

GROWTH WITH INTEGRITY

the way we do business

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MISSION AND VISION

We find, build, and operate quality silver mines in a sustainable way to create real value for stakeholders. Our goal is to become the premier senior producer in the silver mining sector. By continually improving what we do and how we do it, we aim to make a positive difference in people's lives.

ANNUAL REVIEW AND SUSTAINABILITY REPORT FEEDBACK

We welcome feedback from stakeholders regarding our 2013 Annual Review and Sustainability Report.

For further information or comments, please contact:

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CURRENCY

All dollar amounts (\$) stated in this report refer to United States dollars unless indicated.

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Annual Review

LETTER FROM THE CEO



Bradford Cooke
Chief Executive Officer

Dear Stakeholders,

I am pleased to present this 2013 Annual Review and Sustainability Report for Endeavour Silver. This inaugural sustainability report was developed using the Global Reporting Initiative (G4) framework. Our hope is that this reporting format helps demonstrate Endeavour's commitment to sustainability in its economic, environmental and social performance. Sustainability is an integral part of how we conduct our business.

This year's theme, *Growth with Integrity — The Way We Do Business*, reflects our personal values of honesty and integrity, our 'people first' approach to business and the integration of sustainability into our business model. We embrace the philosophy of continuous improvement throughout our organization. It represents who we are and what we do — the principles on which Endeavour was founded. Continuous improvement includes regular assessment of both our mining operations and our sustainability initiatives, which reveal not only our opportunities, and what we do well, but also our challenges, and what we can improve.

Our top priority is the health and safety of our people. Acquiring historic mines — the most recent being El Cubo in 2012 — can also sometimes mean inheriting legacy issues, such as a poor safety culture. In 2013, we made good progress on reducing lost time accidents but fell well short of our safety goals, reporting four fatalities including three at El Cubo. Our safety teams thoroughly investigated each incident in order to reduce accidents, improve practices, enhance training and raise safety awareness. We believe accidents are preventable, and we are continuously working towards improving our protocols and procedures to prevent such events from occurring.

One key pillar of sustainability is economic performance. Our path to building a great company requires a business strategy that creates short- and long-term economic benefits for our stakeholders. I am pleased to report that 2013 marked our ninth consecutive year of accretive growth in silver and gold production and revenue. Our silver production increased 52% over 2012 to 6.8 million ounces, and gold production increased 95% to 75,578 ounces of gold. Our revenue, despite substantially lower metal prices, increased 33% to \$276.8 million as a result of our production growth.

Like every other mining company, we had to react to the rapidly declining metal prices in 2013. Management moved quickly to reduce not just operating costs but also capital, exploration, and G&A costs. Unlike most other companies, we had the opportunity to significantly boost our cash flow by increasing plant throughputs, ore grades, and metal recoveries at all three mines, especially Bolañitos.

We embrace the philosophy of continuous improvement throughout our organization.

SILVER PRODUCTION

2013 6.8 Moz

2012 4.5 Moz

52% ▲

GOLD PRODUCTION

2013 75,578 oz

2012 38,687 oz

95% ▲

Our biggest success of 2013 was the operational turnaround at El Cubo, which played into our strengths and experience of acquiring and rebuilding historic mines. Two of the major problems at El Cubo were the very high operating costs and very low employee productivity — too many people doing not enough work. We clearly needed to downsize the workforce, while exhibiting care and respect for both the people and their union. By moving the union relationship toward co-operation instead of confrontation, we were able to reduce operating costs by reducing the workforce through attrition and layoffs, while simultaneously promoting El Cubo's high achievers. There are still more improvements needed at El Cubo, but the heavy lifting was successfully accomplished in 2013.

At present, all of our producing mines are located in Mexico. Recently implemented tax reforms in Mexico will impose additional economic burdens on Endeavour, not only because of the higher taxes on existing operations, but also the higher margins needed to justify new capital investments. While it is still early in the process, and we have implemented some measures to reduce the economic impact of these new taxes, these fiscal changes have prompted management to adjust our mergers and acquisitions strategy to consider new opportunities outside of Mexico.

Protection of the environment has been a consistent sustainability priority at Endeavour. Our goal is to prevent or mitigate as much as reasonably possible the impacts of mining on the natural environment, improve the efficiency of our use of natural resources (e.g. land, water, energy, etc.), reduce waste and improve waste recycling. While we meet all local environmental laws and regulations, we are also proactive regarding sustainable development and the adoption of best environmental practices.

We are motivated to make a positive difference in peoples' lives. Our commitment to building relationships with and creating benefits for the communities where we work is vital to achieving our business goals. Building and maintaining our social relationships are essential components of our strategy of finding, building, and operating profitable mines. Our community programs focus on assessing needs and building capacity, including educational support and job skills training to maximize employability after our mines are closed.

Looking forward in 2014, our focus on *Growth with Integrity* includes refining our operating and financial performance, continuing to trim costs and improve profit margins (especially at El Cubo), replacing reserves and expanding resources to ensure longer mine lives, and preparing San Sebastián for a development decision as our next phase of growth. We will also assess potential acquisitions of precious metals assets to further diversify our project portfolio.

Financial success, excellence in operations, protection of the environment, and community well-being are the metrics by which our stakeholders measure our performance. We hope you find this report informative and we look forward to reporting further progress in 2014 on our path to becoming a premier senior silver producer.

Bradford Cooke

CEO

May 2014

2013 HIGHLIGHTS

- Achieved ninth consecutive year of accretive growth in silver and gold production and revenue
- Responded to low metal prices by reducing costs and boosting cash flow
- Completed rebuild of plant and surface infrastructure at El Cubo
- Reviewed new opportunities outside of Mexico



Guanaceví was Endeavour's first mine and in 2014 will celebrate 10 years of operations.

ABOUT ENDEAVOUR SILVER

We have successfully rebuilt and expanded all three of our mining operations to unfold their full potential.

CORPORATE PROFILE

Headquartered in Vancouver, Canada, Endeavour Silver Corp. is a Canadian mining company engaged in the evaluation, acquisition, exploration, development and exploitation of precious metals properties in Latin America. We own three producing silver-gold mines in Mexico: the Guanaceví mine in the state of Durango, and the Bolañitos and El Cubo mines in the state of Guanajuato. We also have exploration interests in Mexico and Chile to fuel our next stage of organic growth.

Founded in 2003, Endeavour has recorded nine consecutive years of organic growth in production. Our business strategy has focused on acquiring distressed mines in historic districts at low prices that are fully built and permitted, but underperforming and available for acquisition. When management recognizes significant opportunity to improve operating performance and substantial potential for mine expansion, we negotiate the acquisition and bring the technical and financial expertise needed to modernize the

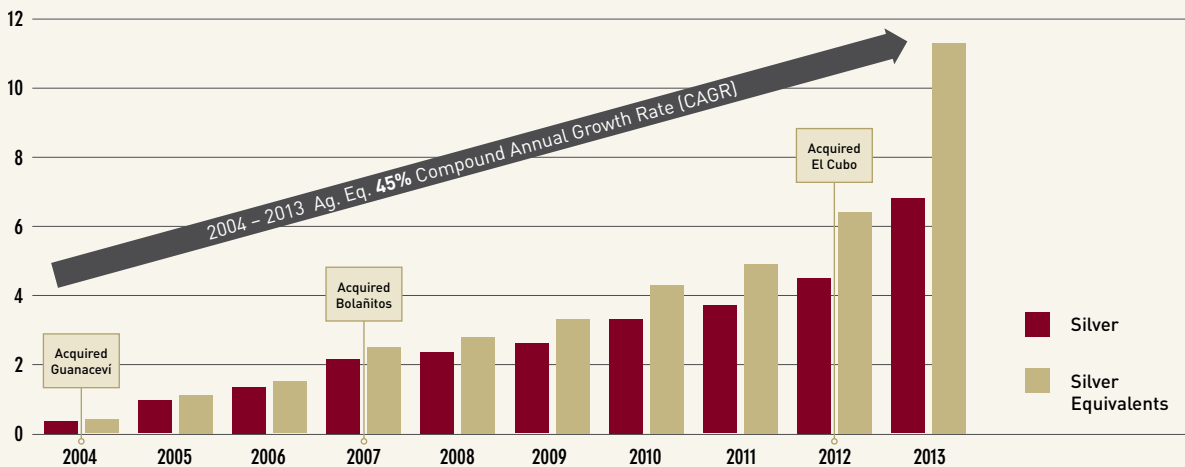
infrastructure, turn around the operations, find new ore-bodies and develop new mines. We have successfully rebuilt and expanded all three of our mining operations to unfold their full potential.

OUR LOCATIONS



SILVER AND SILVER EQUIVALENT ANNUAL PRODUCTION

in millions of ounces



2013 HIGHLIGHTS

Last year was another record year for Endeavour. Silver, gold and silver equivalent production were each sharply higher year-on-year. Each of our mines outperformed their mine plans in 2013, with higher plant throughputs, ore grades and metal recoveries at all three operations.

Operating Results (compared to 2012)

- Silver production increased 52% to 6,813,069 oz
- Gold production jumped 95% to 75,578 oz
- Silver equivalent production rose 67% to 11.3 million oz (at a 60:1 silver:gold ratio)
- Bullion inventory at year-end included 51,000 oz silver and 198 oz gold
- Concentrate inventory available for sale at year-end was nil
- Successfully completed the El Cubo plant reconstruction on time and budget

Endeavour's strong operating results in 2013 translated into record revenue and EBITDA, despite the significantly lower metal prices. The spot price of silver averaged \$23 per oz in 2013, a 25% drop from the previous year, and gold averaged \$1,246 per oz, a 28% decline year-on-year. Net earnings were hit by the lower metal prices as non-cash adjustments for reserve reductions and a deferred tax liability resulted in a net loss of \$90 million, although adjusted net earnings came in at \$11 million.

The significantly lower precious metal prices presented a special challenge to Endeavour in 2013 given we were in the middle of a major capital investment at

El Cubo to rebuild the mine, plant and surface infrastructure. We moved quickly to reduce costs across the board, including capital, exploration, operating and G&A budgets. Our cost-cutting resulted in a 21% reduction in all-in sustaining costs to \$18.31 per oz of silver and just a small increase in cash costs to \$7.92 per oz of silver, net of gold by-product credits. As a result, free cash flow added \$19 million net cash to the balance sheet in the second half of the year.

Financial Results (compared to 2012)

- Net loss of \$89.5 million (\$0.90 per share) compared to net earnings of \$42.1 million
- Adjusted earnings⁽¹⁾ decreased 72% to \$11.1 million (\$0.11 per share)
- EBITDA⁽¹⁾ increased 10% to \$100.0 million
- Operating cash flow before working capital changes decreased 2% to \$81.6 million
- Mine operating cash flow⁽¹⁾ increased 2% to \$116.9 million
- Revenue increased 33% to \$276.8 million
- Cash costs⁽¹⁾ rose 8% to \$7.92 per oz silver payable (net of gold credits)

- All-in sustaining costs fell 21% to \$18.31 per oz silver payable (net of gold credits)
- Cash and equivalents rose 88% to \$35 million at year-end compared to \$19 million

Exploration Results

Our exploration drilling programs in Mexico delivered continued success in 2013. We spent \$13 million on exploration and drilled 61,987 metres (m) in 178 holes. Results were highlighted by the discovery of new, high-grade, silver-gold vein mineralization along strike from historic mines at both Bolañitos and El Cubo. At Guanaceví, we delineated previously discovered high-grade silver-gold mineralization at Milache, where we are now permitting for underground development. At San Sebastián, we extended the recently discovered thick, high-grade silver-gold mineralization in the Terronera vein, now 1,100 m long by 300 m deep and open for expansion. Reserves and resources were down in 2013 as a result of lower metal prices used for the estimates and the reduced exploration budget.

Reserves and Resources⁽²⁾

- 11.6 million oz of proven and probable silver
- 54.6 million oz of measured and indicated silver
- 40.6 million oz of inferred silver
- 139,400 oz of proven and probable gold
- 504,700 oz of measured and indicated gold
- 396,320 oz of inferred gold

(1) Adjusted earnings, mine operating cashflow, EBITDA and cash costs are non-IERS measures. Please refer to the definitions in the company's Management Discussion & Analysis, available at www.edrsilver.com

(2) Please refer to the complete reserve and resource table on page 60.

2014 OUTLOOK

Production in 2014 is expected to remain steady in the range of 6.5 to 6.9 million ounces of silver and 65,000 to 69,000 ounces of gold, for silver equivalent production of 10.4 to 11.0 million ounces. Cash costs and all-in sustaining costs are forecast at \$9 to \$10 per ounce of silver and \$19 per ounce of silver respectively. The capital budget is \$44 million — half that of 2013 — and consists largely of sustaining mine development.

MINE	SILVER PRODUCTION (million oz)	GOLD PRODUCTION (thousand oz)	SILVER EQUIVALENT PRODUCTION (million oz)	TONNES/DAY
Guanaceví	2.6–2.7	7.0–8.0	3.0–3.2	1,200–1,300
Bolañitos	2.2–2.4	36.0–38.0	4.4–4.7	1,450–1,600
El Cubo	1.7–1.8	22.0–23.0	3.0–3.1	1,200–1,550
Total	6.5–6.9	65.0–69.0	10.4–11.0	3,850–4,450

Endeavour forecasts another strong year of financial and operating performance in 2014, notwithstanding lower metal prices, due to our philosophy of continuous improvement and emphasis on operational excellence. Our focus this year will be on improving our profit margins at all three mines through initiatives to improve productivity, reduce operating costs and enhance cash flow.

Reserve replacement and resource growth are back on the front burner for 2014. We plan to spend \$11 million on aggressive brownfields exploration at our three operating mines as well as greenfields exploration at the San Sebastián exploration property. We have budgeted up to 78,500 m of drilling in 100 to 200 holes to test multiple exploration targets, in addition to our underground mine infill drilling.

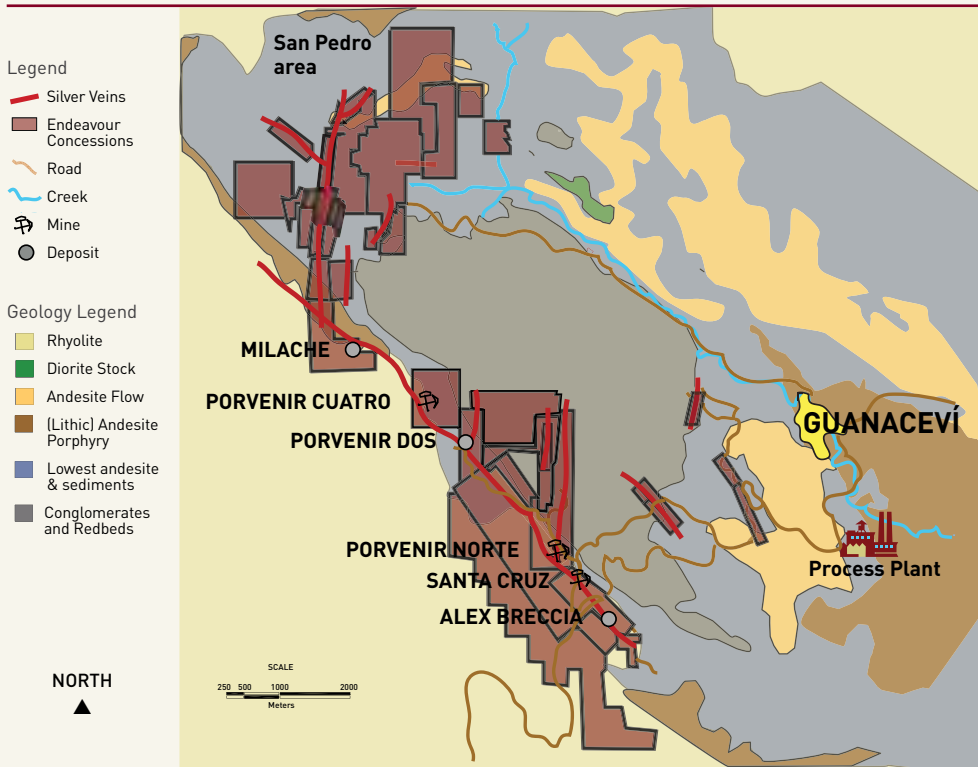
GUANACEVÍ MINE

Guanaceví was Endeavour's first mine, located 260 kilometres (km) northwest of the city of Durango in the state of Durango. Access is by state highway and infrastructure includes the state power grid, local labour, supplies and services in the town of Guanaceví, and a company camp. Our property covers 4,100 hectares in the fifth largest historic mining district in Mexico.

The district is characterized by low-sulphidation epithermal veins typically thousands of metres long, up to 600 m deep, and averaging three metres thick. Guanaceví is our highest grade but deepest silver mine. Since acquisition, we have discovered six high-grade silver-gold ore bodies along a five kilometre length of the Santa Cruz vein, opened new mines and completed several plant modernization and expansion programs. Today three underground mines feed a central, 1,200 tonne-per-day plant that produces doré bars with a total work force of about 450 employees and 300 contractors.

In 2013, the Guanaceví mine produced 2.8 million oz of silver and 6,800 oz of gold, totalling 3.2 million oz of silver equivalent, at cash costs of \$14.32 per oz of silver, net of by-product credits. Although the Porvenir Norte and Santa Cruz mines are higher cost operations due to being deeper and therefore in need of dewatering, the new Porvenir Cuatro mine and Milache development project are both higher grade than recent plant grades, which should help to boost production and reduce costs.

Guanaceví Silver District



Guanaceví Reserves and Resources⁽¹⁾

- 3.3 million oz of proven and probable silver
- 14.0 million oz of measured and indicated silver
- 11.9 million oz of inferred silver
- 5,800 oz of proven and probable gold
- 32,800 oz of measured and indicated gold
- 28,000 oz of inferred gold



Comparative Table of Guanaceví Mine Operations

	Plant throughput (tonnes)	Ore grades (g/t)		Recovered oz		Recoveries (%)		Cash costs (\$/oz Ag)	Direct costs (\$/tonne)
		Silver	Gold	Silver	Gold	Silver	Gold		
2012	418,277	249	0.76	2,512,943	7,874	74.6	76.1	12.25	103.83
2013	435,922	253	0.60	2,772,227	6,784	78.2	80.7	14.32	110.93

(1) Please refer to the complete reserve and resource table on page 60.

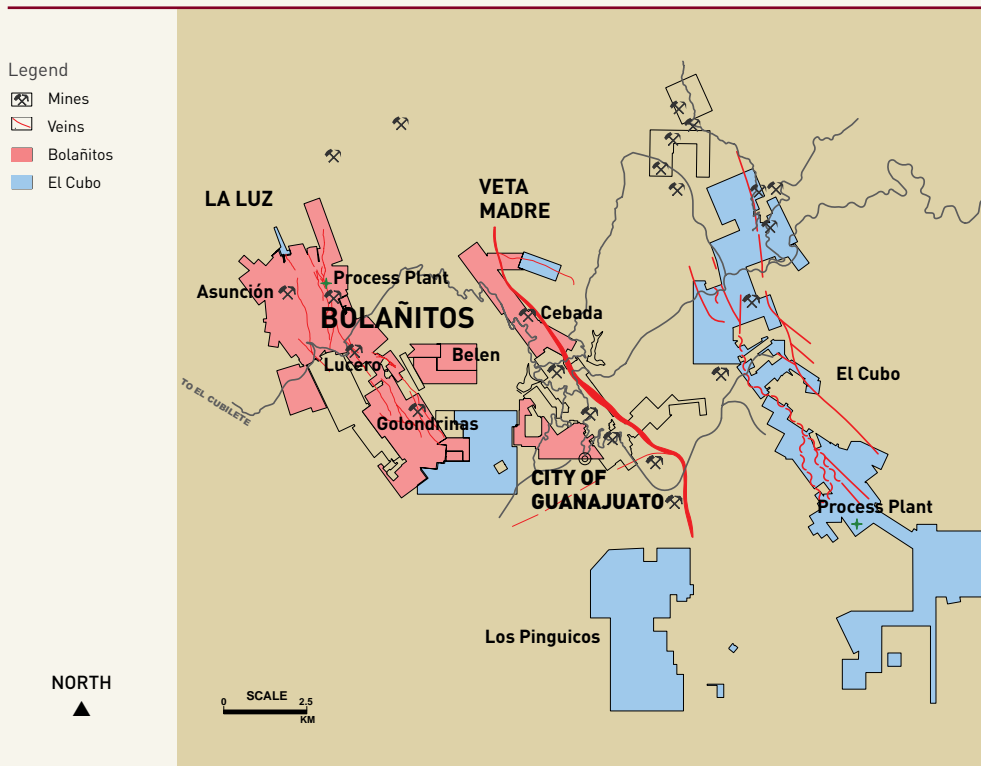
BOLAÑITOS MINE

Bolañitos was Endeavour’s second mine, acquired in 2007 and located 10 km northwest of the city of Guanajuato in the state of Guanajuato. Access is by municipal road and infrastructure includes the state power grid and local labour, supplies and services in the city of Guanajuato. Our property covers 2,500 hectares in the second largest historic mining district in Mexico.

The Bolañitos sub-district is characterized by low-sulphidation epithermal veins typically thousands of metres long, up to 200 m deep, and averaging five metres thick. Since acquisition we have discovered six high-grade silver-gold ore-bodies, opened one new mine and completed several plant expansions. Today Bolañitos comprises three underground mining operations feeding a central, 1,600 tonne-per-day plant to produce bulk silver-gold concentrates employing 400 people and 370 contractors.

In 2013, Bolañitos produced 2.9 million oz of silver and 51,652 oz of gold, totalling 6.0 million oz of silver equivalents, at cash costs of negative \$2.87 per oz of silver, net of by-product gold credits. For several years, Bolañitos has been our lowest cost mine for three reasons: the new ore-bodies are thick and therefore amenable to long-hole mining; they are parallel and so were developed by one new mine access at Lucero; and the gold credit exceeds the cost to run the entire operation.

Guanajuato Silver-Gold District



Bolañitos Reserves and Resources ⁽¹⁾

- 2.3 million oz of proven and probable silver
- 4.6 million oz of measured and indicated silver
- 9.6 million oz of inferred silver
- 37,300 oz of proven and probable gold
- 78,100 oz of measured and indicated gold
- 111,720 oz of inferred gold



Comparative Table of Bolañitos Mine Operations

	Plant throughput (tonnes)	Ore grades (g/t)		Recovered oz		Recoveries (%)		Cash costs (\$/oz Ag)	Direct costs (\$/tonne)
		Silver	Gold	Silver	Gold	Silver	Gold		
2012	476,687	148	2.19	1,668,128	25,920	73.4	77.0	(5.20)	74.25
2013	710,708	149	2.63	2,881,816	51,652	84.6	86.0	(2.87)	79.47

(1) Please refer to the complete reserve and resource table on page 60.

EL CUBO MINE

El Cubo is our third mine, located six km southeast of the city of Guanajuato in the state of Guanajuato. Access is by municipal road and infrastructure includes the state power grid, and local labour, supplies and services in the city of Guanajuato. Our property covers 8,150 hectares in this second largest historic mining district in Mexico.

The El Cubo sub-district is characterized by low-sulphidation epithermal veins typically thousands of metres long, up to 400 m deep, and averaging one to two metres thick. Today El Cubo comprises four underground mining operations feeding a central, 1,550 tonne-per-day plant to produce high-grade silver-gold concentrates, providing employment for 580 employees and 100 contractors.

In 2013, El Cubo produced 1.2 million oz of silver and 17,142 oz of gold, totalling 2.2 million oz of silver equivalent, at cash costs of \$18.77 per oz of silver, net of by-product credits. After acquiring the mine in July 2012, we commenced a \$67 million, 18-month capital investment to rebuild the plant and surface infrastructure and redevelop the mine, completed on time and budget in 2013. We also launched a 24 month mine turn-around and expansion program and by year-end, the cash costs had tumbled down to the \$6–7 per oz range. While there is still work to do, El Cubo is now starting to look like the low-cost, long-term core asset we originally modeled.

El Cubo Silver District



El Cubo Reserves and Resources⁽¹⁾

- 5.9 million oz of proven and probable silver
- 10.6 million oz of measured and indicated silver
- 6.0 million oz of inferred silver
- 96,300 oz of proven and probable gold
- 165,000 oz of measured and indicated gold
- 130,100 oz of inferred gold



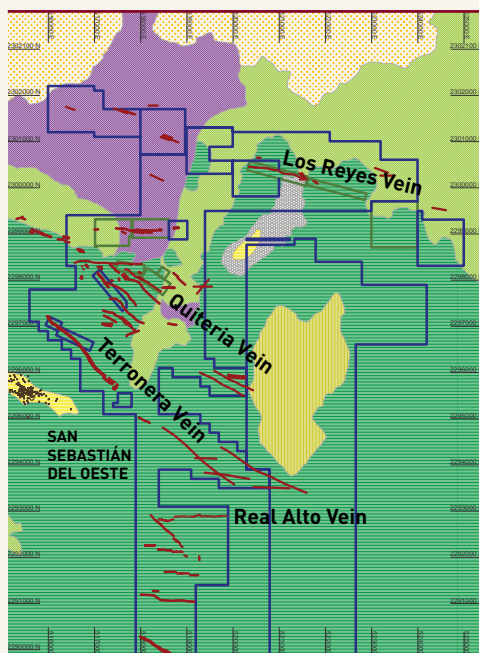
Comparative Table of El Cubo Mine Operations

	Plant throughput (tonnes)	Ore grades (g/t)		Recovered oz		Recoveries (%)		Cash costs (\$/oz Ag)	Direct costs (\$/tonne)
		Silver	Gold	Silver	Gold	Silver	Gold		
2012	170,725	94	1.42	304,405	4,893	58.6	62.8	35.27	117.17
2013	391,354	107	1.57	1,159,026	17,142	86.1	86.8	18.77	113.31

(1) Please refer to the complete reserve and resource table on page 60.

EXPLORATION PROJECTS

San Sebastián



In addition to three operating mines, Endeavour has exploration properties in Mexico and Chile that will fuel the next phase of growth for the company. The most advanced project is San Sebastián, located in Jalisco state, Mexico, about 40 km northeast of Puerto Vallarta. Access is by a paved highway and infrastructure includes state power, local labour, supplies and services, and a company camp. Our property covers 5,500 hectares in the historic silver mining district of San Sebastián.

San Sebastián is characterized by multiple low-sulphidation epithermal veins up to five km long by 500 m deep by 30 m thick. We optioned a 100% interest in the property in 2010, commenced exploration drilling in 2011, discovered a new high-grade, silver-gold mineralized zone in the Terronera vein — one of three main veins in the district — in 2012, and exercised our option to purchase the property for \$2.75 million in 2013.

Last year, we continued drilling to extend the high-grade silver-gold mineralization in the Terronera vein, now 1,100 m long, up to 300 m deep, approximately six metres thick on average, and still open for expansion. We completed environmental baseline studies and submitted a mine permit application. In 2014 we plan to continue drilling and advance San Sebastián toward a development decision.

OTHER PROJECTS

In 2013, we cut back our exploration program and budget after precious metals prices fell precipitously in the second quarter. Exploration drilling was conducted at two greenfields exploration projects, Pánuco/Laberinto in Mexico and El Inca/Irene in Chile. At Pánuco, we drilled 3,369 m of core in 10 holes to test two targets, and at El Inca, we drilled 6,349 m in 21 holes to test four targets. Results at both projects were geologically interesting but no economic mineralization was intersected. Geological mapping and sampling was also conducted at the Lourdes project in Guanajuato state and the Guadalupe y Calvo project in Chihuahua state to define new targets for future drilling.

SUSTAINABILITY APPROACH

Corporate sustainability at Endeavour means more than just conducting our business in an ethical manner. It means we aim to improve the standard of living for all of our shareholders, employees and the communities in which we work.

In the workplace, it means rigorous safety standards, procedures and training to ensure our employees work in a safe and healthy manner. In the environment, it means taking extra measures to maintain and improve the integrity of local ecosystems. In the communities, it means supporting local people and governments whenever possible to enhance their standard of living.

Throughout this report you will read about Endeavour's 2013 sustainability programs and initiatives, which ranged from improving safety policies and practices to supporting health programs for employees and the local communities; enhancing environmental stewardship and reclamation; sponsoring educational scholarships and job skills training programs; sponsoring community cultural events and infrastructure improvements, and supporting charitable causes.

In addition to three operating mines, Endeavour has exploration properties in Mexico and Chile that will fuel the company's next phase of growth.

Sustainability Report

LETTER FROM THE CHAIRMAN



Geoff Handley
Chairman

Dear Stakeholders,

Endeavour Silver's 2013 Annual Review and Sustainability Report marks an important milestone in our company's evolution as we embrace the Global Reporting Initiative (GRI) G4 framework for sustainability reporting. Endeavour has been a leader in the silver mining sector for many years, not only for doing what we say we will do but also for how we run our business. G4 reporting elevates both our accountability and transparency with regard to sustainability. We want our stakeholders to know they can rely on us to operate with integrity.

2013 was another record year for our company. I would like to congratulate everyone on the Endeavour team for contributing to our success. The fact that we were able to deliver our most successful year of operations during a period of such low metal prices is a direct reflection of the quality of our people.

We initiated a qualitative review of our sustainability activities in our 2012 Annual Review. For 2013, our new priorities included qualifying our most material issues, and quantifying some key sustainability reporting metrics. Sustainability topics that are most important to the company and our stakeholders include our economic, health and safety performance, labour relations, water management, energy and emissions, environmental compliance, and our engagement with, and contributions to, the communities in which we operate.

We strive to exceed expectations in every area of our business through our philosophy of continuous improvement. From day one, we have strived to enhance the quality of life for stakeholders as a key component of our business plan. The Sustainability Committee of the Board of Directors takes accountability to heart, promoting sustainability as a core value and encouraging a culture that prioritizes the well-being of our employees, the communities in which we work and the environment as a whole.

It is a privilege for me to express the entire Board's appreciation to our many stakeholders — employees, communities, partners, shareholders and others — for the role each of you play in the success of our company. Together, we are focused on growing our business in a sustainable, mutually beneficial way. Thank you for putting your trust in Endeavour Silver.

Geoff Handley
Chairman of the Board
May 2014

The Sustainability Committee of the Board of Directors takes accountability to heart, promoting sustainability as a core value.



Employees at the Bolañitos mine — Endeavour’s largest mine.

ABOUT OUR COMPANY

Headquartered in Vancouver, Canada, Endeavour Silver Corp. is a Canadian mining company engaged in the evaluation, acquisition, exploration and development of precious metals properties in Mexico and Chile.

We own three producing silver mines in Mexico: the Guanaceví mine in the state of Durango, and the Bolañitos and El Cubo mines in the state of Guanajuato. We also have exploration interests in Mexico and Chile to fuel our next stage of organic growth.

OUR CUSTOMERS AND MARKETS

Endeavour Silver generates two products from our operations: silver-gold concentrates and silver-gold doré bars. Our concentrates are trucked to a port in Manzanillo and

sold to metals traders who then resell to international smelters. Our doré bars are shipped to a refinery in Torreon and then sold to end-users through the London Metals Exchange. Markets for both our doré and our concentrates are global.

OUR SUPPLY CHAIN

Our operating mines are supplied by a comprehensive network of contractors and subcontractors. We have several Mexican companies as well as a number

of international distributors within our supply chain, which provide a range of mining-related supplies and services, and facilitate the ultimate production and sale of our products. Our contractors and subcontractors provide a range of services from underground development (COMINVI/ MGA) and security, to refining (Peñoles) and metals sales (Auramet), to transportation and trucking, fuel supply, equipment and parts, aviation, food services and telecommunications.

Markets for both our doré and our concentrates are global.

COMMITMENTS TO EXTERNAL INITIATIVES

Endeavour Silver currently endorses or has adopted the following voluntary external principles, certifications or initiatives:

ISO9001	Labs in Guanaceví (2012) and Bolañitos (2013) are ISO 9001 certified and participate in annual certification audits
Global Reporting Initiative (G4) Sustainability Reporting Guidelines	Adopted as the framework for Endeavour's Sustainability Reporting
Greenhouse Gas (GHG) Protocol for Calculating Emissions	Endeavour has adopted the GHG Protocol for emissions calculations as per the World Business Council for Sustainable Development (WBCSD) and the World Resource Institute (WRI)
Socially Responsible Company (Empresa Socialmente Responsable) Distinction	This distinction is provided by the Mexican Philanthropy Centre (CEMEFI) and the Alliance for Social Responsibility in Mexico in recognition of organizations that have committed to implement a socially responsible management approach with continuous improvement as part of their business culture and strategy. Bolañitos and El Cubo received this distinction in 2013; Guanaceví submitted its application in 2013. This certification is renewed annually.
Gender Equity Model Certification	All sites received gender equity certification in 2013 from the National Institute for Women for adoption and adherence to policies and practices which value and support gender impartiality and fairness in the workplace. The certification is valid for 3 years.
International Council for Mining and Metals (ICMM)	Endeavour has adopted ICMM performance indicators to monitor and report on our safety performance

MEMBERSHIPS IN ASSOCIATIONS AND INTERNATIONAL ADVOCACY ORGANIZATIONS

Involvement in industry associations enables members of our team at all levels to build and maintain relationships with peers and key organizations, and also provides a venue for keeping up to date with ongoing training needs, sector trends, and industry best practices. In 2013, Endeavour Silver was a member or participant in the following industry associations:

- Member of the Mexican Mining Chamber (CAMIMEX – *Cámara Minera de México*)
- Member of the Mining Task Force of the Canadian Chamber of Commerce
- Several employees at all operations are members of the Mining Engineers Association
- Bolañitos and El Cubo are part of the Support Group of the Mining Industry in the state of Guanajuato (GAMINA – *Grupo de Ayuda Mutual Industrial Minera*). Their work is mostly focused on identifying and responding to training needs.
- Bolañitos and El Cubo are part of the State Commission for Occupational Health and Safety (COCOESHT – *Comisión Consultiva Estatal de Seguridad e Higiene del Trabajo*). Their work is mostly focused on identifying and responding to industry needs in health and safety issues.
- Member of the Confederation of Industry Chambers (CONCAMIN – *Confederación de Cámaras Industriales*)
- Member of the Institute of Corporate Directors
- Member of The Silver Institute
- Member of the Prospectors and Developers Association of Canada
- Member of the Association for Mineral Exploration British Columbia



The Guanaceví mine produced 3.2 million ounces of silver equivalents in 2013.

ABOUT THIS SUSTAINABILITY REPORT

This sustainability report provides a transparent look at the three components of Endeavour Silver's core strategy for sustainability: expanding our commercial success, minimizing and mitigating the environmental impacts of our business, and improving the quality of life for our employees and nearby communities.

This report incorporates sustainability performance data from our three producing silver mines in Mexico: the Guanaceví mine in the state of Durango, and the Bolañitos and El Cubo mines in the state of Guanajuato, as well as certain data from our administrative office in León, Mexico and our corporate head office in Vancouver, Canada. Data was not collected from our exploration projects.

For a complete picture of Endeavour Silver (including consolidated financial statements and technical reports including resources, reserves and exploration results) this report should be read in conjunction with our Annual Information Form, Management's Discussion & Analysis, and Financial Statements filed on the System for Electronic

Document Analysis and Retrieval (SEDAR) and on the Electronic Data Gathering Analysis and Retrieval system (EDGAR).

SUSTAINABILITY REPORTING FRAMEWORK AND CYCLE

We plan to communicate our sustainability performance annually. This is our second report containing information on sustainability, the first being a review issued in May 2013 encompassing the 2012 calendar year. However, this is our first Sustainability Report which utilizes the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines as the framework to benchmark our performance on the economic, environmental and social aspects of our business, covering the calendar year ending December 31, 2013. This report is in accordance with the Core option of the fourth generation (G4) Framework, and

also includes five comprehensive General Standard Disclosures relating to our governance and sustainability stewardship. A GRI Content Index is located on pages 56–59, which provides the general standard disclosures and performance indicators covered in this report and their respective locations.

ASSURANCE

We do not currently have a policy in place regarding sustainability report assurance, however the report content has been prepared by management and internally reviewed for accuracy of both numerical data and thorough representation of our governance protocols, procedures and practices which guide our sustainability performance. While we made every attempt to ensure internal data verification and quality control, it should be noted that the non-financial performance figures contained within this report are unaudited.

DEFINING REPORT CONTENT — OUR MATERIAL SUSTAINABILITY TOPICS

This report covers our material sustainability issues — the topics that reflect our most important economic, environmental, and social impacts and opportunities to our stakeholders. For the purposes of this report, we view material issues as those topics that:

- Have a direct or indirect impact on our business, including the ability to create and preserve economic, environmental and social value, and
- Have the potential to influence the perception of stakeholders who make decisions or assessments regarding our significant economic, environmental, and social impacts.

Materiality, therefore, is the threshold at which these topics or issues become sufficiently important that they should be managed, measured and reported.

We conducted a materiality assessment guided by the GRI (G4) Reporting Principles to identify the key material issues that present both risks and opportunities to Endeavour Silver. Interviewing stakeholders is an integral component of a materiality process, which serves to inform us of external risks and priorities and our overall sustainability context.

Our 2013 materiality process consisted of the identification of material sustainability topics, the prioritization of these topics, and verification of our analysis. Quantitative and qualitative data was gathered through interviews and workshops and included the following external stakeholders: community members, government authorities, union leaders, land owners, contractors, suppliers, small-scale miners, lenders, financial analysts, and shareholders. Internal leadership and operational management workshops combined with interviews and ranking exercises formed the basis to guide the consensus on, and prioritization of, material issues to be managed, measured, and disclosed through our sustainability reporting process. Other sources included internal corporate standards and governance documentation, industry peer reports, international best practices frameworks and policy developments, and media.

Our 2013 material sustainability issues are illustrated in the matrix on the opposite page, showing concerns and business impacts as ranked by our stakeholders. The material issues resting within the top right quadrant — which represent topics that ranked high in both stakeholder interest and business impact — define the aspects receiving

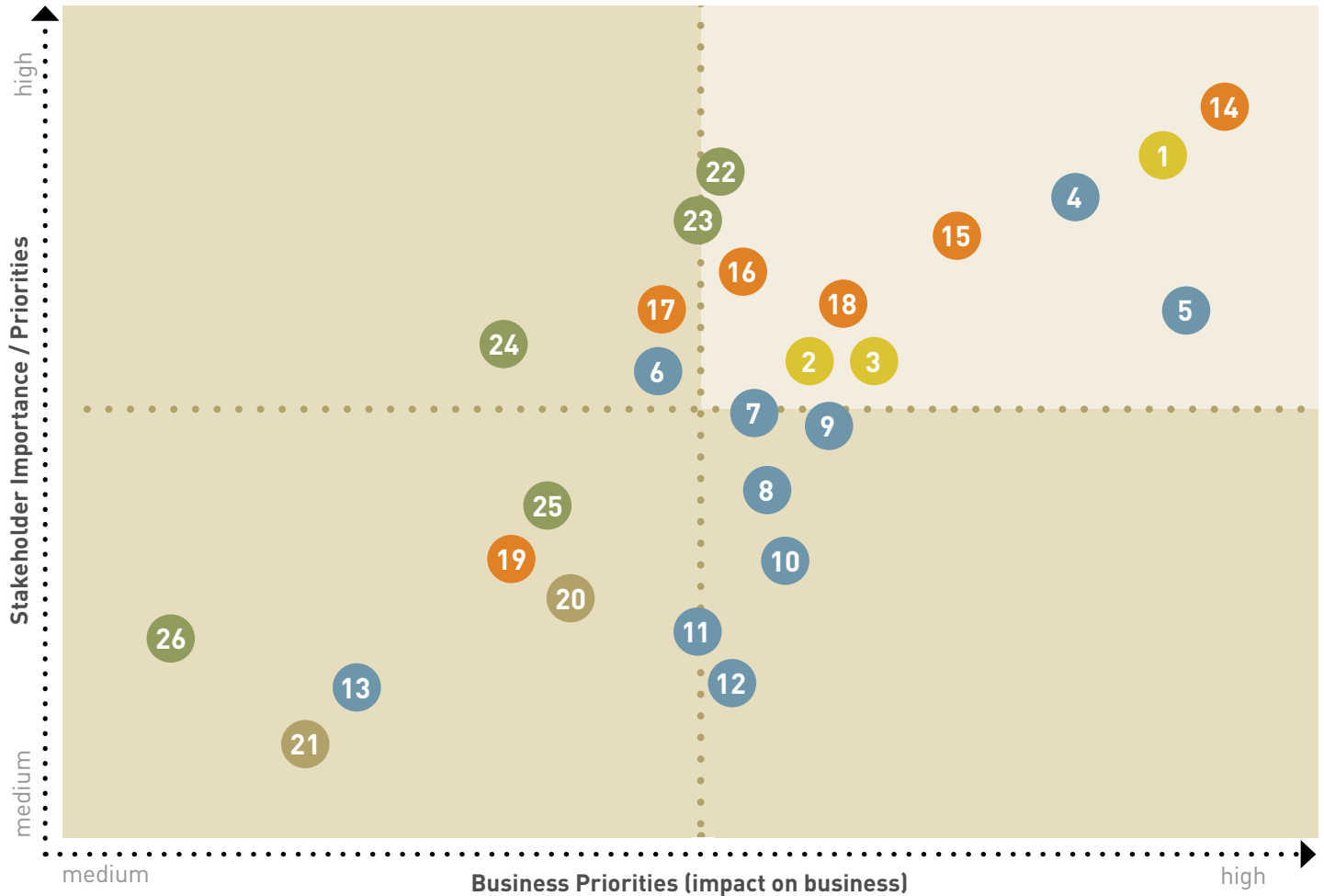
coverage in this report. We describe our approach to managing these sustainability topics and our performance in each of these areas within the report.

For 2014, our aim will be to expand the materiality process to include a wider group of internal and external stakeholders (for example stakeholders related to exploration), and to design a feedback mechanism for our 2013 report to improve our report content and presentation of our sustainability disclosure.

ASPECT BOUNDARIES — WHERE IMPACTS OCCUR

Our most salient sustainability issues may affect stakeholders inside our organization, outside our organization, or both. Therefore, for each of our key material aspects, we have described whether the impacts of these topics occur within our organization (Endeavour and its subsidiaries as defined by our financial reporting), and also whether significant impacts are believed to predominantly affect or extend to stakeholders outside the organization — to our contractors and subcontractors, local communities, or municipal and regulatory agencies. We have described our aspect boundaries within the narrative of the report and have also provided aspect boundary coding in the GRI Content Index.

MATERIAL ISSUES MATRIX



MATERIAL ISSUES

Economic

- 1 Economic Performance
- 2 Procurement and Local Suppliers
- 3 Market Presence

Environment

- 4 Water
- 5 Environmental Compliance
- 6 Effluents, Waste, Tailings
- 7 Emissions
- 8 Environmental Protection Investments
- 9 Transport

- 10 Biodiversity / Reclamation
- 11 Supplier Env / Labour Assessment
- 12 Energy
- 13 Materials

People

- 14 Health and Safety
- 15 Labour & Management Relations (Strikes)
- 16 Training & Education
- 17 Employment & Benefits
- 18 Energy Preparedness
- 19 Equal Remuneration / Diversity

Human Rights

- 20 Human Rights
- 21 Grievance Mechanisms (HR, Environmental, Labour)

Social

- 22 Closure Planning
- 23 Community Impact / Engagement
- 24 Compliance (Regulatory, Social)
- 25 Anti-corruption
- 26 Small-scale Mining

SUSTAINABILITY PRIORITIES: 2014 TARGETS

We aim to achieve and maintain the highest standards of health and safety, environmental, and social performance at our operations, and to work in partnership with local communities for mutual benefits while supporting the principles of sustainable development.

In conjunction with our sustainability reporting practice, we have set meaningful sustainability targets that focus on our material risks and opportunities. The following chart reflects the 2014 sustainability targets set for Endeavour Silver and represent how we will monitor and measure our performance, and set ongoing sustainability goals going forward.

GOVERNANCE

- Develop and implement an assurance program among exploration and operations activities
- SHEC performance metrics to be developed and implemented

ECONOMIC

- Remain a low cost producer
- Continue to improve our cost structure
- Remain on budget and on schedule for capital and exploration programs
- Advance the San Sebastián project
- Use cash flow to strengthen the balance sheet and reduce debt

OUR PEOPLE

Safety

- Zero fatalities
- Achieve 25% reduction in the Group Recordable Injury Rate
- Conduct compliance baseline audits at operation sites

Health

- Roll out the Endeavour Health Surveillance and Monitoring standard

ENVIRONMENT

- Roll out the Endeavour Environmental Accidents report and investigation standard
- Establish a verified baseline for operation sites
- Conduct compliance baseline audits at operation sites
- Develop performance standards for tailings management

SOCIAL

- Develop community feedback mechanisms as part of stakeholder engagement plans.
- Document complaints received and response/action taken for both operations and exploration activities.
- Develop Community Investment Policy

GOVERNANCE

A photograph showing a hand holding a black pen over a document. The document has the text "Financial Gain of Corporate" visible. The background is a dark red gradient.

Our Code of Business Conduct and Ethics applies to all of our people, all of the time, wherever Endeavour carries out its business.

APPROACH

At Endeavour, our most important shared values are honesty, integrity, and accountability. We do what we say we are going to do, and we strive to ensure our policies and practices extend beyond the requirements of regulations and laws.

VALUES AND BUSINESS ETHICS

Ethical conduct is a fundamental value at Endeavour. We have adopted a Code of Business Conduct and Ethics ('the Code') to promote honest and ethical conduct, full, fair, accurate, timely and understandable disclosure, and compliance with applicable governmental rules and regulations. To ensure and monitor compliance with the Code and the high standards we expect, the company circulates a copy of the Code to each new employee, requesting a signature acknowledging the employee has read and understood its content. We share the Code with our contractors, suppliers, and service providers so they act and behave in accordance with these rules. The Code was last revised and updated in 2013 and is available at www.edrsilver.com.

WHISTLEBLOWER POLICY

Provides a mechanism for open communication and the anonymous reporting, without fear of reprisal, of any unethical, illegal activity or behavior which violates the company's Code of Business Conduct and Ethics. Reports are directed to the Chairman of the Audit Committee or to an independent, externally managed toll-free hotline to handle concerns on a confidential and anonymous basis, without fear of reprisal. Details are outlined in the company's Whistleblower Policy, available at www.edrsilver.com.

CONFLICTS OF INTEREST

Embedded within our Code of Business Conduct and Ethics are definitions and expectations relating to the avoidance of conflicts of interest. Employees, officers and directors are expected to avoid all situations where personal interests or activities interfere or appear to interfere with the interests of the company. Activities that could give rise to a conflict of interest, or the appearance of a conflict of interest, are prohibited unless specifically approved in advance by the Board of Directors or, in the case of an employee, a member of senior management. Where a potential conflict involves a Board member (i.e. where a Board member has an interest in a material contract or material transaction involving the company), the Board member involved will be required to disclose his or her interest to the Board and refrain from voting at the Board meeting of the company considering such contract or transaction in accordance with applicable laws.

DISCLOSURE POLICY

We have a stand-alone policy reflecting the company's commitment to the practice of making timely and accurate disclosure of all material information and providing fair and equal access to material information. The policy provides the understanding of, guidance for, and structure to the company's disclosure of material information, and to ensure compliance with all legal and regulatory requirements.

ANTI-CORRUPTION AND ANTI-BRIBERY

Starting in 2014, this policy will be included in induction training of all new employees. Examples of situations that may constitute bribery and corruption are included in the policy which is located at www.edrsilver.com.

HUMAN RIGHTS

We value human rights; the respect for and protection of which are embedded in our Code of Business Conduct and Ethics. The protection of human rights lies with governments and we are committed to respecting the human rights of people related or affected by our operations. We foster a work environment free from discrimination, and do not tolerate derogatory comments based on racial or ethnic characteristics, personal harassment, or sexual harassment. Employees are encouraged to speak out if a co-worker's conduct makes them uncomfortable, and to report harassment when it occurs. Every employee, upon hiring, is responsible for reading and understanding our Code of Business Conduct and Ethics.

Child labour exists as a country risk within Mexico (however, local prevailing attitudes are not supportive of under-aged persons working in industrial positions which could be considered dangerous and require adult attention to safety matters. Endeavour has strict proof of age policies and hiring procedures in place at all sites preventing anyone under the legal working age of 18 from obtaining employment. This proof of age requirement extends to our contractors.

We aim to operate with integrity at every level in the company.

GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS

Endeavour’s Board of Directors oversees our business conduct, ensures appropriate governance mechanisms are in place, and supervises the management team. Our policies and codes guide the Board’s oversight, relationship with management, and accountability to stakeholders.

Our Board is composed of seven male members; five of whom are independent non-executive Directors, including the Chairman of the Board, who set long-term goals and objectives for the company, formulate plans and strategies necessary to achieve those objectives, and supervise the senior management responsible for the implementation of the Board’s objectives and day-to-day management of the company.

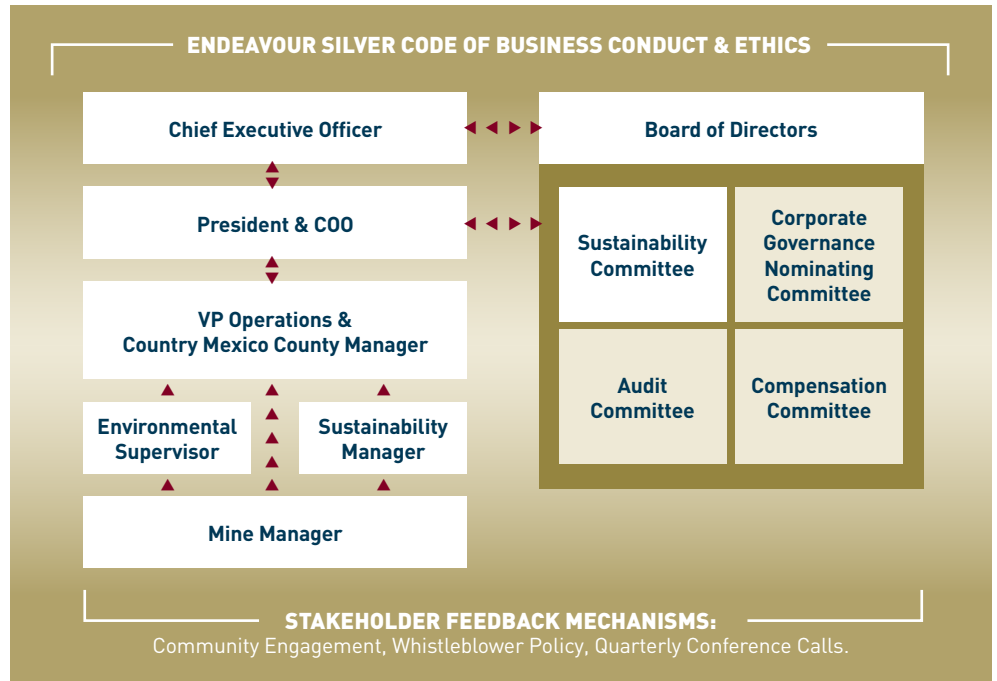
Members of our Board fulfill their responsibilities both directly and through Board committees. The Endeavour Board has four committees including the (1) Audit Committee, (2) Compensation Committee, (3) Corporate Governance and Nomination Committee and (4) Sustainability Committee.

The Board is accountable to, and considers the interests of, our wide array of stakeholders including but not limited to: employees, contractors, community members, investors, government authorities, and our customers.

MANAGEMENT OF SUSTAINABILITY ISSUES

The Sustainability Committee — and to a certain degree, the Corporate Governance and Nominating Committee — are the Board

GOVERNANCE STRUCTURE FOR THE MANAGEMENT OF SUSTAINABILITY



Committees that have the primary oversight for decision making regarding economic, environmental and social impacts of our company. Guided by our Corporate Social Responsibility Policy, the Sustainability Committee meets at least three times per year and promotes sustainability as a core company value, encourages a culture that recognizes and takes responsibility for the sustainable development, approves and implements policies, standards, systems and responsible work practices that affect our employees, contractors, and other stakeholders.

The senior people, and their positions, who formally review and approve Endeavour’s Sustainability Report and have ensured all material aspects are covered in the content of the report are: Bradford Cooke, Chief Executive Officer; Godfrey Walton, President

and Chief Operating Officer; Dan Dickson, Chief Financial Officer; Terry Chandler, Vice President Corporate Development, and the Sustainability Committee of the Board of Directors.

STAKEHOLDER ENGAGEMENT AND FEEDBACK

Our ongoing objective is to operate with integrity as a responsible mining company; to minimize and mitigate any negative impacts and to provide beneficial impacts to society throughout the entire mining cycle. We identify our stakeholders as those who may be impacted or affected by our operations, and we prioritize the groups and

individuals who we believe are impacted the most. We proactively work with our stakeholders to incorporate their feedback and concerns, and to share ideas on making our operations a more positive factor in people's lives. This committed, continuous approach to stakeholder engagement contributes to trust and credibility and to our ability to communicate effectively with our stakeholders in order to maintain our long-term social license to operate.

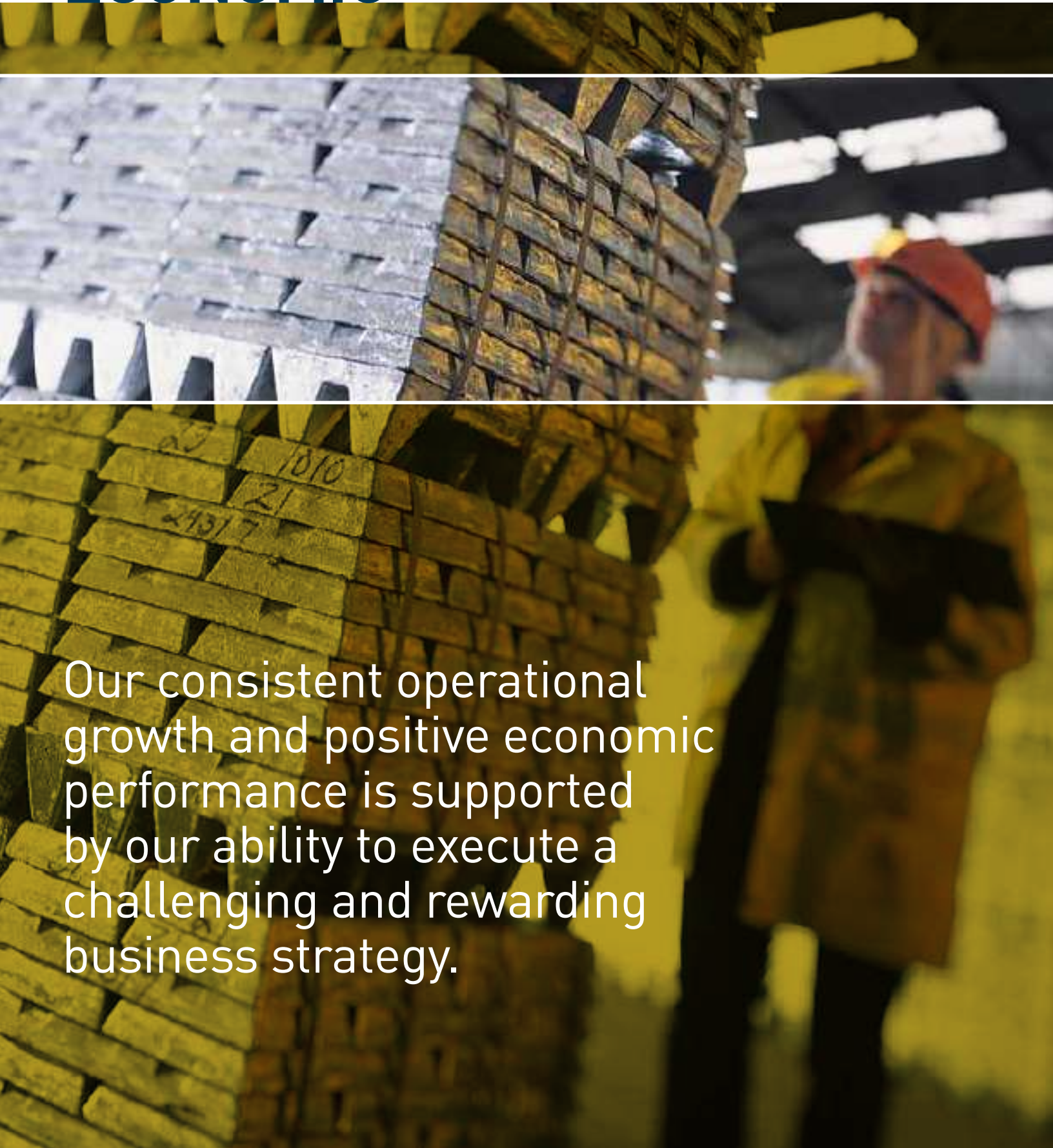
The table to the right lists the stakeholders we engaged with in 2013:

STAKEHOLDER GROUP	TYPE AND FREQUENCY OF ENGAGEMENT AND SPECIFIC FEEDBACK (WHERE APPLICABLE)
Employees	<p>We have ongoing interaction and engagement with employees regarding training, health and safety protocols and performance, and company goals and objectives.</p> <p>A gender equity survey was conducted at all operations in 2013, resulting in the Gender Equity Model Certification.</p> <p>Head office employees as well as site management staff participated in interviews and workshops to identify the 2013 Sustainability Report material issues.</p>
Community members	<p>Community relations representatives for each of our operations regularly engage with members of the local community — to share information about the operation, answer questions and listen to feedback. Specific feedback from our communities is listed in the Social section on page 46.</p> <p>Bolañitos held 44 community meetings in 2013 in respect of the community work plan (follow-through resulting from the social assessment conducted in 2011).</p> <p>El Cubo and Guanaceví held numerous community meetings, however frequency and attendance were not tracked.</p>
Government agencies (municipal, regulatory)	<p>We have regular contact regarding permitting and environmental regulatory compliance.</p> <p>We continuously participate with health authorities to carry out any health related campaigns either for the community or employees.</p> <p>We continuously participate with sports and culture authorities to support community activities throughout the year.</p>
Union leaders	<p>We engage with unions on a day-to-day operating basis as well as regular structured meetings at each site.</p> <p>FEEDBACK — The union at El Cubo submitted feedback regarding the overall safety audit — including safety training, mine ventilation, and the general condition of the Santa Cecilia Mine.</p>
Ejidos (land owners)	<p>FEEDBACK — The ejido in Guanaceví requested increased participation by the company in their meetings to keep them informed and up to date. The Community Relations representative has responded to this request by attending their assembly.</p>
Church leaders	<p>Our community relations teams are in regular contact with community centres of influence (COIs) including church leaders.</p>
Investors	<p>We are in regular contact with our institutional and retail investors — primarily through telephone or in-person discussions or email correspondence regarding the ongoing progress and performance of our operations and corresponding share value.</p>
Suppliers	<p>We are in regular contact with our vendors with respect to our business needs, and the local acquisition and pricing of goods and services.</p> <p>FEEDBACK — A supplier at Guanaceví indicated interest in knowing the life of mine (particularly in light of activities associated with 2013 cost reductions) for business planning purposes.</p>
Contractors	<p>We are in regular contact with our contractors regarding operational goals and objectives, including compliance with our Code of Business Conduct and Ethics and operational safety procedures on site.</p>
Small-scale miners	<p>We communicate regularly with the (legal) small-scale miners at Guanaceví regarding pricing and payment for ore.</p>
Media*	<p>We respond to requests for information and interviews from a broad range of global publications and media outlets.</p>

*Members of all stakeholder groups were interviewed or participated in workshops as part of the 2013 Sustainability Report materiality assessment, with the exception of media.

We proactively work with our stakeholders to incorporate their feedback and concerns, and to share ideas on making our operations a more positive factor in people's lives.

ECONOMIC



Our consistent operational growth and positive economic performance is supported by our ability to execute a challenging and rewarding business strategy.

APPROACH

Our economic performance affects all of our stakeholders. We regularly monitor our economic performance goals and strategies, risk assessment and strategy, and we revisit or alter our direction in light of changing circumstances affecting the company.

The company's consolidated financial statements are prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and within the framework of the significant accounting policies disclosed in the accompanying notes to the consolidated financial statements. Management has a detailed process in place to evaluate disclosure controls and procedures and internal control over financial reporting as required by Canadian and United States securities regulations.

Our business plan and practices create real economic activity and wealth over both the short and long term, and at both the local and national levels of our operations. Our tri-fold business strategy embodies our economic approach: We evaluate historic mining districts and acquire operating silver mines in need of capital and expertise to enhance efficiencies and profitability; we conduct exploration to make new discoveries we believe can be fast-tracked to production; and finally, we use best practices in exploration to make new discoveries to replenish our depleting reserves and resources. The company measures its internal economic success on a per-share basis, including earnings

per share, operating cash flow per share, EBITDA per share, silver production per share and mineral resources per share. Our goal is to remain a low-cost producer, defined by production costs in the lowest quartile in the industry while ensuring safety standards are never compromised.

ECONOMIC PERFORMANCE

DIRECT ECONOMIC CONTRIBUTIONS

By providing employment and training opportunities and stimulating economic activity, we aim to bring about positive change for our employees, their families, and the people who live near our operations. Beyond employment, our operations provide infrastructure enhancements, opportunities for training, health and safety programs for communities, community investment initiatives and local procurement.

In 2013, we generated approximately \$276 million and distributed approximately \$270 million in economic value (as defined by the Global Reporting Initiative) from our operations as presented to the right.

APPROXIMATE ECONOMIC VALUE OF ENDEAVOUR SILVER DISTRIBUTIONS IN 2013

\$270 Million

ECONOMIC VALUE GENERATED	2013 (000s)
Revenue	276,783
Total economic value generated	\$276,783

ECONOMIC VALUE DISTRIBUTED	2013 (000s)
Operating costs (excluding salaries)	186,006
Employee wages and benefits	58,636
Payments to providers of capital	1,474
Payments to governments* (Mexico – taxes)	15,516
Payments to governments (Canada – taxes)	nil
Payments to governments – (payroll taxes)	8,224
Land use payments	149
Community investment	480
TOTAL ECONOMIC VALUE DISTRIBUTED	\$270,485
TOTAL ECONOMIC VALUE RETAINED	\$6,298

* **Payments to governments** — As a publicly traded company listed on the New York Stock Exchange, we are compliant with the financial reporting provisions of Section 1504 of the 2010 U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, which prescribes mandatory disclosure of payments to governments. A more comprehensive level of detail regarding payments to governments is located in our quarterly and annual financial statements.



The La Luz church was built in 1846 and today remains an important cornerstone of the community.

COMMUNITY INVESTMENT

Our selection and support criteria for community investments include: health, education and employability, infrastructure, environment, sports and culture, and preservation of local traditions. Community investment support is provided through various resources, including:

- training
- support for equipment or facilities
- scholarships
- donations in cash
- goods in kind for the benefit of the community including specific vulnerable groups such as women and children
- staff time/volunteer work in the community

In 2013 we spent a total of \$247,945 on approximately 110 community investment activities in communities in Mexico benefitting over 45,000 program participants. This does not include the considerable amount of paid time our employees spend organizing community programs.

At our corporate office, we spent a total of \$232,500 in support of education, health, and environment-related charities. 100% of the community investments at the corporate level were made by way of cash donation. The bulk of the donations made from the Corporate office are a result of a five-year commitment (\$200,000 per year) for scholarships at Queen's University and the University of British Columbia. This commitment to mining-related education programs will be complete in 2015, at which time we will review our community investment strategy to focus the bulk of our funding to education and capacity building

initiatives in the communities in Mexico most affected by our operations.

Expanded details of our community investment expenditures are located in the Social section on page 48.

LOCAL PROCUREMENT

Sourcing goods and services from local suppliers wherever possible makes good business sense and also contributes to economic benefits for our local communities. Because of the long history of mining in Mexico, combined with a strong, ongoing mining industry presence, most mining-related supplies and equipment can be sourced locally. Only certain specialty heavy equipment and mineral processing chemicals need to be obtained from international suppliers.

The philosophy of our community investment program is to make a positive difference in people's lives.



Above: Supporting local businesses is a priority for Endeavour.

Left: Endeavour supports local camps for children in the town of El Cubo.

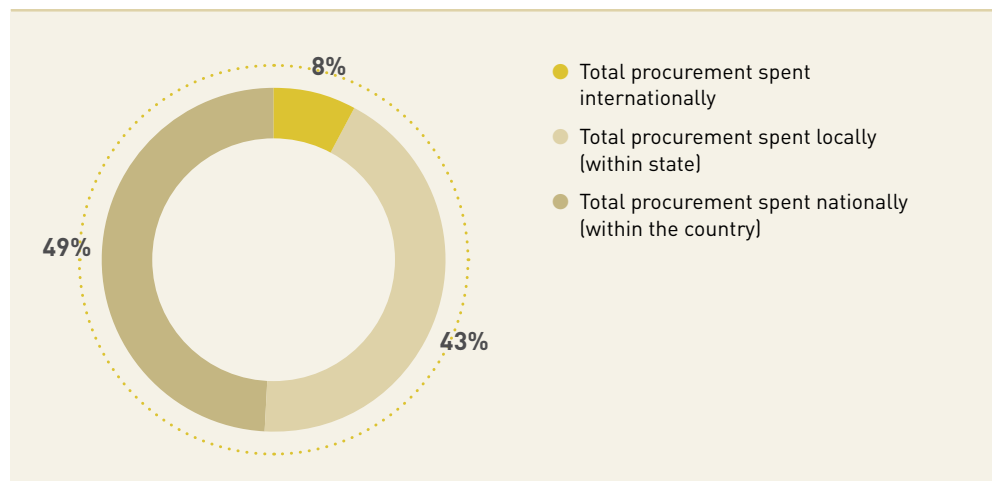
We have a local procurement procedure at all three of our operations for competitive bid processes that all purchase and tender decisions must be based upon; however, all factors being equal, preference is to be awarded to local suppliers and/or contractors.

Endeavour has a Contracting Services and Working with Third Parties Policy, which specifies the procedure to follow to ensure the process of quotation, evaluation, provider selection and the formalization of the operation are carried out under good governance practices.

In 2013 we spent a combined total of approximately \$135 million procuring goods, services and supplies at Guanaceví, Bolañitos and El Cubo. Of this total, over \$57 million (43%) was spent within state and \$166 million (92%) was spent in-country.

92% of the goods and services across our operations are procured within Mexico.

PROCUREMENT PRACTICES



OUR PEOPLE



Our employees are our most valuable resource—our people don't just work for the company, they are the company.

APPROACH

Our employees are our most valuable resource — our people don't just work for the company, they are the company. We therefore prioritize and safeguard the health and wellness of our employees, respect them as individuals, and provide opportunities for self-improvement and professional development.

We foster a work culture that respects the principles of human rights and equality, and we value diversity in our employees. We believe an inclusive workforce fosters a progressive work environment.

OUR EMPLOYEES

1,500 people were employed by Endeavour Silver at December 31, 2013 across our three operations in Mexico, an administration office in León, Mexico and our corporate head office in Vancouver, Canada.

We promote equal opportunity and fairness between men and women in the workplace and we ensure women are paid the same wages as men for the same jobs. When there is a difference, it is based on seniority and knowledge without any discriminatory grounds. All three of our mines have received Gender Equity Model Certification from the Mexican National Institute for Women.

The majority of women at Endeavour hold positions in the administrative and operations areas, mostly above surface.

At El Cubo, the first woman to work in the mine was hired in 2006 and still continues to work for the company.

At Bolañitos, Endeavour ran the first scoop tram training program for women in 2010.

Eight women participated and today five of them are still working. In July 2011 another training session was given to seven women, four of whom are still working. In October 2012 a program for long-hole drill operators was offered during which four women were trained and they are all still working today.

At Guanaceví the same training program was conducted in 2012 with five female participants who worked only for a period of time.

General training continues to be offered to both men and women. Other training opportunities have been offered for women outside the mining industry including adult education programs, stone polishing, craftsmanship and sweets and pastries baking in order to expand the skills of women so they can work in other fields.

There were significant fluctuations in the size of our work force in 2013 due to a number of different factors. At El Cubo, 226 positions were no longer required due to the end of the contract between Endeavour and Peñoles (related to the lease of the Peregrina and Torres mines). Of this number, 15 people were relocated to other positions at El Cubo or Bolañitos. On completion of the plant reconstruction at El Cubo, approximately 400 of the 1,000 contractors were no longer required. In mid-2013 the Cebada mine at

PROFILE



Promoting Women in the Workplace

Josefina Ramirez Ortega attended the first training course in November 2010 at Bolañitos, and subsequently joined the company in March 2011 as a scoop tram operator.

“One Sunday at mass at the Mineral La Luz church, the priest announced the Bolañitos mine was inviting women from all nearby communities to participate in the mine's first training course designed specifically to learn to operate heavy equipment. After attending the course, I applied for and received a position as a scoop tram operator. My job is very interesting in a rewarding and well-paid position most often occupied by men — something I had never even considered before the training session. I hope to work at Bolañitos for a long time, and am proud to be employed at a company that promotes training for women as well as men.”

Our commitment to local hiring contributes to the local and national economy in Mexico, fosters community involvement, and reduces the environmental impact of commuting to work.



Endeavour promotes equal opportunity in the workplace at all mines and in all occupations.



Endeavour offers competitive wages and creates employment opportunities in local communities.

Bolañitos was shut down and 33 people were laid off, 12 of whom were relocated to other operations.

Company-wide budget cuts in response to lower metal prices eliminated a further 50 positions at El Cubo and 25 at Guanaceví.

Although we hired 404 people in total across our operating mines in 2013, the turnover rate was approximately 31% in light of these circumstances. At Endeavour, we ensure we consider relocation opportunities at each operation whenever possible before layoffs of employees. This is also taken into consideration from a career development perspective. In 2013, five people were relocated between mines.

LOCAL HIRING

Endeavour creates many employment opportunities at each mine. We place particular emphasis on hiring people from nearby communities with the aim of ensuring the company and the community both enjoy the benefits of the operation and enjoy long-term success together. Our commitment to local hiring contributes to the local and national economy in Mexico, fosters community involvement, and reduces the environmental impact of commuting to work.

We hire from the closest communities first, offering training for suitable candidates to match job opportunities. Only when we have exhausted our ability to find qualified local and regional candidates, do we look outside the country.

Virtually all (approximately 99%) of our on-site personnel in operations, exploration, and administration are from Mexico and 55% of our on-site senior management is from Mexico. The main reason to hire people from outside of Mexico is to compensate for the shortage in labour skills for certain positions; however, expatriates must be fluent in Spanish to communicate with employees across the company.

ATTRACTING AND RETAINING QUALIFIED TALENT

Attracting and retaining qualified employees is key to the operational stability and the sustainability of our company.

We offer competitive wages (which are significantly above/close to double the local minimum wage) and benefits as well as

Our safety strategy is focused on improving management of recordable injuries as per their classification, reporting and investigation, and to achieve a change in culture.

generous safety and production bonuses. We also offer remote location salary premiums where applicable.

We participate in the annual salary survey organized by the Mexican Mining Chamber (CAMIMEX) to ensure our compensation package is both competitive and administered according to industry standards. Salaries are reviewed annually and compared to peer mining companies to align our salaries with our peers. We also do a thorough analysis to make sure employees are being paid according to the job performed and level of responsibility, and that average salary increases are above inflation.

Our professional development program involves specialized on-site training in each worker's area of expertise as well as training in other mining practices. Interested employees are able to grow professionally — and personally — by expanding their skill sets.

We pay particular attention to recruiting trends in the region and setting appropriate strategies to attract new employees. For example, in Guanajuato, recruiting young professionals can be a challenge as the universities have partnerships with the largest mining corporations in the area which provide scholarships and internships for the students in mining studies, thus ensuring their recruitment upon the completion of their studies. Under this structure, approximately 80% of the students are pre-committed to these larger corporations limiting the number of available professional recruits. Endeavour is currently seeking to partner with a local university to form a similar cooperative relationship.

HEALTH AND SAFETY

Protecting the health and safety of our workers is a top priority. Our approach of continuous safety training, empowering employees to be responsible for the health and safety of themselves and others in the workplace, and rewarding them for being proactive has resulted in true ownership of our Health and Safety programs and we are working towards continual improvements in overall safety performance.

Endeavour sets rigorous safety standards. Our safety policies are supported by daily training, shift talks, clear procedures, and regular audits. Every employee is responsible for maintaining safe conditions and practices in their respective area.

We provide the latest personal protective and safety equipment, continuous training resources, signs, restrictions and corrective actions. Contractors are expected to maintain the same safety standards and participate in the induction program as well as any safety-related training.

All of our mine sites conduct health campaigns for their employees throughout the year. These include lung screening, prostate tests, blood test, cholesterol checks, vaccines, breast cancer screening, and anti-smoking education. Periodic medical exams are provided for employees — both general medical exams and more specific exams based on the type of work they do.

All sites have been involved with a government program called PREVENIMSS, which includes several health check-ups and campaigns to prevent common diseases (social security services — preventive health).

Our Corporate Industrial Safety Policy, available on our website at www.edrsilver.com, summarizes our responsibilities and guidelines.



Bolañitos Safety Training — Rescue Team drill

SAFETY PERFORMANCE

Despite our efforts, we were deeply saddened to record four fatalities in 2013: three at El Cubo and one at Guanaceví. We have implemented a number of procedures and systems to identify potential causes of serious accidents and injuries that could lead to fatalities before they take place. Employees have been trained to follow a five point safety card to identify and communicate risks, giving emphasis to personal risk assessment.

At all mines we have tracked first aid incidents, near-miss incidents, lost time accidents and fatalities, however we identified some differences in the tracking system at each facility and have standardized our tracking system in five main metrics: Recordable injury rate (RIR), lost time injury rate, DART, DARTS, and fatalities. The recordable injury rate will include all types of incidents and accidents to truly reflect the safety performance.



Bolañitos mine Rescue Team training

Recordable Injury rate ⁽¹⁾	34.6
Lost time injury rate ⁽²⁾	21.6
DART ⁽³⁾	28.2
DARTS ⁽⁴⁾	24.3
Fatalities	4

1. Recordable Injury rate is calculated as (total number of recordable injuries (including fatalities, lost time injury, restricted work and medical treatment injury) x 1,000,000 hours) / total worked hours
2. Lost time injury rate is calculated as (total lost time injuries x 1,000,000 hours) / total worked hours
3. DART (days away/ restricted or transfer rate) is calculated as ((lost time injuries + restricted work) x 1,000,000 hours) / total worked hours
4. DARTS is calculated as (number of lost days + number of days under restricted work) / recordable incidents
5. As this was the first year we unified the criteria, we are only reporting the cumulative number for all three sites. We will be able to report by site in 2014

The 2014 improvement target is to reduce the RIR group performance by 25%. We have set aggressive improvement targets at each of our operations in order to achieve this group

objective. Our safety strategy is focused on improving management of recordable injuries as per their classification, reporting and investigation, and to achieve a change in culture. Thorough accident investigations are conducted addressing root causes and allowing learning from each event.

PREVENTING OCCUPATIONAL ILLNESSES

Endeavour's occupational health systems are designed to limit our workers' exposure to harmful substances or situations that could lead to occupational illnesses or disease. Our procedures comply with local health and safety regulations. We conduct regular risk assessments and implement risk-control programs, and we provide education and prevention training. Our health and safety committees assist with the management and minimization of these potential occupational exposures. We conduct monitoring at each site to prevent the exposure to chemical and physical hazards inherent to our work

environment. Additionally, we have a special handling procedure for any positions handling hazardous materials such as cyanide.

We monitor workforce bio-markers such as lead in blood and health indicators as part of the strategy implemented by each of our operations.

Our health programs also consider risks related to the demographics of our workplace. Support to employees in general health awareness to make healthier lifestyle choices is also included in our programs. There were no cases of occupational illness or disease at any of our operations in 2013.

HEALTH AND SAFETY COMMITTEES

Approximately 6.5% of our workforce participates in committees that monitor and advise on health and safety conditions and programs. All three of our operations have the following safety groups or committees:

Employees and contractors all receive extensive safety training.

Health and Safety Commission: This committee is mandatory by law. It is formed by a group of employees and the union, normally with 50/50 representation and representation from all departments is required. The role of this body is to meet frequently, as required by regulations, to audit the facilities, identify areas of opportunity or concern, and follow-up on these issues through a plan that is reviewed at the next meeting.

Mine Rescue Group: A group of volunteer employees who receive training focused on emergencies that could occur inside the mine.

Emergency Brigade: A group of volunteer employees who receive one to two hours of training per week focused on emergencies that could occur anywhere on site. The brigades are also prepared to respond to general emergencies in nearby towns or other mine sites if required.

Management Audit Committee: The managers of each unit conduct a health and safety audit at the beginning of each month for the mine and plant facilities. They document observations and define a work plan to address any issues — the progress of which is reviewed at the end of each month.



The health of our employees is a top priority and regular risk assessments are conducted.



REGIONAL MINE RESCUE COMPETITIONS AND AWARDS

Bolañitos won first place in the benchman* category and second place in the mine rescue category plus a special award for best practices in underground mine rescue at the Regional Mine Rescue Awards Competition in Zacatecas in June 2013.

El Cubo received a second place award in one of the First Aid categories at the Regional Mine Rescue Awards Competition in Guanajuato in September 2013.

*Benchmen are those qualified to locate and correct defects in self-contained breathing devices and gas detection instruments

TRAINING AND EDUCATION

We believe having highly motivated people with the right skills is fundamental to conducting our business successfully. We continually implement plans directed toward well-being and professional development; we want our employees to work safely, take pride in their work, and advance through personal performance.

Procedures, programs, systems and training are provided to employees in order to ensure work is conducted safely. We have standardized regular training that employees receive at all of our operating mine sites.

Whenever a new employee or contractor joins the company, they participate in a three-day course in which key policies and procedures are addressed, including the Code of Business Conduct and Ethics, safety, human resources management, union relationship and representation, and social and environmental responsibility.

Safety training is conducted according to an annual program at each mine. Applicable regulations and specific technical skills required to perform task are considered to elaborate the safety training program. We do not limit our safety training program to employees; contractors are also included in the program.

We continually motivate our people to join our rescue and emergency teams. Training for rescue and emergency teams is conducted on an ongoing basis. Emergency drills are conducted at all of our sites and we evaluate the performance of our teams frequently.

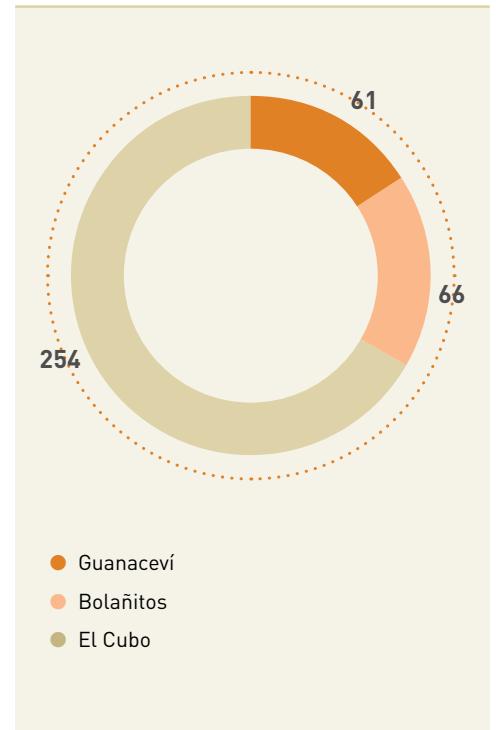
In a joint effort with the Ministry of Labour to enhance supervisory and leadership skills, we ran a leadership program in 2013 for Bolañitos and El Cubo called Minerazgo. The purpose of this initiative was to encourage supervisors to be vigilant on safety matters by listening, learning, and acting.

In 2013, employees at our operations received 246,307 hours of training, which equates to approximately 127 hours per employee. El Cubo has a considerably higher number than the other two sites as there are three shifts working as opposed to two shifts at each of the other two sites. Training hours were not tracked by gender for 2013.



All new employees receive a three-day safety training program.

AVERAGE HOURS OF TRAINING PER EMPLOYEE



Whenever a new employee or contractor joins the company, they participate in a three-day course in which key policies and procedures are addressed.



77% of our employees are covered under collective bargaining agreements.

LABOUR RELATIONSHIPS — UNIONS

Unions have a strong presence in Mexico, due in part to a long history of mining in the country. Workers in the Mexican mining industry are commonly represented by unions — some of which are national in scope and some that have been in existence for a very long time. All three of our mines have union representation and at December 31, 2013, 77% of our employees were covered under collective bargaining agreements.

Our approach to labour relations is centered on respectful dialogue and constructive, peaceful resolution of issues. We support the right to freedom of association and collective bargaining at all our operations and we engage with union leaders regularly.

One of our top successes in 2013 was the extension of our labour relations approach into practice. Endeavour acquired the El Cubo mine in mid-2012 and with it, the union that had been in place at the mine for more than 80 years. Since the acquisition we have made it a priority to improve trust and strengthen relationships. We chose to take a very active approach by involving the union in health and safety issues, management meetings, and regular communication as well as ensuring we were proactively addressing issues and reaching agreements on key points together. This collaborative approach has improved confidence and trust on both sides as a result. Although advancements have been made, there remains a continuous path to cultural change and attitude improvements requiring time, persistence, honesty and transparency to achieve a true workplace transformation at El Cubo.

We did not experience any strikes or lock-outs in 2013.

SECURITY

There are certain general security risks associated with mining operations (illegal entry, theft of minerals, supplies or equipment), plus specific regional or country security risk including crime and crime-related violence, which can be a serious problem in some parts of Mexico. This makes the safety, security, and protection of our employees as well as our physical assets of the utmost importance.

We conduct security risk assessments on a regular basis at all of our operations to ascertain and plan accordingly for the most salient potential risks to human life and company assets. We have company-wide, strictly enforced personal security practices for transportation to and from mine sites on certain routes, depending on prevailing external security conditions. In 2013, we added security staff, improved procedures



We ensure the safety and security of all our employees and assets.

and protocols relating to preventative and surveillance techniques, and added barriers and other controls at all operations to limit illegal entry, to decrease incidents of theft, and improve the overall safety and security of our employees.

The safety and protection of our employees and assets is a top priority.

PROFILE

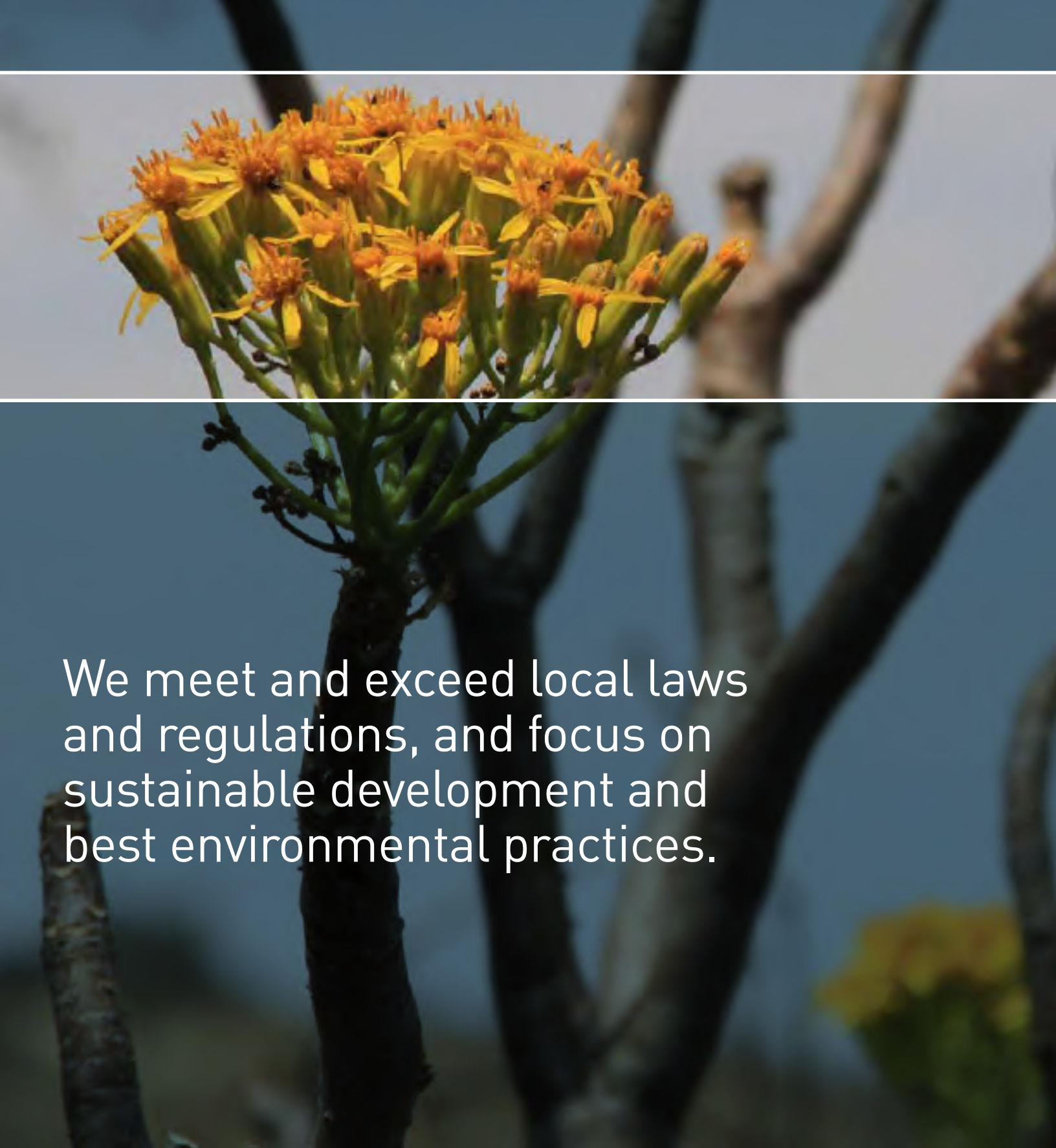


Retaining Qualified Talent

Erasmio Martinez began working at Bolañitos in 1986 when the mine was under different ownership. His first position was as a supervisor and later he was promoted to superintendent at the Cebada mine. "My life as a miner started at an entry level. I have also taken some courses and with time, effort, and the support from the company and co-workers, I have been able to advance my role and contribute to the success of the company."

The Cebada mine closed in 2013 and Erasmio was transferred to the La Luz mine at Bolañitos. "This is a new challenge for me and I am very grateful to Endeavour for trusting me and giving me this opportunity. I am excited about my contribution as La Luz becomes recognized as a high producing mine and a safe place to work."

ENVIRONMENT



We meet and exceed local laws and regulations, and focus on sustainable development and best environmental practices.

APPROACH

Our Environmental Protection Policy articulates our commitment to prevent or mitigate as much as reasonably possible the impacts of mining on the environment, improve the efficiency of our use of natural resources (e.g. land, water, energy, etc), reduce waste, and improve waste recycling, through effective, efficient, equitable and scientifically sound policies and practices.

We aim to not only meet local laws and regulations but also to exceed them where possible, focusing on sustainable development and adoption of best environmental practices.

We maintain ongoing two-way communication with the communities adjacent to our operations, addressing their concerns, supporting common actions and informing them about the environmental impacts of our operations. We base our commitment to the environment on the following key actions:

- We ensure ongoing compliance with environmental legislation and commitments by applying protectionist measures when there are none;
- We consider environmental issues in all operational decisions;
- We identify and assess potential environmental impacts during all phases of mineral exploration, development, and production, including mine closure;
- We promote the rational and efficient use of natural resources, including the use and implementation of clean technologies and renewable energies;
- We control the generation of solid, liquid and gaseous emissions to the atmosphere, encouraging and promoting the practices of reduction, recovery and reuse; and
- We identify situations presenting environmental risks and develop response plans to control them effectively.



Testing water around our operations at El Cubo



Tree planting at Guanaceví

We are constantly looking for ways to minimize fresh water use and maximize water recycling.

WATER



Water Monitoring, El Cubo

Water is essential for mining operations and vital for communities. We operate in regions with significant differences in climatic conditions. Guanaceví has an excess of water, while Bolañitos and El Cubo are located in arid regions where water is scarce. Reliability of water supply in terms of both quantity and quality is essential for operations and for local communities. Mining can have adverse effects on both quantity and quality of the surrounding surface water and groundwater unless protective measures are taken. Recognizing that access to clean, safe water is a rising concern in Mexico and that water itself is a precious natural resource, we carefully consider both the local supply and our needs for regular use and also when rehabilitating and expanding operations.

We are constantly looking for opportunities to minimize freshwater use and local communities are actively engaged regarding the availability and use of water. In El Cubo for example, we are rehabilitating a source of water in partnership with the municipal authorities to ensure that the community has access to water. EDR will support the maintenance and operation of the pumping system that will bring the water to the community.

Our water indicators include the amount of fresh water used and the amount of water used per tonne processed.

We have investigated and implemented programs to adapt our practices to reduce our reliance on fresh water supply by

recycling or reusing water. To monitor and control water flow at our mine sites, we rely on diversion systems, containment ponds, groundwater pumping systems, subsurface drainage systems, and subsurface barriers.

WATER CONSUMPTION

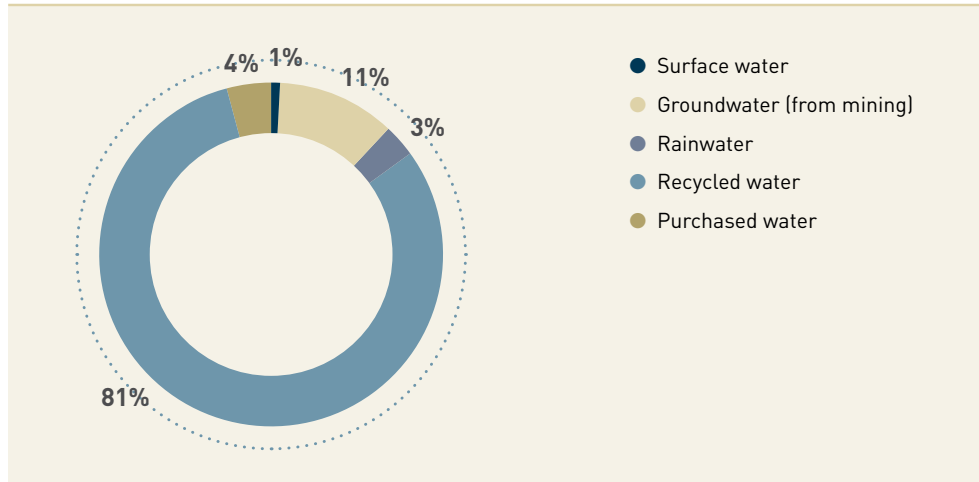
Our water consumption includes what is used in the mining process as well as water used in facilities such as offices and campsites. In 2014, we aim to establish a monitoring system that will allow us to clearly differentiate the amount of water used for process purposes from water used for other purposes such as offices, campsites, cooking facilities, etc. In 2013, we used 158,632 cubic metres (m³) of new water (fresh and rain water).

Our water sources include surface water (the Guanaceví River), rainwater collected and stored, water extracted from the mining process itself, and from wet tailings. In 2013 our total water withdrawal was approximately 3.78 million m³, however of this total, approximately 3.08 million m³ (81%) was water collected and stored from rainfall, water egress from older mines, and water extracted from tailings or the mining process. Our overall water intensity (considering recycled and non-recycled sources) is 2.47 m³/tonne processed and our fresh water make up intensity (surface water and purchased water) is 0.46 m³/tonne processed.

At all of our operations, we use modern technology and employ innovative solutions to maximize water recycling and minimize fresh water intake. For example, Guanaceví's dry-stack tailings process recaptures approximately 85% of the water in the

Maintaining the integrity of our tailings storage facilities is essential.

WATER WITHDRAWN BY SOURCE



tailings, greatly reducing the need for fresh water in the mill process and improving the tailings storage facility performance. (See Case Study on page 40).

WATER DISCHARGE

Discharge and runoff from mine sites can affect water bodies and close monitoring is essential to avoid any environmental impacts. In 2014 we will be implementing a monitoring system that will measure emissions of key pollutants discharged at licensed water emissions points.

El Cubo and Bolañitos do not have discharges to the environment. All discharges go to the tailings and water extracted in the mining process is collected and recycled in the system. Guanaceví operates with the presence of abundant water and there is excess water that must be released from the site. By pumping inert egress water from the mine and releasing it to the Guanaceví River, we help keep natural waterways flowing even during the dry season. A total of 11 million m³ was released

in 2013. The amount of water discharged depends on rainfall and the areas where mining is taking place, thus certain increases or decreases are not necessarily a reflection of water management, but a reflection of prevailing climate conditions. Our goal is to ensure that any discharges are of acceptable quality for release into the Guanaceví River.

WASTE MANAGEMENT

Waste is classified by the source of generation, which can be process or non-process waste in our operating sites. Waste management systems across our operations are evaluated on an ongoing basis with the objective of reducing waste to landfill and reducing volumes of waste stockpiled on site over time.

We currently track the amount of hazardous waste produced or managed on sites, but non-hazardous waste is not tracked, except for tires. We also track the final destination

of hazardous waste. For 2014 we aim to improve our tracking system so that we can clearly reflect waste in three ways:

- By source of generation (process and non-process)
- By classification (hazardous and non-hazardous)
- By final destination (on/off site landfill, on-site repositories, on/off site energy recover, on/off site recycling or reuse)

TYPE OF WASTE	WEIGHT	FINAL DESTINATION
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Hazardous Waste

Solid waste* (tonnes)	28	Off-site landfill
Liquid waste** (l)	78,690	Off-site energy recovery
Contaminated water (l)	2,000	Off-site landfill
Scrap metal (tonnes)	594	Recycled

Non-Hazardous Waste

Tires (tonnes)	31	Reused
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TAILINGS STORAGE FACILITIES

The most salient environmental issue at all three of our Mexico operations is the management of tailings — the leftover material after precious minerals have been separated from the ore.

As raised during the materiality assessment, the integrity of our tailings storage facilities (TSF) is a top priority for both the community and the company. We evaluate the performance and conditions of our former and current TSFs. This is one of our key environmental initiatives to be implemented in 2014.

During 2013 we implemented several initiatives to improve TSF performance. The tailings facility at Guanaceví was completely overhauled by fully lining the pond for water collection. In addition, we are using a filter press system to improve water extraction and introduce a water recycling program to the operation. What was a wet tailings pond a year ago is nearly dry today. Not only does this system eliminate the need to create a second tailings pond, but it dramatically reduces the overall tailings footprint and significantly reduces reclamation costs (see Dry-Stack Filter Press Case Study to the right).

At Bolañitos we extended tailings borders to avoid leakage during the rainy season. We also completed construction of tunnels that would facilitate the separation of fresh water from process water and recycling of water from one pond. In 2014 — once the requisite permits are issued — we will commence work on an expansion of the second pond.

At Cubo, we stopped using cyanide in 2013, and in this regard two of the six El Cubo tailings ponds are cyanide-free.

Dry-stack tailings at Guanaceví have significantly reduced our environmental footprint.

CASE STUDY



Guanaceví Tailings Management — Dry-Stack Filter Press

On acquisition of Guanaceví we recognized a need to increase the stability of the tailings dam. There was also a lack of physical space, pressure to use water in a more efficient way, and long-term expenses associated with remediating wet tailings.

In 2012 we installed an innovative system not previously used at any of our sites — a filter press, which removes water from wet tailings, leaving only approximately 15% of moisture in the tailings. These dry tailings are deposited into the existing tailings pond — filling it with solid material (dry-stack). This process increased the stability of the dam, providing for another water saving opportunity.

As the dam was filling out and becoming more stable, we were able to commence the extraction of the water from the old tailings. In 2013 we installed a series of pumps (40 to date) that connect to a tank where old tailings water is collected and pumped back into the processing plant (120 m³/day).

Through this initiative, environmental impacts are strongly mitigated (dry tailings can be covered with soil and vegetation), water is recycled and reused in the process, the footprint is reduced, and the costs of ongoing tailings risk management and remediation are less — even taking into consideration the investment into the filter press. We are in the process of evaluating if this dry-stack filter press system can be implemented at our other mine sites.

In 2013 we expanded electrical power supply to Bolañitos to reduce dependence on diesel power.

ENERGY

Energy represents one of our most significant operating costs and can be divided into transport use and stationary energy use. Diesel and gasoline are used in the transport of products and people to and from our sites, and stationary energy use is comprised of purchased electricity (all three of our operations draw from state power grids), diesel for generators, and the plant at Guanaceví has two smelting furnaces which use natural gas.

Our energy consumption is primarily from purchased electricity, followed by diesel fuel used in generators. In 2013 we developed a project plan in conjunction with a local engineering firm and a construction company to connect Bolañitos to the power grid to reduce dependence upon generators. This project plan has been approved and finalized and new grid lines will be established upon the completion of negotiations with land owners for right-of-way and receipt of government permits.

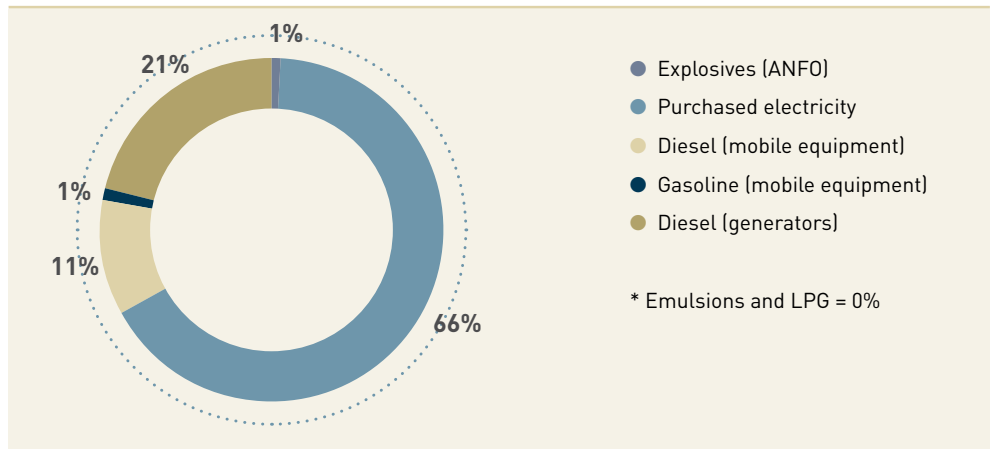
ENERGY INTENSITY

The measurement of carbon (or energy) intensity measures the amount of energy required to process each tonne of material. This measurement enables us to more accurately understand the efficiency of our processes, and monitors the significance of any of our reduction efforts in relation efficiencies in our processes.

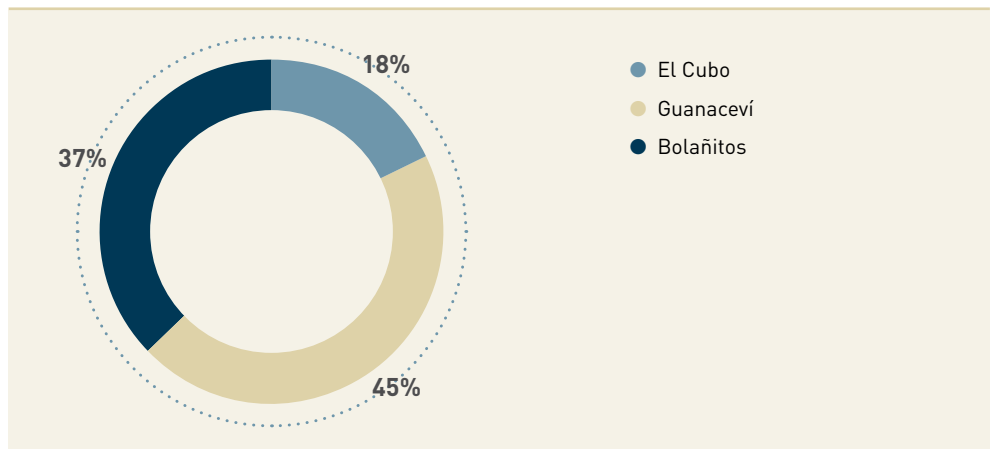
In 2013, our average energy intensity was 0.43 GJ/tonne of material processed. This figure will provide benchmark information for comparisons in future years.

EMISSIONS

GHG EMISSIONS BY SOURCE



GHG EMISSIONS BY SOURCE



2013 was the first year we calculated our greenhouse gas emissions. We used the World Business Council for Sustainable Development (WBCSD) and the World Resource Institute (WRI) Greenhouse Gas Protocol — the most widely used international tools — to quantify, understand and manage greenhouse gas emissions.

Our total direct and indirect greenhouse gas emissions in 2013 were 67,937 tonnes of CO₂ equivalent (tCO₂e). Again, this figure will be used as a benchmark for comparisons in future years and to measure for improvements or increased efficiencies.

Purchased electricity is our biggest source of emissions, followed by the diesel used in generators. The diesel used for mobility includes heavy and light vehicles for the mining process and for transport of personnel. Explosives are another, albeit minimal, source of emissions across all three operations.

The smelter furnaces at Guanaceví also produce emissions. Guanaceví conducts furnace emissions monitoring annually, with values consistently below regulatory limits. Bolañitos and El Cubo do not have smelting furnaces.

Our greenhouse gas emission intensity in 2013 was 0.044 tCO₂e per tonne of material processed.

ENVIRONMENTAL COMPLIANCE

At Endeavour we are highly concerned about the protection of the environment and we strive to meet and exceed national laws and regulations as well as international environmental best practices and standards.

The mines we have acquired have experienced several periods of historic mining activity, and as new owners of historic sites, we face both opportunities and challenges when we resume operations and exploration. For example, since the acquisition of El Cubo, we have been working closely with environmental authorities in assessing and standardizing certain aspects relating to environmental compliance that were not fully aligned with updates made to local environmental laws. We have conducted a gap analysis and developed an action plan and are implementing a number of improvements and changes that will have us fully compliant with all environmental laws and regulations in 2014.

In 2013 we had one environmental compliance incident: a spill of hazardous material within the city of Durango from one of our trucks. Local authorities were immediately notified and supported our efforts to clean the spill. The damage was minimal and actions taken to prevent this type of incident from re-curring included

improving packaging from the supplier and strengthening training among our drivers to enforce operational procedures (including supervision of adequate packaging). There was no fine associated to this incident; however we were no longer eligible for the Clean Industry Certificate we had obtained the previous year.

CASE STUDY



Environmental Monitoring System at El Cubo

Although El Cubo had been conducting environmental monitoring in certain areas prior to Endeavour's acquisition of the mine, there were certain aspects that, although not mandatory by law, were important to consider from a best practices point of view. Therefore in 2013, a comprehensive environmental monitoring process was implemented. The monitoring points included:

- Surface water
- Waste water
- Process water
- Tailings
- Underground water and water extracted from the mining process
- Waste rock
- Water downstream, in-location and downstream of the operations

A measurement baseline as well as a monitoring schedule were established. A manual was developed and an accredited lab was used to verify monitoring samples. This is one of the many initiatives Endeavour has undertaken at El Cubo to align this operation with the protocols and procedures of our other mines.

SOCIAL



We support sustainable development as a means of enhancing the well-being of adjacent communities.

APPROACH

Growth with integrity means acting responsibly and being good neighbours. We do our best to maximize the benefits of our activities by building relationships with community leaders, identifying local needs, and engaging in dialogue regarding how we might build capacity and enhance social performance metrics.

We also make every effort to minimize or mitigate any negative impacts our operations may have on these communities. Our committed and continuous approach to community engagement facilitates open lines of communication and dialogue, and contributes to the formation of trust and development of our reputation of integrity with our community stakeholders in order to maintain our long-term social license to operate.

COMMUNITY ENGAGEMENT

We believe mining companies cannot succeed unless they understand and address community needs. This is why our approach includes conducting social assessments, as well as engaging with the communities near our mines to listen to their needs and address their concerns. We have

community relations representatives at all three operations who regularly engage with members of the local community — to share information about the operation, assess community needs, listen to feedback and complaints, and organize social environment programs. In 2014 we will be implementing a formal complaint and feedback mechanism, which will allow us to document and address issues in a more consistent and transparent way.



Community relations representatives consult regularly with members of our local communities.

Our committed and continuous approach to community engagement facilitates open lines of communication and dialogue.

What follows are our most significant community engagement and assessment initiatives in 2013:

- A social assessment was conducted in 2013 by the community relations team at Guanaceví examining five main aspects: local economy, health, education, culture and environment. The Guanaceví action plan for community relations for 2014 is based on the needs identified in this study. One of the main recommendations from the study was the need to support communities by diversifying the economy and exploring new sources of employment and income.
- The community relations team at Bolañitos conducted a social assessment in 2011, which has been the driver for its resulting community investment program, placing a large focus on education and employability. As part of their engagement strategy, Bolañitos held 44 meetings with the community in 2013 to specifically address certain needs and potential action plans. These meetings document agreements reached with the community and the corresponding action plans.
- El Cubo conducted a health study in conjunction with the Health Ministry in early 2013 for the community of El Cubo. The study was focused on the identification of the most common diseases and health priorities such as access to drinking water and sewage treatment. One of the immediate actions that resulted from this study was a dental campaign carried out in collaboration with the Ministry of Health for children aged 6 to 12 years.

MANAGING IMPACTS — FEEDBACK FROM COMMUNITIES OF INTEREST

Mining operations have impacts on the communities residing near their operations. Some of these impacts are positive or can provide opportunities to enhance mutual benefits, while others can be negative and require risk management, mitigation, or remediation attention. The chart on the following page outlines the feedback we received from community stakeholders in 2013 regarding issues or negative impacts related to each of our operations, and the actions we have taken to respond to these issues.



Endeavour is heavily involved in community engagement, donations, and celebrations.

GUANACEVÍ

ISSUE	ACTIONS TAKEN
Discontent due to a high proportion of foreign workforce (from outside the adjacent communities)	Although 64% of the workforce is hired locally, this percentage is low compared to our other sites. The specific challenge faced at Guanaceví is that the people in the area have a very low level of education. Currently there is no high school in the town of Guanaceví. Residents must travel five hours to Durango to access education. An action plan is in place to promote higher education levels: Guanaceví recently signed a partnership with a highly reputable university (Tec de Monterrey) to provide high school studies for the community.
Alcohol use	With the increase in economic prosperity there has been a corresponding reported increase in alcohol use and specifically arriving at work under the influence. Guanaceví has run educational campaigns against addiction in schools, and also health campaigns to address issues resulting from alcohol abuse. Guanaceví began implementing random alcohol testing at the beginning of shifts to prevent alcohol-related accidents from occurring on site.
Dust from transport of materials	The director of the local orphanage filed a complaint about the amount of dust created by the transport of materials and the effect of the air quality on the children. In response, Guanaceví has implemented a dust suppression program (regular watering of the roads).
Economic dependence on the mine	Reducing economic dependence on the mine will be the main focus for the community relations department in 2014. Ideas are still in early stages, however Guanaceví is already evaluating certain sustainable business development options, one of them being a bottled water business, run by the community with the support of the mine.

BOLAÑITOS

ISSUE	ACTIONS TAKEN
Dust, noise and damage to roads from transport of materials	There was an official complaint from approximately 30 people in the community of Sangre de Cristo regarding dust and noise on local roads. Bolañitos has reinforced procedures to ensure all commercial vehicles are properly maintained and are equipped with the most modern sound suppression technology. We added Endeavour signage and numbers on vehicles so people can make complaints about specific vehicles if the problem endures. Bolañitos has increased the road watering frequency and is enforcing consistent driving standards and procedures among contractors and employees.
Economic dependence on the mine	Bolañitos has supported two entrepreneurial start-up businesses: stone carving and pastry making. This support includes providing restoration of a space as well as training and materials to carry out their work.

EL CUBO

ISSUE	ACTIONS TAKEN
Water	El Cubo shared water with the community in the past but as water has become scarce, the mine has been working to locate an independent source as the community water supply.
Rise in river water table	Waste rock deposited on a slope near the river had resulted in extreme raised water levels after heavy rainfall, placing some of the homes near the river at risk of flooding. El Cubo has agreed to clear the waste rock in 2014, before the next rainy season.
Dust and road maintenance	El Cubo is in a remote area where access is through one gravel road. Increased levels of traffic have led to dust and frequent road damage. We provide bus transportation for employees to reduce commuter traffic, provide local municipal governments with funds and supplies for road work and repairs, and continually seek ways to reduce our transportation needs and impacts. The road is also watered frequently to suppress dust.

CONTRIBUTING TO COMMUNITY

Endeavour has voluntarily contributed to community programs and initiatives since start-up, and as our business has grown, so have the depth and breadth of our community commitments. We have an annual budget for each mine and office that outlines the goals, activities, and beneficiaries, for the community investment initiatives planned for the year. All sites have a system in place to track the activities that are conducted throughout the year, the needs addressed by these programs, and the number of beneficiaries of each activity or initiative.



Men's soccer team "El Zape", sponsored by Endeavour at Guanacevi.



Women's volleyball team, sponsored by Endeavour at Guanacevi.



Endeavour supports small businesses in local communities, including jewellery and pastry making in the town of La Luz.

**COMMUNITY INVESTMENT ACTIVITIES,
INITIATIVES AND DONATIONS**

GUANACEVÍ	<ul style="list-style-type: none"> • restoration of local schools • adult education programs • donation of transport and sporting gear for sports events • vision and dental campaigns in conjunction with the Ministry of Health • support for the local medical clinic • support for local community events
BOLAÑITOS	<ul style="list-style-type: none"> • restoration of the façade of the main church in Mineral de la Luz in cooperation with a municipal initiative to beautify the town centre and increase tourism • creation of a Non-Governmental Organization (Down Lazos de Amor A.C.) to assist handicapped children in the region • support for sports and culture events • promotion of tutors/private lessons outside school • donation of machinery and instructors for the pastry making and stone carving small businesses • dental health campaign • donation of medical equipment for the local clinic • rabies shots and sterilization campaign for pets • summer camp for children • support for local community events
EL CUBO	<ul style="list-style-type: none"> • donations of materials to paint, restore and expand local schools • works to repair or expand the water distribution system • repair and maintenance of roads • cleaning campaigns • installation of a fence in the main road to El Cubo • summer camp for children • dental campaign for children aged 6 to 12 years old • workshop to promote entrepreneurship amongst women • support for sports and local community events
CORPORATE	<ul style="list-style-type: none"> • In Canada, the corporate office is in the third year of a five-year scholarship commitment to the University of British Columbia and Queen's University earth sciences programs • BC Children's Hospital • The Nature Trust of British Columbia • Special Olympics • The Society of Economic Geologists • Canucks for Kids Fund

**SMALL-SCALE
MINING**



At Guanaceví, up to 10% of mill feed comes from small-scale local miners.

Mexico has a 450-year history of silver mining — an integral contributor to the Mexican economy and the method by which many families support themselves — by way of family-owned historical mines, commercial mines, or though small-scale mining.

Our Guanaceví mill was built by Formento Minero to encourage local mining and support the local economy. It had changed hands several times prior to being sold to Endeavour. Our operating permit requires us to support local mining and accept up to 10% of our feed from small-scale local miners. Guanavecí therefore supports 15 officially recognized small-scale miners who are registered as small businesses with Mexican authorities and are subject to Mexican laws. These small-scale local miners hand sort material from surface dumps within the district for delivery to our site. They do not present a security risk and are permitted to unload small truckloads of ore at the plant stockpile. Endeavour's plant manager supervises the delivery and sampling of

Mine closure plans are updated every two years and disturbed land is reclaimed well before closure.

the material and payment arrangements. Endeavour has a process in place to verify the material comes from our concessions.

From time to time at Bolañitos and El Cubo we have observed illegal miners attempting to gain access to our underground mines. These events represent a significant safety risk to the individuals involved as well as to our own employees. We have taken steps to eliminate unauthorized access by sealing historic mine access points and increasing our security efforts. In addition we work closely with local police to resolve incidents and as a result we have not experienced any security threats.

MINE CLOSURE PLANNING

Our mine closure plans, developed using the tools provided by the British Columbia Ministry of Energy and Mines, are updated every two years, and were last updated in 2012. The updates identified any changes

in the footprint of our operations and set out a plan for remediation or reclamation.

The company's environmental standard is to reclaim disturbed land during mining operations well before closure, essentially as soon as an area is no longer in use. Guanaceví, Bolañitos and El Cubo all have a nursery to experiment with soils, rocks, trees and plants of the area to ascertain the most appropriate remediation strategy.

Significant reclamation and closure activities include land rehabilitation, decommissioning of buildings and mine facilities, ongoing care and maintenance, and other costs. Although the ultimate total costs cannot be predicted with certainty, the total undiscounted amount of probability-weighted estimated cash flows required to settle the company's estimated obligations is approximately \$1.72 million for Guanaceví, \$1.00 million for Bolañitos and \$3.62 million for El Cubo operations.

While we are cognizant of our environmental mine closure obligations, we are also concerned about the social implications

and corresponding economic impacts of mine closure. Guanaceví, Bolañitos and El Cubo all face the same issue of potential economic dependency on the mine. While Mexico has a strong mining industry and some people may be able to relocate to other areas, for those who do not have experience or technical certifications, there are very few other employment opportunities in these regions. We want to assist in the building of transportable and transferable skills for both men and women.

Bolañitos has already begun to develop a plan to support members of the community in building new businesses. Two early program examples are the stone carving and pastry making working groups that are now established as an association to be able to commercialize their products. (See Case Study on opposite page)

In 2014, the focus of the activities in Guanaceví will be on economic diversification and education with the long-term vision of supporting the community in finding other options of work upon mine closure.



Land reclamation and reforestation begins as soon as an area is no longer in use.



Stone carving at Bolañitos is providing an alternative source of income for local families.

KEY PERFORMANCE DATA

ECONOMIC

Economic Performance

EC1. DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, INCLUDING REVENUES, OPERATING COSTS, EMPLOYEE WAGES AND BENEFITS, DONATIONS AND OTHER COMMUNITY INVESTMENTS, RETAINED EARNINGS, AND PAYMENTS TO CAPITAL PROVIDERS AND PAYMENTS TO GOVERNMENTS, BY COUNTRY. (THOUSANDS USD)	GUANACEVÍ	BOLAÑITOS	EL CUBO	CORPORATE OFFICE AND EXPLORATION	TOTAL
Direct economic value					
Revenue	\$74,328	\$149,440	\$53,015	N/A	\$276,783
Indirect economic value					
Operating costs	\$51,894	\$64,837	\$54,841	\$14,434	\$186,006
Employee wages and benefits	\$14,577	\$16,220	\$17,500	\$10,339	\$58,636
Payments to providers of capital	\$0	\$0	\$0	\$1,474	\$1,474
Payments to Mexican governments [taxes]	\$2,799	\$12,252	\$0	\$465	\$15,516
Payments to Canadian governments [taxes]	\$0	\$0	\$0	\$0	\$0
Payments to governments [payroll taxes, employer portion only]	\$2,707	\$2,630	\$2,813	\$74	\$8,224
Land use payments	\$1	\$104	\$44	N/A	\$149
Community investment (including infrastructure) *	\$29	\$92	\$127	\$233	\$480

* See breakdown in society worksheet on page 55

Market Presence

EC5. RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE	GUANACEVÍ	BOLAÑITOS	EL CUBO
Local minimum wage in each region (Mexican pesos / per day)	\$61	\$61	\$61
Percentage of employees receiving minimum wage	\$0	\$0	\$0
Entry level wage at each location (Mexican pesos / per day)	\$116	\$113	\$118
Number of people that entered in that level wage at each location	19	5	3
Percentage of employees receiving entry level wage at each location	4.2%	1.2%	0.5%

EC6. PROCEDURES FOR LOCAL HIRING AND PROPORTION OF SENIOR MANAGEMENT* HIRED FROM THE LOCAL COMMUNITY	GUANACEVÍ		BOLAÑITOS		EL CUBO		LEÓN OFFICES		ENDEAVOUR TOTAL	
Total senior management	6		7		6		10		29	
	M	F	M	F	M	F	M	F	M	F
Total senior management by gender	6	0	7	0	5	1	10	0	28	1
Total senior management hired locally (within state)	0		4		0		N/A		4	
Total senior management hired nationally (within country)	3		2		2		5		12	
Total senior management hired internationally	3		1		4		5		13	

* Senior management is the leadership team at each location (gerencial)

ECONOMIC continued

Procurement Practices

EC9. PROPORTION OF SPENDING ON LOCALLY-BASED SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION (THOUSANDS USD)	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL
Total procurement	\$36,408	\$41,186	\$57,916	\$135,510
Total procurement spent locally (within state)	\$16,582	\$17,424	\$23,912	\$57,918
Total procurement spent nationally (within country)	\$19,177	\$15,937	\$31,859	\$66,973
Total procurement spent internationally	\$649	\$7,825	\$2,145	\$10,619
Percentage spent locally (state and nation wide)	98%	81%	96%	92%

Production

MATERIAL PROCESSED, GOLD AND SILVER	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL
Material processed (tonnes)	425,922	710,708	391,354	1,527,984
Silver (oz)	2,772,227	2,881,900	1,159,025	6,813,152
Gold (oz)	6,784	51,653	17,143	75,580

LABOUR

G4.10. Organizational Profile

TOTAL WORKFORCE BY EMPLOYMENT CONTRACT AND GENDER*	GUANACEVÍ		BOLAÑITOS		EL CUBO		LEÓN OFFICE		CORPORATE OFFICE		ENDEAVOUR TOTAL	
Total number of employees	457		411		584		36		13		1,501	
	M	F	M	F	M	F	M	F	M	F	M	F
Total number of permanent employees*	400	40	382	29	504	44	19	17	6	7	1311	137
Total number of temporary employees	15	2	0	0	35	1	0	0	0	0	50	3
Total number of contractors	311		368		371		N/A		N/A		1,050	

TOTAL WORKFORCE BY GENDER AND REGION

Total number of contractors and employees	768		779		955		36		13		2,551	
Total number of foreigners hired	12		3		18		6		0		0	
	M	F	M	F	M	F	M	F	M	F	M	F
Total number of foreigners hired by gender	12	0	3	0	14	4	5	1	0	0	34	5

* all permanent employees are full time and numbers do not include exploration staff

G4-11. PERCENTAGE OF TOTAL EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

Total union employees	372	335	445	0	0	1,152
Percentage of union employees	81%	82%	76%	0%	0%	77%
Non-union employees	85	76	139	36	13	349
Percentage of non-union employees	19%	18%	24%	100%	100%	23%

LABOUR continued

Employment

LA1. TOTAL NUMBER AND RATE OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE GROUP, GENDER, AND REGION.	GUANACEVÍ	BOLAÑITOS	EL CUBO	ENDEAVOUR TOTAL
Total number of new hires	167	53	184	404
Total number of employees voluntarily leaving employment or dismissed	142	133	472	747
Total number of local (Mexican) employees voluntarily leaving employment or dismissed	140	137	532	809
Total number of international employees voluntarily leaving employment or dismissed	2	7	2	11
Turnover rate for all employees	32.70%	20.53%	40.85%	31.36%

HEALTH AND SAFETY

Labor Practices and Decent Work

LA5. PERCENTAGE OF TOTAL WORKFORCE REPRESENTED IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES THAT HELP MONITOR AND ADVISE ON OCCUPATIONAL HEALTH AND SAFETY PROGRAMS	GUANACEVÍ	BOLAÑITOS	EL CUBO	ENDEAVOUR TOTAL
Total number of employees represented in formal joint management-worker health and safety committees	21	34	38	93
Percentage of the total workforce	4.6%	8.3%	6.5%	6.5%

LA6. TYPE AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES, BY REGION AND BY GENDER	ENDEAVOUR TOTAL
Recordable injury rate ⁽¹⁾	34.6
Lost time injury rate ⁽²⁾	21.6
DART ⁽³⁾	28.2
DARTS ⁽⁴⁾	24.3
Fatalities	4
Absentee rate — all employees	3.81%

1. Recordable injury rate is calculated as (total number of recordable injuries (including fatalities, lost time injury, restricted work and medical treatment injury) x 1,000,000 hours)/ total worked hours

2. Lost time injury rate is calculated as (total lost time injuries x 1,000,000 hours)/ total worked hours

3. DART (days away/ restricted or transfer rate) is calculated as [(lost time injuries + restricted work) x 1,000,000 hours]/ total worked hours

4. DARTS is calculated as (number of lost days + number of days under restricted work)/ recordable incidents

Training and Education

LA9. AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER, AND BY EMPLOYEE CATEGORY	GUANACEVÍ	BOLAÑITOS	EL CUBO	ENDEAVOUR TOTAL
Human resources general training	7,253	9,747	6,675	23,675
Safety rescue training (including mine rescue)	39,450	41,570	141,612	222,632
Total number of hours that all employees received	46,703	51,317	148,287	246,307
Average hours of training per employee per year	61	66	254	127

ENVIRONMENT

Water

EN8. TOTAL WATER WITHDRAWAL BY SOURCE	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL
Total water withdrawn from (m³):				
Surface water, including water from wetlands, rivers, lakes, and oceans	49,405	0	0	49,405
Ground water (from mining)	10,960	105,075	288,678	404,713
Rainwater	25,500	83,727		109,227
Recycled water (from tailings)	568,018	1,331,783	1,179,198	3,078,999
Purchased water (pipes)	0	144,143	1,830	145,973
TOTAL	653,883	1,664,728	1,469,706	3,788,317

EN10. PERCENTAGE OF TOTAL VOLUME OF WATER RECYCLED AND REUSED	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL
Percentage of water recycled and reused as a percentage of total water withdrawal	86.87%	80.00%	80.23%	81.28%

Effluents and Waste

EN22. TOTAL WATER DISCHARGE BY QUALITY AND DESTINATION (NOT INCLUDING RAINWATER AND DOMESTIC SEWAGE)	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL
Total water discharges to (m³):				
Surface waters	11,048,112	0	0	11,048,112

EN23. TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL
Hazardous waste				
Solid waste* (kg)	3,820.0	1,808	24,900.0	28,720
Liquid waste** (l)	14,400	24,700	39,590	78,690
Contaminated water (l)	2,000			2,000
Scrap metal (kg)	140,000	229,000	225,000	594,000
Non-hazardous				
Tires (kg)	N/A	0.0	31,120.0	31,120.0

* This includes contaminated soil, cleaning cloths, filters, containers, lamps, hoses, gloves and batteries

** This includes used oils and water contaminated with oil

MM3. TOTAL AMOUNTS OF OVERBURDEN, ROCK, TAILINGS, AND SLUDGES AND THEIR ASSOCIATED RISKS	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL
Overburden / waste rock (tonnes)	0	290,486	0	290,486
Tailings (tonnes)	435,919	554,000	517,205	1,507,124
Sludges (tonnes)	2.6	1.8	6.4	10.7

ENVIRONMENT continued

Emissions

EN3. ENERGY CONSUMPTION WITHIN THE ORGANIZATION	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL GJ
Non-renewable sources (GJ)				
Purchased electricity	219,350	53,419	78,835	351,604
LPG	3,608	0	0	3,608
Diesel (mobile equipment)	29,816	48,159	21,487	99,462
Gasoline (mobile equipment)	3,401	4,453	3,236	11,090
Diesel (generators)	1,366	188,365	32	189,763
ANFO (explosives)	1,660	4,368	4,888	10,916
Emulsions	659	874	387	1,919
TOTAL ENERGY (GJ)	259,860.18	299,636.69	108,865.56	668,362.42

EN5. ENERGY INTENSITY	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL
Energy used by tonnes of material processed (GJ/tonne processed)	0.60	0.42	0.28	0.43

EN15. DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL
Non-renewable sources (tCO₂e)				
LPG	225	0	0	225
Diesel for mobile equipment	2,313	3,735	1,667	7,714
Gasoline for mobile equipment	199	260	189	649
Diesel for generators	104	14,270	2	14,376
Explosives (tCO₂e)				0
ANFO	71	186	208	464
Emulsions	25	33	15	73
SUBTOTAL DIRECT GHG (tCO₂e)	2,935	18,484	2,081	23,500

EN16. ENERGY INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL
Purchased electricity	27,722	6,751	9,964	44,437
SUBTOTAL INDIRECT GHG (tCO₂e)	27,722	6,751	9,964	44,437
TOTAL GHG (DIRECT+INDIRECT) (tCO₂e)	30,657	25,236	12,044	67,937

EN18. GREENHOUSE GAS (GHG) EMISSIONS INTENSITY	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL
GHG used by tonnes of material processed (tCO ₂ e/tonne processed)	0.07	0.04	0.03	0.04

SOCIETY

Local Communities

S01. PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS AND DEVELOPMENT PROGRAMS	GUANACEVÍ	BOLAÑITOS	EL CUBO	CORPORATE OFFICE	TOTAL
Number of activities	30	52	29	N/A	111
Number of beneficiaries	4,289	20,796	19,917	N/A	45,002

Community investment (USD)

Health, Education, Employability, Sports, Traditions, Culture	\$25,259	\$32,619	\$17,170	\$232,500	\$307,548
Local Infrastructure	\$3,947	\$59,085	\$109,865	\$0	\$172,897
TOTAL Community Investment (USD)	\$29,206	\$91,704	\$127,035	\$232,500	\$480,445

MM10. NUMBER AND PERCENTAGE OF OPERATIONS WITH CLOSURE PLANS	GUANACEVÍ	BOLAÑITOS	EL CUBO	TOTAL
Number of sites that have closure plans	1	1	1	3
Financial provision for closure (Thousands USD)	\$1,722	\$1,006	\$3,624	\$6,352

GRI G4 CONTENT INDEX

BOUNDARY LEGEND

1 Corporate Office	3c Local government agencies	■ Internal to the organization
2 Guanaceví Mine	4 El Cubo Mine	■ External to the organization
2b Local/adjacent communities	4b Local/adjacent communities	
2c Local government agencies	4c Local government agencies	
3 Bolañitos Mine	5 Contractors, subcontractors and suppliers	
3b Local/adjacent communities	6 Shareholders	

GENERAL STANDARD DISCLOSURES

DESCRIPTION	LOCATION
STRATEGY AND ANALYSIS	
G4-1 Statement of the most senior decision-maker of the organization	Letter from the CEO: Pages 2–3
G4-2 Description of key impacts, risks and opportunities	Letter from the CEO: Pages 2–3 Sustainability Priorities 2014 Targets: Page 18 Annual Information Form (AIF): Pages 9–19

ORGANIZATIONAL PROFILE

G4-3 Name of the organization	About Endeavour Silver: Page 4
G4-4 Primary brands, products and/or services	About Endeavour Silver: Page 4
G4-5 Location of organization's headquarters	About Endeavour Silver: Page 4
G4-6 Number of countries where the organization operates and names of countries with major	About Endeavour Silver: Page 4
G4-7 Nature of ownership and legal form	AIF: Page 4
G4-8 Market served	About Our Company: Page 13
G4-9 Scale of the reporting organization	About Endeavour Silver: Pages 4–11
G4-10 Total number of employees by employment contract and gender, permanent employees by type and gender, total workforce by employees and by gender, total workforce by region and gender	Our People: Page 28 Key Performance Data: Page 51
G4-11 Percentage of total employees covered by collective bargaining agreements	Our People: Page 34 Key Performance Data: Page 51
G4-12 Description of the organization's supply chain	About Our Company: Page 13
G4-13 Significant changes during the reporting period regarding the organizations' size, structure, ownership or supply chain	There were no significant changes during the reporting period

Commitments to External Initiatives

G4-14 Whether and how the precautionary approach or principle is addressed by the organization	Environment: Page 37
G4-15 Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	About Our Company: Page 14
G4-16 Memberships in associations and national or international advocacy organizations	About Our Company: Page 14

DESCRIPTION		LOCATION
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Entities included in the organization's consolidated financial statements and any entity is not covered by the report	2013 Financial Statements: Page 8
G4-18	Process for defining report content and Aspect boundaries How the organization implementing the Reporting Principles for Defining Report Content	About this Sustainability Report: Page 16
G4-19	Material Aspects identified in the process of defining report content	About this Sustainability Report: Pages 16-17
G4-20	Aspect Boundary within the organization for each material aspect	About this Sustainability Report: Page 16 GRI Content Index: Pages 56-59
G4-21	Aspect Boundary outside the organization for each material aspect	About this Sustainability Report: Page 16 GRI Content Index: Pages 56-59
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Not applicable
G4-23	Significant changes from previous reporting periods in Scope and Aspect Boundaries	Inaugural GRI Report, no significant changes
STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups engaged by the organization	Governance: Pages 21-22
G4-25	Basis for identification and selection of stakeholders with whom to engage	Governance: Pages 21-22
G4-26	Organization's approach to stakeholder engagement	Governance: Pages 21-22
G4-27	Stakeholder groups that have raised key topics and concerns, the key topics and concerns raised through stakeholder engagement, and how the organization has responded including through its reporting	Governance: Pages 21-22 Social: Pages 45-46
REPORT PROFILE		
G4-28	Reporting period for information provided	About this Sustainability Report: Page 15 Calendar 2013
G4-29	Date of most recent previous report, if any	About this Sustainability Report: Page 15
G4-30	Reporting cycle	About this Sustainability Report Annual
G4-31	Contact point for questions regarding the report or its contents	Inside Front Cover
GRI Content Index		
G4-32	In Accordance option chosen GRI Content Index	About this Sustainability Report Page 16 GRI Content Index: Pages 56-59
Assurance		
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	About this Sustainability Report: Page 16
GOVERNANCE		
Governance Structure and Composition		
G4-34	Governance structure of the organization including committees under the highest governance body	Governance: Page 21 Information Circular: Pages 28-37 AIF: Pages 63-67
G4-39	Indication whether chair of the highest governance body is also an executive officer	Governance: Page 21
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Governance: Page 21 Code of Business Conduct and Ethics
Role in Sustainability Reporting		
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures all material Aspects are covered	Governance: Page 21

DESCRIPTION		LOCATION
ETHICS AND INTEGRITY		
G4-56	The organizations values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Governance: Page 20 Corporate Site: Code of Business Conduct and Ethics
G4-58	Internal and external mechanisms for reporting concerns about ethical and lawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Governance: Page 20 Corporate Site: Whistleblower Policy

SPECIFIC STANDARD DISCLOSURES

DESCRIPTION	BOUNDARY	OMISSIONS	LOCATION
ECONOMIC <i>Disclosure of Management Approach</i>			Economic: Page 24
Aspect: Economic Performance			
G4-EC1	Direct economic value generated and distributed	1–6	Economic: Page 24 Social: Pages 47–48
Aspect: Market Presence			
G4-EC5	Range of ratios of standard entry-level wage compared to local minimum wage	2/2b, 3/3b, 4/4b	Our People: Page 29 Key Performance Data: Page 50
G4-EC6	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	2/2b, 3/3b, 4/4b	Our People: Page 29 Key Performance Data: Page 50
Aspect: Procurement Practices			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	1, 2b, 3b, 4b, 5, 6	Economic: Pages 25–26
ENVIRONMENTAL <i>Disclosure of Management Approach</i>			Environment: Page 37
Aspect: Energy			
G4-EN3	Energy consumption within the organization	1, 2/2b, 3/3b, 4/4b	Environment: Page 41
G4-EN5	Energy intensity	1, 6	Environment: Page 41
Aspect: Water			
G4-EN8	Total water withdrawal by source	1–6	Environment: Pages 38–39
G4-EN10	Percentage and total volume of water recycled and reused	1, 2/2b, 3/3b, 4/4b, 6	Environment: Pages 38–39
Aspect: Emissions			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	2/2b, 3/3b, 4/4b, 6	Environment: Pages 41–42
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	2/2b, 3/3b, 4/4b, 6	Environment: Pages 41–42
G4-EN18	Greenhouse gas (GHG) emissions intensity	2/2b, 3/3b, 4/4b, 6	Environment: Page 42
Aspect: Effluents and Waste			
G4-EN22	Total water discharge by quality and destination	2/2b, 3/3b, 4/4b	Environment: Page 39
G4-EN23	Total weight of waste by type and disposal method	2/2b, 3/3b, 4/4b	Environment: Pages 39–40
MM3	Total amounts of overburden, rock, tailings, sludges and their associated risk	2/2b, 3/3b, 4/4b	Key Performance Data: Page 53
Aspect: Compliance			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	1–4, 6	None
G4-EN30	Significant environmental impacts of transporting products, goods, materials or members of the workforce	2/2b, 3/3b, 4/4b	Social: Page 46

DESCRIPTION	BOUNDARY	OMISSIONS	LOCATION
SOCIAL: LABOUR PRACTICES AND DECENT WORK <i>Disclosure of Management Approach</i>			Our People: Page 28
Aspect: Employment			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	2/2b, 3/3b, 4/4b	Our People: Pages 29–30 Key Performance Data: Page 52
Aspect: Labour/Management Relations			
MM4	Number of strikes and lock-outs exceeding one week's duration, by country	1–6	None
Aspect: Occupational Health & Safety			
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	2/2b, 3/3b, 4/4b	Our People: Pages 30–32 Key Performance Data: Page 52
G4-LA6	Types and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender	1–6	Our People: Pages 30–31
Aspect: Training & Education			
G4-LA9	Average hours of training per year per employee by gender and by employee category	2/2b, 3/3b, 4/4b	Our People: Page 33
HUMAN RIGHTS <i>Disclosure of Management Approach</i>			Governance: Page 20
Aspect: Child Labour			
G4-HR5	Operations and suppliers identified as having significant risks of child labour	2b, 3b, 4b, 5	Governance: Page 20
SOCIETY <i>Disclosure of Management Approach</i>			Social: Page 44
Aspect: Local Communities			
G4-S01	Percentage of operations with implemented local community engagement, impact assessments and development programs	1–6	Social: Pages 44–45
G4-S02	Operations with significant potential or actual negative impacts on local communities	1–6	Social: Page 46
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples		Not applicable
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes		Not applicable
MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	1, 2, 2b	Social: Pages 48–49
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process		Not applicable
MM10	Number and percentage of operations with closure plans	1–6	Social: Page 49

RESERVES AND RESOURCES

SILVER-GOLD RESERVES AND RESOURCES (AS OF DECEMBER 31, 2013)

	TONNES	AG G/T	AU G/T	AG OZ	AU OZ	AG OZ EQ
Proven and Probable Reserves						
Proven						
Guanaceví	327,800	281	0.51	2,961,900	5,300	3,279,900
Bolañitos	380,530	156	2.5	1,910,300	30,500	3,740,300
El Cubo	752,500	138	2.16	3,330,300	52,200	6,462,300
Total Proven	1,460,830	175	1.87	8,202,500	88,000	13,482,500
Probable						
Guanaceví	34,600	342	0.46	380,800	500	410,800
Bolañitos	98,300	134	2.17	424,200	6,800	832,200
El Cubo	615,400	131	2.23	2,595,700	44,100	5,242,700
Total Probable	748,300	141	2.14	3,400,700	51,400	6,485,700
Total Proven and Probable	2,209,130	163	1.96	11,603,200	139,400	19,968,200

Measured and Indicated Resources

	TONNES	AG G/T	AU G/T	AG OZ	AU OZ	AG OZ EQ
Measured						
Guanaceví	132,000	183	0.29	777,200	1,300	855,200
Bolañitos	75,900	132	1.39	322,800	3,400	526,800
El Cubo	660,100	158	2.87	3,357,800	60,800	7,005,800
Total Measured	868,000	160	2.35	4,457,800	65,500	8,387,800
Indicated						
Guanaceví	1,701,200	242	0.57	13,221,400	31,500	15,111,400
Bolañitos	1,191,800	111	1.95	4,263,300	74,700	8,745,300
El Cubo	1,570,500	144	2.06	7,263,100	104,200	13,515,100
San Sebastián	2,476,000	229	1.08	18,216,200	86,300	23,394,200
Guadalupe y C	1,861,000	119	2.38	7,147,300	142,500	15,697,300
Total Indicated	8,800,500	177	1.55	50,111,300	439,200	76,463,300
Total Measured and Indicated	9,668,500	176	1.62	54,569,100	504,700	84,851,100

Inferred Resources

	TONNES	AG G/T	AU G/T	AG OZ	AU OZ	AG OZ EQ
Guanaceví	1,155,100	253	0.46	9,384,700	17,100	10,410,700
Bolañitos	2,145,150	140	1.62	9,642,200	111,720	16,345,400
El Cubo	1,477,900	174	3.4	7,729,800	130,100	15,535,800
San Sebastián	2,376,000	175	1.66	13,390,600	126,800	20,998,600
Guadalupe y C	154,000	94	2.14	464,600	10,600	1,100,600
Total Inferred	7,308,150	173	1.69	40,611,900	396,320	64,391,100

SILVER-GOLD-LEAD-ZINC (AS OF SEPTEMBER 30, 2013)

	TONNES	AG G/T	AU G/T	AG OZ	AU OZ	AG OZ EQ
Indicated Resources						
Parral	1,631,000	49	0.9	2,589,900	47,200	5,421,900
Buena Fe (Ag-Pb-Zn)	655,000	166	0.21	3,495,700	4,400	3,759,700
Total Indicated	2,286,000	83	0.7	6,085,600	51,600	9,181,600
Inferred Resources						
Guanaceví	646,000	129	0.15	2,687,300	3,100	2,873,300
Parral	1,303,000	63	0.88	2,658,900	36,900	4,872,900
Arroyo Seco	738,000	220	0.07	5,220,000	1,700	5,322,000
Total Inferred	2,687,000	122	0.48	10,566,200	41,700	13,068,200
Total Pb-Zn	4,973,000	104	0.58	16,651,800	93,300	22,249,800

Notes:

1. Reserve cut-off grade at Guanaceví is 217 gpt Ag equivalent.
2. Reserve cut-off grade at Bolañitos is 155 gpt Ag equivalent.
3. Reserve cut-off grade at El Cubo is 130 gpt Ag equivalent.
4. Minimum mining width is 0.8m at Cubo, 1.8m at Guanaceví and 2.0m at Bolañitos.
5. Dilution factor at Cubo is 75% for all mining methods inclusive of dilution to minimum mining width. At Bolañitos, the dilution factor is 15% on cut&fill, and 25% on longhole. At Guanaceví, dilution factor is 15% on cut&fill.
6. Resource cut-off grade for all three mines is 100 g/t Ag equivalent.
7. Reserves and Resources Silver Equivalents are based on a 60:1 silver to gold ratio.
8. Resource cut-off grade for San Sebastián is 100 g/t Ag equivalent.
9. Resource cut-off grade for the Guadalupe y Calvo property is 100 g/t Ag equivalent.
10. Resource cut-off grade for Parral project is an NSR of \$40 using with the metal prices below.
11. Resource cut-off grade for Arroyo Seco is 100 g/t Ag.

Mineral resources that are not mineral reserves do not have demonstrated economic feasibility but have reasonable prospects for economic extraction. The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature. There has been insufficient exploration to define these inferred mineral resources as indicated or measured mineral resources, and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

The Qualified Person for the Mineral Resource and Reserve Estimates was Mike Munroe, BSc, MSc, SME Registered Member 4151306RM. The Guadalupe y Calvo report was authored by Charley Murahwi, M.Sc., P.Geo, FAusIMM and Alan San Martin, MAusIMM(CP). The Arroyo Seco report was authored by David St. Clair Dunn B.Sc., P.Geo and Barry Devlin M.Sc., P. Geo, both of whom are Qualified Persons.

These reserve and resource statements were classified following the definitions and guidelines of the Canadian Institute of Mining, Metallurgy and Petroleum CIM standards and definitions on Mineral Resources and Reserves and the guidelines of NI 43-101.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This 2013 Annual Review and Sustainability Report may contain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation.

Such forward-looking statements include but are not limited to statements regarding Endeavour's anticipated future performance and are based on assumptions management believes to be reasonable, including but not limited to the company's mining operations, the market price of commodities produced and used in production, the operation of mines and completion of mining projects in accordance with management's expectations, and achievement of management's stated production outcomes, etc.

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Endeavour and its operations to be materially different from those expressed or implied by such statements. Such factors include, among others, legislation, taxation, regulations and political or economic developments in Canada and Mexico; operating or technical difficulties in mineral exploration, development and mining activities; risks and hazards of mineral exploration, development and mining; the speculative nature of mineral exploration and development, risks in obtaining necessary licenses and permits, and challenges to the company's title to properties; as well as those factors described in the section "risk factors" contained in the company's most recent form 40F/Annual Information Form; available at www.sedar.com.

There can be no assurance that any forward-looking statements or information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. The company does not intend, and does not assume any obligation, to update such forward-looking statements or information, other than as required by applicable law. Accordingly, readers should not place undue reliance on forward-looking statements or information.

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