Lasting Commitment
Our Mission

We find, build, and operate quality silver mines in a sustainable way to create value for our stakeholders. By continually improving what we do and how we do it, we aim to make a positive difference in peoples’ lives. In addition to maximizing the potential of existing operations, we have a compelling pipeline of exploration and development projects to facilitate our goal of becoming a premier senior silver producer.

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We at Endeavour Silver strive to create social, environmental and economic value for all our stakeholders. This report highlights our progress in 2018.

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Key Performance Data
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Mineral Resources and Reserves
The Company reports non-IFRS measures which include cash costs net of by-products on a payable silver basis, total production costs per ounce, all-in sustaining costs per ounce and direct production costs per tonne, in order to manage and evaluate operating performance at each of the Company’s mines. These measures, some established by industry organizations, are widely used in the silver mining industry as a benchmark for performance, but do not have a standardized meaning. These measures are reported on and reconciled in the Company’s MD&A.

About This Report

Content and Scope

In this 2018 Annual Review and Sustainability Report, we discuss our goals and performance last year related to the operational and sustainability topics that matter most to our stakeholders. Our material results and impacts shape the content of the 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, social and environmental value; and have the potential to influence the perception of stakeholders who make decisions or assessments regarding our significant economic, environmental and social impacts.

This report encompasses:

► Four producing silver mines – the Guanaceví mine in the state of Durango, the Bolañitos and El Cubo mines in the state of Guanajuato, and the El Compas mine in the state of Zacatecas

► Head office in Vancouver, Canada and administrative office in León, Mexico

In addition, we report relevant indicators for two active exploration projects – Terronera in Jalisco and Parral in Chihuahua, which are in varying stages of development. Throughout this document, “Endeavour”, “we”, “our” and “us” refers to Endeavour Silver and its major subsidiaries. All monetary amounts are reported in U.S. dollars, unless otherwise noted.

Structure

This report is structured into four sections:

1. Annual Review: Presents a corporate overview of our operating and financial highlights along with a snapshot of each of our mining operations.

2. Sustainability Overview: Outlines our approach to sustainability and how we do business.

3. Sustainability Performance: Presents the five pillars of our sustainable business framework along with our management approach and performance related to each of our material topics.

4. Key Performance Data Tables and Global Reporting Initiative (GRI) Index: Provides detailed data tables and information for analysts.

Sustainability Reporting Framework and Process

2018 marks our sixth consecutive year of sustainability reporting using the GRI as our reporting framework. A complete GRI Index and Boundang Table is provided on the website.

We place a high priority on the quality control of our management and data collection systems to accurately benchmark and report our sustainability performance. To ensure accuracy and adequate coverage of material topics, this report was prepared by management with the assistance of independent sustainability consultants, and included an extensive review process by various departments and Endeavour’s Board.

For a complete picture of our business activities and performance, this report should be read in conjunction with our Annual Information Form, Management’s Discussion and Analysis, and Financial Statements. Also view our sustainability website at csr.edrsilver.com.

Reporting Period

January 1 - December 31, 2018 (fiscal year)

Reporting Cycle

Annual

Date of Last Report

Published May 2018

Reporting Framework

Global Reporting Initiative (GRI Standards & Metals Sector Disclosures)

In Accordance Option (GRI) Core

We welcome all feedback on our report so that we can continue to improve. Please email your comments and suggestions to Galina Meleger, Director of Investor Relations at gmeleger@edrsilver.com.
“Lasting commitment” is the theme of this year’s report. Building a sustainable mining company that creates value for our stakeholders is a continuous focus for us. Safeguarding worker safety, protecting the environment, supporting the well-being of local communities and constantly trying to improve and expand our business, these are some of our key commitments that lead to success.

Dear Stakeholders,

In some respects, 2018 was a year of overcoming obstacles for Endeavour Silver. Lower metal prices meant every company in the sector was challenged to do better. We continued to work on resolving operational challenges at Guanaceví, and experienced start-up issues at our new El Compas mine. I’m pleased to report that we found solutions to the various issues and came out of the year with a strong balance sheet.

Gold and silver prices started the year on an uptrend but flattened badly due to the stronger US dollar, rising interest rates and weaker economic conditions that resulted from brewing trade wars. As a result, physical demand fell, both due to lower prices and growing concerns over pandemics. But as gold and silver prices fell, however, gold and silver prices bounced off bottom late last year with prices bouncing off bottom late last year.

In historic districts that had excellent infrastructure in historic silver mining districts in Mexico, discovered new high-grade orebodies hiding below surface, fast tracked their development to become new mines, then modernized and expanded the operations. Guanaceví, Bolaños and El Cubo continue to be core operations today but no mine lasts forever, hence our expanded focus on building new mines. When we ran out of such opportunities, we changed our business model, our Phase 2 growth, to explore properties in historic districts that had excellent discovery potential but no operating facilities. The three projects now in our development pipeline were all acquired at low-cost during the bear market to give us one of the most compelling organic growth profiles in the silver mining sector. As El Compas just attained commercial production in Q4, 2018, Terronera will become the main focus of our development team this year. Terronera not only has the potential to be our largest and lowest cost mine, it will be our first mine built from scratch, and the first where we can utilize new technologies. We want Terronera to be our model mine for the future.

After year-end, we announced initial exploration results for an attractive portfolio of three high impact exploration projects in Chile, which we hope will evolve into our Phase 3 growth.

2018 Operating and Financial Performance

Our consolidated mining operations generated revenue of $150.5 million from the sale of 5.5 million oz of silver and 51,318 oz of gold at average realized prices of $15.65 per oz and $1,267 per oz respectively. While production improved by 7% from 2017, we fell short of guidance due to lower mine output and silver grades at Guanaceví, lower gold grades at Bolaños and delays in achieving commercial production at El Compas. We also strengthened our management team with the appointment of two executives, Manuel Echevarría as Vice President of New Projects and Nick Shakesby as Vice President of Operations.

Despite the low precious metal prices, we achieved positive EBITDA of $21.9 million and mine operating cash flow of $34.9 million. From a cost perspective, lower than planned throughout resulted in higher than guided costs per tonne and costs per ounce. However, our all-in sustaining costs of $19.46 per oz, net of gold by-product credits, were in line with guidance as we pulled back our sustaining capital expenditures.

2018 Sustainability Performance

Creating a sustainable mining company is an all-hands-on-deck collaboration involving our employees, supply chain, governments, communities and other organizations. We support the United Nations Sustainable Development Goals (SDGs), which offer a vision for addressing some of the planet’s most pressing social and environmental challenges. Last year we participated in the Silver Institute’s Sustainability Initiative to define and communicate how our industry supports the SDGs and contributes to a better society. This year we’ve included a value chain infographic on pages 12-13 to show our impacts on a global scale.

I’m pleased to announce that Endeavour Silver was recognized last year as a Top 10 Future Responsible Corporate Leaders in Canada by Corporate Knights. This is a prestigious sustainability award for medium-sized businesses in Canada. Additionally, I was also the winner in the “Best CEO in Sustainable Mining Industry 2018” review by EuropeanCEO.com for our innovative community relations and care for the environment. And as in past years, Endeavour received the 2018 Socially Responsible Company distinction in Mexico for our efforts to maintain high standards in working conditions, business ethics, community engagement and environmental stewardship. This is among the top recognitions for CSR in Mexico.

Every year we try to do better than we did the previous year. Continuous improvement is a philosophy we’ve embraced since inception. For example, we continued to strengthen our safety program, which helped improve Endeavour’s safety record. In Guanaceví, we achieved a million hours without a lost-time accident – a first for the Company. We exceeded our training target by providing an average 5¼ hours of training per employee and engaged our entire workforce in a review and reconfirmation of our core values.

In 2018 we formalized our community engagement approach for our exciting new Terronera mine project, which we believe will become a new core asset for many years to come. We performed a social impact assessment because it is important that we be proactive even though it isn’t a regulatory requirement. We aspire to be a sustainability leader in the mining industry, setting new standards, caring for our people and using our influence to make the entire mining value chain more sustainable and innovative.

2019 Outlook

Looking to 2019, we have several near-term catalysts to drive shareholder value:

► Returning Guanaceví to profitability by developing new, shallower, higher grade orebodies
► Extending mine lives through land acquisition and exploration at Guanaceví, Bolaños and El Cubo
► Achieving commercial production at El Compas
► Receiving the final government permit, arranging the necessary financing, making a development decision and breaking ground at Terronera
► Advancing Parral by expanding resources and completing an initial preliminary economic assessment

I would like to thank all our talented employees in Mexico and Canada for their commitment, loyalty and hard work in 2018. As well, I would like to express my appreciation to our shareholders for their patience and confidence in our company. We have many reasons to be optimistic about the future. Endeavour has one of the best organic growth profiles in the silver mining sector and is well positioned for years to come.

Bradford Cooke
Chief Executive Officer & Director
May 2019

Message from CEO
Bradford Cooke

In some respects, 2018 was a year of overcoming obstacles for Endeavour Silver. Lower metal prices meant every company in the sector was challenged to do better. We continued to work on resolving operational challenges at Guanaceví, and experienced start-up issues at our new El Compas mine. I’m pleased to report that we found solutions to the various issues and came out of the year with a strong balance sheet.

Gold and silver prices started the year on an uptrend but flattened badly due to the stronger US dollar, rising interest rates and weaker economic conditions that resulted from brewing trade wars. As a result, physical demand fell, both industrial and for investment, and mine supply continued to be flat so gold and silver prices fell. However, gold and silver prices bounced off bottom late last year and strengthened in Q1, 2019.

2018 was also a year of transition for Endeavour Silver. In past years, we discussed the short reserve lives at our existing mines and our need to build new mines. Last year, we began the transition from old mines to new mines. We developed and commenced commissioning of the El Compas mine, completed an updated pre-feasibility study for the Terronera project and expanded resources at the Parral property.

During our first ten years, our Phase 1 growth, we acquired three small mines with fully permitted and operational infrastructure in historic silver mining districts in Mexico, discovered new high-grade orebodies hiding below surface, fast tracked their development to become new mines, then modernized and expanded the operations. Guanaceví, Bolaños and El Cubo continue to be core operations today but no mine lasts forever, hence our expanded focus on building new mines.

When we ran out of such opportunities, we changed our business model, our Phase 2 growth, to explore properties in historic districts that had excellent discovery potential but no operating facilities. The three projects now in our development pipeline were all acquired at low-cost during the bear market to give us one of the most compelling organic growth profiles in the silver mining sector. As El Compas just attained commercial production in Q4, 2018, Terronera will become the main focus of our development team this year. Terronera not only has the potential to
Endeavour Silver Corp. is a mid-tier precious metals mining company listed on the NYSE:EXK and TSX:EDR. The Company is headquartered in Vancouver, Canada, and is engaged in the evaluation, acquisition, exploration, development and exploitation of precious metals properties in Latin America. Our philosophy of corporate social integrity creates value for all stakeholders.

About Endeavour

Operations
We operate four high-grade, underground, silver-gold mines in Mexico; the Guanaceví mine in the state of Durango, the Bolañitos and El Cubo mines in the state of Guanajuato and the El Compas mine in Zacatecas.

Development & Exploration
We own one development project in Mexico, the Terronera project in Jalisco state, which is awaiting final permits and a production decision to initiate construction; and the prospective Parral Project in Chihuahua state, which is targeting an initial PEA ("Preliminary Economic Assessment") in 2019. In addition, we hold several other exploration properties in Mexico and Chile.

EXPLORING TO EXTEND MINE LIVES
- Guanaceví
  ▶ Developing two new orebodies to production
- Bolañitos
  ▶ Discovering new resources at San Miguel
- El Cubo
  ▶ Extending the Villalpando orebody

OPERATING MINES
- El Compas
  ▶ Commissioning Mine #4
  ▶ Small but high grade
- Terronera
  ▶ Robust 2018 PFS ("Pre-feasibility Study")
  ▶ Initial production expected in late 2020

DEVELOPING TO EXPAND PRODUCTION
- Parral
  ▶ Commence 2019 Pre-economic Assessment
  ▶ Four high grade mineralized zones

ADVANCING TO DEVELOPMENT
- Aida
  ▶ Bulk tonnage low sulfidation epithermal silver
- Cerro Marquez
  ▶ Bulk tonnage porphyry copper
- Paloma
  ▶ Bulk tonnage high sulfidation epithermal gold

HIGH IMPACT DISCOVERY POTENTIAL
- Aida
  ▶ Bulk tonnage low sulfidation epithermal silver
- Cerro Marquez
  ▶ Bulk tonnage porphyry copper
- Paloma
  ▶ Bulk tonnage high sulfidation epithermal gold
2018 Operational & Sustainability Highlights

OPERATIONAL HIGHLIGHTS

Financial
► Revenue of $150.5 million
► The El Cubo and Bolañitos mines generated positive free cash flow, which was reinvested at Guanaceví to develop two new orebodies and at El Compas to develop the mine and plant
► EBITDA* of $21.9 million
► Cash flow from operations before working capital changes of $22.2 million
► Net loss of $12.4 million (loss of $0.10 per share)
► Cash costs* of $8.06 per oz silver payable (net of gold credits)
► All-in sustaining costs* of $15.45 per oz silver payable (net of gold credits)
► Working capital* of $54.5 million, cash of $33.4 million, no debt
► Arranged ATM financing for $35.7 million, to advance Terronera raised net $7.6 million

Operations
► Silver equivalent production totalled 9.7 million oz (80:1 silver:gold ratio) from 5.5 million oz silver and 52,967 oz of gold.
► Silver equivalent production fell short of 2018 guidance due to lower mine output and silver grades at Guanaceví, lower gold grades at Bolañitos and delays in achieving commercial production at El Compas.
► Completed an updated 2018 Pre-Feasibility study for the Terronera project with higher revenues, EBITDA, free cash flow, NPV, annual production and mine life and low projected all in sustaining costs*
► Initiated development of the Milache orebody at the Guanaceví mine and production of development ore to the plant
► Completed development of the El Compas mine and extended commissioning to resolve start up issues
► Appointed Nick Shakesby as VP Operations and Manuel Echevarria as VP of New Projects

Exploration
► Drilled 55,319 meters and spent $14.1 million on brownfields and greenfields exploration, development engineering, and land payments across our portfolio of properties
► Majority of exploration budget to advance the Terronera project and explore the Parral properties, both projects had significant additions to reserves and resources, respectively
► Terronera achieved goal of upgrading 1 million tonnes from resources to reserves
► Exploration success at Bolañitos with new discovery on San Miguel vein, including 1,415 gpt Ag & 2.25 gpt Au over 1.1 m true width
► Positive results at Parral from surface drilling and underground sampling including high grade drill results on San Patricio vein, 934 gpt Ag & 0.21 gpt Au over 4.2 m true width
► Expanded Proven and Probable silver and gold Mineral Reserves by 38% and 35% respectively to 46.3 million oz silver and 426,700 oz gold
► Measured and Indicated silver and gold Mineral Resources declined by 25% and 23% respectively to 27.3 million oz silver and 290,400 oz gold
► Increased total Inferred silver Mineral Resources by 9% due to the success of the 2018 drilling at Parral, where Inferred Mineral Resource Estimates for silver and gold increased 55% and 49% respectively

Exploration success at Bolañitos with new discovery on San Miguel vein, including 1,415 gpt Ag & 2.25 gpt Au over 1.1 m true width

SUSTAINABILITY HIGHLIGHTS

PROMOTING SAFETY & HEALTH

1 million
hours without a last-time accident in Guanaceví
↓16%
reduction in the injury frequency rate for employees and contractors

SUPPORTING OUR PEOPLE

54
average hours of training per employee
↓8%
reduction in employee turnover

INVESTING IN THE COMMUNITY

$400,000
contributed to support local communities in Mexico and Canada

RESPECTING THE ENVIRONMENT

53,410
trees planted in reforestation projects to reclaim disturbed ground
↓12%
reduction in hazardous waste

77
students in Mexico
received scholarships funded by Endeavour to further their education

PROVIDING ECONOMIC VALUE

$142.6 million
in total economic value distributed

97%
of total procurement was from Mexico, supporting local businesses and jobs

*These items are examples of non-IFRS measures. Please refer to the definitions set out in our Management Discussion and Analysis.
Silver, as a “green metal”, contributes to a sustainable future by producing key materials for renewable energy, electric vehicles, and anti-bacterial uses. From below ground to above ground, the silver and gold we mine transforms from raw materials into everyday consumer products as well as precious metals investments.
2019 Outlook

Investors today want both performance and purpose, and are therefore integrating ESG (Environmental, Social, and Governance) information into their investment decisions. Endeavour is proud to be a leader in sustainability reporting within the mining sector and performing with purpose at all stages of our business approach.

Gina Márquez, Director Investor Relations

2019 Est AgEq Production Forecast Breakdown by Mine

- Silver equivalent production to decrease 10% Y-O-Y
- Complete Commissioning at El Compañ in Q1 for 200-275 tpd
- Bolañitos and El Cubo continue to be profitable
- Guanacéví developing two new orebodies to return to profitability
- Lower sustaining capital due to more mature mines
- Higher growth capital pending decision to build Terronera
- Lower exploration budget due to shift towards capital

100% Guanacéví 33%
32% Bolañitos 32% El Cubo

$ millions unless otherwise stated, US dollars

<table>
<thead>
<tr>
<th></th>
<th>Guanacéví</th>
<th>El Cubo</th>
<th>Bolañitos</th>
<th>El Compañ1</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silver Production (M oz)</td>
<td>2.5 – 2.9</td>
<td>1.0 – 1.2</td>
<td>0.8 – 1.0</td>
<td>0.1 – 0.1</td>
<td>4.4 – 5.2</td>
</tr>
<tr>
<td>Gold Production (K oz)</td>
<td>6.2 – 6.8</td>
<td>11.5 – 12.9</td>
<td>19.5 – 21.5</td>
<td>9.0 – 11.0</td>
<td>16.2 – 22.2</td>
</tr>
<tr>
<td>Silver Eq Production (M oz)2</td>
<td>3.0 – 3.4</td>
<td>1.9 – 2.3</td>
<td>2.4 – 2.7</td>
<td>0.8 – 1.0</td>
<td>8.1 – 9.4</td>
</tr>
<tr>
<td>Cash Costs, Net of Gold By-product Credits (US$/oz)3,4</td>
<td>$8.50 – $9.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AISC, Net of Gold By-product Credits (US$/oz)3,4</td>
<td>$15.00 – $16.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Budget</td>
<td>$20.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exploration Budget</td>
<td>$9.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth Capital</td>
<td>$1.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following footnotes relate to the information presented on pages 13 to 18.

1. El Compañ is scheduled to achieve commercial production in Q3, 2019.
2. 2019 silver equivalents are converted using a 80:1 gold:silver ratio. 2018 silver equivalents have been reinstated from a 75:1 gold:silver ratio.
3. Cash costs per ounce and AISC per ounce are examples of Non-IFRS measures. See disclosure in quarterly MD&A for information on “Non-GAAP” measures found on the company website. Costs are presented in US $, net of by-product credits.
4. All-in sustaining costs (AISC) include mining, processing, direct overhead, corporate G&A, on-site exploration, share-based compensation, reclamation, and sustaining capital net of gold credits.
5. For full details, refer to the complete Reserves and Resources table provided on the website.

Mineral reserves Ag Eq increased by 200% in 2018

Guanacéví

Guanacéví is located 260 kilometres northwest of the city of Durango, in Mexico’s fifth-largest silver mining district, and the mining properties cover approximately 4,200 hectares. Guanacéví is accessible by state highway and municipal roads, and features good local infrastructure, including power from the state power grid and skilled local labour readily available in the nearby town of Guanacéví. The mining district is characterized by multiple low-sulphidation epithermal veins, typically thousands of metres long, up to 700 metres deep, ranging from one to five metres thick. Since acquiring the property, we have discovered seven high-grade silver-gold orebodies, developed several new mines, and modernized and expanded the 1,200 tpd processing plant that produces doré bars. The mine provides steady employment for 500 people and engages 182 contractors.

In 2018, silver production was 1,963,773 oz and gold production was 5,224 oz for total silver equivalent production of 2.4 million oz (using a 80:1 silver:gold ratio). During the year, Guanacéví continued to face operational challenges and fall short of guidance. The remaining reserves at the two operating mines, Porrón Norte and Santa Cruz, are now deeper, narrower and lower grade compared to prior years, resulting in lower production from and higher costs than anticipated. The permitting and development of two new shallower, wider, higher grade orebodies, Mitauche and Santa Cruz Sur (SCS), was delayed but finally commenced in H2, 2018. At year-end, the Mitauche orebody had three underground levels open, and producing lower grade development are with grades increasing with depth as modeled. A new ramp was collared late in the year to develop the SCS orebody. Management expects both new orebodies will reach their planned production rates during 2019 and will provide sufficient ore and flexibility to meet the designed capacity of the plant.

2018 RESULTS

<table>
<thead>
<tr>
<th></th>
<th>Ore Tonnes Processed</th>
<th>Grades</th>
<th>Recoveries</th>
<th>Cash Costs per Ounce**</th>
<th>All In Sustaining Costs per Ounce**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production3</td>
<td>2.0 million Ag and 5.22 oz Au for 2.4 million Ag Eq [using 80:1 silver gold ratio]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Silver</td>
<td>327,042 oz</td>
<td>25%</td>
<td>12.0 million oz</td>
<td>$15.57</td>
<td>$27.01</td>
</tr>
<tr>
<td>Gold</td>
<td>17,400 oz</td>
<td>75%</td>
<td>Gold 0.59 gp</td>
<td>Silver 89.6%</td>
<td>Gold 89.7%</td>
</tr>
<tr>
<td></td>
<td>984 tpd</td>
<td>482</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reserves & Resources: Silver

<table>
<thead>
<tr>
<th></th>
<th>Proven &amp; Probable Resources5</th>
<th>Measured &amp; Indicated Resources5</th>
<th>Inferred Resources5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves</td>
<td>6.8 million oz</td>
<td>12.0 million oz</td>
<td>10.2 million oz</td>
</tr>
<tr>
<td>Resources: Gold</td>
<td>17,100 oz</td>
<td>28,500 oz</td>
<td>21,100 oz</td>
</tr>
</tbody>
</table>

Refer to previous page 12 for descriptions of the referenced footnotes.
El Cubo covers approximately 8,150 hectares in the same district as Bolañitos, six kilometres southeast of the city 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.

Similar to Bolañitos, the El Cubo subdistrict is characterized by multiple low-sulfidation epithermal veins typically thousands of metres long, up to 400 metres deep, and ranging up to 15 metres thick. The El Cubo mine is comprised of four underground mining operations feeding a modernized and expanded, 1,500 tonne-per-day plant, which produces high-grade silver-gold concentrates. The mine provides employment for 500 employees and 252 contractors.

In 2018, El Cubo produced 2.6 million oz of silver and 26,616 oz of gold for silver equivalent production of 4.7 million oz (using a 80:1 silver: gold ratio). Although Bolañitos throughput exceeded plan, grades were below the mine plan, which was modified to include new but lower grade resources along the margins of the Li-Asuncion and Piaterras veins to extend the mine life, resulting in lower production grades and metal production compared to guidance.

2018 RESULTS

<table>
<thead>
<tr>
<th>Ore Tonnes Processed</th>
<th>Grades</th>
<th>Recoveries</th>
<th>Cash Costs per Ounce</th>
<th>All In Sustaining Costs per Ounce</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0 million oz Ag and 21,127 oz Au for 2.7 million oz Ag Eq (using 80:1 silver gold ratio)</td>
<td>Silver 64.6 gpt Gold 1.79 gpt</td>
<td>Silver 80.4% Gold 83.6%</td>
<td>$2.73</td>
<td>$9.00</td>
</tr>
</tbody>
</table>

Bolañitos is our most profitable mine

Bolañitos is located 10 kilometres northwest of the city of Guanajuato, in Guanajuato state, Mexico’s second-largest historic silver mining district, and covers approximately 2,500 hectares. Bolañitos is accessible by municipal roads, and has good local infrastructure, including power from the state power grid, and readily available supplies, services, and local labour in the nearby city of Guanajuato. The Bolañitos subdistrict is characterized by multiple subparallel low sulfidation epithermal veins typically thousands of metres long, up to 250 metres deep, and ranging from one to 10 metres thick.

Since acquisition, we have discovered seven high-grade silver-gold orebodies, opened two new mines and completed three plant expansions. There are now two underground mines feeding a central, 1,400 tonne-per-day plant to produce bulk silver-gold concentrates. Bolañitos provides steady employment for 350 people and engages 205 contractors.

In 2018, Bolañitos produced 976,655 oz of silver and 21,127 oz of gold for total silver equivalent production of 2.7 million oz (using a 80:1 silver: gold ratio). Although Bolañitos throughput exceeded plan, grades were below the mine plan, which was modified to include new but lower grade resources along the margins of the Li-Asuncion and Piaterras veins to extend the mine life, resulting in lower production grades and metal production compared to guidance.

2018 RESULTS

<table>
<thead>
<tr>
<th>Ore Tonnes Processed</th>
<th>Grades</th>
<th>Recoveries</th>
<th>Cash Costs per Ounce</th>
<th>All In Sustaining Costs per Ounce</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0 million oz Ag and 21,127 oz Au for 2.7 million oz Ag Eq (using 80:1 silver gold ratio)</td>
<td>Silver 87.6 gpt Gold 1.87 gpt</td>
<td>Silver 87.6% Gold 85.0%</td>
<td>$2.14</td>
<td>$8.86</td>
</tr>
</tbody>
</table>

Refer to previous page 12 for descriptions of the referenced footnotes.
El Compas

El Compas is located in Zacatecas state, Mexico, about one kilometre south of the city of Zacatecas in the historic silver mining district of the same name, the fourth largest in Mexico. Our property covers approximately 3,990 hectares, and is well served by local infrastructure, including a paved highway, state electrical power, local labour, supplies and services. El Compas is characterized by two high-grade, low-sulfidation epithermal veins up to several hundred metres long by 200 metres deep and up to 10 metres thick, and multiple vein targets that have never been drilled.

El Compas is an example of a strategic acquisition made by Endeavour in 2016 for a purchase price of $6.7 million. When we acquired the asset, the mine was already permitted and a nearby 500 tonne-per-day government plant was leased for up to 10 years. We completed a PEA in March 2017 that featured positive project economics and low capex requirements, so management initiated development later that year.

Installation of project infrastructure continued through the first half of 2018 and initial commissioning took place during the summer using low grade ore. During commissioning, the project encountered a number of start-up issues that have now been resolved. In August 2018, commissioning of the plant was temporarily halted to allow the tailings area to be dewatered and excess clay removed for improved drainage. A second fine tailings area was excavated in September 2018 to improve overall settling of the fine tailings and allow the coarse tailings storage area to form a solid beach. The plant commissioning re-commenced in mid-October 2018, however in late December, the ball mill trunion failed which brought plant operations to a halt. From mid-October to mid-December the plant processed 11,300 tonnes grading 4.9 g/t gold and 69 g/t silver, producing 1,096 gold ounces and 13,382 silver ounces during the commissioning process. Management re-commenced plant operations after a new trunion was installed in February 2019. El Compas obtained commercial production in Q1, 2019.

Terronera

Terronera is located in Jalisco state, Mexico, about 40 km northeast of Puerto Vallarta in the historic silver mining district of San Sebastián. The Terronera Project was optioned in 2010 and purchased in 2013 and the first discovery was made in 2012. Since then, 100,000 meters of core drilling has been done to define a sizable orebody that is now development ready. Terronera has the potential to become Endeavour’s next core asset with average annual production of 2.9 million oz Ag and 28,000 oz Au or 5.1 million oz Ag Eq (using a 80:1 gold:silver ratio). Over the years, we’ve increased the land package so our property represents a district scale opportunity, covering approximately 17,000 hectares, and is well served by local infrastructure, including a paved highway, gravel roads, state electrical power, local labour, supplies and services, and a company camp.

The Terronera property is characterized by multiple low sulfidation epithermal veins up to five kilometres long, 500 metres deep and up to 30 metres thick, averaging 5 meters thick. The average grade of the deposit is approximately 400 grams per tonne silver equivalent, which drives robust project economics.

In August 2018, Endeavour published an updated pre-feasibility study (PFS) on Terronera including an updated Mineral Resource and Reserve Estimate. The updated Mineral Resource and Reserve Estimates that formed the basis for the updated 2018 PFS reflected significantly higher tonnes, grades and contained silver, gold and silver equivalent ounces in each category due to positive exploration drill results in 2016 and the inclusion of the high grade La Luz vein. As a result, the 2018 PFS shows significantly higher revenues, free cash flow, mine life and NPV with significantly lower cash costs and all-in sustaining costs per silver oz. We will continue refining our studies with the goal to publish an updated PFS after the final tailings and dumps permits are approved.

Subject to receiving the remaining government mine permits, arranging appropriate debt financing, and completing certain optimization work on the updated PFS, management intends to seek approval from the Company’s board of directors to commence development of the Terronera mine and related facilities in 2019. A social impact study was carried out in 2018 and we are advancing the project by hiring key managers and positions.

Development

El Compas is a high-grade Ag-Au orebody with potential to expand resources and scale up production.

Terronera has the potential to become our largest, lowest cost mine.
Parral

Parral is an attractive advanced exploration project, located in Chihuahua state, Mexico, about five km north of the city of Hidalgo de Parral in the historic silver mining district of the same name. Parral has abundant, high-grade exploration targets and the potential to grow through exploration, consolidation, and development. Endeavour controls the largest land package in the silver mining district, totally 3,450 hectares and comprised of four distinct mineralized silver vein systems, some of which were past producers. IMMSA mined the Veta Colorada at Parral until 1990 and left behind an estimated 32 million ounce historic silver resource adjacent to their old mines. Additionally, since the district has a long silver mining history, there is extensive local infrastructure including small toll plants, which could facilitate early production.

Since acquiring the property in 2016, three mineralized areas have been explored, of which the largest and central zone now measures 600 metres long by 250 metres vertical by 1-3 metres true thickness, open to the south and at depth. Management views Parral as key asset in our growth pipeline, and it was our second largest exploration spend in 2018, after Terronera. The 2018 exploration program was very successful at extending historic and new resource areas and expanded resources to 35 million oz Ag & 110,000 oz Au or 144.4 million oz Ag Eq (using a 80:1 gold:silver ratio). Additionally, metallurgical testing of drill core samples from the Veta Colorada (Sierra Plata, El Verde and Remedios Argentina zones), Palmilla and Cometa veins indicated excellent metal recoveries by flotation and leaching. Following on the success of the 2018 program, the Company plans to complete a preliminary economic assessment and initiate mine permitting, as well as our largest exploration program in 2019.

2018 Achievement: inferred mineral resource estimates for silver increased by 55% and for gold by 49%
Tailings ponds are an issue of global concern. How is Endeavour responding?

The recent collapse of a tailings dam in Brumadinho, Brazil is a major tragedy. For the global mining industry, it’s a poignant reminder of the utmost importance of having stringent systems and controls in place for tailings facilities. It’s a human safety issue, an environmental issue and a community issue. Endeavour takes a zero-failure approach to ensure our tailings facilities store mining waste securely and responsibly. We exercise extreme due care in the operation and constant monitoring of our facilities, and we have top external engineers inspect the facilities regularly.

What was a 2018 highlight for you?

There are many but I have to say it’s the safety milestone achieved by Guanaceví. They reached 1 million hours without a lost time injury last year. That’s a remarkable feat, and it should be celebrated because they work extremely hard to ensure safety. They’ve made it a source of pride and camaraderie. In my view, Guanaceví is a poster child for what other mines can do to step up and improve safety performance.

Was there a top theme for the Board last year in terms of sustainability?

Safety is always an absolute priority for us – regardless of the year. I feel Endeavour achieved solid safety results in 2018. We’ve made relentless safety diligence a call to action at all levels of the Company, with particular attention by management, and especially front-line supervision, on conveying the value of safety through visible and vocal leadership. However, more work is needed to realize consistent safety performance across our mines, and we’ve set challenging targets for continuous improvement.

Listening to Our Stakeholders

We have a broad range of stakeholders who have an interest or direct stake in what we do and how we work. Within each of our sustainability pillars, we address topics that stakeholders care most about and are significant to our business. Through various communication channels, we listen to and seek feedback from stakeholders, and we use these insights to guide and improve our business. Open, ongoing dialogue – direct and through a third-party – also helps us build trust and respect as a corporate citizen.

Future 40 Responsible Corporate Leaders

In 2018, Endeavour was recognized by Corporate Knights as one of the “Future 40 Responsible Corporate Leaders in Canada”. The annual ranking recognizes the country’s medium-sized enterprises stepping up to the sustainability challenges of today.

“Empresa Socialmente Responsable”
(Socially Responsible Company)

The Mexican Philanthropy Centre (CEMEFI) and the Alliance for Social Responsibility recognized our operations in Bolañitos, El Cubo and Guanaceví with this prestigious distinction.

Our Sustainability Framework

Since our founding, we have recognized that sustainable development contributes to the long-term viability of our business and our host communities. For us, that means responsibly growing our business while operating safely, respecting our shared environment, supporting our people and contributing to the prosperity of our host communities. Sustainability is fully supported and driven by our executive team and is ingrained in our governance structure, policies and how we define risk and long-term value.

Our sustainability strategy is aligned with our core business and has five pillars:

- **SAFETY AND HEALTH**
- **OUR PEOPLE**
- **COMMUNITY**
- **ENVIRONMENT**
- **ECONOMIC VALUE**

Our Sustainability Framework

We aim to leave a positive legacy for local communities after our mining activities have ceased.
Every two years, we undertake a materiality assessment in which we survey our main stakeholders. Conducted by an external consultant and guided by the GRI guidelines, the purpose of this process is to identify the current social, economic and environmental topics of highest importance across our whole value chain. These insights, in turn, help us focus our sustainability efforts, set goals and metrics, and allocate resources.

This 2018 Sustainability Report is based upon the materiality results from our last assessment in 2017. The matrix below shows the topics and reflects our understanding of the importance of each topic to our stakeholders and our business. Our next materiality analysis is planned for 2019.

Endeavour supports the United Nations Sustainable Development Goals (SDGs), which are a call to action for countries and all stakeholders to work in urgent areas for humanity and the planet. We know that companies like ours, as well as the broader mining sector, have the potential to advance the 17 ambitious aims represented by the SDGs. The chart to the right highlights the SDGs we have determined are most relevant to our business and how we’re making a positive contribution to them through our activities, initiatives and partnerships. Additionally, through the Silver Institute we are participating in and have provided input to a collaborative project – the Silver Sustainability Initiative – to illustrate how mining companies contribute to the SDGs and a better society. This work is ongoing.
Effective governance is the foundation of our performance and provides the guiding principles for everything we do. Running our business to the highest standards of responsible conduct is imperative to earn the trust of our stakeholders and be a premier silver mining company.

**Corporate Governance**

Our Board of Directors oversees the Company’s business conduct and strategic planning and ensures that appropriate governance mechanisms, policies and procedures are in place, including the integrity of our internal controls and management information systems.

- Our Code of Business Conduct and Ethics and several other policies guide the Board’s oversight, including accountability to stakeholders through policies and communications with shareholders and others. Management is responsible for setting long-term goals, objectives, plans and strategies.
- We have a Diversity Policy, which recognizes the benefits arising from Board, management and employee diversity, such as broader perspectives and experience.
- In 2018, the Board was comprised of seven male Directors, five of whom were independent and non-executive, including the Chairman of the Board.
- The Board has four standing committees: Audit Committee, Compensation Committee, Corporate Governance and Nominations Committee, and Sustainability Committee.

**Sustainability Governance**

Sustainability is ingrained in the highest levels of Endeavour. Two of the Board committees oversee our sustainability strategy and decision-making: the Sustainability Committee and, to a lesser extent, the Corporate Governance and Nominations Committee.

Guided by our Sustainability Policy and the Sustainability Committee Charter, the Sustainability Committee meets at least three times per year to review reports from key departments of our operations. The Committee promotes a sustainability mindset, encourages a corporate culture that takes responsibility for sustainable development, and approves policies, standards and responsible work practices that guide the performance and expectations of our employees, contractors and other partners.

The Sustainability Committee and a team of senior executives – including the CEO, President and Chief Operating Officer, Chief Financial Officer and VP Operations, and Director of Investor Relations – set specific sustainability priorities for the upcoming year and formally review our Sustainability Report to ensure that it adequately addresses all material topics identified by our stakeholders.

Risk management is a key focus and is embedded in our organizational structure and responsibilities. Identifying, evaluating and managing risks, including social and environmental issues that can materially impact our business, are critical to our long-term viability and the interests of our stakeholders.

Compensation of the management team is tied to production and sustainability goals. In particular, safety and environmental criteria are incorporated into the annual pay structure.

**Dig Deeper Online**

- Board Mandate
- Board Duties
- Diversity Policy
- Sustainability Policy
- Risk Assessment and Management

**Updated Core Values**

Our core values are a set of clearly-defined principles to guide our decisions, shape our everyday actions and interactions, and inspire us to do — and be — our very best, resulting in positive outcomes for all of our stakeholders. In 2018, we engaged employees and management in a company-wide review and validation of these values and competencies.

**Our Values**

Our values define our company and guide our employees in how we make decisions both inside and outside the workplace.

- **Integrity**
  - We are honest, ethical and trustworthy, and follow policies and procedures.
  - We do what is right.

- **Care**
  - We display kindness and concern for our colleagues, embracing diversity and promoting a safe and healthy workplace.
  - We respect and care for the environment, our local communities and all of our stakeholders.

- **Attitude**
  - We take pride in our jobs and are passionate about what we do.
  - We are positive, act professionally, and take initiative in achieving our goals.

- **Reliability**
  - We do what we say we will do, and deliver on our promises and responsibilities.
  - We welcome challenges and have the courage to admit mistakes and take corrective actions.

- **Excellence**
  - We dive in and deliver our best work every time.
  - We are always learning and aspire to do better than we did yesterday.
Our Code of Business Conduct and Ethics (the Code) reflects our commitment to a culture of honesty, integrity and accountability. Reviewed and updated regularly, the Code establishes the essential standards we expect all employees and those doing business with us to uphold.

Every year, all our people must follow the Code as a mandatory condition of employment. We distribute a copy of the Code to our employees during the orientation process and post it at key locations across our sites. We also provide the Code to our contractors, suppliers and service providers so they conduct their activities in accordance with these standards.

Individuals who fail to comply with the Code and all applicable laws are subject to disciplinary measures, up to and including discharge from the Company or termination of the business relationship.

Human Rights
We respect and uphold fundamental human rights, both in our workplace and in local communities, and this commitment is embedded in both our Code of Business Conduct and Ethics and our Diversity Policy. We are also guided by global standards such as the United Nations (UN) Guiding Principles on Business and Human Rights and the Voluntary Principles on Security and Human Rights.

We foster a work environment free from discrimination against gender, race, national origin, marital status, sexual orientation, or political/religious beliefs, and we do not tolerate any form of harassment. Employees are encouraged to speak out if a co-worker’s conduct makes them uncomfortable, and to report harassment or discrimination if it occurs. In 2018, we had one reported incident of harassment, an investigation took place and the worker was fired.

Child labour exists as a general country risk within Mexico, however we maintain strict proof-of-age policies and hiring procedures at all sites, preventing anyone under the legal working age of 18 from obtaining employment. This proof-of-age requirement extends to our contractors through our Contracting Parties Protocol, which specify that no contractor will employ persons under the working age permitted by law. There were no reported incidents of child labour at any of our operations in 2018.

Anti-Corruption and Anti-Bribery
We take a zero-tolerance approach to any form of bribery and corruption. We adhere to all laws and best practices in this area, and our commitments and practices are outlined in our Anti-Bribery and Anti-Corruption Policy to ensure we take a consistent and comprehensive approach wherever we operate.

Corruption-related risks are evaluated at the management level as part of the Company risk assessment process, supplemented by our thorough internal financial controls, which are in place to monitor aspects of operations that could be affected by bribery or corruption. Both risk management and internal controls are reviewed and evaluated annually by the Board of Directors. In 2018, there were no reported incidents of corruption.

Whistleblower Policy
Our Whistleblower Policy provides a Company-wide protocol for reporting — without fear of reprisal — any apparent fraudulent, unethical or illegal activity or behavior related to financial matters (concerns related to non-financial matters go through our Internal Grievance Mechanism). Concerns can be raised on a confidential and anonymous basis. Reports are directed to the Chairman of the Audit Committee, and we investigate and document all concerns. In 2018, no concerns or complaints were reported.

Commitments to External Initiatives
► The Prospects and Developer’s Association of Canada (PDAC) E3 Plus Framework for Responsible Exploration
► The Organization for Economic Cooperation and Development Guidelines for Multi-National Enterprises
► The United Nations Guiding Principles on Business and Human Rights
► Voluntary Principles on Security and Human Rights
► International Finance Corporation Performance Standards on Social and Environmental Sustainability
► GHG Gas Protocol from the World Business Council for Sustainable Development
► Global Reporting Initiative

Key Memberships

Sustainability at Endeavour
Safety & Health
Our People
Community
Environment
Economic Value
Human Rights
## Sustainability Scorecard

The following tables summarize our sustainability performance against our 2018 priorities. For more results, refer to the relevant section in this report.

### 2018 Priorities vs. 2018 Results

#### SAFETY & HEALTH

<table>
<thead>
<tr>
<th>Priority</th>
<th>2018 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero fatalities</td>
<td>Achieved</td>
</tr>
<tr>
<td>Reduce reportable injury frequency rate by 10%</td>
<td>Achieved – Reduced by 16%</td>
</tr>
<tr>
<td>Incorporate our Guanaceví and Bolañitos sites in the Self-Management Safety Program (Programa de Autogestión) from the Ministry of Labour</td>
<td>Partially achieved – Guanaceví registered but Bolañitos did not</td>
</tr>
<tr>
<td>Implement updated safety and health procedures at all sites</td>
<td>Completed</td>
</tr>
</tbody>
</table>

#### OUR PEOPLE

<table>
<thead>
<tr>
<th>Priority</th>
<th>2018 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce turnover rate by 15%</td>
<td>Partially achieved – Reduced by 8%</td>
</tr>
<tr>
<td>Provide an average of 50 hours of training per employee</td>
<td>Achieved – average of 54 hours</td>
</tr>
<tr>
<td>Implement talent management programs and update human resources policies and procedures</td>
<td>Partially achieved – Started activities on the talent management program but the update of the policies and procedures did not happen</td>
</tr>
</tbody>
</table>

#### COMMUNITY

<table>
<thead>
<tr>
<th>Priority</th>
<th>2018 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receive, assess and respond to, in a timely and respectful manner, complaints raised by community stakeholders through the External Grievance Mechanism</td>
<td>Partially achieved – complaints have been addressed but response time needs to improve</td>
</tr>
<tr>
<td>Conduct a social impact assessment in Terronera (development project)</td>
<td>Completed</td>
</tr>
<tr>
<td>Ensure that at least 50% of investments support our community investment priorities: education and employability</td>
<td>Partially achieved – 18% of budget spent on education and employability – fully meeting this target continues to prove challenging due to market realities and other donation requests</td>
</tr>
<tr>
<td>Identify the best mechanism for channeling funding to support education programs in Mexico</td>
<td>Achieved, with implementation to follow in 2019</td>
</tr>
<tr>
<td>Update Environmental Mine Closure Plans and add a formal social component to it</td>
<td>Partially achieved – an environmental closure plan was developed for El Compas and the update of the El Cubo plan was started but will be finalized in 2019; environmental closure plans for Guanaceví and Bolañitos will be updated in 2019; post-mining social plans were finalized for all operating sites</td>
</tr>
</tbody>
</table>

#### ENVIRONMENTAL COMPLIANCE & MANAGEMENT

<table>
<thead>
<tr>
<th>Priority</th>
<th>2018 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participate in the Environmental Audit Program carried out by PROFEPA, in order to apply for the ‘Clean Industry’ certification for each of our producing mines</td>
<td>Partially achieved – One site, Bolañitos, carried out the audit. Guanaceví will conduct the audit in 2019. Due to the depletion of reserves at El Cubo, we will not be undertaking the audit in 2019</td>
</tr>
<tr>
<td>Zero spills</td>
<td>Achieved</td>
</tr>
<tr>
<td>Maintain fresh water intensity in the range of 0.2 and 0.25 m³ (intensity is amount of m³ used per tonne processed)</td>
<td>Achieved</td>
</tr>
</tbody>
</table>

#### ECONOMIC VALUE

<table>
<thead>
<tr>
<th>Priority</th>
<th>2018 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>All-in sustaining costs (AISC), net of gold by-product credits, in the range of $15-16/oz</td>
<td>Achieved</td>
</tr>
<tr>
<td>Consolidated direct costs in the range of $80-85/tonne</td>
<td>Not achieved – result was $86.32</td>
</tr>
<tr>
<td>Finalize Terronera permits and obtain financing</td>
<td>Not achieved. Finalized the prefeasibility study in August and commenced working on financing and still awaiting final permit</td>
</tr>
<tr>
<td>Roll-out the new sustainable procurement criteria and evaluate at least four suppliers or contractors based on those procedures</td>
<td>Postponed due to other priorities</td>
</tr>
</tbody>
</table>
Priority number one is the safety performance of each mine. It’s the first thing we look at everyday. We reinforce the message that “safety comes first” through constant training, face-to-face communication, safety talks, visible management support and by integrating safety in everything we do.

Nick Shakesby, Vice President, Operations

Safety & Health
WHY IT MATTERS

The need for continuous attention to safety is particularly important in our industry, as all forms of mining, especially underground, pose numerous safety hazards. Minimizing the risk of accidents and injuries helps make our employees and contractors safe, confident and more productive on the job.

MANAGEMENT APPROACH

Safety Management System

Our goal is a workplace free from fatalities, serious injuries and lost-time accidents. Through our Safety Management System, we work hard to ensure our safety practices are both effective and constantly improving. Among our initiatives, we:

► Maintain rigorous safety procedures, controls and standards, as summarized in the Endeavour Health and Safety Policy.  
► Employ a Regional Safety Manager and safety coordinators at each of our operating mines, who are supported by safety committees and groups dedicated to activities such as safety talks and audits, mine rescue, aboveground emergencies and operational discipline.
► Deliver the Visible Felt Leadership Program to enhance the safety skills of leaders and supervisors at each site. Through the program, they learn to lead by example, set top safety standards and expectations for their teams, and take accountability for providing safety coaching as part of their job.

► Provide personal protective equipment and safety signage, continuously monitor air quality to ensure good ventilation and, to prevent rock falls and cave-ins, support weak ground with steel sets and shotcrete.
► Prohibit alcohol and drugs at all sites, and monitor workers’ blood levels to ensure compliance.

Risk Assessment

Ongoing risk assessment is a critical part of our safety management system. We conduct frequent safety inspections and audits across our mining sites to find and mitigate potential hazards. Employees must complete an inspection checklist before entering or working in a new area of a mine to verify that safe conditions and controls exist. When workplace incidents do happen, caring for any injured employees is our top priority. In addition, we evaluate every incident to find the underlying causes, and implement corrective or preventative actions to address any problems.

Emergency Preparedness

Each of our operations has emergency response plans and teams in place for our mines. All of our employees and contractors receive basic first aid training as part of the new hire/induction process. We also have emergency preparedness plans for handling hazards such as spills or any other type of hazardous substances. In certain cases, employees are trained as responders for emergency situations in nearby communities.

As part of fostering a strong culture of safety awareness, we continually engage with our employees and contractors to help them value the importance of working safely and empower them to take the necessary steps to assure safe measures. Approximately one-third of our workforce participates in various safety groups and committees.

Prior to joining Endeavour, all employees and contractors participate in a three-day induction program, which focuses on workplace safety. We provide continuous safety training and interactive discussions about safety equipment, activities and recognizing and resolving hazardous situations.

Building a Safety Culture

We believe safe behaviours and outcomes are everyone’s responsibility. To help employees value the importance we attach to it, we will be able to register this operation with the Self Management Program of the Ministry of Labour that generated a few observations related mostly to the health management plans for the site. Because of this, we were not able to register this operation with the Self Management Program of the Ministry of Labour as planned for 2018. As soon as the observations are addressed, and the Ministry releases their report, we will be able to register.

2018 PERFORMANCE

► Achieved our best-ever safety performance in Guanacevi, where there were only three lost-time accidents (compared to 17 the prior year) and a milestone 1 million hours free of lost-time injuries – refer to case study.
► Realized a 16.6% reduction in our reportable injury frequency rate (for both employees and contractors) from 2017. This result continues the downward trend in accidents over the past five years, driven by various initiatives – including additional training, greater employee involvement in safety processes and improvements to our Safety Management System.
► Recorded a significant 20% decrease in accidents at our El Cubo operation, which has struggled in prior years with safety challenges. We attribute the positive turnaround to strong new leadership at the site and full implementation of the Safety Management System, which in turn resulted in an increase in safety audits. While mining safety has improved considerably at El Cubo, we still have work to do as this site accounts for 66% of total lost-time accidents.
► Experienced some safety challenges at our Bolívar operation, resulting in 17% lost-time injuries in 2018, up from eight the previous year. We are following up closely to identify strategies for improvement. In addition, we had an inspection from the Ministry of Labour that generated a few observations related mostly to the health management plans for the site. Because of this, we were not able to register this operation with the Self Management Program of the Ministry of Labour as planned for 2018. As soon as the observations are addressed, and the Ministry releases their report, we will be able to register.

Through the implementation of the Visible Felt Leadership Program, we have enhanced the safety skills of our leaders and supervisors on site.

76% of all training activities in 2018 involved safety education, highlighting the importance we attach to it.

Alignment with SDGs

One such improvement introduced in 2018 was cross-site safety audits. Teams comprising staff from different departments at one site visited other sites to evaluate safety practices and compliance, thereby ensuring neutrality and objectivity. This has proved to be a valuable learning and assessment process.
Employees “Act” to Promote Safety

Falling rocks are a hazard for underground miners. To address this serious issue and teach the importance of proper scaling to prevent injury, employees at each of our four operating sites staged a theatrical show for their colleagues (see photos at right).

For the performance, several employees acted out an accident in which a fictitious worker is hit by a falling rock. The characters included the relatives of the injured person, the authorities involved, company supervisors and colleagues. The storyline underscored the terrible impact of an accident, including on the victim’s family.

Following the show, all employees reflected on the lessons learned and how best to execute the “Amacize” – a technique used to test the walls and ceiling of a work area, to knock down any loose rocks that pose a risk to workers.

These exercises were part of a week-long campaign of initiatives at Endeavour focused on different safety issues.

Suppliers, contractors and employees participated in this training during Safety Week.

1 Million Hours without a Lost-Time Injury in Guanaceví

Last November, our team in Guanaceví reached a milestone of incredible value by recording one million hours worked without a lost-time injury. The occasion was celebrated with a staff recognition lunch, prizes and a “Commitment Wall” on which everyone marked their handprints as a sign of their continuous commitment to safety.

The path to this accomplishment started with ambition. This past year, the General Manager set and promoted monthly goals to achieve a certain number of hours without accidents. Employees really engaged in the initiative and put a major emphasis on collaborating even more with contractors to implement Endeavour’s Safety Management System, as much as it has been practiced internally.

With this landmark achievement, our Guanaceví operation registered in the Mexican Ministry of Labour’s Self-Management Program to achieve the “Safe Company” distinction. Earning this distinction takes a couple of years, as companies must pass two levels of achievement. Our goal for 2019 is to pass level one.

PROVISIONS OF THE SUSTAINABILITY REPORT

16% Reduction in reportable injury frequency rate from 2017 to 2018

2019 PRIORITIES

► Zero fatalities
► Reduce Reportable Injury Frequency Rate by 10%
► Pass the first level of the Self Management Safety Program (Programa de Autogestión) from the Ministry of Labour in Bolañitos and Guanaceví
► Strengthen the cross-over audit process amongst the operating mines
► Apply the integrated induction, operating and reporting formats at all sites

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Workforce Wellness

WHY IT MATTERS

Our long-term sustainability in the mining business hinges on having workers who are healthy, both physically and mentally. It is therefore important to promote good health and mitigate health risks inherent in the mining industry, which can include respiratory problems, gastrointestinal illnesses and headaches from prolonged or inadvertent exposure to noise, dust, emissions and gases.

MANAGEMENT APPROACH

Wellness Program

We care about the overall wellness of our people and constantly work to promote good hygiene, encourage healthy living and protect employee health. Our efforts include:
► Monitoring each site to prevent exposure to chemical and physical hazards, and maintaining special procedures for handling hazardous materials such as cyanide.
► Observing bio-markers (lead-in-blood and other blood chemistry) of our employees who work in labs or smelting facilities (twice per year), as well as specific health indicators for all employees relating to organ function or other aspects of work-related health such as lower back testing.
► Maintaining a doctor onsite at each mine and providing all workers with annual medical exams, which include X-rays, spirometry, audiometry and physicals.
► Running health campaigns including flu vaccinations, prostate screening and cholesterol checks.

Safety and Hygiene Commission

Our Safety and Hygiene Commission, mandated by Mexican law, meets regularly to audit facilities for safety and health, identify areas of opportunity or concern, and devise a timely and appropriate follow-up plan for any issues. For more details, also see the Occupational Safety section.

Site-Specific Initiatives

The Mexican Institute for Social Security (IMSS) in Guanajuato offers a program called PrevenIMSS for companies and our Bolaños and El Cubo mines participate actively in the program. The purpose is to bring health services to the work sites to address three aspects: health promotion such as nutrition and prevention of diseases, as well as reproductive health; work health, emphasizing hygiene and safety conditions; and wellness activities to promote sports, health and training. In Bolaños, for the past five years we have partnered with the University of Guanajuato to host nursing interns. Twice a year, 10 to 15 nursing students carry out their internships at our site to gain hands-on experience and practical skills related to occupational healthcare. The students support our medical office with performing annual medical exams, identifying hygiene risks and practices, and implementing health programs.

In Guanaceví, a nutritionist oversees the menu to ensure balanced nutrition is offered for the workers. Being a remote location in which workers live onsite during their shifts, this is the only site where the company provides meals and a lunch room.

2018 PERFORMANCE

► Carried out 28 health information campaigns across our sites that covered the most common ailments (respiratory issues and gastrointestinal problems) and other important issues (e.g., diabetes, breast cancer, prevention of addictions, dental hygiene and nutrition). We also provided over 930 flu shots for workers across all our operations, in partnership with the local Ministry of Health.
► Delivered training at each site related to potential work-related illnesses that can result from welding tasks and handling chemical substances.
► Organized a soccer league at our Bolaños site to encourage physical activity. Eleven teams comprising 175 employees and contractors participated in games over a two-month period.
► Held training for local community members in Bolaños and Guanaceví on topics such as first aid, prevention of diabetes, addictions, sexual education and treating children (e.g., fever remedies, giving injections).

2019 PRIORITIES

► Ensure that long and short-term health benefits for all stakeholders are considered in our development and operational planning and execution activities.

► Received one case of occupational illness at Bolaños, in which a worker reported hearing loss and silicosis (a respiratory disease associated with long-term inhalation of mineral dust). The illness was categorized as a partial permanent disability. He has worked in the mining sector for over 30 years, with his most recent job as a driller for Endeavour. While the ailments may have been pre-existing conditions prior to joining the Company, Endeavour has assumed responsibility of the disability with the Mexican Institute for Social Security as this was his last job.
Our people are key stakeholders so creating a sustainable workplace is imperative for us. The Company works hard every day to create a working environment in which employees are proud to work for Endeavour, have a sense of belonging and therefore act like owners and are accountable for their own results.

Lorena Aguilar, Director, Human Resources

Our People

MATERIAL TOPICS IN THIS SECTION
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Employment & Culture

Our goal is to foster a work environment where people are valued and respected, where they take pride in the Company and feel inspired to contribute their best.

WHY IT MATTERS

Our stakeholders expect us to have a workforce that is motivated, ethical and accountable. It’s essential that we recruit and retain high-quality people who propagate our culture and share and reflect our values in the Mexican communities where we operate.

MANAGEMENT APPROACH

Open-door Policy
We are committed to helping our employees shape a positive culture in their workplaces. By promoting an “open-door policy”, we seek their feedback on a range of topics, and receive and address work-related suggestions, concerns or complaints through our Internal Grievance Mechanism for employees and contractors.

Diversity and Inclusion
Diversity, inclusion and equal opportunity are important principles to us, and we are dedicated to improving gender representation in our workforce. We believe a diverse workforce provides a broader range of skills, experiences and ideas to keep our company strong and progressive.

Local Hiring
We prioritize local hiring and training people from communities near our mining activities. This helps us build our pool of mining talent, strengthen community and employee relationships, and create economic benefits for the surrounding population.

Freedom of Association
We support freedom of association and have collective bargaining contracts with two unions: one at El Cubo and the other at Guanaceví, Bolañitos and El Compas. We have positive relationships with both unions and have been able to negotiate contract renewals through effective collaboration.

Working Conditions
We respect national and international labor laws and standards that protect and guarantee basic rights for all. This includes our commitment to provide good working conditions including adequate facilities and competitive benefits. Three of our mines are within or near communities, so workers are able to return to their homes following their shifts. Because Guanaceví is in a remote location, workers also live in a camp on-site. As such, we strive to provide good living conditions, such as lunch and dining rooms, gym facilities and cleaning services, to keep employees comfortable during their stay in our mining camp.

2018 PERFORMANCE

► Engaged employees and management in interviews and a workshop to review our core company values and competencies. This important exercise helped us confirm the unique and enduring principles that embody the Endeavour culture and guide the collective behaviours of our people. We plan to launch the updated set of values and competencies in the spring of 2019.
► Brought together regional managers from our Mexican operations for a planning session to share ideas, align efforts and establish objectives.
► Launched our talent management program identifying the critical positions in Operations. We also initiated “individual development plans” for key executives in Mexico, which include activities such as assessments, coaching sessions, leadership training and work assignments, which are intended to expand leadership skills.
► Began implementing an all-in-one human resources (HR) software platform to help us better manage and track our HR activities such as job posting, interviewing and hiring, benefits management, performance assessment, training and holiday scheduling. The new system will provide us with real-time information, supporting our decision-making process and allowing us to track key performance indicators (such as turnover and absenteeism) in a more accurate way.
► Employed 1,601 people (as of December 2018), down slightly from 1,624 the previous year. The decrease is due largely to a staff reduction at our El Cubo mine. This cutback was partially offset by growth of the labour force at our El Compas project, from 26 to 110 employees last year.
► Contrasted 1,080 people in Mexico, down from 1,195 people in 2017. Contractors were primarily involved in new development at the mines and civil engineering works.
► Achieved an 8% decrease in turnover (voluntary and involuntary), from 23.2% in 2017 to 21.3% in 2018, marking the third consecutive year of reductions. In recent years we have also lowered absenteeism. From 2017 to 2018, it fell from 2.52% to 2.31%. We believe these positive trends are a reflection of increasing employee engagement.
► Experienced no strikes, lock-outs or work stoppages at any of our sites in 2018. Approximately 75% of our workforce was represented by unions, compared to 75% the previous year.
► Maintained our representation of women at 11%. Our ratio of women to men remains lower than international averages for mining operations, although this is not unusual in Latin America or for underground mines. The majority of our female employees work in surface operations and administration positions.

SAFETY & HEALTH

Maintained our representation of women at 11%. Our ratio of women to men remains lower than international averages for mining operations, although this is not unusual in Latin America or for underground mines. The majority of our female employees work in surface operations and administration positions.
In 2018, we received 123 complaints from employees and contractors through our Internal Grievance Mechanism, up from 88 the previous year. While usage of this feedback channel increased, it is not generating the results or participation we were expecting.

The top matters raised related to simple administrative issues or procedures, representing approximately one-third of all issues. We have found that most of the truly meaningful complaints only go through local managers because employees are more comfortable in vocalizing work-related concerns through one-on-one discussions. As a result, such issues are not being captured in the grievance mechanism.

We are evaluating ways to improve usage of the mechanism, including through greater awareness-building, as well as exploring other ways to gather feedback from employees so that we can understand and respond to issues in a proactive way.

Employee Complaints in 2018

► Administrative issues (36): These related to worker requests or clarifications about procedures.
► Safety concerns (25): These included lack of ventilation in some places, timeframes for detonations, high humidity and working in areas that were previously classified as high risk.
► Work assignments (21): These included concerns about compensation related to different work assignments.
► Issues with materials (17): These included tools that were not available or equipment that was limited to one area while needed in others.
► Payments (16): These included clarifications about missing payments for extra days of work, holidays, bonuses or other issues involving a payment to the worker.

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We value our people and invest in developing their capabilities. Employees receive ongoing training to do their jobs effectively and safely, and we focus on improving and certifying functional skills. Our Regional Training Coordinator in Mexico oversees training programs for all four operating sites, with a long-term goal of increasing overall skill sets, certification levels and lifelong employability.

Induction Program

Every new employee and contractor participates in a three-day induction program in which they are educated on Endeavour’s vision, mission and policies, including our Code of Business Conduct and Ethics; our focus on safety in the workplace; union relationships and representation; and social and environmental responsibility. Similar training is provided to consultants or visitors at sites. An updated set of core values will be introduced in 2019 and implemented into the induction and training process going forward.

Opportunities for Development

We offer opportunities for professional and personal development, including funding support for external learning.

Our company-wide training program is based on three strategic themes:

► People: Foster the development of non-technical, “soft skills” such as team building and leadership skills
► Production: Focus on building technical capacities and mastering operational processes
► Safety: Focus on building high standards and continuous improvement of our safety culture based on accident prevention, the ability to respond to emergencies and compliance with Mexican laws related to safety.

Performance Evaluation

As part of the annual performance evaluation process, employees and their direct supervisors work together to review performance results, which affects employee compensation and sets personal objectives for the year ahead. Top management is also involved in the process to ensure that our objectives are “SMART” (specific, measurable, attainable, relevant and time-bound) and people take ownership of their goals and performance. Bonuses for managers are paid based on these aspects: corporate objectives, site objectives and personal objectives.
The International Forum of Training and Education in Mining is a specialized training forum in Mexico, bringing together some of the country’s most renowned academic institutions, the Mining Chamber of Mexico, the State Government through the Ministry of Economy and mining companies.

On average, our employees each received 54 hours of training in 2018.

Delivered 119,611 hours of training, up from 100,664 in 2017. On average, our employees each received 54 hours of training (in our three categories of people, production and safety), exceeding our goal of 50 hours.

Provided an average of 34 training hours per contractor, up 32% from 23 hours in 2017.

Supported 60 Mexican employees in obtaining skills certification awarded by the Ministry of Labour. This program recognizes the skills people have mastered through hands-on experience, even if they lack formal education. This was our largest group in the past four years, and most of the employees were from Guanacevi where the program was introduced in 2018.

Received “Merit in Mining Education in Mexico” award for our training efforts (see sidebar).

Our training program provides development opportunities so employees can excel in their work.

2019 PRIORITIES

► Provide an average of 50 hours of training per year per employee, particularly focused on supervisor program and leadership skills.
Continued to focus on providing appropriate compensation and benefits to ensure we attract and retain the qualified workforce we need. With El Compas commencing operations last year and our Terronera expected to start construction in 2019, recruiting will remain a major HR activity.

Provided $41.8 million in total wages and benefits for our workforce, up from $40.7 million in 2017. Our entire workforce in Mexico earned at least 60% more than the minimum salary mandated by local laws. At our corporate headquarters in Canada, we offer compensation and benefits in line with industry standards.

Restructured employee bonus arrangements at two sites to reflect changing needs and realities.

Modified worker shifts at our Bolañitos site to allow more rest time between shifts. Instead of rotating any day of the work week, shifts are now structured so that everyone rests on either a Saturday or Sunday.

Recognized 77 employees who took maternity leave (12) and paternity leave (65). Mexican law entitles women to three months off (45 days before delivery, 45 days after) and fathers to five days off.

Employees care about their compensation and want to feel valued for their contributions to the Company. We believe that rewarding people through a well-designed compensation and benefits program enhances our ability to attract, retain and motivate talented and loyal employees. This is especially relevant in a country such as Mexico, which has a large, active mining sector, thereby making the labour market for qualified workers very competitive.

Competitive Rewards and Opportunities

Our mining operations offer a variety of work opportunities, with positions ranging from entry level workers to skilled trades to professionals such as engineers, geologists and accountants. As part of our commitment to be an employer of choice, we offer competitive wages and benefits, as well as safety and production bonuses. We also offer a remote location bonus for workers at our Guanaceví mine, where longer commute times make recruiting and retention even more important.

For our non-union employees, we consider different factors such as results achieved during the year, market salary analysis and internal equity to determine a competitive salary. They are also entitled to bonuses paid on a monthly basis or an annual bonus that consider corporate and individual results.

Pay equity and benchmarking

Our commitment to gender equality includes equal pay for equal work. Men and women receive the same remuneration for the same position at all of our operations, considering training, experience and performance. Every year we participate in an annual survey organized by the Mexican Chamber of Mining (CAMIMEX) to ensure that our compensation packages and salaries are competitive regardless of work location. The survey is conducted by an external consulting firm and includes data from 36 mining companies operating in Mexico.

We tailor benefits at each of our mining sites to local needs, while striving to ensure employees across our operations have access to similar offerings. Employee benefits include public health care, life insurance, paid vacation days and savings fund contributions. Non-union employees also get private medical fund insurance. In Mexico, a certain suite of benefits is mandatory by law, including a retirement savings plan called AFORE, in which the employee, company and government contributions can total up to 11.8% (6.15% company, 1.125% employee and 5.525% government) of an employee’s salary per year, to a maximum limit.

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One of the biggest things I enjoy seeing is how our mines generate spin-off activity in local towns, with people making an honest living from opening corner shops, grocery stores and all sorts of small businesses. Since these are in small towns you see the impact to the community because the economic wealth impacts everybody.

Godfrey Walton, President and Chief Operating Officer
We carried out a social impact assessment of our development project, Terronera.

In 2019, we will present the results of this assessment in a workshop with the community and clarify the development plan for the project. We will also use the results to inform our community relations management plan going forward.

We appointed a Regional Community Relations Manager to enhance our commitment to the high performance of our individual projects and consistent results of our group.

We performed a social impact assessment for our development project, Terronera in Jalisco state. The Terronera project will be Endeavour’s first “new mine” (i.e., built from scratch), employing approximately 350 employees and contractors during the 18-month construction phase. While the social impact assessment is not a regulatory requirement, we wanted to be proactive to analyze community needs, identify relevant stakeholders and assess potential social impacts, both positive and negative.

We commissioned an external consulting firm to conduct the study, and they held meetings with community members to understand their expectations and perspectives on what they know so far about the project. To date, the open process has been very well received by the community. We will use the results to inform our community relations management plan going forward.

Community Engagement & Impacts

WHY IT MATTERS

We recognize that open consultation and collaborative relationships along with sustainable management practices are the cornerstones of responsible business and good community relations. From exploration and development to operation and closure, working closely with local communities is crucial to build trust and support throughout the mining life cycle.

MANAGEMENT APPROACH

Our Commitment

We are committed to supporting the local communities where we operate, building and maintaining positive relationships, providing avenues for dialogue, understanding and managing the social, environmental and economic impacts of our mining operations. We want to create social benefits from our activities.

Managing Relationships

At each site, we have a community relations coordinator who regularly engages with community members to share information about the operation, assess local needs, listen and respond to feedback and complaints, and determine methods of supporting the community.

Sustainability Issues

Our goal is to address community priorities that align with our business objectives, to create shared benefits for the long term and the post mining era. We have an external sustainability consultant who gathers stakeholder input to help identify and prioritize the issues that matter most to our business and to stakeholders.

Community Concerns

To help manage stakeholder concerns, each site has an external grievance mechanism that allows community members to voice their questions and complaints for formal consideration by Endeavour. Our goal is to respond to all feedback in a timely and respectful manner. The process is designed to be fair, accessible and transparent, and was developed using the standards of the International Finance Corporation and the United Nations Guiding Principles on Business and Human Rights.

Working closely with local communities is crucial to build trust and support throughout the mining life cycle.
2019 PRIORITIES

► Address and solve community complaints in a reasonable timeframe, which should not exceed six months in any situation.

EXTERNAL GRIEVANCE MECHANISM:
2018 SUMMARY OF MAIN CONCERNS

BOLARITOS
Concern
Dust affecting six houses
Our Response
Increased the height of the outlet connected to the ventilation system, to disperse the dust and minimize the impacts to the houses
Concern
Vibrations from detonations
Our Response
Installed a monitoring device in the home of a community member to measure vibrations. Nothing of significance resulted

GUANACEVI
Concern
Pollution or drying of the water wells because of mining activities
Our Response
Held several meetings with the community and are looking at hiring a consultant in 2019 to evaluate water well levels and fluctuations, as well as provide suggestions on how to best preserve the wells, including natural areas around them

EL CUBO
Concern
Request to limit heavy trucks on certain roads and verify the safety credentials of drivers and vehicles; this request came in the wake of two driving accidents caused by contractors, which damaged local roads, a car and a house
Our Response
Implemented tougher safety standards for contractors
Concern
Waste rock that enters the river during rainy season and raises water levels, which could cause flooding for low-lying homes
Our Response
Endeavour does two major clean ups every year, pre- and post-rainy season, so the amount of waste rock entering the river is kept at a minimum

EL COMPAS
Concern
Disputes about allocation of contracts amongst the three unions representing transport contractors
Our Response
Disclosed details of the union contracts to ensure all affected parties were properly informed and equal opportunities were given to each contractor
Concern
Noise complaint
Our Response
Modified use of equipment to reduce noise
Concern
Waste rock that enters the river during rainy season and raises water levels, which could cause flooding for low-lying homes
Our Response
Endeavour does two major clean ups every year, pre- and post-rainy season, so the amount of waste rock entering the river is kept at a minimum

WHY IT MATTERS
Creating benefits in local communities where we have impacts is not just responsible business – it is smart business. After all, these areas are where nearly all our workforce live, and we rely on the local infrastructure and lands. On the ground in these communities, we have a first-hand view of the challenges that may limit their well-being – such as a lack of government services or viable infrastructure, economic and educational constraints and unemployment. Progress on such issues depends upon the active, coordinated efforts of the private, public and non-profit sectors working towards common goals and better outcomes for all involved.

MANAGEMENT APPROACH
Our aim is to achieve social and economic results that create real value for host communities, even after mining ceases. We work with community members to understand their needs and contribute resources and expertise to make a positive impact.

Priority Areas
Our Community Investment Policy sets out our funding priorities and the criteria we use when evaluating projects and initiatives. To guide our community investments in Mexico, we have two priority areas: education and employability. These priorities were identified in consultation with community members during a social assessment we conducted in 2016, which involved workshops, surveys and the participation of 10% of community members where we operate.

Other Support
In collaboration with communities or government, we also support initiatives related to health and infrastructure for public services, such as drinking water, waste management, road maintenance and recreational spaces, as well as community cultural and religious events.

Managing Community Initiatives
Each mine and the head office have annual budgets for community investment initiatives, taking into account local needs and requests. At each operation, we have one full-time community coordinator, who oversees local activities, a regional manager that supervises the team of five coordinators, and an external consultant advising on these issues.
Invested US $387,284 across Mexico (41%) and Canada (59%). This is down from $517,000 the previous year as a result of low metal prices that impacted the financial performance of the silver and gold mining sectors.

Contributed $160,080 in Mexico to support local communities:

- Approximately 18% (up from 17% in 2017) was invested in our two priorities of education and employability, falling short of meeting our target of at least 50%.
- A significant portion of our 2018 community budget (53%) supported infrastructure, where the main project was the construction of a new sports court in El Cubo.
- 29% of our investment supported cultural and religious events that play an important role in preserving and celebrating local traditions.

2018 PERFORMANCE

Continued our scholarship program for students in and around our host Mexican communities (see case study). We also held discussions with the Universidad de Guanajuato to explore ways we can create a model for long-term funding support for students, similar to what Endeavour has done with three universities in Canada.

Hosted six skilled trades workshops in Bolañitos for community members. These sessions were led by a professional trainer from the Institute for Continuous Education of Adults, a government agency that helps adults prepare for the workforce or become self-employed. The workshops helped 109 participants build skills as pastry chefs or hair stylists. Some participants are using the knowledge gained to generate extra income for their households.

Hosted the 4th edition of the mining race in the City of Guanajuato to promote sports and fitness in the community. The race was funded by Endeavour and COMINVI, one of our contractors, and was organized in collaboration with the Municipal Commission for Sports and Youth Support.

Created and filled two new positions: a full-time Community Relations Manager who oversees the work at all sites and a full-time Department Head for our Terronera project. Also in Terronera, we launched a community investment program to begin contributing to the community. For example, we partnered with the DIF (Ministry of Family Development), a government entity, to bring a Christmas celebration to three nearby towns. The events were a big success.

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2019 PRIORITIES

- Ensure at least 50% of the funding on Community Investment goes to actions related to education and employability.
- Implement the funding for education programs in Mexico (Endowment fund).

Endeavour Scholarship Program Offers Life Changing Opportunities for Students in Rural Mexico

Education is vital for social and economic progress in today’s world. Unfortunately, financial barriers prohibit many Mexican students from continuing their studies.

For this reason, Endeavour created a scholarship program to provide greater access to educational opportunities for students in nearby communities, including remote areas. First launched in Bolañitos in 2017, last year we expanded the program to the El Cubo area, and also formed a partnership with the Universidad de Guanajuato to administer the scholarships to students undertaking studies at that university.

In 2018, 77 students from junior high school to university received the scholarships. With this financial assistance from Endeavour, school-related costs including registration, uniforms, books and transportation are covered, enabling students to further their education and increase their career opportunities.

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Post-mine Planning

WHY IT MATTERS

Our Mexican host communities have a vested interest in how we plan for mine closure and reclamation. Every mine has a finite operational life, so managing the effective transition and eventual closure of our mines is an integral part of our business responsibility.

MANAGEMENT APPROACH

We aim to leave a positive legacy for local communities after our mining activities have ceased. For us that means considering the entire life cycle of the mines we operate, including the post-mine transition. Proper planning for mine closure is not only important for local communities, it also benefits our business in many ways, including reducing financial risks and liabilities and helping us ensure we set aside adequate future resources.

Environmental Aspects

The major environmental aspects involved in responsibly closing our mines are land reclamation and rehabilitation, the decommissioning of buildings and mine facilities, and ongoing care and maintenance of our legacy properties.

At each site, we have an environmental mine closure plan that outlines how the affected lands will be rehabilitated and the costs associated with doing so. The plans were developed using guidance from the British Columbia Ministry of Energy and Mines and adhere to applicable Mexican environmental laws, including the requirement that tailings ponds be monitored for a certain period of time after reclamation to ensure they are stable and there is minimal risk of a tailings spill.

Social and Economic Aspects

Along with environmental responsibilities, we strive to take a proactive approach to identify and address the social aspects of closing a mine, to ensure that the affected communities are appropriately prepared. While Mexican laws at this time only require companies to prepare environmental closure plans, we are working to integrate social and economic factors in our post-mining planning so that we consider a broader range of potential community impacts and concerns.

Forward Thinking

Our approach is to reclaim disturbed land wherever possible while mining operations are under way, and well before closure; essentially, as soon as an area is no longer in use. All of our environmental mine closure plans are updated as needed to account for changes in the scope and footprint of our operations and adjust for anticipated costs for remediation or reclamation.

Enhanced Social Impact Management

To help us plan and manage the social impacts of mine closure, an external firm visited our sites in Guanaceví, El Cubo and Bolañitos and identified a number of aspects for consideration, including:

- Supporting education and employability skills. This recommendation aligns with Endeavour’s existing investment priorities in these communities. In 2018, we allocated 18% of our community investment budget to these two areas, and our goal is to scale this up to 50% by the end of 2019 (see Community Investment section of this report).
- Transitioning some public services that Endeavour has provided in these communities and will no longer be able to support once the mines reach the end of their lives. Such services include water access (for non-drinkable water), garbage collection and electricity for a small group of people.
- Supporting workers to transition to other jobs, by helping them certify their skills, transfer where possible to other mines, or assisting them with external placement.

2018 PERFORMANCE

- Announced plans to reduce the production rate at El Cubo in 2019 to approximately half its capacity, due to the depleted reserves and current short mine life. This pull back will allow the workers more time to prepare for the transition phase and will allow management to evaluate opportunities to extend the mine life through exploration.
- Retained a consulting group to help us create post-mining social plans for our operating mines (see case study above).
- Supported education and skills development to help our workers enhance their future employability and ability to find new career opportunities upon mine closure. For example, since 2015 we have assisted many employees in having their job experience with Endeavour formally recognized through a skills certification program run by the Ministry of Labour.

2019 PRIORITIES

- Execute the actions identified in the social post-mining sustainability plan, which includes transitioning public services (water, electricity and garbage collection) to the community or the government, supporting workers in the transition to new jobs or other sources of employment, providing education to prevent addictions and illnesses (especially around drugs and alcohol) and promoting education and employability.
We take our environmental responsibilities seriously. Our production and exploration departments review all aspects of the mining process to make sure Endeavour is sensitive to any environmental impacts. At the same time, we’re trying to be an inspiration for contractors, partners and communities to be environmentally conscious.

Luis R. Castro Valdez, Vice-President, Exploration

Environment

MATERIAL TOPICS IN THIS SECTION
Page 60 Environmental Compliance and Management
Page 62 Plant Tailings and Mine Waste
Page 64 Water Management
Environmental Compliance & Management

WHY IT MATTERS

Respecting the environment and the laws designed to protect it are integral to how we operate, our corporate reputation and the ecological health of our host communities. A strong environmental track record, as well as compliance with local laws and international guidelines, are keys to gaining community support and approval to operate.

MANAGEMENT APPROACH

Environmental Framework

As a mining company, we honour a broad and detailed range of requirements stipulated by environmental agencies and legislation in Mexico and Canada. In recent years, as environmental concerns have increased around the world, environmental permitting for the resource sector has become more stringent.

To support our environmental compliance obligations and objectives, we have a comprehensive environmental framework in place, including environmental monitoring systems and controls at each site. Environmental risks are evaluated on an ongoing basis as part of our corporate risk management procedures, so that we can improve our performance.

Environmental Policy

Our Environmental Policy articulates our commitment to environmental protection: to prevent or mitigate, as much as reasonably possible, the impacts of mining on the natural environment by improving the efficiency of our use of natural resources (such as land, water and energy), by reducing waste and by increasing recycling.

Oversight and Cooperation

The Regional Environmental Manager oversees environmental matters at our mines. Each mine has an environmental coordinator who monitors day-to-day operations, helps facilitate permitting and reports any matters to management during regular meetings. Our environmental group monitors environmental suppliers to ensure they are complying with all environmental regulations and taking a proactive approach in managing regulatory issues with the Mexican environmental protection authority (PROFEPA), as we reported in our 2017 Sustainability Report.

PROFEPA conducted inspections of our operations in Bolañitos, El Compas and El Cubo and observed no compliance issues.

We achieved zero environmental fines and incidents across the business.

We completed and filed a Regional Environmental Impact Assessment for El Cubo, a process that allowed us to put into one single document all the necessary permits and updates for the site, including the environmental closure plan. We initiated a similar process for Guanaceví and Bolañitos, as part of their regular operating reviews.

2018 PERFORMANCE

- Invested $1.71 million in environmental protection expenditures, which included environmental studies (e.g. assessments and permitting); transportation and final disposition for waste; monitoring for water, waste, tailings, noise, gases and dust; tailings pond works; and other initiatives including reforestation, rehabilitation and remediation works and environmental education campaigns. Total expenditure was more than the $1.49 million spent in 2017 because this year we added El Compas, which represented about $0.5 million.

- Achieved a successful year in terms of environmental compliance compared to 2017. Among the highlights:
  - We re-opened a tailings pond at our El Cubo site in March 2018, having addressed community concerns and regulatory issues with the Mexican environmental protection authority (PROFEPA), as we reported in our 2017 Sustainability Report.
  - PROFEPA conducted inspections of our operations in Bolañitos, El Compas and El Cubo and observed no compliance issues.
  - We achieved zero environmental fines and incidents across the business.
  - Completed and filed a Regional Environmental Impact Assessment for El Cubo, a process that allowed us to put into one single document all the necessary permits and updates for the site, including the environmental closure plan. We initiated a similar process for Guanaceví and Bolañitos, as part of their regular operating reviews.

2019 PRIORITIES

- Participate in the Environmental Audit Program carried out by PROFEPA, in order to apply for the Clean Industry Certification for Guanaceví

- Develop and execute the post-mining sustainability plan for El Cubo
Plant Tailings and Mine Waste

WHY IT MATTERS
The integrity of mine waste rock and plant tailings storage facilities are issues of heightened global environmental concern, following recent tailings dam failures in Brazil, Mexico, Peru and Canada. Surface tailings can represent one of the most significant environmental risks of mining operations, leading to potential water and soil pollution if not properly managed. As a result of tailings issues worldwide, the Mexican environmental regulatory authority, PROFEPA, has increased its environmental monitoring, site visits and rigorous reviews.

MANAGEMENT APPROACH

Waste Management System
We have waste management systems at each site that specify how different types of waste produced by our activities will be handled. These systems are evaluated on an ongoing basis with the objectives to increase recycling rates where possible and reduce both waste to landfill and volumes of waste stockpiled over time. No waste of any kind is shipped internationally, everything is managed onsite or locally. Our efforts include employee and contractor education and awareness campaigns around waste minimization and recycling, as well as safe handling of hazardous waste.

Non-Mineral Waste
Our operations produce three types of non-mineral waste:
- Hazardous waste: includes used oils, batteries and filters
- Non-hazardous waste: includes plastic, cardboard and solid urban waste (which includes the general garbage produced in offices and campsites)
- Special management waste: includes scrap, tires and toner cartridges

Over the past several years, we have focused on recycling as much as possible to reduce the total waste generated.

Mineral Waste
Our operations also generate two types of mineral waste:
- Waste rock piles: the natural rock and soil above and around our mines removed for development purposes. We have monitoring controls around the waste rock and soil piles to ensure proper management of the land, to mitigate any vegetation impact and to ensure there is no acidic drainage into the local waters. Such waste rock piles are considered non-toxic and can be used in part for the reclamation at each mine.
- Plant tailings facilities from processed ore: All operational mines have surface tailings storage facilities for the finely ground rock that remains after the ore minerals are removed. Responsible management of tailings is a key priority for Endeavour. In keeping with industry best practice, we have a stringent Tailings Management Facility Protocol. We continuously monitor and evaluate the stability and conditions of our current and out-of-use tailings storage facilities, using aerial mapping and satellite imagery of water wells and drill holes to evaluate the compaction of material in the tailings facilities. Each year, we engage an external engineering company to guide us and audit our tailings storage facilities for safety measures including structural integrity and to identify any opportunities for improvement.

No waste of any kind is shipped internationally; everything is managed onsite or locally.

2018 PERFORMANCE
- Experienced no reportable spills involving hazardous waste at any of our operations.
- Achieved a 12% reduction in hazardous waste intensity (tonnes of hazardous waste/tonnes of mineral processed) from 0.133 in 2017 to 0.117 in 2018. The decrease was attributable to efforts in El Cubo and Guanaceví to improve the management of waste, including the waste of contractors. There was a 27% increase in waste at Bolañitos due to longer trucks hauls from the locations being mined.
- Added a similar amount of tailings: 1,287,306 tonnes, compared to 1,265,843 tonnes in 2017. The slight 1.6% year-over-year was due to the start up of the El Compas mine, which generated tailings of 18,848 tonnes. Excluding El Compas, our tailings volume was similar to the previous year.
- Updated the environmental closure plans for our El Cubo property, including its six current and historic tailings ponds. The plans are being updated in collaboration with an environmental consulting firm.
- Realized considerable improvement in urban solid waste management, with an overall 65% reduction of waste generated. This is due to the efforts put in place at Bolañitos and El Cubo to separate, divert and recycle waste. A decrease in staff and production at El Cubo also lowered waste generation. There was, however, a 33% increase in urban solid waste in Guanaceví due to an increase in the number of employees and contractors working onsite.

GENERATED 716,261 TONNES OF WASTE ROCK, COMPARED TO 1,148,472 TONNES IN 2017. THE DROP REFLECTS THE SLOWDOWN TAKING PLACE AT OUR EL CUBO OPERATION AS WE DECREASED DEVELOPMENT. WE EXPERIENCED AN INCREASE AT GUANACEVI BECAUSE OF NEW DEVELOPMENT IN THE MILACHE AND SANTA CRUZ SUR OREBODIES. BOLAÑITOS IS THE ONLY SITE WHERE ALL WASTE ROCK IS RETURNED TO THE MINE TO FILL THE Voids CREATED BY EXTRACTING THE OREBODIES. AT EL CUBO, GUANACEVI AND EL COMPAS, APPROXIMATELY 11% OF WASTE ROCK WAS USED AS FILL INSIDE THE MINE AND 59% WAS TRANSPORTED OUTSIDE DUE TO UNAVAILABLE SPACE INSIDE THE MINE.

2019 PRIORITIES
- Follow up on the action items identified in the audit for Bolañitos (tailings capacity and hazardous waste management)
- Zero spills
- Reduce the amount of hazardous waste per tonne processed by 10%
Water Management

WHY IT MATTERS

Since our mining operations both consume and discharge water, we have a responsibility to use and plan our water resources effectively. A reliable supply of water – in quantity and quality – is essential for mining, mineral processing, dust control and meeting the needs of our people.

MANAGEMENT APPROACH

Water Consumption

We use water in the exploration, mining, milling in our offices and campsites. We carefully consider local water supply when we plan the water requirements for developing, operating, expanding and rehabilitating our mines, and in our exploration and pre-development work.

Water sources for our operations include surface water, stored rainwater and water extracted from the mining process and wet tailings.

As the climate conditions are different at each of our mines, water issues and management vary. Although we have no lack of water at our mines, we are constantly seeking opportunities to minimize freshwater use and are actively engaged with local communities in Mexico regarding the availability and optimal, efficient use of water. Our main focus is water recycling, to minimize our impact on local water resources. In fact, we recycle and reuse more than 90% of water to reduce our reliance on fresh water.

Water Discharge

Discharge and runoff from mine sites can impact water ways, so we carefully manage and monitor this issue to prevent water pollution. We rely on diversion systems, containment ponds, groundwater pumps, sub-surface drainage systems and subsurface barriers. Our Bolañitos and El Cubo mines have zero discharge into their surrounding natural environments. All water used in the mining process is collected and recycled back into the system.

As our Guanaceví mine lies below the water table, discharges of water are in accordance with regulatory requirements and corporate standards, which include consideration of aquatic and land-based ecosystem environments, as well as potential downstream community users.

Guanaceví operates in a climate with abundant water, that seeps into the mine. Here, we pump fresh water from the mine, check for quality and then release it into the Guanaceví River. The released water poses no threat of negative impact and, in fact, helps keep natural waterways flowing and agricultural fields green during the dry season. We also supply water to Guanaceví for non-potable use in the community. Guanaceví has a water treatment plant for the campsite.

Water Discharge

Experienced an increase in water consumption from 5.13 million m³ to 5.17 million m³, with the increase mostly in fresh water (from 274,122 m³ to 319,638 m³). This was largely a result of challenges with ore grade in Bolañitos, that required more water in the plant processing to achieve the targeted silver and gold recovery rate. This increase also affected the fresh water withdrawal intensity, from 0.21 m³ to 0.25 m³ per tonne of processed material, although this was still within our target range.

2018 PERFORMANCE

Recycled and reused more than 90% of water at all sites to reduce our reliance on fresh water, which is comparable to prior years. Our Guanaceví site leads the way at 95% as the mine uses a dry stack filter press, which been in place since 2013. This process removes water from wet tailings before depositing them in the tailings facility. This results in dry tailings, which occupy less space, improve structural integrity and extend the life of this tailings facility.

SOURCE OF WATER CONSUMPTION

93% Recycled Water (from Tailings)
4% Surface Water
2% Ground Water (from Mining)
0% Recovered Water from Dry Tailings Pond
0% Rainwater

2019 PRIORITIES

- Maintain fresh water intensity in the ranges of 0.2 and 0.25 (amount of fresh water used per tonne of processed material)
- Recycled and reused more than 90% of water at all sites to reduce our reliance on fresh water, which is comparable to prior years.
Other Environmental Impacts

In this section, we report on other environmental impacts that remain important to us as well as the broader mining industry, even though our stakeholders did not rate these as highly significant in our latest materiality assessment.

Economic Value

Community

Sustainability at Endeavour

Experienced a 3% increase in energy consumption, providing functions such as capturing CO2 emissions, regulating humidity, contributing to recharging aquifers and more. Soil is considered a non-renewable natural resource because it is difficult and expensive to repair or improve its properties if it has been physically or chemically damaged.

Mining and stockpiling activities, if not managed responsibly, can have adverse impacts on soil. We believe that development and conservation can coexist in harmony, which is why we make every effort to reduce and mitigate any possible impacts to soil touched by our operations. This is especially important as we start new projects when land is first disturbed. Our commitment to soil conservation and protection was reflected most recently in the steps we took at our new project, Milache in the Guanaceví mine. Our actions included:

► Building retention dams – these permanent flexible structures allow water to continue with their normal flow but control mining waste material (that if left to run off, can promote soil erosion).

Soil Conservation in Milache, Guanaceví

Soil plays a fundamental role in all ecosystems, providing functions such as capturing CO2 emissions, regulating humidity, contributing to recharging aquifers and more. Soil is considered a non-renewable natural resource because it is difficult and expensive to repair or improve its properties if it has been physically or chemically damaged.

► Deploying dead plant material, recovered from the forest industry, over soil areas as a protective layer. This reduces the speed and the amount of surface running water and promotes natural vegetation regrowth.

► Reforestation – we planted 3,959 pine trees to promote fertile soil, avoid erosion and purify the air, among other benefits.

ENERGY AND EMISSIONS

Energy consumption represents one of our largest operating costs, so we focus on conservation. This improves our environmental performance while saving money. Our two main uses of energy at our operations are electric power and fuel for transport. Stationary energy is comprised of purchased electricity (all of our operations draw from state power grids), diesel for generators and natural gas for the smelting furnaces at Guanaceví.

Since 2013, we have tracked and reported GHG emissions for all our active mining properties. The Regulations to the Mexican Law on Climate Change with respect to the National Emissions Registry, introduced in 2014, mandates companies to include reporting of greenhouse gas (GHG) emissions as part of the annual environmental reporting (along with hazardous waste, spills, discharges, etc.). As of 2018, it is mandatory for organizations with spills, discharges, etc.). As of 2018, it is mandatory for organizations with

GHG EMISSIONS BY SITE

48% Guanaceví
29% El Cubo
21% Bola Litas
2% El Compas

GHG EMISSIONS BY SOURCE

92% Electricity
7% Diesel (Mobile Equipment)
1% Gasoline (Mobile Equipment)
1% Explosives
0% Diesel (Generators)
0% Gas LP

In this year, we have reported GHG emissions for all our active mining properties. The Regulations to the Mexican Law on Climate Change, introduced in 2014, mandates companies to include reporting of greenhouse gas (GHG) emissions as part of the annual environmental reporting (along with hazardous waste, spills, discharges, etc.). As of 2018, it is mandatory for organizations with

2018 Highlights

► Experienced a 3% increase in energy consumption, from 627,596 GJ in 2017 to 636,867 last year, with a corresponding 4% increase in energy intensity. The increase is due to the new El Compas site commencing production. Although actual production was minimal, the new operation still required a fair amount of electricity. (equipment needs to run the same amount of time whether production is at minimum or optimal capacity).

► Saw an 18% jump in total GHG emissions, mostly due to the Mexican government changing the emissions factor used to calculate emissions (from .454 to .527, a 16% increase). The emissions factor calculation is based on energy source: if there are more renewables in the mix, the factor decreases; if there is more fossil fuel in the mix, the factor increases. We also attribute the rise in GHG emissions to the reopening of an older mine in Bola Litas (Miña Lucero) to access ore.

► Sourced 5% of our energy from renewable sources, in line with a new Mexican requirement introduced in 2018 for all industries. We buy all our energy from the Mexican electrical utility Comision Federal de Electricidad (CFE).

Biodiversity

We are committed to protecting and preserving ecosystems where we operate. At Terronera and the operating sites, we have conducted initial environmental impact assessments to identify endangered or at-risk flora or fauna, and have found no significant impacts on local biodiversity generated by our activities. While none of our sites are legally required to have biodiversity management plans, all of our operations have nurseries to grow local flora and programs in place for replanting disturbed areas.

► One species of snake (the Cascabel) has protected status in Mexico and is present at all of our sites. We have trained our people to identify, rescue and relocate Cascabel snakes if found.

► A species of white-tailed deer near Guanaceví, while not endangered, is protected from hunting. We have posted no-hunting signage in the area.

► The only site with identified endangered flora and fauna species is Terronera, and we continue to collaborate with the Commission for Natural Protected Areas to minimize any potential impact.

2018 Highlights

► Planted 55,140 trees in reforestation projects, up from nearly 44,000 trees last year, with an average survival rate of 82%. The vast majority of trees (98%) were planted around our exploration projects. The rest were planted at our operations or in the surrounding communities.

► Encountered challenges with our reforestation program in El Cubo. Due to the rocky terrain and lack of moisture, it is difficult for trees to grow here and they require an extreme effort to keep them alive. The trees are very small and need constant watering and maintenance, which means we have very few dead operations these trees will likely die. We are investigating other types of vegetation to grow that are self-sustaining.

Soil Conservation in Milache, Guanaceví

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Mining and stockpiling activities, if not managed responsibly, can have adverse impacts on soil. We believe that development and conservation can coexist in harmony, which is why we make every effort to reduce and mitigate any possible impacts to soil touched by our operations. This is especially important as we start new projects when land is first disturbed. Our commitment to soil conservation and protection was reflected most recently in the steps we took at our new project, Milache in the Guanaceví mine. Our actions included:

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► Building retention dams – these permanent flexible structures allow water to continue with their normal flow but control mining waste material (that if left to run off, can promote soil erosion).
In the mining space, you have to be able to handle market swings either way. We focus on being prepared for volatility and what we control, which is ultimately the long-term growth of the company.

Dan Dickson, Chief Financial Officer

Economic Value
Financial Performance

WHY IT MATTERS

Profitability is key to generating shareholder returns and financing the long-term capital investments needed to sustain our mining operations. Our stakeholders are all interested in, and impacted by our profitability. For example, when our Company performs well financially, we can offer more training, better security and better compensation to our employees and contractors. In some Mexican communities, this is especially important because mining is one of the few economic opportunities available for people.

MANAGEMENT APPROACH

Financial Health

We strive to foster the conditions requisite for a financially-healthy business that is sustainable over the long term. To achieve that, our business strategy balances short-term profitability with long-term investments in exploration and development programs, aimed at extending our existing mine lives and building new mines to fuel future growth.

Creating Value

We believe that our financial success combined with our broader focus on economic, social and environmental sustainability reinforce one another. For this reason, we are committed to simultaneously creating value for shareholders, employees, contractors, communities and society as a whole. For more details about our management approach around economic parameters, please see the Governance and About Endeavour sections of this report.

2018 PERFORMANCE

Not: The following provides a brief summary. For full 2018 financial highlights, please refer to page 8. For our total economic value generated and distributed in 2018, refer to the next section Local Economic Impacts.

► Reported flat year-over-year revenue at $150.5 million. Mine operating cash flow decreased 3% to $43.9 million as a result of lower metal prices, offset by higher production from 2017. A net loss of $12.4 million (loss of $0.10 per share) was reported, compared to net earnings of $9.7 million (earnings of $0.08 per share) in 2017. The net loss was driven by higher depreciation (non-cash expense) at Guanaceví.

► Experienced an increase in production costs due to continued operational challenges at Guanaceví, partially offset by improved costs at El Cubo. Cash costs were flat at $8.06 per oz silver payable compared to 2017 (net of the gold credits) and all-in-sustaining-costs decreased 9% to $15.45 per oz silver payable (net of the gold credits) compared to 2017. EBITDA decreased 14% to $21.9 million compared to 2017. There was no outstanding debt as of December 31, 2018.

► Reinvested 9.6 million silver equivalent ounces (75:1 silver: gold ratio).

► Completed an updated Pre-feasibility Study at the Terronera project and subsequently increased Terronera Mineral Reserves.

► Continued to realize advances at existing operations; for example, we intercepted newly discovered high-grade vein at the Bolañitos operation, and proven and probable reserves at Guanaceví increased 150% with the development of the Milache orebody.

► Completed the development of the El Comps mine and initiated commissioning of the plant.

PRODUCTION (Ag Eq Oz)

2019 PRIORITIES

► All-in sustaining costs (AISC) measure in the range of $15-16/oz

► Cash costs, net of gold by-product credits in the range of $8.50 - $9.50 per ounce of silver

► Obtain permits and financing for Terronera
Local Economic Impacts

WHY IT MATTERS
Operating in local communities, the mining industry has an opportunity – and a responsibility – to support local economic development.

MANAGEMENT APPROACH
We are committed to providing economic value in the form of local job creation, business for suppliers, taxes and royalties that support public finances and essential services, and other contributions. We also work to create opportunities for local economic growth and capacity building through our Community Investment Program (see page 53).

Local Procurement
We rely on a comprehensive network of contractors and suppliers to service our operations, as well as exploration and development sites. We use best efforts to buy goods and services from nearby sources whenever possible, not only for competitive pricing but to ensure local communities benefit from our economic activity. In Mexico, much of our supplies and equipment can be acquired locally or nationally, and we only turn to international suppliers to obtain certain heavy equipment and mineral processing chemicals.

All purchase decisions must be made in compliance with our policy on Contracting Goods and Services and Working with Third Parties, which includes criteria such as location, availability and quality of product, service quality and experience, and cost, and specifies that priority will be given to local suppliers who fulfill these requirements. We expect suppliers to follow Endeavour’s safety and health, environmental and labour standards, and we are working more closely with our supply chain to ensure these policies are adhered to and become the norm.

Supporting Local Miners
At Guanaceví and El Compa, we support and engage with local artisanal miners, who mine their concessions on a small scale or hand-sort material from surface dumps and unload small truckloads of ore at our plant for testing and purchase. Per the terms of our operating permits, each year we accept truckloads of ore at our plant for testing and purchase. Per the terms of our operating permits, each year we accept these truckloads of ore at our plant for testing and purchase. Per the terms of our operating permits, each year we accept these truckloads of ore at our plant for testing and purchase.

2018 PERFORMANCE
► Generated total economic value of $150.5 million, same as the previous year, and distributed $142.6 million to stakeholders, up from $140.4 million in 2017. The increase is due mostly to the work involved in bringing Guanaceví into profitability (e.g., developing new mining areas) as well as incorporating El Compa into our operating expenses, even though the mine is not yet producing at full capacity.
► Spent $181.1 million to procure goods and services. We have expanded our classification of what we cover in this spending to include contractors working at our sites (e.g., for mine development) and those performing consulting services like lab tests and environmental studies. Roughly 97% of our total procurement came from national or local suppliers within Mexico, comparable to prior years.
► Supported 11 officially-recognized artisanal miners in Guanaceví, who contributed 6% of the total material processed in 2018, a year-over-year increase to 18,663 tonnes in 2018 from 14,699 tonnes in 2017.
► Contributed $32.5 million (US$1.692 million) to the Mining Fund in Mexico. The federal government created the fund in 2017 to collect a special tax from operating mines in the country, with the purpose of using the money to improve the quality of life in areas impacted by mining extraction and support local communities through social infrastructure projects. Endeavour, along with other mining companies in Mexico, pays this tax. In Guanaceví, for instance, money from the Mining Fund has helped pave roads within and outside the town, expand school facilities and bring electricity to rural districts. In Guanajuato, Endeavour participates as a member of the governance committee to ensure these funds are allocated to projects that truly respond to the most urgent needs of the communities.

ECONOMIC IMPACTS 2018 HIGHLIGHTS

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2019 PRIORITIES
► Identify the key elements and actions to establish an integrated supply management system
FORWARD LOOKING STATEMENTS

This 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 performance in 2019 and are based on assumptions management believes to be reasonable, including but not limited to: the continued operation of the Company’s mining operations, no material adverse change in the market price of commodities, mining operations will operate and the mining products will be completed in accordance with management’s expectations and achieve their 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, changes in national and local governments, legislation, taxation, controls, regulations and political or economic developments in Canada and Mexico; operating or technical difficulties in mineral exploration, development and mining activities; risks and hazards of mineral exploration, development and mining; 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.