost operation.

Consolidated cash costs per oz, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute) increased to $13.63 primarily due to higher operating costs per tonne and lower silver grades. All-in sustaining costs (also a non-IFRS measure) which, compared to Q4, 2018, increased 63% to $23.20 per oz in Q4, 2019. This increase in all-in sustaining costs was a result of higher operating and corporate general and administrative costs, increased exploration at Guanaceví and Bolañitos in the same period offset by lower capital expenditures at the Guanaceví operation in Q4, 2019 compared to Q4, 2018.

Year ended December 31, 2019 (compared to the year ended December 31, 2018)

Direct production costs per tonne in 2019 increased 28% compared to 2018, primarily due to reduced mine output. Higher production costs also included higher power costs due to increased electrical rates, mobilization costs for contractors, severance, the expensing of development expenditures due to the estimated remaining reserve life at El Cubo and the addition of the initial higher cost of the El Compas operation which has been in commercial production since March 2019.

Consolidated cash costs per oz, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute) increased to $12.85 primarily due to higher costs per tonne. All-in sustaining costs (also a non-IFRS measure) which, compared to 2018, increased 37% to $21.19 per oz in 2019. This increase in all-in sustaining costs was a result of higher operating costs, higher general and administrative costs and significant new investment at the Bolañitos operation, offset by lower exploration and capital expenditures at the El Cubo operation and reduced development compared to previous years at Guanaceví.

For the year ended December 31, 2019, direct production costs were $110.09 per tonne compared to the revised guided range of $90-$100 per tonne. The lower throughput and higher costs than planned at Guanaceví and Bolañitos, the reduced output from El Cubo and increased waste mined at El Compas drove the higher consolidated direct costs per tonne than guided.

Consolidated cash costs, net of gold by-product credits, were guided to be $10.00-$11.00 per oz of silver in 2019. For the year ended December 31, 2019, cash costs, net of gold by-product credits, were $12.85 per oz and cash costs expressed on a co-product basis were $14.18 per oz silver and $1,238 per gold oz. The lower than planned throughput resulted in higher than guided costs per tonne and costs per ounce.

All-in sustaining costs (AISC), net of gold by-product credits, in accordance with the World Gold Council standard, were guided to be $17.00-$18.00 per oz of silver produced in 2019 reflecting new investments in sustaining exploration and development programs. For the year ended December 31, 2019 AISC, net of gold by-product credits, was $21.19 higher than guided as costs on a per ounce basis were higher than expected. The Company's sustaining capital expenditures increased from the acquisition of new mobile equipment and general and administration expenses were higher than planned related to increased legal cost and advisory costs.

A Company-wide review of operations at the end of Q1, 2019 identified several deficiencies in the operating performance at each mine-site. As a result, management initiated multiple remedial measures in Q2, 2019 including changes of mine-site management and contractors, changes to shift and contractor supervision, renting used mining equipment and leasing new mining equipment, revising the 2019 mine plans for all four mines, particularly Guanaceví, and reducing the work force.

The goal of these remedial actions was to improve safety, reduce operating costs and generate free cash flow at current metal prices. Management notes that while the remedial actions started to have a positive impact on mine operating performance in Q4, 2019, the full benefit of these initiatives is expected to be realized into 2020. The Company incurred significant one-time expenditures including severance payments and down-payments for new mining equipment which impacted the Company's financial performance in 2019.

GUANACEVÍ OPERATIONS

The Guanaceví operation is currently producing from three underground silver-gold mines along a five kilometre length of the prolific Santa Cruz vein. Guanaceví provides steady employment to over 475 people and engages over 400 contractors. Guanaceví mine production operated below plant capacity due to the operational issues described under "Guanaceví Production Results". The development of two new orebodies, Milache and SCS and the acquisition of the Ocampo concession rights are expected to provide sufficient ore and flexibility to meet the designed capacity of the plant going forward. Initial production at Milache commenced in October 2018 averaging 338 tpd mined in 2019 and reaching 470 tpd in Q4, 2019. The SCS portal was collared in late 2018 with 125 tpd mined in Q4, 2019 with the SCS portal expected to reach full capacity of 200-300 tpd in 2020. The Company successfully drilled the projected extensions of the previously mined Porvenir Cuatro and Porvenir ore bodies onto the Ocampo concessions. The Company mined 37,000 tonnes from the Porvenir Cuatro extension (P4E) and the Porvenir extension (PNE) in 2019.

Production Results for the Three Months and Years Ended December 31, 2019 and 2018

Three Months Ended December 31			GUANACEVÍ	Year Ended December 31		
2019	2018	% Change		2019	2018	% Change
92,323	75,528	22%	Ore tonnes processed	322,988	307,042	5%
252	222	14%	Average silver grade (g/t)	234	222	5%
90.0	89.8	0%	Silver recovery (%)	90.6	89.6	1%
673,559	484,197	39%	Total silver ounces produced	2,202,592	1,963,773	12%
671,051	483,713	39%	Payable silver ounces produced	2,196,475	1,961,788	12%
0.75	0.58	29%	Average gold grade (g/t)	0.65	0.59	10%
91.0	88.0	3%	Gold recovery (%)	90.2	89.7	1%
2,025	1,240	63%	Total gold ounces produced	6,087	5,224	17%
2,027	1,238	64%	Payable gold ounces produced	6,081	5,218	17%
835,559	583,397	43%	Silver equivalent ounces produced(1)	2,689,552	2,355,573	14%
13.54	19.38	(30%)	Cash costs per silver ounce(2)(3)	15.87	17.57	(10%)
16.83	27.24	(38%)	Total production costs per ounce(2)(4)	22.15	29.42	(25%)
19.48	27.49	(29%)	All in sustaining cost per ounce (2)(5)	22.86	27.01	(15%)
131.56	144.57	(9%)	Direct production costs per tonne(2)(6)	135.14	133.78	1%
14.32	18.51	(23%)	Silver co-product cash costs(7)	15.97	17.21	(7%)
1,236	1,579	(22%)	Gold co-product cash costs(7)	1,394	1,393	0%

(1) Silver equivalents are calculated using an 80:1 ratio. 2018 Silver equivalents have been restated from 75:1 to 80:1 for comparative purposes.

(2) The Company reports non-IFRS measures which include cash costs net of by-product on a payable silver basis, total production costs per ounce, all-in sustaining costs per ounce 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 per payable silver ounce include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead, net of gold credits. See Reconciliation to IFRS on pages 23 & 24.

(4) Total production costs per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, amortization, depletion and amortization at the operation sites. See Reconciliation to IFRS on pages 23 & 24.

(5) All-in sustaining cost per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, corporate general and administration, on-site exploration, share-based compensation, reclamation and sustaining capital net of gold credits. See Reconciliation to IFRS on pages 24 & 25.

(6) Direct production costs per tonne include mining, processing (including smelting, refining, transportation and selling costs) and direct overhead at the operation sites. See Reconciliation to IFRS on pages 23 & 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 & 27.

Guanaceví Production Results

Management originally guided 2019 production at Guanaceví to range from 2.5 to 2.9 million oz silver and 6,200 to 6,800 oz gold. In 2019, Guanaceví faced significant operational challenges requiring management to revise guidance. The planned production from Porvenir Norte was narrower vein and lower grade than planned, resulting in lower production from this area. Additionally, development of the SCS advanced more slowly than anticipated which also reduced planned output for 2019.

Management revised guided 2019 production at Guanaceví to range from 2.2 to 2.5 million oz silver and 5,500 to 6,000 oz gold. Silver production attained the low range of revised 2019 guidance and gold production exceeded the high range of the revised guidance by 1%.

Three months ended December 31, 2019 (compared to the three months ended December 31, 2018)
Silver production at the Guanaceví mine during Q4, 2019 was 673,559 oz, an increase of 39% compared to 484,197 oz in Q4, 2018, and gold production was 2,025 oz, an increase of 63% compared to 1,240 oz in Q4, 2018. Plant throughput was 92,323 tonnes at average grades of 252 gpt silver and 0.75 gpt gold, compared to 75,528 tonnes grading 222 gpt silver and 0.58 gpt gold in Q4, 2018. Production increased compared to Q4, 2018 primarily due to higher throughput and higher ore grades. Throughput and ore grades increased as a result of the operational changes and increased access to the higher grade ores in the Milache, SCS and Porvenir Cuatro Extension (P4E) orebodies replaced production from the lower grade Porvenir Norte and Santa Cruz orebodies, which are now closed.

Fourth quarter throughput and grades were the highest for the year as the operating improvements implemented in Q2 2019 started to deliver results. Mine development of the Milache and P4E orebodies were on plan but development of the SCS orebody continued to lag behind plan.

Year ended December 31, 2019 (compared to the year ended December 31, 2018)
Silver production at the Guanaceví mine for year ended December 31, 2019 was 2,202,592 oz, an increase of 12% compared to 1,963,773 oz in 2018, and gold production was 6,087 oz, an increase of 17% compared to 5,224 oz. Plant throughput was 322,988 tonnes at average grades of 234 gpt silver and 0.65 gpt gold, compared to 307,042 tonnes grading 222 gpt silver and 0.59 gpt gold for 2018.

The mine production rate at the Milache ore body increased to 434 tpd during the H2, 2019, while the production from SCS orebody increased in the fourth quarter. During 2019 planned production from Porvenir Norte was narrower and lower grade compared to plan and the development of the SCS advanced slower than anticipated, resulting in lower production than planned from these areas. The acquisition of the Ocampo concession rights provided access to high grade P4E ore which offset lower output than planned at SCS and displaced the higher cost production at Santa Cruz and Porvenir North.

Guanaceví Operating Costs

Three months ended December 31, 2019 (compared to the three months ended December 31, 2018)
Direct production costs per tonne for the three months ended December 31, 2019 fell 9% compared with the same period in 2018, as a result of the improved mine output offset by higher contractor costs, royalties paid to Ocampo E and costs of exploration ramps into the P4E ore body. Cash costs per oz, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute) were 30% lower due to the lower cost per tonne, higher metal grades and higher gold credit. Similarly, all-in sustaining costs (also a non-IFRS measure) which, compared to the same period in 2018, fell 29% to $19.48 per oz for the three months ended December 31, 2019. The decrease in cash costs translated into lower all in sustaining costs, while lower capital expenditures were offset by the higher allocation of general and administration expenses and higher site exploration costs compared to the same period in 2018.

Year ended December 31, 2019 (compared to the year ended December 31, 2018)
Direct production costs per tonne for the year ended December 31, 2019 rose 1% compared with 2018, as a result of more investment into training, higher severance, higher power costs and additional pumping costs. The higher costs per tonne, was offset by higher grade ore, resulting in a 10% decrease in cash costs per oz, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute). All-in sustaining costs (also a non-IFRS measure) which, compared to 2018, decreased 15% to $22.86 per oz for the year ended December 31, 2019. The decrease in all-in sustaining costs per ounce is primarily due to lower capital expenditures offset by higher general and administration expenses. In 2018, the Company began development of the Milache ore body, which came into initial production in Q4, 2018.

On July 5, 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 has 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. In 2019, the Company paid a 9% royalty based on then current prices.

The El Porvenir concession sits adjacent to the Porvenir Norte mine and covers 15 hectares including the projected extension of the Porvenir Norte orebody. The Company 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. Previously estimated resources remain available for development and production at higher silver prices.

The El Curso property lies adjacent to the now closed Porvenir Cuatro mine and covers 40 hectares including the northwest extension of the Porvenir Cuatro orebody. Porvenir Cuatro was previously Guanaceví's highest grade mine in the district where mining ended in 2018 at the boundary with the El Curso property. The current mine access ramp from Porvenir Cuatro to Milache crosses the entire El Curso property and provides existing underground access and infrastructure to facilitate the exploration, development and production of El Curso. During Q3, 2019, equipment and personnel were allocated to commence mining of the Porvenir Norte extension (PNE) and exploration of the Porvenir Cuatro extension (P4E), which slowed the development of SCS ore body.

BOLAÑITOS OPERATIONS

The Bolañitos operation encompasses three underground silver-gold mines and a flotation plant. Bolañitos provides steady employment for over 330 people and engages over 180 contractors.

Production Results for the Years Ended December 31, 2019 and 2018

Three Months Ended December 31			BOLAÑITOS	Year Ended December 31		
2019	2018	% Change		2019	2018	% Change
82,147	105,768	(22%)	Ore tonnes processed	316,708	439,005	(28%)
51	82	(38%)	Average silver grade (g/t)	73	86	(15%)
81.6	84.4	(3%)	Silver recovery (%)	84.1	80.4	5%
109,963	235,326	(53%)	Total silver ounces produced	624,942	975,555	(36%)
103,348	228,184	(55%)	Payable silver ounces produced	603,903	946,995	(36%)
1.81	1.77	2%	Average gold grade (g/t)	1.69	1.79	(6%)
85.5	85.8	(0%)	Gold recovery (%)	85.9	83.6	3%
4,088	5,166	(21%)	Total gold ounces produced	14,779	21,127	(30%)
4,008	5,037	(20%)	Payable gold ounces produced	14,380	20,621	(30%)
437,003	648,606	(33%)	Silver equivalent ounces produced(1)	1,807,262	2,560,080	(29%)
4.82	2.59	86%	Cash costs per silver ounce(2)(3)	6.72	2.14	214%
14.44	2.25	542%	Total production costs per ounce(2)(4)	12.78	3.08	315%
38.38	5.12	650%	All in sustaining cost per ounce (2)(5)	25.11	9.00	179%
80.66	66.43	21%	Direct production costs per tonne(2)(6)	77.88	64.20	21%
14.31	10.39	38%	Silver co-product cash costs(7)	12.88	10.49	23%
1236	887	39%	Gold co-product cash costs(7)	1124	849	32%

(1) Silver equivalents are calculated using an 80:1 ratio. 2018 Silver equivalents have been restated from 75:1 to 80:1 for comparative purposes.

(2) The Company reports non-IFRS measures which include cash costs net of by-products on a payable silver basis, total production costs per ounce, all-in sustaining costs per ounce 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, September 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 per payable silver ounce include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead, net of gold credits. See Reconciliation to IFRS on pages 23 & 24.

(4) Total production costs per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, amortization, depletion and amortization at the operation sites. See Reconciliation to IFRS on pages 23 & 24.

(5) All-in sustaining cost per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, corporate general and administration, on-site exploration, share-based compensation, reclamation and sustaining capital net of gold credits. See Reconciliation to IFRS on pages 24 & 25.

(6) Direct production costs per tonne include mining, processing (including smelting, refining, transportation and selling costs) and direct overhead at the operation sites. See Reconciliation to IFRS on pages 23 & 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 & 27.

Bolañitos Production Results

Management originally guided 2019 production at Bolañitos to range from 0.8 to 1.0 million oz silver and 19,500 to 21,500 oz gold. In 2019, Bolañitos mine output declined year-on-year because the mine plan had to be re-sequenced to allow for blending of high and low arsenic ores, equipment availability issues and delayed mine development which resulted in lack of access to ore.

As a result of these issues management revised guidance and guided 2019 production at Bolañitos to range from 0.7 to 0.9 million oz silver and 15,000 to 17,000 oz gold. Silver and gold production did not meet revised 2019 guidance, missing by 11% and 1%, respectively.

Three months ended December 31, 2019 (compared to the three months ended December 31, 2018)
Silver production at the Bolañitos mine was 109,963 oz in Q4, 2019, a decrease of 53% compared to 235,326 oz in Q4, 2018, and gold production was 4,088 oz in Q4, 2019, a decrease of 21% compared to 5,166 oz in Q4, 2018. Plant throughput in Q4, 2019 was 82,147 tonnes at average grades of 51 gpt silver and 1.81 gpt gold, compared to 105,768 tonnes grading 82 gpt silver and 1.77 gpt gold in Q4, 2018. The mine output was lower due to the mine plan being re-sequenced to allow blending of low arsenic ore with higher arsenic ore resulting in a lack of stope access compounded by equipment availability issues. The deeper ore has lower silver grades than estimated.

Year ended December 31, 2019 (compared to the year ended December 31, 2018)
Silver production at the Bolañitos mine was 624,942 oz for 2019, a decrease of 36% compared to 975,555 oz in 2018, and gold production was 14,779 oz for 2019, a decrease of 30% compared to 21,127 oz in 2018. Plant throughput was 316,708 tonnes at average grades of 73 gpt silver and 1.69 gpt gold, compared to 439,005 tonnes grading 86 gpt silver and 1.79 gpt gold for the same period in 2018. The mine output was lower due to the mine plan being re-sequenced to allow sufficient low arsenic ore to be blended with higher arsenic ore resulting in a lack of stope access and compounded by delayed mine development and equipment availability issues.

Management expects the mining rates to increase to historical levels during 2020.

Bolañitos Operating Costs

Three months ended December 31, 2019 (compared to the three months ended December 31, 2018)
Direct production costs per tonne in Q4, 2019 increased 21% to $80.66 per tonne due to decreased mine output, and increased labour costs. The higher cost per tonne was compounded by lower silver grades resulting in lower metal production and higher cash costs per ounce, net of by-product credits (which is a non-IFRS measure and a standard of the Silver Institute), of $4.82 per oz of payable silver in Q4, 2019 compared to $2.59 per oz in Q4, 2018. The Company invested significantly in new mine equipment to improve fleet operating costs, equipment availability and increase development in Q4, 2019. As a result, all-in sustaining costs (also a non-IFRS measure) increased in Q4, 2019 to $38.38 per oz due to the higher operating costs and capital investments.

Year ended December 31, 2019 (compared to the year ended December 31, 2018)
Direct production costs per tonne for 2019 increased 21% to $77.88 per tonne primarily due to the decreased mine output. The higher cost per tonne was compounded by lower ore grades resulting in lower metal production and higher cash costs per ounce, net of by-product credits (which is a non-IFRS measure and a standard of the Silver Institute), of $6.72 per oz of payable silver for 2019 compared to $2.14 per oz in 2018. The Company invested significantly in new mine equipment to improve fleet operating costs and equipment availability and increased development specifically at the LL-Asuncion and Plateros ore bodies to extend the life of the operations. As a result, all-in sustaining costs (also a non-IFRS measure) increased in 2019 to $25.11 per oz attributed to the higher operating costs and capital investments.

EL CUBO OPERATIONS

The El Cubo operation included two operating underground silver-gold mines and a flotation plant. El Cubo employed over 350 people and engaged over 200 contractors until the suspension of operations at the end of November 2019 as the 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.

2019 suspension costs are $4.6 million, the bulk of which is for final severance payments for most of the employees. Company management and contract personnel continue to maintain the security of the mine, plant and tailings facilities. Management is evaluating alternatives for the plant and related facilities including moving certain components to other mines or development projects such as Terronera and Parral to reduce their future capital costs. The mining equipment will be relocated to Endeavour's other operating mines, particularly Bolañitos, to contribute to increasing mine output to maximize plant capacities.

Production Results for the Three Months and Years Ended December 31, 2019 and 2018

Three Months Ended December 31			EL CUBO	Year Ended December 31		
2019	2018	% Change		2019	2018	% Change
39,206	127,740	(69%)	Ore tonnes processed	245,418	520,784	(53%)
106	181	(41%)	Average silver grade (g/t)	155	176	(12%)
91.7	89.7	2%	Silver recovery (%)	88.9	87.6	1%
122,471	666,982	(82%)	Total silver ounces produced	1,086,824	2,582,740	(58%)
117,200	647,359	(82%)	Payable silver ounces produced	1,051,302	2,508,850	(58%)
1.16	1.93	(40%)	Average gold grade (g/t)	1.54	1.87	(18%)
79.8	84.7	(6%)	Gold recovery (%)	86.1	85.0	1%
1,167	6,711	(83%)	Total gold ounces produced	10,464	26,616	(61%)
1,169	6,546	(82%)	Payable gold ounces produced	10,200	25,987	(61%)
215,831	1,203,862	(82%)	Silver equivalent ounces produced(1)	1,923,944	4,578,940	(58%)
22.67	3.97	471%	Cash costs per silver ounce(2)(3)	12.02	2.87	319%
37.44	8.89	321%	Total production costs per ounce(2)(4)	18.69	8.68	115%
24.41	7.48	226%	All in sustaining cost per ounce (2)(5)	14.85	8.86	68%
112.48	85.77	31%	Direct production costs per tonne(2)(6)	109.11	77.00	42%
19.75	8.84	123%	Silver co-product cash costs(7)	13.39	8.46	58%
1,706	754	126%	Gold co-product cash costs(7)	1,169	685	71%

(1) Silver equivalents are calculated using an 80:1 ratio. 2018 Silver equivalents have been restated from 75:1 to 80:1 for comparative purposes.

(2) The Company reports non-IFRS measures which include cash costs net of by-products on a payable silver basis, total production costs per ounce, all-in sustaining costs per ounce 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-products per payable silver ounce include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead, net of gold credits. See Reconciliation to IFRS on pages 23 & 24.

(4) Total production costs per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, amortization, depletion and amortization at the operation sites. See Reconciliation to IFRS on page 23 & 24.

(5) All-in sustaining cost per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, corporate general and administration, on-site exploration, share-based compensation, reclamation and sustaining capital net of gold credits. See Reconciliation to IFRS on pages 24 & 25.

(6) Direct production costs per tonne include mining, processing (including smelting, refining, transportation and selling costs) and direct overhead at the operation sites. See Reconciliation to IFRS on pages 23 & 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 & 27.

El Cubo Production Results

Management originally guided 2019 production at El Cubo to range from 1.0 to 1.2 million oz silver and 11,500 to 12,900 oz gold. The mine exceeded plan in H1, 2019, which resulted in management revising guidance to range from 1.2 to 1.3 million oz silver and 12,000 to 13,000 oz gold. Due to the exhaustion of the reserves and the suspension of operations silver and gold production did not meet revised 2019 guidance, missing the low range of the guidance by 9% and 13%, respectively.

Three months ended December 31, 2019 (compared to the three months ended December 31, 2018)
Silver production at the El Cubo mine was 122,471 oz in Q4, 2019, a decrease of 82% compared to 666,982 oz in Q4, 2018, and gold production was 1,167 oz in Q4, 2019, a decrease of 83% compared to 6,711 oz in Q4, 2018. Plant throughput in Q4, 2019 was 39,206 tonnes at average grades of 106 gpt silver and 1.16 gpt gold, compared to 127,740 tonnes grading 181 gpt silver and 1.93 gpt gold in Q4, 2018. Mine output dropped due to narrowing vein widths and declining ore grades resulted in the sharp decrease in metal production compared to Q4, 2018 and resulted in management's decision to suspend operations in November.

Year ended December 31, 2019 (compared to the year ended December 31, 2018)
Silver production at the El Cubo mine was 1,086,824 oz for 2019, a decrease of 58% compared to 2,582,740 oz in 2018, and gold production was 10,464 oz for 2019, a decrease of 61% compared to 26,616 oz in 2018. Plant throughput in 2019 was 245,418 tonnes at average grades of 155 gpt silver and 1.54 gpt gold, compared to 520,784 tonnes grading 176 gpt silver and 1.87 gpt gold in 2018.

At El Cubo, exploration in 2018 did not replace the depleted reserves, so the Company reduced the planned production rate in 2019 to approximately half its 1,500 tonne per day capacity. The lower production rate results in higher operating costs. In Q3, 2019, lower than planned mine grades were due to narrower widths and higher dilution of the V-Ascuncion ore body than estimated which continued into Q4, 2019 up until the suspension of operations at the end of November.

El Cubo Operating Costs

Three months ended December 31, 2019 (compared to the three months ended December 31, 2018)
Direct production costs increased to $112.48 per tonne in Q4, 2019 a 31% increase from Q4, 2018 due to reduced mine output as reserves were being exhausted. The reduced output was compounded by lower grade material, resulting in cash costs per ounce, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), increasing in Q4, 2019 to $22.67 per oz of payable silver compared to $3.97 per oz in Q4, 2018. All-in sustaining costs increased to $24.41 per oz in Q4, 2019 compared to $7.48 per oz in Q4, 2018. The higher all-in sustaining costs were a result of the higher operating costs per unit, offset by a lower proportional allocation of general and administration expenses.

Year ended December 31, 2019 (compared to the year ended December 31, 2018)
Direct production costs increased to $109.11 per tonne for 2019 a 42% increase from 2018 due to reduced mine output and development being expensed to current operating expenses due to estimated remaining reserves. Cash costs per ounce, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), increased for 2019 to $12.02 per oz of payable silver compared to $2.87 in 2018. All-in sustaining costs increased to $14.85 per oz in 2019 compared to $8.86 per oz in 2018. The increase of all-in sustaining costs was a result of the higher operating costs per unit offset by reduced capital expenditures.

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 good exploration potential to expand resources and scale up production. There is also potential for the Company to acquire other properties in the area to consolidate resources and exploration targets in the district.

El Compas currently employs over 100 people and engages over 180 contractors and achieved commercial production during Q1, 2019.

As a result of the modified mine plan, plant design and the delay in receiving the explosives permit, the total startup capital expenditures were revised upwards to $11.3 million compared to the previous $10.0 million cost estimated in the El Compas preliminary economic assessment (El Compas PEA). However, the operational benefits of the modified plant design and increased mining rate should improve the overall economics of the project. The Company incurred $17.0 million in capital expenditures to commercial production. Engineering changes to the development of the El Compas project, including the expansion of the tailings facility, additional support infrastructure and buildings and the delay in commercial production increased the cost to develop the El Compas project compared to the El Compas PEA.

Production Results for the Three Months and Years Ended December 31, 2019 and 2018

Three Months Ended December 31			El Compas	Year Ended December 31		
2019	2018	% Change		2019	2018	% Change
22,855	NA	NA	Ore tonnes processed	69,772	NA	NA
65	NA	NA	Average silver grade (g/t)	75	NA	NA
70.2	NA	NA	Silver recovery (%)	62.0	NA	NA
33,518	NA	NA	Total silver ounces produced	104,377	NA	NA
31,941	NA	NA	Payable silver ounces produced	100,243	NA	NA
4.33	NA	NA	Average gold grade (g/t)	4.37	NA	NA
72.2	NA	NA	Gold recovery (%)	77.3	NA	NA
2,298	NA	NA	Total gold ounces produced	7,577	NA	NA
2,193	NA	NA	Payable gold ounces produced	7,342	NA	NA
217,358	NA	NA	Silver equivalent ounces produced(1)	710,537	NA	NA
10.90	NA	NA	Cash costs per silver ounce(2)(3)	(7.74)	NA	NA
52.82	NA	NA	Total production costs per ounce(2)(4)	58.70	NA	NA
47.68	NA	NA	All in sustaining cost per ounce (2)(5)	27.49	NA	NA
160.01	NA	NA	Direct production costs per tonne(2)(6)	143.70	NA	NA
15.76	NA	NA	Silver co-product cash costs(7)	13.09	NA	NA
1,361	NA	NA	Gold co-product cash costs(7)	1,143	NA	NA

(1) Silver equivalents are calculated using an 80:1 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 ounce, all-in sustaining costs per ounce 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-products per payable silver ounce include mining, processing (including smelting, refining, transportation and selling costs), and direct overhead, net of gold credits. See Reconciliation to IFRS on pages 23 & 24.

(4) Total production costs per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, amortization, depletion and amortization at the operation sites. See Reconciliation to IFRS on pages 23 & 24.

(5) All-in sustaining cost per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, corporate general and administration, on-site exploration, share-based compensation, reclamation and sustaining capital net of gold credits. See Reconciliation to IFRS on pages 24 & 25.

(6) Direct production costs per tonne include mining, processing (including smelting, refining, transportation and selling costs) and direct overhead at the operation sites. See Reconciliation to IFRS on pages 23 & 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 & 27.

El Compas has a nominal plant capacity of 250 tonnes per day (tpd) targeting recovery rates of 83% gold and 50% silver. Commercial production was declared March 15, 2019 with plant throughput of 3,790 tonnes at average grades of 61 gpt silver and 3.66 gpt gold during Q1, 2019. Higher mine dilution than plan impacted processed grades which led to replacement of the mining contractor at the end of the first quarter.

El Compas Production Results

Management guided 2019 production at El Compas to be 0.1 million oz silver and range from 7,000 to 8,000 oz gold. Despite El Compas commercial production being achieved slightly later than expected production met 2019 guidance.

Three months ended December 31, 2019

Silver production at the El Compas mine was 33,518 oz and gold production was 2,298 oz in Q4, 2019. Plant throughput in Q4, 2019 was 22,855 tonnes at average grades of 65 gpt silver and 4.33 gpt gold. At El Compas, production has no prior year for comparison but decreased compared to Q3, 2019 primarily due to lower grades, partly offset by slightly higher throughput. The grade variation reflects different parts of the Orito orebody. In Q4, 2019, throughput was on plan, however silver and gold production were below plan. During the first three quarters of commercial production, throughput was 95% of plan, while gold grades exceeded plan by 7% and silver grades were below plan by 10%. Silver recoveries over this period exceeded plan by 8%, while gold recoveries fell short of plan by 3%. Final refining settlements on Q3 concentrate production resulted in lower gold contained than estimated. These adjustments are recognized in Q4 production results and impact reported recoveries. Going forward recoveries are expected to be higher than 80%.

Year ended December 30, 2019

Silver production at the El Compas mine was 104,377 oz and gold production was 7,577 oz from the declaration of commercial production on March 15, 2019 to year end. Plant throughput was 69,772 tonnes at average grades of 75 gpt silver and 4.37 gpt gold. Since commercial production throughput has attained planned levels, gold grades exceeded plan and silver grades were below plan.

El Compas Operating Costs

Three months ended December 31, 2019

Direct production costs were $160.01 per tonne in Q4, 2019, the third full quarter of production, a significant increase from previous two operating quarters, as a significant increase in waste tonnes were handled. As a result, cash costs, (a standard of the Silver Institute) increased to $10.90 per oz of payable silver in Q4, 2019. Similarly, all-in sustaining costs spiked to $47.68 per oz in Q4, 2019, due to the higher operating costs and increase in exploration and development activities.

Year ended December 31, 2019

Direct production costs were $143.70 per tonne from the declaration of commercial production on March 15, 2019 to December 31, 2019. Cash costs, (a standard of the Silver Institute) were negative $7.74 per oz of payable silver to December 31, 2019 in line with estimates due to higher gold grades. All-in sustaining costs of $27.49 per oz in 2019 were higher than expected due to the higher general and administration costs allocated to the operation than estimated.

The cost metrics are expected to improve in 2020 as the Company has reduced contractors on site and implemented improved processes to reduce the movement of waste tonnes.

DEVELOPMENT ACTIVITIES

Terronera Project

The Terronera project features a newly discovered high-grade silver-gold mineralized zone 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 May 2019, the Company updated its NI 43-101 Mineral Resource and Reserve Estimates and updated the 2018 Pre-Feasibility Study ("2018 Terronera PFS") for the Terronera mine project located 40 kilometres northeast of Puerto Vallarta in the state of Jalisco, Mexico.

In August 2018, the Company completed an updated Pre-Feasibility Study ("2018 Terronera PFS"), including an updated Mineral Resource and Reserve Estimate. The updated Terronera Mineral Resource and Reserve Estimates that formed the basis for the updated 2018 PFS reflected significantly higher tonnes and grades.

There are a number of recommended activities the Company completed in order to further optimize the project and improve the economics, including:

- Received final permits to develop the Terronera project
- Continued exploration drilling on the Terronera vein and other nearby veins to expand resources and extend mine life, incorporating 2018 drill results into update Mineral Reserves and Resources upgrading 850,000 tonnes of inferred resources to reserves that extend the mine life.
- Continued investigating crushing alternatives to provide the lowest cost energy requirement
- Optimizing the grinding circuits to produce an increased particle size
- Continued evaluation of power alternatives to reduce capital costs

The Company plans to complete a final optimized prefeasibility study for Terronera in Q1, 2020 and arrange appropriate funding for development of the project. Management continues to evaluate its debt financing alternatives, but no commitments have been received as yet. The Company may also consider whether or not to proceed to a full feasibility study in order to reduce the cost of capital for the project. Following the completion of the updated pre-feasibility study and board approval, management will release a revised program and budget for the project.

EXPLORATION RESULTS

In 2020, the Company initially planned to drill 30,000 metres incurring $9.8 million on brownfields and greenfields exploration and development engineering across its portfolio of properties. At the four existing mines, 18,500 metres of core drilling were planned at a cost of $3.1 million. For the exploration and development projects, expenditures of $5.7 million were planned to fund 11,500 metres of core drilling and advance engineering studies at Terronera and Parral and drilling of three new projects in Chile. Another $1 million will be allocated to projects on an as-needed basis during the year.

In 2019, the Company incurred exploration expenditures of $11.2 million, $0.6 million of stock-based compensation and $0.2 million in depreciation for $12.0 million exploration expense.

At Guanaceví, a total of 32 underground drill holes were completed which intersected high grades over mineable widths to extend the three orebodies outside of the previous resources. Additionally, as discussed on page 11 the Company acquired a 10 year right to explore and exploit on two properties adjacent to previous mines from Ocampo. Drilling of the El Curso concession commenced late in Q3, 2019 intersecting the mineralized vein, an extension of the historical Porvenir Cuatro ore body.

At Bolañitos, a total of 54 holes were drilled testing extensions of current ore bodies. Drilling intersected high grades over mineable widths in the Plateros, San Miguel and Bolañitos Norte veins which are expected to extend the mine life. The recently discovered San Miguel vein, which is interpreted to be a northern splay of the Bolañitos vein is included in the 2020 mine plan.

At El Cubo, four drill holes were completed intersecting narrow, high grade mineralization to extend the V-Asuncion orebody, however the results were not sufficient to warrant further drilling prior to the suspension of operations.

At El Compas, the Company drilled 8 holes in Q4, 2019 drilling a west extension of the Compas vein. The drilling intersecting mineralized vein with ongoing interpretation and further drilling planned in 2020.

At Terronera, the Company incurred $3.7 million on permitting, engineering studies, project evaluation, regional mapping and sampling which were included in exploration expenditures. See Development Activities on page 16 for further discussion.

At Parral, a total of 39 holes were drilled totaling 7.4 kilometres. Drilling focused on the Sierra Plata area of the Veta Colorada vein, intersecting significant mineralized zones and upgrading resources from inferred to indicated categories. The Company commissioned an engineering firm to conduct a preliminary economic assessment (Parral PEA) for an initial small scale development of the project. Parral was a previously permitted and operating mine until 1990 so the time frame to re-permit mining activities is expected to be significantly reduced. The district has three active small toll mills processing small miner's ores. Engineers will evaluate a first stage, small scale 200 tpd mining and toll milling project which could generate cash flow to help fund a PFS for a Stage 2 larger scale 1,500-2,000 tpd mining operation. The mining of a 2,000 tonne bulk sample is planned for processing at one of the local toll mills to further refine metal recoveries and help evaluate the geotechnical conditions. The Parral PEA is expected be completed in H1, 2020.

In Chile, the Company commenced drill programs on the Cerro Marquez and Paloma projects including 6 holes totalling 2.7 km at Cerro Marquez to test a bulk tonnage copper-gold porphyry target located in the Andes in the north part of Chile. Drill results confirmed a large porphyry system is present and management is reviewing alternatives for the next phase of exploration. In Q4, 2019, the Company drilled the first 3 holes at the Paloma project, a bulk tonnage gold-silver target located in northern Chile. The drill program was suspended in December to allow for more road building, trenching, mapping and sampling of this large and prospective target before drilling resumes in late 2020.

RESERVES AND RESOURCES

Proven and Probable silver Mineral Reserves decreased year on year by 7%, while Proven and Probable gold Mineral Reserves remained unchanged. Mineral Reserves are estimated to be 43.9 million oz silver and 477,000 oz gold. On a silver equivalent basis, Mineral Reserves now total 82.0 million oz using a silver to gold ratio of 80:1. The decreased Mineral Reserves are mainly due to depletion through mining and the suspension of the El Cubo operation, partly offset by the conversion of Mineral Resources at each operation through continued mine development.

Measured and Indicated Mineral Resources for silver increased by 6% to 29.0 million oz and Measured and Indicated Mineral Resources for gold decreased by 22% to 226,500 oz gold. Silver equivalent Measured and Indicated Mineral Resources were down slightly to 47.1 million oz due mainly to reductions at Bolañitos, El Cubo and Compas partly offset by successful exploration at Guanaceví on the newly leased El Porvenir and El Curso properties, where silver equivalent ounces increased 22% year on year.

2019 Mineral Reserve and Resource Estimate Highlights (Compared to December 31, 2018)

- Silver Proven and Probable Mineral Reserves decreased 7% to 43.9 million oz
- Gold Proven and Probable Mineral Reserves remained unchanged at 477,000 oz
- Silver equivalent Proven and Probable Mineral Reserves of 82.0 million oz (80:1 silver:gold ratio)

- Silver Measured and Indicated Mineral Resources increased 6% to 29.0 million oz
- Gold Measured and Indicated Mineral Resources decreased 22% to 226,500 oz
- Silver equivalent Measured and Indicated Mineral Resources of 47.1 million oz

- Silver Inferred Mineral Resources increased 4% to 60.7 million oz
- Gold Inferred Mineral Resources decreased 11% to 287,000 oz
- Silver equivalent Inferred Mineral Resources of 83.7 million oz

Mineral Reserve and Resource estimates are based on pricing assumptions of $16.34 per ounce of silver and $1,279 per ounce of gold at Guanaceví, Bolañitos and El Compas, $17.50 per ounce of silver and $1,275 per ounce of gold at Terronera and $15.00 per ounce of silver and $1,275 per ounce 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 concerning Estimates of Mineral Reserves and Measured, Indicated and Inferred Mineral Resources”.

CONSOLIDATED FINANCIAL RESULTS

Three months ended December 31, 2019 (compared to the three months ended December 31, 2018)

In Q4, 2019, the Company’s mine operating loss was $3.8 million (Q4, 2018: mine operating earnings $0.4 million) on sales of $34.6 million (Q4, 2018: $33.8 million) with cost of sales of $38.4 million (Q4, 2018: $33.4 million).

In Q4, 2019, the Company had an operating loss of $14.7 million (Q4, 2018: $3.4 million) after exploration costs of $4.7 million (Q4, 2018: $2.0 million) and general and administrative costs of $2.6 million (Q4, 2018: $1.8 million) and a severance expense of $3.5 million related to the suspension of operations at El Cubo.

The loss before taxes for Q4, 2019 was $13.5 million (Q4, 2018: $4.7 million) after finance costs of $0.2 million (Q4, 2018: $0.1 million) and a foreign exchange gain of $0.8 million (Q4, 2018: foreign exchange loss of $1.1 million). The Q4, 2019 loss included $0.7 million of investment and other income (Q4, 2018: $0.6 million) and a write-off of IVA receivable of $0.1 million (Q4, 2019: $0.2 million). The Company realized a net loss for the period of $17.9 million (Q4, 2018: $3.6 million) after an income tax expense of $4.4 million (Q4, 2018: income tax recovery of $1.1 million).

Sales of $34.6 million in Q4, 2019 represented a 2% increase over the $33.8 million for the same period in 2018. There was a 17% decrease in silver ounces sold and a 17% increase in the realized silver price resulting in relatively flat silver sales. There was a 9% decrease in gold ounces sold with a 19% increase in realized gold prices resulting in a 9% increase in gold sales. During the period, the Company sold 1,050,157 oz silver and 10,803 oz gold, for realized prices of $17.45 and $1,507 per oz respectively, compared to sales of 1,264,340 oz silver and 11,819 oz gold, for realized prices of $14.88 and $1,270 per oz, respectively, in the same period of 2018. The realized prices of silver and gold was within 2% of average silver and gold spot prices during the period of $17.32 and $1,481, with the differences due to the timing of sales and the mark-to-market adjustments for the concentrate sales that are pending finalization.

The Company decreased its finished goods silver and gold inventory to 95,028 oz and 587 oz, respectively at December 31, 2019 compared to 221,664 oz silver and 1,992 oz gold at September 30, 2019. The cost allocated to these finished goods was $2.3 million at December 31, 2019, compared to $6.2 million at September 30, 2019. At December 31, 2019, the finished goods inventory fair market value was $2.6 million, compared to $6.7 million at September 30, 2019.

Cost of sales for Q4, 2019 was $38.4 million, an increase of 15% over the cost of sales of $33.4 million for the same period of 2018. The 15% increase in cost of sales was primarily related to the 21% increased cost per tonne during the quarter offset by of cost cutting and efficiency measures implemented during 2019.

Exploration expenses increased in Q4, 2019 to $4.7 million from $2.0 million for the same period of 2018 primarily due to drilling activities undertaken in Q4 2019 at the Company's exploration properties in Chile and costs for engineering and evaluation studies at the Terronera and Parral projects. General and administrative expenses increased to $2.6 million in Q4, 2019 compared to $1.8 million for the same period of 2018, primarily due to mark-to-market fluctuations for director's deferred share units and increased legal consultation costs.

The Company experienced a foreign exchange gain of $0.8 million in Q4, 2019 compared to a foreign exchange loss of $1.1 million in Q4, 2018 due to a slight strengthening of both the Canadian Dollar and Mexican Peso and recognized $0.7 million in investment and other income, primarily from interest earned on IVA received.

There was an income tax expense of $4.4 million in Q4, 2019 compared to a recovery of $1.1 million in Q4, 2018. The $4.4 million tax expense is comprised of $1.3 million in current income tax expense (Q4, 2018: $1.5 million) and $3.1 million in deferred income tax (Q4, 2018: $2.6 million deferred income tax recovery). The deferred income tax expense of $3.1 million is primarily due to the de-recognition of the loss carry forwards in the period.

Year ended December 31, 2019 (compared to the year ended December 31, 2018)

For the year ended December 31, 2019, the Company's mine operating loss was $17.4 million (2018: mine operating earnings of $3.5 million) on sales of $121.7 million (2018: $150.5 million) with cost of sales of $139.1 million (2018: $147.0 million).

The Company had an operating loss of $44.0 million (2018: $17.5 million) after exploration costs of $12.0 million (2018: $12.4 million), general and administrative costs of $10.0 million (2018: $8.6 million) and severance costs of $4.6 million related to the suspension of operations at El Cubo (2018: Nil).

The loss before taxes was $44.0 million (2018: $17.7 million) after finance costs of $0.6 million (2018: $0.2 million), a foreign exchange gain of $0.1 million (2018: foreign exchange loss of $0.1 million), investment and other income of $0.6 million (2018: $0.9 million) and a write off of IVA receivable of $0.1 million (2018: $0.2 million). The Company realized a net loss for the period of $48.1 million (2018: $12.4 million) after an income tax expense of $4.1 million (2018: income tax recovery of $5.3 million).

Sales of $121.7 million for 2019 represented a 19% decrease over the $150.5 million in 2018. There was a 26% decrease in silver ounces sold and a 4% increase in the realized silver price resulting in a 23% decrease in silver sales. There was a 24% decrease in gold ounces sold with a 12% increase in realized gold prices resulting in a 14% decrease in gold sales. During the period, the Company sold 4,054,652 oz silver and 39,151 oz gold, for realized prices of $16.29 and $1,422 per oz respectively, compared to sales of 5,461,197 oz silver and 51,318 oz gold, for realized prices of $15.65 and $1,267 per oz, respectively, in 2018. The realized price of silver was within 1% and gold was within 2% of average silver and gold spot prices during the period of $16.20 and $1,393, with the differences due to the timing of sales and the mark-to-market adjustments for the concentrate sales that are pending finalization.

The Company decreased its finished goods silver and gold inventory to 95,028 oz and 587 oz, respectively at December 31, 2019 compared to 199,897 oz silver and 1,956 oz gold at December 31, 2018. The cost allocated to these finished goods was $2.3 million at December 31, 2019, compared to $4.4 million at December 31, 2018. At December 31, 2019, the finished goods inventory fair market value was $2.6 million, compared to the fair value of $5.6 million at December 31, 2018.

Cost of sales for 2019 was $139.1 million, a decrease of 5% over the cost of sales of $147.0 million for 2018. The 5% decrease in cost of sales is a result of lower consolidated production and sales offset by higher power costs as a result of higher electrical rates, mobilization costs for contractors, severance and the expensing of development expenditures due to the estimated remaining reserve life at El Cubo.

Exploration expenses decreased to $12.0 million from $12.4 million in 2018, due to a slight reduction in planned drilling activities for 2019. General and administrative expenses increased by 16% to $10.0 million compared to $8.6 million for 2018, primarily due to mark-to-market fluctuations for director's deferred share units, higher share-based compensation and depreciation and increased legal consultation costs. The Company also recognized $4.6 million in severance costs at the El Cubo mine for layoffs due to the reduced activity in 2019 and the suspension of mining operations in November 2019. Other income was $0.6 million compared to $0.9 million in 2018, with the difference primarily due to $0.4 million in costs recognized at El Compas for costs incurred during the pre-commercial production period that were not directly attributable to testing of the plant and higher interest income during 2018.

The Company experienced a foreign exchange gain of $0.1 million for 2019 compared to a loss of $0.1 million for 2018 due to a slight weakening of both the Canadian Dollar and Mexican Peso.

There is an income tax expense of $4.1 million compared to income tax recovery of $5.3 million in 2018. The $4.1 million tax expense is comprised of $2.7 million in current income tax expense (2018: $4.4 million) and $1.4 million in deferred income tax expense (2018: deferred income tax recovery of $9.7 million). The deferred income tax expense of $1.4 million is due to the de-recognition of loss carry forwards during the year.

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.

In previous years, the carrying values of certain CGUs, including associated deferred income tax estimates, were greater than their estimated recoverable amounts calculated on a discount cash flow basis and impairments charges were recorded.

For the previously impaired CGUs any modest decrease in any one key assumption in isolation could cause the estimated recoverable amount to be less than or equal to the net carrying value. Other than timing of production based on the revised mine plans and associated changes in per-unit costs, Management's long-term estimates have not significantly changed from the previous years.

As at December 31, 2019, the Company tested the recoverability of the Guanaceví CGU due to 2019 operational challenges and the El Compas CGU due to increased capital and operating costs than initially projected. The Company determined that no impairment was required for either CGU.

SELECTED ANNUAL INFORMATION

Expressed in thousands US dollars except per share amounts	Year ended December 31 2019	2018	2017
Revenue	$121,724	$150,509	$150,499
Net earnings (loss)	(48,066)	(12,439)	9,684
Basic earnings (loss) per share	(0.36)	(0.10)	0.08
Diluted earnings (loss) per share	(0.36)	(0.10)	0.08
Dividends per share	-	-	-
Total assets	163,713	177,047	178,580
Total long-term liabilities	16,076	8,747	9,810

NON-IFRS MEASURES

Mine operating cash flow 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		Year Ended December 31	
	2019	2018	2019	2018
Mine operating earnings (loss)	($3,791)	$397	($17,361)	$3,508
Share-based compensation	37	-	195	(93)
Amortization and depletion	8,055	6,110	31,495	38,412
Write down of inventory to net realizable value	576	2,026	576	2,026
Mine operating cash flow before taxes	$4,877	$8,533	$14,905	$43,853

Operating cash flow before working capital adjustment 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 before working capital adjustments is calculated as operating cash flow minus working capital adjustments. Operating cash flow before working capital adjustments is used by management to assess operating performance 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		Year Ended December 31	
	2019	2018	2019	2018
Cash from (used in) operating activities	$4,657	$9,964	($9,578)	$26,648
Net changes in non-cash working capital	12,529	9,907	(684)	4,492
Operating cash flow before working capital adjustments	($7,872)	$57	($8,894)	$22,156

Operating cash flow 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 irrespective of working capital changes and is provided to investors as a measure of the Company's operating performance.

Expressed in thousands US dollars except for share numbers and per share amounts	Three Months Ended December 31 2019	2018	Year Ended December 31 2019	2018
Operating cash flow before working capital adjustments	($7,872)	$57	($8,894)	$22,156
Basic weighted average shares outstanding	140,054,885	130,511,679	135,367,129	128,600,421
Operating cash flow before working capital changes per share	($0.06)	$0.00	($0.07)	$0.17

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 write offs

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		Year Ended December 31	
	2019	2018	2019	2018
Net earnings (loss) for the period	($17,897)	($3,661)	($48,066)	($12,439)
Depreciation and depletion – cost of sales	8,055	6,110	31,495	38,412
Depreciation and depletion – exploration	59	35	238	111
Depreciation and depletion – general & administration	80	72	317	254
Depreciation and depletion – write down of inventory to net realizable value	236	668	236	668
Finance costs	230	51	602	211
Current income tax expense	1,308	1,533	2,702	4,477
Deferred income tax expense (recovery)	3,100	(2,591)	1,360	(9,749)
Earnings (loss)before interest, taxes, depletion and amortization	($4,829)	$2,217	($11,116)	$21,945
Share based compensation	582	532	3,195	2,426
Adjusted earnings (loss) before interest, taxes depletion and amortization	($4,247)	$2,749	($7,921)	$24,371

Cash costs per ounce, total production costs per ounce and direct production 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 are similar to those reported by other mining companies. Cash costs per ounce, production costs per ounce and direct production 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. 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, 2019					Three Months Ended December 30, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Direct production costs per financial statements	$12,366	$7,948	$5,111	$4,102	$29,527	$8,721	$5,526	$10,697	$ -	$24,944
Royalties	726	63	22	124	935	236	36	85	-	357
Special mining duty [1]	-	-	(265)	-	(265)	-	94	237	-	331
Opening finished goods	(2,455)	(1,604)	(458)	(347)	(4,864)	(643)	(87)	(565)	-	(1,295)
Finished goods NRV adjustment	-	-	-	(391)	(391)	1,358	-	-	-	1,358
Closing finished goods	1,509	219	-	169	1,897	1,247	1,457	502	-	3,206
Direct production costs	12,146	6,626	4,410	3,657	26,839	10,919	7,026	10,956	-	28,901
By-product gold sales	(3,281)	(7,312)	(2,085)	(3,604)	(16,282)	(1,422)	(5,189)	(8,402)	-	(15,013)
Opening gold inventory fair market value	658	1,428	332	508	2,926	154	96	620	-	870
Closing gold inventory fair market value	(437)	(244)	-	(213)	(894)	(279)	(1,341)	(604)	-	(2,224)
Cash costs net of by-product	9,086	498	2,657	348	12,589	9,372	592	2,570	-	12,534
Amortization and depletion	2,650	1,235	1,824	1,617	7,326	2,891	(140)	3,358	-	6,109
Share-based compensation	8	10	10	9	37	-	-	-	-	-
Opening finished goods depletion	(699)	(294)	(103)	(277)	(1,373)	(354)	(3)	(361)	-	(718)
NRV cost adjustment	-	-	-	(131)	(131)	668	-	-	-	668
Closing finished goods depletion	252	43	-	121	416	597	64	186	-	847
Total production costs	$11,297	$1,492	$4,388	$1,687	$18,864	$13,174	$513	$5,753	$ -	$19,440

	Three Months Ended December 31, 2019					Three Months Ended December 30, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Throughput tonnes	92,323	82,147	39,206	22,855	236,531	75,528	105,768	127,740	-	309,036
Payable silver ounces	671,051	103,348	117,200	31,941	923,540	483,713	228,184	647,359	-	1,359,256
Cash costs per ounce	$13.54	$4.82	$22.67	$10.90	$13.63	$19.38	$2.59	$3.97	$ -	$9.22
Total production costs per oz	$16.83	$14.44	$37.44	52.82	20.43	$27.24	$2.25	$8.89	-	$14.30
Direct production costs per tonne	$131.56	$80.66	$112.48	$160.01	$113.47	$144.57	$66.43	$85.77	$ -	$93.52

Expressed in thousands US dollars	Year Ended December 31, 2019					Year Ended December 31, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Direct production costs per financial statements	$41,978	$25,723	$27,127	$9,957	$104,785	$40,290	$26,305	$38,408	$ -	$105,003
Royalties	1,410	181	152	291	2,034	1,123	190	340	-	1,653
Special mining duty [1]	-	-	-	-	-	-	615	1,235	-	1,850
Opening finished goods	(1,247)	(1,457)	(502)	-	(3,206)	(2,942)	(385)	(387)	-	(3,714)
Finished goods NRV adjustment	-	-	-	(391)	(391)	1,358	-	-	-	1,358
Closing finished goods	1,509	219	-	169	1,897	1,247	1,457	502	-	3,206
Direct production costs	43,650	24,666	26,777	10,026	105,119	41,076	28,182	40,098	-	109,356
By-product gold sales	(8,638)	(21,703)	(14,740)	(10,589)	(55,670)	(6,962)	(25,495)	(32,572)	-	(65,029)
Opening gold inventory fair market value	279	1,341	604	-	2,224	631	681	278	-	1,590
Closing gold inventory fair market value	(437)	(244)	-	(213)	(894)	(279)	(1,341)	(604)	-	(2,224)
Cash costs net of by-product	34,854	4,060	12,641	(776)	50,779	34,466	2,027	7,200	-	43,693
Amortization and depletion	14,096	3,631	7,146	6,622	31,495	23,117	861	14,434	-	38,412
Share-based compensation	49	49	49	48	195	(31)	(31)	(31)	-	(93)
Opening finished goods depletion	(597)	(64)	(186)	-	(847)	(1,096)	(8)	(8)	-	(1,112)
NRV cost adjustment	-	-	-	(131)	(131)	668	-	-	-	668
Closing finished goods depletion	252	43	-	121	416	597	64	186	-	847
Total production costs	$48,654	$7,719	$19,650	$5,884	$81,907	$57,721	$2,913	$21,781	$ -	$82,415

	Year Ended December 31, 2019					Year Ended December 31, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Throughput tonnes	322,988	316,708	245,418	69,772	954,886	307,042	439,005	520,784	-	1,266,831
Payable silver ounces	2,196,475	603,903	1,051,302	100,243	3,951,923	1,961,788	946,995	2,508,850	-	5,417,633
Cash costs per ounce	$15.87	$6.72	$12.02	($7.74)	$12.85	$17.57	$2.14	$2.87	-	$8.06
Total production costs per oz	$22.15	$12.78	$18.69	$58.70	20.73	$29.42	$3.08	$8.68	-	$15.21
Direct production costs per tonne	$135.14	$77.88	$109.11	$143.70	$110.09	$133.78	$64.20	$77.00	-	$86.32

Expressed in thousands US dollars	Year Ended December 31, 2019					Year Ended December 31, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Closing finished goods	1,509	219	-	169	1,897	1,247	1,457	502	-	3,206
Closing finished goods depletion	252	43	-	121	416	597	64	186	-	847
Finished goods inventory	$1,761	$262	$ -	$290	$2,313	$1,844	$1,521	$688	$ -	$4,053

(1) Special mining duty is an EBITDA royalty tax presented as a current income tax in accordance with IFRS.

All-in sustaining costs per ounce and all-in costs per ounce 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, 2019					Three Months Ended December 30, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Cash costs net of by-product	$9,086	$498	$2,657	$348	$12,589	$9,372	$592	$2,570	-	$12,534
Operations stock based compensation	8	10	10	9	37	-	-	-	-	0
Corporate general and administrative	884	476	270	230	1,860	307	332	632	-	1,271
Corporate stock based compensation	237	113	28	61	439	106	115	218	-	439
Reclamation - amortization/accretion	13	11	25	3	52	10	8	18	-	36
Mine site expensed exploration	312	240	-	200	752	(65)	68	195	-	198
Capital expenditures sustaining	2,533	2,619	(129)	672	5,695	3,568	54	1,208	-	4,830
All In Sustaining Costs	$13,073	$3,967	$2,862	$1,523	$21,424	$13,298	$1,169	$4,841	$-	$19,308
Growth exploration					4,372					1,638
Growth capital expenditures					94					2,811
All In Costs					$25,890					$23,757

	Three Months Ended December 31, 2019					Three Months Ended December 30, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Throughput tonnes	92,323	82,147	39,206	22,855	236,531	75,528	105,768	127,740	-	309,036
Payable silver ounces	671,051	103,348	117,200	31,941	923,540	483,713	228,184	647,359	-	1,359,256
Silver equivalent production (ounces)	835,559	437,003	215,831	217,358	1,705,751	583,397	648,606	1,203,862	-	2,435,865
Sustaining cost per ounce	$19.48	$38.38	$24.41	$47.68	23.20	$27.49	$5.12	$7.48	-	$14.20
All In costs per ounce					28.03					$17.48

Expressed in thousands US dollars	Year Ended December 31, 2019					Year Ended December 31, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Cash costs net of by-product	$34,854	$4,060	$12,641	($776)	$50,779	$34,466	$2,027	$7,200	-	$43,693
Operations stock based compensation	49	49	49	48	195	(31)	(31)	(31)	-	(93)
Corporate general and administrative	2,643	1,776	1,890	698	7,007	1,536	1,670	2,987	-	6,193
Corporate stock based compensation	923	620	660	244	2,447	541	588	1,051	-	2,180
Reclamation - amortization/accretion	53	44	101	10	208	43	32	74	-	149
Mine site expensed exploration	830	820	256	394	2,300	711	741	963	-	2,415
Capital expenditures sustaining	10,864	7,798	10	2,138	20,810	15,717	3,497	9,979	-	29,193
All In Sustaining Costs	$50,216	$15,167	$15,608	$2,756	$83,746	$52,983	$8,524	$22,223	$-	$83,730
Growth exploration					9,463					9,517
Growth capital expenditures					989					11,205
All In Costs					$94,198					$104,452

	Year Ended December 31, 2019					Year Ended December 31, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Throughput tonnes	322,988	316,708	245,418	69,772	954,886	307,042	439,005	520,784	-	1,266,831
Payable silver ounces	2,196,475	603,903	1,051,302	100,243	3,951,923	1,961,788	946,995	2,508,850	-	5,417,633
Silver equivalent production (ounces)	2,689,552	1,807,262	1,923,944	710,537	7,131,295	2,355,573	2,560,080	4,578,940	-	9,494,593
Sustaining cost per ounce	$22.86	$25.11	$14.85	$27.49	$21.19	$27.01	$9.00	$8.86	-	$15.45
All In costs per ounce					$23.84					$19.28

Expressed in thousands US dollars	Three Months Ended December 31		Year Ended December 31	
	2019	2018	2019	2018
Capital expenditures sustaining	$5,695	$4,830	$20,810	$29,193
Growth capital expenditures	94	2,811	989	11,205
Property, plant and equipment expenditures	$5,789	$7,641	$21,799	$40,398

Expressed in thousands US dollars	Three Months Ended December 31		Year Ended December 31	
	2019	2018	2019	2018
Mine site expensed exploration	$752	$198	$2,300	$2,415
Growth exploration	3,818	1,638	8,909	9,517
Exploration expenditures	$4,570	$1,836	$11,209	$11,932
Exploration depreciation and depletion	59	35	238	111
Exploration share-based compensation	107	94	554	340
Exploration expense	$4,736	$1,965	$12,001	$12,383

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, 2019					Three Months Ended December 30, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Direct production costs per financial statements	$12,366	$7,948	$5,111	$4,102	$29,527	$8,721	$5,526	$10,697	$ -	$24,944
Royalties	726	63	22	124	935	236	36	85	-	357
Special mining duty (1)	-	-	(265)	-	(265)	-	94	237	-	331
Opening finished goods	(2,455)	(1,604)	(458)	(347)	(4,864)	(643)	(87)	(565)	-	(1,295)
Finished goods NRV adjustment	-	-	-	(391)	(391)	1,358	-	-	-	1,358
Closing finished goods	1,509	219	-	169	1,897	1,247	1,457	502	-	3,206
Direct production costs	12,146	6,626	4,410	3,657	26,839	10,919	7,026	10,956	-	28,901

	Three Months Ended December 31, 2019					Three Months Ended December 30, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Silver production (ounces)	673,559	109,963	122,471	33,518	939,511	484,197	235,326	666,982	-	1,386,505
Average realized silver price ($)	17.45	17.45	17.45	17.45	17.45	14.88	14.88	14.88	14.88	14.88
Silver value ($)	11,753,605	1,918,854	2,137,119	584,889	16,394,467	7,204,851	3,501,651	9,924,692	-	20,631,194
Gold production (ounces)	2,025	4,088	1,167	2,298	9,578	1,240	5,166	6,711	-	13,117
Average realized gold price ($)	1,507	1,507	1,507	1,507	1,507	1,270	1,270	1,270	1,270	1,270
Gold value ($)	3,051,675	6,160,616	1,758,669	3,463,086	14,434,046	1,574,800	6,560,820	8,522,970	-	16,658,590
Total metal value ($)	14,805,280	8,079,470	3,895,788	4,047,975	30,828,513	8,779,651	10,062,471	18,447,662	-	37,289,784
Pro-rated silver costs	79%	24%	55%	14%	53%	82%	35%	54%	-	55%
Pro-rated gold costs	21%	76%	45%	86%	47%	18%	65%	46%	-	45%
Silver co-product cash costs	$14.32	$14.31	$19.75	$15.76	$15.19	$18.51	$10.39	$8.84	-	$11.53
Gold co-product cash costs	$1,236	$1,236	$1,706	$1,361	$1,312	$1,579	$887	$754	-	$984

Expressed in thousands US dollars	Year Ended December 31, 2019					Year Ended December 31, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Direct production costs per financial statements	$41,978	$25,723	$27,127	$9,957	$104,785	$40,290	$26,305	$38,408	$ -	$105,003
Royalties	1,410	181	152	291	2,034	1,123	190	340	-	1,653
Special mining duty [1]	-	-	-	-	-	-	615	1,235	-	1,850
Opening finished goods	(1,247)	(1,457)	(502)	-	(3,206)	(2,942)	(385)	(387)	-	(3,714)
Finished goods NRV adjustment	-	-	-	(391)	(391)	1,358	-	-	-	1,358
Closing finished goods	1,509	219	-	169	1,897	1,247	1,457	502	-	3,206
Direct production costs	43,650	24,666	26,777	10,026	105,119	41,076	28,182	40,098	-	109,356

	Year Ended December 31, 2019					Year Ended December 31, 2018				
	Guanaceví	Bolañitos	El Cubo	El Compas	Total	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Silver production (ounces)	2,202,592	624,942	1,086,824	104,377	4,018,735	1,963,773	975,555	2,582,740	-	5,522,068
Average realized silver price ($)	16.29	16.29	16.29	16.29	16.29	15.65	15.65	15.65	15.65	15.65
Silver value ($)	35,880,224	10,180,305	17,704,363	1,700,301	65,465,193	30,733,047	15,267,436	40,419,881	-	86,420,364
Gold production (ounces)	6,087	14,779	10,464	7,577	38,907	5,224	21,127	26,616	-	52,967
Average realized gold price ($)	1,422	1,422	1,422	1,422	1,422	1,267	1,267	1,267	1,267	1,267
Gold value ($)	8,655,714	21,015,738	14,879,808	10,774,494	55,325,754	6,618,808	26,767,909	33,722,472	-	67,109,189
Total metal value ($)	44,535,938	31,196,043	32,584,171	12,474,795	120,790,947	37,351,855	42,035,345	74,142,353	-	153,529,553
Pro-rated silver costs	81%	33%	54%	14%	54%	82%	36%	55%	-	56%
Pro-rated gold costs	19%	67%	46%	86%	46%	18%	64%	45%	-	44%
Silver co-product cash costs	$15.97	$12.88	$13.39	$13.09	$14.18	$17.21	$10.49	$8.46	-	$11.15
Gold co-product cash costs	$1,394	$1,124	$1,169	$1,143	$1,238	$1,393	$849	$685	-	$902

(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	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$34,610	$28,589	$29,382	$29,143	$33,833	$37,581	$38,765	$40,330
Direct cost	28,798	22,276	27,304	26,407	24,943	28,378	25,413	26,269
Royalties	935	446	336	317	357	421	177	698
Mine operating cash flow	4,877	5,867	1,742	2,419	8,533	8,782	13,175	13,363
Share-based compensation	37	50	53	55	-	-	(130)	37
Amortization and depletion	8,055	7,531	7,794	8,115	6,110	13,562	8,689	10,051
Write down on inventory	576	-	-	-	2,026	-	-	-
Mine operating earnings (loss)	($3,791)	($1,714)	($6,105)	($5,751)	$397	($4,780)	$4,616	$3,275
Basic earnings (loss) per share	($0.13)	($0.05)	($0.08)	($0.10)	($0.03)	($0.04)	($0.04)	$0.02
Diluted earnings (loss) per share	($0.13)	($0.05)	($0.08)	($0.10)	($0.03)	($0.04)	($0.04)	$0.02
Weighted shares outstanding	140,054,885	137,739,857	132,158,891	131,395,790	130,511,679	128,805,441	127,570,254	127,488,410
Net earnings (loss)	($17,897)	($6,768)	($10,123)	($13,278)	($3,661)	($5,452)	($5,651)	$2,325
Amortization and depletion	8,194	7,194	7,314	7,227	6,217	13,199	7,939	9,837
Finance costs	230	177	103	92	51	62	49	49
Current income tax	1,308	512	184	698	1,533	291	1,965	688
Deferred income tax	3,100	(567)	(823)	(350)	(2,591)	(2,957)	(2,415)	(1,786)
NRV cost adjustment	236	478	644	999	668	458	835	292
EBITDA	($4,829)	$1,026	($2,701)	($4,612)	$2,217	$5,601	$2,722	$11,405

*For Q4, 2019 and Q4, 2018 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.

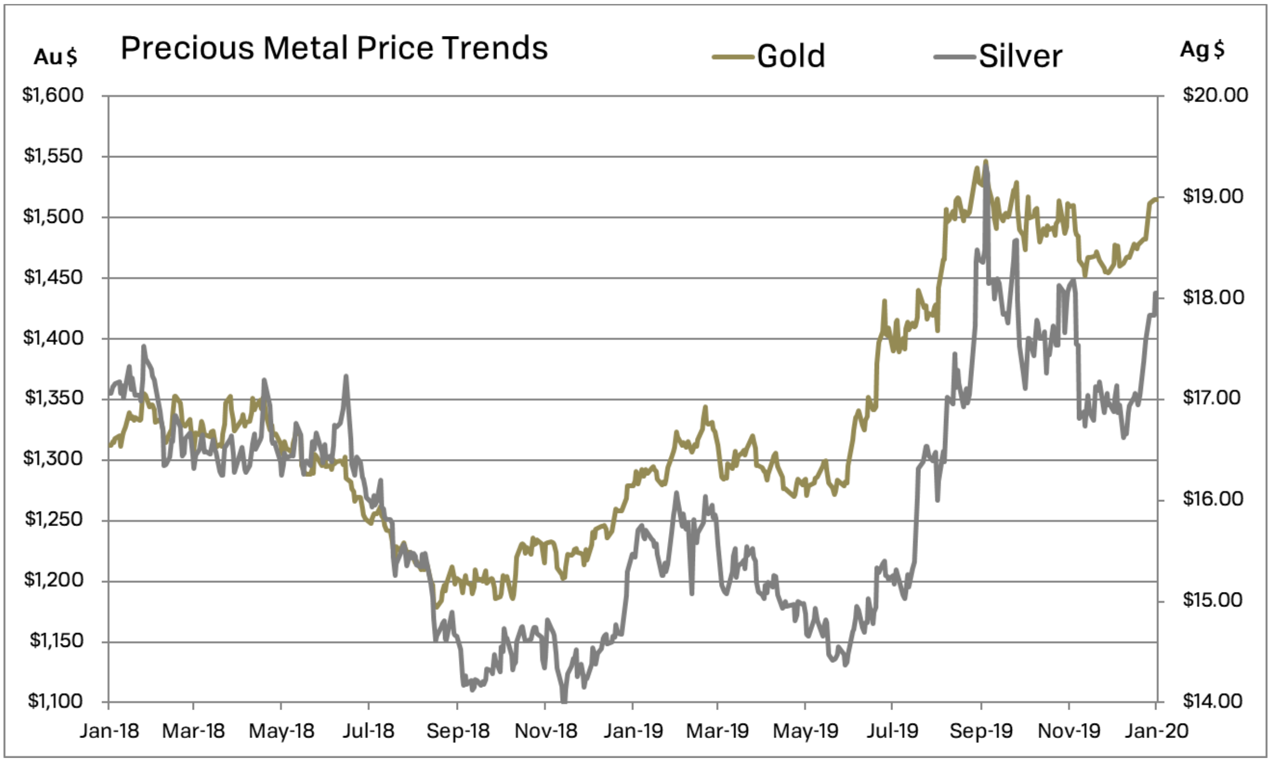
The following table presents selected production information for each of the most recent eight quarters:

Highlights	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Processed tonnes	236,531	234,196	237,640	246,519	309,036	317,821	314,305	325,669
Guanaceví	92,323	78,517	75,591	76,557	75,528	81,268	71,275	78,971
Bolañitos	82,147	71,541	76,386	86,634	105,768	109,728	108,495	115,014
El Cubo	39,206	62,253	64,421	79,538	127,740	126,825	134,535	131,684
El Compas	22,855	21,885	21,242	3,790	-	-	-	-
Silver ounces	939,511	948,547	1,059,322	1,071,355	1,386,505	1,428,828	1,355,895	1,350,840
Guanaceví	673,559	533,923	536,966	458,144	484,197	518,318	464,929	496,329
Bolañitos	109,963	147,078	171,891	196,010	235,326	236,197	248,591	255,441
El Cubo	122,471	223,912	326,458	413,983	666,982	674,313	642,375	599,070
El Compas	33,518	43,634	24,007	3,218	-	-	-	-
Silver grade	140	144	157	154	157	160	156	151
Guanaceví	252	232	242	206	222	218	225	224
Bolañitos	51	77	78	86	82	84	91	86
El Cubo	106	128	178	183	181	188	171	164
El Compas	65	90	72	61	-	-	-	-
Silver recovery	88.3	87.6	88.5	87.7	88.8	87.5	86.2	85.4
Guanaceví	90.0	91.2	91.3	90.4	89.8	91.0	90.2	87.3
Bolañitos	81.6	83.0	89.7	81.8	84.4	79.7	78.3	80.3
El Cubo	91.7	87.4	88.6	88.5	89.7	88.0	86.8	86.3
El Compas	70.2	68.9	48.8	43.3	-	-	-	-
Gold ounces	9,578	9,716	9,558	10,055	13,117	12,968	13,674	13,208
Guanaceví	2,025	1,557	1,367	1,138	1,240	1,114	1,423	1,447
Bolañitos	4,088	3,226	3,035	4,430	5,166	4,832	5,222	5,907
El Cubo	1,167	2,234	2,918	4,145	6,711	7,022	7,029	5,854
El Compas	2,298	2,699	2,238	342	-	-	-	-
Gold grade	1.53	1.49	1.51	1.45	1.55	1.50	1.60	1.49
Guanaceví	0.75	0.67	0.62	0.52	0.58	0.48	0.67	0.64
Bolañitos	1.81	1.62	1.49	1.82	1.77	1.67	1.82	1.91
El Cubo	1.16	1.29	1.63	1.84	1.93	2.00	1.92	1.64
El Compas	4.33	4.56	4.35	3.66	-	-	-	-
Gold recovery	82.2	86.7	83.0	87.4	85.4	84.8	84.5	84.5
Guanaceví	91.0	92.1	90.7	88.9	88.0	88.8	92.7	89.0
Bolañitos	85.5	86.6	82.9	87.4	85.8	82.0	82.3	83.6
El Cubo	79.8	86.5	86.4	88.1	84.7	86.1	84.6	84.3
El Compas	72.2	84.1	75.3	76.8	-	-	-	-
Cash costs per oz	$13.63	$11.51	$13.67	$12.55	$9.22	$8.86	$7.61	$6.50
Guanaceví	$13.54	$12.83	$17.37	$21.06	$19.38	$18.14	$17.46	$15.31
Bolañitos	$4.82	$8.13	$11.56	$2.43	$2.59	$6.22	$2.87	($2.77)
El Cubo	$22.67	$17.67	$9.63	$7.72	$3.97	$2.47	$2.09	$2.93
El Compas	$10.90	($25.37)	($1.52)	($5.59)	-	-	-	-
AISC per oz	$23.20	$21.53	$20.90	$19.37	$14.20	$16.14	$17.28	$14.18
Guanaceví	$19.48	$20.99	$24.94	$27.56	$27.49	$28.75	$29.24	$22.62
Bolañitos	$38.38	$29.90	$22.64	$16.36	$5.12	$14.00	$12.84	$4.20
El Cubo	$24.41	$20.77	$11.47	$11.43	$7.48	$6.96	$10.08	$11.22
El Compas	$47.68	$3.46	$43.62	$18.55	-	-	-	-
Costs per tonne	$113.47	$106.76	$114.40	$105.84	$93.52	$86.33	$86.43	$79.38
Guanaceví	$131.56	$116.20	$148.84	$145.37	$144.57	$131.75	$139.24	$120.63
Bolañitos	$80.66	$81.03	$79.90	$70.87	$66.43	$64.00	$65.74	$60.87
El Cubo	$112.48	$113.44	$107.09	$105.69	$85.77	$76.55	$75.13	$70.81
El Compas	$160.01	$137.99	$138.03	$110.03	-	-	-	-

(1) Total Production Cost per ounce

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, 2019, the average price of silver was $16.20 per ounce, with silver trading between $14.37 and $19.31 per ounce based on the London Fix silver price. This compares to an average of $15.71 per ounce for the year ended December 31, 2018, with a low of $13.97 and a high of $17.52 per ounce. For the year ended December 31, 2019, the Company realized an average price of $16.29 per silver ounce compared with $15.65 for the year ended December 31, 2018.

During the year ended December 31, 2019, the average price of gold was $1,393 per ounce, with gold trading between $1,270 and $1,546 per ounce based on the London Fix PM gold price. This compares to an average of $1,269 per ounce for the year ended December 31, 2018, with a low of $1,178 and a high of $1,355 per ounce. For the year ended December 31, 2019, the Company realized an average price of $1,422 per ounce compared with $1,267 for the year ended December 31, 2018.

During 2018, the average price of silver was $15.71 per ounce, with silver trading between $13.97 and $17.52 per ounce based on the London Fix silver price. This compares to an average of $17.05 per ounce during 2017, with a low of $15.22 and a high of $18.56 per ounce. During 2018, the Company realized an average price of $15.65 per silver ounce compared with $17.24 for 2017.

During 2018, the average price of gold was $1,269 per ounce, with gold trading between $1,178 and $1,355 per ounce based on the London Fix PM gold price. This compares to an average of $1,257 per ounce during 2017, with a low of $1,146 and a high of $1,346 per ounce. During 2018, the Company realized an average price of $1,267 per ounce compared with $1,285 for 2017.

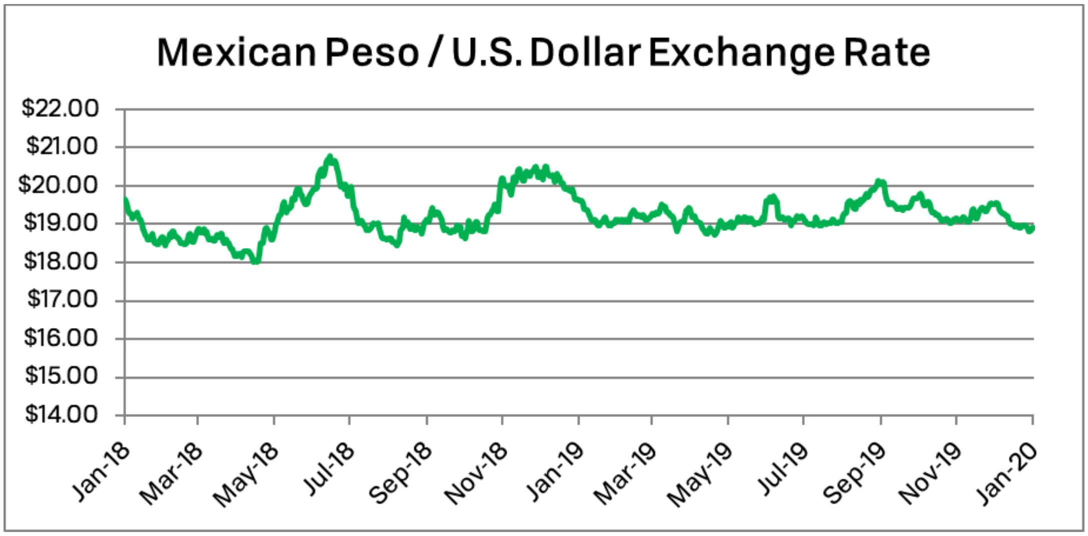
Investor uncertainty surrounding the effect of the U.S. administration's policies, particularly implementation of tariffs, led to renewed interest in precious metals stabilizing prices during 2017, while the robust economic growth in early 2018 resulted in weaker investment in the sector. Renewed uncertainty surrounding trade discussions, the results of the US mid-term elections, signals of US economic slowdown and rising geopolitical risk has renewed interest in precious metals that continued into 2020.

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.

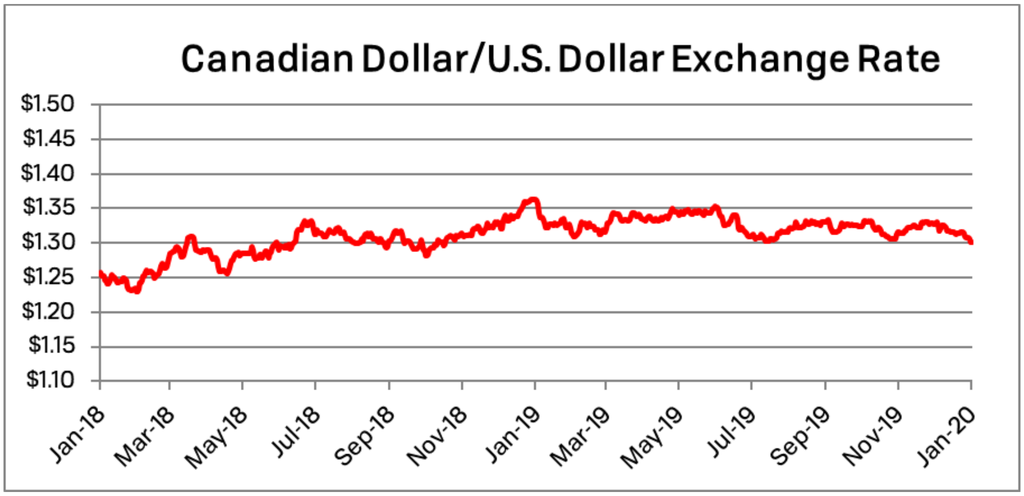
During the year ended December 31, 2019, the Mexican peso remained relatively stable relative to the U.S. dollar, although volatility occurred throughout the year. During 2019, the average foreign exchange rate was $19.24 Mexican pesos per U.S. dollar, with the peso trading within a range of $18.73 to $20.14. This compares to an average of $19.22 during 2018, with a range of $18.00 to $20.77 Mexican pesos per U.S. dollar.

During 2018, the Mexican peso initially appreciated against the U.S. dollar, however discussions of U.S. imposed tariffs and the expectation of the election of Andres Manuel Lopez Obrador as the next Mexico president drove the Mexican peso to depreciate against the U.S. dollar at the end of the second quarter. After the election, the Mexican Peso regained its losses and stabilized with an agreement on trade with the US. During 2018, the average foreign exchange rate was $19.22 Mexican pesos per U.S. dollar, with the peso trading within a range of $18.00 to $20.77. This compares to an average of $18.91 during 2017, with a range of $17.50 to $21.92 Mexican pesos per U.S. dollar.

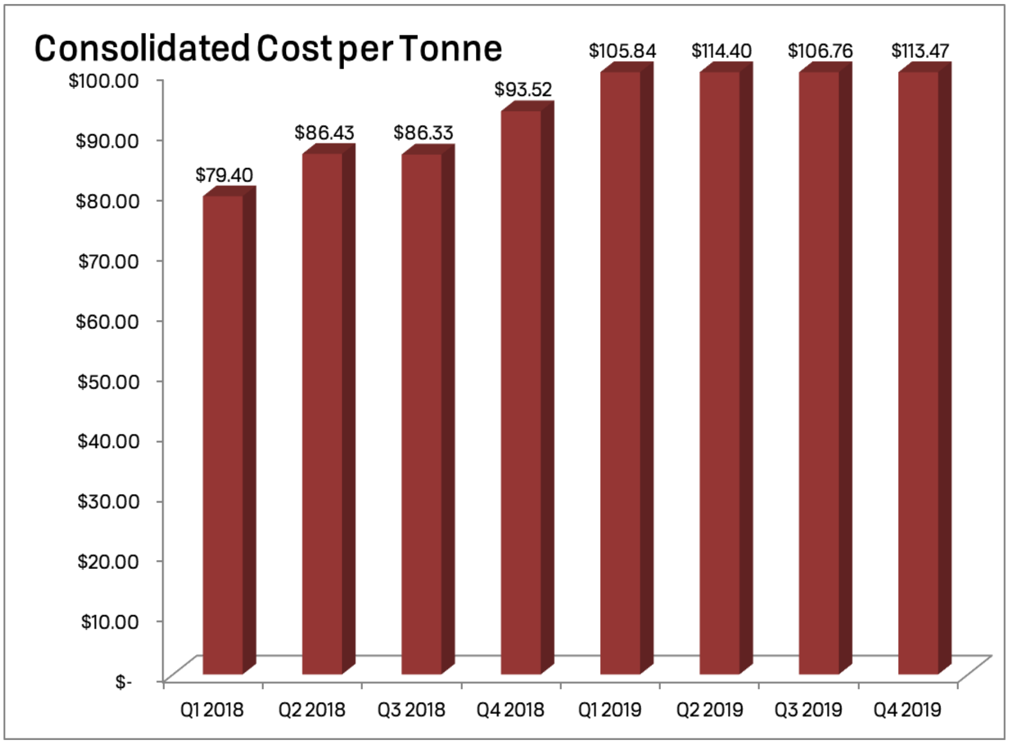


During the year ended December 31, 2019, the Canadian dollar traded in relatively tight trading range against the U.S. dollar. During 2019, the average foreign exchange rate was $1.327 Canadian dollar per U.S. dollar, with the Canadian dollar trading within a range of $1.302 and $1.364. This compares to an average of $1.296 for 2018, within a range of $1.230 and $1.330 Canadian dollar per U.S. dollar.

During 2018, the Canadian dollar gradually depreciated against the U.S. dollar. During 2018, the average foreign exchange rate was $1.296 Canadian dollar per U.S. dollar, with the Canadian dollar trading within a range of $1.230 and $1.336. This compares to an average of $1.298 during 2017, within a range of $1.211 and $1.374 Canadian dollar per U.S. dollar.



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.

ANNUAL OUTLOOK

Production

In 2020, silver production is expected to range from 3.0 to 3.5 million oz and gold production is anticipated be in the 38,000 to 44,000 oz range. Silver equivalent production is forecasted to total 6.0-7.0 million oz using an 80:1 silver:gold ratio.

Mine	Ag (M oz)	Au (K oz)	Ag Eq (M oz)[1]	Tonnes/Day (tpd)
Guanacevi	2.4-2.7	6.0-7.0	2.9-3.2	1,000-1,200
Bolanitos	0.5-0.6	22.0-25.0	2.2-2.6	1,000-1,250
El Compas	0.1-0.2	10.0-12.0	0.9-1.2	200-250
Total	3.0-3.5	38.0-44.0	6.0-7.0	2,200-2,700

At Guanaceví, multiple changes were initiated in 2019 to resolve operational challenges and as a result, production in Q4, 2019 improved considerably compared to the first three quarters. From Q1 to Q4, 2019, silver equivalent grade increased 26% and plant throughput rose 21%. The original Porvenir Norte and Santa Cruz orebodies which had become too deep, narrow and low grade to be economic are now closed. The 2020 production will rise from 1,000 tpd to 1,200 tpd and average 1,100 tpd from the new, shallower, wider, higher grade Milache, SCS and P4E orebodies. Management expects operating costs will decrease in 2020 compared to 2019.

At Bolañitos, the mine and plant also experienced operating issues in 2019 and management made several changes to resolve the problems. The recovery to normal operations, rising production and falling costs will take another two quarters but a significant improvement is anticipated in 2020. Production will rise from 1000 tpd to 1250 tpd and average 1,150 tpd from the Plateros-La Luz, Lucero-Karina and Bolañitos-San Miguel vein systems. Gold grades are expected to increase, while silver grades will decrease compared to 2019.

At El Compas, production is forecast to be steady state around 225 tpd for 2020, with ore grades similar to 2019. The Company is replacing the mining contractor to reduce operating costs in 2020 compared to 2019.

Capital Investments

In 2020, Endeavour plans to invest $32.6 million on capital projects primarily as sustaining capital at the three operating mines, and $1.8 million in growth capital to maintain the exploration concessions and corporate infrastructure. At current metal prices, the sustaining capital investments will be covered by operating cash flow and current cash.

At Guanaceví, $15.8 million will be invested on capital projects, the largest of which is the development of 8.4 kilometres (km) of mine access at the Milache, SCS and the P4E orebodies.

At Bolañitos, $13.6 million will be invested, including $7.8 million for 8.6 kilometres of mine development to access reserves and resources in the Plateros-La Luz, Lucero-Karina and Bolañitos-San Miguel vein systems. The remaining $5.8 million will go to upgrade the mining fleet, support site infrastructure, and raise the tailings dam.

At El Compas, $1.4 million will be invested on mine development and tailings expansion.

At Terronera, a final update to the pre-feasibility study is currently being prepared which will include the results of additional engineering studies and revised cost estimates. Management continues to evaluate its debt financing alternatives, but no commitments have been received yet. The Company may also consider whether or not to proceed to a full feasibility study in order to reduce the cost of capital for the project. Following the completion of the updated pre-feasibility study and board approval, management will release a revised program and budget for the project.

Mine	Mine Development	Other Capital	Sustaining Capital	Growth Capital	Total Capital
Guanaceví	$8.4 million	$7.4 million	$15.8 million	-	$15.8 million
Bolañitos	$7.8 million	$5.8 million	$13.6 million	-	$13.6 million
El Compas	-	$1.4 million	$ 1.4 million	-	$ 1.4 million
Corporate	-	-	-	$ 1.8 million	$ 1.8 million
Total	**$16.2 million**	**$14.6 million**	**$30.8 million**	**$1.8 million**	**$32.6 million**

Operating Costs
Cash costs, net of gold by-product credits, are expected to be $5.50-$6.50 per oz of silver produced in 2020. Consolidated cash costs on a co-product basis are anticipated to be $12.00-$13.00 per oz silver and $900-$1,000 per oz gold.

All-in sustaining costs, net of gold by-product credits, in accordance with the World Gold Council standard, are estimated to be $17.00-$18.00 per oz of silver produced. When non-cash items such as stock-based compensation are excluded, AISC are forecast to be in the $16.50-$17.50 range.

Direct operating costs are estimated to be in the range of $85-$90 per tonne.

Management has assumed a $17 per oz silver price, $1,450 per oz gold price, and 20:1 Mexican peso per US dollar exchange rate for its 2020 cost forecasts.

Exploration Expenditures

In 2020, the Company plans to spend $5.4 million drilling 18,500 metres of core on brownfields projects, greenfields exploration and development engineering across its portfolio of mines and properties. At the three operating mines, 10,500 metres of core drilling are planned at a cost of $2.0 million to replace reserves and expand resources.

On the exploration and development projects, expenditures of $3.4 million are planned to fund 8,000 metres of core drilling, advance engineering studies at Terronera and Parral, and drill the Paloma gold project in Chile, where initial exploration results were positive.

Project	2020 Activity	Drill Metres	Expenditures
Guanaceví	Drilling	3,000	$0.5 million
Bolañitos	Drilling	3,000	$0.8 million
El Compas	Drilling	4,500	$0.7 million
Parral	Drilling/Economic Study	5,000	$1.2 million
Chile - Paloma	Drilling	3,000	$1.5 million
Chile - Cerro	Evaluation		$0.3 million
Guadalupe y Calvo	Mapping/Sampling	-	$0.1 million
Terronera	PFS/Development	-	$ 0.3 million
Total		**18,500**	**$5.4 million**

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents decreased from $33.4 million at December 31, 2018 to $23.4 million at December 31, 2019. The Company had working capital of $38.4 million at December 31, 2019 (December 31, 2018 - $54.5 million). The $16.1 million decrease in working capital is primarily due to the decrease in cash of $10.0 million, a decrease in accounts receivable of $4.0 million which is composed primarily of Impuesto al Valor Agregado- value added tax ("IVA") receivable and an increase in short term loan payables, offset by a decrease of $2.0 million in income taxes payable.

Operating activities used $9.6 million during 2019 compared to generating $26.6 million of cash in 2018. The significant non-cash adjustments to the net loss of $48.1 million were amortization and depletion of $32.0 million, share-based compensation of $3.2 million, a deferred income tax expense of $2.4 million, finance costs of $0.6 million, a write down of inventory to net realizable value of $0.6 million and a change in non-cash working capital of $0.7 million. The change in non-cash working capital was primarily due to a decrease in inventories and accounts receivable offset by payables with normal fluctuations in other working capital items.

The Company's Mexican subsidiaries pay IVA, 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.

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. See "Financial Instrument Risk Exposure and Risk Management-Liquidity Risk".

Investing activities during the year used $21.8 million compared to $40.4 million in 2018. The investments in 2019 were primarily for sustaining capital at existing mines, while in 2018 capital expenditures pertained to sustaining capital at the existing operations and the construction of the El Compas operation. In 2019, the Company incurred $0.3 million for acquisition of intangible assets.

Capital additions totaled $31.9 million in property, plant and equipment for the year ended December 31, 2019, including financed mobile equipment, as follows:

At Guanaceví, the Company invested $12.9 million, with $8.6 million spent on 8.4 kilometres of mine development, $1.2 million on underground and above ground infrastructure for Santa Cruz Sur and $2.5 million of mobile equipment financed to accelerate the development of the SCS and Milache and explore and exploit the concession rights acquired from Ocampo. The Company also purchased $0.5 million of vehicles and invested $0.1 million on office and IT equipment.

At Bolañitos, the Company invested $13.8 million, including $6.0 million on 5.8 kilometres of mine development, $5.7 million on financed mobile equipment, $1.3 million on various mine equipment, $0.4 million on vehicles, $0.2 million on surface infrastructure and $0.2 million on a tailings dam.

At El Compas, the Company has spent a total of $3.7 million in developing the El Compas ore body, refurbishing the plant and on various equipment. Of that amount, $2.4 million was incurred to develop 2.6 kilometres on the Compas and Orito veins. Pre-commercial production, plant start-up and plant refurbishment costs resulted in $0.8 million capitalized to the plant prior to commercial production and additional $0.4 million on tailings dam and plant improvements and $0.1 million on mine equipment since the commencement of commercial production.

Exploration incurred $1.5 million in holding costs and acquisition of concessions.

Financing activities for the year ended December 31, 2019 increased cash by $21.2 million, compared to increasing cash by $8.9 million in 2018. During 2019, the Company received gross proceeds through an at-the-market financing of $23.6 million, received $0.3 million on the exercise of employee stock options, paid $0.7 million in share issue costs and paid $1.6 million in interest and principal repayments on loans and leases. By comparison, during 2018, the Company re-allocated $1.0 million from restricted cash, raised gross proceeds of $8.3 million, received $0.2 million from exercised employee stock options and paid $0.6 million in share issue costs.

In April 2018, the Company filed a short form base shelf prospectus (the "Base Shelf") to qualify the distribution of up to CAD$150 million of common shares, warrants or units of the Company comprising any combination of common shares and warrants ("Securities"). The distribution of Securities 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" offering through an "At-The-Market" facility ("ATM") equity distribution agreement.

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 may, 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 determines, 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 the ATM facility at an average price of $2.20 per share for gross proceeds of $23.6 million, less commissions of $0.5 million.

The principal business objective that the Company expected to accomplish using the net proceeds from the ATM facility was to advance the exploration and development of the Terronera Project. Any further net proceeds from the ATM facility were added to the Company's working capital.

Use of proceeds as at December 31, 2019		
Net proceeds received	$	31,113
Advancement of Terronera Project		(7,184)
Remaining proceeds	$	23,929

Management of the Company believes that operating cash flow and existing working capital will be sufficient to cover 2020 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.

As at December 31, 2019, the Company's issued share capital was $482.2 million, representing 141,668,178 common shares, and the Company had options outstanding to purchase 6,923,000 common shares with a weighted average exercise price of CAD$3.74.

Contingencies

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 ($6.5 million) tax assessment based on the June 2015 ruling. The 2016 tax assessment comprised of MXN 41.8 million in taxes owed ($2.2 million), MXN 17.7 million ($0.9 million) in inflationary charges, MXN 40.4 million ($2.2 million) in interest and MXN 23.0 million ($1.2 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, 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 7.6 million ($0.4 million) and inflationary charges of MXN 11.5 million ($0.6 million) has accumulated.

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 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 prior year. The Company is currently assessing MSCG's settlement options based on ongoing court proceedings and discussion with the tax authorities.

Compania Minera Del Cubo SA de CV ("Cubo"), a subsidiary of the Company, received an MXN 58.5 million (US $3.0 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 ($1.3 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. As of December 31, 2018, the Cubo entity had MXN 1.6 billion (US $84.6 million) in loss carry forwards which would be applied against any generated 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 ($0.8 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 has provided a lien on certain El Cubo mining concessions during the appeal process. Since issuance of the assessment interest charges of MXN 4.9 million ($200) and inflationary charges of MXN 0.9 million ($100) has accumulated.

Capital Requirements

See 2020 Outlook on page 32 for discussion on planned capital and exploration expenditures.

Contractual Obligations

The Company had the following undiscounted contractual obligations at December 31, 2019:

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	$ 2,810	$ 2,810	$ -	$ -	$ -
Loans payable	10,059	3,535	5,093	1,431	-
Lease liabilities	1,550	240	412	312	586
Other contracts	942	128	215	215	384
Other Long-Term Liabilities	8,952	-	6,260	2,395	297
Total	$ 24,313	$ 6,713	$ 11,980	$ 4,353	$ 1,267

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 being a common director. From time to time, Endeavour incurs third-party costs on behalf of related parties, which are charged on a full cost recovery basis. The charges for these costs totaled $2,000 and $8,000 for the three months and twelve months ended December 31, 2019 (December 31, 2018 - $2,000 and $16,000 respectively). The Company had a $1,000 net receivable related to administration costs outstanding as at December 31, 2019 (December 31, 2018 – $1,000).

The Company was charged $68,000 and $215,000 for legal services for the three months and twelve months ended December 31, 2019 respectively, by a firm in which the Company's corporate secretary is a partner (December 31, 2018 - $27,000 and $189,000 respectively). The Company has $33,000 payable to the legal firm as at December 31, 2019 (December 31, 2018 - $5,000).

Financial Instruments and fair value measurements

As at December 31, 2019, the carrying and fair values of Endeavour's financial instruments by category were as follows:

Expressed in thousands US dollars	Fair value through profit or loss	Amortized cost	Carrying value	Estimated Fair value
Financial assets:				
Cash and cash equivalents	$ -	$ 23,368	$ 23,368	$ 23,368
Other investments	69	-	69	69
Trade receivables	6,343	6,343	12,686	12,686
Other receivables	-	1,278	1,278	1,278
Total financial assets	$ 6,412	$ 30,989	$ 37,401	$ 37,401
Financial liabilities:				
Accounts payable and accrued liabiities	$ 2,185	$ 17,590	$ 19,775	$ 19,775
Loans payable	-	8,875	8,875	8,875
Total financial liabilities	$ 2,185	$ 26,465	$ 28,650	$ 28,650

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 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 measured at fair value on a recurring basis include:

As at December 31, 2019 Expressed in thousands US dollars	Total	Level 1	Level 2	Level 3
Assets:				
Other investments	$ 69	$ 69	$ -	$ -
Trade receivables	6,343	-	6,343	-
Total financial assets	$ 6,412	$ 69	$ 6,343	$ -
Liabilities:				
Deferred share units	$ 2,138	$ 2,138	$ -	$ -
Share appreciation rights	47	-	47	-
Total financial liabilities	$ 2,185	$ 2,138	$ 47	$ -

Other investments

The Company holds marketable securities classified as Level 1 in the fair value hierarchy. The fair values of these other 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. Changes in fair value on available for sale marketable securities are recognized in income or loss.

Trade receivables

The trade receivables consist of receivables from provisional silver and gold sales from the Bolañitos, El Cubo 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 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 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 salaries, wages and benefits.

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, investments and accounts receivable. Credit risk exposure on bank accounts and short-term investments 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

The Company ensures that there is sufficient capital in order to meet short-term business requirements. The Company's policy is to invest cash at floating rates of interest, while cash reserves are to be maintained in cash equivalents in order to maintain liquidity after taking into account the Company's holdings of cash equivalents, money market investments, marketable securities and receivables. The Company believes that these sources, operating cash flow and its policies will be sufficient to cover expected short-term cash requirements and commitments.

The Company's Mexican subsidiaries pay value added tax, 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.

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.

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, 2019, there are 178,394 oz of silver and 4,981 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, 2019, with other variables unchanged, a 10% decrease in the market value of silver and gold would result in a reduction of revenue of $1.1 million.

Outstanding Share Data

As of February 20, 2020, the Company had the following securities issued and outstanding:

- 141,788,523 common shares
- 6,791,800 common shares issuable under stock options with a weighted average exercise price of CAD$3.75 per share expiring between May 13, 2020 and May 7, 2024

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:

IFRS 16, Leases ("IFRS 16")

On January 13, 2016, the IASB published a new standard, IFRS 16, *Leases*, which replaced IAS 17 – *Leases* and its associated interpretive guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. A lessee can choose to apply IFRS 16 using either a full retrospective or a modified retrospective approach.

IFRS 16 is being applied effective January 1, 2019 using the modified retrospective method. By applying this method, the comparative information for the 2018 fiscal year has not been restated.

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 profit 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 estimate of the 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 profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company has elected to measure right-of-use assets at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments and use the following practical expedients upon adoption of IFRS 16:

- applied a single discount rate to a portfolio of leases with similar characteristics
- applied the exemption not to recognize right-of-use assets and liabilities for leases with a remaining term of 12 months or less at the time of transition
- excluded initial direct cots from measuring the right-of-use assets at the date of initial application

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.

The Company has analyzed the impact of the first-time application of IFRS 16 in a group-wide project, including existing contracts. Adoption of IFRS 16 resulted in recording right-of-use assets in the amount of $1,835,000 and lease liabilities of $1,422,000 in the consolidated Statement of Financial Position as of January 1, 2019. The difference in the amount of $413,000 between right-of-use asset and lease liability relates to the adjustment of lease incentives of $243,000 offset by the reallocation of a prepaid expense to a right of use asset of $656,000.

The following table presents the reconciliation from the operating lease liabilities as December 31, 2018 to the opening balance for lease liabilities as at January 1, 2019

Reconciliation of lease liabilities on adoption of IFRS 16		
Operating lease obligations as at December 31, 2018	$	2,840
Non-lease components		(942)
Foreign exchange differences		(18)
Other		(1)
Undiscounted lease liability		1,879
Effect from discounting at incremental borrowing rate		(457)
Lease obligations as at January 1, 2019	$	1,422

IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23")

On June 7, 2017, the IASB issued IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments.* The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation was applicable for annual periods beginning on or after January 1, 2019.

The Interpretation requires an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution and if it is probable that the tax authorities will accept the uncertain tax treatment. If estimated that it is not probable that the uncertain tax treatment will be accepted by authorities, the tax uncertainty would be measured based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The Company adopted the Interpretation in its financial statements for the annual period beginning on January 1, 2019, with no impact on the financial statements.

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 judgment relate to the determination of mineralized reserves, 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 the Canadian Securities Administrator's National Instrument 43-101) to compile this data.

Changes in the judgments surrounding proven and probable reserves 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.

Reserves are estimates of the amount of product that can be economically and legally extracted from the Company's properties. Estimating the quantity and /or grade of reserves 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 actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in the commodity price used in the estimation of mineral reserves.

Impairment of Non-Current Assets
Management periodically reviews the carrying value of its mineral properties 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, anticipated future prices, anticipated future costs of exploring, developing and operating a producing mine, expiration term and ongoing expense of maintaining leased mineral properties and the 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 appropriate.

The recoverable amounts of the Company's CGUs, which include mining properties, plant and equipment and allocated goodwill, if any, are determined on an annual basis and circumstances result in impairment indicators. In 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 and updates of the estimated reserves and resources. 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 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.

As at December 31, 2019, the Company tested the recoverability of the Guanaceví CGU due to 2019 operational challenges and the El Compas CGU due to increased capital and operating costs than initially projected. The Company determined that no impairment was required for either CGU.

For a discounted cash flow model, any modest decrease in any one key assumption in isolation could cause the estimated recoverable amount to be less than or equal to the net carrying value.

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 his 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 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. 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 grants share appreciation rights ("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.

The Company has a Performance Share Unit ("PSU") plan whereby performance share units may be granted to employees of the Company. Once performance conditions (as determined by the board of directors of the Company) for a grant of PSUs have been met within the specified performance period, a PSU is then vested and redeemable into one common share for no additional consideration. The Company estimates the probability of attainment of the PSU performance conditions, which may vary for each grant of PSUs in the board of directors' sole discretion.

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 the income statement. 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 the consolidated statement of comprehensive income.

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.

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 re-agents 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.

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. 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, 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 us 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. In addition, 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 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; the resulting operations will achieve the anticipated production volume, or 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, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.

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 economics of developing silver, gold and other mineral properties are affected by many factors, including capital and operating costs, variations of the tonnage and grade of ore mined, fluctuating mineral markets, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. 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.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. 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.

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.

Replacement of Reserves and Resources
The Guanaceví, Bolañitos and El Compas mines are the Company's current sources of production. Current life-of-mine plans provide for a defined production life for mining at the Company's mines. The mines have expected lives of one to four years based on current proven and probable reserves and production levels. 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.

Economic Conditions for Mining
A decline in the market price for precious metal commodities has been experienced since 2013. These macro-economic events negatively affected the mining and minerals sectors in general, and the Company's market capitalization has been significantly reduced over this period. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favorable to the Company or at all. In such an event, the Company's operations and financial condition could be adversely impacted.

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.

Integration of New Acquisitions
The positive effect on the Company's results arising from past and future acquisitions depends on a variety of factors, including, but not limited to: assimilating the operations of an acquired business or property in a timely and efficient manner including the existing work force, union arrangements and existing contracts; maintaining the Company's financial and strategic focus while integrating the acquired business or property; implementing uniform standards, controls, procedures and policies at the acquired business, as appropriate; and to the extent that the Company makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment and under a new regulatory regime where it has no direct experience.

Past and future business or property acquisitions could place increased pressure on the Company's cash flow if such acquisitions involve cash consideration or the assumption of obligations requiring cash payments. The integration of the Company's existing operations with any acquired business will require significant expenditures of time, attention and funds. Achievement of the benefits expected from consolidation would require the Company to incur significant costs in connection with, among other things, implementing financial and planning systems.

The Company may not be able to integrate the operations of a recently acquired business or restructure the Company's previously existing business operations without encountering difficulties and delays. In addition, this integration may require significant attention from the Company's management team, which may detract attention from the Company's day-to-day operations. Over the short-term, difficulties associated with integration could have a material adverse effect on the Company's business, operating results, financial condition and the price of the Company's common shares. In addition, the acquisition of mineral properties may subject the Company to unforeseen liabilities, including environmental liabilities.

Foreign Operations
The Company's operations are currently conducted through subsidiaries principally in Mexico and secondarily in Chile and, 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; 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 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. There can be no assurance that such local opposition will not arise with respect to the Company's Mexican operations. 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 other jurisdictions; 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, tenure, government royalties and expropriation of property. The activities of the Company require licenses and permits from various governmental authorities. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations and more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. 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.

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.

Compania Minera Del Cubo SA de CV ("Cubo"), a subsidiary of the Company, received a MXN 58.5 million ($3,000) 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 ($1.3 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. As of December 31, 2019, the Cubo entity had MXN 1.6 billion ($84,600) in loss carry forwards which would be applied against any generated 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 ($0.8 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 has provided a lien on certain El Cubo mining concession during the appeal process. Since issuance of the assessment interest charges of MXN 4.9 million ($200) and inflationary charges of MXN 0.9 million ($100) has accumulated.

Obtaining and Renewing of 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. 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 Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. 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.

Title to Assets

Although the Company obtains title opinions for material properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. 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.

Employee Recruitment and Retention

Recruiting and retaining qualified personnel is critical to the Company's success. As the Company's business activity grows, the Company will require additional key financial, administrative and mining personnel as well as additional operations staff. The Company could experience increases in recruiting and training costs and decreases in operating efficiency, productivity and profit margins. If the Company is not able to attract, hire and retain qualified personnel, the efficiency of the operations could be impaired, which could have an adverse impact on the Company's future cash flows, earnings, financial performance and financial condition.

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, 2019. 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.

Changes in Climate Conditions

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. If the current regulatory trend continues, this may result in increased costs at some or all of the Company's operations. In addition, the physical risks of climate change may also have an adverse effect on the Company's operations. Extreme weather events have the potential to disrupt operations at the Company's mines and may require the Company to make additional expenditures to mitigate the impact of such events. Extended disruptions to supply lines could result in interruption to production.

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. 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, infrastructure reporting or structuring payments to avoid reporting. 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.

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 registered chartered professional 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.

Information Systems and Cyber Security
The Company's 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 our 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.

The Company's 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, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

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(b) 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, 2019. 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, 2019, 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, 2019.

Changes in Internal Control over Financial Reporting

Management, including the CEO and CFO, have 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, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Exhibit 99.4

CERTIFICATION

I, Bradford Cooke, 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 6, 2020

By: /s/ Bradford Cooke

Bradford Cooke
Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.5

CERTIFICATION

I, Dan 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 6, 2020

By: /s/ Dan Dickson

Dan Dickson
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, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bradford Cooke, 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 6, 2020

/s/ Bradford Cooke

Bradford Cooke
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, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dan Dickson, 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 6, 2020

/s/ Dan Dickson

Dan Dickson
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 AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers (Quebec)
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
The Office of the Superintendent of Securities (Prince Edward Island)
Office of the Superintendent of Securities (Newfoundland & Labrador)
U.S. Securities and Exchange Commission

Dears Sirs/Mesdames:

Reference is made to the Technical Report titled *"NI 43-101 Technical Report Preliminary Economic Assessment for the El Compas Project, Zacatecas State, Mexico"* effective March 27, 2017 and dated May 22, 2017 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in the Company's Annual Information Form dated as of March 5, 2020, the Company's Short Form Base Shelf Prospectus dated April 10, 2018 and the Prospectus Supplement dated June 13, 2018 thereto, the Annual Report of the Company on Form 40-F for the fiscal year ended December 31, 2019 and the Registration Statement on Form F-10 (File No. 333-223560) of the Company (collectively, the "Disclosure Documents").

The undersigned hereby consents to:

(a) being named directly or indirectly in the Disclosure Documents; and

(b) the use of the Technical Report and to extracts from or a summary of the Technical Report in the Disclosure Documents or incorporated by reference therein.

The undersigned hereby confirms that:

(i) the undersigned has read the Disclosure Documents, including the extracts from or a summary of the Technical Report in the Disclosure Documents or incorporated by reference therein; and

(ii) the undersigned has no reason to believe that there are any misrepresentations in the information contained in the Disclosure Documents or incorporated by reference therein that is derived from the Technical Report or that is within the undersigned's knowledge as a result of the services performed by the undersigned in connection with the Technical Report.

(iii) the Disclosure Documents fairly and accurately represent the information in the sections of the Technical Report for which I am responsible.

Dated this 5th day of March 2020

"signature" {signed and sealed}

PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
P. J. SMITH

Peter J. Smith

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers (Quebec)
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
The Office of the Superintendent of Securities (Prince Edward Island)
Office of the Superintendent of Securities (Newfoundland & Labrador)
U.S. Securities and Exchange Commission

Dears Sirs/Mesdames:

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(iii) the Disclosure Documents fairly and accurately represent the information in the sections of the Technical Report for which I am responsible.

Dated this 5th day of March 2020

"signature" {signed and sealed}

Peter J. Smith

PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
P. J. SMITH

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers (Quebec)
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Dated this 5th day of March 2020

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Humberto F. Preciado, P.E.

P&E MINING CONSULTANTS INC.
Geologists and Mining Engineers

201 County Court Blvd., Suite 401, Brampton, Ontario, L6W 4L2
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Dated this 5th day of March 2020

Jarita Barry, P.Geo.
Associate Geologist

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David Burga

David Burga, P.Geo.
Associate Geologist

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David Burga

David Burga, P.Geo.
Associate Geologist

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Eugene Puritch, P.Eng, FEC, CET
President

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Associate Mine Engineer

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Yungang Wu, P.Geo.
Associate Geologist

PROCESS ENGINEERING L.L.C.
3370 W. Crestone Court
Tucson, Arizona 85742
O: (520) 225-0354
C: (520) 461-2663

CONSENT of AUTHOR

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Eugenio Iasillo, P.E.
Process Engineering LLC

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Ben Peacock, P. Eng.
Senior Engineer
Knight Piésold Ltd.

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PROFESSIONAL
PROVINCE OF
K. D. K. EMBREE
BRITISH COLUMBIA
ENGINEER

05-MAR-2020.

Ken Embree, P. Eng.

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(ii) the undersigned has no reason to believe that there are any misrepresentations in the information contained in the Disclosure Documents or incorporated by reference therein that is derived from the Technical Report or that is within the undersigned's knowledge as a result of the services performed by the undersigned in connection with the Technical Report.

(iii) the Disclosure Documents fairly and accurately represent the information in the sections of the Technical Report for which I am responsible.

Dated this 5th day of March 2020

Dr. Deepak Malhotra, Ph.D., RM-SME

SME

Society for
Mining, Metallurgy
& Exploration

Dr. Deepak Malhotra
SME Registered Member No. 2006420
Signature
Date Signed March 5, 2020
Expiration date Dec. 30, 2020

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers (Quebec)
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
The Office of the Superintendent of Securities (Prince Edward Island)
Office of the Superintendent of Securities (Newfoundland & Labrador)
U.S. Securities and Exchange Commission

Dears Sirs/Mesdames:

I consent to the Updated Internal Mineral Reserve and Resource Estimates of the Guanacevi Mine, the Bolanitos Mine, the El Cubo Mine, the El Compas Mine, and the disclosure of the Parral Exploration Project and the Guadalupe y Calvo Exploration Project and related information contained in, or incorporated by reference in, the Annual Information Form dated March 5, 2019, the Company's Short Form Base Shelf Prospectus dated April 10, 2018 and the Prospectus Supplement dated June 13, 2018 thereto, the Annual Report of the Company on Form 40-F for the fiscal year ended December 31, 2019, the Registration Statement on Form F-10 (File No. 333-223560) of Endeavour Silver Corp. (collectively the "Disclosure Documents").

The undersigned hereby consents to:

(a) being named directly or indirectly in the Disclosure Documents; and

The undersigned hereby confirms that:

(i) the undersigned has read the Disclosure Documents, including Updated Internal Mineral Reserve and Resource Estimate of the Guanacevi Mine, the Bolanitos Mine, the El Cubo Mine, El Compas Mine, and disclosure of the Parral Exploration Project and the Guadalupe y Calvo Exploration Project in the Disclosure Documents or incorporated by reference therein;

(ii) the undersigned has no reason to believe that there are any misrepresentations in the information contained in the Disclosure Documents.;

Dated this 5th day of March, 2020

"signature" {signed}

____
Godfrey Walton, M.Sc, P.Geo,
President and COO
Endeavour Silver Corp.

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers (Quebec)
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
The Office of the Superintendent of Securities (Prince Edward Island)
Office of the Superintendent of Securities (Newfoundland & Labrador)
U.S. Securities and Exchange Commission

Dears Sirs/Mesdames:

Reference is to the Technical Report titled *"Amended National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Bolanitos Project, Guanajuato State, Mexico"* effective December 31, 2016, dated March 3, 2017 and amended March 27, 2018 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in the Company's Annual Information Form dated as of March 5, 2020, the Company's Short Form Base Shelf Prospectus dated April 10, 2018 and the Prospectus Supplement dated June 13, 2018 thereto, the Annual Report of the Company on Form 40-F for the fiscal year ended December 31, 2019 and the Registration Statement on Form F-10 (File No. 333-223560) of the Company (collectively, the "Disclosure Documents").

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(iii) the Disclosure Documents fairly and accurately represent the information in the sections of the Technical Report for which I am responsible.

Dated the 5th day of March, 2020

"signature" {signed and sealed}

Jeff Choquette

Jeffery W. Choquette, P.E.

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
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Dated the 5th day of March, 2020

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Dated the 5th day of March, 2020

"signature" {signed and sealed}

____
Zachary J. Black, SME-RM

CONSENT of AUTHOR

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Financial and Consumer Affairs Authority of Saskatchewan
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Dated the 5th day of March 2020

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Zachary J. Black, SME-RM

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(iii) the Disclosure Documents fairly and accurately represent the information in the sections of the Technical Report for which I am responsible.

Dated the 5th day of March 2020

"signature" {signed and sealed}

____

Jennifer J. Brown, SME-RM

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
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Dated the 5th day of March, 2020

“signature” {signed and sealed}

____

Jennifer J. Brown, SME-RM

P&E MINING CONSULTANTS INC.
Geologists and Mining Engineers

201 County Court Blvd., Suite 401, Brampton, Ontario, L6W 4L2
Ph: 905-595-0575 Fax: 905-595-0578 www.peconsulting.ca

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
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Nova Scotia Securities Commission
The Office of the Superintendent of Securities (Prince Edward Island)
Office of the Superintendent of Securities (Newfoundland & Labrador)
U.S. Securities and Exchange Commission

Dears Sirs/Mesdames:

Reference is made to the Technical Report titled *"NI 43-101 Technical Report: Updated Technical Report for the Terronera Project, Jalisco State, Mexico"* effective February 12, 2019 and dated April 30, 2019 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in the Company's Annual Information Form dated as of March 5, 2020, the Company's Short Form Base Shelf Prospectus dated April 10, 2018 and the Prospectus Supplement dated June 13, 2018 thereto, the Annual Report of the Company on Form 40-F for the fiscal year ended December 31, 2019 and the Registration Statement on Form F-10 (File No. 333-223560) of the Company (collectively, the "Disclosure Documents").

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(iii) the Disclosure Documents fairly and accurately represent the information in the sections of the Technical Report for which I am responsible.

Dated this 5th day of March 2020

D. Gregory Robinson, P.Eng., MBA
Lead Mine Engineer

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 consent to the use of

- our Report of Independent Registered Public Accounting Firm dated February 24, 2020, addressed to the shareholders and board of directors of Endeavour Silver Corp. (the "Company"), on the consolidated financial statements of the Company which are comprised of the consolidated statements of financial position of the Company as at December 31, 2109 and 2018, the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the years then ended, and the related notes (the "consolidated financial statements"); and
- our Report of Independent Registered Public Accounting Firm dated February 24, 2020 on the effectiveness of internal controls over financial reporting as of December 31, 2019,

each of which is included in this annual report on Form 40-F of the Company for the year ended December 31, 2019.

Our report on the consolidated financial statements refers to changes in the accounting policy for leases in 2019 due to the adoption of IFRS 16, Leases.

We also consent to the incorporation by reference of such reports in the Registration Statement (No. 333-223560) on Form F-10 of Endeavour Silver Corp.

KPMG LLP

Chartered Professional Accountants

March 6, 2020
Vancouver, Canada