Endeavour SILVER

Consolidated Financial Statements

PREPARED BY MANAGEMENT

Years ended December 31, 2023 and 2022

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

March 8, 2024

/s/ Daniel Dickson	*/s/ Elizabeth Senez*
Chief Executive Officer	Chief Financial Officer

Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Endeavour Silver Corp. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of comprehensive earnings (loss), consolidated statements of changes in shareholders' equity, and consolidated statements of cash flows for each of the years in the two-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 8, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matters

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

Evaluation of indicators of impairment of mineral properties, plant and equipment

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

We identified the evaluation of indicators of impairment of mineral properties, plant and equipment as a critical audit matter. Significant auditor judgment was required to assess management's determination of whether external factors, including the impact of changes in commodity prices as well as internal factors such as the economic performance of assets and changes to mineral reserves and resources included in the Company’s life of mine plans, result in indicators of impairment.

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

/s/ KPMG LLP

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

Vancouver, Canada
March 8, 2024

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Endeavour Silver Corp.'s (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2023 and 2022, the related consolidated statements of comprehensive earnings (loss), changes in shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated March 8, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

Vancouver, Canada
March 8, 2024

ENDEAVOUR SILVER CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of US dollars)

	Notes	**December 31, 2023**	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		**$ 35,286**	$ 83,391
Other investments	4	**5,135**	8,647
Accounts and other receivables	5	**22,276**	14,136
Income tax receivable		**3,268**	4,024
Inventories	6	**27,258**	19,184
Prepaids and other assets	8	**7,550**	16,951
Total current assets		**100,773**	146,333
Non-current income tax receivable	19	**4,262**	3,570
Non-current other investments	4	**-**	1,388
Non-current IVA receivable	5	**23,320**	10,154
Non-current loan receivable	8	**1,874**	2,729
Right-of-use leased assets		**706**	806
Deferred financing fees	9	**7,545**	-
Other non-current assets	8	**21,670**	565
Mineral properties, plant and equipment	8, 9	**314,657**	233,892
Total assets		**$ 474,807**	$ 399,437
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 46,146**	$ 39,831
Income taxes payable		**7,801**	6,616
Loans payable	9	**3,861**	6,041
Lease liabilities	10	**436**	261
Total current liabilities		**58,244**	52,749
Loans payable	9	**4,658**	8,469
Lease liabilities	10	**575**	812
Provision for reclamation and rehabilitation	11	**8,745**	7,601
Deferred income tax liability	19	**13,730**	12,944
Other non-current liabilities		**2,514**	968
Total liabilities		**88,466**	83,543
Shareholders' equity			
Common shares, unlimited shares authorized, no par value, issued, issuable and outstanding 217,245,492 shares (Dec 31, 2022 - 189,995,563 shares)	12	**722,695**	657,866
Contributed surplus	12	**4,556**	6,115
Retained deficit		**(340,910)**	(348,087)
Total shareholders' equity		**386,341**	315,894
Total liabilities and shareholders' equity		**$ 474,807**	$ 399,437

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

Approved on behalf of the Board:

/s/ *Margaret Beck*
Director

/s/ *Daniel Dickson*
Director

ENDEAVOUR SILVER CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

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

	Notes	Years ended December 31, 2023	December 31, 2022
Revenue	13	**$ 205,463**	$ 210,160
Cost of sales:			
Direct production costs		**118,831**	113,880
Royalties	8	**22,210**	17,811
Share-based payments	12	**(74)**	442
Depreciation		**27,885**	25,179
Write down of inventory to net realizable value	6	**-**	1,323
		168,852	158,635
Mine operating earnings		**36,611**	51,525
Expenses:			
Exploration, evaluation and development	14	**15,113**	16,186
General and administrative	15	**12,363**	10,613
Care and maintenance costs		**-**	580
Write off of mineral properties	8	**435**	682
		27,911	28,061
Operating earnings		**8,700**	23,464
Finance costs	16	**1,398**	1,300
Other income (expense):			
Foreign exchange gain		**4,709**	1,853
Gain on asset disposal	8 (c)(d)	**7,072**	2,503
Investment and other		**(830)**	(1,571)
		10,951	2,785
Earnings before income taxes		**18,253**	24,949
Income tax expense:			
Current income tax expense	19	**11,344**	6,376
Deferred income tax expense	19	**786**	12,372
		12,130	18,748
Net earnings and comprehensive earnings		**$ 6,123**	$ 6,201
Basic earnings per share		**$ 0.03**	$ 0.03
Diluted earnings per share	12 (g)	**$ 0.03**	$ 0.03
Basic weighted average number of shares outstanding		**196,018,623**	183,009,339
Diluted weighted average number of shares outstanding	12 (g)	**197,764,799**	185,349,634

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

ENDEAVOUR SILVER CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Notes	Number of shares	Share Capital	Contributed Surplus	Retained Deficit	Total Shareholders' Equity
Balance at December 31, 2021		170,537,307	$ 585,406	$ 6,331	$ (354,330)	$ 237,407
Public equity offerings, net of issuance costs	12 (b)	9,293,150	43,116	-	-	43,116
Issued on acquisition of mineral properties		8,577,380	25,589	-	-	25,589
Exercise of options		569,200	2,377	(770)	-	1,607
Issued and issuable for performance share units	12 (c)	1,014,999	1,361	(3,259)	-	(1,898)
Issued for deferred share units	12 (f)	3,527	17	(17)	-	-
Share-based compensation	12 (c)(d)	-	-	3,878	-	3,878
Canceled options	12 (c)(d)	-	-	(42)	42	-
Settlement of deferred share units	12 (c)	-	-	(6)	-	(6)
Earnings for the year		-	-	-	6,201	6,201
Balance at December 31, 2022		189,995,563	$ 657,866	$ 6,115	$ (348,087)	$ 315,894
Public equity offerings, net of issuance costs	12 (b)	25,740,193	60,666	-	-	60,666
Exercise of options	12 (c)	1,097,900	3,758	(1,305)	-	2,453
Settlement of performance and deferred share units	12 (d)	411,836	405	(2,817)	-	(2,412)
Share-based compensation	12 (c)(d)	-	-	3,617	-	3,617
Canceled options	12 (c)	-	-	(1,054)	1,054	-
Earnings for the year		-	-	-	6,123	6,123
Balance at December 31, 2023		217,245,492	$ 722,695	$ 4,556	$ (340,910)	$ 386,341

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

ENDEAVOUR SILVER CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in thousands of US dollars)

	Notes	Years ended December 31, 2023	December 31, 2022
Operating activities			
Net earnings for the year		**$ 6,123**	$ 6,201
Items not affecting cash:			
Share-based compensation	12 (c)(d)	**3,617**	3,878
Depreciation	8	**28,789**	26,088
Deferred income tax expense	19	**786**	12,372
Unrealized foreign exchange loss		**1,421**	344
Finance costs	16	**1,398**	1,300
Accretion of loans receivable	5	**(395)**	(97)
Long term employee benefits		**1,508**	968
Write off of exploration properties		**435**	682
Write down of warehouse inventory to net realizable value	6	**-**	1,323
Gain on asset disposal	8 (c)(d)	**(7,072)**	(2,503)
Loss on other investments	4	**2,522**	3,470
Performance and deferred share units settled in cash		**(2,118)**	-
Net changes in non-cash working capital	17	**(25,243)**	967
Cash from operating activities		**11,771**	54,993
Investing activities			
Proceeds from disposal of property, plant and equipment		**7,567**	350
Payment for mineral properties, plant and equipment		**(117,787)**	(109,715)
Purchase of other investments		**(73)**	(2,119)
Proceeds from disposal of other investments	4	**2,451**	-
Redemption of (investment in) non-current deposits		**(153)**	34
Cash used in investing activities		**(107,995)**	(111,450)
Financing activities			
Repayment of loans payable	9	**(5,991)**	(5,054)
Repayment of lease liabilities	10	**(342)**	(219)
Interest paid	9, 10	**(822)**	(790)
Proceeds from public equity offerings	12 (b)	**62,656**	46,001
Proceeds from exercise of options	12 (c)	**2,453**	1,607
Payment of deferred financing fees	9	**(7,545)**	-
Proceeds from loans receivable		**800**	-
Payment of share issuance costs	12 (c)(d)	**(1,990)**	(2,885)
Performance and deferred share units witholding tax settlement	12 (d)(e)	**(294)**	(1,904)
Cash from financing activities		**48,925**	36,756
Effect of exchange rate change on cash and cash equivalents		**(806)**	(211)
Decrease in cash and cash equivalents		**(48,105)**	(19,912)
Cash and cash equivalents, beginning of the year		**83,391**	103,303
Cash and cash equivalents, end of the year		**$ 35,286**	$ 83,391

Supplemental cash flow information (Note 17)

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

1. CORPORATE INFORMATION

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

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with and using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's year ended December 31, 2023.

The Board of Directors approved the consolidated financial statements for issue on March 8, 2024.

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

These consolidated financial statements are presented in the Company's functional currency of US dollars and include the accounts of the Company and its wholly owned subsidiaries: Endeavour Management Corp., Endeavour Gold Corporation S.A. de C.V., EDR Silver de Mexico S.A. de C.V. SOFOM, Minera Santa Cruz Y Garibaldi S.A de C.V., Metalurgica Guanaceví S.A. de C.V., Minera Plata Adelante S.A. de C.V., Refinadora Plata Guanaceví S.A. de C.V., Minas Bolañitos S. A. de C.V., Guanaceví Mining Services S.A. de C.V., Recursos Humanos Guanaceví S.A. de C.V., Recursos Villalpando S.A. de C.V., Servicios Administrativos Varal S.A. de C.V., Minera Plata Carina SPA, MXRT Holding Ltd., Compania Minera del Cubo S.A. de C.V., Minas Lupycal S.A. de C.V., Metales Interamericanos S.A. de C.V., Oro Silver Resources Ltd., Minera Oro Silver de Mexico S.A. de C.V. disposed of on September 9, 2022 (Note 8 (d)), Terronera Precious Metals S.A. de C.V., Minera Pitarrilla S.A. de C.V. (formerly SSR Durango S.A de C.V.), Endeavour USA Holdings Corp. and Endeavour USA Corp. All intercompany transactions and balances have been eliminated upon consolidation of these subsidiaries.

3. MATERIAL 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 comprehensive earnings (loss).

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

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

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

Significant areas requiring the use of management judgment relate to the determination of mineralized reserves and resources, plant and equipment useful lives, existence of indication of impairment or impairment reversal of non-current assets, and recognition of deferred tax assets.

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

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

Determination of mineral reserves and resources

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

Changes in the judgments surrounding reserves and resources may impact the carrying value of mineral properties, plant and equipment (Note 8), reclamation and rehabilitation provisions (Note 11), recognition of deferred income tax amounts (Note 19), and depreciation (Note 8).

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

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

If an indicator of impairment or reversal exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of fair value less costs of disposal and value in use. The determination of fair value less costs of disposal and value in use requires management to make estimates and assumptions about future metal prices, production based on current estimates of capacity, ore grade, recovery rate and recoverable reserves and resources, future operating costs, capital expenditures and assets salvage value The estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in earnings (loss).

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

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

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

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

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded at the balance sheet date could be impacted. In addition, future changes to tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income tax assets. Deferred income tax assets are disclosed in Note 19.

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

(c) **Marketable securities**

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

(d) **Inventories**

Work in process inventories, including ore stockpiles, are valued at the lower of production cost and net realizable value, after an allowance for further processing costs. Finished goods inventory, characterized as doré bars or concentrate, is valued at the lower of production cost and net realizable value. The cost includes an appropriate share of production overheads based on normal operating capacity. Materials and supplies are valued at the lower of weighted average 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.

(e) **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 and equipment items consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Mineral properties include direct costs of acquiring properties (including option payments) and costs incurred directly in the development of properties once the technical feasibility and commercial viability has been established.

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

Exploration costs are incurred in the search for economic mineral deposits or the process of obtaining more information about existing mineral deposits and these costs are expensed as incurred. Evaluation costs are incurred to establish the technical and commercial viability of mineral deposits. Evaluation costs are capitalized when management determines there is a high degree of confidence that future economic benefits will flow to the Company. Ongoing evaluation costs that do not meet requirements for capitalizing are expensed in earnings (loss) for the period. Acquired exploration and evaluation projects and acquired exploration rights are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination. 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. 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 depreciated separately over their useful lives.

Plant and equipment are recorded at cost and depreciated using either the straight-line method at rates varying from 5% to 30% annually. The accumulated costs of mineral properties are depleted 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.

(f) **Impairment of non-current assets**

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

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

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

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

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

(g) **Provision for reclamation and rehabilitation**

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

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

(h) **Revenue recognition**

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

Revenue from metals in doré

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

Revenue from metals in concentrate

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

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

(i) **Share-based payments**

The Company has a share option plan and a share unit plan which are described in Note 12 (c) and Note 12 (d) respectively. Equity-settled share-based payment awards to employees are measured by reference to the fair value of the equity instruments granted and are charged over the vesting period using the graded vesting method. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and vesting conditions are met. Equity-settled share-based payment awards to non-employees are measured at the fair value of the goods or services received as the goods or services are received, unless that fair value cannot be measured reliably, in which case they are measured by reference to the fair value of the equity instrument. The offset is credited to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. For those options that expire or are forfeited after vesting, the amount previously recorded in contributed surplus is transferred to deficit.

Share-based compensation expense relating to cash-settled awards, including deferred share units and share appreciation rights which are described in Note 12 (e) and Note 12 (f), is recognized over the vesting period of the units based on the fair market value of the units. As these awards will be settled in cash, the expense and liability are adjusted each reporting period for changes in the fair value.

(j) **Income taxes**

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

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

The Company follows the asset and liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and tax losses carried forward. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings (loss) in the period that includes the substantive enactment date.

Deferred tax assets are recognized to the extent their recovery is considered probable based on their term to expiry and estimates of future taxable income. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable earnings improve.

(k) **Earnings per share**

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.

(l) **Financial instruments**

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

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

<u>Amortized cost</u>

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

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

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

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

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

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on a different basis. Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent that they are not part of a designated hedging relationship. Determination of fair value is further described in Note 20.

<u>Financial liabilities and equity</u>

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

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

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

The Company's financial instruments are recognized as:

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

(m) **Accounting standards adopted during the year**

The Company has adopted the following new accounting standard and amendments to IFRS:

Amendments to IAS 1, Presentation of Financial Statements (effective January 1, 2023) require entities to disclose their material accounting policy information rather than significant accounting policy information. The amendments provide guidance on how an entity can identify material accounting policy information and clarify that information may be material because of its nature, even if the related amounts are immaterial. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in note 3 in certain instances..

4. OTHER INVESTMENTS

	December 31, 2023	December 31, 2022
Balance at beginning of the year	**$ 10,035**	$ 11,200
Investment additions, at cost	**73**	2,305
Proceeds from disposals	**(2,451)**	-
Loss on investments	**(2,522)**	(3,470)
Balance at end of the year	**5,135**	10,035
Less: Non-current portion	**-**	1,388
Current investments	**$ 5,135**	$ 8,647

The Company holds $5,049 in investments that are classified as Level 1 and $86 in investments that are classified as Level 3 in the fair value hierarchy (Note 20) and are classified as financial assets measured at FVTPL. The fair value of Level 1 investments is determined based on a market approach reflecting the closing price of each investment at the reporting date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the investment, being the market with the greatest volume and level of activity for the investments. Investments classified as Level 3 in the fair value hierarchy are share purchase warrants and the fair value of the warrants at each period end has been estimated using the Black-Scholes Option Pricing Model.

During the year ended December 31, 2022, the Company acquired 6,600,000 units of Max Resource Corp ("Max") through a private placement with each unit consisting of one common share and ½ share purchase warrant. At the same time, the Company entered into a collaboration agreement with Max under which acquired shares and warrants of Max that have certain transfer restrictions and cannot be liquidated before March 28, 2024. Accordingly, at inception these shares and warrants were classified as non-current and are classified as such in the comparative figures. As at December 31, 2023, these warrants have a $0 value.

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

5. ACCOUNTS AND OTHER RECEIVABLES

		December 31, 2023		December 31, 2022
Trade receivables	**$**	**6,608**	$	4,385
IVA receivable		**12,564**		8,062
Other receivables		**1,654**		689
Current portion of loan receivable		**1,450**		1,000
	$	**22,276**	$	14,136

At December 31, 2023 the trade receivables relate to concentrate sales from the Bolañitos mine. The fair value of receivables arising from concentrate sales contracts with provisional pricing mechanisms measured using the appropriate period end closing prices for the estimated contained metal. These receivables meet the definition of an embedded derivative, and are classified within Level 2 of the fair value hierarchy (Note 20).

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

These delays and denials have occurred in Refinadora Plata Guanaceví S.A. de C.V. ("Guanaceví"). At December 31, 2023, Guanaceví holds $11,122 in IVA receivables which the Company and its advisors have determined to be recoverable from tax authorities (December 31, 2022 $6,402 respectively). The Company is in regular contact with the tax authorities in respect of its IVA filings and believes the full amount of its IVA receivables will ultimately be received; however, the timing of recovery of these amounts and the nature and extent of any adjustments to the Company's IVA receivables remains uncertain.

As at December 31, 2023, the total IVA receivable of $35,884 (December 31, 2022 - $18,216) has been allocated between the current portion of $12,564, which is included in accounts and other receivables, and a non-current portion of $23,320 (December 31, 2022 - $8,062 and $10,154 respectively). The non-current portion is composed of Guanacevi of $1,728, which is currently under appeal and is unlikely to be received in 2024. The remaining $21,592 is IVA receivable for Terronera which has been submitted for refund.

The Company has a loan receivable in the amount of $5,000 payable in cash payments over a five year period with an initial payment of $250. Instalment payments of $500 will be made every six months other than the third payment, which will be $750. The payments are secured by a pledge of the shares of Minera Oro Silver de Mexico, S.A. de C.V.. At the date of the sale, using the effective interest rate method, management has estimated the fair value of the $5,000 loan receivable to be $3,882. As of December 31, 2023, the carrying value of the loan receivable is $3,324, consisting of the current portion of $1,450 and non-current portion of $1,874.

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

6. INVENTORIES

		December 31, 2023		December 31, 2022
Warehouse inventory	**$**	**12,885**	$	9,682
Stockpile inventory		**3,279**		2,389
Finished goods inventory		**9,491**		6,138
Work in process inventory		**1,603**		975
	$	**27,258**	$	19,184

The warehouse inventory balance at December 31, 2023 includes a provision created in the prior year ended December 31, 2022 of $1,179 at the Guanacevi mine and $1,038 at the Bolañitos mine.

7. RELATED PARTY TRANSACTIONS

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

The Company was charged $553 for legal services for the year ended December 31, 2023 by a legal firm in which the Company's corporate secretary is a partner (December 31, 2022 - $428). The Company has $86 payable to the legal firm as at December 31, 2023 (December 31, 2022 - $10).

Key management personnel

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

		December 31, 2023		December 31, 2022
Salaries and short-term employee benefits	**$**	**3,322**	$	2,957
Non-executive directors' fees		**331**		312
Non-executive directors' deferred share units		**(659)**		(362)
Share-based payments		**2,510**		2,974
	$	**5,504**	$	5,881

The existing non-executive directors' deferred share units are comprised of both equity and cash settled deferred share units. The recognized expense or recovery includes the fair value of new issuances of deferred share units during the period and the change in fair value of all outstanding cash-settled deferred share units during the reporting period. During the year ended December 31, 2023, the Company granted 225,482 deferred share units (December 31, 2022 – 109,634) with a fair value of $668 (December 31, 2022 - $523) at the date of grant. At December 31, 2023, there were 1,044,204 cash settled deferred share units and 330,078 equity-settled deferred share units outstanding with a fair value of $3,214 (December 31, 2022 – 104,596 outstanding with a fair value of $3,873).

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

The amount disclosed for share-based payments is the expense for the year calculated in accordance with IFRS 2, Share-based payments for share options, performance share units and deferred share units (Notes 12 (c), (d) and (e)). The fair values of these share-based payments are recognized as an expense over the vesting period of the award. Therefore, the compensation expense in the current year comprises a portion of current year awards and those of preceding years that vested within the current year.

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Mineral properties	Plant	Machinery & equipment	Building	Transport & office equipment	Total
Cost						
Balance at December 31, 2021	**$ 511,399**	**$ 98,185**	**$ 87,140**	**$ 13,445**	**$ 12,045**	**$ 722,214**
Additions	103,635	5,217	19,877	7,573	1,978	138,280
Disposals	(14,966)	(6,542)	(757)	(662)	(746)	(23,673)
Balance at December 31, 2022	**$ 600,068**	**$ 96,860**	**$ 106,260**	**$ 20,356**	**$ 13,277**	**$ 836,821**
Additions	56,753	36,754	12,134	5,194	2,382	113,217
Disposals	(674)	-	(417)	-	(623)	(1,714)
Balance at December 31, 2023	**$ 656,147**	**$ 133,614**	**$ 117,977**	**$ 25,550**	**$ 15,036**	**$ 948,324**
Accumulated depreciation						
Balance at December 31, 2021	**$ 444,769**	**$ 88,208**	**$ 49,445**	**$ 9,194**	**$ 8,401**	**$ 600,017**
Depreciation	14,786	2,268	5,301	346	1,205	23,906
Disposals	(13,574)	(6,442)	(326)	(159)	(493)	(20,994)
Balance at December 31, 2022	**$ 445,981**	**$ 84,034**	**$ 54,420**	**$ 9,381**	**$ 9,113**	**$ 602,929**
Depreciation	20,723	1,598	7,241	365	1,581	31,508
Disposals	-	-	(177)	-	(593)	(770)
Balance at December 31, 2023	**$ 466,704**	**$ 85,632**	**$ 61,484**	**$ 9,746**	**$ 10,101**	**$ 633,667**
Net book value						
At December 31, 2022	**$ 154,087**	**$ 12,826**	**$ 51,840**	**$ 10,975**	**$ 4,164**	**$ 233,892**
At December 31, 2023	**$ 189,443**	**$ 47,982**	**$ 56,493**	**$ 15,804**	**$ 4,935**	**$ 314,657**

Included in mineral properties is $80,231 for acquisition costs of exploration properties and $59,682 for acquisition and development costs of development properties (December 31, 2022 – $80,155 and $26,669 respectively).

Other non-current assets include $20,952 of deposits related to items of property, plant and equipment at Terronera. Prepaids and other assets as at December 31, 2022 included $12,316 of deposits related to items of property, plant and equipment at Terronera.

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

The Company is obliged to make certain royalty payments on its mineral properties. The following table includes the significant royalties payable by the Company as of December 31, 2023:

Location	Royalties payable
El Porvenir and El Curso properties at Guanaceví mine	$12 dollar fixed per tonne production payment plus additional net smelter royalty when the silver price obtained is as follows: •4% for price less than or equal to $15 dollars per oz •9% for price greater than $15 dollars and up to $20 dollars per oz •13% for price greater than $20 dollars and up to $25 dollars per oz •16% for price greater than $25 dollars per oz
La Sanguijuela at Terronera mine	2% net smelter royalty
Pitarrilla, exploration in Mexico	1.25% net smelter royalty
Guadalupe Y Calvo, exploration in Mexico	2% net smelter royalty
San Patricio, La Palmilla , exploration in Mexico	1% net smelter royalty
Aida, exploration in Chile	2% net smelter royalty
Paloma, exploration in Chile	2% net smelter royalty

(a) Terronera, Mexico

The Company hold an option agreement to acquire a 100% interest in the La Sanguijuela property, located adjacent to the existing Terronera properties. The agreement requires payments totaling $550 over a four-year period as well as the NSR noted in the table above.

(b) Pitarrilla Project

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

The acquisition was completed on July 6, 2022. Total consideration included 8,577,380 shares of the Company issued on July 6, 2022 and a $35.1 million cash payment. Fair value of the 8,577,380 common shares issued on July 6, 2022 was $25,590 at CAN$3.89 per share. The deemed value of the common shares issued, at the time of agreement, was $34.9 million.

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

Pitarilla Project purchase consideration:		
Common shares issued	$	25,590
Consideration paid in cash		35,067
Acquisition costs		880
Total consideration	$	61,537

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

Fair value summary of assets acquired and liabilities assumed:

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

In December 2018, the Company signed an option agreement to acquire up to a 70% interest in the Paloma project in Antofagasta Province, Chile. Agreement granted the Company the right to acquire its initial 51% interest by paying $750 and spending $5,000 over five years with the final payment due in 2023, followed by a second option to acquire 70% by completing a Preliminary Economic Assessment and a Preliminary Feasibility Study. In June 2023, the Company elected to not proceed with the final payment and the carrying value of $435 has been written off during, 2023.

(c) Calicanto Properties

On August 31, 2023, Minera Plata Adelante SA de CV ("MPA") executed an agreement with Gold Royalty Corp. to sell all of MPA's interest in the 1% Cozamin Royalty for total consideration of $7,500, payable in cash. The sale agreement includes an option granted to Gold Royalty Corp to purchase any additional royalties which may be granted on the five remaining concessions under the 2017 concession division agreement. Sale resulted in the gain of $6,990 presented in gain on asset disposal for the year ended December 31, 2023.

(d) El Compas, Mexico

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

The carrying value of the net Minera Oro Silver's net assets at the date of the sale was $1,149 resulting in the Company recording a $2,733 gain, presented in gain on asset disposal for the year ended December 31, 2022.

Pursuant to the agreement, Grupo ROSGO assumed the Minera Oro Silver loan payable to the Company.

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

9. LOANS PAYABLE

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	**$ 14,510**	$ 10,494
Net proceeds from software and equipment financing	**-**	9,070
Finance cost	**728**	726
Repayments of principal	**(5,991)**	(5,054)
Repayments of finance costs	**(728)**	(726)
Balance at the end of the year	**$ 8,519**	$ 14,510
Less: Current loans payable	**$ 3,861**	$ 6,041
Balance: Non-current loans payable	**$ 4,658**	$ 8,469

The Company currently has financing arrangements for equipment totaling $20,013, with terms ranging from one to four years. The agreements require either monthly or quarterly payments of principal and interest with a weighted-average interest rate of 5.8%.

The equipment financing is secured by the underlying equipment purchased and is subject to various non-financial covenants and as at December 31, 2023, the Company was in compliance with these covenants. As at December 31, 2023, the net book value of equipment includes $17,720 (December 31, 2022 - $24,379) of equipment pledged as security for the equipment financing.

Debt Facility

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

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

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

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

As at December 31, 2023, and the date of the approval of consolidated financial statements, the debt facility remains undrawn.

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

10. LEASE LIABILITIES

The Company leases office and warehouse space. As at December 31, 2023, the remaining terms on these leases are between one and five years. Certain leases include an option to renew the lease after the end of the contract term and/ or provide for payments that are indexed to local inflation rates.

The following table presents the lease obligations of the Company:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	**$ 1,073**	$ 1,001
Additions	**221**	344
Interest	**94**	64
Payments	**(436)**	(282)
Effects of movement in exchange rates	**59**	(54)
Balance at the end of the year	**1,011**	1,073
Less: Current portion	**436**	261
Non-current lease liabilities	**$ 575**	$ 812

As at December 31, 2023, the lease liabilities have a weighted-average interest rate of 8.68%. For the year ended December 31, 2023, the Company recognized $558 related to short term rentals, primarily for rented mining equipment and employee housing (December 31, 2022 - $567).

11. PROVISION FOR RECLAMATION AND REHABILITATION

The Company's environmental permits require that it reclaim certain land it disturbs during mining and development operations. Significant reclamation and closure activities include land rehabilitation, decommissioning of buildings and mine facilities, ongoing care and maintenance and other costs.

The timing of cash flows has been estimated based on the estimated mine lives using current reserves and the present value of the probability weighted future cash flows. The model assumes a risk-free rate (based on the government bond yields) specific to the liability of 9.70% for Guanaceví, 9.70% for Bolañitos and 9.34% for Terronera, and with an estimated inflation rate of 5.25%, 5.25% and 4.59% respectively.

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

	Terronera	**Guanaceví**	**Bolañitos**	**El Compas**	**Pitarrilla**	**Total**
Balance at December 31, 2021	$ -	$ 3,997	$ 3,237	$ 163	$ -	$ 7,397
Acquisitions	-	-	-	-	44	44
Accretion	-	268	211	-	-	479
Disposals	-	-	-	(163)	-	(163)
Effects of movements in exchange rates	-	95	93	-	-	188
Change in estimates during the year	251	(257)	(338)	-	-	(344)
Balance at December 31, 2022	**$ 251**	**$ 4,103**	**$ 3,203**	**$ -**	**$ 44**	**$ 7,601**
Accretion	-	313	263	-	-	576
Effects of movements in exchange rates	37	653	510	-	10	1,210
Change in estimates during the year	1,014	(865)	(791)	-	-	(642)
Balance at December 31, 2023	**$ 1,302**	**$ 4,204**	**$ 3,185**	**$ -**	**$ 54**	**$ 8,745**

12. 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, 2023, the Company is not subject to externally imposed capital requirements.

(b) Public Offerings

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

In June 2023, the Company filed a short form base shelf prospectus ("Base Shelf") that qualified for the distribution of up to $200 million of common shares, debt securities, warrants or units of the Company comprising any combination of common shares and warrants (the "Securities") over a 25 month period. The Company filed a corresponding registration statement in the United States registering the Securities under United States federal securities laws. The distribution of Securities could be effected from time to time in one or more transactions at a fixed price or prices, which could be changed, at market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying prospectus supplement, including transactions that are "At-The-Market" ("ATM") distributions.

On June 27, 2023, the Company entered into an ATM equity facility (the "June 2023 ATM Facility") with BMO Capital Markets (the lead agent), CIBC World Markets Inc, TD Securities (USA) LLC, National Bank of Canada Financial Inc., Raymond James (USA) Inc., B. Riley Securities Inc. and H.C. Wainwright & Co. LLC. (collectively, the "Agents"). Under the terms of this ATM facility, the Company could, from time to time, sell common stock having an aggregate offering value of up to $60 million on the New York Stock Exchange. The Company determined, at its sole discretion, the timing and number of shares to be sold under the ATM facility.

During the year ended December 31, 2023, the Company issued 23,428,572 common shares under the June 2023 ATM Facility at an average price of $2.47 per share for gross proceeds of $57,906, less commission of $1,158 and recognized $526 of other transaction costs related to the ATM financing as share issuance costs, which have been presented net within share capital.

On December 18, 2023, the Company entered into an ATM equity facility (the "December 2023 ATM Facility") with BMO Capital Markets (the lead agent), TD Securities (USA) LLC, CIBC World Markets Inc., Raymond James (USA) Inc., B. Riley Securities Inc. H.C. Wainwright & Co. LLC., A.G.P./Alliance Global Partners and Stifel Nicolaus Canada Inc. (collectively, the "Agents"). Under the terms of this ATM facility, the Company can, from time to time, sell common stock having an aggregate offering value of up to $60 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, 2023, the Company issued 2,311,621 common shares under the December 2023 ATM Facility at an average price of $2.06 per share for gross proceeds of $4,750, less commission of $95 and recognized $211 of other transaction costs related to the ATM financing as share issuance costs, which have been presented net within share capital.

Subsequent to December 31, 2023 an additional 15,861,552 common shares were issued under the December 2023 ATM Facility at an average price of $1.51 per share for gross proceeds of $23,906 less commission of $478.

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

(c) Stock Options

Options to purchase common shares have been granted to directors, officers, employees and consultants pursuant to the Company's current stock option plan, approved by the Company's shareholders in fiscal 2009 and amended and re-ratified in 2021, at exercise prices determined by reference to the market value on the date of grant. The stock option plan allows for, with approval by the Board, granting of options to its directors, officers, employees and consultants to acquire up to 5.0% of the issued and outstanding shares at any time. Prior to the 2021 amendment, the plan allowed for the granting of up to 7.0% of the issued and outstanding shares at any time.

The following table summarizes the status of the Company's stock option plan and changes during the years 2023 and 2022.

Expressed in Canadian dollars	**Years ended**			
	December 31, 2023		December 31, 2022	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of the year	**3,899,630**	**$4.09**	3,848,200	$3.68
Granted	**1,079,000**	**$4.12**	736,986	$6.24
Exercised	**(1,097,900)**	**$3.05**	(569,200)	$3.57
Expired and forfeited	**(392,439)**	**$5.76**	(116,356)	$6.63
Outstanding, end of the year	**3,488,291**	**$4.24**	3,899,630	$4.09
Options exercisable at the end of the year	**2,798,934**	**$4.18**	3,374,459	$3.74

During the year ended December 31, 2023, the weighted-average share price at the date of exercise was CAN$4.49 (December 31, 2022 - CAN$6.77)

The following table summarizes the information about stock options outstanding at December 31, 2023:

Expressed in Canadian dollars	**Options Outstanding**			**Options Exercisable**	
Price Intervals	Number Outstanding as at December 31, 2023	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Price	Number Exercisable as at December 31, 2023	Weighted Average Exercise Price
$2.00 - $2.99	960,600	1.2	$2.14	960,600	$2.14
$3.00 - $3.99	432,400	0.2	$3.23	432,400	$3.23
$4.00 - $4.99	954,000	4.2	$4.12	381,600	$4.12
$5.00 - $5.99	60,000	1.7	$5.60	60,000	$5.60
$6.00 - $6.99	1,081,291	2.7	$6.54	964,334	$6.58
	3,488,291	2.4	$4.24	2,798,934	$4.18

During the year ended December 31, 2023, the Company recognized share-based compensation expense of $1,537 (December 31, 2022 - $1,642) based on the fair value of the vested portion of options granted in the current and prior years.

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

	Years ended	
	December 31, 2023	December 31, 2022
Weighted-average fair value of options in CAN$	**$2.21**	$3.17
Risk-free interest rate	**3.84%**	2.19%
Expected dividend yield	**0%**	0%
Expected stock price volatility	**70%**	67%
Expected options life in years	**3.79**	3.80

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

Option pricing models require the input of highly subjective assumptions. The expected life of the options considered such factors as the average length of time similar option grants in the past have remained outstanding prior to exercise, expiry or cancellation and the vesting period of options granted. Volatility was estimated based on average daily volatility based on historical share price observations over the expected term of the option grant. Changes in the subjective input assumptions can materially affect the estimated fair value of the options. The Company amortizes the fair value of stock options on a graded basis over the respective vesting period of each tranche of stock options awarded. As at December 31, 2023, the unvested stock option expense not yet recognized was $392 (December 31, 2022 - $442) which is expected to be recognized over the next 15 months.

(d) Share Units Plan

On March 23, 2021 the Company adopted an equity-based Share Unit Plan ("SUP"), which was approved by the Company's shareholders on May 12, 2021. The SUP allows for, with approval by the Board, granting of Performance Share Units ("PSU"s) and Deferred Share Units ("DSU"s), to its directors, officers, employees to acquire up to 1.5% of the issued and outstanding shares. The SUP incorporates all existing PSUs under the former PSU plan and any new DSUs granted and are to be subject to cash, share settlement or a combination of cash and share procedures at the discretion of the Board of Directors.

Performance Share Units

The PSUs granted are subject to a performance payout multiplier between 0% and 200% based on the Company's total shareholder return at the end of a three-year period, relative to the total shareholder return of the Company's peer group.

	Years ended	
	December 31, 2023	December 31, 2022
	Number of units	Number of units
Outstanding, beginning of year	**1,158,000**	1,639,000
Granted	**471,000**	316,000
Cancelled	**(140,000)**	-
Settled for shares	**(611,000)**	(797,000)
Outstanding, end of year	**878,000**	1,158,000

There were 471,000 PSUs granted during the year ended December 31, 2023 (December 31, 2022 – 316,000) under the SUP. The PSUs vest at the end of a three-year period if certain pre-determined performance and vesting criteria are achieved. Performance criteria are based on the Company's share price performance relative to a representative group of other mining companies. 194,000 PSUs vest on March 4, 2024, 215,000 PSUs vest on March 24, 2025, and 409,000 PSUs vest on March 7, 2026 and 60,000 will vest once certain performance criteria are met.

On March 2, 2023, PSUs granted in 2020 vested with a payout multiplier of 200% based on the Company's shareholder return, relative to the total shareholder return of the Company's peer group over the three-year period and 205,918 PSUs were settled, through the issuance of 411,836 common shares and 405,082 PSUs were settled for $2,412 cash.

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

During the year ended December 31, 2023, the Company recognized share-based compensation expense of $1,413 related to the PSUs (December 31, 2022 – $1,713).

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

Deferred Share Units

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

	Years ended	
	December 31, 2023	December 31, 2022
	Number of units	Number of units
Outstanding, beginning of year	**104,596**	-
Granted	**225,482**	109,634
Settled for shares	**-**	(5,038)
Outstanding, end of year	**330,078**	104,596

There were 225,482 DSUs granted during the year ended December 31, 2023 (December 31, 2022 – 109,634) under the SUP. During the year ended December 31, 2023, the Company recognized share-based compensation expense of $667 related to the DSUs (December 31, 2022 – $523).

(e) Deferred Share Units – Cash Settled

The Company previously had a Deferred Share Unit ("DSU") plan whereby deferred share units were granted to independent directors of the Company in lieu of compensation in cash or share purchase options. These DSUs vested immediately and are redeemable for cash, based on the market value of the units at the time of a director's retirement. Upon adoption of the SUP plan in March 2021, no new DSUs will be granted under this cash settled plan.

Expressed in Canadian dollars	Years ended			
	December 31, 2023		December 31, 2022	
	Number of Units	**Weighted Average Grant Price**	Number of Units	Weighted Average Grant Price
Outstanding, beginning of year	**1,044,204**	**$3.19**	1,348,765	$3.24
Redeemed	**-**	**-**	(304,561)	$3.41
Outstanding, end of year	**1,044,204**	**$3.19**	1,044,204	$3.19
Fair value at year end	**1,044,204**	**$2.60**	1,044,204	$4.38

During the year ended December 31, 2023, the Company recognized a mark to market recovery on director's compensation related to these DSUs, which is included in general and administrative salaries, wages and benefits, of $1,327 (December 31, 2022 – a recovery of $885) based on the change in the fair value of the DSUs granted in prior years. As of December 31, 2023, there are 1,044,204 deferred share units outstanding (December 31, 2022 – 1,044,204) with a fair market value of $2,048 (December 31, 2022 – $3,375) recognized in accounts payable and accrued liabilities.

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

(f) Share Appreciation Rights

As part of the Company's bonus program, the Company may grant share appreciation rights ("SARs") to its employees in Mexico and Chile. The SARs are subject to vesting conditions and, when exercised, constitute a cash bonus based on the value of the appreciation of the Company's common shares between the SARs grant date and the exercise date.

	Years ended			
	December 31, 2023		December 31, 2022	
	Number of Units	**Weighted Average Grant Price**	Number of Units	Weighted Average Grant Price
Outstanding, beginning of year	**181,739**	**$5.12**	113,670	$5.40
Granted	**-**	**-**	148,030	$4.62
Exercised	**-**	**-**	(5,726)	$3.17
Cancelled	**(130,390)**	**$5.13**	(74,235)	$4.72
Outstanding, end of year	**51,349**	**$5.09**	181,739	$5.12
Exercisable at the end of the year	**43,870**	**$5.09**	101,066	$5.18

During the year ended December 31, 2023, the Company recognized a recovery related to SARs, which is included in operation and exploration salaries, wages and benefits, of $64 (December 31, 2022 – an expense of $1) based on the change in the fair value of the SARs granted in prior years. As of December 31, 2023, there are 51,349 SARs outstanding (December 31, 2022 – 181,739) with a fair market value of $43 (December 31, 2022 – $111) recognized in accounts payable and accrued liabilities.

The SARs were valued using an option pricing model, which requires the input of highly subjective assumptions. The expected life of the SARs considered such factors as the average length of time similar grants in the past have remained outstanding prior to exercise, expiry or cancellation and the vesting period of SARs granted. Volatility was estimated based on average daily volatility based on historical share price observations over the expected term of the SAR grant. Changes in the subjective input assumptions can materially affect the estimated fair value of the SARs. The Company amortized the fair value of SARs on a graded basis over the respective vesting period of each tranche of SARs awarded.

(g) Diluted Earnings per Share

	Years ended	
	December 31, 2023	December 31, 2022
Net earnings	**$ 6,123**	$ 6,201
Basic weighted average number of shares outstanding	**196,018,623**	183,009,339
Effect of dilutive securities:		
Stock options	**538,097**	1,077,699
Equity settled deferred share units	**330,079**	104,596
Performance share units	**878,000**	1,158,000
Diluted weighted average number of share outstanding	**197,764,799**	185,349,634
Diluted earnings per share	**$ 0.03**	**$ 0.03**

As of December 31, 2023, there are 2,950,194 anti-dilutive stock options (December 31, 2022 – 2,821,931).

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

13. REVENUE

	Years ended			
	December 31, 2023		December 31, 2022	
Silver sales	**$**	**134,716**	$	142,688
Gold sales		**73,198**		70,501
Less: smelting and refining costs		**(2,451)**		(3,029)
Revenue	**$**	**205,463**	$	210,160

Changes in fair value from provisional pricing are included in silver and gold sales.

	Years ended			
	December 31, 2023		December 31, 2022	
Revenue by product				
Concentrate sales	**$**	**53,334**	$	54,042
Provisional pricing adjustments		**621**		(47)
Total revenue from concentrate sales		**53,955**		53,995
Refined metal sales		**151,508**		156,165
Total revenue	**$**	**205,463**	$	210,160

Provisional pricing adjustments on sales of concentrate consist of provisional and final pricing adjustments made prior to the finalization of the sales contract. The Company's sales contracts are provisionally priced with provisional pricing periods lasting typically one to three months with provisional pricing adjustments recorded to revenue as market prices vary. As at December 31, 2023, a 10% change to the underlying metals prices would result in a change in revenue and accounts receivable of $807 (December 31, 2022 - $663) based on the total quantities of metals in sales contracts for which the provisional pricing periods were not yet closed.

14. EXPLORATION, EVALUATION AND DEVELOPMENT

	Years ended			
	December 31, 2023		December 31, 2022	
Depreciation	**$**	**528**	$	624
Share-based compensation		**478**		427
Exploration salaries, wages and benefits		**3,056**		1,829
Direct exploration expenditures		**6,097**		6,167
Evaluation and development salaries, wages and benefits		**2,344**		2,299
Direct evaluation and development expenditures		**2,610**		4,840
	$	**15,113**	$	16,186

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

15. GENERAL AND ADMINISTRATIVE

	Years ended December 31, 2023	December 31, 2022
Depreciation	**$ 376**	$ 214
Share-based compensation	**3,214**	3,009
Salaries, wages and benefits	**4,131**	3,923
Directors' DSU recovery	**(1,327)**	(885)
Direct general and administrative	**5,969**	4,352
	$ 12,363	$ 10,613

16. FINANCE COSTS

	Notes	Years ended December 31, 2023	December 31, 2022
Accretion on provision for reclamation and rehabilitation	11	**$ 576**	$ 479
Interest on loans	9	**728**	726
Interest on lease liabilities	10	**94**	64
Other financing costs		**-**	31
		$ 1,398	$ 1,300

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Years ended December 31, 2023	December 31, 2022
Net changes in non-cash working capital:		
Accounts and other receivables	**$ (20,856)**	$ (4,385)
Income tax receivable	**756**	(3,847)
Inventories	**(6,882)**	5,226
Prepaids	**187**	(862)
Accounts payable and accrued liabilities	**367**	2,447
Income taxes payable	**1,185**	2,388
	$ (25,243)	$ 967
Non-cash financing and investing activities:		
Reclamation included in mineral properties, plant and equipment	**$ 642**	$ (463)
Fair value of exercised options allocated to share capital	**$ (1,305)**	$ 770
Fair value of performance share units allocated to share capital	**$ (405)**	$ (1,361)
Fair value of capital assets acquired under finance leases	**$ 221**	$ 346
Other cash disbursements:		
Income taxes paid	**$ 7,002**	$ 6,337
Special mining duty paid	**$ 2,654**	$ 2,272

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

18. SEGMENT DISCLOSURES

The Company's operating segments are based on internal management reports that are reviewed by the Company's executives (the chief operating decision makers) in assessing performance. The Company has two operating mining segments which are located in Mexico, Guanaceví and Bolañitos. and formerly the El Compas mine which was on care and maintenance until the sale of the mine on September 9, 2022. The Company has one development project in Mexico, Terronera, as well as Exploration and Corporate segments. The Exploration segment consists of projects in the exploration and evaluation phases in Mexico, Chile and the USA. Exploration projects that are in the local district surrounding a mine are included in the mine's segments.

Years ended December 31		Revenue	Cost of sales excluding depreciation	Depreciation	Mine operating earnings	Net earnings and comprehensive earnings
Guanaceví	**2023**	**151,508**	**101,763**	**15,480**	**34,265**	**23,722**
	2022	156,166	92,840	14,129	49,197	32,151
Bolañitos	**2023**	**53,955**	**39,204**	**12,405**	**2,346**	**1,737**
	2022	53,994	40,616	11,050	2,328	971
Terronera	**2023**	**-**	**-**	**-**	**-**	**(4,954)**
	2022	-	-	-	-	(7,821)
Exploration	**2023**	**-**	**-**	**-**	**-**	**(11,078)**
	2022	-	-	-	-	(9,329)
Corporate	**2023**	**-**	**-**	**-**	**-**	**(3,304)**
	2022	-	-	-	-	(9,191)
El Compas (disposed)	**2023**	**-**	**-**	**-**	**-**	**-**
	2022	-	-	-	-	(580)
Consolidated	**2023**	**205,463**	**140,967**	**27,885**	**36,611**	**6,123**
	2022	210,160	133,456	25,179	51,525	6,201

Years ended December 31		Total Assets	Total Liabilities	Capital expenditures
Guanaceví	**2023**	**125,456**	**44,916**	**24,631**
	2022	127,091	43,925	26,561
Bolañitos	**2023**	**44,205**	**11,200**	**10,709**
	2022	47,660	12,086	11,756
Terronera	**2023**	**186,860**	**23,604**	**62,495**
	2022	80,993	18,712	37,633
Exploration	**2023**	**83,312**	**1,319**	**1,297**
	2022	84,410	1,138	734
Corporate	**2023**	**34,974**	**7,427**	**276**
	2022	59,283	7,682	352
Consolidated	**2023**	**474,807**	**88,466**	**99,408**
	2022	399,437	83,543	77,036

The Exploration segment included $1,545 of costs incurred in Chile for the year ended December 31, 2023 (December 31, 2022 - $1,899) and $120 of costs incurred in USA (December 31, 2022 - $16).

19. INCOME TAXES

(a) Tax Assessments

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

In June 2015, the Superior Court ruled in favour of MSCG on a number of the matters under appeal; however, the Superior Court ruled against MSCG for failure to provide appropriate support for certain deductions taken in MSCG's 2006 tax return. In June 2016, the Company received an MXN 122.9 million ($7,200) tax assessment based on the June 2015 ruling. The 2016 tax assessment comprised of MXN 41.8 million owed ($2,500) in taxes, MXN 17.7 million ($1,000) in inflationary charges, MXN 40.4 million ($2,400) in interest and MXN 23.0 million ($1,400) in penalties. The 2016 tax assessment was issued for failure to provide the appropriate support for certain expense deductions taken in MSCG's 2006 tax return and failure to provide appropriate support for loans made to MSCG from affiliated companies. The MXN 122.9 million assessment includes interest and penalties.

The Company filed an appeal against the June 2016 tax assessment on the basis certain items rejected by the courts were included in the new tax assessment, and a number of deficiencies exist within the assessment. Since issuance of the assessment interest charges of MXN 19.6 million ($1,153) and inflationary charges of MXN 29.3 million ($1,725) have accumulated.

Included in the Company's consolidated financial statements are net assets of $964 held by MSCG. Following the Tax Court's rulings, MSCG is in discussions with the tax authorities with regards to the shortfall of assets within MSCG to settle its estimated tax liability. An alternative settlement option would be to transfer the shares and assets of MSCG to the tax authorities. As of December 31, 2023, the Company's income tax payable includes an allowance for transferring the shares and assets of MSCG amounting to $964. The Company is currently assessing MSCG's settlement options based on ongoing court proceedings and discussion with the tax authorities. The Company has been advised that the appeal filed with the Federal Tax Court, against the June 2016 tax assessment has been rejected. The Company continues to assess MSCG's settlement options.

Compania Minera Del Cubo S.A. de C.V. ("Cubo"), a subsidiary of the Company, received a MXN 58.5 million ($2,900) assessment in 2019 by Mexican fiscal authorities for alleged failure to provide the appropriate support for depreciation deductions taken in the Cubo 2016 tax return and denied eligibility of deductions of certain suppliers. The tax assessment consisted of MXN 24.1 million ($1,200) for taxes, MXN 21.0 million ($1,100) for penalties, MXN 10.4 million ($500) for interest and MXN 3.0 million ($100) for inflation. At the time of the tax assessment the Cubo entity had and continues to have sufficient loss carry forwards which would be applied against the assessed difference of taxable income. The Mexican tax authorities did not consider these losses in the assessment.

Due to the denial of certain suppliers for income tax purposes in the Cubo assessment, the invoices from these suppliers have been assessed as ineligible for refunds of IVA paid on the invoices. The assessment includes MXN 14.7 million ($600) for re-payment of IVA (value added taxes) refunded on these supplier payments. In the Company's judgement the suppliers and invoices meet the necessary requirements to be deductible for income tax purposes and the recovery of IVA.

The Company has filed an administrative appeal related to the 2016 Cubo Tax assessment. The Company had previously provided a lien on certain El Cubo mining concessions during the appeal process. To facilitate the sale of the El Cubo mine and related assets, the Company elected to pay the assessed amount of $3,500 during Q1, 2021. During the appeal process the amount paid has been classified as a non-current income tax receivable. As of December 31, 2023 amount receivable is $4,262 inclusive of foreign currency appreciation of $692 accumulated since the date of the payment. Since issuance of the assessment interest charges of MXN 9.9 million ($500) and inflationary charges of MXN 1.6 million ($100) had accumulated. The Company continues to assess that it is probable that its appeal will prevail, and no provision is recognized in respect of the Cubo tax assessment.

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

The Company's Mexican operations are subject to an Environmental Royalty Tax of 0.5% of gross sales and in 2023 the Company recognized $1,026 in royalty expense for the Environmental Royalty Tax (2022 - $938), included in cost of sales.

Deferred Income Tax Assets and Liabilities

Mexico operations Deferred tax derived from income tax		**December 31, 2023**		December 31, 2022
Deferred income tax assets:				
Tax loss carryforwards	**$**	**1,162**	$	3,032
Working capital		**3,231**		3,155
Deferred income tax liabilities:				
Inventories		**(3,880)**		(2,814)
Mineral properties, plant and equipment		**(11,621)**		(13,772)
Deferred income tax assets (liabilities), net	**$**	**(11,108)**	$	(10,399)

Mexico operations Deferred tax derived from special mining duty		**December 31, 2023**		December 31, 2022
Deferred income tax liabilities:				
Working capital	**$**	**(258)**	$	(227)
Mineral properties, plant and equipment		**(2,364)**		(2,318)
Deferred income tax assets (liabilities), net	**$**	**(2,622)**	$	(2,545)

(b) Income Tax Expense

		Years ended		
		December 31, 2023		December 31, 2022
Current income tax expense:				
Current income tax expense in respect of current year	**$**	**7,475**	$	3,180
Special mining duty		**3,869**		3,196
Deferred income tax expense:				
Deferred tax expense recognized in the current year		**1,054**		14,762
Special mining duty		**77**		1,115
Adjustments recognized in the current year in relation to prior years		**(345)**		(3,505)
Total income tax expense	**$**	**12,130**	$	18,748

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

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

	December 31, 2023	December 31, 2022
Canadian statutory tax rates	**27.00%**	27.00%
Income tax expense computed at Canadian statutory rates	**$ 4,928**	$ 5,892
Foreign tax rates different from statutory rate	**91**	1,858
Share-based compensation	**961**	667
Foreign exchange	**(6,604)**	764
Inflationary adjustment	**2,614**	3,898
Other non-deductible items	**248**	2,652
Adjustments recognized in the current year in relation to prior years	**1,121**	1,298
Current year losses not recognized	**6,482**	2,364
Special mining duty Mexican tax	**3,755**	4,158
Recognition of previously unrecognized losses	**(1,466)**	(4,803)
Income tax expense	**$ 12,130**	$ 18,748

(c) Unrecognized Deferred Tax Assets

Management believes that sufficient uncertainty exists regarding the realization of certain deferred tax assets such that they have not been fully recognized. The tax benefits not recognized reflect management's assessment regarding the future realization of Canadian, Chilean and certain Mexican tax assets and estimates of future earnings and taxable income in these jurisdictions as of December 31, 2023. When circumstances cause a change in management's judgement about the recoverability of deferred tax assets, the impact of the change will be reflected in current income.

	Loss Carry Forward Expiry	**December 31, 2023**	December 31, 2022
Unrecognized Mexico tax loss carry forward	2024-2032	**$ 87,844**	$ 75,540
Unrecognized Canada tax loss carry forward	2035-2043	**16,227**	11,005
Unrecognized Chile tax loss carry forward	2024-2032	**20,168**	18,146
Capital losses		**26,566**	21,174
Reclamation provision		**8,700**	7,556
Exploration pools		**44,879**	7,194
Other Canada temporary differences		**17,122**	10,905

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

20. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

(a) Financial assets and liabilities

As at December 31, 2023, the carrying and fair values of the Company's financial instruments by category are as follows:

	Fair value through profit or loss $	Amortized cost $	Carrying value $	Fair value $
Financial assets:				
Cash and cash equivalents	-	35,286	35,286	35,286
Other investments	5,135	-	5,135	5,135
Accounts and other receivables	6,608	1,602	8,210	8,210
Loan receivable	-	3,324	3,324	3,324
Total financial assets	11,743	40,212	51,955	51,955
Financial liabilities:				
Accounts payable and accrued liabilites	2,091	44,055	46,146	46,146
Loans payable	-	8,519	8,519	8,519
Total financial liabilities	2,091	52,574	54,665	54,665

(b) Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Level 1:
Other investments are comprised of marketable securities. When there is an active market are determined based on a market approach reflecting the closing price of each particular security at the reporting date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the investment. As a result, $5,049 of these financial assets have been included in Level 1 of the fair value hierarchy.

Cash settled deferred share units are determined based on a market approach reflecting the Company's closing share price or share price at redemption date for any pending settlements.

Level 2:
The Company determines the fair value of the embedded derivatives related to its trade receivables based on the quoted closing price obtained from the silver and gold metal exchanges and the fair value of the SARs liability is determined by using an option pricing model.

Level 3:
Included in other investments are share purchase warrants. Fair value of the share purchase warrants at each period end has been estimated using the Black-Scholes Option Pricing Model. As a result, $86 of these financial assets have been included in Level 3 of the fair value hierarchy.

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

Assets and liabilities as at December 31, 2023 measured at fair value on a recurring basis include:

	Total $	Level 1 $	Level 2 $	Level 3 $
Financial assets:				
Accounts and other receivables	6,608		6,608	-
Other investments	5,135	5,049	-	86
Total financial assets	11,743	5,049	6,608	86
Financial liabilities:				
Deferred share units	2,048	2,048	-	-
Share appreciation rights	43	-	43	-
Total financial liabilities	2,091	2,048	43	-

(c) 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, accounts and other receivables and loans receivable. Credit risk exposure on bank accounts is limited through maintaining the Company's balances with high-credit quality financial institutions, maintaining investment policies, assessing institutional exposure and continual discussion with external advisors. Accounts and other receivables are generated on the sale of concentrate inventory to reputable metal traders as well as various other receivables arising from operations. There has been no indication of a change in creditworthiness of the counterparty to the loan receivable since the initial recognition.

The carrying amount of financial assets represents the Company's maximum credit exposure.

Below is an aged analysis of the Company's financial instruments included in accounts and other receivables:

	Carrying amount	Gross impairment	Carrying amount	Gross impairment
	December 31, 2023		December 31, 2022	
Less than 1 month	**$ 6,599**	**$ -**	$ 3,794	$ -
1 to 3 months	**766**	**-**	852	-
4 to 6 months	**811**	**-**	251	-
Over 6 months	**34**	**-**	-	-
Total	**$ 8,210**	**$ -**	$ 4,897	$ -

At December 31, 2023, 95.8% of the receivables that are outstanding greater than one month are trade receivables and pending concentrate sales (December 31, 2022 – 99.7%) and 4.2% of the receivables outstanding greater than one month are comprised of other receivables (December 31, 2022 – 0.3%). Company historical default rate and frequency of losses are low, and the lifetime expected credit loss allowance for receivables is nominal as at December 31, 2023.

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. We manage our liquidity risk by continually monitoring forecasted and actual cash flows. We have in place a planning and budgeting process to help determine the funds required to support our normal operating requirement and development plans. We aim to maintain sufficient liquidity to meet our short term business requirements, taking into account our anticipated cash flows from operations, our holdings of cash and cash equivalents, and our committed and anticipated liabilities.

The following table summarizes the remaining contractual maturities of the Company's financial liabilities and operating and capital commitments at December 31, 2023:

	Less than 1 year $	1 to 3 years $	4 to 5 years $	Over 5 years $	Total $
Accounts payable and accrued liabilities	46,146	-	-	-	46,146
Loans payable	4,235	4,871	-	-	9,106
Lease liabilities	466	366	262	-	1,094
Provision for reclamation and rehabilitation	-	-	4,409	7,461	11,870
Capital expenditure commitments	22,151	-	-	-	22,151
Operating leases	171	255	202	-	628
Total contractual obligations	73,169	5,492	4,873	7,461	90,995

Market Risk

Significant market related risks to which the Company is exposed consist of foreign currency risk, commodity price risk and equity price risk.

Foreign Currency Risk – The Company's operations in Mexico and Canada make it subject to foreign currency fluctuations. Certain of the Company's operating expenses are incurred in Mexican pesos and Canadian dollars, therefore the fluctuation of the US dollar in relation to these currencies will consequently have an impact on the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

The US dollar equivalents of financial assets and liabilities denominated in currencies other than the US dollar as at December 31, 2023, are as follows:

	December 31, 2023		December 31, 2022	
	Canadian Dollar	**Mexican Peso**	Canadian Dollar	Mexican Peso
Financial assets	**$ 6,386**	**$ 3,335**	$ 10,442	$ 9,995
Financial liabilities	**(5,070)**	**(20,975)**	(5,758)	(17,445)
Net financial assets (liabilities)	**$ 1,316**	**$ (17,640)**	$ 4,684	$ (7,450)

Of the financial assets listed above, $1,213 (2022 – $404) represents cash and cash equivalents held in Canadian dollars and $2,477 (2022 - $5,612) represents cash held in Mexican pesos. The remaining cash balance is held in US dollars.

As at December 31, 2023, with other variables unchanged, a 5% strengthening of the US dollar against the Canadian dollar would reduce net earnings by $62 due to these financial assets and liabilities.

As at December 31, 2023, with other variables unchanged, a 5% strengthening of the US dollar against the Mexican peso would increase net earnings by $746 due to these financial assets and liabilities.

Commodity Price Risk – Gold and silver prices have historically fluctuated significantly and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand due to speculative hedging activities and certain other factors. The Company has not engaged in any hedging activities, other than short-term metal derivative transactions less than 90 days, to reduce its exposure to commodity price risk. Revenue from the sale of concentrates is based on prevailing market prices which is subject to adjustment upon final settlement. For each reporting period until final settlement, estimates of metal prices are used to record sales. At December 31, 2023 there are 70,236 ounces of silver and 3,102 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, 2023, with other variables unchanged, a 10% decrease in the market value of silver and gold would result in a reduction of revenue of $807.

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(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