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, 2015

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, 2015, **102,776,470** 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 labor 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, 2015 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 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 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.

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, 2015, based upon the noon exchange rate as quoted by the Bank of Canada, was Cdn.$1.00 = US.$0.7225.

ANNUAL INFORMATION FORM

The Company's AIF for the fiscal year ended December 31, 2015 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, 2015 and 2014, 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, 2015 ("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, 2015, 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, 2015. 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, 2015, 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, 2015. 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, 2015. 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

During the first quarter of 2015, the Company enhanced its internal control system by implementing a policy to consult with a professional valuation company with experience and knowledge assessing the financial impact of any future impairment of non-current assets. The change was implemented address a material weakness identified in management's assessment of the effectiveness of internal control over financial reporting as at December 31, 2014. Based on the Company's assessment of internal control over financial reporting on December 31, 2015, the material weakness has been rectified.

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)
- Mario Szotlender
- 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.

	2015	2014
Audit Fees (1)	$497,500	$587,800
Tax Fees (2)	$0	$0
All other fees (3)	$0	$0
Total*	**$497,500**	**$587,800**

* 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, 2015 pertains to filing of a supplemental prospectus.

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, 2015 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 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, 2015, 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, 2015 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	$ 18,949	$ 18,949	$ -	$ -	$ -
Income Tax Payable	5,844	5,844	-	-	-
Operating Lease	329	208	121	-	-
Finance Leases	1,180	1,180	-	-	-
Capital Commitments	-	-	-	-	-
Revolving Credit Facility	22,000	22,000	-	-	-
Other Long-Term Liabilities(1)	7,762	-	7,513	249	-
Total	$ 56,064	$ 48,181	$ 7,634	$ 249	$ -

(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, 2015 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, 2015, 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.

EXHIBIT INDEX

The following exhibits have been filed as part of this annual report:

Exhibit	Description
Annual Information	
99.1.	Annual Information Form of the Company for the year ended December 31, 2015
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, 2015 and 2014 Consolidated Statements of Comprehensive Income (Loss) for the year ended December 31, 2015 and December 31, 2014 Consolidated Statement of Changes in Equity for the years ended December 31, 2015 and December 31, 2014 Consolidated Statements of Cash Flow for the years ended December 31, 2015 and December 31, 2014 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 (Amended)
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 Eugene Puritch. P. Eng. of P&E Mining Consultants Inc.
99. 20	Consent of Eugenio Iasillo P. E. of Process Engineering L.L.C..
99.21	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 8, 2016

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 9, 2016

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 9, 2016

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, 2015 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 9, 2016

/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, 2015 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 9, 2016

/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.

ANNUAL INFORMATION FORM

("AIF")

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 8, 2016

TABLE OF CONTENTS

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. These documents must be read together with the AIF in order to provide full, true and plain disclosure of all material facts relating to Endeavour. The documents listed below are not contained within, nor attached to this document. The documents may be accessed by the reader at the following locations:

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, 2015	March 9, 2016	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, 2015	March 9, 2016	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, 2015	March 9, 2016	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 9, 2015	Technical Report (NI 43-101) – English Qualification Certificate(s) and Consent(s)

References to "the Company", "Endeavour" or "Endeavour Silver" 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, 2015 unless otherwise indicated.

1.3 Forward-Looking Statements

This Annual Information Form 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 constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed and, in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited.

Forward-looking statements are 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 unless otherwise indicated. References to "Cdn.$" are to Canadian dollars. On March 8, 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.$1.3389 (Cdn.$1.00 = U.S.$0.7469). On December 31, 2015, 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.$1.3840 (Cdn.$1.00 = U.S.$0.7225).

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 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 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.

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 material subsidiaries, jurisdiction of incorporation and % ownership held.

Name of Company	**Incorporated**	**% held**
Endeavour Gold Corporation, S.A. de C.V.	Mexico	100
Minera Paola 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 Plata Carina S.P.A.	Chile	100
MXRT Holdings Inc.	Canada	100
Endeavour Zilver S.A.R.L.	Luxembourg	100

ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

Overview

The Company is a Canadian mineral company engaged in the evaluation, acquisition, exploration, development and exploitation of precious metal properties in Mexico and Chile.

Guanacevi Mines

In May 2004, Endeavour signed formal option agreements to acquire up to a 100% interest in the producing Santa Cruz silver-gold mine, certain other mining concessions and the Guanacevi mineral processing plant (collectively, the "Guanacevi Mines Project") in Durango, Mexico. The terms of the agreements gave Endeavour the option to acquire an initial 51% interest in these operating assets by paying a total of approximately $4 million to the vendors and incurring $1 million in mine exploration and development within one year. This was completed on January 28, 2006. The balance of the 49% interest was purchased through the payment of a further $3 million by instalments. The purchase of the remaining 49% of the mill facility was completed in July 2006 and the purchase of the remaining 49% of the mining assets was completed in January 2008.

Under the option interest agreement, a scheduled January 28, 2007 payment of $638,000 was made with 176,201 shares of the Company in lieu of cash. Further to a negotiated early buy-out of the minority shareholders, the Company acquired the remaining shares of Minera Santa Cruz y Garibaldi S.A. de C.V. ("Minera Santa Cruz"), which owned 49% of the Santa Cruz silver-gold mine in May 2007 by the issue of 1,350,000 shares of the Company with a fair market value of $5.04 per share.

The Company elected to accelerate the buy-out in order to streamline the mining operations and facilitate additional capital investments for the mine development program.

Bolañitos Mines

In February 2007, the Company acquired the right to purchase the exploitation contracts to the producing Unidad Bolañitos silver (gold) mines located in the northern parts of the Guanajuato and La Luz silver districts in the state of Guanajuato, Mexico from Minas de la Luz SA de CV ("MdlL") for $3.4 million, comprised of $2.4 million in cash and $1.0 million in common shares of the Company. On April 30, 2007 the Company completed the acquisition by paying $2.4 million in cash and issuing 224,215 common shares priced at $4.46 per share.

In April 2007 the Company entered into an agreement with two subsidiaries of Industrial Peñoles S.A. de C.V. ("Peñoles") to purchase all of the Guanajuato property and plant assets for 800,000 common shares of the Company and a share purchase warrant exercisable for an additional 250,000 common shares at Cdn.$5.50 per share within a two year period. The acquisition was completed on May 30, 2007 and the Company has a 100% interest in the Bolañitos Mines, free and clear of any royalties. The share purchase warrant expired on May 30, 2009 unexercised.

El Cubo Mines

On July 13, 2012, the Company completed the acquisition of MXRT Holdings Ltd (formerly Mexgold Resources Inc. ("Mexgold")) and its three wholly owned subsidiaries: Compania Minera del Cubo, S.A. de C.V., Minas Lupycal S.A. de C.V (formerly AuRico Gold GYC, S.A. de C.V.) and Metales Interamericanos, S.A. de C.V. from AuRico Gold Inc. ("AuRico").

As a result of the acquisition, the Company owns the El Cubo silver-gold mine located in Guanajuato, Mexico and the Guadalupe y Calvo silver-gold exploration project located in Chihuahua, Mexico.

El Cubo is a producing silver-gold mine located in the southeast part of the historic Guanajuato mining district in central Mexico, only 10 kilometres (km) from Endeavour's operating Bolañitos silver-gold mine in the northwest part of the Guanajuato district.

The El Cubo property consists of 61 mineral concessions covering 8,144 hectares, including several historic and currently active mine adits, ramps and shafts. Approximately 38 individual veins have been identified on the El Cubo property. Veins typically strike northwest, dip 70 degrees southwest and average nearly 2 metres wide.

Terronera Project (formerly San Sebastian Project)

San Sebastián del Oeste is an historic silver and gold mining district in southwestern Jalisco state, approximately 155 kilometres southwest of Guadalajara. One small high-grade underground silver and gold mine, Santa Quitéria, is currently operating in the district, producing 100 tonnes of ore per day. Our San Sebastián property surrounds the Santa Quitéria mine and represents a new district-scale silver-and gold exploration and mining opportunity for Endeavour.

The San Sebastián property displays a classic low-sulphidation epithermal vein system with four mineralized subdistricts, each consisting of a cluster of quartz veins (calcite, barite) bearing sulphide minerals (pyrite, argentite, galena, and sphalerite). Historically, more than 50 small mines have been developed within at least 20 veins. Although the San Sebastián silver mines were first discovered in 1542 and there have been several periods of small-scale mining over the last 450 years, little modern exploration was ever carried out in the district.

Endeavour identified substantial potential for additional high-grade mineralized zones within the several dozen kilometres of known veins on the San Sebastián properties. In 2010, the Company signed an option to purchase a 100% interest in the San Sebastian properties by paying a total of $2.7 million over three years and paying a 2% NSR royalty on any future production. The high-grade discovery in the Terronera vein confirmed our opinion. Endeavour published an initial resource in 2014 and a Preliminary Economic Assessment ("Terronera PEA") in 2015.

The Terronera PEA results in an after-tax base case net present value of $48.6 million using a 5% discount rate, which achieves a 20% rate of return and a pay-back period of 3.7 years. Total operating revenue in the Terronera PEA was estimated at $542 million from estimated sales of 20.4 million ounces (oz) of silver and 138,500 oz of gold at $18 per oz silver and $1,260 per oz gold. Mine-site cash operating costs were estimated at $3.93 per oz silver net of gold credits based on $83 per tonne total operating costs or total operating costs of $287 million. Additional total sustaining capital costs were estimated at $75 million, including dry stack tailings and life of mine capital, exploration and general and administrative expenditures at estimated mine-site all-in sustaining costs of $7.60 per oz silver net of gold credits for the life of the project.

The PEA 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 preliminary economic assessment in the Terronera PEA will be realized or that Inferred Mineral Resources will be upgraded to Indicated Mineral Resources. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See "Terronera Project, Jalisco State, Mexico" under Item 4.4 Mineral Projects for further details of the Terronera PEA, including the basis for the preliminary economic assessment therein and the qualifications and assumptions made in connection with such assessment.

Three Year History

2016 to Present

On March 9, 2016 the Company released updated NI 43-101 Reserve and Resource estimates as at December 31, 2015 for its active silver mining and exploration projects in Mexico, being the Guanacevi Mines, the Bolañitos Mines and the El Cubo Mines.

Endeavour's 2016 strategy is to focus on minimizing all-in sustaining costs and improving after-tax free cash flow rather than metal output. Endeavour management expects that silver production will be the range of 4.9-5.3 million oz, gold production will be in the range of 47,000-52,000 oz, and silver equivalent production will be in the range of 7.9-8.5 million oz using a 75:1 silver:gold ratio.

At Guanaceví, production will continue at the 1,200 tonne per day (tpd) plant capacity primarily from the Santa Cruz, Porvenir Norte, and Porvenir Centro deposits. Underground exploration and mine development will continue to be funded from cash flow, and additional mine development is scheduled for permitting and development subject to financing from existing sources.

At Bolañitos, mine production will continue at 850 tpd primarily from the LL-Asunción deposit. The plant will operate closer to its 1,600 tpd capacity in the first half in order to process the 75,000 tonne ore stockpile. No exploration or mine development is planned at the current metal prices, but that could change during the year if prices improve.

At El Cubo, production will continue initially from the V-Asunción, Dolores, Villalpando, San Nicolas and Santa Cecilia veins, but will decline each month until only V-Asunción is producing prior to going on care and maintenance in the fourth quarter. Investments on exploration and mine development have been suspended until metal prices improve.

Subsequent to December 31, 2015, the Company issued an additional 3,616,043 shares under at-the-market "ATM" facility at an average price of $1.57 per share for net proceeds of $5.5 million. The common shares were issued in at-the-market distributions on the New York Stock Exchange pursuant to our effective registration statement on Form F-10, which registers the offer and sale of the common shares under our ATM facility.

2015

In 2015, the Company delivered silver production that was above announced guidance and gold production in line with guidance. The Company produced 7,178,666 oz silver and 59,990 oz gold. Silver equivalent production totaled 11.4 million ounces at a 70:1 silver:gold ratio. With continued weakness in precious metal prices, the Company remained focused on cost improvements and reductions, in particular at the El Cubo operation. The El Cubo operation increased ore mined and processed by 64%, achieving a production rate of 2,165 tpd in the fourth quarter, driving costs per tonne down 19%, cash costs down 36% and all-in-sustaining costs down 44% compared to 2014. At the Bolañitos operation, the mine reduced output from 1,600 tpd to 1,000 tpd as underground resources focused on the development of the LL-Asuncion ore body, as the Lucero ore zone discovered in 2009 and 2010 was in its last year as the primary source of the mined ore. Despite the lower throughput, Bolañitos operating costs per tonne improved from the previous year, however, lower grade material increased its cost metrics on a per ounce basis. The Guanaceví mine continued to perform around its capacity of 1,200 tpd, while cost per tonne also improved at this operation. Consolidated plant throughput was 1,565,507 tonnes at average grades of 167 grams per tonne (gpt) silver and 1.41 gpt gold.

In early 2015, the Company released an updated NI 43-101 Reserve and Resource estimate as at October 31, 2014 for its active silver mines and the Terronera PEA. The Company continued to advance the Terronera project with additional drilling and studies subsequent to the release of the Terronera PEA.

On November 25, 2015, the Company entered into an ATM facility with Cowen and Company, LLC, acting as sole agent. Under the terms of this ATM facility, we may, from time to time, sell shares of our common stock having an aggregate offering value of up to US$16.5 million on the New York Stock Exchange. The Company determines, at its sole discretion, the timing and number of shares to be sold under this ATM facility. A prospectus supplement to the Base Shelf was filed on November 25, 2015 to qualify the shares to be sold under the ATM facility up to a maximum of $16.5 million. During the year ended December 31, 2015, the Company issued 799,569 common shares under the ATM facility at an average price of $1.43 per share for net proceeds of $1.1 million.

2014

Endeavour delivered company records of annual silver production from mining operations in 2014, led by record performance of the Guanaceví mine. The Company beat the high end of its silver production guidance by 5%, although gold production fell short of guidance by 3%. Consolidated silver production during 2014 was 7,212,074 ounces, an increase of 6% compared to 2013, and gold production was 62,895 ounces. Plant throughput was 1,404,406 tonnes at average grades of 185 grams per tonne silver and 1.62 gpt gold. Silver production increased due to higher grades and recoveries, partially offset by the lower throughput. Gold production was lower due to lower grades and throughput. The El Cubo mine output rose throughout 2014 in order to fill the El Cubo plant to its 1,550 tpd capacity.

The Company continued in 2014 to focus its efforts on the improvement of the El Cubo mine it acquired in 2012. Cost per tonne fell 13% to $98.92 as cost cutting initiatives took effect and appeared to be sustainable. The Company completed 28,000 metres of exploration drilling in 69 holes, including the expansion and delineation of V-Asuncion ore body.

In early 2014, the Company released an updated NI 43-101 Reserve and Resource estimate as at December 31, 2013 for its active silver mining and exploration projects in Mexico.

2013

Endeavour recorded its eighth consecutive year of growing sales revenue in 2013. During 2013, increased production drove sales 33% higher to $276.8 million and mine operating cash-flow increased 2% to $116.9 million from the previous year due to slightly higher margins. Direct operating costs rose as a result of the increased production, while the Company incurred additional costs with employee lay-offs to improve the long term viability of its operations.

Endeavour reported its eighth consecutive year of growing silver and gold production for 2013, increasing silver production by 52% to 6,813,069 oz silver and gold production by 95% to 75,578 oz gold compared to 2012. The Company focused its efforts on the improvement of the El Cubo mine it acquired in 2012. The Company successfully reduced the El Cubo workforce from 980 employees to 576 employees as of December 31, 2013 while improving plant throughput, ore grades and recoveries in 2013. The Company returned the leased Las Torres facility to its owner, completely refurbished the El Cubo plant in seven months and drove 10.6 kilometres of underground development. Furthermore the Company continued to improve safety programs, site governance and community initiatives.

Endeavour originally outlined 28 separate target areas in and around the existing mines at El Cubo with near-term potential to delineate new reserves and resources. In 2013, the Company drilled 18,450 metres in 47 holes to discover new high-grade, gold-silver vein mineralization in the historic Villalpando, V-Asuncion and Dolores veins. Drilling at Dolores helped to extend and define the hanging-wall and footwall vein ore-bodies that are currently in production. Drilling in the Villalpando and V-Asuncion veins, discovered in late 2012 and fast-tracked to production last year, successfully extended this newly discovered mineralized zone over 900 m in strike length, still open for expansion.

In early 2013, the Company released an updated NI 43-101 Reserve and Resource estimate as at December 15, 2012 for its active silver mining and exploration projects in Mexico. Endeavour achieved its eighth consecutive year of combined reserve and resource growth.

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

The 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.

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, 2015, the Company had approximately 14 employees based in its Vancouver corporate office and approximately 1,683 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 $4.2 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 per ounce for silver and $1,200 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

On October 31, 2013, the Mexican Tax Reform package was approved by the Mexican Congress and it came into effect on January 1, 2014. This law applies on a prospective basis and is expected to affect the future earnings of the Company's operations in Mexico. The Company has taken the position that the 7.5% mining royalty is an income tax in accordance with IFRS for financial reporting purpose, as it is based on a measure of revenue less certain specified costs. On substantial enactment, a taxable temporary difference arises, as property, plant and equipment and exploration and evaluation assets have book basis but no tax basis for purposes of the royalty.

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 “Legal Proceedings” on page 54 and 55, a subsidiary of the Company in Mexico has received a tax assessment from Mexican fiscal authorities.

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. An assessment by the Tax Court was made, however the Tax Court did not follow the Superior Court directive as required by law. Therefore the Company filed another Nullity action for the Tax Court to follow the Superior Court directive during the year. The Company expects the Tax Court to make a final assessment based on the Superior Court directive in 2017. The Company estimates the impact of the Superior Court ruling will result in an additional tax expense of MXN 31.7 million (~USD $1.8 million) to MSCG for fiscal 2006 when the Tax Court rules on a final assessment. As of December 31, 2015, the Company estimates additional interest and penalties payable on overdue taxes by MSCG to be MXN 65.7 million (~USD $3.8 million). 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, with the latter amounting to MXN 22.6 million (~USD $1.3 million) on the MXN 31.7 million estimated tax assessment.

Included in the Company’s consolidated financial statements, are net assets of $240,000, including $42,000 in cash, of MSCG. Following the Tax Court’s rulings, MSCG is in discussions with the tax authorities with regards to the shortfall of assets within MSCG to settle its estimated tax liability. An alternative settlement option would be to transfer the shares and assets of MSCG to the tax authorities. As of September 30, 2015, the Company recognized an allowance for transferring the shares and assets of MSCG amounting to $240,000. The Company is currently assessing MSCG’s settlement options, however the Tax Court assessment must be received before any negotiation can be finalized or a decision is made.

While the Company is of the view that the tax assessment has no legal merit and is contesting it, there is no assurance that the Company will be successful or that the Company will not have to pay the full amount of the assessment plus interest and penalties. 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. As a result of a detailed review of the Company’s financial information and delivery of appropriate requested documents to the Mexican fiscal authorities, the Company has estimated that there is no material potential tax exposure arising under the assessment.

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 International Financial Reporting Standards. 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, 2015. 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 unprecedented events in global financial markets during the last few years have had a profound effect on the global economy. Many industries, including the gold and silver mining industry, are affected by these market conditions. Some of the key effects of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability.

Specifically:
• the volatility of gold and silver prices affects our revenues, profits and cash flow;
•volatile energy prices, commodity and consumables prices and currency exchange rates affect our production costs; and
• the devaluation and volatility of global stock markets affects the valuation of our equity securities.

These factors could have a material adverse effect on the Company's financial condition and financial performance.

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 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

In connection with the audit of the Company's consolidated financial statements for the year ended December 31, 2014, the auditors discovered a material weakness related to the Company's ineffective management review of the recording of the impairment of long-lived assets and related financial statement disclosures, specifically related to the circular impact on deferred income taxes. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Pursuant to the material weakness identified and disclosed as of December 31, 2014 and due to the inherent complexities in valuing long-lived assets, the Company remediated its internal controls by engaging as a consultant a professional valuation company with experience and knowledge in assessing the financial impact of impairments and will consult with such professional if there are any future impairments. In addition, no assurance can be provided that the Company has identified all of its existing significant deficiencies and material weaknesses, or that it will not in the future have additional significant deficiencies or material weaknesses. 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'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.

In addition, 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 intend 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.

Company's Credit Facility with the Bank of Nova Scotia

The Company has a Facility with Scotiabank (terms as defined under Item 14.1 Material Contracts). The Facility 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 Facility at the end of its term, the Company could face liquidity problems and could be forced to seek amendments to the 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 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 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 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 Facility may adversely affect the Company's ability to secure other types of financing. As a result of the security interests granted to the Scotiabank, any default under Facility including any covenants thereunder, could result in the loss of the Company's entire interest in its material assets.

Potential dilution of present and prospective shareholdings
In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or the issue of securities convertible into common shares. The Company cannot predict the size of future issues of common shares or the issue of securities convertible into common shares or the effect, if any, that future issues and sales of the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

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

Future Sales of Common Shares by Existing Shareholders
Sales of a large number of the Company's common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares.

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

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; (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 applicable to publicly accountable enterprises effective January 1, 2011. 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, transactions are properly recorded and reported and 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.

4.3 Asset-Backed Securities Outstanding

The Company has not issued any asset-backed securities.

4.4 Mineral Projects

To satisfy the reporting requirements of National Instrument 51-102F2 with respect to the Company's mineral projects, the Company has opted, as permitted by the Instrument, to reproduce the summaries from the technical reports on the respective material properties.

<u>Guanacevi Mines Project, Durango State, Mexico</u>

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, 2015 and dated March 3, 2016**]**. 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.

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, 2015.

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 2015, EDR spent US $1,548,683 (including property holding costs) on exploration activities, including drilling, at the Guanaceví Project. Local field exploration activities in 2015 included geological mapping, sampling, and interpretation in the La Guirnalda, Santa Cruz West, and Garibaldi claim areas. Regional field exploration was conducted over several concessions peripheral to the Guanaceví Project, and included collection and analysis of a total of 1, 011 rock samples.

In 2015, EDR conducted a surface drilling program mainly focused on exploring the Santa Cruz vein in the shallow portion of the Porvenir Comedor area and the eastern portion of the Santa Cruz mine (Santa Cruz East). A total of 5,002.60 m were drilled in 17 holes. In 2015, underground drilling conducted at Guanaceví was focused on exploring the Santa Cruz Vein at depth in the North Porvenir and Santa Cruz mines. Underground drilling was also completed at the Porvenir 4 mine in order to test the Santa Cruz vein at depth and to test the secondary Veta Nueva vein, located in the footwall of the Santa Cruz vein. The underground drilling program included a total of 4,547 m drilled in 22 holes.

Since acquisition of the Guanaceví Project in 2004, through December 31, 2015, EDR has 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 have been completed on the Santa Cruz vein structure. Holes were drilled from both surface and underground drill stations, and 54,799 samples have been 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 2015, stope production in the deep Porvenir North mine concentrated on the 3134 levels. The 4122 ramp was also continued over to the 3123 level stopes (Upper North Porvenir). In the Central Porvenir mine development of the 4114 (+) ramp generated three new levels: 3145-2, 3146-2 and 3147-2. Stope production came from the 3147-2 and 3146-2 utilizing long hole stoping. In the Santa Cruz mine, the development of the main ramp to access the deepest levels is currently in progress. The ramp has reached the 3359 level's north and south principal veins and 3160 level. Lateral ramps to the 3159-2 north and south extension are in progress and the 3160-2 ramp is advancing. During 2015 the 4118 (+) ramp was also advanced opening up the XC-7-2, XC-9-2, 3151 and upper levels. Other important developments in ore or on structure were completed on the far south 3356, 3357, 3358 and 3359 levels. Stope production came from the 3351, 3353, 3354, 3355, 3357, 3358 and 3359 by either long hole or cut and fill mining.

Development of the main ramp at Porvenir 4 continued to reach the 3358 main production zone. Development in ore was completed on the 3507, 3508 B (Bajo) levels. Stope production came from the 3504, 3506, 3507 and 3508 B (Bajo). Total mine reported production for 2015 was 431,431 tonnes at 295 g/t Ag and 0.62 g/t Au.

As of December 31, 2015, the Guanaceví mines project had a roster of 542 employees and an additional 128 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, 2015. 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 182 gpt, assuming a silver price of $17.60 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, 2015, are summarized in Table 1-1. The resources are exclusive of the mineral reserves.

Table 1-1 Mineral Resource Estimate, Effective Date December 31, 2015

Classification	Tonnes	Silver Equivalent	Silver		Gold	
		g/t	g/t	oz.	g/t	oz.
Measured	181,500	342	304	1,777,309	0.53	3,097
Indicated	2,313,100	331	277	20,564,771	0.78	58,127
Measured + Indicated	2,494,600	332	279	22,342,080	0.76	61,224
Inferred	1,150,600	358	308	11,390,368	0.72	26,551
Total	3,645,300	340	288	33,732,449	0.75	87,775

1. Measured, Indicated and Inferred resource cut-off grades were 182 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 83.5% silver and 86.2% gold.
4. Silver equivalents are based on a 70:1 silver: gold ratio
5. Price assumptions are $17.60 per ounce for silver and $1,260 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, 2015. 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 cutoff's 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, 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 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 200 g/t Ag equivalent. Silver equivalent grade is calculated as the silver grade + (gold grade * 70), taking into account gold and silver prices and expected mill recoveries.

Mineral reserves are derived from Measured and Indicated resources after applying the economic parameters as stated above, and utilizing Datamine's MSO program to generate stope designs for the reserve mine plan. The Guanaceví Project mineral reserves are derived and classified according to the following criteria:

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

The Proven and Probable mineral reserves for the Guanaceví mine as of December 31, 2015 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	107.4	290.1	254.0	877.2	0.52	1.78	29.9%
Probable	797.9	236.1	205.0	5,260.1	0.45	11.65	25.7%
Total Proven and Probable Reserves	905.3	242.5	210.8	6,137.3	0.46	13.43	26.2%

1. Reserve cut-off grades are based on a 200 g/t silver equivalent.
2. Metallurgical Recoveries were 83.5% silver and 86.2% gold.
3. Mining Recoveries of 95% were applied.
4. Minimum mining widths were 1.4 meters.
5. Dilution factors averaged 26.2%. 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 70:1 silver:gold ratio.
7. Price assumptions are $16 per ounce for silver and $1,150 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.

For 2016, EDR plans to develop a surface drilling program focused on the North part of the Pelayo vein, and also the South part of the Santa Cruz ore body. Also, underground drilling will be conducted with the objective to determine the extension to depth of the ore bodies at the Central-North Porvenir and Santa Cruz Mine areas; around 500 m of cross-cuts will be developed for these programs. Regional Exploration will continue to try to find possible targets with mineralized zones within 50 km, mainly towards the Northwest and South parts of the District, to potentially acquire properties for future growth. The 2016 surface exploration program is planned to include 3,600 m of core in approximately 15 diamond drill holes to test the Pelayo & Santa Cruz veins. Budgeted cost of the program is US $783,500. The budget cost for the underground program is US $897,000, the program includes 2,000 m of core to test the Santa Cruz vein at the deep Porvenir & Santa Cruz mines.

HRC recommends that the continuation of the conversion of all resources into reserves from 2D polygons to 3D block models be continued. During 2015 considerable progress has been completed on this process. 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 (formerly the Guanajuato Mines Project) Guanajuato State Mexico" prepared by Hard Rock Consulting LLC, with an effective date of December 31, 2015 and dated March 3, 2016. 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.

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, 2015.

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 2015, EDR spent US $1,453,473 (including property holding costs) on exploration activities, including drilling, at the Bolañitos Project. Geological mapping, sampling, and interpretation of the target areas at Bolañitos included:

- Bolañitos North (Bolañitos, San Ignacio, San Miguel & Realejo Veins);
- Bolañitos South (San Antonio);
- Ana Rosa and Belen (Erika, Ana, Edith and Perla).

These activities were mainly conducted to complete the delineation of the Bolañitos North structures, and to investigate possible targets of interest in the South West part of Belen and in the Ana Rosa claim (located at SW of la Luz town).

Exploration activities were designed to generate drill targets and to further refine areas of interest by discriminating between mineralized and barren ground. Geochemical sampling has been successful identifying vein systems anomalous in gold and silver, as well as identifying other modes of mineralization (Rio Dike). Detailed geologic mapping is problematic in the Bolañitos Project area due to rugged terrain, dense vegetation, and the homogeneity of the country rock, making it difficult to distinguish between units.

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, 2015, 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, 2015

Classification	Tonnes	Silver Equivalent	Silver		Gold	
		g/t	g/t	oz.	g/t	oz.
Measured	101,200	289	140	457,317	2.13	6,920
Indicated	940,700	290	154	4,648,332	1.94	58,742
Measured + Indicated	1,042,00	289	152	5,105,649	1.96	65,662
Inferred	1,291,800	342	171	7,105,584	2.45	101,807
Total	2,333,800	319	163	12,211,233	2.23	167,469

1. Measured, Indicated and Inferred resource cut-off grades were 175 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 75.9% silver and 84.7% gold.
4. Silver equivalents are based on a 70:1 silver:gold ratio
5. Price assumptions are $17.60 per ounce for silver and $1,260 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, 2015. Stope designs for reporting the reserves were created utilizing the updated resources and cutoff's 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 192 g/t Ag equivalent. Silver equivalent grade is calculated as the silver grade + (gold grade * 70), 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, 2015 are summarized in Table 1-2. The reserves are exclusive of the mineral resources reported in Section 14 of this report.

Table 1-3 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	205.6	304.1	125.2	827.3	2.60	17.18	16.1%
Probable	172.6	279.0	101.3	562.0	2.73	15.15	33.4%
Total Proven and Probable Reserves	378.1	292.6	114.3	1,389.3	2.66	32.34	24.0%

1. Reserve cut-off grades are based on a 192 g/t silver equivalent.
2. Metallurgical Recoveries were 75.9% silver and 84.7% gold.
3. Mining Recoveries of 95% were applied.
4. Minimum mining widths were 0.8 meters.
5. Dilution factors averaged 24.0%. 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 70:1 silver:gold ratio.
7. Price assumptions are $16 per ounce for silver and $1,150 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 2016, EDR will conduct a surface drilling program at the Bolañitos South area in order to identify potential mineralization in the Gina, Maru and La Cuesta veins. Regional exploration in 2016 will be focused on the Tlachiquera claim (recently staked), located in the northwestern portion of the district. The 2016 surface exploration program is planned to include 1,000 m of core, focused on the veins located at the Bolañitos South area. Budgeted cost of the program is US $ 215,000.

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.

El Cubo Mines Project, Guanajuato State, Mexico

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, 2015 and dated March 3, 2016. 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.

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, 2015.

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 Villapando (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**

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. The water level at the end of 2015 was about 96m below Level 9 at the 13 Level.

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, 2015, the company had a total of 713 direct employees distributed in different departments. There are 642 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, 2015. 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 167 gpt, assuming a silver price of $17.60 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, 2015, are summarized in Table 1-2. The resources are exclusive of the mineral reserves.

Table 1-2 Mineral Resource Estimate, Effective Date December 31, 2015

Classification	Tonnes	Silver Equivalent	Silver		Gold	
		g/t	g/t	oz.	g/t	oz.
Measured	74,000	477	280	669,052	2.83	6,765
Indicated	630,000	368	215	4,352,549	2.19	44,449
Measured + Indicated	704,000	380	222	5,021,601	2.26	51,213
Inferred	1,172,000	380	192	7,244,992	2.68	100,873

1. Measured, Indicated and Inferred resource cut-off grades were 167 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 87.4% silver and 89.6% gold.
4. Silver equivalents are based on a 70:1 silver:gold ratio
5. Price assumptions are $17.65 per ounce for silver and $1,265 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, 2015. 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, and excess mined tonnage (approximately 200-400 tpd) 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 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 184 g/t Ag equivalent. Silver equivalent grade is calculated as the silver grade + (gold grade * 70), 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. 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, 2015 are summarized in Table 1-3. The reserves are exclusive of the mineral resources reported in Section 14 of this report.

Table 1-3 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	195.0	367.4	149.8	939.3	3.11	19.48	11.6%
Probable	632.3	317.1	173.3	3,522.5	2.23	45.42	27.7%
Total Proven and Probable Reserves	**827.3**	**328.9**	**167.7**	**4,461.8**	**2.44**	**64.91**	**23.9%**

1. Reserve cut-off grades are based on a 184 g/t silver equivalent.
2. Metallurgical Recoveries were 89.6% silver and 87.4% gold.
3. Mining Recoveries of 95% were applied.
4. Minimum mining widths were 0.8 meters.
5. Dilution factors averaged 23.9%. 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 70:1 silver:gold ratio.
7. Price assumptions are $16 per ounce for silver and $1,150 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 2016 surface exploration program includes 1,000 m of core drilling to test the Nayal vein area. Budgeted cost of the program is US $345 thousand. The 2016 underground exploration program includes 1,200 m of core drilling that will be used to test areas proximal to current operations. Budgeted cost for the program is US $134,000.

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.

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.

ITEM 5: DIVIDENDS

5.1 Dividends

The Company has not declared any dividends during the past three fiscal years ended December 31, 2015. Although there are no restrictions preventing the Company from paying dividends, the Company 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.

The following table provides a summary concerning the Company's share capital as of December 31, 2015:

	December 31, 2015
Authorized share capital	Unlimited number of common shares without par value
Number of shares issued and outstanding	102,776,470 common shares without par value

As at March 8, 2016, the Company has 106,392,513 common shares issued and outstanding.

All common shares of the Company rank equally as to dividends, voting rights and participation in assets and in all other respects. Each share carries one vote per share at meetings of the shareholders of the Company. There are no indentures or agreements limiting the payment of dividends and there are no conversion rights, special liquidation rights, pre-emptive rights or subscription rights attached to the common shares. The shares presently issued are not subject to any calls or assessments.

6.2 Constraints

To the best of its knowledge, 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

To the best of its knowledge, 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 (the "TSX") under the symbol "EDR" and since March 14, 2011 on the New York Stock Exchange ("NYSE") under the symbol "EXK". Prior to March 14, 2011, the Company's common shares were listed on the NYSE MKT.

The price ranges for the Company's common shares in Canadian dollars and volume traded on the TSX for the most recently completed fiscal year ended December 31, 2015 and the months of January and February 2016 are set out below:

Date	Open	High	Low	Close	Volume Traded
Feb-16	1.75	2.53	1.66	2.27	3,117,314
Jan-16	2.00	2.10	1.46	1.74	1,551,340
Dec-15	1.98	2.09	1.87	1.98	1,561,994
Nov-15	2.10	2.10	1.79	1.90	1,530,820
Oct-15	2.11	2.49	2.07	2.16	1,786,537
Sep-15	2.20	2.32	1.83	2.06	1,539,321
Aug-15	1.81	2.54	1.64	2.22	2,386,867
Jul-15	2.49	2.59	1.64	1.81	2,399,668
Jun-15	2.58	2.74	2.45	2.51	1,333,083
May-15	2.43	2.81	2.31	2.51	3,775,515
Apr-15	2.45	2.70	2.25	2.45	3,206,221
Mar-15	2.97	2.98	1.98	2.39	5,795,452
Feb-15	3.41	3.55	2.76	2.97	3,509,061
Jan-15	2.50	3.83	2.43	3.49	5,682,301

The price ranges for the Company's common shares in United States dollars and volume traded on the NYSE for the most recently completed fiscal year ended December 31, 2015 and the months of January and February 2016 are set out below:

Date	Open	High	Low	Close	Volume Traded
Feb-16	1.25	1.83	1.18	1.68	20,864,332
Jan-16	1.43	1.48	1.01	1.24	10,875,274
Dec-15	1.44	1.57	1.36	1.42	10,190,879
Nov-15	1.61	1.61	1.33	1.42	11,197,742
Oct-15	1.53	1.94	1.53	1.65	14,507,039
Sep-15	1.69	1.77	1.37	1.55	12,008,515
Aug-15	1.34	1.94	1.25	1.69	20,649,096
Jul-15	1.99	2.04	1.26	1.37	8,539,149
Jun-15	2.02	2.22	1.95	1.99	14,417,144
May-15	2.00	2.41	1.90	1.97	17,355,674
Apr-15	1.93	2.24	1.84	2.02	19,245,835
Mar-15	2.35	2.38	1.55	1.90	29,451,745
Feb-15	2.70	2.82	2.18	2.36	19,953,035
Jan-15	2.11	3.17	2.07	2.74	36,929,146

ITEM 8: ESCROWED SECURITIES

8.1 Escrowed Securities

To the Company's knowledge, as at December 31, 2015, there were no escrowed securities or securities 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 past five years:

Name and Province/State and Country of Residence	Principal Occupation for the Last Five Years	Current Position with the Company and Period of Service	Approximate number and percentage of voting securities owned, directly or indirectly or over which direction or control is exercised (2) (3) (4)
Bradford J. Cooke British Columbia, Canada	CEO and Director of Endeavour	Director and Chief Executive Officer (since July 25, 2002)	1,062,831 1.01%
Godfrey J. Walton British Columbia, Canada	Director, President and COO of Endeavour and President, G.J. Walton & Associates Ltd.	Director, President and Chief Operating Officer (since July 25, 2002)	75,847 0.07%
Ken Pickering(1) British Columbia, Canada	Vice President, Major Projects BHP Billiton to Oct 2010: Independent Director of Pan Aust (ASX); TheMac Resources (TSXV); Northern Dynasty Minerals Ltd.(TSX) and Enaex (Chile).	Director (since August 20, 2012)	5,000 0.005%
Mario D. Szotlender (1),(2),(3) Caracas, Venezuela	Independent Consultant and Director of several public mineral exploration and mining companies	Director (since July 25, 2002)	225,100 0.21%
Geoffrey Handley (1),(2),(3) Sydney, Australia	Independent Director of several public mineral exploration and mining companies	Chairman (since May 23, 2012) Director (since June 14, 2006)	10,000 0.01%
Rex McLennan (2),(3) British Columbia, Canada	Independent Director, Chief Financial Officer of Viterra Inc. until December 2012	Director (since June 14, 2007)	10,000 0.01%
Ricardo Campoy (1),(3) New York, USA	Independent Director, Managing director of Headwaters MB, Director of General Moly	Director (since July 9, 2010)	4,000 0.004%
Daniel Dickson British Columbia, Canada	CFO of Endeavour	Chief Financial Officer (since April 1, 2008)	Nil

Name and Province/State and Country of Residence	Principal Occupation for the Last Five Years	Current Position with the Company and Period of Service	Approximate number and percentage of voting securities owned, directly or indirectly or over which direction or control is exercised (2) (3) (4)
Luis Castro Durango, Mexico	VP of Exploration of Endeavour, prior Manager of Exploration of Endeavour	Vice President, Exploration (since November 12, 2012)	Nil
David Howe Leon, Mexico	VP of Operations of Endeavour since November 2007	Vice President Operations, Mexico (since November 1, 2007)	20,000 0.02%
Terence Chandler British Columbia, Canada	VP of Corporate Development of Endeavour Silver since January 2013. Consulting Geologist Terrenex Consulting, President Redcorp Ventures Limited	Vice President Corporate Development (since January 1, 2013)	Nil
Bernard Poznanski British Columbia, Canada	Lawyer, Koffman Kalef Business Lawyers	Corporate Secretary (since March 9, 2009)	Nil

(1) Member of Compensation Committee and Member

(2) Member of Corporate Governance and Nominating Committee

(3) Member of Audit Committee

(4) Refer to www.sedi.ca for continuous disclosure of Directors & Officers holdings.

Directors' Terms of Office

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).

Control of Securities

As at March 8, 2016 the directors and officers of the Company as a group beneficially owned, directly or indirectly, or exercised control or direction over an aggregate of 1,407,778 common shares of the Company, representing approximately 1.34% 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.

Bernard Poznanski, the Corporate Secretary of the Company, was a director and Corporate Secretary of Energem Resources Inc. ("Energem") when certain management cease trade orders were issued against the insiders of Energem. Mr. Poznanski ceased to be a director and Corporate Secretary of Energem on May 1, 2006. Particulars of the orders are as follows:

(a) On March 7, 2006, the Executive Director of the British Columbia Securities Commission (the "BCSC") issued a management cease trade order in connection with the late filing of Energem's 2005 comparative annual financial statements, 2005 annual MD&A and a 2005 Annual Information Form. The management cease trade order was revoked on May 31, 2006 after the relevant documents were filed; and

(b) On April 20, 2005, the Executive Director of the BCSC issued a management cease trade order in connection with the late filing of Energem's 2004 comparative annual financial statements, 2005 first interim period financial statements and MD&A for the 2005 first interim period. The management cease trade order was revoked on June 2, 2005 after the relevant documents were filed.

Ricardo Campoy was a director of Century Mining Corporation ("Century") when it was subject to cease trade orders or management cease trade orders in issued March 2008, April 2009 and May 2010.

(a) On March 14, 2008, Century received notice from the British Columbia Securities Commission that the British Columbia Securities Commission had invoked a cease trade order with respect to Century's shares as a result of inadequacies in a NI 43-101 technical report filed by Century for the Lamaque Project and in Century's financial reports for the third quarter of 2007. On March 20, 2008 the British Columbia Securities Commission revoked the cease trade order and imposed a management cease trade order, giving Century time to comply with the issues cited in the cease trade order. All of those issues were resolved upon the filing of Century's revised Lamaque Project NI 43-101 technical report, the filing of a NI 43-101 technical report on the San Juan Project and the filing of Century's restated third quarter 2007 financial statements and related management's discussion & analysis. The management cease trade order remained in place until June 24, 2008, when Century filed its audited financial statements and management's discussion & analysis for the year ended December 31, 2007.

(b) On May 4, 2009, Century announced that the British Columbia Securities Commission had granted Century an extension for filing its annual financial statements and management's discussion and analysis for the year ended December 31, 2008 in response to Century's request for a management cease trade order filed with the British Columbia Securities Commission on April 28, 2009. On May 22, 2009, Century filed its financial statements and management's discussion and analysis for the year ended December 31, 2008. However, the management cease trade order remained in effect, with the consent of Century, until June 16, 2009.

(c) On May 12, 2010, Century announced that the British Columbia Securities Commission had invoked a cease trade order with respect to Century's shares as a result of Century's failure to file its annual financial statements and related management's discussion and analysis for the year ended December 31, 2009. Century subsequently filed its annual financial statements and related management's discussion and analysis for the year ended December 31, 2009, and the British Columbia Securities Commission revoked the cease trade order on May 17, 2010.

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 establishes 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 will 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.

Terence Chandler, an officer of the Company, held the position of President, CEO and Director of Redcorp Ventures Ltd. ("Redcorp") while Redcorp and its wholly-owned subsidiary Redfern Resources Ltd. ("Redfern") were involved in proceedings under the Companies' Creditors Arrangement Act (Canada) ("CCAA"). On March 4, 2009, Redcorp filed for protection under the CCAA with the intention to re-finance its mining project and restructure its debt. After an unsuccessful attempt to sell the mining property, the assets of Redcorp and Redfern were placed into receivership. By June 3, 2009, Mr. Chandler resigned as director and ceased to be an officer of Redcorp.

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.

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, 2014 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.

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. An assessment by the Tax Court was made, however the Tax Court did not follow the Superior Court directive as required by law. Therefore the Company filed another Nullity action for the Tax Court to follow the Superior Court directive during the year. The Company expects the Tax Court to make a final assessment based on the Superior Court directive in 2017. The Company estimates the impact of the Superior Court ruling will result in an additional tax expense of MXN 31.7 million (~USD $1.8 million) to MSCG for fiscal 2006 when the Tax Court rules on a final assessment. As of December 31, 2015, the Company estimates additional interest and penalties payable on overdue taxes by MSCG to be MXN 65.7 million (~USD $3.8 million). 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, with the latter amounting to MXN 22.6 million (~USD $1.3 million) on the MXN 31.7 million estimated tax assessment.

Included in the Company's consolidated financial statements, are net assets of $240,000, including $42,000 in cash, of MSCG. Following the Tax Court's rulings, MSCG is in discussions with the tax authorities with regards to the shortfall of assets within MSCG to settle its estimated tax liability. An alternative settlement option would be to transfer the shares and assets of MSCG to the tax authorities. As of September 30, 2015, the Company recognized an allowance for transferring the shares and assets of MSCG amounting to $240,000. The Company is currently assessing MSCG's settlement options, however the Tax Court assessment must be received before any negotiation can be finalized or a decision is made.

11.2 Regulatory Actions

During the year ended December 31, 2015, there were no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority. During the year ended December 31, 2015, 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, 2013 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, 2015 or prior thereto but which are still in effect, other than contracts entered into in the ordinary course of business of the Company.

On July 24, 2012, the Company entered into a $75 million revolving credit facility ("the Facility") with The Bank of Nova Scotia ("Scotiabank") that was originally scheduled to reduce to $50 million in July 2013 and reduce to $25 million in July 2015. The purpose of the Facility was 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 Guanacevî S.A de C.V., Minas Bolañitos S.A. de C.V. and Compania Minera del Cubo S.A. de C.V. The interest rate margin on the Facility ranges 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 any 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 a debt to EBITDA ratio. The Facility is subject to various qualitative and quantitative covenants, including EBITDA leverage ratio, an interest service coverage ratio and tangible net worth calculation. 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. At December 31, 2015, the Company had $22 million outstanding on this Facility.

In March 2015, the Facility was amended requiring the Tangible Net Worth of the Company (as defined in the Facility) to be greater than 85% of "Equity" (as defined by the Facility) as at December 31, 2014, plus 50% of subsequent quarterly earnings.

Subsequent to year end, the Company has entered into an amended restated credit agreement with Scotia Capital, including an amended Tangible Net Worth covenant requiring the tangible net worth to be greater than $45.9 million, subject to final satisfaction of conditions precedent, to convert the $22 million which remains outstanding under the existing line of credit into a two year term loan amortized quarterly and expiring December 31, 2017. The Company repaid $3 million on signing the amended and restated credit agreement and will pay $2.5 million each quarter.

ITEM 15: INTERESTS OF EXPERTS

15.1 Names of Experts

KPMG LLP is the external auditor of the Company and reported on the fiscal 2015 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, 2016 (effective date of December 31, 2015) 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, 2016 (effective date of December 31, 2015) 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, 2016 (effective date of December 31, 2015 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. and 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 are the auditors of the Company and have confirmed with respect to the Company, that they are 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 they are 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 pertaining to its most recent Annual General Meeting of security holders held on May 6, 2015. 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, 2015.

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:

Gezoff Handley	Ricardo Campoy	Mario D. Szotlender	Rex McLennan

As defined in NI 52-110, Geoff Handley, Mario Szotlender, Ricardo Campoy and Rex McLennan are "independent". The Company therefore meets the requirement of NI 52-110 that all audit committee members be independent.

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

3. *Relevant Education and Experience*

Geoff 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.

Mario Szotlender - Mr. Szotlender is a financier and businessman with a Bachelors degree in International Relations from Universidad Central de Venezuela, Caracas, Venezuela and 20 years of experience financing and managing resource projects in Central and South America.

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 Officers of Viterra Inc., a major global agricultural commodity company, since February 2008, until Viterra was acquired by Glencore Plc in December 2012. He has held increasingly responsible positions in the mining and oil and gas sectors. From 1997 to 2005, he was the Executive Vice President and Chief Financial Officer for Placer Dome Inc., and prior to this held the position of 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 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 section 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;*
(f) the exemption in section 3.6 *Temporary Exemption for Limited and Exceptional Circumstances;*
(g) the exemption in section 3.8 *Acquisition of Financial Literacy;*
(h) an exemption from NI 52-110, in whole or 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 Committee to nominate or compensate an external auditor not been adopted by the Board or 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)	**Tax Fees**(2)	**All Other Fees**(3)
December 31, 2015	Cdn.$497,500	Nil	Nil
December 31, 2014	Cdn.$587,800	Nil	Nil

(1) Relates to fees for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements.
(2) Relates to fees 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 (1) and (2) above.

<u>SCHEDULE "A"</u>

ENDEAVOUR SILVER CORP. (the "Company")

Audit Committee Charter

(effective August 1, 2012)

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

1. Purpose Of Audit Committee

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

(a) The audit process;

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

(c) The system of internal financial controls.

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

2. Composition

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

3. Duties

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

3.2 The specific duties of the Committee are as follows:

(a) Management Oversight:

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

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

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

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

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

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

(b) External Auditor Oversight

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Financial Reporting Oversight

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

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

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

(d) "Whistleblower" Procedures

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

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

Consolidated Financial Statements

Prepared by Management

Years Ended December 31, 2015 and 2014

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 2, 2016

/s/ Bradford Cooke	*/s/ Dan Dickson*
Chief Executive Officer	Chief Financial Officer

KPMG LLP
Chartered Accountants
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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, 2015 and December 31, 2014, 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, 2015 and December 31, 2014, 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, 2015, 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 9, 2016 expressed an unqualified opinion on the effectiveness of Endeavour Silver Corp.'s internal control over financial reporting.

KPMG LLP (Signed)

Chartered Professional Accountants

March 9, 2016
Vancouver, Canada

KPMG LLP
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, 2015, 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, 2015, 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, 2015 and 2014, and the related consolidated statements of comprehensive income (loss), shareholders' equity, and cash flows for the years then ended and our report dated March 9, 2016 expressed an unqualified opinion on those consolidated financial statements.

//s// KPMG LLP

Chartered Professional Accountants

March 9, 2016
Vancouver, Canada

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

	Notes	**December 31, 2015**	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 20,413**	$ 31,045
Investments	5	**614**	786
Accounts receivable	6	**24,343**	19,715
Inventories	7	**17,350**	21,604
Prepaid expenses		**2,510**	2,656
Total current assets		**65,230**	75,806
Non-current deposits		**855**	1,048
Deferred income tax asset	21	**223**	6,253
Mineral properties, plant and equipment	9,10	**47,925**	182,730
Total assets		**$ 114,233**	$ 265,837
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 18,949**	$ 17,408
Finance lease obligation	12	**1,180**	-
Income taxes payable		**5,844**	8,181
Revolving credit facility	11	**22,000**	29,000
Total current liabilities		**47,973**	54,589
Provision for reclamation and rehabilitation	13	**7,762**	6,496
Deferred income tax liability	21	**7,623**	12,479
Total liabilities		**63,358**	73,564
Shareholders' equity			
Common shares, unlimited shares authorized, no par value, issued and outstanding 102,776,470 shares (Dec 31, 2014 - 101,976,901 shares)	Page 9	**368,898**	367,853
Contributed surplus	Page 9	**9,465**	8,430
Accumulated comprehensive income (loss)	5, Page 9	**(145)**	(4,758)
Retained earnings (deficit)		**(327,343)**	(179,252)
Total shareholders' equity		**50,875**	192,273
Total liabilities and shareholders' equity		**$ 114,233**	$ 265,837

Commitments and contingencies (Notes 9 and 12)

Subsequent events (Notes 11 and 14(b))

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)

		Years Ended	
	Notes	**December 31, 2015**	December 31, 2014
Revenue		**$ 183,556**	$ 196,928
Cost of sales:			
Direct production costs		**124,840**	125,309
Royalties		**1,032**	1,146
Share-based compensation	14 (c)	**432**	537
Depreciation and depletion		**40,278**	54,312
Write down of inventory to net realizable value	7	**234**	1,255
		166,816	182,559
Mine operating earnings		**16,740**	14,369
Expenses:			
Exploration	16	**6,327**	12,548
General and administrative	17	**7,721**	9,692
Impairment of non-current assets	10	**134,000**	83,000
Write off of exploration properties	9 (f)(g)	**-**	631
		148,048	105,871
Operating earnings (loss)		**(131,308)**	(91,502)
Mark-to-market loss/(gain) on derivative liabilities	15	**-**	1,434
Mark-to-market loss/(gain) on contingent liability		**-**	(99)
Finance costs	18	**1,368**	1,382
Other income (expense):			
Write down of available-for-sale financial assets	5	**(4,785)**	-
Foreign exchange		**(5,006)**	(1,709)
Investment and other		**553**	(546)
		(9,238)	(2,255)
Earnings (loss) before income taxes		**(141,914)**	(96,474)
Income tax expense (recovery):			
Current income tax expense	21	**6,853**	20,886
Deferred income tax expense (recovery)	21	**1,174**	(42,827)
		8,027	(21,941)
Net earnings (loss) for the year		**(149,941)**	(74,533)
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on available-for-sale financial assets	5	**(145)**	(677)
Available-for-sale financial assets reclassified to net loss	5	**4,785**	-
Total other comprehensive income (loss) for the year		**4,640**	(677)
Comprehensive income (loss) for the year		**$ (145,301)**	$ (75,210)
Basic and diluted earnings (loss) per share based on net earnings		**$ (1.47)**	$ (0.74)
Basic and diluted weighted average number of shares outstanding		**101,996,503**	101,314,393

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, 2013		99,784,409	$358,408	$ 14,836	$ (4,081)	$ (113,015)	$ 256,148
Exercise of options	14 (c)	951,000	3,954	(1,462)			2,492
Exercise of warrants	14 (f)	1,155,905	5,126	(248)			4,878
Issued on acquisition of mineral properties, net	9 (d)	85,587	365				365
Share based compensation	14 (c)			3,600			3,600
Unrealized gain (loss) on available for sale assets	5				(677)		(677)
Expiry and forfeiture of options				(8,296)		8,296	-
Earnings (loss) for the year						(74,533)	(74,533)
Balance at December 31, 2014		101,976,901	367,853	8,430	(4,758)	(179,252)	192,273
Public equity offerings	14 (b)	799,569	1,045				1,045
Exercise of options	14 (c)						-
Exercise of warrants							-
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

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)

	Notes	Years Ended December 31, 2015	December 31, 2014
Operating activities			
Net earnings (loss) for the year		**$ (149,941)**	$ (74,533)
Items not affecting cash:			
Share-based compensation	14 (c)	**2,885**	3,600
Impairment of non-current assets	10	**134,000**	83,000
Depreciation and depletion	9	**40,599**	54,659
Deferred income tax expense (recovery)	21	**1,174**	(42,827)
Unrealized foreign exchange loss (gain)		**309**	(72)
Mark-to-market loss (gain) on derivative liability	15	**-**	1,434
Mark-to-market loss (gain) on contingent liability		**-**	(99)
Finance costs	18	**1,193**	1,240
Allowance for IVA receivable	6	**-**	1,002
Write down of available-for-sale financial assets	5	**4,785**	-
Write down of inventory to net realizable value	7	**234**	1,255
Write off of exploration property	9 (f)(g)	**-**	631
Net changes in non-cash working capital	19	**(2,591)**	9,473
Cash from operating activities		**32,647**	38,763
Investing activites			
Property, plant and equipment expenditures	9	**(35,662)**	(41,748)
Investment in long term deposits		**-**	(82)
Cash used in investing activities		**(35,662)**	(41,830)
Financing activities			
Proceeds from revolving credit facility	11	**-**	2,000
Repayment of revolving credit facility	11	**(7,000)**	(6,000)
Repayment of obligation under finance lease	12	**(425)**	-
Interest paid	11, 12	**(928)**	(981)
Public equity offerings	14(b)	**1,146**	-
Exercise of options and warrants	14(c)(f)	**-**	4,447
Share issuance costs		**(101)**	(10)
Cash used in financing activites		**(7,308)**	(544)
Effect of exchange rate change on cash and cash equivalents		**(309)**	(348)
Increase (decrease) in cash and cash equivalents		**(10,323)**	(3,611)
Cash and cash equivalents, beginning of year		**31,045**	35,004
Cash and cash equivalents, end of year		**$ 20,413**	$ 31,045

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, 2015.

The Board of Directors approved the condensed consolidated interim financial statements for issue on March 2, 2016.

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., Mineros Paola, S.A. de C.V. SOFOM ENR (formerly Endeavour Capital S.A. de C.V. SOFOM ENR), Minera Santa Cruz Y Garibaldi S.A de C.V., Metalurgica Guanacevi S.A. de C.V., Minera Plata Adelante S.A. de C.V., Refinadora Plata Guanacevi S.A. de C. V., Minas Bolañitos S. A. de C.V., Guanacevi Mining Services S.A. de C.V., Recursos Humanos Guanacevi 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. and Metales Interamericanos 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 non-cash 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 10	Impairment of Non-Current Assets
Note 13	Provision for Reclamation and Rehabilitation
Note 14	Share Capital
Note 15	Derivative Liabilities
Note 21	Income Taxes

(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

IAS 17, *Leases*

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are recognized in the statement of financial position and measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset (e.g. property, plant and equipment). Minimum lease payments made under finance leases are apportioned between finance costs and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.

Assets held under other leases are classified as operating leases and are not recognized in the statement of financial position. Payments made under operating leases are recognized in the profit or loss as incurred over the term of the lease.

(q) Changes in IFRS not yet adopted

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 is currently assessing the impact of adopting IFRS 9 on its consolidated 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*.

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

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.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

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 intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

IFRS 16, *Leases ("IFRS 16")*
On January 13, 2016 the International Accounting Standards Board 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 completed an assessment of the impact of this standard on its consolidated financial statements.

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 2015	December 31 2014
Bank balances	**$ 20,413**	$ 31,045
	$ 20,413	$ 31,045

5. INVESTMENTS

	December 31 2015	December 31 2014
Investment in marketable securities, at cost	**$ 5,544**	$ 5,544
Unrealized gain (loss) on marketable securities	**(120)**	(4,029)
Unrealized foreign exchange gain (loss)	**(25)**	(729)
Write down of marketable securities	**(4,785)**	-
	$ 614	$ 786

Marketable securities are classified as Level 1 in the fair value hierarchy (see Note 22) 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. As at September 30, 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 (2014 - $nil) on its marketable securities, which was reclassified from other comprehensive income (loss).

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

6. ACCOUNTS RECEIVABLE

	Note	**December 31 2015**	December 31 2014
Trade receivables (1)		**$ 1,704**	$ 7,394
IVA receivables		**16,506**	11,369
Income taxes recoverable		**5,676**	529
Due from related parties	8	**111**	180
Other receivables		**346**	243
		$ 24,343	$ 19,715

(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 22).

7. INVENTORIES

	December 31 2015	December 31 2014
Warehouse inventory	**$ 9,730**	$ 9,147
Stockpile inventory (1)	**3,808**	4,113
Work in process inventory (2)	**391**	1,380
Finished goods inventory (3)(4)	**3,421**	6,964
	$ 17,350	$ 21,604

(1) The Company has stockpiled 71,793 tonnes of mined ore as of December 31, 2015 (December 31, 2014 – 75,103 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 relates 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 194,496 silver ounces and 1,285 gold ounces as of December, 2015 (December 31, 2014 – 507,081 and 2,378, respectively). These ounces are carried at the lower of cost and net realizable value. As at December 31, 2015, the quoted market value of the silver ounces was $2,688 (December 31, 2014 - $8,098) and the quoted market value of the gold ounces was $1,364 (December 31, 2014 - $2,852).

(4) The finished goods inventory balances at December 31, 2014 included a write down to net realizable value of $363 for finished goods inventory held by the El Cubo mine. Of this amount, $217 is comprised of cash costs and $146 relates to depreciation and depletion. The total write down for 2014 of $1,255 also includes previous write downs to net realizable value of $892 at quarter ends for finished goods inventory held by the El Cubo mine, which was subsequently sold in the third and fourth quarters. Of this amount, $582 is comprised of cash costs and $310 of depreciation and depletion. The carrying amount of this inventory, at net realizable value was $1,740 as at December 31, 2014.

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

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, 2015 (2014 - $89). The Company has a $111 net receivable related to these costs as of December 31, 2015 (December 31, 2014 – $180).

The Company was charged $151 for legal services for the year ended December 31, 2015 by a legal firm in which the Company's corporate secretary is a partner (December 31, 2014 - $150). The Company has $12 payable to the legal firm as at December 31, 2015 (December 31, 2014 - $3).

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, 2015	Dec 31, 2014
Salaries and short-term employee benefits	**$ 2,472**	$ 2,868
Non-executive directors' fees	**97**	215
Share-based payments	**2,776**	3,167
	$ 5,345	$ 6,250

The amount disclosed for share-based payments is the expense for the year calculated in accordance with IFRS 2, Share-based payments. The fair value of a share-based payment award is 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.

The share-based payments include the change in fair value of non-executive directors' cash settled deferred share units over each reporting period and payments of deferred share units. During the year ended December 31, 2015, the Company granted 245,438 cash settled deferred share units with a market value of $487 at the date of grant (December 31, 2014 – 82,689 cash settled deferred share units with a market value of $342). At December 31, 2015, there were 413,618 cash settled deferred share units outstanding with a market value of $590 (December 31, 2014 – 168,180 outstanding with a market value of $367), with the change in fair value recognized in the net earnings (loss).

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

9. MINERAL PROPERTY, PLANT AND EQUIPMENT

Mineral property, plant and equipment comprise:

	Mineral property	Plant	Machinery & equipment and assets under finance lease	Building	Transport & office equipment	Total
Cost						
Balance at December 31, 2013	368,075	86,903	52,009	8,698	7,131	522,816
Additions	31,469	4,086	4,125	1,273	781	41,734
Write offs	(631)	-	-	-	-	(631)
Disposals	-	-	-	-	(70)	(70)
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**
Accumulated amortization and impairment						
Balance at December 31, 2013	193,065	31,495	13,878	1,717	4,128	244,283
Amortization	39,885	5,893	5,820	769	1,539	53,906
Impairment	83,000	-	-	-	-	83,000
Disposals	-	-	-	-	(70)	(70)
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**
Net book value						
At December 31, 2014	$ 82,963	$ 53,601	$ 36,436	$ 7,485	$ 2,245	$ 182,730
At December 31, 2015	**$ 18,295**	**$ 9,898**	**$ 17,051**	**$ 1,530**	**$ 1,151**	**$ 47,925**

As of December 31, 2015, other than the finance lease obligations (see Note 22 (b)), the Company has $nil committed to capital equipment purchases.

(a) Guanacevi, Mexico

In June 2005, the Company acquired nine silver mining properties in the Guanacevi 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 2015, the Company paid $166 in royalties on these properties (2014 - $82).

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

(b) 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.

(c) 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, 2015, 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.

(d) 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.

(e) 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 has 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.

(f) Panuco, Mexico

In August 2011, the Company acquired the option to acquire a 51% interest in the Panuco exploration property, located in Durango, Mexico by paying a total of $145 over the first year of the agreement and completing $4,000 on exploration expenditures over four years. In August 2014, the Company decided to terminate the option agreement and wrote off $381 of deferred acquisition and land holding costs associated with this property.

(g) El Inca, Chile

In October 2012, the Company acquired the option to purchase a 75% interest in the El Inca properties, located in Chile, by paying a total of $2,000 over four years, of which the Company paid $250 to date, and completing $5,000 on exploration expenditures over four years. The Company also must deliver a report of an estimate of resources and a pre-feasibility study report before the end 2016. The Company is required to pay a 3.5% NSR royalty, which may be reduced to a 2.5% NSR royalty by a payment of $1,000, on any production from the El Inca properties. In November 2014, the Company decided to terminate the option agreement and wrote off $250 of deferred acquisition and land holding costs associated with this property

(h) 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. At December 31, 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 are 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 are 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 at December 31, 2015, 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.

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 at December 31, 2015, 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, The Company reviewed the Guancevi CGU for value in use, which resulted in no significant change after the impairment charge in 2013. The Guanacevi carrying value was adjusted to value in use in 2013; 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 of $26,500.

At December 31, 2014 a sustained decline in precious metal prices led the Company to re-assess the recoverable amounts of its CGUs.

At December 31, 2014, 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: 2015 - $18.31/oz, 2016 - $18.72/oz, 2017 - $19.51/oz; Gold: 2015 - $1,253/oz, 2016 - $1,270/oz, 2017 - $1,271/oz) and then used a long term silver price of $19.59 per ounce and a long term gold price of $1,270 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, 2014 the carrying value related to the El Cubo CGU was $191,565 and net of associated deferred income tax liabilities of $52,836 was greater than its estimated recoverable amount of $89,000, 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 at December 31, 2014, the Company recorded an impairment charge related to the El Cubo CGU of $55,858, net of tax ($83,000 before tax).

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

11. REVOLVING 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 Guanacevi SA de CV, Minas Bolañitos SA de CV and Compania Minera del Cubo SA de CV. The interest rate margin on the Facility ranges 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 is 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. At December 31, 2015, the Company had $22,000 outstanding on the Facility and recognized $872 of interest expense during the year in financing costs (December 31, 2014 - $1,343).

The Company has deferred commitment fees and legal costs of $937 which are being recognized over the life of the Facility. For the year ended December 31, 2015, $221 of the deferred commitment fees and legal costs were amortized (December 31, 2014 - $221).

Facility Financial Covenants	Facility Financial Requirements	**Dec. 31, 2015**	Dec. 31, 2014
Leverage Ratio	≤ 3.00:1	**0.53**	0.64
Interest Service Coverage Ratio	≥ 4.00:1	**42**	40
Tangible Net Worth	> 45,900	**51,020**	197,031

In March 2015, the Facility was amended requiring the Tangible Net Worth of the Company (as defined in the Facility) to be greater than 85% of "Equity" (as defined by the Facility) as at December 31, 2014, plus 50% of subsequent quarterly earnings.

Subsequent to year end, the Company entered into an amended and restated Facility with Scotia Capital, including an amended Tangible Net Worth covenant requiring the tangible net worth to be greater than 45,900, subject to final satisfaction of conditions precedent, to convert the remaining outstanding balance under the Facility into a two year term loan amortized quarterly and expiring December 31, 2017. The Company repaid $3 million on signing the amended and restated Facility agreement and will pay $2.5 million each quarter.

12. FINANCE LEASE OBLIGATION

The Company has certain mining equipment under financial leases expiring in 2016. The leases carry a weighted average annual interest rate of 11.45%. Estimated lease payments are as follows:

	December 31 2015	December 31 2014
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 $56 (2014 - $Nil). Other than interest, no costs were incurred relating to the leases. The lease is secured by the assets under lease. At year end, the net book value of the equipment pledged as security for the finance leases is $1,544 (2014 - $Nil).

(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 Guanacevi 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 Guanacevi 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:

	Guanacevi	Bolañitos	El Cubo	Total
Balance at December 31, 2013	$ 1,846	$ 1,040	$ 3,766	$ 6,652
Unwinding of discount for the year	16	3	20	39
Change in liability due to change in assumptions	(31)	(27)	(137)	(195)
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**

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, 2015, 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 qualifies for the distribution of up to CDN$ 200 million of common shares, warrants or units of the Company comprising any combination of common shares and warrants ("Securities"). The distribution of Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying prospectus supplement, including transactions that are deemed to be "at-the-market" distributions. The Base Shelf allowed the Company to enter into an "At-The-Market" Facility ("ATM") equity distribution agreement.

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 may, from time to time, sell common stock having an aggregate offering value of up to US$16.5 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, 2015, the Company had 799,569 common shares issued or issuable under the ATM facility at an average price of $1.43 per share for net proceeds of $1,111.

Subsequent to December 31, 2015, the Company issued an additional 3,616,043 shares under the ATM facility at an average price of $1.57 per share for net proceeds of $5,498.

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

(c) Purchase Options

Options to purchase common shares have been granted to directors, officers, employees and consultants pursuant to the Company's current stock option plan approved by the Company's shareholders in fiscal 2009 and 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, 2015		Year Ended December 31, 2014	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average
Outstanding, beginning of year	4,846,950	$4.38	5,695,550	$5.26
Granted	2,427,500	$2.65	1,925,000	$4.67
Exercised	-	-	(951,000)	$2.90
Cancelled	(952,400)	$3.83	(1,822,600)	$8.19
Outstanding, end of year	6,322,050	$3.80	4,846,950	$4.38
Options exercisable at year end	4,488,550	$4.10	3,299,450	$4.32

The following tables summarize information about stock options outstanding at December 31, 2015:

	Expressed in Canadian dollars				
	Options Outstanding			Options Exercisable	
CAN $ Price Intervals	Number Outstanding as at December 31, 2015	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Prices	Number Exercisable as at December 31, 2015	Weighted Average Exercise Prices
$2.00 - $2.99	2,427,500	4.4	$2.65	971,000	$2.65
$4.00 - $4.99	3,772,300	2.9	$4.39	3,395,300	$4.36
$8.00 - $8.99	122,250	0.9	$8.34	122,250	$8.34
	6,322,050	3.4	$3.80	4,488,550	$4.10

During the year ended December 31, 2015, the Company recognized share based compensation expense of $2,885 (December 31, 2014 - $3,600) 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, 2015	Year Ended December 31, 2014
Weighted average fair value of options granted during the year	$1.04	$1.93
Risk-free interest rate	0.89%	1.31%
Expected dividend yield	0%	0%
Expected stock price volatility	63%	59%
Expected option life in years	3.86	3.84

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, 2015, the unvested share option expense not yet recognized was $870 (December 31, 2014 - $1,205) which is expected to be recognized over the next 17 months.

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

(d) Share Appreciation Rights Plan

The Company's share appreciation rights plan allows a participant the right (the "Right"), when entitled to exercise an option, to terminate such 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 2015, nil options (2014 – 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. No PSUs have been granted as of December 31, 2015.

(f) Warrants

The following table summarizes the status of the Company's share purchase warrants and changes during the years presented:

Exercise Price	Expiry Dates	Oustanding at December 31, 2013	Issued	Exercised	Expired	Oustanding at December 31, 2014
CAN $						
$1.90	February 25, 2014	475,000	-	(475,000)	-	-
$1.51	February 25, 2014	25,292	-	(25,292)	-	-
$1.90	February 26, 2014	322,207	-	(322,207)	-	-
$2.05	February 26, 2014	374,468	-	(374,468)	-	-
		1,196,967	-	(1,196,967)	-	-

The warrants with an expiry date of February 26, 2014, consisted of agent warrants issued for placing debentures and warrants issued on conversion of debentures, and were eligible to be exercised "cashless" in which event no payment of the exercise price was required and the holder received the number of shares based upon the intrinsic value of the warrants over the five day trading average share price of the Company prior to exercise. For the year ended December 31, 2014, 85,525 warrants were elected by the holders to be exercised "cashless" resulting in 44,463 shares being issued.

15. DERIVATIVE LIABILITIES

Warrants

Equity offerings were completed in previous periods whereby warrants were issued with exercise prices denominated in Canadian dollars. As the warrants had an exercise price denominated in a currency which is different from the functional currency of the Company (US dollar), the warrants were treated as a financial liability. The Company's share purchase warrants are classified and accounted for as a financial liability at fair value with changes in fair value recognized in net earnings. The warrant derivative liability is classified as level 2 in the fair value hierarchy (see note 22(a)). The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of the Canadian dollar denominated warrants.

Balance at December 31, 2013	1,491
Exercise of warrants	(2,925)
Mark to market loss (gain)	1,434
Balance at December 31, 2014 and 2015	$ -

Black-Scholes pricing models require the input of highly subjective assumptions. Volatility was estimated using an average daily volatility based on historical share price observations over the expected term of the option grant.

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

16. EXPLORATION

	Year ended December 31 2015	Year ended December 31 2014
Depreciation and depletion	**$ 81**	$ 125
Share-based compensation	**270**	259
Salaries, wages and benefits	**1,447**	1,910
Direct exploration expenditures	**4,529**	10,254
	$ 6,327	$ 12,548

17. GENERAL AND ADMINISTRATIVE

	Year ended December 31 2015	Year ended December 31 2014
Depreciation and depletion	**$ 240**	$ 222
Share-based compensation	**2,183**	2,804
Salaries, wages and benefits	**2,755**	2,987
Direct general and administrative expenditures	**2,543**	3,679
	$ 7,721	$ 9,692

18. FINANCE COSTS

	Year ended December 31 2015	Year ended December 31 2014
Accretion on provision for reclamation and rehabilitation	**$ 106**	$ 39
Interest paid on finance leases	**56**	-
Revolving credit facility finance costs	**1,206**	1,343
	$ 1,368	$ 1,382

19. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Year Ended December 31, 2015	Year Ended December 31, 2014
Net changes in non-cash working capital:		
Accounts receivable	**$ (4,628)**	$ 2,964
Inventories	**2,652**	647
Prepaid expenses	**146**	685
Due from related parties	**-**	68
Accounts payable and accrued liabilities	**1,576**	187
Income taxes payable	**(2,337)**	4,922
	$ (2,591)	$ 9,473
Non-cash financing and investing activities:		
Reclamation included in mineral property, plant and equipment	**1,160**	(195)
Fair value of exercised options allocated to share capital	**-**	1,462
Fair value of exercised agent warrants allocated to share capital	-	248
Fair value of equity issued on property acquisition	-	373
Fair value of capital assets acquired under finance leases	**1,605**	-
Other cash disbursements:		
Income taxes paid	**11,491**	13,798
Special mining duty paid	**3,245**	-

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

20. 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, Guanacevi, 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, 2015					
	Corporate	Exploration	Guanacevi	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
Revolving 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

	December 31, 2014					
	Corporate	Exploration	Guanacevi	Bolanitos	El Cubo	Total
Cash and cash equivalents	$ 9,932	$ 195	$ 14,316	$ 6,100	$ 502	$ 31,045
Investments	786	-	-	-	-	786
Accounts receivables	378	391	1,914	4,004	13,028	19,715
Inventories	-	-	10,802	5,652	5,150	21,604
Prepaid expenses	1,505	622	378	68	83	2,656
Non-current deposits	193	56	582	143	74	1,048
Deferred income tax asset	178	-	-	-	6,075	6,253
Mineral property, plant and equipment	269	4,237	29,212	40,448	108,564	182,730
Total assets	$ 13,241	$ 5,501	$ 57,204	$ 56,415	$ 133,476	$ 265,837
Accounts payable and accrued liabilities	$ 4,610	$ 1,683	$ 2,959	$ 2,552	$ 5,604	$ 17,408
Income taxes payable	306	-	1,321	6,502	52	8,181
Revolving credit facility	29,000	-	-	-	-	29,000
Provision for reclamation and rehabilitation	-	-	1,831	1,016	3,649	6,496
Deferred income tax liability	-	-	5,798	6,681	-	12,479
Total liabilities	$ 33,916	$ 1,683	$ 11,909	$ 16,751	$ 9,305	$ 73,564

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

	Corporate	Exploration	Guanacevi	Bolanitos	El Cubo	Total
			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)
			Year ended December 31, 2014			
Silver revenue	$ -	$ -	$ 59,898	$ 41,950	$ 20,839	$ 122,687
Gold revenue	-	-	8,336	44,513	21,392	74,241
Total revenue	$ -	$ -	$ 68,234	$ 86,463	$ 42,231	$ 196,928
Salaries, wages and benefits:						
mining	$ -	$ -	$ 7,442	$ 5,820	$ 9,407	$ 22,669
processing	-	-	2,507	1,160	1,864	5,531
administrative	-	-	3,837	4,002	3,596	11,435
stock based compensation	-	-	179	179	179	537
change in inventory	-	-	(1,046)	144	(430)	(1,332)
Total salaries, wages and benefits	-	-	12,919	11,305	14,616	38,840
Direct costs:						
mining	-	-	12,947	14,931	12,284	40,162
processing	-	-	12,759	17,593	9,499	39,851
administrative	-	-	2,957	2,405	3,797	9,159
change in inventory	-	-	(2,071)	620	(715)	(2,166)
Total direct production costs	-	-	26,592	35,549	24,865	87,006
Depreciation and depletion:						
depreciation and depletion	-	-	5,749	27,047	21,766	54,562
change in inventory	-	-	(249)	218	(219)	(250)
Total depreciation and depletion	-	-	5,500	27,265	21,547	54,312
Royalties	-	-	425	521	200	1,146
Write down of inventory to NRV	-	-	-	-	1,255	1,255
Total cost of sales	$ -	$ -	$ 45,436	$ 74,640	$ 62,483	$ 182,559
Impairment on long lived assets	-	-	-	-	83,000	83,000
Earnings (loss) before taxes	$ (14,664)	$ (13,179)	$ 22,798	$ 11,823	$ (103,252)	$ (96,474)
Current income tax expense (recovery)	524	-	7,938	12,323	101	20,886
Deferred income tax expense (recovery)	(349)	-	3,707	(13,691)	(32,494)	(42,827)
Total income tax expense (recovery)	175	-	11,645	(1,368)	(32,393)	(21,941)
Net earnings (loss)	$ (14,839)	$ (13,179)	$ 11,153	$ 13,191	$ (70,859)	$ (74,533)

The Exploration segment included $490 of costs incurred in Chile for the year ended December 31, 2015 (2014 - $566).

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

21. 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. An assessment by the Tax Court was made, however the Tax Court did not follow the Superior Court directive as required by law. Therefore the Company filed another Nullity action for the Tax Court to follow the Superior Court directive during the year. The Company expects the Tax Court to make a final assessment based on the Superior Court directive in 2017. The Company estimates the impact of the Superior Court ruling will result in an additional tax expense of MXN 31.7 million (~USD $1.8 million) to MSCG for fiscal 2006 when the Tax Court rules on a final assessment. As of December 31, 2015, the Company estimates additional interest and penalties payable on overdue taxes by MSCG to be MXN 65.7 million (~USD $3.8million). 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, with the latter amounting to MXN 22.6 million (~USD $1.3 million) on the MXN 31.7 million estimated tax assessment.

Included in the Company's consolidated financial statements, are net assets of $240, including $42 in cash, of MSCG. Following the Tax Court's rulings, MSCG will engage in discussions with the tax authorities with regards to the shortfall of assets within MSCG to settle its estimated tax liability. An alternative settlement option would be to transfer the shares and assets of MSCG to the tax authorities. As of September 30, 2015, the Company recognized an allowance for transferring the shares and assets of MSCG amounting to $240. The Company is currently assessing MSCG's settlement options, however the Tax Court assessment must be received before any negotiation can be finalized or a decision is made.

(b) Deferred Income Tax

Mexico operations		**December 31, 2015**		December 31, 2014
Deferred income tax assets:				
Tax loss carryforwards	**$**	**146**	$	28,911
Provision for reclamation and rehabilitation		**1,858**		1,964
Other		**1,675**		3,673
Deferred income tax liabilities:				
Inventories		**(1,753)**		(3,415)
Mineral properties, plant and equipment		**(6,524)**		(35,197)
Other		**(2,802)**		(2,340)
Deferred income tax liabilities, net	**$**	**(7,400)**	$	(6,404)

As at December 31, 2015, the Company had available for deduction against future taxable income in Mexico non-capital losses of approximately $109,182 (2014 – $107,114). These losses, if unutilized, expire between 2017 to 2024.

Canada operations		**December 31, 2015**		December 31, 2014
Deferred income tax assets:				
Tax loss carryforwards	**$**	**-**	$	-
Mineral properties, plant and equipment		**-**		29
Financing costs		**-**		52
Other		**-**		97
Recognized deferred income tax assets, net	**$**	**-**	$	178

As at December 31, 2015, the Company had $5,354 non-capital losses in Canada (2014 – CAN $Nil), which expire in 2026, and capital losses of $7,350 (2014 – $6,462), 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, 2015		December 31, 2014
Current income tax expense (recovery):				
Current income tax expense in respect of current year	**$**	**4,302**	$	15,884
Special mining duty		**2,390**		4,552
Adjustments recognized in the current year in relation to prior years		**160**		450
Deferred income tax expense (recovery):				
Deferred tax expense recognized in the current year		**8,453**		(34,543)
Special mining duty		**(7,301)**		(6,419)
Adjustments recognized in the current year in relation to prior years		**23**		(1,865)
Total income tax expense	**$**	**8,027**	$	(21,941)

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

		December 31, 2015		December 31, 2014
Canadian statutory tax rates		**26.00%**		26.00%
Income tax expense computed at Canadian statutory rates	**$**	**(36,898)**	$	(25,083)
Foreign tax rates different from statutory rate		**(9,573)**		(9,880)
Change in tax rates		**-**		-
Withholding taxes, net of tax credits		**808**		910
Mark-to-market accounting		**-**		335
Stock-based compensation		**674**		907
Foreign exchange		**9,510**		9,506
Inflationary adjustment		**(384)**		1,497
Other items		**1,064**		3,196
Adjustments recognized in the current year in relation to prior years		**183**		(430)
Current year losses not recognized		**48,033**		338
Special mining duty Mexican tax		**(4,911)**		(1,867)
Recognition of previously unrecognized losses		**(479)**		(1,370)
Income tax expense	**$**	**8,027**	$	(21,941)

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

22. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

(a) Financial Assets and Liabilities

As at December 31, 2015, 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	-	20,413	-	-	20,413	20,413
Investments	-	-	614	-	614	614
Accounts receivable	-	24,343	-	-	24,343	24,343
Total financial assets	-	44,756	614	-	45,370	45,370
Financial liabilities:						
Accounts payable and accrued liabilities	-	-	-	18,949	18,949	18,949
Revolving credit facility	-	-	-	22,000	22,000	22,000
Total financial liabilities	-	-	-	40,949	40,949	40,949

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, 2015 are:

	Total $	Level 1 $	Level 2 $	Level 3 $
Financial assets:				
Investments	614	614	-	-
Trade receivables	1,704	1,704	-	-
Total financial assets	2,318	2,318	-	-

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, 2015		December 31, 2014	
Less than 1 month	**$ 9,892**	**$ -**	$ 8,251	$ -
1 to 3 months	**4,350**	**-**	4,529	-
4 to 6 months	**3,870**	**-**	1,222	-
Over 6 months	**6,231**	**1,778**	5,713	1,778
Total accounts receivable	**$ 24,343**	**1,778**	$ 19,715	$ 1,778

At December 31, 2015, 94% of the receivables that were outstanding greater than one month were comprised of IVA and tax receivables in Mexico (December 31, 2014 – 81%) and 4% of the receivables outstanding are pending finalizations of concentrate sales.

At December 31, 2015, an impairment loss of $1,597 relates to IVA receivable claims from prior years and $181 relates to an allowance on related party receivables from prior years (December 31, 2014 - $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, 2015:

	Less than 1 year $	1 to 3 years $	4 to 5 years $	Over 5 years $	Total $
Accounts payable and accrued liabilities	18,949	-	-	-	18,949
Finance lease obligation	1,180				1,180
Income taxes payable	5,844	-	-	-	5,844
Revolving credit facility	22,000	-	-	-	22,000
Provision for reclamation and rehabilitation	-	7,513	249		7,762
Capital expenditure commitments	-	-	-	-	-
Minimum rental and lease payments	208	121	-	-	329
Total contractual obligations	48,181	7,634	249	-	56,064

(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, 2014	
	Canadian Dollar	**Mexican Peso**	Canadian Dollar	Mexican Peso
Financial assets	**$ 1,777**	**$ 18,446**	$ 2,029	$ 16,036
Financial liabilities	**(1,416)**	**(14,368)**	(1,525)	(17,267)
Net financial assets (liabilities)	**$ 361**	**$ 4,078**	$ 504	$ (1,231)

Of the financial assets listed above, $224 (2014 – $282) represents cash and cash equivalents held in Canadian dollars and $882 (2014 - $2,614) represents cash held in Mexican Pesos. The remaining cash balance is held in U.S. dollars.

As at December 31, 2015, with other variables unchanged, a 5% strengthening of the US dollar against the Canadian dollar would decrease net earnings by $17 due to these financial assets and liabilities.

As at December 31, 2015, with other variables unchanged, a 5% strengthening of the US dollar against the Mexican peso would decrease net earnings by $194 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 2.75% to 4.25% depending on financial and operating measures) payable according to the quoted rate term. The interest rate charge for the year was 3.64%. As at December 31, 2015, with other variables unchanged, a 1% increase in the LIBOR rate would result in additional interest expense of $220.

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, 2015 there are 629,226 ounces of silver and 9,274 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, 2015, with other variables unchanged, a 10% decrease in the market value of silver and gold would result in a reduction of revenue of $1.9 million.

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

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SHARES LISTED	Toronto Stock Exchange Trading Symbol - EDR New York Stock Exchange Trading Symbol – EXK

MANAGEMENT'S DISCUSSION AND ANALYSIS (AMENDED)
FOR THE YEAR ENDED DECEMBER 31, 2015

This amended 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, 2015 and 2014 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 amended MD&A. For a description of each of the non-IFRS measures used in this amended MD&A, please see the discussion under "Non-IFRS Measures". Additional information relating to the Company, including the most recent 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 US Securities and Exchange Commission (the "SEC"). This amended 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 ("US") dollars and tabular amounts are expressed in thousands of US dollars unless otherwise indicated. This amended MD&A is dated as of March 2, 2016 and all information contained is current as of March 2, 2016 unless otherwise stated.

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

This amended MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of US 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 from the definitions in SEC Industry Guide 7 under the US 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 any part or all of mineral deposits in these categories will ever be converted into 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 amended MD&A contains descriptions of Endeavour's mineral deposits that may not be comparable to similar information made public by US companies subject to the reporting and disclosure requirements under the US federal securities laws and the rules and regulations thereunder.

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Forward-Looking Statements

This amended MD&A contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking statements and information herein include, but are not limited to, statements regarding Endeavour's anticipated performance in 2016, 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 in the section "risk factors" contained in the Company's Annual Information Form filed with the Canadian securities regulatory authorities and as filed with the SEC in our Annual Report on Form 40-F. 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.

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Three Months Ended December 31			2015 Highlights	Year Ended December 31		
2015	2014	% Change		2015	2014	% Change
			Production			
1,732,765	2,009,172	(14%)	Silver ounces produced	7,178,666	7,212,074	(0%)
15,433	15,127	2%	Gold ounces produced	59,990	62,895	(5%)
1,686,330	1,950,037	(14%)	Payable silver ounces produced	6,991,639	6,996,916	(0%)
15,073	14,557	4%	Payable gold ounces produced	58,585	60,518	(3%)
2,813,075	3,068,062	(8%)	Silver equivalent ounces produced(1)	11,377,966	11,614,724	(2%)
9.76	8.33	17%	Cash costs per silver ounce(2)(3)	8.39	8.31	1%
16.11	14.36	12%	Total production costs per ounce(2)(4)	14.11	16.37	(14%)
17.33	15.37	13%	All-in sustaining costs per ounce(2)(5)	15.62	16.79	(7%)
408,092	374,212	9%	Processed tonnes	1,565,507	1,404,406	11%
80.39	89.63	(10%)	Direct production costs per tonne(2)(6)	80.14	96.11	(17%)
11.41	10.76	6%	Silver co-product cash costs(7)	10.87	11.76	(8%)
845	788	7%	Gold co-product cash costs(7)	791	798	(1%)
			Financial			
42.7	48.6	(12%)	Revenue ($ millions)	183.6	196.9	(7%)
1,682,572	2,000,253	(16%)	Silver ounces sold	7,301,698	6,539,686	12%
15,255	13,635	12%	Gold ounces sold	59,450	58,323	2%
14.93	16.23	(8%)	Realized silver price per ounce	15.79	18.76	(16%)
1,105	1,189	(7%)	Realized gold price per ounce	1,148	1,273	(10%)
(136.2)	(66.9)	(104%)	Net earnings (loss) ($ millions)	(149.9)	(74.5)	(101%)
(2.2)	(11.0)	80%	Adjusted net earnings (loss) (8) ($ millions)	(11.2)	(17.2)	35%
(1.3)	2.3	(155%)	Mine operating earnings (loss) ($ millions)	16.7	14.4	17%
9.7	13.9	(30%)	Mine operating cash flow(9) ($ millions)	57.7	70.5	(18%)
5.7	(5.3)	207%	Operating cash flow before working capital changes (10)	35.2	29.3	20%
5.5	7.7	(29%)	Earnings before ITDA (11)	34.1	42.6	(20%)
17.2	21.2	(19%)	Working capital ($ millions)	17.2	21.2	(19%)
			Shareholders			
(1.33)	(0.67)	(99%)	Earnings (loss) per share – basic	(1.47)	(0.74)	(99%)
(0.02)	(0.11)	80%	Adjusted earnings (loss) per share – basic(8)	(0.11)	(0.17)	36%
0.06	(0.05)	(207%)	Operating cash flow before working capital changes per share (10)	0.35	0.29	20%
102,054,670	101,881,133	0%	Weighted average shares outstanding	101,996,503	101,314,393	1%

(1) Silver equivalents are calculated using a 70:1 ratio.

(2) The Company reports non-IFRS measures which include cash costs net of by-products on a payable silver basis, total production costs per ounce, all-in sustaining costs per ounce and direct production costs per tonne, in order to manage and evaluate operating performance at each of the Company's mines. These measures, some established by the Silver Institute (Production Cost Standards, June 2011), are widely used in the silver mining industry as a benchmark for performance, but do not have a standardized meaning. These measures are reported on a production basis. See Reconciliation to IFRS on page 20.

(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 22.

(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 22.

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

(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 22.

(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 25

(8) Adjusted earnings are calculated by adding back the mark-to-market impact of derivative equities held as a liability on the Company's balance sheet and non-recurring write downs or impairment charges net of tax. See Reconciliation to IFRS on page 20.

(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 21.

(10) See Reconciliation to IFRS on page 21 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.

Historically, the business philosophy was to acquire and explore early-stage mineral prospects in Canada and the US. In 2002 the Company was re-organized, a new management team was appointed, and the business strategy was revised to focus on acquiring advanced-stage silver mining properties in Mexico. Mexico, despite its long and prolific history of metal production, appeared to be relatively under-explored using modern exploration techniques and offered promising geological potential for precious metals exploration and production.

After evaluating several mineral properties in Mexico in 2003, the Company negotiated an option to purchase the Guanaceví silver mines and process plant located in Durango, Mexico in May 2004. Management recognized that even though the mines had run out of ore, little modern exploration had been carried out to discover new silver ore-bodies. Exploration drilling commenced in June 2004 and was quickly met with encouraging results. By September 2004, sufficient high-grade silver mineralization had been outlined to justify the development of an access ramp into the newly discovered North Porvenir ore-body. In December 2004, the Company commenced the mining and processing of ore from the new North Porvenir mine to produce silver doré bars.

In 2007, the Company replicated the success of Guanaceví with the acquisition of the Bolañitos (formerly described as "Guanajuato") mines project in Guanajuato State. Bolañitos was very similar in that there was a fully built and permitted processing plant, and the mines were running out of ore, so the operation was for sale. The acquisition was finalized in May 2007 and as a result of the successful mine rehabilitation and subsequent exploration work, silver production, reserves and resources are growing rapidly and Bolañitos is now an integral part of the Company's asset base.

Both Guanaceví and Bolañitos are good examples of Endeavour's historical 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 has 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. El Cubo had similar challenges to Endeavour's past acquisitions, but with two significant exceptions; the 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 program aimed at increasing throughput, grade and productivity in order to reduce operating costs and return the operation to profitability. Endeavour also completed a capital reconstruction program of the plant and surface infrastructure, and invested in accelerated mine exploration and development to unfold the full potential of El Cubo.

The Company has historically funded its exploration and development activities through equity financings and convertible debentures. Equity financings also facilitated the acquisition and development of the Guanaceví and Bolañitos mines projects. However, since 2004, the Company has been able to finance more and more of its acquisition, exploration, development and operating activities from production cash flows. In 2012 the Company obtained a credit facility to help support its acquisition, exploration and capital investment programs. The Company may choose to engage in 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, 2015 and 2014

Three Months Ended December 31			CONSOLIDATED	Year Ended December 31		
2015	2014	% Change		2015	2014	% Change
408,092	374,212	9%	Ore tonnes processed	1,565,507	1,404,406	11%
156	191	(18%)	Average silver grade (gpt)	167	185	(10%)
84.6	87.3	(3%)	Silver recovery (%)	85.3	86.2	(1%)
1,732,765	2,009,172	(14%)	Total silver ounces produced	7,178,666	7,212,074	(0%)
1,686,330	1,950,037	(14%)	Payable silver ounces produced	6,991,639	6,996,916	(0%)
1.40	1.49	(6%)	Average gold grade (gpt)	1.41	1.62	(13%)
83.9	84.4	(1%)	Gold recovery (%)	84.6	86.1	(2%)
15,433	15,127	2%	Total gold ounces produced	59,990	62,895	(5%)
15,073	14,557	4%	Payable gold ounces produced	58,585	60,518	(3%)
2,813,075	3,068,062	(8%)	Silver equivalent ounces produced(1)	11,377,966	11,614,724	(2%)
9.76	8.33	17%	Cash costs per silver ounce(2)(3)	8.39	8.31	1%
16.11	14.36	12%	Total production costs per ounce(2)(4)	14.11	16.37	(14%)
17.33	15.37	13%	All in sustaining cost per ounce (2)(5)	15.62	16.79	(7%)
80.39	89.63	(10%)	Direct production costs per tonne(2)(6)	80.14	96.11	(17%)
11.41	10.76	6%	Silver co-product cash costs (7)	10.87	11.76	(8%)
845	788	7%	Gold co-product cash costs (7)	791	798	(1%)

(1) Silver equivalents are calculated using a 70:1 ratio.

(2) The Company reports non-IFRS measures which include cash costs net of by-products on a payable silver basis, total production costs per ounce, all-in sustaining costs per ounce and direct production costs per tonne, in order to manage and evaluate operating performance at each of the Company's mines. These measures, some established by the Silver Institute (Production Cost Standards, June 2011), are widely used in the silver mining industry as a benchmark for performance, but do not have a standardized meaning. These measures are reported on a production basis. See Reconciliation to IFRS on page 20.

(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 22.

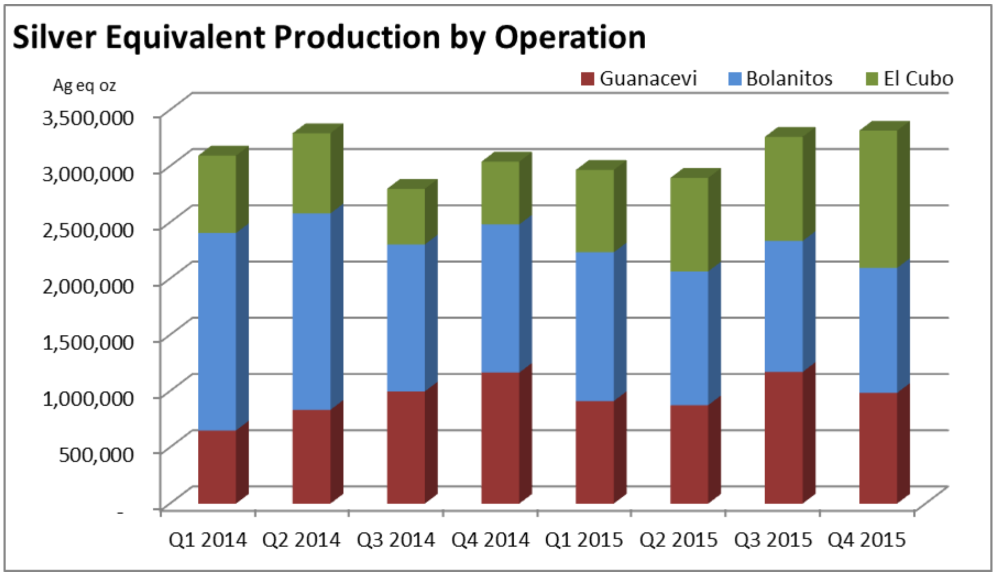
(4) Total production costs per ounce include mining, processing (including smelting, refining, transportation and selling costs), direct overhead, amortization, depletion and amortization at the operation sites. See Reconciliation to IFRS on page 22.

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

(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 22.

(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 25.

Consolidated Production



Three months ended December 31, 2015 (compared to the three months ended December 31, 2014)
Consolidated silver production during Q4, 2015 was 1,732,765 ounces (oz), a decrease of 14% compared to 2,009,172 oz in Q4, 2014, and gold production was 15,433 oz, an increase of 2% compared to 15,127 oz in Q4, 2014. Plant throughput was 408,092 tonnes at average grades of 156 grams per tonne (gpt) silver and 1.40 gpt gold compared to 374,480 tonnes grading 191 gpt silver and 1.49 gpt gold in Q4, 2014. Silver production decreased due to lower grades partially offset by the higher throughput. Gold production was similar as the increased throughput offset the slight decrease in gold grades. The increased throughput at El Cubo, which has lower silver grades than the other operations and lower ore grades from the Bolañitos operation are the primary driver of these variations from 2014.

Year ended December 31, 2015 (compared to the year ended December 31, 2014)
Consolidated silver production during 2015 was 7,178,666 oz, a decrease of 0.5% compared to 7,212,074 oz in 2014, and gold production was 59,990 oz, a decrease of 5% compared to 62,895 oz in 2014. Plant throughput was 1,565,507 tonnes at average grades of 167 gpt silver and 1.41 gpt gold compared to 1,404,406 tonnes grading 185 gpt silver and 1.62 gpt gold in 2014. Silver production was flat as lower silver grades were offset by higher throughput, while gold production decreased due to lower ore grades. The increased throughput of the El Cubo operation, which has lower silver grades than the other operations, coupled with the decreased throughput of the Bolañitos operation, which has higher gold grades, are the primary drivers of these variations from 2014.

Consolidated Operating Costs

Three months ended December 31, 2015 (compared to the three months ended December 31, 2014)
The falling Mexican peso and continued focus on cost reductions resulted in lower consolidated costs per tonne, which fell 10% to $80.39 in Q4, 2015. Cash costs, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), increased 17% to $9.76 per oz of payable silver compared to $8.33 per oz in Q4, 2014 as a result of the lower gold credit. The lower direct operating costs were offset by allocating similar exploration and development expenditures over fewer production ounces resulting in all-in-sustaining costs (also a non-IFRS measure) increasing 13% to $17.33 per oz compared to $15.37 per oz in Q4, 2014.

Year ended December 31, 2015 (compared to the year ended December 31, 2014)
The falling Mexican peso and continued focus on cost reductions resulted in lower consolidated costs per tonne, which fell 14% to $80.14 in 2015. Lower costs per tonne, offset by lower ore grades, resulted in relatively flat cash costs, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), which increased 1% to $8.39 per oz of payable silver compared to $8.31 per oz in 2014. Lower exploration and development expenditures resulted in all-in-sustaining costs (also a non-IFRS measure) decreasing 7% to $15.62 per oz compared to $16.79 per oz in 2014.

Guanaceví Operations

Production Results for the Three Months and Years Ended December 31, 2015 and 2014

Three Months Ended December 31			GUANACEVÍ	Year Ended December 31		
2015	2014	% Change		2015	2014	% Change
105,039	102,375	3%	Ore tonnes processed	431,431	423,251	2%
269	358	(25%)	Average silver grade (g/t)	295	314	(6%)
83.9	87.0	(4%)	Silver recovery (%)	84.1	84.0	0%
761,769	1,024,762	(26%)	Total silver ounces produced	3,440,748	3,587,639	(4%)
754,151	1,014,514	(26%)	Payable silver ounces produced	3,406,340	3,551,763	(4%)
0.61	0.70	(13%)	Average gold grade (g/t)	0.62	0.65	(5%)
86.2	90.1	(4%)	Gold recovery (%)	85.9	86.3	(0%)
1,775	2,085	(15%)	Total gold ounces produced	7,390	7,641	(3%)
1,757	2,063	(15%)	Payable gold ounces produced	7,316	7,564	(3%)
886,019	1,170,712	(24%)	Silver equivalent ounces produced(1)	3,958,048	4,122,509	(4%)
10.57	7.28	45%	Cash costs per silver ounce(2)(3)	8.66	9.73	(11%)
13.06	8.77	49%	Total production costs per ounce(2)(4)	11.09	11.44	(3%)
14.67	11.89	23%	All in sustaining cost per ounce (2)(5)	12.97	14.51	(11%)
93.59	96.91	(3%)	Direct production costs per tonne(2)(6)	88.04	104.06	(15%)
11.01	8.43	31%	Silver co-product cash costs (7)	9.55	10.73	(11%)
815	617	32%	Gold co-product cash costs (7)	694	728	(5%)

(1) Silver equivalents are calculated using a 70:1 ratio.

(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 20.

(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 22.

(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 22.

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

(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 22.

(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 25.

Guanaceví has produced more than 25 million ounces of silver and 53,000 ounces of gold since Endeavour acquired it in 2004. Although the historic mine was closed and the plant was struggling to process 100 tpd of old tailings in 2004, Guanaceví is now producing 1,200 tpd of high-grade ore. The Company has discovered five high-grade silver-gold ore bodies along a five kilometre length of the prolific Santa Cruz vein and developed four new mines, one of which is now mined out. The Guanaceví operation currently includes three underground silver-gold mines, a cyanidation leach plant, mining camp, and administration and housing facilities. Guanaceví provides steady employment for 540 people and engages 130 contractors.

Guanaceví Production Results

Three months ended December 31, 2015 (compared to the three months ended December 31, 2014)
Silver production at the Guanaceví mine during Q4, 2015 was 761,769 oz, a decrease of 26% compared to 1,024,762 oz in Q4, 2014, and gold production was 1,775 oz, a decrease of 15% compared to 2,085 oz in Q4, 2014. Plant throughput was 105,039 tonnes at average grades of 269 gpt silver and 0.61 gpt gold compared to 102,375 tonnes grading 358 gpt silver and 0.70 gpt gold in Q4, 2014. Metal production decreased due to lower processed ore grades and metal 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 high grades were due to the contribution of the higher grade Porvenir Cuatro ore-body, which resulted in significantly higher silver and gold production in Q4, 2014.

Year ended December 31, 2015 (compared to the year ended December 31, 2014)
Silver production at the Guanaceví mine during 2015 was 3,440,748 oz, a decrease of 4% compared to 3,587,639 oz in 2014, and gold production was 7,390 oz, a decrease of 3% compared to 7,641 oz in 2014. Plant throughput was 431,431 tonnes at average grades of 295 gpt silver and 0.62 gpt gold compared to 423,251 tonnes grading 314 gpt silver and 0.65 gpt gold in 2014. The variation in metal production was directly attributed to the slightly lower processed ore grades, offset by a slight increase in plant throughput.

Guanaceví Operating Costs

Three months ended December 31, 2015 (compared to the three months ended December 31, 2014)
Direct production costs per-tonne were slightly lower in Q4, 2015 compared to Q4, 2014 due to the falling peso offset by lower mine output. Mine output fell due to improper sequencing from the various ore bodies during the quarter, which management addressed and now expects to return to historical norms. The lower ore grades resulted in higher cash costs per oz, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), which increased 45% to $10.57 per oz of payable silver compared to $7.28 per oz in Q4, 2014. Similarly all-in-sustaining costs (also a non-IFRS measure) increased 23% to $14.67 per oz due to the lower grades partially offset by lower capital and exploration expenditures compared to Q4, 2014.

Year ended December 31, 2015 (compared to the year ended December 31, 2014)
Direct production costs per tonne fell 15% to $88.04 in 2015 compared to $104.06 in 2014 due to the falling peso and the Company's focus on reducing costs. The lower costs per tonne, offset by slightly lower grades resulted in lower cash costs per ounce, net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), which decreased 11% to $8.66 per oz of payable silver compared to $9.73 per oz in 2014. Similarly, all-in-sustaining costs (also a non-IFRS measure) fell 11% to $12.97 per oz compared to $14.51 per oz in 2014 due to lower operating costs.

Bolañitos Operations

Production Results for the Three Months and Years Ended December 31, 2015 and 2014

Three Months Ended December 31			BOLAÑITOS	Year Ended December 31		
2015	2014	% Change		2015	2014	% Change
103,878	145,408	(29%)	Ore tonnes processed	455,226	567,873	(20%)
90	148	(39%)	Average silver grade (g/t)	118	148	(20%)
83.6	88.3	(5%)	Silver recovery (%)	83.9	88.7	(5%)
251,363	611,271	(59%)	Total silver ounces produced	1,449,773	2,396,179	(39%)
241,308	580,644	(58%)	Payable silver ounces produced	1,389,920	2,276,278	(39%)
1.88	2.03	(7%)	Average gold grade (g/t)	1.99	2.36	(16%)
82.3	83.2	(1%)	Gold recovery (%)	82.3	86.1	(4%)
5,166	7,900	(35%)	Total gold ounces produced	23,966	37,108	(35%)
5,036	7,571	(33%)	Payable gold ounces produced	23,371	35,531	(34%)
612,983	1,164,271	(47%)	Silver equivalent ounces produced(1)	3,127,393	4,993,739	(37%)
8.09	5.64	43%	Cash costs per silver ounce(2)(3)	4.31	1.94	(122%)
17.94	12.74	41%	Total production costs per ounce(2)(4)	11.33	14.05	(19%)
18.15	9.44	92%	All in sustaining cost per ounce (2)(5)	11.79	8.70	36%
72.31	83.58	(13%)	Direct production costs per tonne(2)(6)	71.97	87.44	(18%)
11.85	10.21	16%	Silver co-product cash costs(7)	10.26	10.10	2%
877	748	17%	Gold co-product cash costs(7)	746	686	9%

(1) Silver equivalents are calculated using a 70:1 ratio.

(2) The Company reports non-IFRS measures which include cash costs net of by-products on a payable silver basis, total production costs per ounce, all-in sustaining costs per ounce and direct production costs per tonne, in order to manage and evaluate operating performance at each of the Company's mines. These measures, some established by the Silver Institute (Production Cost Standards, June 2011), are widely used in the silver mining industry as a benchmark for performance, but do not have a standardized meaning. These measures are reported on a production basis. See Reconciliation to IFRS on page 20.

(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 22.

(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 22.

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

(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 22.

(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 25.

The Bolañitos mine encompasses three operating silver-gold mines and a flotation plant and is located 10 kilometres from the city of Guanajuato in the state of Guanajuato. Following Endeavour's acquisition in 2007, cash costs of production were as high as $32 per oz and the operation was struggling to produce 300,000 ounces of silver per year. Following the execution of management's business strategy, cash costs of production became negative due to economies of scale and the rising gold credits as production grew. Bolañitos' processing plant was expanded in phases from 500 tpd in 2007 to 1,600 tpd in 2012. In 2013, additional mine output was processed at the El Cubo facilities allowing production to exceed plant capacity whereas, in 2014, production reverted to the 1,600 tpd Bolañitos plant capacity. In 2015, Bolañitos reduced mine output to 1,000 tpd as underground resources focused on the development of the LL- Asunción ore-body. Since acquisition, the Bolañitos operation has produced over 11 million ounces of silver and over 180,000 ounces of gold.

Bolañitos Production Results

Three months ended December 31, 2015 (compared to the three months ended December 31, 2014)

Silver production at the Bolañitos mine was 251,363 oz during Q4, 2015, a decrease of 59% compared to 611,271 oz in Q4, 2014, and gold production was 5,166 oz, a decrease of 35% compared to 7,900 oz in Q4, 2014. Plant throughput in Q4, 2015 was 103,878 tonnes at average grades of 90 gpt silver and 1.88 gpt gold, compared to 145,408 tonnes grading 148 gpt silver and 2.03 gpt gold in Q4, 2014. Metal production was down due to lower throughput, recoveries and grades. Bolañitos production was scheduled to decline to 1,000 tpd in 2015 as the operation focused on developing the LL-Asunción ore body. Bolañitos operated at its existing capacity of 1,600 tpd in the first quarter, but gradually reduced to 1,000 tpd over the course of the year. Lower than planned mill feed from the El Cubo mine allowed Bolañitos to mill just over 1,100 tpd of Bolañitos ore in Q4, 2015. Ore grades were scheduled to dip in Q3, 2015 with an increase to gold grades expected in the fourth quarter as more ore is mined from LL-Asunción, however mining of non-modeled resources from the Lucero veins resulted in lower processed grades in Q4, 2015. Gold grades are expected to increase in 2016.

Year ended December 31, 2015 (compared to the year ended December 31, 2014)

Silver production at the Bolañitos mine was 1,449,773 oz during 2015, a decrease of 39% compared to 2,396,179 oz in 2014, and gold production was 23,996 oz, a decrease of 35% compared to 37,108 oz in 2014. Plant throughput in 2015 was 455,226 tonnes at average grades of 118 gpt silver and 1.99 gpt gold, compared to 567,873 tonnes grading 148 gpt silver and 2.36 gpt gold in 2014. Metal production was down due to lower throughput, recoveries and grades. Bolañitos production was scheduled to decline to 1,000 tpd in 2015 as the operation focused on developing the LL-Asunción ore body. Bolañitos operated at its existing capacity of 1,600 tpd in the first quarter, but gradually reduced to 1,000 tpd over the course of the year. Lower than planned mill feed from the El Cubo mine and mining of non-modeled resources from the Lucero veins allowed Bolañitos to mill more ore than planned in the second half of 2015.

Bolañitos Operating Costs

Three months ended December 31, 2015 (compared to the three months ended December 31, 2014)

In Q4, 2015, direct production costs per tonne fell 13% due to the falling Mexican peso, reduced contractor activity and management's focus on reducing costs. The lower costs per tonne were offset by lower grades, increasing cash costs per oz, net of by-product credits (which is a non-IFRS measure and a standard of the Silver Institute), to $8.09 per oz of payable silver compared to $5.64 per oz the same period in 2014. Similarly, development of the LL-Asunción ore body and a $0.8 million increase in reclamation estimate resulted in a rise of all-in sustaining costs (also a non-IFRS measure) of 23% to $18.15 per oz compared to $9.44 per oz in Q4, 2014.

Year ended December 31, 2015 (compared to the year ended December 31, 2014)

In 2015, direct production costs per tonne fell 19% due to the falling Mexican peso, reduced contractor activity and management's focus on reducing costs. The lower costs per tonne were offset by lower grades, increasing cash costs per oz, net of by-product credits (which is a non-IFRS measure and a standard of the Silver Institute), to $4.31 per oz of payable silver compared to $1.94 per oz in the same period in 2014. Similarly all-in sustaining costs (also a non-IFRS measure) rose 36% to $11.79 per oz compared to $8.70 in 2014 due to the lower throughput and grades, partially offset by lower exploration and development expenditures.

El Cubo Operations

Production Results for the Three Months and Years Ended December 31, 2015 and 2014

Three Months Ended December 31			EL CUBO	Year Ended December 31		
2015	2014	% Change		2015	2014	% Change
199,175	126,429	58%	Ore tonnes processed	678,850	413,282	64%
131	106	24%	Average silver grade (g/t)	119	105	13%
85.8	86.6	(1%)	Silver recovery (%)	88.1	88.0	0%
719,633	373,139	93%	Total silver ounces produced	2,288,145	1,228,256	86%
690,871	354,879	95%	Payable silver ounces produced	2,195,379	1,168,875	88%
1.57	1.51	4%	Average gold grade (g/t)	1.52	1.59	(4%)
84.5	83.8	1%	Gold recovery (%)	86.3	85.9	0%
8,492	5,142	65%	Total gold ounces produced	28,634	18,146	58%
8,280	4,923	68%	Payable gold ounces produced	27,898	17,423	60%
1,314,073	733,079	79%	Silver equivalent ounces produced(1)	4,292,525	2,498,476	72%
9.45	15.73	(40%)	Cash costs per silver ounce(2)(3)	10.56	16.40	(36%)
18.80	33.02	(43%)	Total production costs per ounce(2)(4)	20.55	35.90	(43%)
19.96	35.05	(43%)	All in sustaining cost per ounce (2)(5)	22.15	39.49	(44%)
77.65	90.70	(14%)	Direct production costs per tonne(2)(6)	80.60	99.89	(19%)
11.47	15.29	(25%)	Silver co-product cash costs (7)	12.52	16.78	(25%)
849	1,120	(24%)	Gold co-product cash costs (7)	910	1,139	(20%)

(1) Silver equivalents are calculated using a 70:1 ratio.

(2) The Company reports non-IFRS measures which include cash costs net of by-products on a payable silver basis, total production costs per ounce, all-in sustaining costs per ounce and direct production costs per tonne, in order to manage and evaluate operating performance at each of the Company's mines. These measures, some established by the Silver Institute (Production Cost Standards, June 2011), are widely used in the silver mining industry as a benchmark for performance, but do not have a standardized meaning. These measures are reported on a production basis. See Reconciliation to IFRS on page 20.

(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 22.

(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 22.

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

(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 22.

(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 25.

Endeavour's third mine, El Cubo, was acquired in July 2012. El Cubo was a good fit with Endeavour's business strategy of buying and rejuvenating struggling old mines in historic mining districts. However, unlike Guanaceví and Bolañitos, which had low throughputs and no reserves, El Cubo offered the potential to quickly become a core asset for Endeavour, by already having throughput of 1,100 tpd output and a reasonable reserve/resource mine life. Located in the southeastern part of the historic Guanajuato mining district, the producing El Cubo silver and gold mine is only 15 kilometres from Endeavour's Bolañitos project, and included many mine adits, ramps, and shafts, as well as a 400 tpd leach plant. It also held a lease (until July 2013) on the adjacent Las Torres mine and 1,800 tpd flotation plant owned by Fresnillo PLC. Subsequent to the acquisition in 2012, Endeavour launched a $67-million, 18-month capital investment program at El Cubo to explore and develop the mine and to rebuild and expand the plant, tailings facility, water supply, electrical supply, surface buildings, and surface infrastructure. The plant and surface infrastructure program was completed in 2013 on time and within budget.

El Cubo Production Results

In the prior year, Endeavour focused on increasing throughput at El Cubo to 1,500 tpd by year end and increasing production grades by opening up new higher grade areas and reducing ore dilution. The Company reorganized the mine operations team, improved supervision and operating efficiencies, improved safety policies, programs and training and created a mine rescue team for a safer environment. The Company also acquired new mining equipment**,** accelerated mine development and commenced underground drilling. In 2015, mine and mill operations targeted and achieved 2,200 tpd target mid-year. Production averaged 1,859 tpd for the year and 2,165 tpd in the fourth quarter. Milling operations met plan, averaging 1,740 tpd in the second half of 2015, with the balance of mine output going to stockpiles and the Bolañitos plant for processing. The additional mine production at El Cubo is processed at Endeavour's Bolañitos plant, located 18 kilometres away, which has available capacity and comparable circuits to El Cubo. In 2015, 59,476 tonnes of El Cubo ore was processed at the Bolañitos plant.

Three months ended December 31, 2015 (compared to the three months ended December 31, 2014)
Silver production at the El Cubo mine was 719,633 ounces in Q4, 2015, an increase of 93% compared to 373,139 oz in Q4, 2014 and gold production was 8,492 oz in Q4, 2015, an increase of 65% compared to 5,142 oz in Q4, 2014. Plant throughput in Q4, 2015 was 199,175 tonnes at average grades of 131 gpt silver and 1.57 gpt gold, compared to 126,429 tonnes grading 106 gpt silver and 1.51 gpt gold in Q4, 2014. In Q4, 2015, the Company increased mine output and averaged 2,165 tpd in the fourth quarter, while 26,209 tonnes of El Cubo ore were processed at the Bolañitos plant during the quarter. Silver and gold production increased due to higher plant throughput, and ore grades.

Year ended December 31, 2015 (compared to the year ended December 31, 2014)
Silver production at the El Cubo mine was 2,288,145 ounces in 2015, an increase of 86% compared to 1,228,256 oz in 2014 and gold production was 28,634 oz in 2015, an increase of 58% compared to 18,146 oz in 2014. Plant throughput in 2015 was 678,850 tonnes at average grades of 119 gpt silver and 1.52 gpt gold compared to 413,282 tonnes grading 105 gpt silver and 1.59 gpt gold in 2014. Starting in June 2015, 59,476 tonnes of El Cubo ore was processed at the Bolañitos plant. Silver and gold production increased due to higher plant throughput and silver grade, partly offset by lower gold grade.

El Cubo Operating Costs

Three months ended December 31, 2015 (compared to the three months ended December 31, 2014)
Economies of scale achieved through rising throughput during the year combined with the falling peso drove direct production costs per tonne down 14% compared to the same period in 2014. In Q4, 2015, cash costs net of by-product credits (a non-IFRS measure and a standard of the Silver Institute), decreased to $9.45 per oz of payable silver compared to $15.73 per oz in the same period in 2014. All-in sustaining costs decreased by 43% to $19.96 per oz compared to $35.05 per oz in Q4, 2014 due to lower operating costs on a per-oz basis and higher production rate along with similar exploration and developments costs as the prior year.

Year ended December 31, 2015 (compared to the year ended December 31, 2014)
In 2015, economies of scale achieved through rising throughput during the year combined with the falling peso drove direct production costs per tonne down 19%. Accordingly, cash costs net of by-product credits, (a non-IFRS measure and a standard of the Silver Institute), decreased to $10.56 per oz of payable silver compared to $16.40 per oz in the same period in 2014. All-in sustaining costs decreased by 44% to $22.15 per oz compared to $39.49 in 2014 due to the lower operating costs, and the higher production rate along with lower exploration expenditures and similar developments costs as the prior year.

Exploration Results

In 2015, Endeavour planned to spend $6.9 million on exploration, including $0.9 million required for property payments. A total of 26,000 metres of drilling in approximately 150 holes are budgeted to test multiple exploration targets in addition to the underground mine exploration drilling.

The Company commenced exploration drilling at the beginning of the second quarter to focus on brownfields exploration around the three operating mines in order to replenish resources as well as infill drilling needed for engineering the high grade silver-gold discovery at the Terronera project (formerly known as San Sebastián) in Jalisco State.

In 2015, Endeavour drilled 36,400 metres in 151 core holes, including 9,600 metres in 38 holes at Guanaceví, 9,500 metres in 39 holes at Bolañitos, 11,200 metres in 47 holes at El Cubo and 6,100 metres in 27 holes at Terronera. Exploration expenditures for the year total $4.4 million. The Company's exploration efforts continued to deliver positive results in 2015, notwithstanding a reduced budget. The Company succeeded in replacing proven and probable silver reserves and increased measured and indicated silver resources. Additionally, new mineralized zones were identified at each mine and at the emerging Terronera mine project.

At Guanaceví, high grade, gold-silver mineralization was extended within three zones in the Santa Cruz vein. The Porvenir Norte, Porvenir Centro and Santa Cruz mineralized zones are each adjacent to mine workings, readily accessible for future mine development.

At Bolañitos, high grade, gold-silver mineralization was intersected within three historic veins, San Ignacio-San Miguel, La Joya and Gabriela. The San Miguel and Gabriela mineralized zones are adjacent to historic mine workings readily accessible for development if large enough resources can be outlined.

At El Cubo, new high-grade, gold-silver vein mineralization was delineated in the V-Asunción and Nayal vein, which remains open along strike.

In May 2015, the Company released a Preliminary Economic Assessment (PEA) for the Terronera project prepared in accordance with Canadian Securities Administrators NI 43-101 requirements. The study was based on a NI 43-101 compliant resource estimate dated October 16th 2014, but used a higher cut-off grade due to lower metal prices. The PEA is intended to be a snapshot of the mine project along the path to a pre-feasibility study.

The PEA generated an after-tax base case net present value of $48.6 million using a 5% discount rate, with a 20% rate of return and a pay-back period of 3.7 years based on a 1,000 tonne per day mine producing 2.0 million oz of silver and 15,000 oz of gold annually. The PEA estimated operating revenue of $542 million from estimated sales of 20.4 million oz of silver and 138,500 oz of gold at $18 per oz silver and $1,260 per oz gold. The PEA estimated mine-site cash operating costs of $5.49 per oz silver net of gold credits (silver:gold ratio 70:1) based on $83 per tonne total operating costs or total operating cost of $287 million. Additional total sustaining capital costs estimated at $75 million, including dry stack tailings and life of mine capital, exploration and general and administrative expenditures at estimated mine-site all-in sustaining costs of $9.16 per oz silver net of gold credits for the life of the project.

During 2015, drilling completed on the Terronera property continued to define high grade, silver-gold mineralization within the Terronera vein system. Deep drilling intersected the highest grades yet on the property, including 3,875 gpt silver and 4.36 gpt gold over 5.58 metres true width. The main mineralized zone is still open at depth and along strike and surface sampling of several other veins identified multiple new high grade drill targets.

Endeavour replaced its proven and probable silver reserves in 2015, notwithstanding the lower metal price assumptions compared to 2014 ($16 per oz) silver vs $18 per oz). Measured and indicated silver resources increased 6% and gold resources decreased 17% in 2015 due to upgrading of inferred silver resources at Guanaceví and Bolañitos and depletion of gold resources at Bolañitos.

- Silver proven and probable reserves were flat at 12.0 million ounces
- Gold proven and probable reserves were flat at 110,800 ounces
- Silver equivalent proven and probable reserves totaled 19.7 million ounces (70:1 silver:gold ratio)
- Silver measured and indicated resources increased 6% to 68.9 million ounces
- Gold measured and indicated resources decreased 17% to 551,400 ounces
- Silver equivalent measured and indicated resources totaled 107.5 million ounces
- Silver inferred resources decreased 13% to 44.3 million ounces
- Gold inferred resources were flat at 340,900 ounces
- Silver equivalent inferred resources totaled 68.2 million ounces

Reserves and Resources

The updated NI 43-101 reserve and resource estimates to December 31, 2015 summarized in the table below includes the Guanaceví Mine in Durango state, the Bolañitos Mine in Guanajuato state, the El Cubo Mines in Guanajuato state, the Parral project in Chihuahua state, the Guadelupe y Calvo project in Chihuahua state and the Terronera project in Jalisco State.

The Company retained Hard Rock Consulting Inc to update NI 43-101 estimate of the reserves and resources as of December 31, 2015 for the Guanaceví, Bolañitos, and the El Cubo mines. The Qualified Persons for the mineral resource and reserve estimates were Zachary Black, QP, SME-RM and Jeffery Choquette, P.E., QP, MMSA of Hard Rock Consulting Inc. Each of the updated Guanacevi, Bolañitos, and El Cubo technical reports will be filed on or before March 31, 2016.

The Company completed an estimate of the resources as of March 15, 2015 for the Terronera project. The Independent Qualified Person responsible for reporting Terronera mineral resources is Richard Routledge, P. Geo. of P&E Mining Consultants Inc.

The Company previously retained Micon, to audit the resources to December 15, 2012 for the Guadelupe y Calvo project. The Qualified Persons for reporting for this project are Charley Z. Murahwi, M.Sc., P.Geo, FAusIMM and Alan J. San Martin MAusIMM(CP).

The Company previously retained Micon, to audit the updated resources to December 31, 2010, based on the then current metal prices for the Parral Project (El Cometa Property). The Qualified Persons for reporting the Parral resources are William J. Lewis, B.Sc., P.Geo, Charley Z. Murahwi, M.Sc., P.Geo, FAusIMM and Dibya Kanti Mukhopadhyay, M.Sc., MAusIMM., who are Micon employees.

The reserve and resource statements for the Guanaceví, Bolañitos, El Cubo, Parral, Guadalupe y Calvo, and Terronera Projects were classified using the definitions and guidelines of the Canadian Institute of Mining, Metallurgy and Petroleum CIM standards on Mineral Resources and Reserves (CIM Standards) and the guidelines of NI 43-101.

Silver-Gold Reserves & Resources (as of December 31, 2015)					
Reserves	**Tonnes**	**Ag g/t**	**Au g/t**	**Ag oz**	**Au oz**
Guanacevi	107,500	254	0.52	878,000	1,795
Bolanitos	205,700	125	2.60	827,700	17,400
El Cubo	195,200	150	3.11	940,600	19,585
Total Proven	508,400	162	2.37	2,646,300	38,780
Guanacevi	798,000	205	0.45	5,260,600	11,735
Bolanitos	172,600	101	2.73	561,800	15,150
El Cubo	632,100	173	2.23	3,521,700	45,105
Total Probable	1,602,700	181	1.40	9,344,100	71,990
Total Proven & Probable	**2,111,100**	**177**	**1.63**	**11,990,400**	**110,770**
Resources	**Tonnes**	**Ag g/t**	**Au g/t**	**Ag oz**	**Au oz**
Guanacevi	175,500	306	0.54	1,728,000	3,090
Bolanitos	101,300	140	2.13	457,300	6,940
El Cubo	74,650	279	2.83	670,200	7,062
Total Measured	351,450	253	1.51	2,855,500	17,092
Guanacevi	2,313,200	277	0.78	20,565,600	58,215
Bolanitos	940,700	153	1.94	4,639,700	58,610
El Cubo	630,000	215	2.19	4,352,400	44,570
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	8,682,900	203	1.65	56,617,000	459,895
Total Measured & Indicated	**9,034,350**	**205**	**1.64**	**59,472,500**	**476,987**
Guanacevi	1,150,520	308	0.72	11,389,100	26,671
Bolanitos	1,291,700	171	2.74	7,104,500	113,900
El Cubo	1,172,500	192	2.68	7,247,100	100,800
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	**4,981,720**	**217**	**1.91**	**34,705,300**	**306,371**

Silver-Lead-Zinc Reserves & Resources (as of December 31, 2015)					
Resources	**Tonnes**	**Ag g/t**	**Au g/t**	**Ag oz**	**Au oz**
Noche Buena	655,000	166	0.21	3,495,700	4,400
Parral	1,631,000	49	0.90	2,589,900	47,200
Total Indicated	**2,286,000**	**83**	**0.70**	**6,085,600**	**51,600**
Guanacevi	646,000	129	0.15	2,687,300	3,100
Parral	1,303,000	63	0.88	2,658,900	36,900
El Cubo	738,000	220	0.07	5,220,000	1,700
Total Inferred	**2,687,000**	**122**	**0.48**	**10,566,200**	**41,700**

See following page for notes to Reserves and Resources tables

Notes
1. Reserve cut-off at Guanaceví is 200 g/t Silver equivalents
2. Reserve cut-off at Bolañitos is 192 g/t Silver equivalents
3. Reserve cut-off at El Cubo is 184 g/t Silver equivalents
4. Mining width is 1.4 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 26.2% after it has been diluted to a minimum mining width if required
8. At Bolañitos dilution is 24.0% after it has been diluted to a minimum mining width if required
9. At El Cubo dilution is 23.9% 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. Proven reserves are defined within 10 metres of underground development while probable reserves extend a further 15 metres from underground development at our operations. There are some reserves in Santa Cruz which are defined by close spaced drill holes below working stopes
12. Measured and Indicated cut-off at Guanaceví is 182 g/t Silver equivalents
13. Measured and Indicated cut-off at Bolañitos is 175 g/t Silver equivalents
14. Measured and Indicated cut-off at El Cubo is 167 g/t Silver equivalents
15. Measured and Indicated cut-off at Terronera is 100 g/t Silver equivalents
16. Inferred resources cut-off at operations are the same cut-offs used as for the Measured and Indicted resources
17. Price assumptions are $18 per ounce of silver and $1,200 per ounce for gold for the Terronera resource
18. 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
19. Price assumptions are $16 per ounce of silver and $1,150 per ounce of gold for operating mines
20. Silver equivalents are based on a 70:1 silver:gold price ratio
21. Resource cut off for the Guadalupe y Calvo property is 100 g/t Ag equivalent
22. At the Parral project a cut-off using NSR of $40 is used with the prices listed below
23. Resources are exclusive of and in addition to mineral reserves

Net Smelter Return (NSR) Cut-off Parameters for the Parral Project

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

Consolidated Financial Results

Three months ended December 31, 2015 (compared to the three months ended December 31, 2014)

For the three-month period ended December 31, 2015, the Company's mine operating loss was $1.3 million (Q4, 2014: mine operating earnings $2.2 million) on sales of $41.9 million (Q4, 2014: $48.6 million) with cost of sales of $43.2 million (Q4, 2014: $46.4 million).

The Q4, 2015 operating loss was $138.4 million (Q4, 2014: $85.2 million) after exploration costs of $1.6 million (Q4, 2014: $2.6 million), a write-off of exploration properties of $nil (Q4, 2014: $0.2 million), general and administrative costs of $1.5 million (Q4, 2014: $1.6 million) and an impairment of non-current assets of $134.0 million (Q4, 2014: $83.0 million).

The loss before taxes in Q4, 2015 was $139.6 million (Q4, 2014: $86.8 million) after finance costs of $0.3 million (Q4, 2014: $0.3 million), a foreign exchange loss of $0.7 million (Q4, 2014: $0.5 million) and a loss in investment and other income and expenses of $0.2 million (Q4, 2014: loss of $0.8 million) and a write-down of marketable securities of $4.8 million (Q4, 2014: $nil). As at December 31, 2015 and December 31, 2014, the Company determined there were several indicators of potential impairment of its producing mineral properties, including the sustained decline in precious metal prices and an update of the estimated reserves and resources. The total impairment charge for the year ended December 31, 2015 is $137.0 million net of tax ($134.0 million before tax) and for the year ended December 31, 2014 it was $55.9 million net of tax ($83.0 million before tax) (see page 19). The Company realized a loss for the period of $136.2 million (Q4, 2014: $66.9 million) after an income tax expense of $19.9 million (Q4, 2014: recovery of $19.9 million).

Sales of $41.9 million in Q4, 2015 represented a 14% decrease over the $48.6 million for the same period in 2014. There was a 16% decrease in silver oz sold and an 8% decrease in the realized silver price resulting in a 23% decrease in silver sales, and there was a 12% increase in gold oz sold and a 7% decrease in realized gold prices resulting in a 4% increase in gold sales. During the period, the Company sold 1,682,573 oz silver and 15,255 oz gold, for realized prices of $14.93 and $1,105 per oz respectively, compared to sales of 2,000,253 oz silver and 13,635 oz gold, for realized prices of $16.23 and $1,189 per oz respectively, in the same period of 2014. The realized prices of silver and gold during the period were within 2% of the average silver and gold spot prices during the period of $14.77 per oz and $1,106 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 194,496 oz and decreased its finished goods gold inventory to 1,285 oz at December 31, 2015 compared to 193,228 oz silver and 1,683 oz gold at September 30, 2015. The cost allocated to these finished goods was $3.4 million, compared to $3.5 million at September 30, 2015. As of December 31, 2015, the finished goods inventory fair market value was $4.1 million compared to the fair value of $4.7 million at September 30, 2015.

Cost of sales for Q4, 2015 was $43.2 million, a decrease of 7% over the cost of sales of $46.4 million for the same period of 2014. The 7% decrease in cost of sales was primarily due to cost reduction measures, the weakening of the Mexican peso against the US dollar and reduced depletion due to accounting impairments recorded in 2014 that reduced the carrying value of the El Cubo operation.

Exploration expenses decreased in Q4, 2015 to $1.6 million from $2.6 million in the same period of 2014 based on the timing of the exploration activities and the prioritizing of brownfields exploration to increase mine lives at all three operations. General and administrative expenses decreased to $1.5 million for the period compared to $1.6 million in the same period of 2014 primarily due to decreased corporate development costs and to the increased strength of the US dollar against the Canadian dollar as a significant portion of the general and administrative expenses are in Canadian dollars.

The Company experienced a foreign exchange loss of $0.7 million during the period compared to a loss of $0.5 million for the same period of 2014. The $0.7 million loss was primarily due to the strengthening of the US dollar against the Canadian dollar and Mexican peso during the period, which resulted in lower valuations on the Canadian dollar and Mexican peso cash and receivable amounts.

There was an income tax recovery of $3.4 million during the period compared to an income tax recovery of $19.9 million for the same period of 2014. The $3.4 million tax recovery is comprised of $0.6 million in current income tax expense (Q4, 2014: current income tax expense of $14.9 million) and $4.0 million in deferred income tax recovery (Q4, 2014 $34.8 million deferred income tax recovery). Falling metal prices impacted the profitability of the operations and lowered both the income tax expense and special mining duty, while the 2014 income tax expense was significantly larger due to the impact of Mexico eliminating tax consolidation regime and recognition revenues for tax purposes related to prior years. The deferred income tax recovery of $4.0 million fell significantly compared to the $34.8 million recovery in 2014 as a result of the falling Mexican peso, tax impacts of the non-current asset impairments recognized in 2014 and 2015.

Year ended December 31, 2015 (compared to the year ended December 31, 2014)

For the year ended December 31, 2015, the Company's mine operating earnings were $16.7 million (2014: $14.3 million) on sales of $183.5 million (2014: $196.9 million) with cost of sales of $166.8 million (2014: $182.6 million).

Operating losses were $131.3 million (2014: operating loss of $91.5 million) after exploration costs of $6.3 million (2014: $12.5 million), a write off of exploration properties of $nil (2014: $0.6 million), general and administrative costs of $7.7million (2014: $9.7 million) and an impairment of non-current assets of $134.0 million (2014: 83.0 million).

The loss before taxes for 2015 was $141.9 million (2014: $96.4 million) after finance costs of $1.4 million (2014: $1.4 million), a foreign exchange loss of $5.0 million (2014: $1.7 million), investment and other income and expenses of $0.6 million (2014: loss of $0.5 million) and a write down of marketable securities of $4.8 million (2014: $nil). In 2014 the Company also recognized a mark-to-market loss on derivative liabilities of $1.4 million and a mark-to-market gain on contingent liabilities of $0.1 million, which do not have comparatives in the current year as the Company no longer has any derivative or significant contingent liabilities. As at December 31, 2015 and December 31, 2014, the Company determined there were several indicators of potential impairment of its producing mineral properties, including the sustained decline in precious metal prices and an update of the estimated reserves and resources. The total impairment charge for the year ended December 31, 2015 is $137.0 million net of tax ($134.0 million before tax), and for the year ended December 31, 2014 it was $55.9 million net of tax ($83.0 million before tax). The Company realized a loss for 2015 of $149.9 million (2014: $74.5 million) after an income tax expense of $8.0 million (2014: recovery of $21.9 million).

Sales of $183.5 million in 2015 represented a 7% decrease compared to the $196.9 million for 2014. There was a 12% increase in silver oz sold and a 16% decrease in the realized silver price resulting in a 6% decrease in silver sales, and there was a 2% increase in gold oz sold and a 10% decrease in realized gold prices resulting in an 8% decrease in gold sales. During the period, the Company sold 7,301,698 oz silver and 59,450 oz gold, for realized prices of $15.79 and $1,148 per oz, respectively, compared to sales of 6,539,686 oz silver and 58,323 oz gold, for realized prices of $18.76 and $1,273 per oz respectively, in 2014. The realized prices of silver and gold during the period were within 2% of the average silver and gold spot prices during the period of $15.68 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 decreased its finished goods silver inventory to 194,496 oz and its finished goods gold inventory to 1,285 oz at December 31, 2015 compared to 507,081 oz silver and 2,378 oz gold at December 31, 2014. The cost allocated to these finished goods was $3.4 million, compared to $7.0 million at December 31, 2014. As of December 31, 2015, the finished goods inventory fair market value was $4.1 million compared to the fair value of $11.0 million at December 31, 2014.

Cost of sales for 2015 was $166.8 million, a decrease of 9% over the cost of sales of $182.6 million for 2014. The 9% decrease in cost of sales was primarily due to cost reduction measures, the weakening of the Mexican peso against the US dollar and reduced depletion due to accounting impairments recorded in 2014 that reduced the carrying value of the El Cubo operation.

Exploration expenses decreased in 2015 to $6.3 million from $12.5 million in 2014 based on the timing of the exploration activities and the prioritization of focusing on brownfields exploration to increase mine lives at all three operations. General and administrative expenses decreased to $7.7 million for the period compared to $9.7 million in 2014 primarily due to decreased share-based compensation, corporate development costs and to the increased strength of the US dollar against the Canadian dollar as a significant portion of the general and administrative expenses are in Canadian dollars.

The Company experienced a foreign exchange loss of $5.0 million during the period compared to $1.7 million for 2014. The $5.0 million loss was primarily due to the strengthening of the US dollar against the Canadian dollar and Mexican peso during the period, which resulted in lower valuations on the Canadian dollar and Mexican peso cash and receivable amounts.

The $8.0 million tax expense is comprised of $6.8 million in current income tax expense and $1.2 million in deferred income tax expense. The $6.8 million income tax expense is comprised of $4.4 million of income taxes and $2.4 million of special mining duty compared to an income tax expense of $20.9 million for 2014, comprising of $16.3 million of income taxes and $4.5 million of special mining duty. Falling metal prices impacted the profitability of the operations and lowered both the income tax expense and special mining duty, while the 2014 income tax expense was significantly larger due to the impact of Mexico eliminating tax consolidation regime and recognition revenues for tax purposes related to prior years. The deferred income tax expense of $1.2 million fell significantly compared to the $42.8 million recovery in 2014 as a result of the falling Mexican peso, tax impacts of the non-current asset impairments recognized in 2014 and 2015.

Impairment of non-current assets

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. At December 31, 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 are based on each CGUs future cash flows expected to be derived from the Company's mining properties and represent each CGUs value in use. The cash flows are 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 per oz, 2017 - $16.78 per oz, 2018 - $17.11 per oz; gold: 2016 - $1,125 per oz, 2017 - $1,174 per oz, 2018 - $1,192 per oz) and used a long term silver price of $17.33 per oz and a long term gold price of $1,201 per oz 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 $113,397,000, including an associated deferred income tax asset of $5,120,000 which was greater than its estimated recoverable amount of $4,200,000, 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 at December 31, 2015, the Company recorded an impairment charge related to the El Cubo CGU of $104,300,000, plus valuation of the tax asset of $4,897,000 for a total impairment charge of $109,197,000 after tax.

At December 31, 2015 the net carrying value related to the Bolañitos CGU was $31,992,000, including an associated deferred income tax liability of $5,874,000 which was greater than its estimated recoverable amount of $6,900,000, 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 at December 31, 2015, the Company recorded an impairment charge related to the Bolañitos CGU of $29,700,000, and an associated recovery of the deferred tax liability of $4,607,000 for a net after tax impact of $25,093,000.

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; 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 of $26,500,000.

At December 31, 2014 a sustained decline in precious metal prices decline led the Company to re-assess the recoverable amounts of its CGUs.

At December 31, 2014, 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: 2015 - $18.31/oz, 2016 - $18.72/oz, 2017 - $19.51/oz; Gold: 2015 - $1,253/oz, 2016 - $1,270/oz, 2017 - $1,271/oz) and then used a long term silver price of $19.59 per ounce and a long term gold price of $1,270 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, 2014 the carrying value related to the El Cubo CGU was $191,565,000 and net of associated deferred income tax liabilities of $52,836,000 was greater than its estimated recoverable amount of $89,000,000, 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 at December 31, 2014, the Company recorded an impairment charge related to the El Cubo CGU of $55,858,000, net of tax ($83,000,000 before tax).

Selected Annual Information

Expressed in thousands US dollars	Year ended December 31		
	2015	2014	2013
Revenue	$183,556	$196,928	$276,783
Net earnings (loss)	(149,941)	(74,533)	(89,465)
Basic earnings (loss) per share	(1.47)	(0.74)	(0.90)
Diluted earnings (loss) per share	(1.47)	(0.74)	(0.90)
Dividends per share	-	-	-
Total assets	114,233	265,837	366,923
Total long-term liabilities	15,385	18,975	55,804

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 (US 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 impairments on current and non-current assets that have 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	Three Months Ended December 31		Year Ended December 31	
	2015	2014	2015	2014
Net earnings (loss) for the period	($136,245)	($66,895)	($149,941)	($74,533)
Impairment of non-current assets, net of tax	134,000	$55,858	134,000	$55,858
Write down of marketable securities	-	-	4,785	-
Mark-to-market loss/(gain) on derivative liabilities	-	-	-	1,434
Adjusted net earnings (loss)	($2,245)	($11,037)	($11,156)	($17,241)
Basic weighted average share outstanding	102,054,670	101,881,133	101,996,503	101,314,393
Adjusted net earnings (loss) per share	($0.02)	($0.11)	($0.11)	($0.17)

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	
	2015	2014	2015	2014
Mine operating earnings (loss)	($1,270)	$2,301	$16,740	$14,369
Share-based compensation	83	110	432	537
Amortization and depletion	10,674	11,144	40,278	54,312
Write down (recovery) of inventory to net realizable value	234	363	234	1,255
Mine operating cash flow before taxes	$9,721	$13,918	$57,684	$70,473

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	
	2015	2014	2015	2014
Cash from operating activities	$5,259	$10,762	$32,647	$38,763
Net changes in non-cash working capital	(403)	16,062	(2,591)	9,473
Operating cash flow before working capital adjustments	$5,662	($5,300)	$35,238	$29,290

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	Three Months Ended December 31		Year Ended December 31	
	2015	2014	2015	2014
Operating cash flow before working capital adjustments	$5,662	($5,300)	$35,238	$29,290
Weighted average shares outstanding	102,054,670	101,881,133	101,996,503	101,314,393
Operating cash flow before WC changes per share	$0.06	($0.05)	$0.35	$0.29

EBITDA is a non-IFRS financial measure, which excludes the following from net earnings:

- Income tax expense;
- Finance costs;
- Amortization and depletion

Adjusted EBITDA excluded the following additional items from EBITA

- 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	
	2015	2014	2015	2014
Net earnings (loss) for the period	($136,245)	($66,895)	($149,941)	($74,533)
Amortization and depletion – cost of sales	10,674	11,144	40,278	54,312
Amortization and depletion – exploration	17	28	81	125
Amortization and depletion – general & admin	84	85	240	222
Finance costs	331	321	1,368	1,382
Current income tax expense	628	14,865	6,853	20,886
Deferred income tax expense (recovery)	(4,014)	(34,870)	1,174	(42,827)
Impairment of non-current assets	134,000	83,000	134,000	83,000
Earnings before interest, taxes, depletion and amortization	$5,475	$7,678	$34,053	$42,567
Share based compensation	556	731	2,885	3,600
Non-recurring write downs	0	250	4,785	631
Adjusted earnings before interest, taxes depletion and amortization	$6,031	$8,659	$41,723	$46,798

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, 2015				Three Months Ended December 31, 2014			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Direct production costs	$9,228	$6,977	$15,828	$32,033	$12,580	$10,873	$10,947	$34,400
Royalties	110	38	89	237	114	193	52	359
Special mining duty (1)	245	332	-	577	178	646	-	824
Opening finished goods	(1,050)	(455)	(1,249)	(2,754)	(6,984)	-	(791)	(7,775)
Finished goods NRV adjustment	-	-	-	-	-	-	217	217
Closing finished goods	1,298	619	798	2,715	4,033	441	1,042	5,516
Direct production costs	9,831	7,511	15,466	32,808	9,921	12,153	11,467	33,541
By-product gold sales	(1,768)	(5,641)	(9,455)	(16,864)	(2,415)	(8,155)	(5,648)	(16,218)
Opening gold inventory fair market value	248	552	1,075	1,875	1,140	-	629	1,769
Closing gold inventory fair market value	(337)	(471)	(557)	(1,365)	(1,262)	(726)	(865)	(2,853)
Cash costs net of by-product	7,974	1,951	6,529	16,454	7,384	3,272	5,583	16,239
Amortization and depletion	1,830	2,244	6,600	10,674	1,502	3,971	5,671	11,144
Stock-based compensation	27	28	28	83	36	37	37	110
Opening finished goods depletion	(188)	(156)	(412)	(756)	(661)	-	(416)	(1,077)
NRV cost adjustment	-	-	-	-	-	-	146	146
Closing finished goods depletion	203	261	242	706	635	115	698	1,448
Total production costs	$9,846	$4,328	$12,987	$27,161	$8,896	$7,395	$11,719	$28,010
Throughput tonnes	105,039	103,878	199,175	408,092	102,375	145,408	126,429	374,212
Payable silver ounces	754,151	241,308	690,871	1,686,330	1,014,514	580,644	354,879	1,950,037
Cash costs per ounce	$10.57	$8.09	$9.45	$9.76	$7.28	$5.64	$15.73	$8.33
Total production costs per oz	$13.06	$17.94	$18.80	$16.11	$8.77	$12.74	$33.02	$14.36
Direct production costs per tonne	$93.59	$72.31	$77.65	$80.39	$96.91	$83.58	$90.70	$89.63

Expressed in thousands US dollars	Year Ended December 31, 2015				Year Ended December 31, 2014			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Direct production costs	$38,939	$31,239	$54,662	$124,840	$39,331	$46,676	$39,302	$125,309
Royalties	515	220	297	1,032	425	521	200	1,146
Special mining duty (1)	1,264	1,126	-	2,390	906	2,018	-	2,924
Opening finished goods	(4,033)	(441)	(1,042)	(5,516)	(650)	-	(60)	(710)
Finished goods NRV adjustment	-	-	-	-	-	-	799	799
Closing finished goods	1,298	619	798	2,715	4,033	441	1,042	5,516
Direct production costs	37,983	32,763	54,715	125,461	44,045	49,656	41,283	134,984
By-product gold sales	(9,397)	(27,022)	(31,844)	(68,263)	(8,336)	(44,513)	(21,392)	(74,241)
Opening gold inventory fair market value	1,262	726	865	2,853	94	-	144	238
Closing gold inventory fair market value	(337)	(471)	(557)	(1,365)	(1,262)	(726)	(865)	(2,853)
Cash costs net of by-product	29,511	5,996	23,179	58,686	34,541	4,417	19,170	58,128
Amortization and depletion	8,551	9,468	22,259	40,278	5,500	27,265	21,547	54,312
Stock-based compensation	144	144	144	432	179	179	179	537
Opening finished goods depletion	(635)	(115)	(698)	(1,448)	(220)	-	(92)	(312)
NRV cost adjustment	-	-	-	-	-	-	456	456
Closing finished goods depletion	203	261	242	706	635	115	698	1,448
Total production costs	$37,774	$15,754	$45,126	$98,654	$40,635	$31,976	$41,958	$114,569
Throughput tonnes	431,431	455,226	678,850	1,565,507	423,251	567,873	413,282	1,404,406
Payable silver ounces	3,406,340	1,389,920	2,195,379	6,991,639	3,551,763	2,276,278	1,168,875	6,996,916
Cash costs per ounce	$8.66	$4.31	$10.56	$8.39	$9.73	$1.94	$16.40	$8.31
Total production costs per oz	$11.09	$11.33	$20.55	$14.11	$11.44	$14.05	$35.90	$16.37
Direct production costs per tonne	$88.04	$71.97	$80.60	$80.14	$104.06	$87.44	$99.89	$96.11

[(1)] Special mining duty is an EBITDA royalty tax presented as a current income tax in accordance with IFRS. The Company incurred $1.6 million expense related to deferred revenue for tax purposes from prior year's production which was excluded from 2014 production costs.

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, 2015				Three Months Ended December 31, 2014			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Cash costs net of by-product	$7,974	$1,951	$6,529	$16,454	$7,384	$3,272	$5,583	$16,239
Operations stock based compensation	27	28	28	83	36	37	37	110
Corporate general and administrative	550	171	521	1,242	523	300	183	1,006
Corporate stock based compensation	183	52	185	420	294	169	103	566
Reclamation - amortization/accretion	6	3	18	27	4	1	5	10
Mine site expensed exploration	229	350	614	1,193	783	(539)	693	937
Capital expenditures sustaining	2,094	1,824	5,892	9,810	3,034	2,240	5,832	11,106
All In Sustaining Costs	$11,063	$4,379	$13,787	$29,229	$12,059	$5,480	$12,436	$29,975
Growth exploration				391				1,737
Growth capital expenditures				23				345
All In Costs				$29,643				$32,057
Throughput tonnes	105,039	103,878	199,175	408,092	102,375	145,408	126,429	374,212
Payable silver ounces	754,151	241,308	690,871	1,686,330	1,014,514	580,644	354,879	1,950,037
Sustaining cost per ounce	$14.67	$18.15	$19.96	$17.33	$11.89	$9.44	$35.05	$15.37
All In costs per ounce				$17.58				$16.44

Expressed in thousands US dollars	Year Ended December 31, 2015				Year Ended December 31, 2014			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Cash costs net of by-product	$29,511	$5,996	$23,179	$58,686	$34,541	$4,417	$19,170	$58,128
Operations stock based compensation	144	144	144	432	179	179	179	537
Corporate general and administrative	2,698	1,101	1,739	5,538	3,496	2,241	1,151	6,888
Corporate stock based compensation	1,064	434	685	2,183	1,423	912	468	2,804
Reclamation - amortization/accretion	21	12	73	106	16	4	19	39
Mine site expensed exploration	993	1,453	1,687	4,133	1,698	2,740	3,963	8,401
Capital expenditures sustaining	9,739	7,248	21,127	38,114	10,192	9,301	21,214	40,707
All In Sustaining Costs	$44,170	$16,388	$48,634	$109,192	$51,546	$19,794	$46,164	$117,504
Growth exploration				2,113				4,147
Growth capital expenditures				702				1,438
All In Costs				$112,007				$123,089
Throughput tonnes	431,431	455,226	678,850	1,565,507	423,251	567,873	413,282	1,404,406
Payable silver ounces	3,406,340	1,389,920	2,195,379	6,991,639	3,551,763	2,276,278	1,168,875	6,996,916
Sustaining cost per ounce	$12.97	$11.79	$22.15	$15.62	$14.51	$8.70	$39.49	$16.79
All In costs per ounce				$16.02				$17.59

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, 2015				Three Months Ended December 31, 2014			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Direct production costs	$9,228	$6,977	$15,828	$32,033	$12,580	$10,873	$10,947	$34,400
Royalties	110	38	89	237	114	193	52	359
Special mining duty (1)	245	332	-	577	178	646	-	824
Opening finished goods	(1,050)	(455)	(1,249)	(2,754)	(6,984)	-	(791)	(7,775)
Finished goods NRV adjustment	-	-	-	-	-	-	217	217
Closing finished goods	1,298	619	798	2,715	4,033	441	1,042	5,516
Direct production costs	9,831	7,511	15,466	32,808	9,921	12,153	11,467	33,541
Silver production	761,769	251,363	719,633	1,732,765	1,024,762	611,271	373,139	2,009,172
Average realized silver price	14.93	14.93	14.93	14.93	16.23	16.23	16.23	16.23
Silver value	11,373,211	3,752,850	10,744,121	25,870,181	16,631,887	9,920,928	6,056,046	32,608,862
Gold production	1,775	5,166	8,492	15,433	2,085	7,900	5,142	15,127
Average realized gold price	1,105	1,105	1,105	1,105	1,189	1,189	1,189	1,189
Gold value	1,961,375	5,708,430	9,383,660	17,053,465	2,479,065	9,393,100	6,113,838	17,986,003
Total metal value	13,334,586	9,461,280	20,127,781	42,923,646	19,110,952	19,314,028	12,169,884	50,594,865
Pro-rated silver costs	85%	40%	53%	60%	87%	51%	50%	64%
Pro-rated gold costs	15%	60%	47%	40%	13%	49%	50%	36%
Silver co-product cash costs	$11.01	$11.85	$11.47	$11.41	$8.43	$10.21	$15.29	$10.76
Gold co-product cash costs	$815	$877	$849	$845	$617	$748	$1,120	$788

Expressed in thousands US dollars	Year Ended December 31, 2015				Year Ended December 31, 2014			
	Guanacevi	Bolanitos	El Cubo	Total	Guanacevi	Bolanitos	El Cubo	Total
Direct production costs	$38,939	$31,239	$54,662	$124,840	$39,331	$46,676	$39,302	$125,309
Royalties	515	220	297	1,032	425	521	200	1,146
Special mining duty (1)	1,264	1,126	-	2,390	906	2,018	-	2,924
Opening finished goods	(4,033)	(441)	(1,042)	(5,516)	(650)	-	(60)	(710)
Finished goods NRV adjustment	-	-	-	-	-	-	799	799
Closing finished goods	1,298	619	798	2,715	4,033	441	1,042	5,516
Direct production costs	37,983	32,763	54,715	125,461	44,045	49,656	41,283	134,984
Silver production	3,440,748	1,449,773	2,288,145	7,178,666	3,587,639	2,396,179	1,228,256	7,212,074
Average realized silver price	15.79	15.79	15.79	15.79	18.76	18.76	18.76	18.76
Silver value	54,329,411	22,891,916	36,129,810	113,351,136	67,304,108	44,952,318	23,042,083	135,298,508
Gold production	7,390	23,966	28,634	59,990	7,641	37,108	18,146	62,895
Average realized gold price	1,148	1,148	1,148	1,148	1,273	1,273	1,273	1,273
Gold value	8,485,494	27,518,720	32,878,704	68,882,918	9,726,993	47,238,484	23,099,858	80,065,335
Total metal value	62,814,905	50,410,636	69,008,514	182,234,054	77,031,101	92,190,802	46,141,941	215,363,843
Pro-rated silver costs	86%	45%	52%	62%	87%	49%	50%	63%
Pro-rated gold costs	14%	55%	48%	38%	13%	51%	50%	37%
Silver co-product cash costs	$9.55	$10.26	$12.52	$10.87	$10.73	$10.10	$16.78	$11.76
Gold co-product cash costs	$694	$746	$910	$791	$728	$686	$1,139	$798

(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:

(tables in thousands of US dollars except per share amounts)

	2015				2014			
Quarterly Results	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$41,991	$42,737	$47,719	$51,109	$48,677	$40,477	$54,774	$53,000
Direct cost	32,033	30,447	31,091	31,269	34,400	28,840	34,849	27,220
Royalties	237	304	243	248	359	175	278	334
Mine operating cash flow	9,721	11,986	16,385	19,592	13,918	11,462	19,647	25,446
Share-based compensation	83	109	167	73	110	140	219	68
Amortization and depletion	10,674	9,768	9,382	10,454	11,144	14,386	14,709	14,073
Write down on inventory	234	-	-	-	363	527	365	-
Mine operating earnings (loss)	($1,270)	$2,109	$6,836	$9,065	$2,301	($3,591)	$4,354	$11,305
Net earnings (loss)	(136,245)	(14,079)	($974)	$1,357	($66,895)	($11,386)	($289)	$4,037
Impairment charge, net of tax	134,000	-	-	-	55,858	-	-	-
Write down of marketable securities	-	4,785	-	-				
(Gain) Loss on derivative liability	-	-	-	-	-	-	-	1,434
Adjusted earnings (loss)	(2,245)	(9,294)	($974)	$1,357	($11,037)	($11,386)	($289)	$5,471
Basic earnings (loss) per share	($1.33)	($0.14)	($0.01)	$0.01	($0.67)	($0.11)	$0.00	$0.04
Diluted earnings (loss) per share	($1.33)	($0.14)	($0.01)	$0.01	($0.67)	($0.11)	$0.00	$0.04
Adjusted earnings (loss) per share	($0.02)	($0.09)	($0.01)	$0.01	($0.11)	($0.11)	$0.00	$0.05
Weighted shares outstanding	102,054,670	101,976,901	101,976,901	101,976,901	101,881,133	101,527,951	101,336,743	100,494,157
Net earnings (loss)	($136,245)	($14,079)	($974)	$1,357	($66,895)	($11,386)	($289)	$4,037
Amortization and depletion	10,775	9,849	9,457	10,518	11,257	14,471	14,785	14,146
Finance costs	331	370	354	313	321	359	256	446
Current income tax	628	2,095	954	3,176	14,865	(171)	3,250	2,942
Deferred income tax	(4,014)	3,110	1,075	1,003	(34,870)	(1,039)	(4,644)	(2,274)
Impairment charges	134,000	-	-	-	83,000	-	-	-
EBITDA	$5,475	$1,345	$10,866	$16,367	$7,678	$2,234	$13,358	$19,297

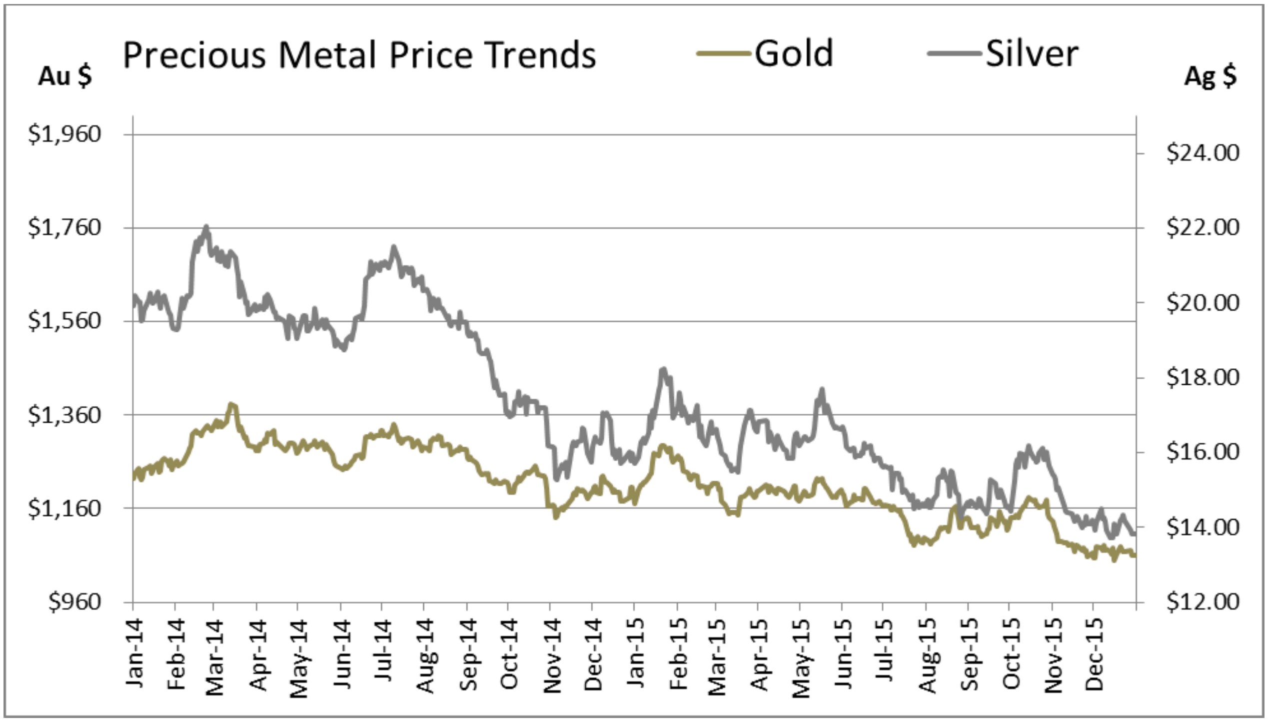
The following table presents selected production information for each of the most recent eight quarters:

Highlights	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Processed tonnes	408,092	404,878	371,745	380,792	374,212	344,393	339,276	346,255
Guanaceví	105,039	111,469	108,817	106,106	102,375	105,241	108,822	106,813
Bolañitos	103,878	109,124	106,148	136,076	145,408	137,683	142,370	142,142
El Cubo	199,175	184,285	156,780	138,610	126,429	101,469	88,084	97,300
Silver ounces	1,732,765	1,820,282	1,805,569	1,820,050	2,009,172	1,634,294	1,669,609	1,898,999
Guanaceví	761,769	867,292	958,581	853,106	1,024,762	761,272	795,824	1,005,781
Bolañitos	251,363	300,988	376,305	521,117	611,271	588,159	623,898	572,851
El Cubo	719,633	652,002	470,683	445,827	373,139	284,863	249,887	320,367
Silver grade	156	163	180	174	191	175	178	198
Guanaceví	269	285	325	300	358	278	272	350
Bolañitos	90	105	131	139	148	149	152	144
El Cubo	131	124	112	113	106	102	103	110
Silver recovery	84.6	85.7	84.0	85.2	87.3	84.5	86.1	86.1
Guanaceví	83.9	84.9	84.3	83.4	87.0	81.0	83.6	83.7
Bolañitos	83.6	81.7	84.2	85.7	88.3	89.2	83.1	87.1
El Cubo	85.8	88.7	83.4	88.5	86.6	85.6	85.7	92.7
Gold ounces	15,433	15,319	13,430	15,808	15,127	14,118	15,131	18,519
Guanaceví	1,775	1,792	1,946	1,877	2,085	1,627	1,656	2,273
Bolañitos	5,166	5,397	4,982	8,421	7,900	8,588	9,980	10,640
El Cubo	8,492	8,130	6,502	5,510	5,142	3,903	3,495	5,606
Gold grade	1.40	1.39	1.32	1.53	1.49	1.48	1.59	1.92
Guanaceví	0.61	0.58	0.64	0.63	0.70	0.59	0.55	0.77
Bolañitos	1.88	1.95	1.72	2.30	2.03	2.20	2.47	2.72
El Cubo	1.57	1.54	1.51	1.46	1.51	1.42	1.44	2.01
Gold recovery	83.9	84.9	85.4	84.5	84.4	86.3	87.4	86.6
Guanaceví	86.2	86.2	86.9	87.3	90.1	82.1	86.1	86.0
Bolañitos	82.3	78.9	84.9	83.7	83.2	88.2	82.5	85.4
El Cubo	84.5	89.1	85.4	84.7	83.8	84.3	85.7	89.0
Cash costs per oz	$9.76	$8.11	$8.60	$7.17	$8.33	$10.70	$9.87	$4.87
Guanaceví	$10.57	$7.98	$8.14	$8.23	$7.28	$11.99	$12.51	$8.30
Bolañitos	$8.09	$7.68	$4.82	$0.17	$5.64	$2.93	$1.20	($2.21)
El Cubo	$9.45	$8.48	$12.59	$13.24	$15.73	$23.10	$22.71	$6.27
Total cost per oz(1)	$16.11	$13.57	$13.88	$12.97	$14.36	$19.86	$19.19	$13.07
Guanaceví	$13.06	$10.15	$10.31	$11.16	$8.77	$13.22	$13.95	$10.72
Bolañitos	$17.94	$15.55	$11.16	$5.81	$12.74	$18.36	$16.57	$9.39
El Cubo	$18.80	$17.36	$23.55	$24.92	$33.02	$41.38	$43.00	$27.30
Costs per tonne	$80.39	$75.07	$82.80	$82.67	$89.63	$99.02	$103.58	$92.93
Guanaceví	$93.59	$79.15	$92.48	$87.34	$96.91	$105.23	$109.83	$103.90
Bolañitos	$72.31	$70.17	$70.89	$74.00	$83.58	$87.98	$93.04	$85.27
El Cubo	$77.65	$75.50	$84.14	$87.61	$90.70	$107.56	$112.88	$92.08

(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, 2015, the average price of silver was $14.77 per ounce, with silver trading between $13.71 and $16.18 per ounce based on the London Fix silver price. This compares to an average of $16.47 per ounce during Q4, 2014, with a low of $15.28 and a high of $17.64 per ounce. During Q4, 2015, the Company realized an average price of $14.93 per silver ounce compared with $16.23 for the corresponding period in 2014.

During Q4, 2015, the average price of gold was $1,105 per ounce, with gold trading between $1,049 and $1,184 per ounce based on the London Fix PM gold price. This compares to an average of $1,201 per ounce during Q4, 2014, with a low of $1,142 and a high of $1,340 per ounce. During Q4, 2015, the Company realized an average price of $1,105 per ounce compared with $1,189 for the corresponding period in 2014.

During 2015, the average price of silver was $15.68 per ounce, with silver trading between a range of $13.71 and $18.23 per ounce based on the London Fix silver price. This compares to an average of $19.08 per ounce during 2014, with a low of $15.28 and a high of $22.05 per ounce. During 2015, the Company realized an average price of $15.79 per ounce compared with $18.76 for 2014.

During 2015, the average price of gold was $1,159 per ounce, with gold trading between a range of $1,049 and $1,296 per ounce based on the London Fix PM gold price. This compares to an average of $1,266 per ounce during 2014, with a low of $1,142 and a high of $1,385 per ounce. During 2015, the Company realized an average price of $1,148 per ounce compared with $1,273 for 2014.

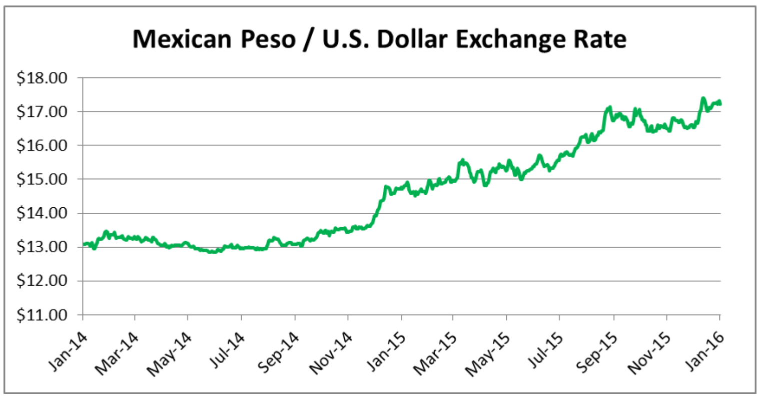
The major influences on precious metals prices in the past eight quarters included weaker investment demand, selling from precious metal exchange traded funds, as well as strong US equity and bond markets that pulled investments from other asset classes, including precious metals. In addition, precious metal prices were also affected by an expectation of improving economic conditions, which led to the reduction of the US Federal Reserve's quantitative easing program in 2014 and the anticipation of rising borrowing rates throughout 2015.

__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 corporate activities are based in Vancouver, Canada with the significant portion of these expenditures being denominated in Canadian dollars. Generally, as the US dollar strengthens, these currencies weaken, and as the US dollar weakens, these currencies strengthen.

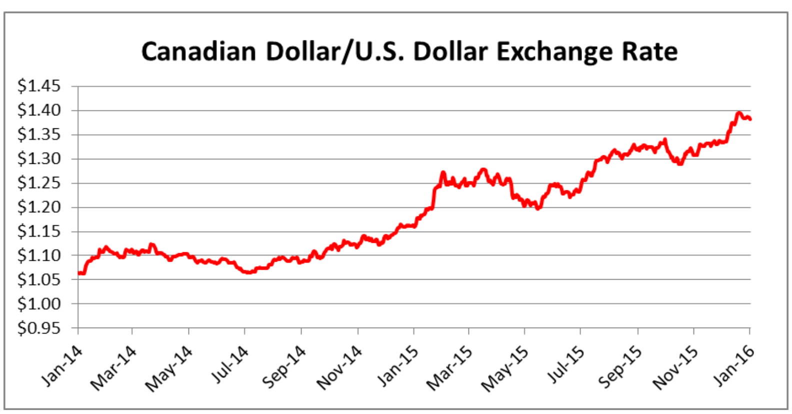
During Q4, 2015 the Mexican peso continued to depreciate against the US dollar. During Q4, 2015, the average foreign exchange rate was $16.75 Mexican pesos per US dollar, with the peso trading within a range of $16.40 to $17.39. This compares to an average of $13.87 during Q4, 2014, with a range of $13.34 to $14.78 Mexican pesos per U.S. dollar.

During 2015, the Mexican peso continued to depreciate against the US dollar with volatility increasing in the most recent quarters. The average foreign exchange rate was $15.86 Mexican Pesos per US dollar, with the peso trading within a range of $14.52 and $17.39. This compares to an average of $13.30 during 2014, with a range of $12.84 and $14.78 Mexican peso per US dollar.

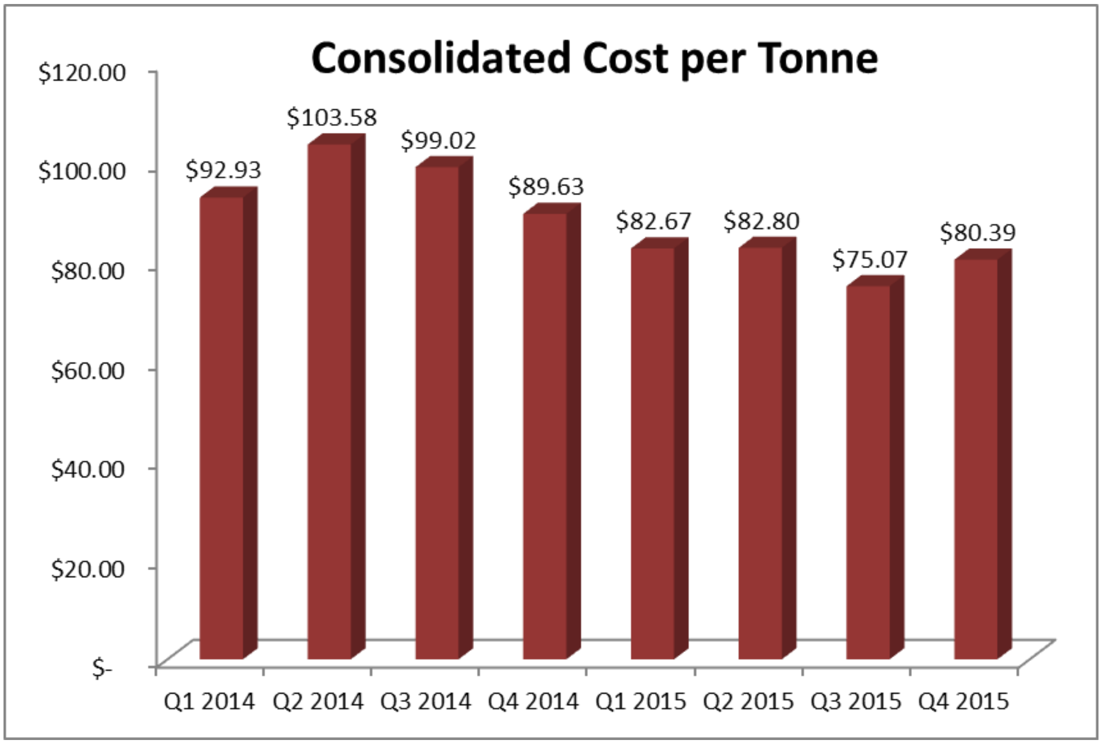


During Q4, 2015, the Canadian dollar continued to depreciate relative to the US dollar. During Q4, 2015, the average foreign exchange rate was $1.3351 Canadian dollar per US dollar, with the Canadian dollar trading within a range of $1.289 and $1.3955. This compares to an average of $1.1356 during Q4, 2014, within a range of $1.1116 and $1.1643 Canadian dollar per U.S. dollar.

During 2015, the Canadian dollar continued to depreciate relative to the US dollar. During 2015, the average foreign exchange rate was $1.2774 Canadian dollar per US dollar, with the Canadian dollar trading within a range of $1.1599 and $1.3955. This compares to an average of $1.1041 during 2014, with a range of $1.0627 and $1.1643 US 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, both by promoting more efficient use of materials and supplies, and by pursuing more advantageous pricing, while increasing performance and without compromising operational integrity.

2016 Outlook

Production

Endeavour estimates silver production of 4.9 to 5.3 million oz and gold production of 40,000 to 43,000 oz in fiscal 2016. Silver equivalent production is anticipated to be 7.9 – 8.5 million ounces (at a silver:gold ratio of 75:1). The projected decrease in production compared to 2015 is due to the Company's efforts to focus on minimizing all-in sustaining costs and improving after-tax free cash flow rather than maintaining metal output.

Mine	Ag (M oz)	Au (K oz)	Ag Eq (M oz)	Tonnes/Day (tpd)
Guanaceví	3.1-3.3	6.0-7.0	3.6-3.8	1,200-1,300
Bolañitos	0.6-0.7	19.0-20.0	2.0-2.2	800-900
El Cubo	1.2-1.3	15.0-16.0	2.3-2.5	2,000-500
Total	4.9-5.3	40.0-43.0	7.9-8.5	4,000-2,700

At Guanaceví, production will continue at the 1,200 tonne per day (tpd) plant capacity primarily from the Santa Cruz, Porvenir Norte, and Porvenir Centro deposits. Underground exploration and mine development will continue to be funded from cash flow, and additional mine development is scheduled for permitting and development subject to financing from existing sources.

At Bolañitos, mine production will continue at 850 tpd primarily from the LL-Asunción deposit. The plant will operate closer to its 1,600 tpd capacity in the first half in order to process the 75,000 tonne ore stockpile. No exploration or mine development is planned at the current metal prices but that could change during the year if metal prices improve.

At El Cubo, investments on exploration and mine development have been suspended until metal prices improve. Production will continue from the V-Asunción, Dolores, Villalpando, San Nicolas and Santa Cecilia veins but will decline each month until only V-Asunción is producing prior to going on care and maintenance in the fourth quarter.

Operating Costs

Consolidated cash cost of production, net of gold by-product credits, is expected to be $8-9 per oz of silver in 2016, slightly higher than the 2015 cash cost due to the lower value of the gold credit. Consolidated cash costs on a co-product basis are anticipated to be $10.50-$11.50 per oz silver and $800-$850 per oz gold.

All-in sustaining cost (AISC) of production, net of gold by-product credits, in accordance with the World Gold Council standard, is estimated to be $12-13 per oz of silver in 2016, substantially lower than our estimated 2015 AISC due to the lower Mexican peso to U.S. dollar exchange rate and lower sustaining capital and exploration investments. When non-cash items such as stock based compensation are excluded, AISC, net of gold by-product credits, is forecast in the $11.50-$12.50 range. On a co-product basis, AISC's are predicted to be $13-14 per oz silver and $950-$1,050 per oz gold. Direct operating costs are estimated to be in the $77-81 per tonne range.

Capital Investments

Endeavour plans to invest $11.3 million on Guanaceví capital projects in 2016, primarily for mine development, in order to access reserves for mining and replace reserves by converting measured and indicated resources. Endeavour does not estimate reserves based on drill holes, only around underground workings. The Company also has a contingent budget to invest $4.5 million on additional mine development at Guanaceví, subject to financing from existing sources. Any capital investments at Bolañitos and El Cubo will be subject to higher free cash flows and higher metal prices.

Exploration Expenditures

In 2016, Endeavour plans to spend $2.5 million on exploration drilling at Guanaceví and property holding costs in Mexico. The Company also has a contingent budget to invest $7.0 million on additional exploration, engineering and land acquisition, primarily at Terronera, subject to financing from existing sources. Any exploration investments at Bolañitos and El Cubo will be subject to higher free cash flows and higher metal prices.

Liquidity and Capital Resources

Cash and cash equivalents decreased from $31.0 million at December 31, 2014 to $20.4 million at December 31, 2015, while the amount drawn on the revolving credit facility decreased by $7.0 million to $22.0 million. The Company had working capital of $17.3 million at December 31, 2015 (December 31, 2014 - $21.2 million). The $3.9 million decrease in working capital was primarily generated from operating activities.

Operating activities provided cash of $32.6 million during 2015 compared to $38.8 million during 2014. The significant non-cash adjustments to the net loss of $149.9 million were impairment of non-currents assets of $134 million, amortization and depletion of $40.6 million, share-based compensation of $2.9 million, a deferred income tax expense of $1.2 million, finance costs of $1.2 million, a write down of marketable securities of $4.8 million and a change in non-cash working capital of $2.6 million. The change in non-cash working capital was primarily due to payment of income taxes and special mining duty during the period and the increase in IVA receivable offset by a decrease in trade receivables and inventories and an increase in accounts payable.

Investing activities during the period used $35.7 million compared to $41.8 million in 2014. The investments in 2015 primarily relate to significant mine development at each operation. In 2014, the Company invested similarly at each operation.

In 2015, capital investments totalled $37.6 million in property, plant and equipment. Of this amount, $9.6 million was invested at Guanaceví, with $7.0 million spent on 4.6 kilometres of mine development, $0.6 million spent on the tailings dam and $2.0 million on various mine equipment. At Bolañitos, the Company invested $6.5 million, including $5.6 million on underground development of 5.4 kilometres to access the LL-Asunción ore body, $0.7 million on tailings expansion and $0.2 million on mine equipment. At El Cubo, the Company invested $20.9 million, with $16.6 million on development of 12.6 kilometres underground and improving the ventilation system. An additional $4.3 million was spent on various equipment as the mine increased output to 2,200 tpd. The Company spent $0.2 million on corporate equipment and $0.4 million on land acquisition agreements. The described capital expenditures, include four equipment lease agreements totaling $1.6 million in capital asset additions, $0.5 million at Guanaceví and $1.1 million at El Cubo.

As at December, 2015, the Company held $0.6 million in available for sale investments consisting of marketable securities (December 31, 2014 - $0.8 million).

Financing activities during 2015 reduced cash by $7.3 million, compared to $0.5 million being reduced during 2014. During 2015 the Company paid $7.0 million to reduce its credit facility, paid $0.9 million in interest, reduced its finance lease obligation by $0.4 million and raised net proceeds through an at-the-market financing of $1.0 million. By comparison, during 2014, the Company had a net reduction in its credit facility of $4.0 million, paid $1.0 million of interest, and realized $4.4 million from the exercise of stock options and warrants.

In July 2014, the Company filed a short form base shelf prospectus (the “Base Shelf”) that qualifies the distribution of up to CDN$ 200 million of common shares, warrants or units of the Company comprising any combination of common shares and warrants (“Securities”). The distribution of Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may vary with market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying prospectus supplement, including transactions that are deemed to be at the market distributions. The Base Shelf also provided the Company with the ability to conduct an “At-The-Market” offering through an “At-The-Market” facility (“ATM”) equity distribution agreement.

On November 25, 2015, the Company entered into an ATM facility with Cowen and Company, LLC, acting as sole agent. Under the terms of this ATM facility, we may, from time to time, sell shares of our common stock having an aggregate offering value of up to US$16.5 million on the New York Stock Exchange. The Company determines, at its sole discretion, the timing and number of shares to be sold under this ATM facility. A prospectus supplement to the Base Shelf was filed on November 25, 2015 to qualify the shares to be sold under the ATM facility up to a maximum of $16.5 million. During the year ended December 31, 2015, the Company issued 799,569 common shares under the ATM facility at an average price of $1.43 per share for net proceeds of $1.1 million.

Subsequent to December 31, 2015, the Company issued an additional 3,616,043 shares under the ATM facility at an average price of $1.57 per share for net proceeds of $5.5 million. The common shares were issued in at-the-market distributions on the New York Stock Exchange pursuant to our effective registration statement on Form F-10, which registers the offer and sale of the common shares under our ATM facility.

The Company believes that operating cash flow, existing working capital and proceeds from the public offering will be sufficient to cover 2016 capital requirements and commitments.

As at December 31, 2015 the Company’s issued share capital was $368.9 million, representing 102,776,470 common shares (December 31, 2014: $367.9 million representing 101,976,901 common shares).

As at December 31, 2015, the Company had options outstanding to purchase 6,322,050 common shares with a weighted average exercise price of CAN $3.80.

On July 24, 2012, the Company entered into a $75 million revolving credit facility ("the Facility") that was originally scheduled to reduce to $50 million in July 2013 and reduce to $25 million in July 2015. The purpose of the Facility was 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 S.A de C.V., Minas Bolañitos S.A. de C.V. and Compania Minera del Cubo S.A. de C.V. The interest rate margin on the Facility ranges 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 any 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 a debt to EBITDA ratio. The Facility is subject to various qualitative and quantitative covenants, including EBITDA leverage ratio, an interest service coverage ratio and tangible net worth calculation. 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. At December 31, 2015, the Company had $22.0 outstanding million on this Facility.

In March 2015, the Facility was amended requiring the Tangible Net Worth of the Company (as defined in the Facility) to be greater than 85% of "Equity" (as defined by the Facility) as at December 31, 2014, plus 50% of subsequent quarterly earnings.

Subsequent to year end, the Company has entered into an amended restated credit agreement with Scotia Capital, including an amended Tangible Net Worth covenant requiring the tangible net worth to be greater than $45,900, subject to final satisfaction of conditions precedent, to convert the $22 million which remains outstanding under the existing line of credit into a two year term loan amortized quarterly and expiring December 31, 2017. The Company repaid $3 million on signing the amended and restated credit agreement and will pay $2.5 million each quarter.

Facility Financial Covenants	Facility Financial Requirements	2015	2014
Leverage ratio	≤ 3.00:1	0.53	0.64
Interest service coverage ratio	≥ 4.00:1	42	40
Tangible net worth (000's)	>45,900	51,020	197,031

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. An assessment by the Tax Court was made, however the Tax Court did not follow the Superior Court directive as required by law. Therefore the Company filed another Nullity action for the Tax Court to follow the Superior Court directive during the year. The Company expects the Tax Court to make a final assessment based on the Superior Court directive in 2017. The Company estimates the impact of the Superior Court ruling will result in an additional tax expense of MXN 31.7 million (~USD $1.8 million) to MSCG for fiscal 2006 when the Tax Court rules on a final assessment. As of December 31, 2015, the Company estimates additional interest and penalties payable on overdue taxes by MSCG to be MXN 65.7 million (~USD $3.8 million). 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, with the latter amounting to MXN 22.6 million (~USD $1.3 million) on the MXN 31.7 million estimated tax assessment.

Included in the Company's consolidated financial statements, are net assets of $240,000, including $42,000 in cash, of MSCG. Following the Tax Court's rulings, MSCG is in discussions with the tax authorities with regards to the shortfall of assets within MSCG to settle its estimated tax liability. An alternative settlement option would be to transfer the shares and assets of MSCG to the tax authorities. As of September 30, 2015, the Company recognized an allowance for transferring the shares and assets of MSCG amounting to $240,000. The Company is currently assessing MSCG's settlement options, however the Tax Court assessment must be received before any negotiation can be finalized or a decision is made.

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, 2015, 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

Endeavour plans to invest $11.3 million on Guanaceví capital projects in 2016, primarily for mine development, in order to access reserves for mining and replace reserves by converting measured and indicated resources. Endeavour does not estimate reserves based on drill holes, only around underground workings. The Company also has a contingent budget to invest $4.5 million on additional mine development at Guanaceví, subject to financing from existing sources. Any capital investments at Bolañitos and El Cubo will be subject to higher free cash flows and higher metal prices.

C***ontractual Obligations***

The Company had the following contractual obligations at December 31, 2015:

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	$ -	$ -	$ -	$ -	$ -
Finance lease obligation	1,180	1,180	-	-	-
Operating lease	329	208	121	-	-
Revolving credit facility	22,000	22,000	-		
Other Long-Term Liabilities	7,762	-	7,513	249	-
Total	$ 31,271	$ 23,388	$ 7,634	$ 249	$ -

Transactions with Related Parties

The Company shares common administrative services and office space with Canarc Resource Corp. and Aztec Metals Corp., which are 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, 2015 (2014 - $89,000). The Company had an $111,000 net receivable related to administration costs outstanding as at December 31, 2015 (December 31, 2014 – $180,000).

During 2015, the Company was charged $151,000 (2014 - $150,000) for legal services by Koffman Kalef LLP, a firm in which the Company's corporate secretary is a partner. As of December 31, 2015, the Company had a payable outstanding of $12,000 relating to these legal services (December 31, 2014 - $3,000).

Financial Assets and Liabilities

As at December 31, 2015, the carrying and fair values of Endeavour's financial instruments by category were as follows:

Expressed in thousands US dollars	As at December 31, 2015 Carrying value	As at December 31, 2015 Estimated Fair value	As at December 31, 2014 Carrying value	As at December 31, 2014 Estimated Fair value
Financial assets:				
Cash and cash equivalents	$ 20,413	$ 20,413	$ 31,045	$ 31,045
Available for sale securities	614	614	786	786
Trade receivables	1,704	1,704	7,394	7,394
Other receivables	22,639	22,639	12,321	12,321
Total financial assets	$ 45,370	$ 45,370	$ 51,546	$ 51,546
Financial liabilities:				
Accounts payable and accrued liabiities	$ 18,949	$ 18,949	$ 17,408	$ 17,408
Revolving credit facility	22,000	22,000	29,000	29,000
Total financial liabilities	$ 40,949	$ 40,949	$ 46,408	$ 46,408

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 December 31, 2015 Expressed in thousands US dollars	Total	Level 1	Level 2	Level 3
Financial assets:				
Available for sale securities	$ 614	$ 614	$ -	$ -
Trade receivables	1,704	1,704	-	-
Total financial assets	$ 2,318	$ 2,318	$ -	$ -

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 (2014 - $nil) on its marketable securities, which was re-classed 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 ("IVA") 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 revolving credit facility. The Company believes that these sources, operating cash flow and its policies will be sufficient to cover the likely 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 US 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 Facility is subject to interest rate risk as amounts outstanding are subject to charges at a LIBOR-based rate (plus 2.75% to 4.25% depending on financial and operating measures) payable according to the quoted rate term. The interest rate charge for the year was approximately 3.64%. As at December 31, 2015, with other variables unchanged, a 10% increase in the LIBOR rate would be result in additional interest expense of $220,000.

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, 2015 there are 629,226 ounces of silver and 9,274 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, 2015, with other variables unchanged, a 10% decrease in the market value of silver and gold would result in a reduction of revenue of $1.9 million.

Outstanding Share Data

As of March 2, 2016, the Company had the following securities issued and outstanding:

- 106,392,513 common shares
- 6,322,050 common shares issuable under stock options with a weighted average exercise price of CAN$3.80 per share expiring between June 29, 2016 and May 13, 2020.

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:

IAS 17, *Leases*
Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are recognized in the statement of financial position and measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset (e.g. property, plant and equipment).

Assets held under other leases are classified as operating leases and are not recognized in the statement of financial position. Payments made under operating leases are recognized in the profit or loss as incurred over the term of the lease.

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:

IFRS 9, Financial Instruments ("IFRS 9")
In November 2009, the IASB issued IFRS 9, *Financial Instruments,* 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 OCI, 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. The Company is currently assessing the impact of adopting IFRS 9 on its consolidated financial statements, including the applicability of early adoption.

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.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

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 intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

IFRS 16, *Leases ("IFRS 16")*
On January 13, 2016 the International Accounting Standards Board 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 completed an assessment of the impact of this standard on its financial statements.

The Company has not early adopted any other standard, interpretation or amendment in the condensed consolidated interim financial statements that have been issued, but not yet effective.

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 judgement 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 current 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 Endeavour's 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.

Warrant Derivative Liability
The Company completed equity offerings in previous periods whereby warrants were issued with exercise prices denominated in Canadian dollars. As the warrants had an exercise price denominated in a currency which is different to the functional currency of the Company (US dollar), the warrants were treated as a financial liability. The Company's share purchase warrants were classified and accounted for as a financial liability at fair value with adjustments recognized through net earnings. The publicly traded warrants and warrants with similar characteristics were valued using the quoted market price as of exercise or at period end. For the non-publicly traded warrants, the Company uses Black-Scholes option pricing model to determine the fair value of the Canadian dollar denominated warrants.

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

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, 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 that the Company's exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body or yield new reserves to replace or expand current reserves.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At this time, apart from the mineral reserves on the Company's Guanaceví Mines, Bolañitos Mines and El Cubo Mines, 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.

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. 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 cannot assure that it can complete any acquisition or business arrangement that it had pursued, 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 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. 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 Tax Assessments

As disclosed under "Contingencies", one subsidiary of the Company in Mexico has received a tax assessment from Mexican fiscal authorities. While the Company is of the view that the tax assessment has no legal merit and is contesting it, there is no assurance that the Company will be successful or that the Company will not have to pay the full amount of the assessment plus interest and penalties. 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. As a result of a detailed review of the Company's financial information and delivery of appropriate requested documents to the Mexican fiscal authorities, the Company has estimated that there is no material potential tax exposure arising under the assessment.

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 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. 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 conducts a thorough investigation on the title to material properties that it has acquired or will be acquiring for assurance 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 serve as directors and 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.

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, 2015. 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 unprecedented events in global financial markets since 2008 have had a profound effect on the global economy. Many industries, including the gold and silver mining industry, are affected by these market conditions. Some of the key effects of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability.

Specifically:
•the global credit/liquidity crisis could affect the cost and availability of financing and our overall liquidity;
•the volatility of gold and silver prices affects our revenues, profits and cash flow;
•volatile energy prices, commodity and consumables prices and currency exchange rates affect our production costs;
•the devaluation and volatility of global stock markets affects the valuation of our equity securities.

These factors could have a material adverse effect on the Company's financial condition and financial performance.

Substantial Volatility of Share Price
In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the Company's common shares has been significantly affected by the recent drop in precious metal prices and is likely to continue to be significantly affected by changes in precious metal prices and in the Company's financial condition or financial performance as reflected in its quarterly financial reports.

Other factors unrelated to the Company's performance that may have an effect on the price of its common shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company's securities; decreased trading volume and general market interest in the Company's securities may affect liquidity of the Company's common shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and any substantial decline in the price of the Company's common shares that persists for a significant period of time could result in the Company's securities being delisted from the Toronto Stock Exchange and/ or NYSE MKT, which would further reduce market liquidity.

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

The Company's 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 reserves and resources in accordance with Canadian practices. It is Canadian practice to report measured, indicated and inferred resources, which are not permitted in disclosures filed with the SEC by United States reporting issuers. Under SEC rules, mineralization may not be classified as a "reserve" unless a 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 resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. In addition, disclosure of "contained ounces" is permitted disclosure under Canadian regulations; however, the SEC permits issuers to report "resources" only 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 amended MD&A, or in the Company's other continuous disclosure documents, may not be comparable to information made public by United States issuers subject to the reporting requirements of the SEC.

Adequacy of internal control over financial reporting as per the requirements of the U.S. Sarbanes-Oxley Act

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"). 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 Company's independent auditor addressing this assessment. The Company may fail to achieve and maintain the adequacy of its internal control over financial reporting as such standards are modified, supplemented, or amended from time to time, and the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal control over financial reporting in accordance with Section 404 of SOX. The Company's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company's business and negatively affect the trading price of its common shares or market value of its other securities.

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

No evaluation can provide complete assurance that the Company's 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 control and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to expand, the challenges involved in implementing appropriate internal control over financial reporting will increase and will require that the Company continue to improve its internal control over financial reporting. Although the Company intends to devote substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, the Company cannot be certain that it will be successful in complying with Section 404 of SOX.

Potential dilution of present and prospective shareholdings
In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or the issue of securities convertible into common shares. The Company cannot predict the size of future issues of common shares or the issue of securities convertible into common shares or the effect, if any, that future issues and sales of the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

Lack of Dividends
No dividends on the Company's common shares have been declared and paid to date. The Company currently plans to retain all future earnings and other cash resources, if any, for the future operation and development of its business. Declaration and payment of any future dividends, if any, will be at the discretion of the Board of Directors after taking into account many factors, including the Company's operating results, financial condition, and current and anticipated cash needs.

Future Sales of Common Shares by Existing Shareholders
Sales of a large number of the Company's common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares.

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

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; (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.

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 amended 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 Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this amended 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, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. 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, 2015, 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, 2015.

Changes in Internal Control over Financial Reporting

Endeavour's management, including the Chief Executive Officer and Chief Financial Officer, 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. During the first quarter of 2015, the Company enhanced its internal control system by adopting a policy to consult with a professional valuation company with experience and knowledge in assessing the financial impact of future impairments of non-current assets. Other than the change described, there have been no other changes that occurred during the period that have materially affected, or are reasonably likely to materially affect, Endeavour's internal controls over financial reporting.

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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, 2015 and December 31, 2014, 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, 2015 and December 31, 2014, 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, 2015, 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 9, 2016 expressed an unqualified opinion on the effectiveness of Endeavour Silver Corp.'s internal control over financial reporting.

KPMG LLP

Chartered Professional Accountants

March 9, 2016
Vancouver, Canada

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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, 2015, 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, 2015, 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, 2015 and 2014, and the related consolidated statements of comprehensive income (loss), shareholders' equity, and cash flows for the years then ended and our report dated March 9, 2016 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Chartered Professional Accountants

March 9, 2016
Vancouver, Canada