

***ENDEAVOUR***  
***SILVER***



**Consolidated Financial Statements**

Prepared by Management

The three month period ended March 31, 2008  
has not been reviewed by the Company's Auditor

**First Quarter Report**  
**Three Months Ended March 31, 2009**

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying interim consolidated financial statements of Endeavour Silver Corp. (“the Company”) have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP), and within the framework of the summary of significant accounting policies disclosed in the notes to these consolidated financial statements and most recent annual financial statements filed on sedar.

Management is responsible for establishing internal controls over financial reporting for the Company. Management has designed and implemented internal controls over financial reporting (ICFR) that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

The Audit Committee of the Board of Directors meets periodically with management to review results of the interim consolidated financial statements and related financial reporting matters prior to submitting the interim consolidated financial statements to the Board of Directors for approval. The Audit Committee is appointed by the Board of Directors and all of its members are independent directors. The Audit Committee is responsible for engaging or re-appointing the external auditors.

The interim consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

**ENDEAVOUR SILVER CORP.**  
**CONSOLIDATED BALANCE SHEET**  
**(Unaudited-Prepared by Management)**  
(expressed in thousands of US dollars)

	Notes	March 31, 2009	December 31, 2008
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 7,783	\$ 3,582
Marketable securities		34	35
Accounts receivable and prepaids	3	9,024	6,203
Inventories	4	3,768	3,159
Due from related parties	7	146	119
<b>Total current assets</b>		<b>20,755</b>	<b>13,098</b>
Long term deposits		932	914
Long term investments	6	2,109	2,155
Mineral property, plant and equipment	8	51,120	51,125
<b>Total assets</b>		<b>\$ 74,916</b>	<b>\$ 67,292</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 4,823	\$ 5,339
Accrued interest on convertible debentures		101	-
Income taxes payable		91	-
<b>Total current liabilities</b>		<b>5,015</b>	<b>5,339</b>
Asset retirement obligations		1,485	1,445
Future income tax liability		3,417	4,036
Liability portion of convertible debentures	5	7,267	-
<b>Total liabilities</b>		<b>17,184</b>	<b>10,820</b>
<b>Shareholders' equity</b>			
Common shares, unlimited shares authorized, no par value, issued and outstanding 51,537,018 shares (2008 - 49,080,478 shares)	Page 5	89,816	87,584
Special Warrants, (2,311,540 units)	9 (c)	-	2,118
Equity portion of convertible debentures	5	2,416	-
Contributed surplus	Page 5	11,755	11,285
Accumulated comprehensive income	Page 5	212	212
Deficit		(46,467)	(44,727)
<b>Total shareholders' equity</b>		<b>57,732</b>	<b>56,472</b>
		<b>\$ 74,916</b>	<b>\$ 67,292</b>

Basis of Presentation (note 1)

See the accompanying notes to the consolidated financial statements.

Approved on behalf of the Board

/s/ *Bradford Cooke*

Director

/s/ *Godfrey Walton*

Director

**ENDEAVOUR SILVER CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS)**  
**(Unaudited- Prepared by Management)**  
(expresses in thousands of US dollars, except for shares and per share amounts)

	Notes	Three Months Ended	
		March 31, 2009	March 31, 2008
Sales		\$ 8,487	\$ 10,729
Cost of sales		5,883	6,567
Depreciation and depletion		2,290	1,505
Exploration		157	2,083
General and administrative		1,090	1,378
Accretion of convertible debentures	5	147	-
Stock-based compensation	9 (d)	83	1,030
Earnings (loss)		(1,163)	(1,834)
Foreign exchange gain (loss)		(915)	(462)
Realized gain (loss) on marketable securities		-	743
Gain on convertible debentures redeemable option	5	-	-
Investment and other income		189	143
Loss before taxes and other items		(1,889)	(1,410)
Income tax recovery (provision)		149	(601)
<b>Net loss for the period</b>		<b>(1,740)</b>	<b>(2,011)</b>
Other comprehensive income, net of tax			
Unrealized gain (loss) on marketable securities		-	3
Reclassification adjustment for loss (gain) included in net income		-	(416)
		-	(413)
<b>Comprehensive income (loss) for the period</b>		<b>(1,740)</b>	<b>(2,424)</b>
<b>Basic and diluted loss per share based on net loss</b>		<b>\$ (0.03)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of shares outstanding</b>		<b>50,080,632</b>	<b>48,995,948</b>

See the accompanying notes to the consolidated financial statements.

**ENDEAVOUR SILVER CORP.****CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND DEFICIT****(Unaudited – Prepared by Management)**

(expressed in thousands of U.S. dollars, except share amounts)

	Notes	March 31 2008	December 31 2008
Number of common shares, opening		<b>49,080,478</b>	48,982,146
Exercise of special warrants	9 (c)	<b>2,311,540</b>	-
Exercise of options	9 (d)	<b>145,000</b>	88,000
Exercise of warrants	9 (e)	-	-
Share appreciation rights		-	10,332
<b>Number of common shares, closing</b>		<b>51,537,018</b>	49,080,478
Common shares, opening		\$ <b>87,584</b>	\$ 87,458
Exercise of special warrants		<b>2,118</b>	-
Exercise of options	9 (d)	<b>114</b>	105
Share appreciation rights		-	21
<b>Common shares, closing</b>		<b>89,816</b>	87,584
Equity portion of convertible debentures, opening		-	-
Issued on convertible debentures, net of issuance costs	5	<b>2,416</b>	-
<b>Equity portion of convertible debenture, closing</b>		<b>2,416</b>	-
Special warrants, opening		-	-
Issued on private placement, net of issuance costs	9 (c)	<b>2,118</b>	2,118
Exercise of special warrants		<b>(2,118)</b>	-
<b>Special warrants, closing</b>		<b>-</b>	2,118
Contributed surplus, opening		<b>11,285</b>	8,921
Stock based compensation	9 (d)	<b>83</b>	2,349
Fair value of warrants issued on convertible debentures	5	<b>466</b>	82
Exercise of share purchase options	9 (d)	<b>(79)</b>	(46)
Share appreciation rights		-	(21)
<b>Contributed surplus, closing</b>		<b>11,755</b>	11,285
Accumulated other comprehensive income, opening		<b>212</b>	720
Unrealized gain (loss) on marketable securities		-	(1,145)
Realized loss on marketable securities included in net income		-	637
<b>Accumulated other comprehensive income, closing</b>		<b>212</b>	212
Deficit, opening		<b>(44,727)</b>	(26,723)
Loss for the period		<b>(1,740)</b>	(18,004)
<b>Deficit, closing</b>		<b>(46,467)</b>	(44,727)
Shareholders' equity		\$ <b>57,732</b>	\$ 56,472

See the accompanying notes to the consolidated financial statements.

**ENDEAVOUR SILVER CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
**(Unaudited – Prepared by Management)**  
(expressed in thousands of U.S. dollars)

	Notes	Three Months Ended	
		March 31, 2009	March 31, 2008
<b>Operating activities</b>			
Net loss for the period		\$ (1,740)	\$ (2,011)
Items not affecting cash:			
Stock-based compensation		83	1,030
Depreciation and depletion		2,290	1,505
Future income tax loss (recovery)		(452)	23
Unrealized foreign exchange loss (gain)		(70)	148
Accretion of convertible debentures		46	-
(Gain) loss on marketable securities		-	(743)
Net changes in non-cash working capital	10	(3,629)	684
Cash from (used for) operations		(3,472)	636
<b>Investing activities</b>			
Property, plant and equipment expenditures		(2,467)	(3,897)
Long term deposits		(18)	11
Investment in marketable securities		-	(969)
Proceeds from sale of marketable securities		-	2,471
Cash used in investing activities		(2,485)	(2,384)
<b>Financing activities</b>			
Common shares issued, net of issuance costs	9 (d)	35	32
Issuance of convertible debentures	5	11,225	-
Debenture issuance costs	5	(1,102)	-
Cash from financing activities		10,158	32
Increase (decrease) in cash and cash equivalents		4,201	(1,716)
Cash and cash equivalents, beginning of period		3,582	16,577
<b>Cash and cash equivalents, end of period</b>		<b>\$ 7,783</b>	<b>\$ 14,861</b>

See note 10 for supplementary cash flow information.

# ENDEAVOUR SILVER CORP.

## Notes to the Consolidated Financial Statements

Three Months ended March 31, 2009

(Unaudited – Prepared by Management)

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

### 1. BASIS OF PRESENTATION

The Company's interim consolidated financial statements have been prepared in accordance with Canadian GAAP using standards for interim financial statements and do not contain all of the information required for annual financial statements. The statements follow the same accounting policies and methods of application as our most recent annual financial statements, except as described in Note 2. Accordingly, they should be read in conjunction with our most recent annual financial statements. Certain comparative figures have been reclassified to conform to the presentation adopted for the current period. All dollar amounts are disclosed in US currency unless otherwise stated.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred significant operating losses to date. At March 31, 2009, the Company had working capital of approximately \$15.7 million (December 31, 2008 – 7.8m). Management recognizes that the Company will need to generate additional financial resources in order to meet its planned business objectives in the near and long term. The Company's ability to continue as a going concern is dependent on the Company's ability to raise debt financing, equity financing or the attainment of profitable operations.

Management continues to pursue alternatives to improve the financial position of the Company to remain a going concern through 2009, however, there can be no assurances that the Company will obtain adequate additional financing and/or achieve profitability or positive cash flows. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis.

### 2. ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2009, the Company adopted a new accounting standard that was issued by the Canadian Institute of Chartered Accountants: Handbook Section 3064, *Goodwill and Intangible Assets*, which replaces section 3062, *Goodwill and intangible assets* and Section 3450, *Research and Development Costs*, which establishes a standard for recognition, measurement and disclosure of goodwill and intangible assets. There is no impact on the Company's consolidated financial statements.

### 3. ACCOUNTS RECEIVABLE AND PREPAIDS

	March 31 2009	December 31 2008
Trade receivables	\$ 4,705	\$ 1,661
IVA receivables	3,016	2,886
Other receivables	687	843
Prepays and advances	616	813
	<b>\$ 9,024</b>	<b>\$ 6,203</b>

### 4. INVENTORIES

	March 31 2009	December 31 2008
Warehouse inventory	\$ 1,790	\$ 1,642
Stockpile inventory	-	151
Finished Goods inventory	1,655	941
Work in process inventory	323	425
	<b>\$ 3,768</b>	<b>\$ 3,159</b>

# ENDEAVOUR SILVER CORP.

## Notes to the Consolidated Financial Statements

Three Months ended March 31, 2009

(Unaudited – Prepared by Management)

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

### 5. CONVERTIBLE DEBENTURES

In February 2009, the Company issued CAN \$14 million in 10% subordinated unsecured convertible redeemable debentures (the “Debentures”) maturing February 2014. The interest is 10% annually, paid quarterly in arrears. At any time, each Debenture may be converted by the holder into one unit consisting of one of the Company’s common shares and one half of a common share purchase warrant at an initial conversion rate of 526.3 units for each CAN \$1,000 Debenture, representing an initial conversion price of CAN \$1.90 per unit. Additional units may become issuable following the occurrence of certain corporate acts or events. Each full share purchase warrant will entitle the holder to purchase one common share at an exercise price of CAN \$2.05. A total of 7,364,737 common shares are issuable upon conversion. Subsequent to July 26, 2010, each Debenture can be redeemed by the Company for cash, plus a redemption fee of 7%, provided the closing share price is greater than CAN \$2.85.

As the Debentures include both cash payment and equity conversion features, the gross proceeds have been allocated between liability and equity elements, as described further below. The liability element has been designated as other liabilities and is recognized at amortized cost. The related transaction costs are allocated on a proportional basis. The transaction costs associated with the liability portion of the Debentures are deferred over their expected term.

The face value of the Debentures has been allocated as follows for accounting purposes:

	CAN \$	US \$
<b>Allocation of gross proceeds</b>		
<b>Gross Proceeds</b>	<b>\$ 13,993</b>	<b>\$ 11,225</b>
Fair value of liability portion	10,492	8,417
Fair value of equity portion	3,501	2,808
<b>Liability portion of convertible debentures</b>		
Opening balance	-	-
Fair value of debt component	10,492	8,417
Issuance costs	(1,466)	(1,176)
Accretion expense	184	147
Interest accrued	(126)	(101)
Interest paid	-	-
Foreign exchange gain/(loss) on revaluation	-	(20)
<b>Closing balance of liability portion</b>	<b>9,084</b>	<b>7,267</b>
<b>Equity portion of convertible debentures</b>		
Opening balance	-	-
Fair value of equity portion	3,501	2,808
Issuance costs	(489)	(392)
<b>Closing balance of equity portion</b>	<b>3,012</b>	<b>2,416</b>

The fair value of the liability portion of the Debentures at initial recognition was estimated using a discounted cash flow method, with the Company’s incremental borrowing rate estimated to be 18%. The fair value of the equity component was estimated using the residual value method. The Company has determined that its cash redemption option has no material value. The liability portion of the Debentures is accreted over an expected life of 5 years using the effective interest method. Total financing fees associated with the transaction were \$1,568, which were allocated on a proportional basis between the liability component (\$1,176) and equity component (\$392). The Company paid \$1,102 and issued 644,414 share purchase warrants exercisable at CAN\$ 1.90 for five years with an estimated value of \$466. The agent warrants were valued using Black-Scholes valuation technique with an expected life of 5 years and a volatility of 73%.

## ENDEAVOUR SILVER CORP.

### Notes to the Consolidated Financial Statements

Three Months ended March 31, 2009

(Unaudited – Prepared by Management)

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

#### 6. LONG TERM INVESTMENTS

At March 31, 2009 the Company held restructured Asset Backed Commercial Paper Notes that were obtained in February from the restructuring of Canadian Asset Backed Commercial Paper “ABCP”. The ABCP was purchased in a Canaccord Capital account in August 2007 with a par value \$5.2 million. At the dates at which we acquired the investments, the non-bank sponsored ABCP was rated RI (High) by Dominion Bond Rating Services (“DBRS”), the highest credit rating issued for commercial paper. In August 2007, the ABCP market experienced liquidity problems and was subsequently frozen.

In September 2007, a Pan-Canadian Committee (the “Committee”) consisting of a panel of major ABCP investors was formed to restructure the affected ABCP trusts.

On March 20, 2008 the Committee issued an information statement which provided details of the restructuring plan. The proposed restructuring plan (the “Restructuring Plan”) was submitted under the Companies Creditors Arrangement Act and approved by the majority of noteholders on April 25, 2008. The Restructuring Plan was sanctioned by the Ontario Superior Court on June 5, 2008. The Supreme Court of Canada denied an appeal for note holders seeking relief thereby allowing the implementation of the Restructuring Plan January 19, 2009.

The Company assessed the estimated fair value of our restructured ABCP Notes and based on the available information regarding current market conditions, the underlying assets and the indicative values contained in the report issued by JP Morgan, we recorded an impairment of \$2.6 million in 2008. There is a significant amount of uncertainty in estimating the amount and timing of cash flows associated with the ABCP. The Company estimated the fair value by using a basic discounted cash flow model assuming principal is repaid between 2013 and 2016 using a 12% discount rate. This results in an estimated fair value of CAN\$2.6 million.

At December 31, 2008, the Company updated the valuation model to reflect the Notes that were distributed as a result of the restructuring. The restructuring plan was executed as follows:

- The creation of three master asset vehicles (MAV).
- Within each MAV, the issuance of 5 different series of notes:
  - Class A-1 Notes will be the senior notes, with the other series of Notes subordinated to them. Class A-1 Notes are expected to receive AA ratings, have maturities from 6 to 8 years and a coupon rate of Bankers Acceptance (“BA”) Rate less 0.5%.
  - Class A-2 Notes will be senior to the Class B Notes, C Notes and IA Tracking Notes. Class A-2 Notes are expected to receive AA ratings, have maturity of 8 years and a coupon rate of BA Rate less 0.5%
  - Class B Notes will be senior to the Class C Notes and IA Tracking Notes. Class B Notes will not be rated and are expected to have a maturity of 8 years and a coupon rate BA Rate of less 0.5%
  - Class C Notes will be senior to the IA Tracking Notes. Class C Notes will not be rated and are expected to have a maturity of 8 years and a coupon rate of 20%. It was stated by JP Morgan the Class C Notes that “investors” should expect return closer to BA Rate less 0.5%.
  - IA Tracking Notes will not be rated. IA Tracking Notes are expected to have a maturity of 8 years and a coupon rate equivalent to the net rate of return generated by the specific underlying assets.
- There have been minimal market trades of the restructured Notes. The DBRS has an “A” rating for the Class A-1 Notes at this time.

Based on the Restructuring Plan:

- CAN \$3,229,000 of our investments were replaced with Class A-1 Notes
- CAN \$1,093,000 of our investments were replaced with Class A-2 Notes
- CAN \$ 198,000 of our investments were replaced with Class B Notes
- CAN \$ 140,000 of our investments were replaced with Class C Notes
- CAN \$ 464,000 of our investments were replaced with IA Tracking Notes

The Notes were recorded at their estimated fair value of CAN \$2.6 million, resulting in no gain or loss on implementation of the restructuring. There continues to be uncertainty surrounding the interest payments receivable, though the Company did receive \$149 in the period in accordance with the terms of the notes.

The Company considers the Notes to be available for sale. Management has recorded the Notes at their estimated fair market value with the impact of market fluctuations recognized through other comprehensive income, unless they are declines in value that concluded to be other than temporary in which case the declines will be charged to operations.

## ENDEAVOUR SILVER CORP.

### Notes to the Consolidated Financial Statements

Three Months ended March 31, 2009

(Unaudited – Prepared by Management)

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

#### 7. RELATED PARTY TRANSACTIONS

The Company shares common administrative services and office space with related party companies and from time to time will incur third party costs on behalf of the related parties on a full cost recovery basis. The Company has a \$48 receivable related to administration costs outstanding as of March 31, 2009 (December 31, 2008 - \$21).

During the three months ended March 31, 2009, the Company has paid \$22 for legal services to Koffman Kalef LLP, a firm in which the Company's Corporate Secretary is a partner.

The Company has \$98 receivable related to 2008 property tax payments and the initial Rico Chico option payment outstanding as of March 31, 2009. The Company agreed to accept common shares of Aztec Metals Corp. in lieu of cash for the outstanding receivable.

#### 8. MINERAL PROPERTY, PLANT AND EQUIPMENT

Mineral property, plant and equipment comprise:

	March 31, 2009			December 31, 2008		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Properties	\$ 39,020	\$ 10,818	\$ 28,202	\$ 37,066	\$ 9,041	\$ 28,025
Mill	17,427	3,774	13,653	17,380	3,366	14,014
Machinery and equipment	8,021	1,374	6,647	7,575	1,190	6,385
Transportation and vehicles	1,003	427	576	1,003	370	633
Buildings	1,770	226	1,544	1,770	185	1,585
Office equipment	749	251	498	689	206	483
	<u>\$ 67,990</u>	<u>\$ 16,870</u>	<u>\$ 51,120</u>	<u>\$ 65,483</u>	<u>\$ 14,358</u>	<u>\$ 51,125</u>

#### 9. SHARE CAPITAL

(a) The Company considers the items included in the consolidated statement of shareholders' equity as capital. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, convertible debentures, asset acquisitions or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

(b) As at March 31, 2009 a total of 93,750 common shares are held in escrow, the release of which is subject to regulatory approval.

##### (c) **Private Placement**

In December 2008, the Company completed a brokered and non brokered private placements of special warrants for 2,311,540 units at CAN\$1.30 per unit for gross proceeds of CAN\$3.0 million. Each special warrant was exercisable into a unit comprised of one common share and one-half of a common share purchase warrant. Each whole share purchase warrant is exercisable to purchase one common share at an exercise price of CAN\$1.90 until February 25, 2014 (Note 8(e)). The agents received a cash commission of 6% totaling \$0.1 million and 131,792 agents' warrants at an exercise price of CAN\$1.51 until February 25, 2014. The warrants issued to the agents have an estimated fair value of \$0.1 million and have been recorded in share capital on a net basis. All of the special warrants were converted into units February 25, 2009 and the value assigned to the special warrants was reclassified into share capital in the period ended March 31, 2009..

# ENDEAVOUR SILVER CORP.

## Notes to the Consolidated Financial Statements

Three Months ended March 31, 2009

(Unaudited – Prepared by Management)

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

### 9. SHARE CAPITAL (continued)

#### (d) Purchase options

Options to purchase common shares have been granted to directors, officers, employees and consultants pursuant to the current Company's stock option plan approved by the Company's shareholders in fiscal 2006 at exercise prices determined by reference to the market value on the date of the grant. The stock option plan allows for granting options to its directors, officers, employees and consultants to acquire up to 6,768,000 shares.

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

	March 31, 2009		December 31, 2008	
	Number of Shares	Weighted average exercise price	Number of Shares	Weighted average exercise price
Outstanding, beginning of period	4,733,400	\$3.33	4,089,400	\$3.25
Granted	-	-	2,133,000	\$3.20
Exercised	(145,000)	\$1.05	(88,000)	\$0.83
Cancelled <sup>(1)</sup>	(75,000)	\$2.75	(1,401,000)	\$3.31
Outstanding, end of period	4,513,400	\$3.37	4,733,400	\$3.28
Options exercisable at period-end	4,117,400	\$3.42	4,263,400	\$3.33

<sup>(1)</sup> 20,000 options priced at CAN \$1.60 were cancelled in exchange for 10,332 share appreciation rights in 2008.

The following tables summarize information about stock options outstanding at March 31, 2009:

CAN \$ Price Intervals	Options Outstanding			Options Exercisable	
	Number Outstanding as at Mar 31, 2009	Weighted Average Contractual Life (Number of Years)	Weighted Average Exercise Prices	Number Exercisable as at Mar 31, 2009	Weighted Average Exercise Prices
\$1.00 - \$1.99	340,000	0.7	\$1.54	308,000	\$1.59
\$2.00 - \$2.99	1,990,400	1.8	\$2.63	1,959,400	\$2.64
\$3.00 - \$3.99	623,000	4.2	\$3.14	290,000	\$3.20
\$4.00 - \$4.99	1,405,000	7.2	\$4.72	1,405,000	\$4.72
\$5.00 - \$5.99	155,000	3.0	\$5.48	155,000	\$5.48
	4,513,400	3.8	\$3.37	4,117,400	\$3.42

During the period ended March 31, 2009, the Company recognized stock-based compensation expense of \$83 (March 2008 - \$1,030) based on the fair value of the vested portion of options granted in prior periods.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

# ENDEAVOUR SILVER CORP.

## Notes to the Consolidated Financial Statements

Three Months ended March 31, 2009

(Unaudited – Prepared by Management)

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

### 9. SHARE CAPITAL (continued)

#### (e) Warrants

At March 31, 2009, the Company had outstanding warrants to purchase an aggregate 2,181,976 common shares as follows:

Exercise Price	Expiry Dates	Oustanding at December 31, 2008	Issued	Exercised	Expired	Oustanding at 31, 2009	March
CAN \$							
\$5.50	May 30, 2009	250,000	-	-	-	250,000	250,000
\$4.65	January 8, 2009	60,000	-	-	(60,000)	-	-
\$1.51	February 25, 2014	131,792	-	-	-	131,792	131,792
\$1.90	February 25, 2014		1,155,770				1,155,770
\$1.90	February 26, 2014		644,414				644,414
		441,792	1,800,184	-	(60,000)		2,181,976

### 10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Net changes in non-cash working capital

Accounts receivable and prepaids	\$	(2,821)	\$	(998)
Inventories		(457)		481
Due from related parties		(27)		165
Accounts payable and accrued liabilities		(516)		712
Accrued interest on convertible debt		101		-
Income taxes payable		91		324
	\$	(3,629)	\$	684

Non-cash financing and investing activities:

Fair value of stock options allocated to shares issued				
on exercise of stock options		79		25
Fair value of agent warrants issued on convertible debentures		466		-

# ENDEAVOUR SILVER CORP.

## Notes to the Consolidated Financial Statements

Three Months ended March 31, 2009

(Unaudited – Prepared by Management)

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

### 11. SEGMENT DISCLOSURES

The Company has corporate/exploration and mining segments. Guanacevi and Guanajuato operations are disclosed below as separate producing operations.

	March 31, 2009			
	Corporate	Guanacevi	Guanajuato	Total
Cash and cash equivalents	\$ 7,614	\$ 108	\$ 61	\$ 7,783
Marketable securities	34	-	-	34
Accounts receivables and prepaids	601	6,277	2,146	9,024
Inventories	-	3,269	499	3,768
Due to related parties	146	-	-	146
Mineral property, plant and equipment	100	41,637	9,383	51,120
Long term investments	2,109	-	-	2,109
Revenue	-	5,371	3,116	8,487
Net income (loss) before taxes and other items	\$ (2,203)	\$ 290	\$ 24	(1,889)

  

	December 31, 2008			
	Corporate	Guanacevi	Guanajuato	Total
Cash and cash equivalents	\$ 3,246	\$ 255	\$ 81	\$ 3,582
Marketable securities	35	-	-	35
Accounts receivables and prepaids	1,758	2,837	1,608	6,203
Inventories	-	2,175	984	3,159
Due to related parties	119	-	-	119
Mineral property, plant and equipment	100	41,547	9,478	51,125
Long term investments	2,155	-	-	2,155
Revenue	-	9,465	164	10,729
Net income (loss) before taxes and other items	\$ (3,741)	\$ 2,998	\$ (667)	(1,410)

## **ENDEAVOUR SILVER CORP.**

### **Notes to the Consolidated Financial Statements**

Three Months ended March 31, 2009

(Unaudited – Prepared by Management)

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

#### **HEAD OFFICE**

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#### **DIRECTORS**

Bradford Cooke  
Godfrey Walton  
Leonard Harris  
Mario Szotlender  
Geoff Handley  
Rex McLennan

#### **OFFICERS**

Bradford Cooke ~ Chairman and Chief Executive Officer  
Godfrey Walton ~ President and Chief Operating Officer  
Dan Dickson ~ Chief Financial Officer  
Dave Howe ~ Vice-President, Mexico Operations  
Barry Devlin ~ Vice-President, Exploration  
Hugh Clarke ~ Vice-President, Corporate Communications

#### **REGISTRAR AND TRANSFER AGENT**

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#### **AUDITORS**

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#### **SOLICITORS**

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#### **SHARES LISTED**

Toronto Stock Exchange  
Trading Symbol - EDR

American Stock Exchange  
Trading Symbol – EXK

Frankfurt Stock Exchange  
Trading Symbol - EJD