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, 2016

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.)

#301-700 West Pender Street
Vancouver, British Columbia, Canada V6C 1G8
(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:	Name of Each Exchange On Which Registered:
Common Shares, no par value	**NYSE**

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, 2016, **127,080,264** 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). ☐ Yes ☐ No

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. 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 forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

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. 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. 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, 2016 filed as Exhibit 99.4 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.

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, 2016, based upon the noon exchange rate as quoted by the Bank of Canada, was Cdn.$1.00 = US.$0.7448.

ANNUAL INFORMATION FORM

The Company's AIF for the fiscal year ended December 31, 2016 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, 2016 and 2015, 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, 2016 ("MD&A") is filed as Exhibit 99.4 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, 2016, 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, 2016. 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, 2016, 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, 2016. 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, 2016. 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 audit report filed in Exhibit 99.3 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, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

During the quarter ended September 30, 2016, a subsidiary paid $0.8 million in false invoices from fraudulent communications impersonating an authorized individual of the Company. The Company's internal controls detected the fraudulent transactions and $0.3 million was ultimately recovered and the $0.5 million shortfall was included as "other expense" in the Company's financial statements. Management of the Company concluded that human error resulted in failure of the necessary preventive control for the fraud and believes that internal controls were otherwise properly designed to detect and prevent such fraud and that there was no material weakness during the year ended December 31, 2016 relating to design of internal controls over financial reporting. Subsequent to discovery of the fraud, an internal investigation was performed and determined that the fraud was an isolated incident. A change of personnel at the subsidiary resulted and additional training was provided to finance and administrative staff. There were no changes in internal control over financial reporting as a result of this incident, as management determined that the detective internal controls performed as designed to identify the human error and mitigated the impact as much as reasonably possible.

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, and Mario Szotlender. 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
- Geoffrey Handley

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 and its affiliates, Chartered Accountants, the Company's independent registered public auditing firm, in each of the last two years.

	2016	**2015**
Audit Fees (1)	$480,100	$497,500
Tax Fees (2)	$0	$0
All other fees (3)	$10,000	$0
Total*	**$490,100**	**$497,500**

* All amounts are expressed in Canadian dollars

(1) The aggregate fees billed in each of the last two fiscal years 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.

(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. The nature of the services provided in the fiscal period ending December 31, 2016 pertains to review of greenhouse gas emissions related to Mexico regulation disclosures.

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, 2016 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, 2016, 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, 2016 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	$ 18,229	$ 18,229	$ -	$ -	$ -
Income Tax Payable	4,631	4,631	-	-	-
Operating Lease	2,949	233	478	496	1,742
Capital Commitments	854	854	-	-	-
Revolving Credit Facility	9,000	9,000	-	-	-
Other Long-Term Liabilities[(1)]	7,846	-	7,846	-	-
Total	$ 43,509	$ 32,947	$ 8,324	$ 496	$ 1,742

(1) The $7.8 million of other long-term liabilities is the discounted cost estimate to settle the Company's reclamation costs of the Guanacevi mine, Bolanitos mine and El Cubo 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, 2016 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, 2016, 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 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, 2016

99.2. The following audited consolidated financial statements of the Company, are exhibits to and form a part of this annual report:

Consolidated Statements of Financial Position as of December 31, 2016 and 2015

Consolidated Statements of Comprehensive Income (Loss) for the year ended December 31, 2016 and December 31, 2015

Consolidated Statement of Changes in Equity for the years ended December 31, 2016 and December 31, 2015

Consolidated Statements of Cash Flow for the years ended December 31, 2016 and December 31, 2015

Notes to Consolidated Financial Statements

99.3. Independent Registered Public Accounting Firm's Report on Consolidated Financial Statements and

	Attestation on Internal Control Over Financial Reporting
99.4.	Management’s Discussion and Analysis
Certifications	
99.5.	Certificate of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Exchange Act
99.6.	Certificate of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Exchange Act
99.7.	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
99.8.	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	
99.9.	Consents of Zachary J. Black, SME-RM of Hard Rock Consulting
99.10	Consents of Jeffery W. Choquette, P.E. of Hard Rock Consulting
99.11	Consents of Jennifer J. Brown, SME-RM of Hard Rock Consulting
99.12	Consent of Peter J. Smith, P. Eng. of Smith Foster & Associates
99.13	Consent of Scott Fleming, P.E. of Amec Foster Wheeler Environment and Infrastructure
99.14	Consent of Jarita Barry, P. Geo. of P&E Mining Consultants Inc.
99.15	Consent of David Burga, P. Geo. of P&E Mining Consultants Inc.
99.16	Consent of Richard Routledge, P. Geo. of P&E Mining Consultants Inc.
99.17	Consent of Richard Sutcliffe, Ph.D., P. Geo. of P&E Mining Consultants Inc.
99.18	Consent of James L. Pearson, P. Eng. of P&E Mining Consultants Inc.
99. 19	Consent of Eugenio Iasillo P. E. of Process Engineering L.L.C..
99.20	Consent of KPMG LLP

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 17, 2017

ANNUAL INFORMATION FORM

of

ENDEAVOUR SILVER CORP.

(the “Company” or “Endeavour”)

Suite #301 - 700 West Pender Street
Vancouver, British Columbia, Canada, V6C 1G8
Phone: (604) 685-9775
Fax: (604) 685-9744

Dated: March 17, 2017

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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	Effective Date / Period Ended	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 Guanacevi Project, Durango State, Mexico	December 31, 2016	March 8, 2017	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	December 31, 2016	March 8, 2017	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 El Cubo Project, Guanajuato State, Mexico	December 31, 2016	March 8, 2017	Technical Report (NI 43-101) – English Qualification Certificate(s) and Consent(s)
NI 43-101 Technical Report Preliminary Economic Assessment for the Terronera Project, Jalisco State, Mexico	March 25, 2015	May 13, 2015	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, 2016 unless otherwise indicated.

1.3 Forward-Looking Statements

This AIF contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. 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.

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. 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. 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 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 noon rates for the United States dollar in terms of Canadian dollars for each of the financial periods of the Company ended December 31, 2016, December 31, 2015 and December 31, 2014, as quoted by the Bank of Canada, were as follows:

	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
High	1.4589	1.3990	1.1643
Low	1.2544	1.1728	1.0614
Average	1.3248	1.2787	1.1045
Closing	1.3427	1.3840	1.1601

On December 30, 2016, the noon 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.$1.3427 (Cdn.$1.00 = U.S.$0.7448). On March 17, 2017, 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.$1.3369 (Cdn.$1.00 = U.S.$0.7480).

1.5 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.

1.6 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.

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 301 - 700 West Pender Street
Vancouver, British Columbia
Canada, V6C 1G8

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 or indirectly.

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 Guanacevi, 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%
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 Guanacevi Mine in Durango acquired in 2004, the Bolañitos Mine in Guanajuato acquired in 2007 and the El Cubo Mine in Guanajuato acquired in 2012. In addition to operating these three mines, the Company is advancing three exploration and development projects in Mexico: the Terronera property in Jalisco acquired in 2010 that is now in the pre-feasibility stage, the permitted El Compas property and La Plata plant in Zacatecas acquired in 2016, and the prospective Parral properties in Chihuahua acquired in 2016.

2016

Equity Financings

Further to a short form base shelf prospectus filed by the Company in July 2014 to qualify the distribution of up to Cdn$200 million of common shares and various other securities of the Company and a corresponding registration statement filed in the United States, the Company filed a prospectus supplement in November 2015 for an at-the-market offering of up to U.S.$16.5 million value of common shares of the Company on the New York Stock Exchange through Cowen and Company, LLC acting as sole agent (the "2015 ATM Offering"). During 2016, the Company sold under the 2015 ATM Offering 7,218,125 common shares at an average price of $2.13 per share for proceeds of $14.9 million, net of commission. Together with common shares sold in 2015, the Company issued a total of 8,017,694 common shares under the 2015 ATM Offering for net proceeds of $16.0 million.

Further to a short form base shelf prospectus filed by the Company in May 2016 to qualify the distribution of up to Cdn.$200 million of common shares and various other securities of the Company and a corresponding registration statement filed in the United States, the Company filed a prospectus supplement in May 2016 for an at-the-market offering of up to U.S.$40 million value of common shares of the Company on the New York Stock Exchange through Cowen and Company, LLC acting as sole agent (the "2016 ATM Offering"). From launch to July 2016, the Company sold 10,245,347 common shares under the 2016 ATM Offering at an average price of $3.90 per share for proceeds of $38.9 million, net of commission. The Company will determine, at its sole discretion, the timing and number of common shares of the Company to be further sold under the 2016 ATM Offering.

Credit Facility Amendments

The Company had entered into a $75 million secured revolving term credit facility (the "Credit Facility") with The Bank of Nova Scotia ("Scotiabank") pursuant to a credit agreement made as of July 24, 2012. In 2013, the Company extended the maturity of the Credit Facility from July 24, 2015 until July 24, 2016. Under the terms of the Credit Facility, the credit limit available was reduced to $50 million on July 24, 2013 and, was further reduced to $25 million on July 24, 2015. The Company entered into an amended and restated credit agreement with Scotiabank, dated January 27, 2016, as amended by a first amending agreement dated March 3, 2016, a second amending agreement dated March 31, 2016 and a third amending agreement dated April 15, 2016 (collectively, the "Amended Credit Agreement") whereby the Company and Scotiabank agreed to the conversion of $22 million which was then outstanding under the Credit Facility into a two-year term loan amortized quarterly and expiring December 31, 2017. The Company repaid $3 million on signing of the original Amended Credit Agreement and is to repay $2.5 million under the Amended Credit Agreement each quarter. The interest rate margin on the Credit Facility is 4.5% over LIBOR. The Credit Facility is principally secured by a pledge of the Company's equity interests in its material operating subsidiaries, including Refinadora Plata Guanaceví SA de CV, Minas Bolañitos SA de CV and Compania Minera del Cubo SA de CV. The Amended Credit Agreement contains a number of covenants that impose financial or operating restrictions on the Company, including a provision that "Tangible Net Worth of the Company" for the purposes of the loan under the Amended Credit Agreement must be greater than U.S.$45.9 million. At December 31, 2016, the Company had $9 million outstanding under the Credit Facility.

Acquisition of El Compas Project

On May 27, 2016, the Company issued 2,147,239 common shares of the Company to Canarc Resource Corp. ("Canarc") 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 owned the El Compas project in Zacatecas, Mexico through its wholly owned Mexican subsidiary, Minera Oro Silver de Mexico SA de CV ("Minera Oro Silver"). The El Compas project 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. Minera Oro Silver also holds a five year operating lease, renewable for an additional five years, on a 500 tpd ore processing plant located in Zacatecas, Mexico for a total annual lease cost of MXN 1.6 million (approximately $90,000), adjusted annually for inflation. The plant is currently not operational and will require capital investment to restore to an operational state. Preliminary capital investment estimates are $6.5 million to $7.5 million to recommence operations at the plant. The Company and Carnac have a common director in Bradford Cooke.

Acquisition of Parral Properties

On October 31, 2016, the Company issued 1,198,083 common shares of the Company to Silver Standard Resources Inc. ("Silver Standard") in connection with the acquisition from Silver Standard of a 100% interest in the Parral properties located in Chihuahua, Mexico. Under the terms of the Company's agreement with Silver Standard, the Company is to spend U.S.$2 million on exploration over the two-year period following the closing date. On completing this exploration expenditure, Endeavour will have one year to deliver a NI 43-101 technical report, including a resource estimate, and issue an additional U.S.$200,000 in common shares of the Company to Silver Standard for each 1,000,000 ounces of silver delineated in measured and indicated resources on the San Patricio and La Palmilla properties within the Parral properties, based on the 10-day average closing price of Endeavour's common shares on the New York Stock Exchange prior to the earlier of delivery of the NI 43-101 report and October 31, 2019.

2015

Equity Financing

In 2015, pursuant to the 2015 ATM Offering, the Company issued 799,569 common shares of the Company at an average price of $1.43 per share for net proceeds of $1.1 million.

2014

Credit Facility Amendment

As mentioned under "2016 Developments-Credit Facility Amendments", the Credit Facility with Scotiabank was reduced to $25 million on July 24, 2015.

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-gold from its underground mines at Guanacevi, Bolañitos and El Cubo in Mexico. The Company also has interests in certain exploration properties in Mexico and 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. 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 is advancing exploration and development of its Terronera, El Compas and Parral properties located in Mexico. The Company is also exploring a number of other properties 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, 2016, the Company had approximately 14 employees based in its Vancouver corporate office and employed through its Mexican subsidiaries approximately 1,627 full and part-time employees in Mexico. Additional consultants are also retained from time to time for specific corporate activities, development and exploration programs.

Environmental Protection

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 $2.1 million for the Guanacevi mine operations, $1.8 million for the Bolañitos mine operations and $4.0 million for the El Cubo mine operations.

Community, Environmental and Corporate Safety Policies

Endeavour is focused on the improvement 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

The Company's ability to generate revenues and profits from its mineral properties, or any other mineral property it may acquire, is dependent upon a number of factors, including, without limitation, the following risk factors.

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 and Canada are subject to foreign currency exchange fluctuations. The Company raises its funds through equity issuances which are priced in Canadian dollars, and the majority of the exploration costs of the Company are denominated in United States dollars and Mexican 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.

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 given by the Company that its 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 Guanacevi Mines Project, Bolañitos Mines Project and El Cubo Mine, none of the Company's properties have any defined ore-bodies with proven 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.

The NI 43-101 technical reports in respect of the Guanacevi Mines, the Bolanitos Mines and the El Cubo Mine assume the following metal prices: $16.29 per ounce for silver and $1,195 per ounce for gold. The Terronera PEA assumes the following metal prices in the base case plan: $18 per ounce for silver and $1,260 per ounce for gold. Mineral reserve and resource estimates would be lower than estimated to the extent that actual metal prices are lower than assumed.

Replacement of Reserves and Resources

The Guanaceví, Bolañitos and El Cubo 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 Bolañitos mine has an expected mine life of less than two 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.

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.

The positive effect on the Company's results arising from past and future acquisitions will depend 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, 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, 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 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 regulation, 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.

Mexican Tax Assessments

As disclosed under "Item 11: Legal Proceedings", a 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. As of December 31, 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 on-going court proceedings and discussion with the tax authorities.

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. 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 President and Chief Executive 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 in negotiating and reaching an agreement with respect to the extent of each company's participation. 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, 2016. 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.

General Economic Conditions

The volatile global economic environment has created market uncertainty and volatility in recent years. Instability in the market for metal commodities has been experienced since April 2013, and continues today. These macro-economic events negatively affected the mining and minerals sectors in general, and the Company's market capitalization has been significantly reduced in periods of market instabilities. 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.

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 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, therefore, 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 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")** requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting and an attestation report by the 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 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 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.

Credit Facility with Scotiabank

The Company's Credit Facility with Scotiabank requires the Company to make certain interest payments, provide a first-ranking security interest over all of its assets and also contains a number of covenants that impose significant operating and financial restrictions on the Company and may limit the Company's ability to engage in acts that may be in its long-term best interest.

If the Company's cash flows and cash and cash equivalents are insufficient to fund its debt service obligations, including repayment or renewal of the Credit Facility at the end of its term, the Company could face liquidity problems and could be forced to seek amendments to the Credit Facility, or reduce or delay investments and capital expenditures, dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance the Company's indebtedness, including the Credit Facility. The Company may not be able to affect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternatives may not allow the Company to meet its scheduled debt service obligations. There can be no certainty that the Company will be able to repay or renew the Credit Facility at maturity and the failure to do so would have a material adverse effect on the Company.

In addition, a breach of the covenants under the Credit Facility could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt, and may result in the acceleration of any other debt to which a cross acceleration or cross default provision applies. In the event a lender accelerates the repayment of the Company's borrowings, the Company may not have sufficient assets to repay its indebtedness. The security interests provided by the Company under the Credit Facility may adversely affect the Company's ability to secure other types of financing. As a result of the security interests granted to Scotiabank, any default under the Credit Facility, including any covenants thereunder, could result in the loss of the Company's entire interest in its material assets.

Lack of Dividends

The Company has never declared or paid any dividends on the Common Shares. So long as the Company's Amended Credit Agreement with Scotiabank and related security documentation are in effect, the Company is restricted from declaring and paying any dividends. Endeavour otherwise 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.

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

<u>Summary of Mineral Reserves and Mineral Resources Estimates</u>

The following tables summarize as at December 31, 2016 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 Reserves & Resources (as of December 31, 2016)					
Reserves	**Tonnes**	**Ag g/t**	**Au g/t**	**Ag oz**	**Au oz**
Guanaceví	87,000	247	0.49	686,200	1,400
Bolanitos	157,000	90	2.84	456,700	14,300
El Cubo	409,000	154	1.99	2,028,900	26,200
Total Proven	653,000	151	2.00	3,171,800	41,900
Guanacevi	508,000	262	0.64	4,285,200	10,500
Bolanitos	238,000	104	1.81	798,300	13,800
El Cubo	453,000	159	1.71	2,311,100	24,900
Total Probable	1,199,000	192	1.28	7,394,600	49,200
Total Proven & Probable	**1,852,000**	**177**	**1.53**	**10,566,400**	**91,100**

Resources	Tonnes	Ag g/t	Au g/t	Ag oz	Au oz
Guanaceví	69,000	248	0.47	550,300	1,000
Bolañitos	89,000	150	2.29	427,600	6,500
El Cubo	213,000	192	3.13	1,318,500	21,400
Total Measured	371,000	193	2.43	2,296,400	28,900
Guanaceví	2,271,000	296	0.72	21,595,600	52,800
Bolañitos	698,000	162	2.04	3,630,300	45,800
El Cubo	732,000	194	2.44	4,561,100	57,400
Terronera	2,938,000	211	1.65	19,912,000	156,000
Guadalupe y calvo	1,861,000	119	2.38	7,147,300	142,500
Total Indicated	8,500,000	208	1.66	56,846,300	454,500
Total Measured & Indicated	**8,871,000**	**207**	**1.70**	**59,142,700**	**483,400**
Guanaceví	638,000	379	0.82	7,769,400	16,900
Bolañitos	1,150,000	153	2.29	5,674,700	84,800
El Cubo	1,453,000	214	2.78	10,004,000	129,900
Terronera	1,213,000	218	1.39	8,500,000	54,400
Guadalupe y calvo	154,000	94	2.14	464,600	10,600
Total Inferred	**4,608,000**	**219**	**2.00**	**32,412,700**	**296,600**

Silver-Lead-Zinc Reserves & Resources (as of December 31, 2016)					
Resources	**Tonnes**	**Ag g/t**	**Au g/t**	**Ag oz**	**Au oz**
Guanaceví	363,000	208	0.26	2,420,500	3,100
Parral	1,631,000	49	0.90	2,589,900	47,200
Total Indicated	**1,994,000**	**78**	**0.78**	**5,010,400**	**50,300**
Guanaceví	488,000	132	0.16	2,076,000	2,500
Parral	1,303,000	63	0.88	2,658,900	36,900
Total Inferred	**1,791,000**	**82**	**0.68**	**4,734,900**	**39,400**

Notes to Reserves and Resource Tables

1. Reserve and resource cut-off at Guanaceví is 198 g/t Silver equivalents
2. Reserve and resource cut-off at Bolañitos is 162 g/t Silver equivalents
3. Reserve and resource cut-off at El Cubo is 177 g/t Silver equivalents
4. Mining width is 0.8 metres at Guanaceví
5. Mining width of 0.8 metres at Bolañitos
6. Mining width of 0.8 metres at El Cubo
7. At Guanaceví dilution is 29% after it has been diluted to a minimum mining width if required
8. At Bolañitos dilution is 21% after it has been diluted to a minimum mining width if required
9. At El Cubo dilution is 30% after it has been diluted to a minimum mining width if required
10. 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 mining methods
11. Measured and Indicated cut-off at Terronera is 150 g/t Silver equivalents
12. Inferred resources cut-off at operations are the same cut-offs used as for the Measured and Indicted resources
13. Inferred resources cut off for the Terronera property is 150 g/t Ag equivalent
14. 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
15. Price assumptions are $16.29 per ounce of silver and $1,195 per ounce of gold
16. Silver equivalents are based on a 75:1 silver:gold price ratio
17. Resource cut off for the Guadalupe y Calvo property is 100 g/t Ag equivalent
18. At the Parral project a cut-off using net smelter return of $40 is used with the prices listed below:

Description	**Parameter**	**Description**	**Parameter**
Gold Price	*U.S.$1,000/oz*	Gold Recovery (Overall)	*75%*
Silver Price	*U.S.$16/oz*	Silver Recovery (Overall)	*71%*
Lead Price	*U.S.$0.65/lb*	Lead Recovery (Overall)	*80%*
Zinc Price	*U.S.$0.65/lb*	Zinc Recovery (Overall)	*74%*
Smelter Terms	*Generic Contract*		

19. Figures in the tables are rounded to reflect estimate precision, small differences generated by rounding are not material to the estimates
20. 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.
21. Resources are exclusive of and in addition to mineral reserves
22. 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 Guanacevi Mines Project is extracted from a technical report titled "*NI 43-101 Technical Report Updated Mineral Resource and Reserve Estimates for the Guanacevi Project, Durango State, Mexico*" prepared by Hard Rock Consulting LLC, with an effective date of December 31, 2016 and dated March 3, 2017. 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.
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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 the 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.

Bolañitos Mines Project (formerly the Guanajuato Mines Project), Guanajuato State, Mexico

The following summary of the Bolañitos Mines Project is extracted from the technical report titled "NI 43-101 Technical Report: Updated Minerals 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. 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.

<u>El Cubo Mines Project, Guanajuato State, Mexico</u>

The following summary of the El Cubo Mines Project is extracted from the technical report titled "NI 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State Mexico" prepared by Hard Rock Consulting LLC, with an effective date of December 31, 2016 and dated March 3, 2017. 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 El Cubo 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

EDR acquired a 100% interest in the El Cubo Project in July 2012, through purchase of issued and outstanding shares of Mexgold and ensuing acquisition of Mexgold subsidiaries Compañía Minera Del Cubo, S.A. de C.V., AuRico Gold GYC, S.A. de C.V. and Metales Interamericanos, S.A. de C.V.

The El Cubo property is located in central Mexico, in Guanajuato State near the village of El Cubo, approximately 10 km east of the City of Guanajuato and about 280 km northwest of Mexico City. The geographic center of the property is located at roughly 21°00'17" N Latitude and 101°12' 25" W Longitude, at an elevation of 2265 m above mean sea level. The El Cubo property consists of 57 mining concessions covering an area of approximately 8,141 ha, including several mine adits, ramps, shafts, and the 2000 tpd El Tajo flotation plant.

Geology and Mineralization

The El Cubo mine is located on the southeast flank of the Sierra Madre Occidental geological province in the southeastern portion of the Sierra de Guanajuato, an anticlinal structure about 100 km long and 20 km wide. The property is underlain by a volcano-sedimentary sequence of Mesozoic to Cenozoic age volcanic, sedimentary, and intrusive rocks, some members of which host the veins exploited by the mine. The Cenozoic rocks may have been emplaced in a caldera setting with hydrothermal alteration occurring at approximately 27 Ma (Buchanan, 1980).

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. The El Cubo mine exploits veins of the Sierra fault system.

The northwest striking and southwest dipping faults are the main structures containing the very important Villalpando, La Loca, Dolores and Pastora-Fortuna veins. These veins are generally steeply dipping with some northeast dipping sections. The Capulin fault offsets the northwest-striking vein systems at the south end of the El Cubo mine, displacing the Dolores vein downward to the south.

Veins are the main targets for mining. Some weak stockworks that grade into disseminations are viable targets, especially if they are close enough to surface and can be mined from an open pit. An historic open cut exists on the Dolores vein in the vicinity of the El Tajo mill. The Villalpando and the Dolores veins have been actively mined since the early stages of mining at El Cubo.

Mineralized veins at El Cubo consist of the classic banded and brecciated epithermal variety. Silver occurs primarily in dark sulfide-rich bands within the veins, generally 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) alteration and silicification which form 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, and at important vein intersections. The silver-rich veins, such as Villalpando, contain quartz, adularia, pyrite, acanthite, naumannite and native gold. Native silver is widespread in small amounts. Much of the native silver is supergene. Silver sulfosalts (pyrargyrite and polybasite) are commonly found at depth. Gold-rich veins, such as San Nicolas, contain quartz, pyrite, minor chalcopyrite and sphalerite, electrum, and aguilarite.

Status of Exploration

Historical exploration at El Cubo was largely conducted by drifting along known veins, with very little drilling. Drilling exploration prior to 2000 was sporadic, and the associated information poorly organized. Drilling activity at the El Cubo Project increased significantly between 2000 and 2009, in conjunction with the acquisition of El Cubo by Mexgold, and later by Aurico, producing credible data for 844 drillholes (approximately 180,019 m). The drillhole data applies to both surface and underground drilling, at a variety of drilhole diameters, which occurred mainly over the Villalpando, Dolores, La Loca, San Nicolas, San Eusebio, Pastora, Puertecito and La Cruz structures.

In 2009, AuRico began the year with a dedicated six-month program of data compilation followed by extensive field mapping over the Sierra Vein system. At year end, AuRico had completed 16 core holes for 3,361 m in the Dolores SE target. Exploration carried out in 2010 consisted of drilling in the Dolores, Capulin, Villalpando Sur, Villalpando Gap, Puertecito, and La Cruz target areas. Exploration activities carried out in 2011 focused on drilling the step-out and in-fill on the 2009 Dolores Vein discovery.

In early 2012, AuRico drilled 16 drillholes on the Dolores SE target, but all surface exploration drilling was put on hold subject to AuRico completing the purchase and sale agreement for the El Cubo mine. At that time, El Cubo exploration geologists were in the process of geologically mapping and surface sampling the Cebolletas, Villalpando Sur, Cabrestantes and San Nicolás areas.

Between 2012 and 2015, EDR's drilling and field exploration efforts were focused on locating mineralized bodies over primary and secondary structures, mainly near the current production areas. Surface drilling was conducted over the Villalpando (Villalpando Gap, Asunción & Villalpando South), Dolores (Dolores North), La Loca & La Paz veins. The mine exploration drilling program was undertaken to determine the extent of additional mineralization near areas currently being mined. The principal targets were the Villalpando (Area II and IV) and Dolores (II) vein systems, though a number of other structures also explored. As of December 2014, a total of 72,969 m of drilling had been completed in 277 holes, with an associated 16,522 samples.

In 2015, EDR spent US $1,686,569 (including property holding costs) on exploration activities, including drilling, at the El Cubo Project. Field exploration activities at El Cubo were mainly focused on the Cubo North area, with the intent of continuing to define targets of interest for possible future drilling programs. Geological mapping, trenching and sampling were also conducted in the Cubo Central and Cubo South areas, as well the surrounding Nayal-Cabrestantes, Los Pinguicos, Olga Margarita-Janet, La Providencia and El Eden areas.

During 2015, Endeavour Silver completed a total of 7,178.55 m in 25 surface diamond drillholes at the El Cubo Mines Project. A total of 2,603 samples were collected and submitted for assays. Surface drilling exploration carried out in 2015 is summarized in Table 1-1.

Table 1-1 Exploration Drilling Activities in 2015

Project Area	Number of Holes	Total Meters	Number of Samples Taken
Violeta	4	1,655.90	446
Asunción	2	305.80	156
Cubo Central	8	2,116.50	642
Villalpando North	4	1,349.10	596
Nayal-Cabrestantes	7	1,751.25	763
Total	**25**	**7,178.55**	**2,603**

In 2016, Endeavour Silver spent US $1,060,668 (including property holding costs) on exploration activities mainly in the Nayal-Cabrestantes, Asunción (Villalpando vein) and Cubo Central areas in a continuing effort to identify and evaluate mineralized zones as potential targets for further exploration. A total of 3,799 m were drilled in 13 surface diamond drill holes at the Project, and a total of 777 samples were collected and submitted for assay. Surface exploration drilling undertaken during 2016 is summarized in Table 1-2.

Table 1-2 Exploration Drilling Activities in 2016

Project Area	Number of Holes	Total Metres	Number of Samples Taken
Asunción	5	1,901.60	314
Nayal-Cabrestantes	8	1,897.60	463
Total	**13**	**3,799.20**	**777**

An underground drilling exploration program was also conducted in 2016 on targets (La Loca, Vein 274, SJD & San Nicolás) located in close proximity to active mines. A total of 12 underground drill holes were completed for 1,710 m at the El Cubo Project (Table 1-3), and a total of 584 samples were collected and submitted for analysis.

Table 1-3 Underground Exploration Drilling Activities in 2016

Project Area	Number of Holes	Total Metres	Number of Samples Taken
Mine Exploration	12	1,709.90	584
Total	**12**	**1,709.90**	**584**

In 2017, EDR plans to conduct a surface drilling program (approximately 3,000 m of drilling) mainly focused on the Cubo North La Sauceda areas. Planned underground drilling (approximately 3,000 m of drilling) will focus on structures near active mining areas. Regional exploration in 2017 will continue in and proximal to the La Sauceda area.

Development and Operations

The El Cubo Mine is now organized into two discrete physical areas, previously the mine was organized into four areas. Area 1 covers the north end of the Villalpando system with access through the Sta. cecillia ramp, the previous level 3 of the upper La Loca vein and the previous area 4 of the lower El Cubo concessions with access from the Sta. Lucia shaft. Area 2 includes the southern end of the Villalpando and Dolores vein systems, and is principally accessed from the Dolores ramp at El Tajo and from a crosscut on Level 4. Each area has separate crews and infrastructure for access, stoping, ventilation, and ore haulage. The area separations are geographic, and by level.

Conventional drill and blast methods are used to extract the ore at El Cubo, and access to the mining areas is provided by ramps, adits and shafts. Mine development headings are drilled by jumbo and by jackleg. The choice of equipment is generally guided by the anticipated vein widths, stoping method, and equipment availability. The stoping methods used at El Cubo are 80% mechanized cut-and-fill and 20% longhole open- stoping.

It is standard procedure throughout the mine to install systematic ground control. Ground control is carried out using a combination of split sets, mesh, w-straps, and cable bolts. The type of support varies according to the conditions encountered, but split sets are most common and are complemented as needed with mesh and/or w-straps. Cable bolting is required during the preparation of stopes for longhole blasting. The cable bolts are installed by drilling holes in the hanging wall and fixing the bolts in place with cement pumped into the hole.

The upper levels of the mine are dry. Water inflows are a factor in the lowest development levels where it is collected, pumped, and distributed as additional water for the needs of mine production.
The lowest historic development level of the mine, Level 9 of the Villalpando vein, was flooded until the latter part of 2013. The mine has been gradually dewatered and new development is pursuing mineral in the lower levels.

After the strike ended in 2011, Blake (2011) provided a preliminary geotechnical study to AuRico to determine if ground deterioration had occurred and if so, what rehabilitation effort might be needed in order for mining to resume. The geotechnical study concluded that in most cases, scaling and spot bolting would sufficiently mitigate deterioration, and rehabilitation work was carried out in three stopes according to recommendations.

The ventilation system at El Cubo is a combination of natural and mechanical, but relies mostly on natural ventilation. Air flow enters through the various access ramps, shafts, raise bore holes, and old mine openings, and moves down to the lower part of the mine, exhausting through a series of partially open old areas of the mine, raise bore holes, and conventional driven raises.

As of December 31, 2016, the company had a total of 610 direct employees distributed in different departments. There are 290 contract persons for personal transport, security, underground development, underground mining and ore transport from underground to surface and to the plant.

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. HRC estimated the mineral resource for the El Cubo Mine 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 El Cubo are gold and silver.

HRC constructed the vein models using Leapfrog. Twenty-two 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. Vein volumes were clipped using a distance buffer of 100 meters, except the Villalpando vein, which used a distance buffer of 125 meters, from the selected vein intercepts. Veins were clipped against younger veins, topography, and the concession boundaries.

The 3D geologic solids were converted to block models using Datamine. Block model prototypes were created for each of the 3D veins. The model prototypes are rotated along strike and down dip and encompass the entire vein. A block size of 10m x 10m in the strike and dip directions was established. The blocks in the z direction were sub-blocked to the vein thickness. The El Cubo 3D models were validated by comparison of the global descriptive statistics from the Inverse Distance Weighting (“ID”), Ordinary Krige (“OK”), Nearest Neighbor (“NN”), and composite data, and inspection of the ID block model on long section in comparison to the composite grades.

HRC used the kriging efficiency, distance from samples, and the number of samples to classify the mineral resources into measured, indicated, inferred. Measured mineral resources are those blocks with at least 15 composites, a kriging efficiency of at least 75%, and a distance no greater than 10 meters. Indicated mineral resources are those blocks at least 20 meters from a sample. Inferred mineral resources are those blocks greater than 20 meters from a sample and have a value for estimated silver.

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 177 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 El Cubo mine as of December 31, 2016, are summarized in Table 1-4. The resources are exclusive of the mineral reserves.

Table 1-4 Mineral Resource Estimate, Effective Date December 31, 2016

Classification	Tonnes	Silver Equivalent	Silver		Gold	
		g/t	g/t	oz.	g/t	oz.
Measured	213,000	414	192	1,318,500	3.13	21,400
Indicated	732,000	366	194	4,561,100	2.44	57,400
Measured + Indicated	945,000	377	194	5,879,600	2.60	78,800
Inferred	1,453,000	411	214	10,004,000	2.78	129,900

1. Measured, Indicated and Inferred resource cut-off grades were 177 g/t silver equivalent at El Cubo.
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 87.8% for silver and 84.7% for 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 here. Mr. Choquette is Qualified Person as defined by NI 43-101 and is independent of EDR. The mineral reserve calculation for EDR's El Cubo Mine in Guanajuato, Mexico was completed in accordance with NI 43-101, and based on all data and information available as 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 facility capable of processing 1,600 tpd, if excess mined tonnage is produced the ore is trucked to EDR's Bolañitos mill for processing.

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 NI 43-101. Measured and Indicated mineral resources generated from the 2D polygon resource model were also converted to mineral reserves, provided that associated grades fell above the calculated cutoff and economic viability could be demonstrated. 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 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 El Cubo property is 177 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 Section 15.1.2, 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 Cubo Project 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 Cubo, this applies to blocks located within approximately 10 m 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 economically viable and for which EDR has a mine plan in place. For the El Cubo Project, this applies to all blocks for which EDR has a mine plan in place.

The Proven and Probable mineral reserves for the El Cubo Project as of December 31, 2016 are summarized in Table 1-5. The reserves are exclusive of the mineral resources reported in Section 14 of this report.

Table 1-5 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	409.3	295	154	2,028.9	1.99	26.24	26%
Probable	452.7	280	159	2,311.1	1.71	24.85	33%
Total Proven and Probable Reserves	**861.9**	**287**	**157**	**4,340.0**	**1.84**	**51.09**	**30%**

1. Reserve cut-off grades are based on a 184 g/t silver equivalent.
2. Metallurgical Recoveries were 87.8% silver and 84.7% gold.
3. Mining Recoveries of 95% were applied.
4. Minimum mining widths were 0.8 meters.
5. Dilution factors averaged 30%. 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 El Cubo 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 Endeavour Silver's ongoing mining operations at the El Cubo 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 El Cubo 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 El Cubo mining district controlled by Endeavour Silver continue to be highly prospective both along strike and down dip of the existing mineralization. The El Cubo mine has been in nearly continuous production for decades. A substantial effort combining direct underground exploration, underground drilling, and surface drilling will be necessary to sustain the mine and continually expand mineral resources and reserves. The El Cubo concessions cover at least 5 km of the trace of the vein system across the district. The Villalpando-Asunción area continues to provide the bulk of production from the mine, and is currently the focus of future mineral resource and reserve development. The Dolores vein is an important parallel structure along which new mineral resources and reserves have been added through a combination of underground development and diamond drilling.

The mine has considerable potential to develop both exploration targets close to existing operations outlined by underground drilling and those identified by surface exploration. The 2017 exploration for El Cubo is approved for 6,000 meters of drilling. The approved budget for this drilling is estimated at US $900,000 for the year.

HRC recommends that the process of converting mineral resources into reserves from 2D polygons to 3D block models be continued. Considerable progress has been completed via this process with 22 of the 37 veins now converted into 3D block models. 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.

Terronera Project, Jalisco State, Mexico

On May 13, 2015, the Company filed the NI 43-101 Technical Report Preliminary Economic Assessment for the Terronera Project, Jalisco State, Mexico ("Terronera PEA") prepared by Smith Foster and Associates with an effective date of March 25, 2015 and dated April 30, 2015. 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 Terronera PEA, without material modification or revision. The complete report can be viewed on SEDAR at www.sedar.com. The Terronera PEA is incorporated by reference in its entirety into this AIF.

Executive Summary

Introduction

Endeavour commissioned Smith Foster & Associates Inc. to prepare a Preliminary Economic Assessment for the Terronera Project compliant with NI 43-101. The project was formerly known as the San Sebastián Project but, in March 2015, Endeavour formally changed the name to the Terronera Project.

The Terronera PEA has an effective date of March 25, 2015. The mineral resource estimates reported in the Terronera PEA comply with the CIM Definition Standards for Mineral Resources and Mineral Reserves, as required under NI 43-101.

The term San Sebastián Property, in the Terronera PEA, refers to the entire area covered by the mineral concessions, while the term Terronera Project refers to the area within the mineral concession on which the current exploration programs and proposed mining and processing will be conducted.

The Terronera PEA 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 QPs for the Terronera PEA do not consider such errors to be material to the calculations presented herein.

The conclusions and recommendations in the Terronera PEA reflect the QPs' best independent judgment in light of the information available at the time of writing the Terronera PEA.

Summarized briefly below is key information in the Terronera PEA, including property description and ownership, history, geology and mineralization, the status of exploration and development, mineral resource estimates, mineral processing and metallurgical testing, environmental studies and permitting, capital and operating costs, economic analysis, conclusions, and recommendations.

Location and Property Description

San Sebastián del Oeste (San Sebastián) is an historic silver and gold mining district located in southwestern Jalisco State, approximately 155 km west of Guadalajara and 50 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), continues to operate in the district. The San Sebastián properties acquired by Endeavour surround the La Quiteria mine and represent a new silver-gold exploration opportunity for Endeavour.

Ownership

In February 2010, Endeavour acquired an option to purchase the San Sebastián silver-gold properties in Jalisco State from IMMSA, also known as Grupo Mexico, one of the largest mining companies in Mexico.

Endeavour holds the Terronera Project through its 100% owned Mexican subsidiary, Endeavour Gold Corporation S.A. de C.V. ("**Endeavour Gold**"). Endeavour Gold holds the Terronera Project through its 100% owned subsidiary Minera Plata Adelante S.A. de C.V. ("**Minera Plata**").

At present, the Terronera Project is comprised of 13 mineral concessions. The core group of 10 concessions totalling 3,388 hectares (ha) were owned by IMMSA. These concessions cover the main area of the known mining district. In 2013, Endeavour completed the acquisition of a 100% interest in the San Sebastián properties from IMMSA. IMMSA retained a 2% NSR (net smelter return) royalty on mineral production from the San Sebastián properties.

In 2012, Endeavour also filed and received title for 2 concessions (San Sebastián FR. 1 and FR. 2) totalling 2,078 ha. Additionally, in 2013, Endeavour filed a total of 7 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. Titling of these concessions is still pending, with the exception of San Sebastian 17 which is already titled (693 ha).

The annual 2014 concession tax for the San Sebastián Properties was 693,658 Mexican pesos (pesos), which is equal to US$47,838 at an exchange rate of 14.50 pesos to US$1.00.

History

The San Sebastián silver and gold mines were first discovered in 1542 and San Sebastián del Oeste, a silver and gold mining town, was founded in 1605 during the Spanish colonial period. By 1785, more than 25 mines and a number of foundries had been established in the district and, during the peak mining period, the area was considered one of the principal sources of gold, silver and copper for New Spain. The main mines in the district included Real de Oxtotipan, Los Reyes, Santa Gertrudis, Terronera and La Quiteria. 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 silver production of these mines is unknown.

The only significant modern exploration in the district was carried out by IMMSA in the late 1980s and early 1990s.

As of 2013, the La Quiteria mine was still active and mined by Minera Cimarrón S.A. de C.V., a private mining company.

Geology and Mineralization

The San Sebastián properties (5,466 ha) 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 about 3 km by 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 carry high grade silver-gold mineralized deposits. For example, the La Quiteria vein ranges up to 15m thick, and the Santa Quiteria mine averages about 280 g/t silver and 0.5 g/t gold over a 3m to 4m width. This high grade mineralized zone appears to extend into the San Sebastián Properties both along strike and immediately down dip.

Exploration Program

2010 Exploration Program

In 2010, Endeavour commenced exploration activities on the Terronera Project. Initial work included mainly data compilation, field mapping and sampling. A total of $325,586 (including acquisition and property holding costs) was spent on exploration activities on the Terronera Project in 2010.

2011 Exploration Program

In 2011, exploration activities continued on the Terronera Project including geological mapping, rock chip sampling, topographic surveying and diamond drilling. A total of $2,249,443 (including acquisition and property holding costs) was spent on exploration activities on the Terronera Project in 2011.

2012 Exploration Program

In 2012, exploration activities continued on the Terronera Project, primarily involving surface diamond drilling. A total of $3,455,816 (including acquisition and property holding costs) was spent on exploration activities on the Terronera Project in 2012.

2013 Exploration Program

In 2013, exploration activities continued on the Terronera Project. Follow-up surface diamond drilling continued in the Terronera vein area. Also, geological mapping, trenching and sampling was conducted in the Terronera South and Quiteria West areas. A total of $3,944,570 (including acquisition and property holding costs) was spent on exploration activities on the Terronera Project in 2013.

2014 Exploration Program

The 2014 exploration program included 6,250m of core in approximately 20 surface diamond drill holes to delineate resources on the Terronera vein. The field activities included detailed mapping and trenching, mainly focused to the south and northern part of Terronera, and also the west part of Quiteria West vein. Endeavour spent $2,807,644, mainly on diamond drilling, in 2014.

2013 Previous Mineral Resource Estimate

The mineral resource discussed in the previous technical report for the Terronera Project was estimated using the CIM Definition Standards for Mineral Resources and Reserves, prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on May 10, 2014. The effective date of the previous Terronera Project technical report is December 31, 2013.

Animas-Los Negros, El Tajo and Real Veins

The estimate was conducted using a polygonal/sectional method. Grade capping (based on log-probability plots) was at 524 g/t and 2.38 g/t for silver and gold, respectively.

Terronera Vein

The block model used for the previous Terronera Project technical report was developed for the Terronera vein which was tested by more than 55 drill holes. The block size used to match the drilling density on a 50m grid was 25m along strike x 25m down dip x the width of the vein. Grade interpolation was achieved by using the inverse distance cubed (ID3) technique. Grade capping (based on log-probability plots) was at 2,070 g/t and 7.96 g/t for silver and gold, respectively.

Cut-off Grade

The cut-off grade selected by Endeavour for the current resource estimate is 100 g/t silver equivalent (AgEq), using a 70:1 ratio based on prices of $18/oz silver and $1,250/oz gold, with no base metal credits applied. A summary of the mineral resources at a cut-off grade of 100 g/t AgEq is given in the table below.

Summary of the Current Terronera Mineral Resources at a Cut-off Grade of 100 g/t AgEq
Effective Date March 15, 2015

Resource Classification	Tonnes (millions)	Ag g/t	Au g/t	AgEq g/t	Ag Oz (millions)	Au Oz (thousands)
Indicated	2.9	211	1.65	310	19.9	156
Inferred	1.2	218	1.39	302	8.5	54

Notes:

1) Mineral resources which are not mineral reserves do not demonstrate economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues

2) There has been insufficient exploration to define the inferred resources as an indicated or measured mineral resource. It is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category

3) 74 drill holes were utilized in the current resource calculation

4) Grade capping was 1,750 g/t for silver and 7.84 g/t for gold.

Mineral Processing and Metallurgical Testing

A simulation model was made of the beneficiation process based on a medium grade composite sample. In addition, a steady state mass balance was calculated for the entire process including the flotation circuit. The model showed that a fine grind will result in increased metal recovery. Given that the mine plan is based on mining the high grade ores first, the metal recoveries recommended for the economic model are 90% silver and 84% gold as indicated by the test results of the high grade composite sample.

Further test work is recommended to support the future development of the Terronera Project. The tests include flotation locked cycle tests, mineralogical examinations, and ICP (inductively coupled plasma) 32 element analyses on final concentrates and tailing products.

Mining Methods

The mining method selected for the extraction of the mineralized rock is mechanized non-captive cut and fill mining. A nominal cut and fill lift will be 5m high and excavated the width of the mineralized zone. Multiple working faces can be created in the same area by mining a number of lifts at the same time accessed by up-and-down ramps constructed in the backfill.

Primary access to the mineral deposit will be via a 1,748m long track haulage drift (adit) at the 1,440m level. This track haulage drift will also serve as a main drainage and ventilation level. The mine and stope development and production schedules are generally based on mining higher grade 'Blocks' first, followed by mining lower grade 'Blocks'. Mining will generally be completed from the bottom up. The life-of-mine and stope development is estimated to be 46,300m.

Recovery Methods

The Terronera Project will produce a marketable flotation concentrate from precious metal bearing materials originating from the Terronera vein. A beneficiation plant using a flotation process was selected for recovery of precious metals present in the deposit. A fine grind will be required to achieve acceptable levels of gold and silver recovery. Precious metal values will be recovered into a flotation concentrate that may be shipped to a smelter for further processing.

Environmental Studies, Permitting, and Social Impact

Endeavour submitted in December, 2013 a Manifest of Environmental Impact to the Mexico environmental permitting authority known as SEMARNAT (Secretaria de Medio Ambiente y Recursos Naturales). A SEMARNAT permit for the Terronera Project was issued in October, 2014 for a 500 tpd project.

A Terronera Project closure and reclamation plan will be included in an amended 1,000 tpd MIA permit application now being prepared by Endeavour. The Terronera Project will be required to be designed to comply with the environmental regulations and standards in place in México. The mining infrastructure and supporting facilities will need to be designed so as to minimize the impact to the natural environment. Mexican law requires that an environmental monitoring program of surface and underground water, creek sediments, soil, air, vegetation and wildlife conditions be implemented. This program will be required before and during mining operations and after mine closure.

The Terronera Project tailings storage facility ("TSF") will be designed to store filtered tailings, or "drystack" tailings, to minimize downstream contamination risk and to maximize geotechnical stability in the seismically active coastal area of western Mexico. The conceptual Terronera Project TSF design will accommodate approximately 2.0 million m^3 of compacted tailings which provides a storage capacity, at a process rate of 1,000 tpd, for the first ten years of mine life.

Capital and Operating Costs

The Terronera Project has an estimated total capital cost of $65,363,000. All estimates were prepared by engineers and construction personnel with direct experience on recent Endeavour mine projects and other construction projects in Mexico.

Operating costs of $45 per tonne for mining, $27 per tonne for processing, and $10 per tonne for General and Administration were all taken from the current mine and plant operations of Endeavour that best match the Terronera Project throughput and conditions.

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 $18.00/oz silver and $1,260/oz gold.

The economic analysis is preliminary in nature and 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 Terronera PEA will be realized or that Inferred Mineral Resources will ever be upgraded to Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

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, net present value, and internal rate of return. The financial model is constructed on a 100% equity basis, however, in the tax treatment it is assumed that debt procured at the corporate level is charged as a tax credit at the Terronera operating subsidiary level. A total of $40 million is applied in this manner commencing in year 1 through year 8 at $5 million per year. The Terronera Project key financial indicators for the base case are as follows:

- After-tax internal rate of return 20.0%
- Project payback period 3.7 years
- After-Tax Net Present Value (5% discount) of $48,607,000

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

Base Case After-Tax NPV and IRR Sensitivities

	Operating Cost Sensitivity		Initial Capital Sensitivity		Metal Price Sensitivity	
Variance	NPV (5%)	IRR	NPV (5%)	IRR	NPV (5%)	IRR
-20%	$82.54	28.5%	$54.68	23.6%	-$16.10	-0.8%
-10%	$66.59	24.6%	$51.68	21.7%	$17.89	10.9%
Base Case	$48.61	20.0%	$48.61	20.0%	$48.61	20.0%
+10%	$27.56	14.1%	$45.43	18.4%	$75.10	27.1%
+20%	$3.47	6.3%	$42.08	16.9%	$100.43	33.7%

Conclusions and Recommendations

The Terronera Project resource estimates presented here conform to the current CIM Definition Standards for Mineral Resources and Mineral Reserves, as required under NI 43-101. We believe that 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 resource estimate or the continued exploration and development of the Terronera Project.

Based on a review of the Terronera Project and the encouraging results thus far, it is recommended that Endeavour proceed to the next stage of development by preparing a pre-feasibility study that includes the following:

- Further environmental studies and permit applications
- A site geotechnical program
- A site hydrology study
- An in-fill drilling program
- Condemnation drilling at all sites
- Further studies to optimize the mine plan
- A re-estimation of the mineral resources and estimation of mineral reserves
- Further metallurgical tests
- Further studies to optimize the grinding and processing circuits
- Preliminary engineering of the TSF
- Tailings transport trade-off study from Dry Tailings Plant to TSF
- More detailed cost estimates

The total estimated cost of the above programs, studies, and tests and preparing a pre-feasibility study is $3.4 million. The QP further recommends that Endeavour considers more drilling to expand the mineral resource which could improve the economics of the Terronera Project.

Terronera Update

Following completion of the Terronera PEA the Company has continued to advance the project and commissioned a Pre-Feasibility Study (PFS) with completion expected in Q2, 2017. Concurrent with the PFS preparation, management has continued to delineate the published resource, drill prospective targets and explore the prospective area.

During 2015 and 2016, a total of 35,000 metres of drilling was completed, consisting primarily of in-fill drilling. Results were consistent with drill data which supports the resource in the Terronera PEA. The in-fill drilling was designed to raise confidence in the resource estimate and convert inferred resources to the measured and indicated categories. The completed PFS will include an updated resource.

The drilling also increased the mineralized envelope, expanding the resources by an additional 100 metres to depth and along strike at depth. The main mineralized zone extends over 1,400 metres in length, to 400 metres deep and is still open along strike to the southeast and down dip. The Company determined a June 30, 2016 cut-off date of drill results in order update the resource estimate to facilitate mine engineering and economic analysis for the PFS.

Mapping has extended the Terronera vein system over a 7 km by 7 km area and identified nine additional veins in the northern half of the property. Sampling of the vein system confirmed that high-grade, low sulphidation epithermal silver-gold mineralization is present in many of the veins.

In March 2017, the Company announced significant drill results from the La Luz vein. Drilling in the La Luz Vein, located about 2,200 metres northeast of the Terronera Vein, has expanded the new high-grade, mineralized zone over 500 metres long by 250 metres deep starting approximately 100 m below surface and remains open to surface and to depth.

Hole	Structure	From (m)	True Width (m)	Au (gpt)	Ag (gpt)	AgEq (gpt)
LL-02	La Luz	207.45	1.1	58.6	408	4,512
	Including	208.61	0.3	238.0	1365	18,025
LL-04	La Luz	244.10	1.2	4.0	194	478
	Including	244.40	0.2	12.2	751	1,605
LL-06	La Luz	87.80	1.0	2.6	61	246
	Including	87.80	0.4	0.4	102	133
LL-07	La Luz	113.90	1.4	3.1	202	418
	Including	113.90	0.7	6.1	233	661
LL-08	La Luz	95.25	1.4	5.3	86	454
	Including	95.65	0.4	2.6	152	333
	Including	96.45	0.8	8.8	24	637
LL-10	La Luz	127.40	3.3	2.3	140	303
	Including	130.45	0.4	5.6	176	568
LL-12	La Luz	176.10	1.8	0.6	244	283
	Including	176.10	0.6	1.3	548	638
LL-13	La Luz	131.75	1.5	19.0	407	1,735
	Including	132.95	0.4	48.9	680	4,103
LL-14	La Luz	175.30	1.5	29.5	651	2,719
	Including	176.25	0.6	62.9	844	5,247
LL-17	La Luz	124.55	1.4	23.1	245	1,865
	Including	124.55	0.5	47.5	212	3,537
LL-18	La Luz	174.00	2.0	12.8	21	916
	Including	174.00	0.2	49.6	48	3,520
LL-19	La Luz	193.20	1.1	2.7	7	194
	Including	193.75	0.4	5.9	13	426
LL-20	La Luz	169.15	1.5	6.4	40	484
	Including	171.75	0.3	12.4	21	886
LL-21	La Luz	173.10	2.2	57.0	63	4,054
	Including	173.60	0.3	320.0	340	22,740

Additional Properties

El Compas Project

In May 2016, the Company acquired a 100% interest in the 3,990 hectare El Compas project located in Zacatecas, Mexico. The El Compas project 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. At El Compas, two previously explored veins, El Compas and El Orito, contain small but high-grade, historic resources estimated in January 2016 by the previous owner. Endeavour has not yet completed sufficient work to verify the historic resource, and is not relying on it.

Through Minera Oro Silver, the Company also indirectly holds a five year operating lease, renewable for an additional five years, on a 500 tpd ore processing plant located in Zacatecas, Mexico for a total annual lease cost of MXN 1,632,000 (approximately U.S.$90,000), adjusted annually for inflation. The plant is currently not operational and will require capital investment to restore to an operational state. Preliminary capital investment estimates are $6.5 million to $7.5 million to recommence operations at the plant.

Subsequent to acquisition of the El Compas project, the Company spent $1.7 million on sampling, mapping, drilling 10,500 metres, and initiating a Preliminary Economic Assessment (PEA). The drilling focused on the Ana Camila vein, a splay of the El Orito vein located about 550 metres southeast of El Orito, has outlined a new high-grade, south plunging mineralized zone over 250 metres long by 100 metres deep, starting approximately 100 metres below surface and still open to surface and at depth.

A current resource estimate for El Compas together with a preliminary economic assessment are scheduled for completion in spring 2017.

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 (oz) of silver from this district. The properties covers 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. Historical drilling and sampling has shown La Palmilla property has strong potential to discover low-grade mineralization amenable to open pit mining, while all properties have excellent potential to discover new high-grade resources in under-explored areas along strike of Veta Colorada, San Patricio, Palmilla and numerous other veins on the properties. Some of these large veins have been traced for over eight kilometres. Land access agreements are already in place for exploration.

ITEM 5: DIVIDENDS

5.1 Dividends

The Company has not declared any dividends during the past three fiscal years ended December 31, 2016. So long as the Company’s Amended Credit Agreement with Scotiabank and related security documentation are in effect, the Company is restricted from declaring and paying any dividends. 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, 2016:

	December 31, 2016
Authorized share capital	Unlimited number of common shares without par value
Number of shares issued and outstanding	127,080,264 common shares without par value

As at March 17, 2017, the Company has 127,108,264 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 2016 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-16	5.51	4.20	10,282,602
Nov-16	6.82	4.79	16,258,572
Oct-16	6.79	5.28	9,382,708
Sep-16	7.59	5.55	11,864,194
Aug-16	7.75	5.63	11,189,980
Jul-16	6.67	5.19	8,847,477
Jun-16	5.19	3.89	6,175,752
May-16	5.27	3.80	7,340,834
Apr-16	5.36	3.07	7,179,095
Mar-16	3.78	2.12	5,991,479
Feb-16	2.53	1.66	3,117,314
Jan-16	2.10	1.46	1,551,340

The following table sets forth the price ranges and volume traded of the common shares of the Company for each month in 2016 as reported by the NYSE. The data includes common shares sold through the NYSE in connection with the 2015 ATM Offering and the 2016 ATM Offering and common shares sold through certain quotation systems in the United States.

Month	High (U.S.$)	Low (U.S.$)	Volume Traded
Dec-16	4.15	3.10	54,332,627
Nov-16	5.06	3.53	50,832,007
Oct-16	5.18	4.00	41,618,979
Sep-16	5.84	4.21	73,524,777
Aug-16	5.95	4.29	63,547,104
Jul-16	5.13	3.99	54,279,621
Jun-16	3.97	2.96	47,716,193
May-16	4.23	2.90	50,115,787
Apr-16	4.28	2.33	51,447,429
Mar-16	2.91	1.58	40,087,975
Feb-16	1.83	1.18	20,864,332
Jan-16	1.48	1.01	10,875,274

ITEM 8: ESCROWED SECURITIES

8.1 Escrowed Securities

To the Company's knowledge, as at December 31, 2016, 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
Godfrey J. Walton British Columbia, Canada	Director, President and Chief Operating Officer	July 25, 2002	President and Chief Operating Officer of Endeavour
Ken Pickering(1)(3)(4) British Columbia, Canada	Director	August 20, 2012	Independent Director of several public mineral exploration and mining companies
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)(3) 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; Chief Financial Officer, Viterra Inc. from February 2008 until December 2012
Ricardo Campoy(1)(3) New York, USA	Director	July 9, 2010	Managing Director, Headwaters MB
Daniel Dickson British Columbia, Canada	Chief Financial Officer	N/A	Chief Financial Officer of Endeavour
Luis Castro Durango, Mexico	Vice President, Exploration	N/A	Vice President, Exploration of Endeavour since November 2012; prior thereto, Manager of Exploration of Endeavour

Name and Province/State and Country of Residence	Position	Date of Appointment as Director	Principal Occupation During Five Preceding Years
Tomas Iturriaga Morelos, Mexico	Vice President, Operations, Mexico	N/A	Vice President, Operations, Mexico of Endeavour since February 2017; Vice President, North American Operations, Capstone Mining Corp. from August 2015 to February 2017; prior thereto, various positions with Goldcorp Inc., lastly Vice President and General Manager Mexico
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; prior thereto, Mining Analyst, Dundee Capital Markets from January 2012 to April 2013
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 17, 2017, the directors and executive officers of the Company as a group beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 1,256,278 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.

Ricardo Campoy was a director of Century Mining Corporation ("Century") when Century was subject to cease trade orders or management cease trade orders issued in March 2008 and April 2009 that were in effect for more than 30 consecutive days:

(a) On March 14, 2008, the British Columbia Securities Commission ("BCSC") issued a cease trade order against the securities of Century until Century filed certain required technical reports in accordance with NI 43-101, it prepared and filed amended interim financial statements, and it prepared and filed amended management's discussion and analysis for the period ended September 30, 2007. On March 20, 2008 the BCSC revoked the cease trade order and issued instead a management cease trade order relating to the filing of the required records. On July 18, 2008, the BCSC revoked the management cease trade order after Century filed all required records.

(b) On May 5, 2009, the BCSC issued a management cease trade order in connection with Century's failure to timely file financial statements and related management's discussion and analysis for its financial year ended December 31, 2008. On June 16, 2009, the BCSC revoked this management cease trade order after Century 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, 2015 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 (U.S.$5.9 million) tax assessment based on the June 2015 ruling. The 2016 tax assessment is comprised of MXN 41.8 million in taxes owed (U.S.$2.0 million), MXN 17.7 million (U.S.$0.9 million) in inflationary charges, MXN 40.4 million (U.S.$1.9 million) in interest and MXN 23.0 million (U.S.$1.1 million) in penalties. The 2016 tax assessment was issued for failure to provide the appropriate support for certain expense deductions taken in MSCG's 2006 tax return and failure to provide appropriate support for loans made to MSCG from affiliated companies and includes interest and penalties. If MSCG agrees to pay the tax assessment, or a lesser settled amount, it is eligible to apply for forgiveness of 100% of the penalties and 50% of the interest.

The Company filed an appeal against the June 2016 tax assessment on the basis that certain items rejected by the courts were included in the new tax assessment and a number of deficiencies exist within the assessment.

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.

11.2 Regulatory Actions

During the year ended December 31, 2016, 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, 2014 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 "Conflict 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, 2016 or prior thereto but which are still in effect, other than contracts entered into in the ordinary course of business of the Company:

1. Amended Credit Agreement with Scotiabank (see "Item 3. General Development of the Business-2016-Credit Facility Amendments").

ITEM 15: INTERESTS OF EXPERTS

15.1 Names of Experts

KPMG LLP is the external auditor of the Company and reported on the fiscal 2016 audited financial statements of the Company filed on SEDAR.

The Qualified Persons who completed the reserves and resources estimate for the Guanacevi 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 *"NI 43-101 Technical Report Updated Resource and Reserve Estimates for the Guanacevi Mines Project, Durango State, Mexico*" dated March 3, 2017 (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 *"NI 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Bolañitos Project, Guanajuato State, Mexico*" dated March 3, 2017 (effective date of December 31, 2016) filed on SEDAR.

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

The Qualified Persons who completed the Preliminary Economic Assessment for the Terronera Project are Peter J. Smith, P. Eng. of Smith Foster & Associates, Scott Fleming, P.E. of Amec Foster Wheeler, Jarita Barry, P. Geo., David Burga, P. Geo., Richard Routledge, P. Geo., Richard Sutcliffe, Ph.D., P. Geo., James L. Pearson, P. Eng. of P&E Mining Consultants Inc, and Eugenio Iasillo, P. E. of Processing Engineering L.L.C. They are the authors of the report *"NI 43-101 Technical Report Preliminary Economic Assessment for the Terronera Project, Jalisco State, Mexico*" dated April 30, 2015 (effective date of March 25, 2015) filed on SEDAR.

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 and also that it is a firm of independent accountants with respect to the Company under all relevant United States professional and regulatory standards.

To the best of the Company's knowledge, 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.

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 26, 2016. 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, 2016.

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.

2. Composition of the Audit Committee

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

Geoffrey Handley	Ricardo Campoy	Ken Pickering	Rex McLennan

As defined in NI 52-110, Geoffrey Handley, Ken Pickering, Ricardo Campoy and Rex McLennan 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

Geoffrey Handley – Mr. Handley is a geologist with a Science Degree and over 30 years of experience in the exploration and mining industry which included analyzing the financial statements of mining companies as an investment analyst and, later, as the manager/executive responsible for corporate mergers and acquisition activities at Placer Dome Inc.

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.

Rex McLennan - Mr. McLennan holds a Master of Business Administration degree from McGill University and a Bachelor of Science degree from the University of British Columbia. Mr. McLennan has an ICD.D designation with the Institute of Corporate Directors. Mr. McLennan was most recently Chief Financial Officer of Viterra Inc., a major global agricultural commodity company, from February 2008 until Viterra was acquired by Glencore Plc in December 2012. From 1997 to 2005, he was the Executive Vice President and Chief Financial Officer for Placer Dome Inc. and, prior thereto, was Vice President and Treasurer with the same company. For more than ten years, he held positions of increasing responsibility in business planning, finance and treasury and was a Senior Advisor in the Treasurer's Department for Imperial Oil, a publicly traded Canadian subsidiary of Exxon Corporation.

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, 2016	Cdn.$480,100	Nil	Nil	10,000
December 31, 2015	Cdn.$497,500	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 issuer'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. The nature of the services provided in the fiscal period ending December 31, 2016 pertains to review of greenhouse gas emissions related to Mexico regulation disclosures.

SCHEDULE “A”

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.

Consolidated Financial Statements

Prepared by Management

Years Ended December 31, 2016 and 2015

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 U.S. Securities and Exchange Commission, as required in Canada by Multilateral Instrument 52-109 and in the United States as required by the Securities Exchange Act of 1934, respectively.

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

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

March 1, 2017

/s/ Bradford Cooke

Chief Executive Officer

/s/ Dan Dickson

Chief Financial Officer

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

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INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of Endeavour Silver Corp.

We have audited the accompanying consolidated financial statements of Endeavour Silver Corp., which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Endeavour Silver Corp. as at December 31, 2016 and December 31, 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Endeavour Silver Corp.'s internal control over financial reporting as of December 31, 2016, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 17, 2017 expressed an unqualified opinion on the effectiveness of Endeavour Silver Corp.'s internal control over financial reporting.

***//s//* KPMG LLP**

Chartered Professional Accountants

March 17, 2017
Vancouver, Canada

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Chartered Accountants
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of Endeavour Silver Corp.

We have audited Endeavour Silver Corp.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Endeavour Silver Corp.'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 accompanying report titled "Management's Report on Internal Controls over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 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.

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.

In our opinion, Endeavour Silver Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of Endeavour Silver Corp. as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income (loss), shareholders' equity, and cash flows for the years then ended and our report dated March 17, 2017 expressed an unqualified opinion on those consolidated financial statements.

//s// KPMG LLP

Chartered Professional Accountants

March 17, 2017
Vancouver, Canada

ENDEAVOUR SILVER CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in thousands of US dollars)

	Notes	**December 31, 2016**	December 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 72,317**	$ 20,413
Investments	5	**85**	614
Accounts receivable	6	**25,560**	24,343
Inventories	7	**13,431**	17,350
Prepaid expenses		**2,037**	2,510
Total current assets		**113,430**	65,230
Non-current deposits		**659**	855
Deferred income tax asset	20	**183**	223
Mineral properties, plant and equipment	9,10	**66,238**	47,925
Total assets		**$ 180,510**	$ 114,233
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 18,229**	$ 18,949
Finance lease obligation	12	**-**	1,180
Income taxes payable		**4,631**	5,844
Credit facility	11	**9,000**	22,000
Total current liabilities		**31,860**	47,973
Provision for reclamation and rehabilitation	13	**7,846**	7,762
Deferred income tax liability	20	**7,545**	7,623
Total liabilities		**47,251**	63,358
Shareholders' equity			
Common shares, unlimited shares authorized, no par value, issued and outstanding 127,080,264 shares (Dec 31, 2015 - 102,776,470 shares)	Page 9	**449,594**	368,898
Contributed surplus	Page 9	**6,689**	9,465
Accumulated comprehensive income (loss)	6, Page 9	**44**	(145)
Retained earnings (deficit)		**(323,068)**	(327,343)
Total shareholders' equity		**133,259**	50,875
Total liabilities and shareholders' equity		**$ 180,510**	$ 114,233

Commitments and contingencies (Notes 9 and 11)

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

ENDEAVOUR SILVER CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

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

	Notes	Years Ended December 31, 2016	December 31, 2015
Revenue		**$ 156,767**	$ 183,556
Cost of sales:			
Direct production costs		**101,896**	124,840
Royalties		**1,948**	1,032
Share-based compensation	14 (c)	**78**	432
Depreciation and depletion		**13,952**	40,278
Write down of inventory to net realizable value	7	**-**	234
		117,874	166,816
Mine operating earnings		**38,893**	16,740
Expenses:			
Exploration	15	**10,378**	6,327
General and administrative	16	**9,284**	7,721
Impairment of non-current assets	10	**-**	134,000
		19,662	148,048
Operating earnings (loss)		**19,231**	(131,308)
Finance costs	17	**1,172**	1,368
Other income (expense):			
Write down of available-for-sale financial assets	5	**-**	(4,785)
Write off of IVA receivable		**(434)**	-
Foreign exchange		**(5,069)**	(5,006)
Investment and other		**(237)**	553
		(5,740)	(9,238)
Earnings (loss) before income taxes		**12,319**	(141,914)
Income tax expense (recovery):			
Current income tax expense	20	**7,755**	6,853
Deferred income tax expense (recovery)	20	**654**	1,174
		8,409	8,027
Net earnings (loss) for the year		**3,910**	(149,941)
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on available-for-sale financial assets	5	**80**	(145)
Reclassification for realized gain (loss) on available-for-sale financial assets		**(269)**	-
Available-for-sale financial assets reclassified to net loss	5	**-**	4,785
Total other comprehensive income (loss) for the year		**(189)**	4,640
Comprehensive income (loss) for the year		**$ 3,721**	$ (145,301)
Basic earnings (loss) per share based on net earnings		**$ 0.03**	$ (1.47)
Diluted earnings (loss) per share based on net earnings	14(f)	**$ 0.03**	$ (1.47)
Basic weighted average number of shares outstanding		**117,505,811**	101,996,503
Diluted weighted average number of shares outstanding	14(f)	**119,030,666**	101,996,503

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 U.S. dollars, except share amounts)

	Note	Number of shares	Share Capital	Contributed Surplus	Accumulated Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance at December 31, 2014		101,976,901	367,853	8,430	(4,758)	(179,252)	192,273
Public equity offerings, net of issuance costs	14 (b)	799,569	1,045				1,045
Share based compensation	14 (c)			2,885			2,885
Unrealized gain (loss) on available for sale assets	5				(172)		(172)
Available-for-sale financial asset reclassified to net loss	5				4,785		4,785
Expiry and forfeiture of options				(1,850)		1,850	-
Earnings (loss) for the year						(149,941)	(149,941)
Balance at December 31, 2015		102,776,470	$368,898	$ 9,465	$ (145)	$ (327,343)	$ 50,875
Public equity offerings, net of issuance costs	14 (b)	17,463,472	52,958				52,958
Exercise of options	14 (c)	3,495,000	15,965	(5,417)			10,548
Issued on acquistion of mineral properties, net	9 (b) (c	3,345,322	11,773				11,773
Share based compensation	14 (c)			3,006			3,006
Unrealized gain (loss) on available for sale assets	5				(80)		(80)
Realized gain (loss) on available for sale assets	5				269		269
Expiry and forfeiture of options				(365)		365	-
Earnings (loss) for the year						3,910	3,910
Balance at December 31, 2016		127,080,264	$449,594	$ 6,689	$ 44	$ (323,068)	$ 133,259

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

ENDEAVOUR SILVER CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in thousands of U.S. dollars)

		Years Ended	
	Notes	**December 31, 2016**	December 31, 2015
Operating activities			
Net earnings (loss) for the year		**$ 3,910**	$ (149,941)
Items not affecting cash:			
Share-based compensation	14 (c)	**3,482**	2,885
Impairment of non-current assets	10	**-**	134,000
Depreciation and depletion	9	**14,261**	40,599
Deferred income tax expense (recovery)	20	**(38)**	1,174
Unrealized foreign exchange loss (gain)		**462**	309
Loss on available for sale assets		**269**	-
Finance costs	17	**1,172**	1,193
Write off of IVA receivable		**434**	-
Write down of available-for-sale financial assets	5	**-**	4,785
Write down of inventory to net realizable value	7	**-**	234
Net changes in non-cash working capital	18	**(983)**	(2,591)
Cash from operating activities		**22,969**	32,647
Investing activites			
Property, plant and equipment expenditures	9	**(19,635)**	(35,662)
Proceeds from disposition of available for sale assets		**449**	-
Redemption of long term deposits		**120**	-
Cash used in investing activities		**(19,066)**	(35,662)
Financing activities			
Repayment of credit facility	11	**(13,000)**	(7,000)
Repayment of obligation under finance lease	12	**(1,180)**	(425)
Debt issuance costs		**(474)**	-
Interest paid	11, 12	**(779)**	(928)
Public equity offerings	14(b)	**55,353**	1,146
Exercise of options	14(c)	**10,548**	-
Share issuance costs		**(2,005)**	(101)
Cash used in financing activites		**48,463**	(7,308)
Effect of exchange rate change on cash and cash equivalents		**(462)**	(309)
Increase (decrease) in cash and cash equivalents		**52,366**	(10,323)
Cash and cash equivalents, beginning of year		**20,413**	31,045
Cash and cash equivalents, end of year		**$ 72,317**	$ 20,413
Supplemental cash flow information	18		

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 Corporation 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 #301 – 700 West Pender Street, Vancouver, B.C., V6C 1G8.

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 reporting period for the year ended December 31, 2016.

The Board of Directors approved the consolidated financial statements for issue on March 1, 2017.

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 expense. 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 ENR (Formerly Endeavour Capital S.A. de C.V.), 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. and Minera Oro Silver de Mexico 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.

(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, except for differences on the retranslation of non-monetary available-for-sale financial instruments which are recognized in other comprehensive income (loss).

(b) Use of estimates and judgements

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. Actual results could differ materially from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. 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, and assumptions used in determining the fair value of share-based compensation.

Information about the use of management estimates that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 6	Accounts Receivable
Note 9	Mineral Property, Plant and Equipment
Note 10	Impairment of Non-Current Assets
Note 13	Provision for Reclamation and Rehabilitation
Note 14	Share Capital
Note 20	Income Taxes

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

Acquisition of Oro Silver Resources Ltd. – critical judgments include the determination of asset purchase versus business combination in respect of the Company's acquisition of Oro Silver Resources Ltd. during the period and the valuation of assets acquired and liabilities assumed (see note 9(b)). In making its determination, the Company considered established mineral resources associated with the El Compas property and other contracts assumed in the transaction.

(c) Financial instruments

Financial assets and financial liabilities, including derivatives and contingent liabilities, are measured at fair value on initial recognition and recorded on the statement of financial position. Measurement in subsequent periods depends on whether the financial instrument has been classified as a financial asset at fair value through profit or loss, held for trading, available-for-sale, held-to-maturity or loans and receivables or as a financial liability at fair value through profit or loss or at amortized cost.

Financial assets and liabilities at fair value through profit or loss are measured at fair value with changes in fair value recognized in net earnings. Financial assets and financial liabilities classified as held-to-maturity, loans and receivables, or other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Derivative instruments, including embedded derivatives, are recorded on the statement of financial position at fair value. Changes in the fair value of derivative instruments are recognized in net earnings.

Realized gains and losses on short term metal derivative transactions are presented as investment and other income.

(d) Fair value of financial instruments

The carrying values of the Company's cash and cash equivalents, receivables, accounts payable, accrued liabilities, finance leases and income taxes payable approximate their fair values due to their short terms to maturity. The carrying value of the revolving credit facility approximates its fair value due to the existence of floating market-based interest rates. Investments, consisting of money market investments, marketable securities and notes are recorded at fair value with unrealized gains and losses at the reporting date recognized in comprehensive income unless unrealized losses are indicative of impairments in value, in which case they are recognized in net earnings.

(e) 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. Cash and cash equivalents are classified as loans and receivables.

(f) Marketable securities

Marketable securities include investments in shares of companies and other investments capable of reasonably prompt liquidation. Share investments are classified as available-for-sale and carried at fair value. Unrealized gains and losses are recognized in other comprehensive income until the securities are disposed of or when there is evidence of impairment in value. Impairment is evident when there has been a significant or sustained decline in the fair value of the marketable securities. When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to the income statement as a reclassification adjustment.

(g) 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 dore 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.

(h) Mineral properties, plant and equipment
Mineral properties, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of mineral properties, plant or 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.

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. Project costs related to exploration and evaluation activities are expensed as incurred until such time as the Company has defined mineral reserves. Thereafter, costs for the project are capitalized prospectively in mineral properties, plant and equipment. The Company also recognizes exploration and evaluation costs as assets when acquired as part of a business combination, or asset purchase, with these assets recognized at cost.

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 is recorded at cost and amortized using the straight-line method at rates varying from 5% to 30% annually. 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.

(i) 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 to sell 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 value 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 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.

(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 property, 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

The Company recognizes revenue from the sale of bullion and concentrates upon delivery when it is probable that the economic benefits associated with the transaction will flow to the Company, the risks and rewards of ownership are transferred to the customer, and the revenue can be reliably measured. Revenue from the sale of concentrates is based on prevailing market prices and estimated mineral content which is subject to adjustment upon final settlement based on metal prices, weights and assays. For each reporting period until final settlement, estimates of metal prices are used to record sales. 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 balance. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as a component of revenue. 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.

(l) Share-based payments

The Company has a share option plan which is described in Note 14(c). The Company records all share-based compensation for options using the fair value method with graded vesting. Under the fair value method, share-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable, and are charged over the vesting period. 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. 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 payment expense relating to cash-settled awards, including deferred share units, is accrued over the vesting period of the units based on the quoted market value of the Company's common shares. As these awards will be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

(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 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 earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the period. For all periods presented, loss available to common shareholders equals the reported loss. 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) 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. 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 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. When the fair value of contingent consideration as at the date of acquisition is finalized and before the end of the twelve 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.

(p) Accounting standards adopted during the year

Amendments to IAS 1, *Presentation of Financial Statements ("IAS 1")*

On December 18, 2014, the IASB issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Company adopted these amendments in its financial statements for the annual period beginning on January 1, 2016 with no material impact on the financial statements.

(q) Changes in IFRS not yet adopted

Amendments to IAS 7, Statement of Cash Flows ("IAS 7")

On January 7, 2016, the IASB issued amendments to IAS 7. The amendments apply prospectively for annual periods beginning on or after January 1, 2017 with early adoption permitted. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The Company will adopt the amendments to IAS 7 in its financial statements for the annual period beginning on January 1, 2017. The Company does not expect the amendments to have a material impact on the financial statements.

Amendments to IAS 12, Income Taxes ("IAS 12")

On January 19, 2016, the IASB issued amendments to IAS 12. The amendments apply retrospectively for annual periods beginning on or after January 1, 2017 with early adoption permitted. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax basis at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine future income tax profits used for assessing the utilization of deductible temporary differences. The Company will adopt the amendments to IAS 12 in its financial statements for the annual period beginning on January 1, 2017. The Company does not expect the amendments to have a material impact on the financial statements.

Amendments to IFRS 2, Share-based Payment ("IFRS 2")

On June 20, 2016, the IASB issued amendments to IFRS 2 clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of a transaction from cash-settled to equity settled.

The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight. The Company intends to adopt the amendments to IAS 2 in its financial statements for the annual period beginning on January 1, 2018. The Company intends to adopt the amendments to IFRS 2 effective January 1, 2018 on a prospective basis. The Company has begun a preliminary assessment however, the Company is not able at this time to estimate reasonably the impact that the amendments will have on the financial statements.

IFRS 9 Financial Instruments ("IFRS 9")
In November 2009, the IASB issued IFRS 9 as the first step in its project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. On July 24, 2014 the IASB issued the complete IFRS 9. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset.

Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7, *Financial Instruments: Disclosures*, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on the measurement of financial liabilities and de-recognition of financial instruments. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 with early adoption permitted, and must be applied retrospectively with some exemptions permitted.

The Company intends to adopt IFRS 9 effective January 1, 2018 on a prospective basis. The Company has begun a preliminary assessment however, the Company is not able at this time to estimate reasonably the impact that the amendments will have on the financial statements.

IFRS 15, *Revenue from Contracts with Customers ("IFRS 15")*
On May 28, 2014, the IASB issued IFRS 15. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*. .

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have also been introduced, which may affect the amount and/or timing of revenue recognized.

On April 12, 2016 the IASB issued *Clarifications to IFRS 15, Revenue from Contracts with Customers*, which is effective at the same time as IFRS 15. The clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the standard to licenses of intellectual property.

The Company intends to adopt IFRS 15 and the clarifications in its consolidated financial statements for the annual period beginning on January 1, 2018. The Company has begun a preliminary assessment however, the Company is not able at this time to estimate reasonably the impact that the amendments will have on the financial statements.

IFRS 16, *Leases ("IFRS 16")*
On January 13, 2016, the IASB published a new standard, IFRS 16, *Leases,* eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company has not yet begun an assessment of the impact of this standard on its consolidated financial statements.

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

4. CASH AND CASH EQUIVALENTS

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.

	December 31 2016	December 31 2015
Bank balances	**$ 70,893**	$ 20,413
Short term deposits	**1,424**	-
	$ 72,317	$ 20,413

5. INVESTMENTS

	December 31 2016	December 31 2015
Investment in marketable securities, at cost	**$ 41**	$ 5,544
Unrealized gain (loss) on marketable securities	**44**	(120)
Unrealized foreign exchange gain (loss)	**-**	(25)
Write down of marketable securities	**-**	(4,785)
	$ 85	$ 614

Marketable securities are classified as Level 1 in the fair value hierarchy (see Note 21) and as available-for-sale financial assets. The fair values of available-for-sale 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 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 other comprehensive income or loss, unless there is objective evidence of impairment. During the year ended December 31, 2015, the Company reviewed the value of its investments for objective evidence of impairment based on both quantitative and qualitative criteria. Accordingly, the Company has recorded a write down through the income statement of $4.8 million on its marketable securities, which was reclassified from other comprehensive income (loss).

6. ACCOUNTS RECEIVABLE

	Note	**December 31 2016**	December 31 2015
Trade receivables [(1)]		**$ 6,703**	**$ 1,704**
IVA receivables		**14,556**	**16,506**
Income taxes recoverable		**4,197**	**5,676**
Due from related parties	8	**4**	**111**
Other receivables		**100**	**346**
		$ 25,560	$ 24,343

(1) The trade receivables consist of receivables from provisional silver and gold sales from the Bolañitos and El Cubo 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 1 of the fair value hierarchy (see note 21).

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

7. INVENTORIES

		December 31 2016		December 31 2015
Warehouse inventory	$	7,873	$	9,730
Stockpile inventory (1)		-		3,808
Work in process inventory (2)		656		391
Finished goods inventory (3)		4,902		3,421
	$	13,431	$	17,350

(1) The Company has no stockpiled tonnes of mined ore as of December 31, 2016 (December 31, 2015 – 71,793 tonnes). The stockpile inventory balance at December 31, 2015 includes a write down to net realizable value of $154 for stockpile inventory held at the El Cubo mine. Of this amount $116 is comprised of cash costs and $38 related to depreciation and depletion.

(2) The work in process inventory balance at December 31, 2015 includes a write down to net realizable value of $80 for work in process inventory at the El Cubo mine. Of this amount $60, is comprised of cash costs and $20 relates to depreciation and depletion.

(3) The Company held 330,587 silver ounces and 883 gold ounces as of December, 2016 (December 31, 2015 – 194,496 and 1,285, respectively). These ounces are carried at the lower of cost and net realizable value. As at December 31, 2016, the quoted market value of the silver ounces was $5,369 (December 31, 2015 - $2,688) and the quoted market value of the gold ounces was $1,023 (December 31, 2015 - $1,364).

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 the related parties on a full cost recovery basis. The charges for these costs totaled $43 for the year ended December 31, 2016 (2015 - $43). The Company has a $4 net receivable related to these costs as of December 31, 2016 (December 31, 2015 – $111).

On May 27, 2016, the Company acquired Oro Silver Resources from Canarc Resource Corp. ("Canarc"), which is a company related by virtue of a common director. See Note 9(b).

The Company was charged $264 for legal services for the year ended December 31, 2016 by a legal firm in which the Company's corporate secretary is a partner (December 31, 2015 - $151). The Company has $Nil payable to the legal firm as at December 31, 2016 (December 31, 2015 - $12).

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:

		Dec 31, 2016		Dec 31, 2015
Salaries and short-term employee benefits	$	1,987	$	2,472
Non-executive directors' fees		149		97
Non-executive directors' Deferred Share Units		1,214		223
Share-based payments		3,088		2,553
	$	6,438	$	5,345

The non-executive directors' deferred share units are cash settled. The recognized expense includes the change in fair value over each reporting period and new issuances of deferred share units during the period. During the year ended December 31, 2016, the Company granted 96,942 cash settled deferred share units with a market value of $311 at the date of grant (December 31, 2015 –245,438 cash settled deferred share units with a market value of $487). At December 31, 2016, there were 510,560 cash settled deferred share units outstanding with a market value of $1,804 (December 31, 2015 – 413,618 outstanding with a market value of $590), with the change in fair value recognized in the net earnings (loss).

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 (see Note 14(c)(e). The fair value 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. MINERAL PROPERTY, PLANT AND EQUIPMENT

(a) Mineral properties, plant and equipment comprise:

	Mineral property	Plant	Machinery & equipment and assets under finance lease	Building	Transport & office equipment	Total
Cost						
Balance at December 31, 2014	$ 398,913	$ 90,989	$ 56,134	$ 9,971	$ 7,842	$ 563,849
Additions	30,716	2,786	4,123	508	750	38,883
Disposals	-	-	-	-	(67)	(67)
Balance at December 31, 2015	429,629	93,775	60,257	10,479	8,525	602,665
Additions	27,772	1,096	1,567	192	1,133	31,760
Disposals	-	-	(12)	-	(63)	(75)
Balance at December 31, 2016	**$ 457,401**	**$ 94,871**	**$ 61,812**	**$ 10,671**	**$ 9,595**	**$ 634,350**
Accumulated amortization and impairment						
Balance at December 31, 2014	$ 315,950	$ 37,388	$ 19,698	$ 2,486	$ 5,597	$ 381,119
Amortization	24,284	6,689	6,508	863	1,344	39,688
Impairment	71,100	39,800	17,000	5,600	500	134,000
Disposals	-	-	-	-	(67)	(67)
Balance at December 31, 2015	411,334	83,877	43,206	8,949	7,374	554,740
Amortization	7,986	1,686	3,002	265	508	13,447
Disposals	-	-	(12)	-	(63)	(75)
Balance at December 31, 2016	**$ 419,320**	**$ 85,563**	**$ 46,196**	**$ 9,214**	**$ 7,819**	**$ 568,112**
Net book value						
At December 31, 2015	$ 18,295	$ 9,898	$ 17,051	$ 1,530	$ 1,151	$ 47,925
At December 31, 2016	**$ 38,081**	**$ 9,308**	**$ 15,616**	**$ 1,457**	**$ 1,776**	**$ 66,238**

Included in Mineral property is $17.2 in acquisition costs for exploration and evaluation properties

As of December 31, 2016, the Company has $854 committed to capital equipment purchases.

(b) Acquisition of Oro Silver Resources Ltd

On May 27, 2016, the Company issued 2,147,239 common shares to 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.

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. The plant is currently not operational and will require capital investment to restore to an operational state.

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

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

Oro Silver Resources Ltd purchase consideration:

Common shares issued[(1)]	$	6,529
Assumed liability [(2)]		215
Acquisition costs		30
Total consideration	$	6,774

(1) 2,147,239 common shares were issued with a fair value of $3.05 per share, with the fair value per share measured by the closing listed New York Stock Exchange prices of the Company's common shares on the acquisition date. The related share issuance cost of $20 is recognized as a reduction of equity.

(2) 165 troy ounces of gold (or the U.S. dollar equivalent) will be paid by the Company to Marlin Gold Mining Ltd. or to any of its subsidiaries in three instalments until October 2017. The fair value of the assumed liability was measured using the London PM fixed gold price on the acquisition date.

Fair value summary of assets acquired and liabilities assumed:

Assets:		
Current assets	$	64
Long term deposit		2
Equipment		16
Mineral properties		6,714
Total assets	$	6,796
Liabilities:		
Accounts payable and accrued liabilities		(22)
Total liabilities		(22)
Net identifable assets acquired	$	6,774

(c) 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 ("the agreement").

On October 31, 2016, Endeavour paid $5.3 million in Endeavour common shares, being 1,198,083 common shares at $4.39 per share, representing the closing price of Endeavour's shares on the New York Stock Exchange ("NYSE") prior to the date of closing the acquisition.

In addition, the Company has committed to spend $2.0 million on 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 will have 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.

(d) Guanaceví, Mexico

In June 2005, the Company acquired nine silver mining properties in the Guanaceví district, Durango, Mexico, from Industrias Peñoles S.A. de C.V. ("Peñoles"). Peñoles retained a 3% net proceeds royalty on future production after deduction of all shipping and smelting costs, including taxes and penalties, if any. In 2016, the Company expensed $1,191 in royalties on these properties (2015 - $166).

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

(e) Bolañitos, Mexico

In 2007, the Company acquired the exploitation contracts and underlying 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.

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

(f) El Cubo, Mexico

On July 13, 2012, the Company acquired the exploitation contracts and underlying assets relating 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.

Under the terms of the acquired Las Torres lease, the Company was required to provide financial guarantees to the owner of the Las Torres Facility as security against any environmental damages. As at December 31, 2016, there was a $1,000 letter of credit provided by the Company as security to the owner of the Las Torres facility that expires on August 14, 2018.

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

(g) Terronera (formerly San Sebastian), Mexico

In February 2010, the Company acquired the option to purchase a 100% interest in the Terronera properties, located in Jalisco, Mexico by paying a total of $2,750 over three years. As of December 31, 2015, the Company had paid $2,750 and acquired a 100% interest in the Terronera properties. The Company is required to pay a 2% NSR royalty on any production from the Terronera properties.

(h) Guadalupe Y Calvo, Mexico

On July 13, 2012, the Company acquired the Guadalupe Y Calvo exploration project in Chihuahua, Mexico.

In August 2014 the Company acquired the La Bufa exploration property, which is adjacent to the Company's Guadalupe y Calvo exploration property in Chihuahua, Mexico for 85,587 common shares and a $19 cash advance. Total consideration paid amounted to $417, which has been capitalized to mineral properties. The property is subject to a 2% net smelter return ("NSR") royalty on mineral production.

(i) Mineral property contingencies

The Company has also 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 of the 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.

10. IMPAIRMENT OF NON-CURRENT ASSETS

The recoverable amounts of the Company's CGUs, which include mining properties, plant and equipment are determined on an annual basis, if impairment indicators are identified. In 2014 and 2015, the continued commodity price decline led the Company to determine that there were impairment indicators and to re-assess 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.

At December 31, 2015, the Company tested the recoverability of its operating assets, resulting in a detailed review of the Company's three operating mines. The Company estimated future operating and capital costs, factored in analysts' consensus pricing for the first three years of its economic model (Silver: 2016 - $15.00/oz, 2017 - $16.78/oz, 2018 - $17.11/oz; Gold: 2016 - $1,125/oz, 2017 - $1,174/oz, 2018 - $1,192/oz) and used a long term silver price of $17.33 per ounce and a long term gold price of $1,201 per ounce and a risk adjusted project specific discount rate of 9.0%-9.5% based on the CGUs weighted average cost of capital. Due to the sensitivity of the recoverable amounts to the various factors mentioned and specifically long term metal prices as well as unforeseen factors, any significant change in the key assumptions and inputs could result in additional impairment charges in future periods.

At December 31, 2015 the carrying value related to the El Cubo CGU was $113,397, including an associated deferred income tax asset of $5,120 which was greater than its estimated recoverable amount of $4,200, calculated on a discounted cash flow basis. The Company considers use of its internal discounted cash flow economic models as a proxy for the calculation of fair value in use. Based on the above assessment, the Company recorded an impairment charge related to the El Cubo CGU of $104,300, plus valuation of the tax asset of $4,897 for a total impairment charge of $109,197 after tax in 2015.

At December 31, 2015 the net carrying value related to the Bolañitos CGU was $31,992, including an associated deferred income tax liability of $5,874 which was greater than its estimated recoverable amount of $6,900, calculated on a discounted cash flow basis. The Company considers use of its internal discounted cash flow economic models as a proxy for the calculation of fair value in use. Based on the above assessment, the Company recorded an impairment charge related to the Bolañitos CGU of $29,700, and an associated recovery of the deferred tax liability of $4,607 for a net after tax impact of 25,093 in 2015.

In 2015, The Company reviewed the Guanaceví CGU for value in use, which resulted in no significant change after the impairment charge in 2013. The Guanaceví carrying value was adjusted to value in use in 2013.

In 2016, The Company reviewed the Operating CGUs for value in use, which resulted in no significant change after previous impairment charges. Any modest decrease in one key assumption in isolation causes the estimated recoverable amount to be less than or equal to the net carrying value. Management's long term estimates have not significantly changed from prior year.

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

11. CREDIT FACILITY

On July 24, 2012, the Company entered into a $75 million revolving credit facility ("the Facility"), reducing over three years, with Scotia Capital. The purpose of the Facility is for general corporate purposes and is principally secured by a pledge of the Company's equity interests in its material operating subsidiaries, including Refinadora Plata Guanaceví SA de CV, Minas Bolañitos SA de CV and Compania Minera del Cubo SA de CV. The interest rate margin on the Facility ranged from 2.75% to 4.25% over LIBOR based on the Company's net debt to EBITDA ratio, where EBITDA is adjusted for gains or losses on derivative liabilities and extraordinary items. The Company agreed to pay a commitment fee of between 0.69% and 1.05% on undrawn amounts under the facility based on the Company's net debt to EBITDA ratio. The Facility was subject to various qualitative and quantitative covenants, including a debt to EBITDA leverage ratio, an interest service coverage ratio and a tangible net worth calculation. On July 24, 2013, as part of the Facility agreement, the capacity of the Facility was reduced to $50 million. During the year ended December 31, 2013, the Company extended the Facility until July 24, 2016, with a requirement to reduce the credit limit from $50 million to $25 million by July 24, 2015.

On January 19, 2016, the Company signed an amended and restated credit facility ("the Amended Facility") which became effective April 1, 2016 to convert the remaining outstanding balance under the existing revolving credit facility into a two year term loan amortized quarterly maturing on December 31, 2017. The Amended Facility is principally secured by a pledge of the Company's equity interests in its material operating subsidiaries, including Refinadora Plata Guanaceví SA de CV, Minas Bolañitos SA de CV and Compania Minera del Cubo SA de CV. The interest rate margin on the Facility is 4.5% over LIBOR and the Company agreed to pay a fee of $300 upon signing. The Facility is subject to various qualitative and quantitative covenants, including a debt to EBITDA leverage ratio, an interest service coverage ratio, a tangible net worth calculation, capital and exploration expenditure limits.

At December 31, 2016, the Company had $9,000 outstanding on the Amended Facility (December 31, 2015 $22,000), which is due within 12 months of the balance sheet date. The Company recognized $697 of interest expense during the year in financing costs (December 31, 2015 - $872).

The Company deferred commitment fees and legal costs of $1,411 which are being recognized over the life of the Facility. For the year ended December 31, 2016, $280 of the deferred commitment fees and legal costs were amortized (December 31, 2015 - $221) and $304 remain deferred.

Facility Financial Covenants	Facility Financial Requirements	**Dec. 31, 2016**	Dec. 31, 2015
Leverage Ratio	≤ 3.00:1	**0.29**	0.53
Interest Service Coverage Ratio	≥ 4.00:1	**45**	42
Tangible Net Worth	> 45,900	**133,215**	51,020

12. FINANCE LEASE OBLIGATION

The Company had certain mining equipment under financial leases expiring in 2016. The leases carried a weighted average annual interest rate of 11.02%. Estimated lease payments are as follows:

	December 31 2016	December 31 2015
2016	**$ -**	$ 1,238
Minimum lease payments	-	1,238
Less: interest portion	-	58
Net minimum lease payments	**$ -**	$ 1,180

The equipment under finance leases has been recognized in property and equipment at the present value of minimum lease payments. Interest charges on lease equipment during the year were approximately $65 (2015 - $56). Other than interest, no costs were incurred relating to the leases. The leases were secured by the assets under lease. At year end, the net book value of the equipment pledged as security for the finance leases is $Nil (2015 - $1,544).

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

13. PROVISON 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 $2,148 for the Guanaceví mine operations, $1,775 for the Bolañitos mine operations and $4,076 for the El Cubo mine operations.

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 assumes a risk free rate specific to the liability of 1.3% for Guanaceví and 1.0% for Bolañitos and El Cubo and an inflation rate of 2.0% for all three operations.

Changes to the reclamation and rehabilitation provision balance during the year are as follows:

	Guanaceví	Bolañitos	El Cubo	Total
Balance at December 31, 2014	$ 1,831	$ 1,016	$ 3,649	$ 6,496
Unwinding of discount for the year	21	12	73	106
Change in liability due to change in assumptions	179	710	271	1,160
Balance at December 31, 2015	$ 2,031	$ 1,738	$ 3,993	$ 7,762
Unwinding of discount for the year	27	17	40	84
Balance at December 31, 2016	**$ 2,058**	**$ 1,755**	**$ 4,033**	**$ 7,846**

14. 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, 2016, the Company is not subject to externally imposed capital requirements.

(b) Public Offerings

In July 2014, the Company filed a short form base shelf prospectus (the "Base Shelf") that qualified for the distribution, including transactions that are deemed to be "at-the-market" ("ATM") distributions, of up to CAN$ 200 million of common shares, 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.

On November 25, 2015, the Company entered into an ATM equity facility with Cowen and Company, LLC, acting as sole agent. Under the terms of this ATM facility, the Company sold common stock having an aggregate offering value of US$16.5 million on the New York Stock Exchange. The Company determined, at its sole discretion, the timing and number of shares sold under the ATM facility. During the second quarter of 2016, the Company completed this ATM program issuing 7,218,125 common shares under the ATM facility at an average price of $2.13 per share for proceeds of $14,893, net of commission.

In May 2016, the Company filed a short form base shelf prospectus that qualifies for the distribution of up to CAN$ 175 million of common shares, 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 ATM distributions.

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

On May 5, 2016, the Company entered into an ATM equity facility with Cowen and Company, LLC, acting as sole agent. 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 US$40.0 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, 2016, the Company issued 10,245,347 common shares under the ATM facility at an average price of $3.90 per share for proceeds of $38,949, net of commission.

During the year ended December 31, 2016, the Company also recognized $843 of additional transaction costs, related to the two ATM financings, as share issuance costs which have been presented net of share capital.

(c) Purchase Options

Options to purchase common shares have been granted to directors, officers, employees and consultants pursuant to the Company's current stock option plan approved by the Company's shareholders in fiscal 2009 and ratified in 2015, 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 7.5% 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, 2016**		**Year Ended December 31, 2015**	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average
Outstanding, beginning of year	6,322,050	$3.80	4,846,950	$4.38
Granted	2,150,000	$4.30	2,427,500	$2.65
Exercised	(3,495,000)	$3.89	-	-
Cancelled	(519,000)	$4.14	(952,400)	$3.83
Outstanding, end of year	4,458,050	$3.93	6,322,050	$3.80
Options exercisable at year end	2,921,550	$3.95	4,488,550	$4.10

The following tables summarize information about stock options outstanding at December 31, 2016:

Expressed in Canadian dollars	Options Outstanding			Options Exercisable	
CAN $ Price Intervals	Number Outstanding as at December 31, 2016	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Prices	Number Exercisable as at December 31, 2016	Weighted Average Exercise Prices
$2.00 - $2.99	1,183,500	3.4	$2.65	799,000	$2.65
$4.00 - $4.99	3,227,300	3.3	$4.33	2,075,300	$4.35
$8.00 - $8.99	47,250	0.6	$8.59	47,250	$8.59
	4,458,050	3.3	$3.93	2,921,550	$3.95

During the year ended December 31, 2016, the Company recognized share based compensation expense of $2,745 (December 31, 2015 - $2,885) based on the fair value of the vested portion of options granted in the current and prior years.

The weighted average fair values of stock options granted and the assumptions used to calculate compensation expense have been estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	Year Ended December 31, 2016	Year Ended December 31, 2015
Weighted average fair value of options granted during the year	$2.14	$1.04
Risk-free interest rate	0.69%	0.89%
Expected dividend yield	0%	0%
Expected stock price volatility	67%	63%
Expected option life in years	3.86	3.86

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

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, 2016, the unvested share option expense not yet recognized was $1,342 (December 31, 2015 - $870) which is expected to be recognized over the next 17 months.

(d) Share Appreciation Rights Plan

The Company's share appreciation rights plan allows a participant the right (the "Right"), when entitled to exercise a share purchase option, to terminate such share purchase option in whole or in part by notice in writing to the Company and in lieu of receiving common shares pursuant to the exercise of the option, and receive instead, at no cost to the participant, that number of common shares, disregarding fractions, which, when multiplied by the market price on the day immediately prior to the exercise of the Right have a total value equal to the product of that number of common shares subject to the option times the difference between the market price on the day immediately prior to the exercise of the Right and the option exercise price. During fiscal 2016, nil options (2015 – nil) were cancelled for the exchange of share appreciation rights.

(e) 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 vested and 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 current maximum number of common shares authorized for issuance from treasury under the PSU plan is 1,000,000.

A total of 425,000 PSUs were granted during the year ended December 31, 2016 (December 31, 2015 – nil) under the Company's PSU plan. During the year, 100,000 PSUs were cancelled resulting in 325,000 PSUs outstanding at December 31, 2016. The PSUs vest on January 1, 2017, subject to achievement of pre-determined performance and/or service criteria. During the year ended December 31, 2016, the Company recognized share based compensation expense of $737 (December 31, 2015 - $Nil) based on the fair value of the vested portion of PSUs granted in the current and prior years.

(f) Diluted Earnings per Share

	Year ended **Dec. 31 2016**	Year ended Dec. 31 2015
Basic earnings (loss)	**$ 3,910**	$ (149,941)
Basic weighted average number of shares outstanding	**117,505,811**	101,996,503
Effect of dilutive securities:		
Stock options	**1,199,856**	-
Performance share units	**325,000**	-
Diluted weighted average number of share outstanding	**119,030,667**	101,996,503
Diluted earnings (loss) per share	**$ 0.03**	$ (1.47)

15. EXPLORATION

	Year ended **December 31 2016**	Year ended December 31 2015
Depreciation and depletion	**$ 61**	$ 81
Share-based compensation	**393**	270
Salaries, wages and benefits	**2,156**	1,447
Direct exploration expenditures	**7,768**	4,529
	$ 10,378	$ 6,327

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

16. GENERAL AND ADMINISTRATIVE

	Year ended	
	December 31 2016	December 31 2015
Depreciation and depletion	**$ 248**	$ 240
Share-based compensation	**3,011**	2,183
Salaries, wages and benefits	**3,324**	2,755
Direct general and administrative expenditures	**2,701**	2,543
	$ 9,284	$ 7,721

17. FINANCE COSTS

	Year ended	
	December 31 2016	December 31 2015
Accretion on provision for reclamation and rehabilitation	**$ 84**	$ 106
Interest paid on finance leases	**65**	56
Revolving credit facility finance costs	**1,023**	1,206
	$ 1,172	$ 1,368

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Year Ended	
	December 31, 2016	December 31, 2015
Net changes in non-cash working capital:		
Accounts receivable	**$ (1,887)**	$ (4,628)
Inventories	**2,793**	2,652
Prepaid expenses	**473**	146
Accounts payable and accrued liabilities	**(1,149)**	1,576
Income taxes payable	**(1,213)**	(2,337)
	$ (983)	$ (2,591)
Non-cash financing and investing activities:		
Reclamation included in mineral property, plant and equipment	**-**	1,160
Fair value of exercised options allocated to share capital	**5,417**	-
Fair value of equity issued on property acquisition	**11,813**	-
Fair value of capital assets acquired under finance leases	**-**	1,605
Other cash disbursements:		
Income taxes paid	**9,743**	11,491
Special mining duty paid	**1,042**	3,245

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

19. 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 three operating mining segments, Guanaceví, Bolañitos and El Cubo, 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, 2016					
	Corporate	**Exploration**	**Guanaceví**	**Bolanitos**	**El Cubo**	**Total**
Cash and cash equivalents	$ 62,223	$ 635	$ 1,649	$ 1,627	$ 6,183	$ 72,317
Investments	85	-	-	-	-	85
Accounts receivables	607	1,303	5,019	4,845	13,786	25,560
Inventories	-	-	8,946	1,831	2,654	13,431
Prepaid expenses	1,363	170	404	60	40	2,037
Non-current deposits	76	56	311	143	73	659
Deferred income tax asset	-	-	-	-	183	183
Mineral property, plant and equipment	247	17,709	38,105	6,972	3,205	66,238
Total assets	$ 64,601	$ 19,873	$ 54,434	$ 15,478	$ 26,124	$ 180,510
Accounts payable and accrued liabilities	$ 5,829	$ 1,329	$ 5,025	$ 2,093	$ 3,953	$ 18,229
Income taxes payable	452	525	1,030	2,309	315	4,631
Credit facility	9,000	-	-	-	-	9,000
Provision for reclamation and rehabilitation	-	-	2,058	1,755	4,033	7,846
Deferred income tax liability	-	-	7,340	205	-	7,545
Total liabilities	$ 15,281	$ 1,854	$ 15,453	$ 6,362	$ 8,301	$ 47,251

	December 31, 2015					
	Corporate	**Exploration**	**Guanaceví**	**Bolanitos**	**El Cubo**	**Total**
Cash and cash equivalents	$ 10,983	$ 149	$ 6,889	$ 1,004	$ 1,388	$ 20,413
Investments	614	-	-	-	-	614
Accounts receivables	920	578	2,865	5,785	14,195	24,343
Inventories	-	-	6,348	6,844	4,158	17,350
Prepaid expenses	1,734	261	324	34	157	2,510
Non-current deposits	-	56	583	143	73	855
Deferred income tax asset	-	-	-	-	223	223
Mineral property, plant and equipment	322	4,628	30,932	8,166	3,877	47,925
Total assets	$ 14,573	$ 5,672	$ 47,941	$ 21,976	$ 24,071	$ 114,233
Accounts payable and accrued liabilities	$ 4,776	$ 624	$ 3,498	$ 2,401	$ 7,650	$ 18,949
Finance lease obligation	-	-	$ 333	-	847	1,180
Income taxes payable	-	-	3,402	2,431	11	5,844
Credit facility	22,000	-	-	-	-	22,000
Provision for reclamation and rehabilitation	-	-	2,031	1,737	3,994	7,762
Deferred income tax liability	-	-	6,356	1,267	-	7,623
Total liabilities	$ 26,776	$ 624	$ 15,620	$ 7,836	$ 12,502	$ 63,358

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

	Corporate	Exploration	Guanaceví	Bolanitos	El Cubo	Total
			Year ended December 31, 2016			
Silver revenue	$ -	$ -	$ 34,349	$ 18,166	$ 34,250	$ 86,765
Gold revenue	-	-	5,871	37,907	26,224	70,002
Total revenue	$ -	$ -	$ 40,220	$ 56,073	$ 60,474	$ 156,767
Salaries, wages and benefits:						
mining	$ -	$ -	$ 4,925	$ 5,687	$ 8,556	$ 19,168
processing	-	-	1,797	936	1,655	4,388
administrative	-	-	2,865	2,446	2,772	8,083
stock based compensation	-	-	26	26	26	78
change in inventory	-	-	(759)	144	74	(541)
Total salaries, wages and benefits	-	-	8,854	9,239	13,083	31,176
Direct costs:						
mining	-	-	11,098	9,510	18,055	38,663
processing	-	-	7,491	7,842	11,061	26,394
administrative	-	-	2,385	1,820	2,885	7,090
change in inventory	-	-	(1,983)	408	226	(1,349)
Total direct production costs	-	-	18,991	19,580	32,227	70,798
Depreciation and depletion:						
depreciation and depletion	-	-	7,186	3,905	2,714	13,805
change in inventory	-	-	(396)	259	284	147
Total depreciation and depletion	-	-	6,790	4,164	2,998	13,952
Royalties	-	-	1,405	268	275	1,948
Total cost of sales	$ -	$ -	$ 36,040	$ 33,251	$ 48,583	$ 117,874
Earnings (loss) before taxes	$ (16,196)	$ (10,378)	$ 4,180	$ 22,822	$ 11,891	$ 12,319
Current income tax expense (recovery)	-	-	510	6,811	434	7,755
Deferred income tax expense (recovery)	-	-	681	(62)	35	654
Total income tax expense (recovery)	-	-	1,191	6,749	469	8,409
Net earnings (loss)	$ (16,196)	$ (10,378)	$ 2,989	$ 16,073	$ 11,422	$ 3,910

			Year ended December 31, 2015			
Silver revenue	$ -	$ -	$ 59,338	$ 22,128	$ 33,827	$ 115,293
Gold revenue	-	-	9,397	27,022	31,844	68,263
Total revenue	$ -	$ -	$ 68,735	$ 49,150	$ 65,671	$ 183,556
Salaries, wages and benefits:						
mining	$ -	$ -	$ 6,975	$ 5,582	$ 10,524	$ 23,081
processing	-	-	2,153	794	1,955	4,902
administrative	-	-	3,787	2,679	3,404	9,870
stock based compensation	-	-	144	144	144	432
change in inventory	-	-	866	(32)	381	1,215
Total salaries, wages and benefits	-	-	13,925	9,167	16,408	39,500
Direct costs:						
mining	-	-	10,652	10,418	20,511	41,581
processing	-	-	9,969	9,956	14,310	34,235
administrative	-	-	2,601	1,988	3,215	7,804
change in inventory	-	-	1,936	(146)	362	2,152
Total direct production costs	-	-	25,158	22,216	38,398	85,772
Depreciation and depletion:						
depreciation and depletion	-	-	8,131	9,615	21,369	39,115
change in inventory	-	-	420	(147)	890	1,163
Total depreciation and depletion	-	-	8,551	9,468	22,259	40,278
Royalties	-	-	515	220	297	1,032
Write down of inventory to NRV	-	-	-	-	234	234
Total cost of sales	$ -	$ -	$ 48,149	$ 41,071	$ 77,596	$ 166,816
Impairment on long lived assets	-	-	-	29,700	104,300	134,000
Earnings (loss) before taxes	$ (18,327)	$ (6,327)	$ 20,586	$ (21,621)	$ (116,225)	$ (141,914)
Current income tax expense (recovery)	(428)	-	5,052	2,123	106	6,853
Deferred income tax expense (recovery)	178	-	558	(5,414)	5,852	1,174
Total income tax expense (recovery)	(250)	-	5,610	(3,291)	5,958	8,027
Net earnings (loss)	$ (18,077)	$ (6,327)	$ 14,976	$ (18,330)	$ (122,183)	$ (149,941)

The Exploration segment included $503 of costs incurred in Chile for the year ended December 31, 2016 (2015 - $490).

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

20. 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 (USD $5.9 million) tax assessment based on the June 2015 ruling. The 2016 tax assessment comprised of MXN 41.8 million in taxes owed (USD $2.0 million), MXN 17.7 million (0.9 million) in inflationary charges, MXN 40.4 million (USD $1.9 million) in interest and MXN 23.0 million (USD $1.1 million) in penalties. The 2016 tax assessment was issued for failure to provide the appropriate support for certain expense deductions taken in MSCG's 2006 tax return, failure to provide appropriate support for loans made to MSCG from affiliated companies. The MXN 123 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.

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 31, 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 on-going court proceedings and discussion with the tax authorities.

(b) Deferred Income Tax

Mexico operations		**December 31, 2016**		December 31, 2015
Deferred income tax assets:				
Tax loss carryforwards	**$**	**3,410**	$	146
Provision for reclamation and rehabilitation		**2,709**		1,858
Other		**1,759**		1,675
Deferred income tax liabilities:				
Inventories		**(2,312)**		(1,753)
Mineral properties, plant and equipment		**(11,700)**		(6,524)
Other		**(1,228)**		(2,802)
Deferred income tax liabilities, net	**$**	**(7,362)**	$	(7,400)

As at December 31, 2016, the Company had available for deduction against future taxable income in Mexico non-capital losses of approximately $122,515 (2015 – $109,182). These losses, if unutilized, expire between 2017 to 2025.

Canada operations		**December 31, 2016**		December 31, 2015
Deferred income tax assets:				
Tax loss carryforwards	**$**	-	$	-
Mineral properties, plant and equipment		-		-
Financing costs		-		-
Other		-		-
Recognized deferred income tax assets, net	**$**	-	$	-

As at December 31, 2016, the Company had $5,053 non-capital losses in Canada (2015 – CAN $5,354), which expire in 2026, and capital losses of $8,981 (2015 – $7,350), which do not expire.

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

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, 2016	December 31, 2015
Current income tax expense (recovery):		
Current income tax expense in respect of current year	**$ 7,565**	$ 4,302
Special mining duty	**2,027**	2,390
Adjustments recognized in the current year in relation to prior years	**(1,837)**	160
Deferred income tax expense (recovery):		
Deferred tax expense recognized in the current year	**(682)**	8,453
Special mining duty	**1,336**	(7,301)
Adjustments recognized in the current year in relation to prior years	**-**	23
Total income tax expense	**$ 8,409**	$ 8,027

The reconciliation of the income tax provision computed at statutory tax rates to the reported income tax provision is as follows:

	December 31, 2016	December 31, 2015
Canadian statutory tax rates	**26.00%**	26.00%
Income tax expense computed at Canadian statutory rates	**$ 3,113**	$ (36,898)
Foreign tax rates different from statutory rate	**(3,122)**	(9,573)
Change in tax rates	**-**	-
Withholding taxes, net of tax credits	**693**	808
Mark-to-market accounting	**-**	-
Stock-based compensation	**684**	674
Foreign exchange	**5,808**	9,510
Inflationary adjustment	**2,157**	(384)
Other items	**1,149**	1,064
Adjustments recognized in the current year in relation to prior years	**(474)**	183
Current year losses not recognized	**1,987**	48,033
Special mining duty Mexican tax	**1,526**	(4,911)
Recognition of previously unrecognized losses	**(5,112)**	(479)
Income tax expense	**$ 8,409**	$ 8,027

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

21. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

(a) Financial Assets and Liabilities

As at December 31, 2016, the carrying and fair values of the Company's financial instruments by category are as follows:

	Held for trading $	Loans and receivables $	Available for sale $	Financial liabilities $	Carrying value $	Fair value $
Financial assets:						
Cash and cash equivalents	-	72,317	-	-	72,317	72,317
Investments	-	-	85	-	85	85
Accounts receivable	-	25,560	-	-	25,560	25,560
Total financial assets	-	97,877	85	-	97,962	97,962
Financial liabilities:						
Accounts payable and accrued liabilities	-	-	-	18,229	18,229	18,229
Credit facility	-	-	-	9,000	9,000	9,000
Total financial liabilities	-	-	-	27,229	27,229	27,229

Fair value hierarchy

IFRS 13, Fair Value Measurement, establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The fair values of financial assets and financial liabilities at December 31, 2016 are:

	Total $	Level 1 $	Level 2 $	Level 3 $
Financial assets:				
Investments	85	85	-	-
Trade receivables	6,703	6,703	-	-
Total financial assets	6,788	6,788	-	-

The three levels of the fair value hierarchy established by IFRS 13 are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

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.

The Company determines the fair value of the embedded derivative related to its trade receivables based on the quoted closing price obtained from the silver and gold metal exchanges.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full contractual term.

The Company has no financial assets or liabilities included in Level 2 of the fair value hierarchy.

Level 3: Inputs for the financial asset or liability are not based on observable market data.

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

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

(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.

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

	Carrying amount	**Gross impairment**	Carrying amount	Gross impairment
	December 31, 2016		December 31, 2015	
Less than 1 month	**$ 10,066**	**$ -**	$ 9,892	$ -
1 to 3 months	**4,314**	**-**	4,350	-
4 to 6 months	**2,189**	**-**	3,870	-
Over 6 months	**8,991**	**2,212**	6,231	1,778
Total accounts receivable	**$ 25,560**	**2,212**	$ 24,343	$ 1,778

At December 31, 2016, 91% of the receivables that were outstanding greater than one month were comprised of IVA and tax receivables in Mexico (December 31, 2015 – 94%) and 9% of the receivables outstanding are pending finalizations of concentrate sales.

At December 31, 2016, an impairment loss of $2,031 relates to IVA receivable claims from prior years and $181 relates to an allowance on related party receivables from prior years (December 31, 2015 - $1,778).

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, receivables and available borrowings under the Company's revolving credit facility. 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, 2016:

	Less than 1 year $	1 to 3 years $	4 to 5 years $	Over 5 years $	Total $
Accounts payable and accrued liabilities	18,229	-	-	-	18,229
Income taxes payable	4,631	-	-	-	4,631
Credit facility	9,000	-	-	-	9,000
Provision for reclamation and rehabilitation	-	7,846	-		7,846
Capital expenditure commitments	854	-	-	-	854
Minimum rental and lease payments	233	478	496	1,742	2,949
Total contractual obligations	32,947	8,324	496	1,742	43,509

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

Market Risk

Significant market related risks to which the Company is exposed consist of foreign currency risk, interest rate 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 U.S. dollar in relation to these currencies will consequently have an impact on the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

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

	December 31, 2015		December 31, 2015	
	Canadian Dollar	**Mexican Peso**	Canadian Dollar	Mexican Peso
Financial assets	**$ 7,631**	**$ 21,673**	$ 1,777	$ 18,446
Financial liabilities	**(2,806)**	**(13,162)**	(1,416)	(14,368)
Net financial assets (liabilities)	**$ 4,825**	**$ 8,511**	$ 361	$ 4,078

Of the financial assets listed above, $6,996 (2015 – $224) represents cash and cash equivalents held in Canadian dollars and $2,710 (2015 - $882) represents cash held in Mexican Pesos. The remaining cash balance is held in U.S. dollars.

As at December 31, 2016, with other variables unchanged, a 5% strengthening of the US dollar against the Canadian dollar would decrease net earnings by $230 due to these financial assets and liabilities.

As at December 31, 2016, with other variables unchanged, a 5% strengthening of the US dollar against the Mexican peso would decrease net earnings by $405 due to these financial assets and liabilities.

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. The Facility is subject to interest rate risk as amounts outstanding are subject to charges at a LIBOR-based rate plus 4.5% depending on financial and operating measures) payable according to the quoted rate term. The interest rate charge for the year was 4.96%. As at December 31, 2016, with other variables unchanged, a 1% increase in the LIBOR rate would result in additional interest expense of $90.

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, 2016 there are 300,000 ounces of silver and 9,223 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, 2016, with other variables unchanged, a 10% decrease in the market value of silver and gold would result in a reduction of revenue of $1.6 million.

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

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OFFICERS	Bradford Cooke - Chief Executive Officer Godfrey Walton - President and Chief Operating Officer Dan Dickson - Chief Financial Officer Tomas Iturriaga - Vice-President Operations, Country Manager Mexico Luis Castro - Vice-President, Exploration Dale Mah - Vice-President, Corporate Development Bernard Poznanski - Corporate Secretary
REGISTRAR AND TRANSFER AGENT	Computershare Trust Company of Canada 3rd Floor - 510 Burrard Street Vancouver, BC, V6C 3B9
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INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of Endeavour Silver Corp.

We have audited the accompanying consolidated financial statements of Endeavour Silver Corp., which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Endeavour Silver Corp. as at December 31, 2016 and December 31, 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Endeavour Silver Corp.'s internal control over financial reporting as of December 31, 2016, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 17, 2017 expressed an unqualified opinion on the effectiveness of Endeavour Silver Corp.'s internal control over financial reporting.

//s// KPMG LLP

Chartered Professional Accountants

March 17, 2017
Vancouver, Canada

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Chartered Professional Accountants
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of Endeavour Silver Corp.

We have audited Endeavour Silver Corp.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Endeavour Silver Corp.'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 accompanying report titled "Management's Report on Internal Controls over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 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.

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.

In our opinion, Endeavour Silver Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of Endeavour Silver Corp. as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income (loss), shareholders' equity, and cash flows for the years then ended and our report dated March 17, 2017 expressed an unqualified opinion on those consolidated financial statements.

//s// **KPMG LLP**

Chartered Professional Accountants

March 17, 2017
Vancouver, Canada

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

This Management's 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, 2016 and the related notes contained therein, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). We use 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 March 1, 2017 and all information contained is current as of March 1, 2017 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 Endeavour'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 2017, including silver and gold production, 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 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 include, among others: fluctuations in the prices of silver and gold, fluctuations in the currency markets (particularly the Mexican 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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Three Months Ended December 31			2016 Highlights	Year Ended December 31		
2016	2015	% Change		2016	2015	% Change
			Production			
1,088,845	1,732,765	(37%)	Silver ounces produced	5,435,407	7,178,666	(24%)
11,402	15,433	(26%)	Gold ounces produced	57,375	59,990	(4%)
1,064,827	1,686,330	(37%)	Payable silver ounces produced	5,308,026	6,991,639	(24%)
11,059	15,073	(27%)	Payable gold ounces produced	55,716	58,585	(5%)
1,943,995	2,813,075	(31%)	Silver equivalent ounces produced (1)	9,738,532	11,377,966	(14%)
9.39	9.76	(4%)	Cash costs per silver ounce (2)(3)	6.78	8.39	(19%)
11.31	16.11	(30%)	Total production costs per ounce (2)(4)	9.40	14.11	(33%)
20.11	17.33	16%	All-in sustaining costs per ounce (2)(5)	12.43	15.62	(20%)
317,555	408,092	(22%)	Processed tonnes	1,458,917	1,565,507	(7%)
70.72	80.39	(12%)	Direct production costs per tonne (2)(6)	72.42	80.14	(10%)
12.13	11.41	6%	Silver co-product cash costs (7)	10.89	10.87	0%
811	845	(4%)	Gold co-product cash costs (7)	810	791	2%
			Financial			
28.7	41.9	(32%)	Revenue ($ millions)	156.8	183.6	(15%)
946,456	1,682,572	(44%)	Silver ounces sold	5,152,031	7,301,698	(29%)
11,004	15,255	(28%)	Gold ounces sold	55,851	59,450	(6%)
17.03	14.93	14%	Realized silver price per ounce	16.84	15.79	7%
1,139	1,105	3%	Realized gold price per ounce	1,253	1,148	9%
(5.2)	(136.2)	96%	Net earnings (loss) ($ millions)	3.9	(149.9)	103%
(5.2)	(2.2)	(132%)	Adjusted net earnings (loss) (8) ($ millions)	3.9	(11.2)	135%
4.5	(1.3)	(454%)	Mine operating earnings (loss) ($ millions)	38.9	16.7	132%
6.4	9.7	(34%)	Mine operating cash flow (9) ($ millions)	52.9	57.7	(8%)
(1.1)	5.7	(120%)	Operating cash flow before working capital changes (10)	24.0	35.2	(32%)
(1.8)	5.5	(134%)	Earnings before ITDA (11)	27.8	34.1	(19%)
81.6	17.2	374%	Working capital ($ millions)	81.6	17.2	374%
			Shareholders			
(0.04)	(1.33)	97%	Earnings (loss) per share – basic	0.03	(1.47)	102%
(0.04)	(0.02)	(100%)	Adjusted earnings (loss) per share – basic (8)	0.03	(0.11)	130%
(0.01)	0.06	(116%)	Operating cash flow before working capital changes per share (10)	0.20	0.35	(41%)
126,676,562	102,054,670	24%	Weighted average shares outstanding	117,505,811	101,996,503	15%

(1) Silver equivalents are calculated using a 70:1 ratio for 2015 and a 75:1 ratio for 2016

(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 17.

(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 page 19.

(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 19.

(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 20.

(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 page 19.

(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 page 22

(8) Adjusted earnings are calculated by adding back non-recurring write downs or impairment charges net of tax. See Reconciliation to IFRS on page 17.

(9) 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 17.

(10) See Reconciliation to IFRS on page 18 for the reconciliation of operating cash flow before working capital changes and the operating cash flow before working capital changes per share.

(11) 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, Endeavour 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. The El Cubo property came with substantial reserves and resources and the mine was already operating at 1,100 tonnes per day (tpd). After acquisition, Endeavour initiated a two year operational turn-around and capital investment program aimed at increasing throughput, grade and productivity in order to reduce operating costs and return the operation to profitability.

In addition to operating the Guanaceví, Bolañitos and El Cubo mines, the Company is advancing three exploration and development projects, including the Company's high-grade discovery on the Terronera property in Jalisco state, the permitted El Compas property and the leased La Plata plant in Zacatecas state that were acquired in 2016, and the prospective Parral properties in Chihuahua state that were also acquired in 2016. The Company is also exploring a number of other properties towards achieving 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. 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

Consolidated Production Results for the Three Months and Years Ended December 31, 2016 and 2015

Three Months Ended December 31			CONSOLIDATED	Year Ended December 31		
2016	2015	% Change		2016	2015	% Change
317,555	408,092	(22%)	Ore tonnes processed	1,458,917	1,565,507	(7%)
123	156	(21%)	Average silver grade (gpt)	136	167	(19%)
87.0	84.6	3%	Silver recovery (%)	85.3	85.3	0%
1,088,845	1,732,765	(37%)	Total silver ounces produced	5,435,407	7,178,666	(24%)
1,064,827	1,686,330	(37%)	Payable silver ounces produced	5,308,026	6,991,639	(24%)
1.35	1.40	(4%)	Average gold grade (gpt)	1.50	1.41	6%
83.0	83.9	(1%)	Gold recovery (%)	81.7	84.6	(3%)
11,402	15,433	(26%)	Total gold ounces produced	57,375	59,990	(4%)
11,059	15,073	(27%)	Payable gold ounces produced	55,716	58,585	(5%)
1,943,995	2,813,075	(31%)	Silver equivalent ounces produced(1)	9,738,532	11,377,966	(14%)
9.39	9.76	(4%)	Cash costs per silver ounce(2)(3)	6.78	8.39	(19%)
11.31	16.11	(30%)	Total production costs per ounce(2)(4)	9.40	14.11	(33%)
20.11	17.33	16%	All in sustaining cost per ounce (2)(5)	12.43	15.62	(20%)
70.72	80.39	(12%)	Direct production costs per tonne(2)(6)	72.42	80.14	(10%)
12.13	11.41	6%	Silver co-product cash costs(7)	10.89	10.87	0%
811	845	(4%)	Gold co-product cash costs(7)	810	791	2%

(1) Silver equivalents are calculated using a 70:1 ratio for 2015 and a 75:1 ratio for 2016

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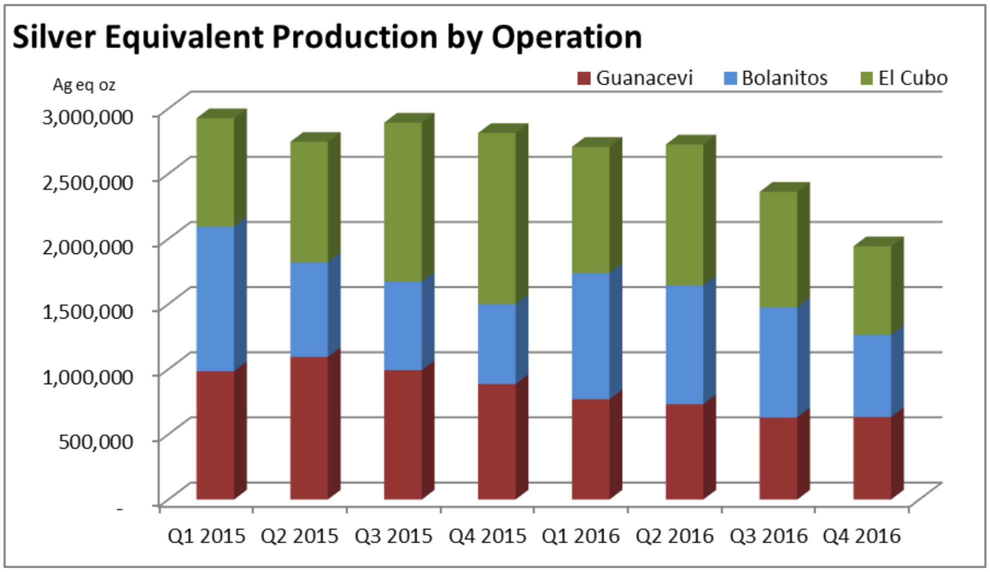

Consolidated Production

Three months ended December 31, 2016 (compared to the three months ended December 31, 2015)
Consolidated silver production during Q4, 2016 was 1,088,845 ounces (oz), a decrease of 37% compared to 1,732,765 oz in Q4, 2015, and gold production was 11,402 oz, a decrease of 26% compared to 15,433 oz in Q4, 2015. Plant throughput was 317,555 tonnes at average grades of 123 grams per tonne (gpt) silver and 1.35 gpt gold compared to 408,092 tonnes grading 156 gpt silver and 1.40 gpt gold in Q4, 2015. Metal production decreased due to lower throughput and grades. At El Cubo, throughput declined according to plan as the Company focused on maximizing cash flows in the first half of the year and reducing mine capability to achieve higher throughput. Lower throughput at Guanaceví was due to mine development falling behind plan. The lower grades for silver and gold were due to normal variations within the ore-bodies.

Year ended December 31, 2016 (compared to the year ended December 31, 2015)
In July 2016, the Company revised annual production guidance upwards to 5.5 to 6.0 million silver ounces and 49,000 to 54,000 gold ounces. Silver production was slightly below guidance due to lower than expected silver grades offset by higher than planned throughput, while gold production exceeded guidance due to higher than planned throughput.

Consolidated silver production during 2016 was 5,435,407 oz, a decrease of 24% compared to 7,178,666 oz in 2015, and gold production was 57,375 oz, a decrease of 4% compared to 59,990 oz in 2015. Plant throughput was 1,458,917 tonnes at average grades of 136 gpt silver and 1.50 gpt gold compared to 1,565,507 tonnes grading 167 gpt silver and 1.41 gpt gold in 2015. Silver production decreased due to lower throughput and silver grades mainly at Guanaceví and Bolañitos. Similarly, gold production decreased due to lower throughput and recoveries, however was offset by higher gold grades primarily from Bolañitos.

Consolidated Operating Costs

Three months ended December 31, 2016 (compared to the three months ended December 31, 2015)
The falling Mexican peso, continued focus on cost reductions and processing more stockpile tonnes than previously estimated resulted in lower consolidated costs per tonne, which, compared to Q4, 2015, fell 12% to $70.72 in Q4, 2016. Cash costs, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), decreased 4% to $9.39 per oz of payable silver in Q4, 2016 compared to $9.76 per oz in Q4, 2015 as a result of the lower cost per tonne, offset by lower silver grade. All-in sustaining costs (also a non-IFRS measure) increased 16% to $20.11 per oz in Q4, 2016 compared to $17.33 per oz in Q4, 2015. This increase in all-in sustaining costs is a result of management significantly increasing in the second half of 2016 exploration and capital investments for the long term benefit of its operations after a two-year period of reduced capital investment to maximize cash flow and ensure the viability of its operations during low silver and gold prices. As mine development opens additional stopes, productivity is expected to return to historical levels and cost metrics are expected fall.

Year ended December 31, 2016 (compared to the year ended December 31, 2015)
The falling Mexican peso, continued focus on cost reductions and processing more stockpile tonnes than previously estimated resulted in lower consolidated costs per tonne, which, compared to 2015, fell 10% to $72.42 in 2016. Lower costs per tonne, offset by lower silver grades, resulted in a 19% decrease in cash costs, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), to $6.78 per oz of payable silver compared to $8.39 per oz in 2015. The Company's guidance for 2016 on consolidated cash cost of production, net of gold by-product credits, had been $8 to 9 per oz of silver. The higher production, weakening of the Mexican peso and higher gold price contributed to the lower cash costs than previously estimated.

In the first of half of 2016, management reduced capital investment to maximize cash flow and ensure the viability of its operations during low prices. The lower exploration and development expenditures resulted in all-in sustaining costs (also a non-IFRS measure) decreasing 20% to $12.43 per oz compared to $15.62 per oz in 2015. All-in sustaining cost of production, net of gold by-product credits, in accordance with the World Gold Council standard, had been estimated to be $12 to 13 per oz of silver for 2016 due to the lower Mexican peso to U.S. dollar exchange rate and lower sustaining capital and exploration investments. Consolidated all-in sustaining cost of production was within the lower range of guidance as increased investment announced in July 2016 was offset by a weaker than expected Mexican peso.

Guanaceví Operations

The Guanaceví operation currently produces 1,200 tpd of high-grade ore from three underground silver-gold mines along a five kilometre (km) length of the prolific Santa Cruz vein. Guanaceví provides steady employment for 554 people and engages 402 contractors.

Production Results for the Three Months and Years Ended December 31, 2016 and 2015

Three Months Ended December 31			GUANACEVÍ	Year Ended December 31		
2016	2015	% Change		2016	2015	% Change
87,850	105,039	(16%)	Ore tonnes processed	367,441	431,431	(15%)
211	269	(22%)	Average silver grade (g/t)	232	295	(21%)
90.7	83.9	8%	Silver recovery (%)	86.3	84.1	3%
540,708	761,769	(29%)	Total silver ounces produced	2,364,045	3,440,748	(31%)
538,616	754,151	(29%)	Payable silver ounces produced	2,359,519	3,406,340	(31%)
0.49	0.61	(20%)	Average gold grade (g/t)	0.51	0.62	(18%)
89.0	86.2	3%	Gold recovery (%)	88.4	85.9	3%
1,232	1,775	(31%)	Total gold ounces produced	5,328	7,390	(28%)
1,225	1,757	(30%)	Payable gold ounces produced	5,315	7,316	(27%)
633,108	886,019	(29%)	Silver equivalent ounces produced(1)	2,763,645	3,958,048	(30%)
12.66	10.57	20%	Cash costs per silver ounce(2)(3)	10.56	8.66	22%
15.84	13.06	21%	Total production costs per ounce(2)(4)	13.60	11.09	23%
26.74	14.67	82%	All in sustaining cost per ounce (2)(5)	19.07	12.97	47%
93.60	93.59	0%	Direct production costs per tonne(2)(6)	84.94	88.04	(4%)
13.20	11.01	20%	Silver co-product cash costs(7)	11.31	9.55	18%
883	815	8%	Gold co-product cash costs(7)	841	694	21%

(1) Silver equivalents are calculated using a 70:1 ratio for 2015 and a 75:1 ratio for 2016

(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 17.

(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 page 19.
(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 19.
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(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 page 22.

Guanaceví Production Results

Three months ended December 31, 2016 (compared to the three months ended December 31, 2015)
Silver production at the Guanaceví mine during Q4, 2016 was 540,708 oz, a decrease of 29% compared to 761,769 oz in Q4, 2015, and gold production was 1,232 oz, a decrease of 31% compared to 1,775 oz in Q4, 2015. Plant throughput was 87,850 tonnes at average grades of 211 gpt silver and 0.49 gpt gold compared to 105,039 tonnes grading 269 gpt silver and 0.61 gpt gold in Q4, 2015. Metal production fell due to lower throughput and ore grades, partly offset by higher recoveries. The lower ore grades were a result of mining lower grade areas within the ore-bodies, while the prior year's higher grades were due to the contribution of the higher grade Porvenir Cuatro ore-body, which resulted in higher silver and gold production in Q4, 2015. Throughput was lower due to mine development being behind plan and company personnel focused on improving underground services, including power, dewatering and ventilation. The Company changed the mining contractor in January 2016 and changed the operations manager in May 2016. Management expects to attain the planned level of production in 2017.

Year ended December 31, 2016 (compared to the year ended December 31, 2015)
Silver production at the Guanaceví mine during 2016 was 2,364,045 oz, a decrease of 31% compared to 3,440,748 oz in 2015, and gold production was 5,328 oz, a decrease of 28% compared to 7,390 oz in 2015. Plant throughput was 367,441 tonnes at average grades of 232 gpt silver and 0.51 gpt gold compared to 431,431 tonnes grading 295 gpt silver and 0.62 gpt gold in 2015. Metal production decreased due to lower throughput and ore grades, partly offset by higher recoveries. The lower ore grades were a result of mining deeper within the ore-bodies where grades tend to be lower, while the prior year's higher grades were due to the contribution of the higher grade Porvenir Cuatro ore-body, which resulted in higher silver and gold production in 2015. Throughput was lower due to mine development being behind plan. The Company changed the mining contractor in January 2016 and changed the operations manager in May 2016. In 2016, the ore stockpile built up over the last six years was fully depleted resulting in 36,000 more tonnes processed than estimated in stockpile.

Guanaceví silver and gold production fell short of 2016 guidance due to lower throughput and grades, partially offset by higher recoveries.

Guanaceví Operating Costs

Three months ended December 31, 2016 (compared to the three months ended December 31, 2015)
Direct production costs per tonne in Q4, 2016 remained consistent with Q4, 2015 due primarily to a weaker Mexican peso, recovery of special mining duty offset by reduced mine output and increased royalty costs. The direct costs per tonne were impacted by lower ore grades resulting in higher cash costs per oz, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), which rose 20% to $12.66 per oz of payable silver in Q4, 2016 compared to $10.57 per oz in Q4, 2015. The lower throughput, lower ore grades and higher development expenditures resulted in higher all-in sustaining costs (also a non-IFRS measure) which, compared to Q4, 2015, increased 82% to $26.74 per oz in Q4, 2016. This increase in all-in sustaining costs is a result of management significantly increasing in the second half of 2016 exploration and capital investments for the long term benefit of Guanaceví operations after a two-year period of reduced capital investment to maximize cash flow and ensure the viability of its operations during low silver and gold prices. As Guanaceví mine development opens additional stopes, productivity is expected to return to historical levels and cost metrics are expected fall.

Year ended December 31, 2016 (compared to the year ended December 31, 2015)
Cost of sales at Guanaceví decreased to $36.0 million in 2016 compared to $48.1 million in 2015. The decrease in cost of sales is attributed to lower ore throughput, a weaker Mexican peso and the processing of more stockpile tonnes than previously estimated. Direct production costs per tonne decreased by 4% in 2016 compared to 2015 due primarily to processing more stockpile tonnes than previously estimated and a weaker Mexican peso offset by productivity losses experienced in the second and third quarters. After adjusting for the additional stockpile tonnes, the Company estimates direct costs per tonne to be approximately $89 per tonne. The lower direct costs per tonne were offset by lower ore grades resulting in higher cash costs per oz, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), which increased 22% to $10.56 per oz of payable silver in 2016 compared to $8.66 per oz in 2015. The lower productivity, lower ore grades and higher development expenditures resulted in higher all-in sustaining costs (also a non-IFRS measure) which, compared to 2015, increased 47% to $19.07 per oz for 2016. In the second half of 2016 management significantly increased exploration and capital investments for the long term benefit of the Guanaceví operation. The Company invested $14.8 million in the Guanaceví operation in 2016, of which $12.9 million was for underground development to improve underground access with the expectation that productivity would return to historical levels.

Bolañitos Operations

The Bolañitos operation encompasses three operating silver-gold mines and a flotation plant. During the first half of 2016, the Company focused on extracting and processing accessible ore at the Bolañitos operation to maximize cash flow. In Q3, 2016, due to higher metal prices, the Company revised its operating plan to maintain mine output at 800 to 1000 tpd with additional tonnage from historical stockpiles. Bolañitos provides steady employment for 350 people and engages 190 contractors.

Production Results for the Three Months and Years Ended December 31, 2016 and 2015

Three Months Ended December 31			BOLAÑITOS	Year Ended December 31		
2016	2015	% Change		2016	2015	% Change
101,568	103,878	(2%)	Ore tonnes processed	507,704	455,226	12%
71	90	(21%)	Average silver grade (g/t)	81	118	(31%)
80.1	83.6	(4%)	Silver recovery (%)	79.6	83.9	(5%)
185,813	251,363	(26%)	Total silver ounces produced	1,052,617	1,449,773	(27%)
178,380	241,308	(26%)	Payable silver ounces produced	1,010,512	1,389,920	(27%)
2.22	1.88	18%	Average gold grade (g/t)	2.31	1.99	16%
81.7	82.3	(1%)	Gold recovery (%)	81.5	82.3	(1%)
5,926	5,166	15%	Total gold ounces produced	30,720	23,966	28%
5,731	5,036	14%	Payable gold ounces produced	29,747	23,371	27%
630,263	612,983	3%	Silver equivalent ounces produced(1)	3,356,617	3,127,393	7%
(4.87)	8.09	(160%)	Cash costs per silver ounce(2)(3)	(8.37)	4.31	(294%)
(3.59)	17.94	(120%)	Total production costs per ounce(2)(4)	(4.49)	11.33	(140%)
1.02	18.15	(94%)	All in sustaining cost per ounce (2)(5)	(4.77)	11.79	(140%)
54.35	72.31	(25%)	Direct production costs per tonne(2)(6)	57.07	71.97	(21%)
9.48	11.85	(20%)	Silver co-product cash costs(7)	8.68	10.26	(15%)
634	877	(28%)	Gold co-product cash costs(7)	646	746	(13%)

(1) Silver equivalents are calculated using a 70:1 ratio for 2015 and a 75:1 ratio for 2016.

(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 17.

(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 page 19.

(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 19.

(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 20.

(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 page 19.

(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 page 22.

Bolañitos Production Results

Three months ended December 31, 2016 (compared to the three months ended December 31, 2015)

Silver production at the Bolañitos mine was 185,813 oz in Q4, 2016, a decrease of 26% compared to 251,363 oz in Q4, 2015, and gold production was 5,926 oz in Q4, 2016, an increase of 15% compared to 5,166 oz in Q4, 2015. Plant throughput in Q4, 2016 was 101,568 tonnes at average grades of 71 gpt silver and 2.22 gpt gold, compared to 103,878 tonnes grading 90 gpt silver and 1.88 gpt gold in Q4, 2015. Silver production was down primarily due to lower silver grades and recoveries, while gold production increased due to the higher gold grades. Bolañitos production came primarily from the LL-Asunción ore-body which has lower silver grades and higher gold grades compared to historical production from the Lucero ore-bodies.

Year ended December 31, 2016 (compared to the year ended December 31, 2016)

Silver production at the Bolañitos mine was 1,052,617 oz in 2016, a decrease of 27% compared to 1,449,773 oz in 2015, and gold production was 30,720 oz in 2016 compared to 23,966 oz in 2015. Plant throughput in 2016 was 507,704 tonnes at average grades of 81 gpt silver and 2.31 gpt gold, compared to 455,226 tonnes grading 118 gpt silver and 1.99 gpt gold in 2015. Silver production was down due to lower silver grades and recoveries offset by higher throughput, while gold production increased due the higher throughput and higher gold grades. Bolañitos production came primarily from the LL-Asunción ore-body which has lower silver grades and higher gold grades compared to historical production from the Lucero ore-bodies. In 2015, plant throughput reduced gradually from its 1,600 tpd capacity in the first quarter 2015, down to 1,000 tpd by year-end 2015. The mine halted development and exploration expenditures at the end of 2015 as further development of the LL-Asunción ore-body and Plateros discovery would have provided insufficient returns based on the 2015 closing metal prices. The mine focused on extracting and processing the accessble ore to maximize cash flow during the first half of 2016. During Q3, 2016, due to higher metal prices, the Company revised its operating plan to maintain mine output at 800 to 1000 tpd with additional tonnage from historical stockpiles and elected to invest $1.7 million to develop the Plateros discovery and extend the mine life.

Bolañitos silver and gold production exceed 2016 guidance due to higher throughput, partially offset by lower recoveries and lower than planned silver grades.

Bolañitos Operating Costs

Three months ended December 31, 2016 (compared to the three months ended December 31, 2015)

Direct production costs per tonne in Q4, 2016 fell 25% (compared to Q4, 2015) to $54.35 per tonne due to the weaker Mexican peso, reduced contractor activity and the processing of historical stockpiles carried at no value. Adjusting for the historical stockpile tonnes, the Company estimates direct costs per tonne in Q4, 2016 to be approximately $59 per tonne. The lower costs per tonne resulted in significantly lower cash costs per oz, net of by-product credits (which is a non-IFRS measure and a standard of the Silver Institute), of negative $4.87 per oz of payable silver in Q4, 2016 compared to $8.09 per oz in Q4, 2015. Similarly, all-in sustaining costs (also a non-IFRS measure) in Q4, 2016 fell 94% to $1.02 per oz compared to $18.15 per oz in Q4, 2015 due to the lower costs per tonne and the reduced level of development and exploration activities.

Year ended December 31, 2016 (compared to the year ended December 31, 2015)
Cost of sales at Bolañitos decreased to $33.3 million in 2016 compared to $41.1 million in 2015. The decrease in cost of sales is attributed to processing of historical stockpiles carried at no value, reduced contractor activity, management focus on reducing costs and a weaker Mexican peso. Direct production costs per tonne in 2016 fell 21% (compared to 2015) to $57.07 per tonne due to the weaker Mexican peso, reduced contractor activity, management focus on reducing costs, and the processing of historical stockpiles carried at no value. Adjusting for the historical stockpile tonnes, the Company estimates direct costs per tonne in 2016 to be approximately $64 per tonne. The lower costs per tonne resulted in significantly lower cash costs per oz, net of by-product credits (which is a non-IFRS measure and a standard of the Silver Institute), of negative $8.37 per oz of payable silver in 2016 compared to $4.31 per oz in 2015. Similarly, all-in sustaining costs (also a non-IFRS measure) in 2016 fell 140% to negative $4.77 per oz compared to $11.79 per oz in 2015 due to the lower costs per tonne and the suspension of development and exploration activities in the first nine months of 2016.

El Cubo Operations

Endeavour's third mine, El Cubo, was acquired in July 2012 and offered the potential to quickly become a core asset for Endeavour by already having 1,100 tpd output and a reasonable reserve/resource mine life. El Cubo currently employs 606 people and engages 303 contractors.

Production Results for the Three Months and Years Ended December 31, 2016 and 2015

Three Months Ended December 31			EL CUBO	Year Ended December 31		
2016	2015	% Change		2016	2015	% Change
128,137	199,175	(36%)	Ore tonnes processed	583,772	678,850	(14%)
103	131	(21%)	Average silver grade (g/t)	123	119	3%
85.4	85.8	(0%)	Silver recovery (%)	87.4	88.1	(1%)
362,324	719,633	(50%)	Total silver ounces produced	2,018,745	2,288,145	(12%)
347,831	690,871	(50%)	Payable silver ounces produced	1,937,995	2,195,379	(12%)
1.24	1.57	(21%)	Average gold grade (g/t)	1.41	1.52	(7%)
83.1	84.5	(2%)	Gold recovery (%)	80.6	86.3	(7%)
4,244	8,492	(50%)	Total gold ounces produced	21,327	28,634	(26%)
4,103	8,280	(50%)	Payable gold ounces produced	20,654	27,898	(26%)
680,624	1,314,073	(48%)	Silver equivalent ounces produced(1)	3,618,270	4,292,525	(16%)
11.65	9.45	23%	Cash costs per silver ounce(2)(3)	10.09	10.56	(4%)
11.92	18.80	(37%)	Total production costs per ounce(2)(4)	11.52	20.55	(44%)
19.62	19.96	(2%)	All in sustaining cost per ounce (2)(5)	13.32	22.15	(40%)
68.01	77.65	(12%)	Direct production costs per tonne(2)(6)	77.88	80.60	(3%)
13.49	11.47	18%	Silver co-product cash costs(7)	12.61	12.52	1%
902	849	6%	Gold co-product cash costs(7)	938	910	3%

(1) Silver equivalents are calculated using a 70:1 ratio for 2015 and a 75:1 ratio for 2016.

(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 17.

(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 page 19.

(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 19.

(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 20.

(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 page 19.

(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 page 22.

El Cubo Production Results

Three months ended December 31, 2016 (compared to the three months ended December 31, 2015)

Silver production at the El Cubo mine was 362,324 ounces in Q4, 2016, a decrease of 50% compared to 719,633 oz in Q4, 2015, and gold production was 4,244 oz in Q4, 2016, a decrease of 50% compared to 8,492 oz in Q4, 2015. Plant throughput in Q4, 2016 was 128,137 tonnes at average grades of 103 gpt silver and 1.24 gpt gold, compared to 199,175 tonnes grading 131 gpt silver and 1.57 gpt gold in Q4, 2015. The lower throughput and metal grades in Q4, 2016 resulted in lower silver and gold production. The 2016 operational plan originally called for throughput to gradually decrease over the year to care and maintenance level by year end, with efforts focused on extracting and processing the accessible ore to maximize cash flow over the year. In July 2016, the Company revised its operating plan to ramp throughput at El Cubo back up to 1500 tpd in the second half of 2016. The El Cubo mine was able to produce 1,392 tpd in Q4, 2016 by mining resources in the Villapando and Santa Cecilia ore bodies.

Year ended December 31, 2016 (compared to the year ended December 31, 2015)

Silver production at the El Cubo mine was 2,018,745 ounces in 2016, a decrease of 12% compared to 2,288,145 oz in 2015, and gold production was 21,327 oz in 2016, a decrease of 26% compared to 28,634 oz in 2015. Plant throughput in 2016 was 583,772 tonnes at average grades of 123 gpt silver and 1.41 gpt gold, compared to 678,850 tonnes grading 119 gpt silver and 1.52 gpt gold in 2015. The lower throughput in 2016 resulted in lower silver and gold production, with lower gold production also being due to lower gold grades and gold recoveries. The 2016 operational plan originally called for throughput to gradually decrease over the year to care and maintenance level by year end, with efforts focused on extracting and processing the accessible ore to maximize cash flow over the year. In July 2016, the Company revised its operating plan to ramp throughput at El Cubo back up to 1500 tpd in the second half of 2016.

El Cubo silver and gold production in 2016 exceeded the Company's guidance due to higher throughput, partially offset by lower gold recoveries.

El Cubo Operating Costs

Three months ended December 31, 2016 (compared to the three months ended December 31, 2015)

Despite a 36% decrease in throughput in Q4, 2016 compared to Q4, 2015, costs on a per tonne basis decreased. Direct production costs per tonne in Q4, 2016 decreased 12% compared to Q4, 2015 as a result of management's effort to reduce costs, fewer contractors and the weaker Mexican peso. The lower costs per tonne was offset by lower grades which increased cash costs, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), in Q4, 2016 by 23% to $11.65 per oz of payable silver compared to $9.45 per oz in Q4, 2015. All-in sustaining costs were flat at $19.62 per oz in Q4, 2016 compared to $19.96 per oz in Q4, 2015 due to the significant reduction of developments activities in 2016.

Year ended December 31, 2016 (compared to the year ended December 31, 2015)

Cost of sales at El Cubo decreased to $48.6 million in 2016 compared to $77.6 million in 2015. The decrease in cost of sales in 2016 (compared to 2015) is attributed to lower ore throughput, a weaker Mexican peso, the reduced use of contractors, and management's efforts to reduce costs. On a per tonne basis, the reduced use of contractors, the weaker Mexican peso and management's efforts to reduce costs in 2016 were offset by lower throughput, development expensed in Q1, 2016, and special mining duty resulting in a 3% reduction in direct costs per tonne compared to 2015. Slightly higher silver grades and higher gold prices impacting the gold credit offset by lower gold grades decreased cash costs, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), by 4% to $10.09 per oz of payable silver in 2016 compared to $10.56 per oz in 2015. All-in sustaining costs decreased by 40% to $13.32 per oz in 2016 compared to $22.15 per oz in 2015 due to the suspension of exploration and developments activities until Q4, 2016.

Exploration Results

In January 2016, the Company had planned exploration expenditures totalling $2.5 million for exploration drilling at Guanaceví and property holding costs in Mexico, with a contingent budget, subject to financing, to invest a further $7.0 million on additional exploration, engineering and land acquisition, primarily at Terronera. Endeavour's cash and working capital positions then increased substantially during the first half of 2016 (see "Liquidity and Capital Resources" on page 30) due to higher metal prices, stronger cash flows, and two "at-the-market" equity offerings. In view of this increase, in July 2016, the Company approved the contingent budget, as well as additional expenditures for the newly acquired El Compas project, for which $6.7 million was budgeted for the second half of 2016. The Company then estimated increased exploration expenditures totalling $10.8 million for 2016 including 29,400 metres of drilling, primarily at Terronera and secondarily at Guanaceví, El Cubo, El Compas and Guadalupe y Calvo. In addition to exploration work focused on growing the Company's silver and gold resources, the updated budget included acquisitions, engineering and permitting work pursuant to a pre-feasibility study (PFS) for Terronera and a preliminary economic assessment (PEA) for El Compas.

The Company spent $9.9 million on exploration expenses in 2016 related to mapping, sampling, drilling and engineering on its mineral properties. Additionally, the Company spent $1.1 million on holding costs of its properties.

Following is further information on the 2016 exploration expenditures:

Terronera – $4.0 million was spent on drilling, mapping and engineering work. The Company continued to advance a PFS and updated reserve/resource estimate for the Terronera project for completion in spring 2017. The Company drilled a total of 18,800 metres towards defining high grade, silver-gold mineralization within the Terronera vein system. Additionally, mapping extended the Terronera vein system over a seven km^2 area and identified nine additional veins in the northern half of the property. Sampling of the Terronera vein system confirmed that high-grade, low sulphidation epithermal silver-gold mineralization is present in many of the veins.

Guanaceví - $1.2 million was spent on drilling 7,000 metres of various targets within the district.

El Cubo - $1.1 million was spent on drilling 8,000 metres of various targets within the disctrict.

Guadalupe y Calvo - $1.1 million was spent on drilling 4,500 metres on one target north of the old Rosario mine.

El Compas – $1.7 million was spent on sampling, mapping, drilling 10,500 metres, and initiating a preliminary economic assessment (PEA) at the El Compas project acquired by the Company in May 2016. Drilling focused on the Ana Camila vein, a splay of the El Orito vein located about 550 m southeast of El Orito, has outlined a new high-grade, south plunging mineralized zone over 250 metres long by 100 metres deep, starting approximately 100 metres below surface and still open to surface and at depth. Updated El Compas resources and the PEA are scheduled for completion in spring 2017; however, the PEA is somewhat dependent on the outcome of challenges by several industries of January 1, 2017 amendments to the Revenue Law in the State of Zacatecas which provides for additional environmental taxes which could render mineral projects, including the El Compas project, uneconomic.

The remaining exploration expenditures in 2016 were spent on the Company's other mineral properties.

Reserves and Resources

Proven and probable silver reserves decreased 12% in 2016 compared to 2015, reflecting mining depletion and reduction in mine development capital investments at the three mines in 2016 due to low metal prices early in 2016. Measured and indicated silver resources decreased 2% and inferred silver resources declined 18% due to reduced exploration spending at the operations and releasing the Arroyo Seco project. Exploration programs and budgets were focused on the advancement of the Terronera project to delineate additional mineral resources there. An initial mineral resource estimate is also being prepared for El Compas in a preliminary economic assessment that is underway.

2016 Mineral Resource Highlights Compared to December 31, 2015

- Silver proven and probable reserves decreased 12% to 10.6 million oz
- Gold proven and probable reserves decreased 18% to 91,100 oz
- Silver equivalent proven and probable reserves decreased 12% to 17.4 million oz (75:1 silver:gold ratio)

- Silver measured and indicated resources decreased 2% to 64.2 million oz
- Gold measured and indicated resources increased 1% to 533,700 oz
- Silver equivalent measured and indicated resources increased 2% to 105.1 million oz

- Silver inferred resources decreased 18% to 37.2 million oz
- Gold inferred resources are unchanged at 336,000 oz
- Silver equivalent inferred resources decreased 8% to 64.7 million oz

Mineral reserve and resource estimates are based on pricing assumptions of $16.29 per ounce of silver and $1,195 per ounce of gold.

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 above.

Consolidated Financial Results

Three months ended December 31, 2016 (compared to the three months ended December 31, 2015)

For the three-month period ended December 31, 2016, the Company's mine operating earnings were $4.5 million (Q4, 2015: mine operating loss of $1.3 million) on sales of $28.7 million (Q4, 2015: $41.9 million) with cost of sales of $24.2 million (Q4, 2015: $43.2 million).

In Q4, 2016, the Company had an operating loss of $1.7 million (Q4, 2015: loss of $138.4 million) after exploration costs of $4.9 million (Q4, 2015: $1.6 million), general and administrative costs of $1.3 million (Q4, 2015: $1.5 million) and no impairment of non-current assets (Q4, 2015: $134.0 million further to Company's determination of several indicators of impairment of its producing mineral properties, including sustained decline then in precious metals prices and update of estimated mineral reserves and resources).

The loss before taxes in Q4, 2016 was $4.1 million (Q4, 2015: $139.6 million) after finance costs of $0.3 million (Q4, 2015: $0.3 million), a foreign exchange loss of $2.1 million (Q4, 2015: $0.7 million), a write-off of VAT tax receivable of $0.4 million (Q4, 2015: $Nil) and a loss in investment and other income and expenses of $0.4 million (Q4, 2015: loss of $0.2 million). The Company realized a loss for the period of $5.2 million (Q4, 2015: $136.2 million) after an income tax expense of $1.1 million (Q4, 2015: recovery of $3.4 million).

Sales of $28.7 million in Q4, 2016 represented a 32% decrease over the $41.9 million for the same period in 2015. There was a 44% decrease in silver oz sold and a 14% increase in the realized silver price resulting in a 32% decrease in silver sales, and there was a 28% decrease in gold oz sold and a 3% increase in realized gold prices resulting in a 26% decrease in gold sales. During the period, the Company sold 946,456 oz silver and 11,004 oz gold, for realized prices of $17.03 and $1,139 per oz respectively, compared to sales of 1,682,572 oz silver and 15,255 oz gold, for realized prices of $14.93 and $1,105 per oz respectively, in the same period of 2015. The realized price of silver was within 1% of the average silver spot price during the period of $17.19. The realized price of gold during the period was 7% lower than the average gold spot prices during the period of $1,222 per oz, with differences due to the timing of sales and the mark-to-market adjustments for the concentrate sales that are pending finalization.

The Company increased its finished goods silver inventory to 330,587 oz and increased its finished goods gold inventory to 883 oz at December 31, 2016 compared to 212,215 oz silver and 832 oz gold at September 30, 2016. The cost allocated to these finished goods was $4.9 million, compared to $3.5 million at September 30, 2016. As of December 31, 2016, the finished goods inventory fair market value was $6.4 million compared to the fair value of $5.2 million at September 30, 2016.

Cost of sales for Q4, 2016 was $24.2 million, a decrease of 44% over the cost of sales of $43.2 million for the same period of 2015. The 44% decrease in cost of sales was primarily due to cost reduction measures, the weakening of the Mexican peso against the U.S. dollar and reduced depletion due to accounting impairments recorded in 2015 that reduced the carrying value of the El Cubo and Bolañitos operations.

Exploration expenses increased in Q4, 2016 to $4.9 million from $1.6 million in the same period of 2015 primarily due to the $4.0 million spent on drilling, mapping and engineering work to advance a PFS and updated reserve/resource estimate for the Terronera project. General and administrative expenses decreased to $1.3 million in Q4, 2016 compared to $1.5 million in the same period of 2015 primarily due to a decrease in the fair value of deferred share units during the quarter, offset by increased share-based compensation.

The Company experienced a foreign exchange loss of $2.1 million in Q4, 2016 compared to a loss of $0.7 million in Q4, 2015. The $2.1 million loss was primarily due to the strengthening of the U.S. dollar against the Mexican peso in Q4, 2016 which resulted in lower valuations on the cash and receivable amounts.

There was an income tax expense of $1.1 million in Q4, 2016 compared to an income tax recovery of $3.4 million in Q4, 2015. The $1.1 million tax expense is comprised of $0.1 million in current income tax expense (Q4, 2015: expense of $0.6 million) and $1.0 million in deferred income tax expense (Q4, 2015: $4.0 million deferred income tax recovery). Falling metal prices impacted the profitability of the operations and lowered special mining duty in Q4, 2016. The deferred income tax expense of $1.0 million increased significantly compared to the $4.0 million recovery in 2015 as a result of tax consequences of the non-current asset impairments recognized in 2015.

Year ended December 31, 2016 (compared to the year ended December 31, 2015)

For the year ended December 31, 2016, the Company's mine operating earnings were $38.9 million (2015: $16.7 million) on sales of $156.8 million (2015: $183.6 million) with cost of sales of $117.9 million (2015: $166.8 million).

Operating income was $19.2 million (2015: operating loss of $131.3 million) after exploration costs of $10.4 million (2015: $6.3 million), general and administrative costs of $9.3 million (2015: $7.7 million) and no impairment of non-current assets (2015: $134.0 million further to Company's determination of several indicators of impairment of its producing mineral properties, including sustained decline then in precious metals prices and update of estimated mineral reserves and resources).

The earnings before taxes for 2016 were $12.3 million (2015: loss before taxes of $141.9 million) after finance costs of $1.2 million (2015: $1.4 million), a foreign exchange loss of $5.1 million (2015: loss of $5.0 million), a loss in investment and other income and expenses of $0.2 million (2015: income of $0.6 million), and write-off of a value added tax receivable of $0.4 million (2015: Nil). The Company realized earnings for the period of $3.9 million (2015: loss of $149.9 million) after an income tax expense of $8.4 million (2015: $8.0 million).

Sales of $156.8 million in 2016 represented a 15% decrease compared to $183.6 million for 2015. There was a 29% decrease in silver oz sold offset by a 7% increase in the realized silver price resulting in a 25% decrease in silver sales, and there was a 6% decrease in gold oz sold offset by a 9% increase in realized gold prices resulting in a 3% increase in gold sales. In 2016, the Company sold 5,152,031 oz silver and 55,851 oz gold for realized prices of $16.84 and $1,253 per oz, respectively, compared to sales in 2015 of 7,301,698 oz silver and 59,450 oz gold for realized prices of $15.79 and $1,148 per oz, respectively. The realized prices of silver and gold in 2016 were within 2% of the average silver and gold spot prices in 2016 of $17.14 per oz and $1,160 per oz, respectively, with differences due to the timing of sales and the mark-to-market adjustments for the concentrate sales that are pending finalization.

The Company increased its finished goods silver inventory to 330,587 oz and decreased its finished goods gold inventory to 883 oz at December 31, 2016 compared to 194,496 oz silver and 1,285 oz gold at December 31, 2015. The cost allocated to these finished goods was $4.9 million at December 31, 2016 compared to $3.4 million at December 31, 2015. At December 31, 2016, the finished goods inventory fair market value was $6.4 million compared to $4.1 million at December 31, 2015.

Cost of sales for 2016 was $117.9 million, a decrease of 29% over the cost of sales of $166.8 million for 2015. The 29% decrease in cost of sales was primarily due to the 20% reduction of production, cost reduction measures, the weakening of the Mexican peso against the U.S. dollar and reduced depletion due to accounting impairments recorded in 2015 that reduced the carrying value of the El Cubo and Bolañitos operations.

Exploration expenses increased in 2016 to $10.4 million from $6.3 million in 2015 primarily due to the $4.0 million spent on drilling, mapping and engineering work to advance a PFS and updated reserve/resource estimate for the Terronera project. General and administrative expenses increased to $9.3 million in 2016 compared to $7.7 million in 2015 primarily due to an increase in both the fair value of deferred share units and increased share-based compensation.

The Company experienced a foreign exchange loss of $5.1 million in 2016 compared to $5.0 million in 2015. The $5.1 million loss was primarily due to the strengthening of the U.S. dollar against the Mexican peso in 2016 which resulted in lower valuations on the Mexican peso cash and receivable amounts.

An $8.4 million tax expense in 2016 is comprised of $7.8 million in current income tax expense and $0.6 million in deferred income tax expense. The $7.8 million income tax expense is comprised of $7.6 million of income taxes and $0.2 million of special mining duty compared to income tax expense in 2015 of $8.0 million comprised of $6.8 million of income taxes and $1.2 million of special mining duty. Lower production impacted the profitability of the consolidated operations, however, on a standalone basis the Bolañitos mine generated significant taxable income as costs improved year over year. Lower grades impacted the profitability of the Guanaceví operation in 2016 compared to 2015 prior year.

The deferred income tax expense of $0.6 million fell compared to the $1.2 million expense in 2015 as a result of the falling Mexican peso and tax consequences of the non-current asset impairments recognized in 2015.

The recoverable amounts of the Company's cash-generating units ("CGUs"), which include mining properties, plant and equipment, are determined on an annual basis if impairment indicators are identified. In 2015, the continued commodity price decline led the Company to determine that there were impairment indicators and to re-assess the recoverable amounts of its CGUs. In 2016, The Company reviewed the operating CGUs for value in use, which resulted in no significant change after impairment charges in prior years. Any modest decrease in one key assumption in isolation causes the estimated recoverable amount to be less than or equal to the net carrying value. Management's long term estimates have not significantly changed from 2015.

Selected Annual Information

Expressed in thousands US dollars except per share amounts	Year ended December 31		
	2016	2015	2014
Revenue	$156,767	$183,556	$196,928
Net earnings (loss)	3,910	(149,941)	(74,533)
Basic earnings (loss) per share	0.03	(1.47)	(0.74)
Diluted earnings (loss) per share	0.03	(1.47)	(0.74)
Dividends per share	-	-	-
Total assets	180,510	114,233	265,837
Total long-term liabilities	15,691	15,385	18,975

Non-IFRS Measures

Adjusted earnings and adjusted earnings per share ("EPS") are non-IFRS measures that do not have standardized meanings prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other issuers. The Company previously issued share purchase warrants that had an exercise price denominated in a currency (Canadian dollar) different from the functional currency of the Company (U.S. dollar). Under IFRS, the warrants are classified and accounted for as a financial liability at fair value with adjustments recognized through net earnings.

These adjustments fluctuate significantly quarter to quarter primarily based on the change in the Company's quoted share price and have a significant effect on reported earnings, while the dilutive impact remains unchanged.

The Company incurred in 2015 impairments on current and non-current assets that had a significant one-time effect on reported earnings. Adjusted earnings and adjusted EPS are measures used by management to assess the performance of the operations prior to the impact of the mark-to-market changes and impairment amounts to appropriately compare to past performance and are provided to investors as a measure of the Company's operating performance.

Expressed in thousands US dollars except per share amounts	Three Months Ended December 31		Year Ended December 31	
	2016	2015	2016	2015
Net earnings (loss) for the period	($5,204)	($136,245)	$3,910	($149,941)
Impairment of non-current assets, net of tax	-	134,000	-	134,000
Write down of marketable securities	-	-	-	4,785
Adjusted net earnings (loss)	($5,204)	($2,245)	$3,910	($11,156)
Basic weighted average share outstanding	126,676,562	102,054,670	117,505,811	101,996,503
Adjusted net earnings (loss) per share	($0.04)	($0.02)	$0.03	($0.11)

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	
	2016	2015	2016	2015
Mine operating earnings	$4,497	($1,270)	$38,893	$16,740
Share-based compensation	-	83	78	432
Amortization and depletion	1,893	10,674	13,952	40,278
Write down (recovery) of inventory to net realizable value	-	234	-	234
Mine operating cash flow before taxes	$6,390	$9,721	$52,923	$57,684

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 ("WC") adjustments is calculated as operating cash flow minus working capital adjustment. 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	
	2016	2015	2016	2015
Cash from (used in) operating activities	($696)	$5,259	$22,969	$32,647
Net changes in non-cash working capital	442	(403)	(983)	(2,591)
Operating cash flow before working capital adjustments	($1,138)	$5,662	$23,952	$35,238

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 per share amounts	Three Months Ended December 31		Year Ended December 31	
	2016	2015	2016	2015
Operating cash flow before working capital adjustments	($1,138)	$5,662	$23,952	$35,238
Weighted average shares outstanding	126,676,562	102,054,670	117,505,811	101,996,503
Operating cash flow before WC changes per share	($0.01)	$0.06	$0.20	$0.35

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 and 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	
	2016	2015	2016	2015
Net earnings (loss) for the period	($5,204)	($136,245)	$3,910	($149,941)
Amortization and depletion – cost of sales	1,893	10,674	13,952	40,278
Amortization and depletion – exploration	20	17	61	81
Amortization and depletion – general & admin	81	84	248	240
Finance costs	246	331	1,172	1,368
Current income tax expense	132	628	7,755	6,853
Deferred income tax expense (recovery)	991	(4,014)	654	1,174
Impairment of non-current assets	-	134,000	-	134,000
Earnings before interest, taxes, depletion and amortization	($1,841)	$5,475	$27,752	$34,053
Share based compensation	846	556	3,482	2,885
Non-recurring write downs	-	-	-	4,785
Adjusted earnings before interest, taxes depletion and amortization	($995)	$6,031	$31,234	$41,723

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 Endeavour'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, 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 Endeavour's cost of sales, as reported in the Company's consolidated financial statements.

Expressed in thousands US dollars	Three Months Ended December 31, 2016				Three Months Ended December 31, 2015			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Direct production costs	$6,207	$5,959	$8,878	$21,044	$9,228	$6,977	$15,828	$32,033
Royalties	1,117	51	48	1,216	110	38	89	237
Special mining duty [(1)]	(408)	(258)	(417)	(1,083)	245	332	-	577
Opening finished goods	(2,641)	(232)	(179)	(3,052)	(1,050)	(455)	(1,249)	(2,754)
Closing finished goods	3,948	-	385	4,333	1,298	619	798	2,715
Direct production costs	8,223	5,520	8,715	22,458	9,831	7,511	15,466	32,808
By-product gold sales	(1,077)	(6,899)	(4,557)	(12,533)	(1,768)	(5,641)	(9,455)	(16,864)
Opening gold inventory fair market value	442	510	148	1,100	248	552	1,075	1,875
Closing gold inventory fair market value	(771)	-	(253)	(1,024)	(337)	(471)	(557)	(1,365)
Cash costs net of by-product	6,817	(869)	4,053	10,001	7,974	1,951	6,529	16,454
Amortization and depletion	1,565	237	92	1,894	1,830	2,244	6,600	10,674
Stock-based compensation	-	-	-	-	27	28	28	83
Opening finished goods depletion	(416)	(8)	(1)	(425)	(188)	(156)	(412)	(756)
Closing finished goods depletion	567	-	1	568	203	261	242	706
Total production costs	$8,533	($640)	$4,145	$12,038	$9,846	$4,328	$12,987	$27,161

	Three Months Ended December 31, 2016				Three Months Ended December 31, 2015			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Throughput tonnes	87,850	101,568	128,137	317,555	105,039	103,878	199,175	408,092
Payable silver ounces	538,616	178,380	347,831	1,064,827	754,151	241,308	690,871	1,686,330
Cash costs per ounce	$12.66	($4.87)	$11.65	$9.39	$10.57	$8.09	$9.45	$9.76
Total production costs per oz	$15.84	($3.59)	$11.92	$11.31	$13.06	$17.94	$18.80	$16.11
Direct production costs per tonne	$93.60	$54.35	$68.01	$70.72	$93.59	$72.31	$77.65	$80.39

Expressed in thousands US dollars	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Direct production costs	$27,819	$28,793	$45,284	$101,896	$38,939	$31,239	$54,662	$124,840
Royalties	1,405	268	275	1,948	515	220	297	1,032
Special mining duty [1]	(662)	531	321	190	1,264	1,126	-	2,390
Opening finished goods	(1,298)	(619)	(798)	(2,715)	(4,033)	(441)	(1,042)	(5,516)
Closing finished goods	3,948	-	385	4,333	1,298	619	798	2,715
Direct production costs	31,212	28,973	45,467	105,652	37,983	32,763	54,715	125,461
By-product gold sales	(5,871)	(37,907)	(26,224)	(70,002)	(9,397)	(27,022)	(31,844)	(68,263)
Opening gold inventory fair market value	337	471	557	1,365	1,262	726	865	2,853
Closing gold inventory fair market value	(771)	-	(253)	(1,024)	(337)	(471)	(557)	(1,365)
Cash costs net of by-product	24,907	(8,463)	19,547	35,991	29,511	5,996	23,179	58,686
Amortization and depletion	6,790	4,164	2,998	13,952	8,551	9,468	22,259	40,278
Stock-based compensation	26	26	26	78	144	144	144	432
Opening finished goods depletion	(203)	(261)	(242)	(706)	(635)	(115)	(698)	(1,448)
Closing finished goods depletion	567	-	1	568	203	261	242	706
Total production costs	$32,087	($4,534)	$22,330	$49,883	$37,774	$15,754	$45,126	$98,654

	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Throughput tonnes	367,441	507,704	583,772	1,458,917	431,431	455,226	678,850	1,565,507
Payable silver ounces	2,359,519	1,010,512	1,937,995	5,308,026	3,406,340	1,389,920	2,195,379	6,991,639
Cash costs per ounce	$10.56	($8.37)	$10.09	$6.78	$8.66	$4.31	$10.56	$8.39
Total production costs per oz	$13.60	($4.49)	$11.52	$9.40	$11.09	$11.33	$20.55	$14.11
Direct production costs per tonne	$84.94	$57.07	$77.88	$72.42	$88.04	$71.97	$80.60	$80.14

[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 Endeavour'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 Endeavour's cost of sales, as reported in the Company's consolidated financial statements.

Expressed in thousands US dollars	Three Months Ended December 31, 2016				Three Months Ended December 31, 2015			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Cash costs net of by-product	$6,817	($869)	$4,053	$10,001	$7,974	$1,951	$6,529	$16,454
Operations stock based compensation	-	-	-	-	27	28	28	83
Corporate general and administrative	2,439	52	108	2,599	550	171	521	1,242
Corporate stock based compensation	368	130	252	751	183	52	185	420
Reclamation - amortization/accretion	7	4	10	21	6	3	18	27
Mine site expensed exploration	583	100	686	1,369	229	350	614	1,193
Capital expenditures sustaining	4,189	765	1,715	6,669	2,094	1,824	5,892	9,810
All In Sustaining Costs	$14,404	$182	$6,824	$21,410	$11,063	$4,379	$13,787	$29,229
Growth exploration				5,684				391
Growth capital expenditures				867				23
All In Costs				$27,961				$29,643

	Three Months Ended December 31, 2016				Three Months Ended December 31, 2015			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Throughput tonnes	87,850	101,568	128,137	317,555	105,039	103,878	199,175	408,092
Payable silver ounces	538,616	178,380	347,831	1,064,827	754,151	241,308	690,871	1,686,330
Sustaining cost per ounce	$26.74	$1.02	$19.62	$20.11	$14.67	$18.15	$19.96	$17.33
All In costs per ounce				$26.26				$17.58

Expressed in thousands US dollars	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Cash costs net of by-product	$24,907	($8,463)	$19,547	$35,991	$29,511	$5,996	$23,179	$58,686
Operations stock based compensation	26	26	26	78	144	144	144	432
Corporate general and administrative	2,678	1,147	2,200	6,025	2,698	1,101	1,739	5,538
Corporate stock based compensation	1,338	573	1,099	3,011	1,064	434	685	2,183
Reclamation - amortization/accretion	27	17	40	84	21	12	73	106
Mine site expensed exploration	1,214	240	1,061	2,515	993	1,453	1,687	4,133
Capital expenditures sustaining	14,802	1,637	1,843	18,282	9,739	7,248	21,127	38,114
All In Sustaining Costs	$44,993	($4,823)	$25,816	$65,986	$44,170	$16,388	$48,634	$109,192
Growth exploration				7,801				2,113
Growth capital expenditures				1,353				702
All In Costs				$75,140				$112,007

	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Throughput tonnes	367,441	507,704	583,772	1,458,917	431,431	455,226	678,850	1,565,507
Payable silver ounces	2,359,519	1,010,512	1,937,995	5,308,026	3,406,340	1,389,920	2,195,379	6,991,639
Sustaining cost per ounce	$19.07	($4.77)	$13.32	$12.43	$12.97	$11.79	$22.15	$15.62
All In costs per ounce				$14.16				$16.02

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 Endeavour's cost of sales, as reported in the Company's consolidated financial statements.

Expressed in thousands US dollars	Three Months Ended December 31, 2016				Three Months Ended December 31, 2015			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Direct production costs	$6,207	$5,959	$8,878	$21,044	$9,228	$6,977	$15,828	$32,033
Royalties	1,117	51	48	1,216	110	38	89	237
Special mining duty [(1)]	(408)	(258)	(417)	(1,083)	245	332	-	577
Opening finished goods	(2,641)	(232)	(179)	(3,052)	(1,050)	(455)	(1,249)	(2,754)
Closing finished goods	3,948	-	385	4,333	1,298	619	798	2,715
Direct production costs	8,223	5,520	8,715	22,458	9,831	7,511	15,466	32,808

	Three Months Ended December 31, 2016				Three Months Ended December 31, 2015			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Silver production	540,708	185,813	362,324	1,088,845	761,769	251,363	719,633	1,732,765
Average realized silver price	17.03	17.03	17.03	17.03	14.93	14.93	14.93	14.93
Silver value	9,208,257	3,164,395	6,170,378	18,543,030	11,373,211	3,752,850	10,744,121	25,870,181
Gold production	1,232	5,926	4,244	11,402	1,775	5,166	8,492	15,433
Average realized gold price	1,139	1,139	1,139	1,139	1,105	1,105	1,105	1,105
Gold value	1,403,248	6,749,714	4,833,916	12,986,878	1,961,375	5,708,430	9,383,660	17,053,465
Total metal value	10,611,505	9,914,109	11,004,294	31,529,908	13,334,586	9,461,280	20,127,781	42,923,646
Pro-rated silver costs	87%	32%	56%	59%	85%	40%	53%	60%
Pro-rated gold costs	13%	68%	44%	41%	15%	60%	47%	40%
Silver co-product cash costs	$13.20	$9.48	$13.49	$12.13	$11.01	$11.85	$11.47	$11.41
Gold co-product cash costs	$883	$634	$902	$811	$815	$877	$849	$845

Expressed in thousands US dollars	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Direct production costs	$27,819	$28,793	$45,284	$101,896	$38,939	$31,239	$54,662	$124,840
Royalties	1,405	268	275	1,948	515	220	297	1,032
Special mining duty (1)	(662)	531	321	190	1,264	1,126	-	2,390
Opening finished goods	(1,298)	(619)	(798)	(2,715)	(4,033)	(441)	(1,042)	(5,516)
Finished goods NRV adjustment	-	-	-	-	-	-	-	-
Closing finished goods	3,948	-	385	4,333	1,298	619	798	2,715
Direct production costs	31,212	28,973	45,467	105,652	37,983	32,763	54,715	125,461

	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Silver production	2,364,045	1,052,617	2,018,745	5,435,407	3,440,748	1,449,773	2,288,145	7,178,666
Average realized silver price	16.84	16.84	16.84	16.84	15.79	15.79	15.79	15.79
Silver value	39,810,518	17,726,070	33,995,666	91,532,254	54,329,411	22,891,916	36,129,810	113,351,136
Gold production	5,328	30,720	21,327	57,375	7,390	23,966	28,634	59,990
Average realized gold price	1,253	1,253	1,253	1,253	1,148	1,148	1,148	1,148
Gold value	6,675,984	38,492,160	26,722,731	71,890,875	8,485,494	27,518,720	32,878,704	68,882,918
Total metal value	46,486,502	56,218,230	60,718,397	163,423,129	62,814,905	50,410,636	69,008,514	182,234,054
Pro-rated silver costs	86%	32%	56%	56%	86%	45%	52%	62%
Pro-rated gold costs	14%	68%	44%	44%	14%	55%	48%	38%
Silver co-product cash costs	$11.31	$8.68	$12.61	$10.89	$9.55	$10.26	$12.52	$10.87
Gold co-product cash costs	$841	$646	$938	$810	$694	$746	$910	$791

(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	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$28,650	$42,066	$44,510	$41,541	$41,991	$42,737	$47,719	$51,109
Direct cost	21,044	24,033	26,975	29,844	32,033	30,447	31,091	31,269
Royalties	1,216	247	276	209	237	304	243	248
Mine operating cash flow	6,390	17,786	17,259	11,488	9,721	11,986	16,385	19,592
Share-based compensation	-	(208)	230	56	83	109	167	73
Amortization and depletion	1,893	2,761	4,144	5,154	10,674	9,768	9,382	10,454
Write down on inventory	-	-	-	-	234	-	-	-
Mine operating earnings (loss)	$4,497	$15,233	$12,885	$6,278	($1,270)	$2,109	$6,836	$9,065
Net earnings (loss)	($5,204)	$5,586	$1,699	$1,829	(136,245)	(14,079)	($974)	$1,357
Impairment charge, net of tax	-	-	-	-	134,000	-	-	-
Write down of marketable securities	-	-	-	-	-	4,785	-	-
Adjusted earnings (loss)	($5,204)	$5,586	$1,699	$1,829	(2,245)	(9,294)	($974)	$1,357
Basic earnings (loss) per share	($0.04)	$0.04	$0.01	$0.02	($1.33)	($0.14)	($0.01)	$0.01
Diluted earnings (loss) per share	($0.04)	$0.04	$0.01	$0.02	($1.33)	($0.14)	($0.01)	$0.01
Weighted shares outstanding	126,676,562	125,277,591	113,236,504	104,646,404	102,054,670	101,976,901	101,976,901	101,976,901
Net earnings (loss)	($5,204)	$5,586	$1,699	$1,829	($136,245)	($14,079)	($974)	$1,357
Amortization and depletion	1,994	2,834	4,211	5,222	10,775	9,849	9,457	10,518
Finance costs	246	345	294	287	331	370	354	313
Current income tax	132	2,732	3,480	1,411	628	2,095	954	3,176
Deferred income tax	991	(693)	459	(103)	(4,014)	3,110	1,075	1,003
Impairment charges	-	-	-	-	134,000	-	-	-
EBITDA	($1,841)	$10,804	$10,143	$8,646	$5,475	$1,345	$10,866	$16,367

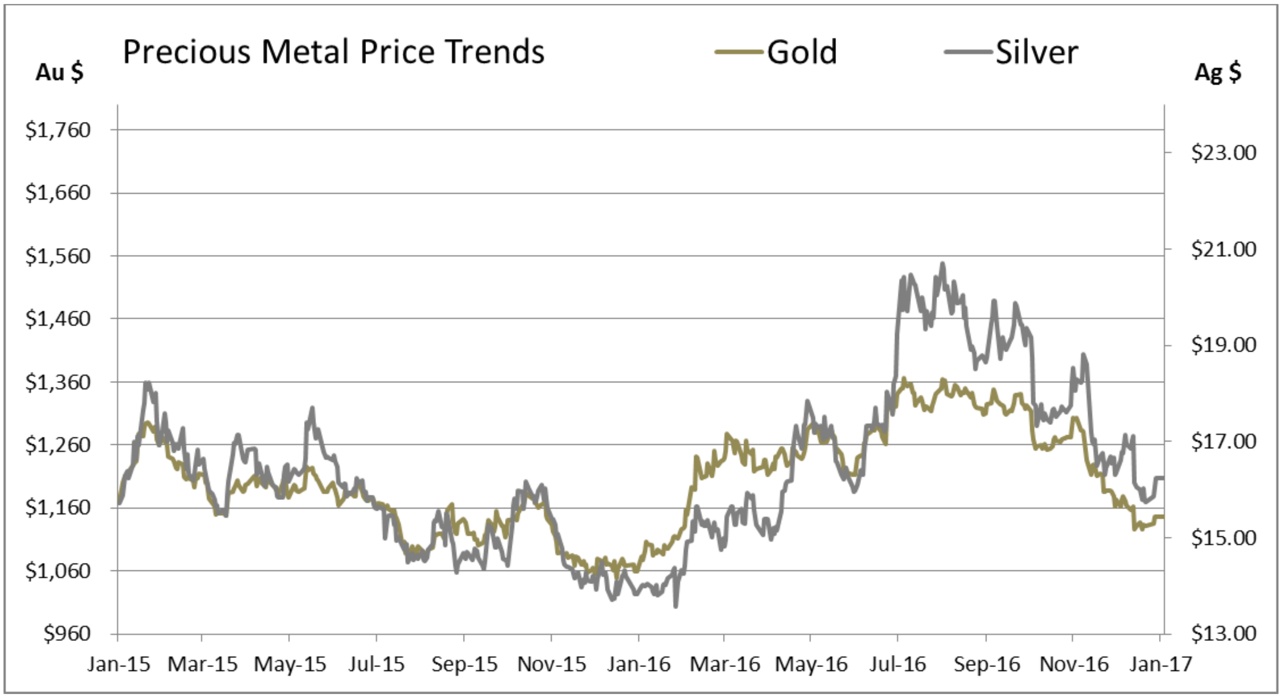
The following table presents selected production information for each of the most recent eight quarters:

Highlights	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Processed tonnes	317,555	355,611	377,198	408,553	408,092	404,878	371,745	380,792
Guanaceví	87,850	82,059	98,756	98,776	105,039	111,469	108,817	106,106
Bolañitos	101,568	132,686	136,322	137,128	103,878	109,124	106,148	136,076
El Cubo	128,137	140,866	142,120	172,649	199,175	184,285	156,780	138,610
Silver ounces	1,088,845	1,284,646	1,551,851	1,510,065	1,732,765	1,820,282	1,805,569	1,820,050
Guanaceví	540,708	542,385	629,221	651,731	761,769	867,292	958,581	853,106
Bolañitos	185,813	255,350	276,885	334,569	251,363	300,988	376,305	521,117
El Cubo	362,324	486,911	645,745	523,765	719,633	652,002	470,683	445,827
Silver grade	123	133	148	137	156	163	180	174
Guanaceví	211	235	232	249	269	285	325	300
Bolañitos	71	76	80	94	90	105	131	139
El Cubo	103	128	156	108	131	124	112	113
Silver recovery	87.0	84.3	86.2	83.7	84.6	85.7	84.0	85.2
Guanaceví	90.7	87.5	85.4	82.4	83.9	84.9	84.3	83.4
Bolañitos	80.1	78.8	79.0	80.7	83.6	81.7	84.2	85.7
El Cubo	85.4	84.0	90.6	87.4	85.8	88.7	83.4	88.5
Gold ounces	11,402	14,364	15,649	15,960	15,433	15,319	13,430	15,808
Guanaceví	1,232	1,163	1,365	1,568	1,775	1,792	1,946	1,877
Bolañitos	5,926	7,875	8,470	8,449	5,166	5,397	4,982	8,421
El Cubo	4,244	5,326	5,814	5,943	8,492	8,130	6,502	5,510
Gold grade	1.35	1.55	1.58	1.50	1.40	1.39	1.32	1.53
Guanaceví	0.49	0.51	0.49	0.56	0.61	0.58	0.64	0.63
Bolañitos	2.22	2.30	2.38	2.33	1.88	1.95	1.72	2.30
El Cubo	1.24	1.46	1.56	1.38	1.57	1.54	1.51	1.46
Gold recovery	83.0	80.8	81.9	81.0	83.9	84.9	85.4	84.5
Guanaceví	89.0	86.4	87.7	88.5	86.2	86.2	86.9	87.3
Bolañitos	81.7	80.3	81.2	82.2	82.3	78.9	84.9	83.7
El Cubo	83.1	80.5	81.6	77.6	84.5	89.1	85.4	84.7
Cash costs per oz	$9.39	$5.27	$5.37	$7.63	$9.76	$8.11	$8.60	$7.17
Guanaceví	$12.66	$11.12	$10.82	$8.09	$10.57	$7.98	$8.14	$8.23
Bolañitos	($4.87)	($15.17)	($7.08)	($6.20)	$8.09	$7.68	$4.82	$0.17
El Cubo	$11.65	$9.16	$5.21	$15.87	$9.45	$8.48	$12.59	$13.24
Total cost per oz[1]	$11.31	$7.28	$8.30	$10.95	$16.11	$13.57	$13.88	$12.97
Guanaceví	$15.84	$14.15	$13.87	$11.01	$13.06	$10.15	$10.31	$11.16
Bolañitos	($3.59)	($13.20)	($1.67)	($0.67)	$17.94	$15.55	$11.16	$5.81
El Cubo	$11.92	$9.99	$6.97	$18.29	$18.80	$17.36	$23.55	$24.92
AISC per oz	$20.11	$11.47	$10.53	$11.12	$17.33	$15.05	$16.86	$13.32
Guanaceví	$26.74	$21.53	$20.11	$12.95	$14.67	$12.76	$13.41	$11.16
Bolañitos	$1.02	($11.16)	($4.25)	($3.55)	$18.15	$14.40	$13.80	$5.74
El Cubo	$19.62	$11.60	$7.20	$18.11	$19.96	$18.48	$26.56	$26.44
Costs per tonne	$70.72	$71.18	$73.01	$74.26	$80.39	$75.07	$82.80	$82.67
Guanaceví	$93.60	$93.24	$83.38	$71.92	$93.59	$79.15	$92.48	$87.34
Bolañitos	$54.35	$49.03	$63.94	$60.03	$72.31	$70.17	$70.89	$74.00
El Cubo	$68.01	$79.20	$74.51	$86.91	$77.65	$75.50	$84.14	$87.61

(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, therefore, 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 Q4, 2016, the average price of silver was $17.19 per ounce, with silver trading between $15.74 and $19.18 per ounce based on the London Fix silver price. This compares to an average of $14.77 per ounce during Q4, 2015, with a low of $13.71 and a high of $16.18 per ounce. During Q4, 2016, the Company realized an average price of $17.03 per silver ounce compared with $14.93 for the corresponding period in 2015.

During Q4, 2016, the average price of gold was $1,222 per ounce, with gold trading between $1,126 and $1,313 per ounce based on the London Fix PM gold price. This compares to an average of $1,105 per ounce during Q4, 2015, with a low of $1,049 and a high of $1,184 per ounce. During Q4, 2016, the Company realized an average price of $1,139 per ounce compared with $1,105 for the corresponding period in 2015.

During 2016, the average price of silver was $17.14 per ounce, with silver trading between a range of $13.58 and $20.71 per ounce based on the London Fix silver price. This compares to an average of $15.68 per ounce during 2015, with a low of $13.71 and a high of $18.23 per ounce. During 2016, the Company realized an average price of $16.84 per ounce compared with $15.79 for 2015.

During 2016, the average price of gold was $1,251 per ounce, with gold trading between a range of $1,077 and $1,366 per ounce based on the London Fix PM gold price. This compares to an average of $1,159 per ounce during 2015, with a low of $1,049 and a high of $1,296 per ounce. During 2016, the Company realized an average price of $1,253 per ounce compared with $1,148 for 2015.

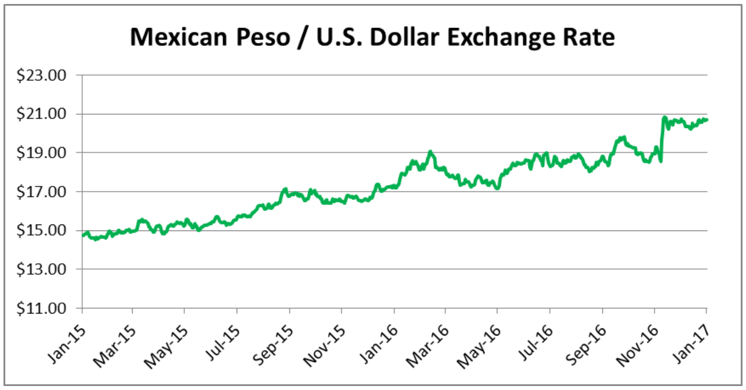
The major influences on precious metals prices from Q3, 2014 to January 2016 included weaker investment demand, selling from precious metal exchange traded funds, as well as strong U.S. equity and bond markets that pulled investments from other asset classes, including precious metals. In addition, precious metal prices were also affected by an expectation of improving economic conditions, which led to the reduction of the U.S. Federal Reserve's quantitative easing program in 2014 and the anticipation of rising borrowing rates over the past two years. Since February 2016, supply concerns, prevailing low to negative interest rates and political uncertainty led to renewed investment demand in precious metals. However, nearing the end of 2016, the U.S. election results revived the sentiment toward the U.S. economy and U.S. dollar, resulting in both silver and gold prices depreciating against the U.S. currency.

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.

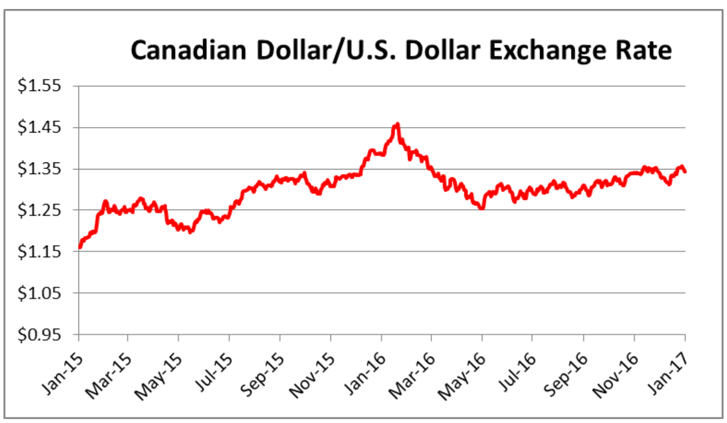
During Q4, 2016, the Mexican peso continued to depreciate against the U.S. dollar. During Q4, 2016, the average foreign exchange rate was $19.85 Mexican pesos per U.S. dollar, with the peso trading within a range of $18.52 to $20.82. This compares to an average of $16.75 during Q4, 2015, with a range of $16.40 to $17.39 Mexican pesos per U.S. dollar.

During 2016, the Mexican peso continued to depreciate against the U.S. dollar with volatility increasing in the most recent quarters. The average foreign exchange rate was $18.68 Mexican pesos per U.S. dollar, with the peso trading within a range of $17.17 and $20.82. This compares to an average of $15.86 during 2015, with a range of $14.52 and $17.39 Mexican peso per U.S. dollar.

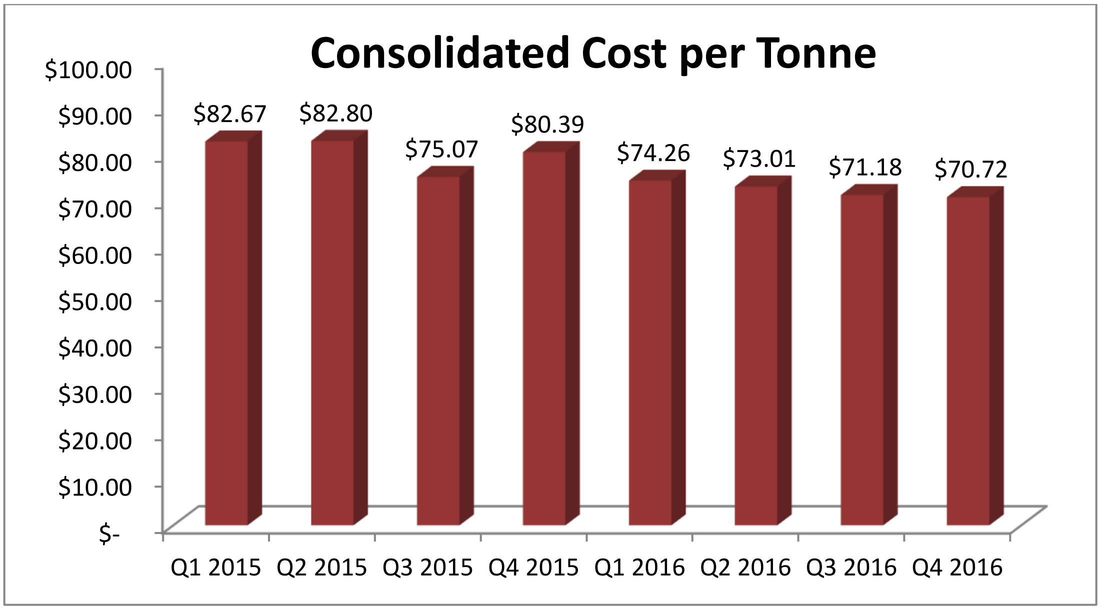


During Q4, 2016, the Canadian dollar was flat relative to the U.S. dollar compared to the same period in 2015. During Q4, 2016, the average foreign exchange rate was $1.3348 Canadian dollar per U.S. dollar, with the Canadian dollar trading within a range of $1.3097 and $1.3570. This compares to an average of $1.3351 during Q4, 2015, within a range of $1.2890 and $1.3955 Canadian dollar per U.S. dollar.

During 2016, the Canadian dollar continued to depreciate relative to the U.S. dollar. During 2016, the average foreign exchange rate was $1.3251 Canadian dollar per U.S. dollar, with the Canadian dollar trading within a range of $1.2533 and $1.4602. This compares to an average of $1.2774 during 2015, with a range of $1.1599 and $1.3955 U.S. dollar per Canadian 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 Endeavour'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.

2017 Outlook

Production

In 2017, the Company's plan is to produce at slightly lower throughput and higher silver grades compared to 2016, resulting in similar silver production and slightly lower gold production estimates. Completion of the El Compas PEA and satisfactory resolution of the new state environmental taxes may positively impact production guidance. Endeavour plans to continue investing significantly in exploration and development programs to extend the existing mine lives and build new mines to fuel future growth.

Silver production in 2017 is expected to be in the range of 5.2 to 5.7 million oz and gold production is expected be in the 50,000 to 53,000 oz range. Silver equivalent production in 2017 is expected to be 8.9 to 9.7 million oz using a 75:1 silver:gold ratio, as shown in the table below.

Mine	Ag (M oz)	Au (K oz)	Ag Eq (M oz)	Tonnes/Day (tpd)
Guanacevi	2.4-2.6	5.3-6.3	2.8-3.1	1,000-1,200
Bolanitos	0.9-1.0	21.5-22.5	2.5-2.7	1,000-1,100
El Cubo	1.9-2.1	23.2-24.2	3.6-3.9	1,300-1,500
Total	5.2-5.7	50.0-53.0	8.9-9.7	3,300-3,800

At Guanaceví, production in 2017 is expected to be similar to 2016 based on slightly lower grades and higher throughputs of 1,000 to 1,200 tonnes per day, primarily from the Santa Cruz, Porvenir Norte and Porvernir Centro orebodies. Underground exploration and mine development in these areas will be funded by mine cash flow. Development of the new SCS and Milache deposits is expected to be funded with the Company's working capital.

At Bolañitos, mine production is expected to continue operating at approximately 1,100 tpd primarily from the LL-Asunción deposit, the Plateros deposit, and historic mine fill. Underground exploration and mine development in these areas will continue to be funded by mine cash flow.

At El Cubo, production is expected to also continue operating at approximately 1,400 tpd from the V-Asunción, Dolores, Villalpando, San Nicolas and Santa Cecilia veins. Underground exploration and mine development in these areas will continue to be funded by mine cash flow.

Operating Costs
Cash costs, net of gold by-product credits, are expected to be $6.50 to $7.50 per oz of silver produced in 2017, comparable to the first three quarters of 2016. Consolidated cash costs on a co-product basis are anticipated to be $10.25 to $11.25 per oz silver and $775 to $825 per oz gold.

All-in sustaining costs of production, net of gold by-product credits, in accordance with the World Gold Council standard, are estimated to be $14 to $15 per oz of silver produced in 2017, higher than the first three quarters of 2016 due to increased investments in exploration and development programs. When non-cash items such as stock-based compensation are excluded, all-in sustaining costs of production are estimated to be in the $13.50 to $14.50 range. On a co-product basis, all-in sustaining costs are anticipated to be $14.50 to $15.50 per oz silver and $1,050 to $1,150 per oz gold. Direct operating costs are estimated to be in the range of $70 to $75 per tonne.

Management has assumed a $17 per oz silver price, $1,190 per oz gold price, and 20:1 Mexican peso per U.S. dollar exchange rate for its 2017 cost estimates.

Capital Investments
During 2016, management of the Company focused on reducing sustaining exploration and capital investments at low precious metals prices to ensure positive cash flow for the Company. In 2017, Endeavour plans to invest $43.3 million on capital projects at the three operating mines, including $7.7 million of growth capital, all primarily for mine development, in order to access reserves and resources for mining. At today's prices, the investments at operations will be covered by operating cash flow, while exploration and growth capital will be funded by the Company's treasury.

At Guanaceví, 9.2 km of mine development are budgeted at $11.3 million in the North Porvenir and Santa Cruz mines, which have been in production since 2004 and 2012, respectively. An additional $2.2 million is budgeted for ventilation, underground electrical and water control throughout the mine. The remaining $3.2 million is beudgeted for new mobile equipment to aid the significant planned development, site infrastructure and equipment.

Management has also approved an additional 2.5 km of development, budgeted at $7.1 million, to access two new ore bodies currently not in production. The development is expected to commence in the second quarter of 2017 depending on permitting.

At Bolañitos, 5.0 km of mine development are budgeted at $5.1 million to access reserves and resources in LL-Asunción, Plateros, and mineralized fill from historic stopes not included in resources. An additional $0.5 million is planned to purchase various mine equipment required for the year.

At El Cubo, 7.8 km of mine development are budgeted at $8.4 million, and $2.0 million is budgeted for supporting underground infrastructure mainly in the Villalpando vein. An additional $1.4 million is budgeted for mobile mine equipment and $1.4 million on plant equipment and infrastructure.

Mine	Mine Development	Other Capital	Sustaining Capital	Growth Capital
Guanaceví	$13.5 million	$3.2 million	$16.7 million	$7.1 million
Bolañitos	$5.1 million	$0.6 million	$ 5.7 million	-
El Cubo	$10.4 million	$2.8 million	$13.2 million	-
Corporate	-	-	-	$0.6 million
Total	$29.0 million	$6.6 million	$35.6 million	$7.7 million

Exploration Expenditures

In 2017, the Company plans to drill 64,000 metres (m) and spend $15.2 million on brownfields and greenfields exploration, development engineering, and land payments across its portfolio of properties. At the three existing mines, 20,000 m of core drilling is planned at a cost of $3.0 million. At the exploration and development projects, 44,000 m is planned to be drilled at a cost of $10.5 million.

At El Compas, management has approved a $3.0 million exploration program to drill 8,000 m testing new targets, and collar an 800 m exploration adit (subject to the PEA and the state Revenue Law) to provide underground access to the historical resources in the El Compas and El Orito veins, confirm drill results, and assess geotechnical parameters for mining of the mineralized zones.

At Terronera, management has approved a $2.3 million, 10,000 m drill program to test other mineralized veins, complete the PFS, and advance the site infrastructure. In 2016, the Terronera vein discovery was deepened and expanded by drilling. Additionally, a number of parallel structures were discovered by mapping and sampling. In December 2016, the Company announced high-grade drill results from the La Luz vein located 2,200 m northeast of the Terronera vein.

At Parral, management plans to spend $3.0 million on drilling 18,000 m to confirm a portion of the historical resource, testing multiple greenfields high-grade and bulk tonnage silver targets, and completing a PEA. The potential for near-term, small scale contract mining and toll milling will also be evaluated.

Additionally, the Company plans to conduct a 5,000 m drill program at the Guadalupe y Calvo property in Chihuahua, Mexico and a 3,000 m drill program in Chile. Both properties are highly prospective: Guadalupe y Calvo for high-grade vein mineralization near the existing resource, and for bulk tonnage silver-lead-zinc manto mineralization in Chile.

Project	2017 Activity	Drill Metres	Expenditures
Guanaceví	Drilling	8,000	$1.2 million
Bolañitos	Drilling	6,000	$0.9 million
El Cubo	Drilling	6,000	$0.9 million
Terronera	Drilling/PFS/Infrastructure	10,000	$2.3 million
El Compas	Drilling/PEA/Infrastructure	8,000	$3.0 million
Parral	Drilling/PEA	18,000	$3.0 million
Guadalupe y Calvo	Drilling	5,000	$0.9 million
Chile	Drilling	3,000	$1.3 million
Mexico	Holding Costs/Land Payment	-	$1.7 million
Total		**64,000**	**$15.2 million**

Liquidity and Capital Resources

Cash and cash equivalents significantly increased from $20.4 million at December 31, 2015 to $72.3 million at December 31, 2016, while the amount drawn on the credit facility decreased by $13.0 million to $9.0 million. The Company had working capital of $81.6 million at December 31, 2016 (December 31, 2015 - $17.2 million). The $64.3 million increase in working capital was primarily due to $55.4 million gross proceeds from equity offerings, $10.5 million from proceeds of exercised stock options with the remainder primarily generated from operating activities, offset by re-investment into the long-term future of the mines and repayment of the credit facility.

Operating activities generated cash of $23.0 million during 2016 compared to generating $32.6 million during 2015. The significant non-cash adjustments to the net income of $3.9 million in 2016 were amortization and depletion of $14.3 million, share-based compensation of $3.5 million, finance costs of $1.2 million, and a change in non-cash working capital of $1.0 million. The change in non-cash working capital was primarily due to the reduction of the credit facility, payment of income taxes and special mining duty, a decrease in accounts payable, offset by a drawdown of stockpiles and bullion held.

Investing activities during the 2016 period used $19.1 million compared to $35.7 million in the same period of 2015. The investments in 2016 primarily relate to mine development at Guanaceví, offset by proceeds on the sale of assets offered for sale and a return of a long-term deposit. In 2015, the Company invested similarly with $30.3 million spent on mine development across its three mines and $5.4 million spent on various equipment and surface infrastructure.

Capital spending totalled $19.6 million in property, plant and equipment during 2016. $14.8 million was invested at Guanaceví, with $12.9 million spent on 9.7 kilometres of mine development and $0.2 million spent on the tailings dam and $1.7 million spent on various equipment. At Bolañitos, the Company invested $1.6 million, with $1.0 million spent on 1.4 kilometres of mine development, $0.6 million on tailings expansion and various equipment. At El Cubo, the Company invested $1.8 million, including $1.0 million on mine development and $0.8 million on equipment and infrastructure. Additionally, the Company completed 0.6 kilometres of development in ore that was expensed as incurred. The Company spent $1.4 million on capitalized exploration, concession taxes and corporate equipment. Total capital spending was slightly higher than mid-year guidance of $17.4 million. Late in 2016, management initiated procurement for the Company's 2017 capital program and continued the advancement of mine development at Guanaceví.

On May 27, 2016, the Company issued 2,147,239 common shares of the Company to Canarc Resource Corp. ("Canarc") 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 owned the El Compas project through its wholly owned Mexican subsidiary, Minera Oro Silver de Mexico SA de CV ("Minera Oro Silver"). The El Compas project 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. Minera Oro Silver also holds a five year operating lease, renewable for an additional five years, on a 500 tpd ore processing plant located in Zacatecas, Mexico for a total annual lease cost of MXN 1.6 million (approximately $90,000), adjusted annually for inflation. The plant is currently not operational and will require capital investment to restore to an operational state. Preliminary capital investment estimates are $6.5 million to $7.5 million to recommence operations at the plant. The Company and Carnac have a common director in Bradford Cooke (see "Transactions with Related Parties").

On October 31, 2016, the Company issued 1,198,083 common shares of the Company to Silver Standard Resources Inc. ("Silver Standard") in connection with the acquisition from Silver Standard of a 100% interest in the Parral properties located in Chihuahua, Mexico. Under the terms of the Company's agreement with Silver Standard, the Company is to spend $2 million on exploration over the two-year period following the closing date. On completing this exploration expenditure, Endeavour will have one year to deliver a NI 43-101 technical report, including a resource estimate, and issue an additional U.S.$200,000 in common shares of the Company to Silver Standard for each 1,000,000 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 New York Stock Exchange prior to the earlier of delivery of the NI 43-101 report and October 31, 2019.

Financing activities during 2016 increased cash by $48.5 million from cash at December 31, 2015. During 2016, the Company paid $13.0 million to reduce its credit facility, paid $0.8 million in interest, paid debt re-structuring costs of $0.5 million, reduced its finance lease obligation by $1.2 million, received proceeds of $10.5 million from exercised stock options and raised gross proceeds through at-the-market offerings of $55.4 million reduced by $2.0 million in share issue costs.

Further to a short form base shelf prospectus filed by the Company in July 2014 to qualify the distribution of up to Cdn.$200 million of common shares and various other securities of the Company and a corresponding registration statement in the United States, the Company filed a prospectus supplement in November 2015 for an at-the-market offering of up to U.S.$16.5 million value of common shares of the Company on the New York Stock Exchange through Cowen and Company, LLC acting as sole agent. During 2016, the Company sold under the at-the-market offering 7,218,125 common shares at an average price of $2.13 per share for proceeds of $14.9 million, net of commission. Together with common shares sold in 2015, the Company issued a total of 8,017,694 common shares under this at-the-market offering for net proceeds of $16.0 million.

Further to a short form base shelf prospectus filed by the Company in May 2016 to qualify the distribution of up to Cdn.$200 million of common shares and various other securities of the Company and a corresponding registration statement in the United States, the Company filed a prospectus supplement in May 2016 for an at-the-market offering of up to U.S.$40 million value of common shares of the Company on the New York Stock Exchange through Cowen and Company, LLC acting as sole agent. From launch to July 2016, the Company sold 10,245,347 common shares under this at-the-market offering at an average price of $3.90 per share for proceeds of $38.9 million, net of commission. The Company will determine, at its sole discretion, the timing and number of common shares of the Company to be further sold under the current at-the-market offering.

During 2016, the Company recognized $843,000 of additional transaction costs related to the two at-the-market offerings as share issuance costs.

Management of the Company believes that operating cash flow and existing working capital will be sufficient to cover 2017 capital requirements and commitments.

As at December 31, 2016, the Company's issued share capital was $449.6 million, representing 127,080,264 common shares, and the Company had options outstanding to purchase 4,458,050 common shares with a weighted average exercise price of CAN $3.93.

The Company entered into a $75.0 million secured revolving term credit facility (the "Credit Facility") with The Bank of Nova Scotia ("Scotiabank") pursuant to a credit agreement made as of July 24, 2012. The purpose of the Credit Facility was for general corporate purposes. In 2013, the Company extended the maturity of the Credit Facility from July 24, 2015 until July 24, 2016. Under the terms of the Credit Facility, the credit limit available was reduced to $50 million on July 24, 2013 and, was further reduced to $25 million on July 24, 2015. The Company entered into an amended and restated credit agreement with Scotiabank dated April 15, 2016 (the "Amended Credit Agreement") whereby the Company and Scotiabank agreed to the conversion of $22 million which was then outstanding under the Credit Facility into a two-year term loan amortized quarterly and expiring December 31, 2017. The Company repaid $3 million on signing of the Amended Credit Agreement and is to repay $2.5 million under the Amended Credit Agreement each quarter. The interest rate margin on the Credit Facility is 4.5% over LIBOR. The Credit Facility is principally secured by a pledge of the Company's equity interests in its material operating subsidiaries, including Refinadora Plata Guanaceví SA de CV, Minas Bolañitos SA de CV and Compania Minera del Cubo SA de CV. The Amended Credit Agreement contains a number of covenants that impose financial or operating restrictions on the Company, including a provision that "Tangible Net Worth of the Company" for the purposes of the loan under the Amended Credit Agreement must be greater than$45.9 million. At December 31, 2016, the Company had $9.0 million outstanding under the Credit Facility. The Company paid $0.8 million of interest expense during the year in financing costs.

Facility Financial Covenants	Facility Financial Requirements	Dec. 31, 2016	Dec 31, 2015
Leverage ratio	≤ 3.00:1	0.29	0.53
Interest service coverage ratio	≥ 4.00:1	45	42
Tangible net worth (000's)	>45,900	133,215	51,020

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 (U.S.$5.9 million) tax assessment based on the June 2015 ruling. The 2016 tax assessment comprised of MXN 41.8 million in taxes owed (U.S.$2.0 million), MXN 17.7 million (U.S.$0.9 million) in inflationary charges, MXN 40.4 million (U.S.$1.9 million) in interest and MXN 23.0 million (U.S.$1.1 million) in penalties. The 2016 tax assessment was issued for failure to provide the appropriate support for certain expense deductions taken in MSCG's 2006 tax return, 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.

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. As of December 31, 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.

On acquisition of the El Cubo operation, under the terms of the acquired Las Torres lease, the Company was required to provide financial guarantees to the owner of the Las Torres Facility as security against any environmental damages. As at December 31, 2016, there was a $1 million letter of credit provided by the Company as security to the owner of the Las Torres facility that expires on August 14, 2018.

Capital Requirements

See 2017 Outlook on page 28 for discussion on planned capital and exploration expenditures.

Contractual Obligations

The Company had the following contractual obligations at December 31, 2016:

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 Assets purchases	$ 854	$ 854	$ -	$ -	$ -
Operating lease	2,949	233	478	496	1,742
Revolving credit facility	9,000	9,000	-		
Other Long-Term Liabilities	7,846	-	7,846	-	-
Total	$ 20,649	$ 10,087	$ 8,324	$ 496	$ 1,742

Transactions with Related Parties

The Company shares common administrative services and office space with Canarc and with Aztec Metals Corp., which are considered related party companies by virtue of Bradford Cooke being a common director. From time to time, Endeavour incurs third-party costs on behalf of the related parties which are charged on a full cost recovery basis. The charges for these costs totaled $43,000 for the year ended December 31, 2016 (2015 - $43,000). The Company had a $4,000 net receivable related to administration costs outstanding as at December 31, 2015 (December 31, 2015 – $111,000). See "Liquidity and Capital Resources" for information on the Company's acquisition of the El Compas project from Canarc in 2016.

During 2016, the Company was charged $264,000 (2015 - $151,000) for legal services by Koffman Kalef LLP, a firm in which the Company's corporate secretary is a partner.

Financial Assets and Liabilities

As at December 31, 2016, the carrying and fair values of Endeavour's financial instruments by category were as follows:

	As at Dec. 31, 2016		As at December 31, 2015	
Expressed in thousands US dollars	**Carrying value**	**Estimated Fair value**	**Carrying value**	**Estimated Fair value**
Financial assets:				
Cash and cash equivalents	$ 72,317	$ 72,317	$ 20,413	$ 20,413
Available for sale assets	85	85	614	614
Trade receivables	6,703	6,703	1,704	1,704
Other receivables	18,857	18,857	22,639	22,639
Total financial assets	$ 97,962	$ 97,962	$ 45,370	$ 45,370
Financial liabilities:				
Accounts payable and accrued liabiities	$ 18,229	$ 18,229	$ 18,949	$ 18,949
Revolving credit facility	9,000	9,000	22,000	22,000
Total financial liabilities	$ 27,229	$ 27,229	$ 40,949	$ 40,949

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.

Financial assets measured at fair value on a recurring basis include:

As at Dec. 31, 2016 Expressed in thousands US dollars	Total	Level 1	Level 2	Level 3
Financial assets:				
Available for sale securities	$ 85	$ 85	$ -	$ -
Trade receivables	6,703	6,703	-	-
Total financial assets	$ 6,788	$ 6,788	$ -	$ -

Available for sale securities

The Company holds marketable securities classified as Level 1 in the fair value hierarchy and as available for sale financial assets. The fair values of available for sale 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 other comprehensive income or loss, unless there is objective evidence of impairment. During 2015, the Company reviewed the value of its investments for objective evidence of impairment based on both quantitative and qualitative criteria. Accordingly, the Company has recorded a write down through the income statement of $4.8 million on its marketable securities, which was re-classified from other comprehensive income (loss).

Trade receivables

The trade receivables consist of receivables from provisional silver and gold sales from the Bolañitos and El Cubo mine. The fair value of receivables arising from concentrate sales contracts that contain provisional pricing mechanisms is determined using the appropriate quoted closing price on the measurement date from the exchange that is the principal active market for the particular metal. As such, these receivables, which meet the definition of an embedded derivative, are classified within Level 1 of the fair value hierarchy.

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, receivables and available cash under the Credit Facility. The Company believes that these sources, operating cash flow and its policies will be sufficient to cover expected short-term cash requirements and commitments.

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. The Credit Facility is subject to interest rate risk as amounts outstanding are subject to charges at a LIBOR-based rate plus 4.5%, payable according to the quoted rate term. The interest rate charge for the year was approximately 4.96%. As at December 31, 2016, with other variables unchanged, a 10% increase in the LIBOR rate would be result in additional interest expense of $90,000.

Commodity Price Risk – Gold and silver prices have historically fluctuated significantly and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities and certain other factors. The Company has not engaged in any hedging activities, other than short-term metal derivative transactions less than 90 days, to reduce its exposure to commodity price risk. At December 31, 2016 there are 300,000 ounces of silver and 9,223 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, 2016, with other variables unchanged, a 10% decrease in the market value of silver and gold would result in a reduction of revenue of $1.6 million.

Outstanding Share Data

As of March 1, 2017, the Company had the following securities issued and outstanding:

- 127,108,264 common shares
- 4,430,050 common shares issuable under stock options with a weighted average exercise price of CAN$3.93 per share expiring between May 23, 2017 and May 26, 2021.

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:

Amendments to IAS 1, *Presentation of Financial Statements ("IAS 1")*

On December 18, 2014, the IASB issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Company adopted these amendments in its financial statements for the annual period beginning on January 1, 2016 with no material impact on the financial statements.

Changes in IFRS not yet adopted:

New standards and amendments have been proposed; however, they do not impact the condensed consolidated interim financial statements and are not anticipated to impact the Company's annual consolidated financial statements. The nature and impact of each new standard and amendment applicable to the Company are described below:

Amendments to IAS 7, Statement of Cash Flows ("IAS 7")
On January 7, 2016, the IASB issued amendments to IAS 7. The amendments apply prospectively for annual periods beginning on or after January 1, 2017 with early adoption permitted. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The Company will adopt the amendments to IAS 7 in its financial statements for the annual period beginning on January 1, 2017. The Company does not expect the amendments to have a material impact on the financial statements.

Amendments to IAS 12, Income Taxes ("IAS 12")
On January 19, 2016, the IASB issued amendments to IAS 12. The amendments apply retrospectively for annual periods beginning on or after January 1, 2017 with early adoption permitted. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax basis at the end of the reporting period and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine future income tax profits used for assessing the utilization of deductible temporary differences. The Company intends to adopt the amendments to IAS 12 in its financial statements for the annual period beginning on January 1, 2017. The Company will adopt the amendments to IAS 12 in its financial statements for the annual period beginning on January 1, 2017. The Company does not expect the amendments to have a material impact on the financial statements.

Amendments to IFRS 2, Share-based Payment ("IFRS 2")
On June 20, 2016, the IASB issued amendments to IFRS 2 clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of a transaction from cash-settled to equity settled.

The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight. The Company intends to adopt the amendments to IFRS 2 effective January 1, 2018 on a prospective basis. The Company has begun a preliminary assessment however, the Company is not able at this time to estimate reasonably the impact that the amendments will have on the financial statements.

IFRS 9 Financial Instruments ("IFRS 9")
In November 2009, the IASB issued IFRS 9 as the first step in its project to replace IAS 39, Financial Instruments: Recognition and Measurement. On July 24, 2014 the IASB issued the complete IFRS 9. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset.

Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7, Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on the measurement of financial liabilities and de-recognition of financial instruments. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 with early adoption permitted, and must be applied retrospectively with some exemptions permitted.

The Company intends to adopt IFRS 9 effective January 1, 2018 on a prospective basis. The Company has begun a preliminary assessment however, the Company is not able at this time to estimate reasonably the impact that the amendments will have on the financial statements.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15")
On May 28, 2014, the IASB issued IFRS 15. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. .

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have also been introduced, which may affect the amount and/or timing of revenue recognized.

On April 12, 2016 the IASB issued Clarifications to IFRS 15, Revenue from Contracts with Customers, which is effective at the same time as IFRS 15. The clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the standard to licenses of intellectual property.

The Company intends to adopt IFRS 15 and the clarifications in its consolidated financial statements for the annual period beginning on January 1, 2018. The Company has begun a preliminary assessment however, the Company is not able at this time to estimate reasonably the impact that the amendments will have on the financial statements.

IFRS 16, Leases ("IFRS 16")
On January 13, 2016, the IASB published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company has not yet begun an assessment of the impact of this standard on its consolidated 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, estimating the fair value of convertible debenture components, impairment of non-current assets, reclamation and rehabilitation provisions, recognition of deferred tax assets, and assumptions used in determining the fair value of non-cash share-based compensation.

Mineralized Reserves and 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. As at December 31, 2015, the Company determined there were several indicators of potential impairment of its producing mineral properties which include the sustained decline in precious metal prices and updates of the estimated reserves and resources. The recoverable amounts are 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 are determined based on the life-of-mine after tax cash flow forecast 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.

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.

Provision for Reclamation and Rehabilitation
Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements, however changes in regulatory requirements and new information may result in revisions to estimates. The Company recognized the present value of liabilities for reclamation and closure costs in the period in which they are incurred. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the accretion of discounted underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

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.

The future income tax provision also incorporates management's estimates regarding the utilization of tax loss carry forwards, which are dependent on future operating performance and transactions.

Share-based Compensation
The Company has a share 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.

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 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 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 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. 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. 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 Cubo 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 Bolañitos mine has an expected life of less than two 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.

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, 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, 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. As of December 31, 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 on-going court proceedings and discussion with the tax authorities.

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. 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.

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 of the Company. Significant accounting policies and practices are described in more detail in the notes to our annual consolidated financial statements for the year ended December 31, 2016. 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.

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 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.

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 our internal control over financial reporting as of December 31, 2016. 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, 2016, 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, 2016.

Changes in Internal Control over Financial Reporting

Endeavour's management, including the CEO and CFO, has evaluated the Company's internal controls over financial reporting to determine whether any changes occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

There have been no changes in internal control over financial reporting that occurred during the fiscal year ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

During the quarter ended September 30, 2016, a subsidiary paid $0.8 million in false invoices from fraudulent communications impersonating an authorized individual of the Company. The Company's internal controls detected the fraudulent transactions and $0.3 million was ultimately recovered and the $0.5 million shortfall was included as "other expense" in the Company's financial statements. Management of the Company concluded that human error resulted in failure of the necessary preventive control for the fraud and believes that internal controls were otherwise properly designed to detect and prevent such fraud and that there was no material weakness during the year ended December 31, 2016 relating to design of internal controls over financial reporting. Subsequent to discovery of the fraud, an internal investigation was performed and determined that the fraud was an isolated incident. A change of personnel at the subsidiary resulted and additional training was provided to finance and administrative staff. There were no changes in internal control over financial reporting as a result of this incident, as management determined that the detective internal controls performed as designed to identify the human error and mitigated the impact as much as reasonably possible.

Exhibit 99.5

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 17, 2017

By: /s/ Bradford Cooke

Bradford Cooke
Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.6

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 17, 2017

By: /s/ Dan Dickson

Dan Dickson
Chief Financial Officer
(Principal Financial and Accounting Officer)

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, 2016 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 17, 2017

/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 99.8

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, 2016 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 17, 2017

/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:

I, Zachary J. Black, SME-RM consent to the public filing of the technical report titled *"National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico"* effective December 31, 2016 and dated March 3, 2017 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (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;

(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; and

(iii) the Disclosure Documents fairly and accurately represent the information in the sections of the Technical Report for which I am responsible.

Dated this 20th day of March, 2017

"signature" {signed and sealed}

____

Zachary J. Black, SME-RM

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, Zachary J. Black, SME-RM consent to the public filing of the technical report titled *"National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Bolanitos Project, Guanajuato State, Mexico"* effective December 31, 2016 and dated March 3, 2017 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (collectively the "Disclosure Documents").

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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; and

(iii) the Disclosure Documents fairly and accurately represent the information in the sections of the Technical Report for which I am responsible.

Dated this 20th day of March, 2017

"signature" {signed and sealed}

Zachary J. Black, SME-RM

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, Zachary J. Black, SME-RM consent to the public filing of the technical report titled *"NI 43-101 Technical Report Updated Resource and Reserve Estimates for the Guanaceví Project, Durango State, Mexico"* effective December 31, 2016 and dated March 3, 2017 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (collectively the "Disclosure Documents").

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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; and

(iii) the Disclosure Documents fairly and accurately represent the information in the sections of the Technical Report for which I am responsible.

Dated this 20th day of March, 2017

"signature" {signed and sealed}

Zachary J. Black, SME-RM

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, Jeffery W. Choquette, P.E. consent to the public filing of the technical report titled *"National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico"* effective December 31, 2016 and dated March 3, 2017 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (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;

(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; and

(iii) the Disclosure Documents fairly and accurately represent the information in the sections of the Technical Report for which I am responsible.

Dated this 20th day of March, 2017

"signature" {signed and sealed}

Jeff Choquette

Jeffery W. Choquette, P.E.

MONTANA
JEFFERY
CHOQUETTE
No. 12265 PE
LICENSED
PROFESSIONAL ENGINEER

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, Jeffery W. Choquette, P.E. consent to the public filing of the technical report titled *"National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Bolanitos Project, Guanajuato State, Mexico"* effective December 31, 2016 and dated March 3, 2017 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (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;

(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; and

(iii) the Disclosure Documents fairly and accurately represent the information in the sections of the Technical Report for which I am responsible.

Dated this 20th day of March, 2017

"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
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, Jeffery W. Choquette, P.E. consent to the public filing of the technical report titled *"NI 43-101 Technical Report Updated Resource and Reserve Estimates for the Guanaceví Project, Durango State, Mexico"* effective December 31, 2016 and dated March 3, 2017 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (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 20th day of March, 2017

"signature" {signed and sealed}

Jeff Choquette

Jeffery W. Choquette, P.E.

MONTANA
JEFFERY
CHOQUETTE
No. 12265 PE
LICENSED
PROFESSIONAL ENGINEER

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, Jennifer J. (J.J.) Brown, SME-RM consent to the public filing of the technical report titled *"National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Bolanitos Project, Guanajuato State, Mexico"* effective December 31, 2016 and dated March 3, 2017 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

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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 20th day of March, 2017

"signature" {signed and sealed}

____

Jennifer J. (J.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
Ontario 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:

I, Jennifer J. (J.J.) Brown, SME-RM consent to the public filing of the technical report titled *"National Instrument 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico"* effective December 31, 2016 and dated March 3, 2017 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (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 20th day of March, 2017

"signature" {signed and sealed}

JJBrown

Jennifer J. (J.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
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, Jennifer J. (J.J.) Brown, SME-RM consent to the public filing of the technical report titled *"NI 43-101 Technical Report Updated Resource and Reserve Estimates for the Guanaceví Project, Durango State, Mexico"* effective December 31, 2016 and dated March 3, 2017 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

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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 20th day of March, 2017

"signature" {signed and sealed}

____
Jennifer J. (J.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
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, Peter J. Smith, consent to the public filing of the technical report titled *"NI 43-101 Technical Report Preliminary Economic Assessment for the Terronera Project, Jalisco State, Mexico"* effective March 25, 2015 and dated April 30, 2015 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (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;

(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; and

(iii) the Disclosure Documents fairly and accurately represent the information in the sections of the Technical Report for which I am responsible.

Dated this 20th day of March, 2017

PROFESSIONAL
PROVINCE
OF
P. J. SMITH
BRITISH
COLUMBIA
ENGINEER

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:

Reference is made to the technical report titled *"NI 43-101 Technical Report Preliminary Economic Assessment for the Terronera Project, Jalisco State, Mexico"* effective March 25, 2015 and dated April 30, 2015 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I consent to any extracts from or a summary of those portions of the Technical Report that I am responsible for preparing, contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (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 those portions of the Technical Report that I am responsible for preparing 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 those portions of the Technical Report that I am responsible for preparing, or that is within the undersigned's knowledge as a result of the services performed by the undersigned in connection with the Technical Report.

Dated this 20th day of March, 2017

"signature" {signed and sealed}

____

Scott Fleming, P.E.

P&E MINING CONSULTANTS INC.
Geologists and Mining Engineers

Brampton
201 County Court Blvd., Suite 401
Brampton, Ontario, L6W 4L2
Ph: 905-595-0575 Fax: 905-595-0578

Vancouver
800 West Pender Street, Suite 410
Vancouver, British Columbia, V6C 2V6
Ph: 647-868-8526

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
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, Jarita Barry, P.Geo., consent to the public filing of the technical report titled *"NI 43-101 Technical Report Preliminary Economic Assessment for the Terronera Project, Jalisco State, Mexico"* effective March 25, 2015 and dated April 30, 2015 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (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 20th day of March, 2017

____

Jarita Barry, P.Geo.
Associate Geologist

P&E MINING CONSULTANTS INC.
Geologists and Mining Engineers

Brampton
201 County Court Blvd., Suite 401
Brampton, Ontario, L6W 4L2
Ph: 905-595-0575 Fax: 905-595-0578

Vancouver
800 West Pender Street, Suite 410
Vancouver, British Columbia, V6C 2V6
Ph: 647-868-8526

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
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, David Burga, P.Geo., consent to the public filing of the technical report titled *"NI 43-101 Technical Report Preliminary Economic Assessment for the Terronera Project, Jalisco State, Mexico"* effective March 25, 2015 and dated April 30, 2015 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (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 20th day of March, 2017

David Burga

____

David Burga, P.Geo.
Associate Geologist

P&E MINING CONSULTANTS INC.
Geologists and Mining Engineers

Brampton
201 County Court Blvd., Suite 401
Brampton, Ontario, L6W 4L2
Ph: 905-595-0575 Fax: 905-595-0578

Vancouver
800 West Pender Street, Suite 410
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www.peconsulting.ca

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
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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, Richard Routledge, P.Geo., consent to the public filing of the technical report titled *"NI 43-101 Technical Report Preliminary Economic Assessment for the Terronera Project, Jalisco State, Mexico"* effective March 25, 2015 and dated April 30, 2015 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (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 20th day of March, 2017

R. E. Routledge

____

Richard Routledge, P.Geo.
Sr. Associate Geologist

P&E MINING CONSULTANTS INC.
Geologists and Mining Engineers

Brampton
201 County Court Blvd., Suite 401
Brampton, Ontario, L6W 4L2
Ph: 905-595-0575 Fax: 905-595-0578

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CONSENT of AUTHOR

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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:

I, Richard Sutcliffe, P.Geo., consent to the public filing of the technical report titled *“NI 43-101 Technical Report Preliminary Economic Assessment for the Terronera Project, Jalisco State, Mexico”* effective March 25, 2015 and dated April 30, 2015 (the "Technical Report") prepared for Endeavour Silver Corp. (the “Company”).

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company’s Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (collectively the “Disclosure Documents”).

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Dated this 20th day of March, 2017

____

Richard Sutcliffe, P.Geo.
Sr. Geological Advisor

P&E MINING CONSULTANTS INC.
Geologists and Mining Engineers

Brampton
201 County Court Blvd., Suite 401
Brampton, Ontario, L6W 4L2
Ph: 905-595-0575 Fax: 905-595-0578

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CONSENT of AUTHOR

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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:

I, James Pearson, P.Eng., consent to the public filing of the technical report titled *"NI 43-101 Technical Report Preliminary Economic Assessment for the Terronera Project, Jalisco State, Mexico"* effective March 25, 2015 and dated April 30, 2015 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

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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 20th day of March, 2017

____

James Pearson, P.Eng.
Sr. Associate Mine Engineer

PROCESS ENGINEERING L.L.C.

3370 W. Crestone Court
Tucson, Arizona 85742
O: (520) 225-0354
C: (520) 461-2663

CONSENT of AUTHOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
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Ontario Securities Commission
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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, Eugenio Iasillo, consent to the public filing of the technical report titled *"NI 43-101 Technical Report Preliminary Economic Assessment for the Terronera Project, Jalisco State, Mexico"* effective March 25, 2015 and dated April 30, 2015 (the "Technical Report") prepared for Endeavour Silver Corp. (the "Company").

I also consent to any extracts from or a summary of the Technical Report contained in, or incorporated by reference in, the Annual Information Form dated March 17, 2017, the Company's Short Form Base Shelf Prospectus dated May 3, 2016 and the Prospectus Supplement dated May 5, 2016 thereto, the Annual Report of the Company on Form 40-F dated March 17, 2017, the Registration Statement on Form F-10 (File No. 333-210911) of Endeavour Silver Corp. (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 20th day of March, 2017

Registered Professional Engineer (MINING)
CERTIFICATE NO.
28209
EUGENIO
IASILLO
Date signed 3/20/17
ARIZONA, U.S.A.

EUGENIO IASILLO

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 of Endeavour Silver Corp.

We consent to the use of our reports, each dated March 17, 2017, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting included in this annual report on Form 40-F.

We also consent to the incorporation by reference of such reports in the Registration Statement (No. 333-210911) on Form F-10 of Endeavour Silver Corp. filed with the United States Securities and Exchange Commission.

//s// KPMG LLP

Chartered Professional Accountants

March 17, 2017
Vancouver, Canada